

JEFFERY S. BURGH
AUDITOR-CONTROLLER



COUNTY OF VENTURA
800 SOUTH VICTORIA AVE.
VENTURA, CA 93009-1540

ASSISTANT
AUDITOR-CONTROLLER
JOANNE McDONALD

CHIEF DEPUTIES
BARBARA BEATTY
AMY HERRON
JILL WARD
MICHELLE YAMAGUCHI

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 FY 2021-22 Adopted Budget, adopted by the Board of Supervisors on June 21, 2021 and balanced based on financial information available at that time.

The FY 2021-22 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

The COVID-19 pandemic has had a continued impact on several revenue sources. These revenue losses are not considered permanent and are expected to return to prior levels as the economy recovers. A significant offset in addressing the temporary shortfalls resulted from the allocation of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds towards anticipated labor costs of County employees primarily dedicated to responding to the COVID-19 public health emergency and its impacts.

Total budgeted appropriations of \$2.55 billion for the General Fund and Non-General Fund, including capital assets and debt service, increased \$97.76 million or 4.0% compared to the prior year. The FY 2020-21 total actual expenditures of \$2.40 billion were 5.7% lower than the FY 2021-22 budgeted appropriations.

In the General Fund, appropriations of \$1.24 billion have increased by \$41.55 million, or 3.5% over the prior year adopted budget. The increase in appropriations is primarily due to staffing increases as well as negotiated increases in salaries and employee benefits.

Total budgeted revenues of \$2.43 billion increased \$82.42 million, or 3.5% over the prior year adopted budget. General Fund revenue of \$1.24 billion increased by \$29.37 million compared to prior year adopted budget, primarily due to a \$30.00 million increase in intergovernmental revenue as well as an estimated 3.5% increase in secured property assessed valuation which increased property tax revenue by \$10.23 million, offset by an \$8.32 million decrease in charges for services. The FY 2020-21 total actual revenue of \$2.41 billion was lower than the FY 2021-22 budgeted revenues by 0.9%.

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 2021-22, 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 especially during the COVID-19 pandemic. 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 reserve levels, capital projects 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

- To assist businesses impacted by the pandemic, many of the rates and fees charged to businesses have been left flat, and some have been reduced or waived, with the revenue losses covered by reserves. The budget includes appropriations for additional positions, negotiated salary increases, and projected employee merit increases. The budget generally maintains service levels established during the last several years under the Affordable Care Act and Continuum of Care Reform for Foster Youth. Services are also maintained in Adult Protective Services, In-Home Support Services, and Children and Family Services. There has been an increased demand for Substance Use and Mental Health Services. Funding is included to continue to make investments in infrastructure, technology, and employees. Example of such

projects include the Ventura County Justice Information System, Broadband infrastructure, the Next Generation Public Safety Radio Communications System, and the Integrated Property Tax System.

- Public Health includes \$17.5 million in revenue, appropriations and an additional 40 full-time equivalent (FTE) positions related to an Epidemiology and Laboratory Capacity grant. The grant will bring in a total of \$32 million through July 2023 and will build on existing Public Health infrastructure to integrate lab with epidemiology and health information systems to enhance the ability to respond to future