



TO: THE RESIDENTS OF THE COUNTY OF VENTURA

In accordance with the provisions of Sections 29000 through 29144 of the California Government Code, the County of Ventura presents the Fiscal Year (FY) 2018-19 Adopted Budget, adopted by the Board of Supervisors on June 18, 2018 and balanced based on financial information available at that time.

The FY 2018-19 Adopted Budget is the plan of financial operations for departments, agencies and special districts governed by the Board of Supervisors. The budget contains estimated expenditures for the fiscal year and the proposed means of financing those expenditures. The budget document is available at the Auditor-Controller's website noted below. Following is a summary of the budget document.

BUDGET OVERVIEW

Total budgeted appropriations for the General Fund and Non-General Funds, including capital assets and debt service, remained relatively flat compared to the prior year at \$2.24 billion. The FY 2017-18 total actual expenditures of \$2.05 billion were 9.2% lower than the FY 2018-19 budgeted appropriations.

In the General Fund, appropriations of \$1.11 billion have increased by \$23.17 million, or 2.1% over the prior year adopted budget. The increase in appropriations is primarily due to increases in investments in infrastructure and technology and general insurance.

Total budgeted revenues of \$2.17 billion increased \$21.60 million, or 1.0% over the prior year adopted budget. The increase in General Fund revenue of \$23.17 million primarily consists of increases in property taxes and funding for the upgrade of the Property Tax Assessment and Collection System (PTACS) and the Ventura County Human Resources/Payroll system (VCHRP). The FY 2017-18 total actual revenue of \$2.06 billion was lower than the FY 2018-19 budgeted revenues by 5.2%.

The County's budget is based on several significant principles and guidelines established by the Board of Supervisors. These principles and guidelines are necessary to ensure adoption of a workable and balanced General Fund budget for FY 2018-19, further stabilize the current and longer-term County General Fund financial situation, and prudently prepare for uncertain economic conditions and potential additional State or Federal budget impacts. These principles and guidelines include:

- A structurally balanced budget where ongoing requirements are financed with ongoing revenues.
- Progress toward an adequate funding level for General Fund Unassigned Fund Balance. Fiscal stability requires a long-term approach.

- Year-end fund balance or carryover for the General Fund is not an ongoing available financing source but should be used to maintain policy-set fund balance levels and finance one-time expenditures.
- Budget adjustments will occur as the fiscal year progresses to reflect reasonable and conservative fluctuations in revenue and expenditures.
- New programs or expanded service levels are generally offset by new revenue or net cost reductions in other existing programs.
- Continued efforts by every department to reduce overhead and administrative costs while maintaining priority services. Enhance cost effectiveness with various initiatives launched by the Service Excellence Program through Lean 6 Sigma projects, and alignment to the County's Five Year Strategic Plan.
- State or Federal funding reductions for specific programs and services offset by corresponding cuts in the same department budgets and programs or offset by alternative revenue or net cost decreases in other department programs.
- Ensure sufficient resources to meet core County service needs by defining department budget priorities and implementing performance measurement to establish and monitor efficiency.
- Continuous monitoring of the County's financial condition with focus on long term financial viability and the use of multi-year forecast as a guide to maintain structural balance.

BUDGET HIGHLIGHTS

- The adopted budget includes appropriations for negotiated salary increases, as well as projected employee merit increases. The budget generally maintains, but does not expand, service levels increased during the previous four years under the Affordable Care Act (ACA) and Continuum of Care Reform for Foster Youth. Funding is included for the General Plan Update, and to continue to make investments in infrastructure, technology and our employees. Examples of such projects include PTACS, VCHRP, the Administrative Justice's Electronic Content Management and the Ventura County Medical Center's Time and Attendance system.
- The actuarially determined composite employer contribution rate for pensions decreased from 27.52% to 27.09% of covered payroll. The rates are applied to a higher payroll, resulting in an increase in General Fund retirement costs of approximately \$1.30 million over last year's budgeted amount.
- Unfunded Actuarial Accrued Liabilities for the Management Retiree Health Benefits Program and the Subsidized Retiree Health Benefits Program are \$15.08 million and \$21.58 million, respectively.
- On October 24, 2016, the California Department of Health Care Services (DHCS) accepted the Health Care Agency's (HCA) application for the Whole Person Care (WPC) program, a part of California's 2020 Waiver program, which focuses on the coordination of health, behavioral health and social services to improve beneficiary health and well-being. An allocation of approximately \$10 million in Federal participation is available for five years. For FY 2018-19, the grant award is estimated at \$8.50 million. HCA implemented the first year of this program in FY 2017-18. WPC drives a collaborative effort with multiple agencies throughout the County.

- Due to the improved economy, the State funding for CalWORKs and Cal Fresh programs has been decreased. To mitigate budget shortfalls due to decreased funding, cost reduction measures have been implemented.
- In February 2018, the Ventura County Area Agency on Aging was competitively awarded a 42-month grant of \$20.79 million by DHCS to operate an organized health care delivery system with administrative services beginning July 1, 2018 through December 31, 2021. The Home and Community-Based Alternatives Waiver program will ensure the safe transition of eligible Medi-Cal members from facilities to the community or home-based nursing level of care. This program is anticipated to be extended for additional two years.
- General Fund secured property taxes are budgeted at \$211.50 million, an increase of \$7.20 million or 3.5% over the prior year. Countywide, the secured property assessed valuation of \$131.41 billion has increased by \$5.54 million, or 4.4% compared to the prior year.
- In December 2017 through mid-January 2018, the Thomas Fire damaged or destroyed 1,256 structures in Ventura County. The estimated property tax revenue loss in FY 2018-19 is \$2.50 million to Countywide taxing agencies and \$0.50 million to the General Fund. However, the State's FY 2018-19 budget included funding to backfill these property tax losses incurred by local government because of the wildfire.
- Total General Fund Unassigned Fund Balance is \$143.99 million, an increase of \$3.00 million or 2.1% over the prior year adopted budget.
- General Fund full-time equivalent (FTE) positions are 5,156, a decrease of 151 or 2.8% over the prior year adopted budget. The key component of the decrease is the reassignments of FTEs to non-General Fund departments in health care services. Total County FTE positions are 8,950, a net decrease of 13 compared to the prior year.

Non-General Fund

- VCMC's budgeted revenues decreased by \$16.76 million over prior year adopted budget due to a conservative revenue projection for the California Medi-Cal 2020 Waiver program and anticipated lower reimbursement rate and settlements. Appropriations for expenditures have a net decrease of \$11.48 million over prior year adopted budget primarily due to decreased spending on capital assets.
- In January 2018, VCMC contracted Huron Consulting Group to facilitate VCMC's ability to adapt to various changes with healthcare reform, evolution of government payment structures, legislative mandates and emerging technologies. Huron will also provide consulting services in the areas of revenue cycles, clinical documentation improvement, utilization review, supply chain management, cost reduction, clinical pharmacy and 340B Program improvements and workforce productivity.
- The Harbor Department's budget includes funds for the construction of the Kiddie Beach Surge Wall replacement and other capital improvements projects at the Channel Islands Harbor.
- The Fire District's budget includes funding for the merger of the City of Santa Paula Fire Department, various fire station remodels and completion of the replacement fire station in Ojai.

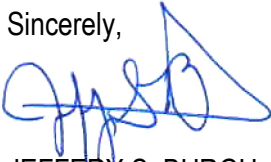
The District's budget also includes funding for up-fit of two recently purchased helicopters and the design of an administration and training headquarters.

Although the budget is balanced, challenges still exist that could negatively affect the County's current and future financial position. A key area of concern is State or Federal actions requiring expanded service levels or reductions in funding in health and human services and public safety. Another concern is the impact of the market climate as it deviates from the Ventura County Employee's Retirement Association's assumed rate of return and the resulting effect to the County's employer pension contribution.

Governor Brown signed the State's Budget Act of 2018 on June 27, 2018. The budget continues to build budget reserves for future economic downturns by fully funding the Rainy-Day Fund and keeping its spending in line with revenues.

Let us know if you have any questions, comments, or suggestions concerning the budget or regarding the finances of the County of Ventura. Contact information is noted at the bottom of the first page.

Sincerely,



JEFFERY S. BURGH
Auditor-Controller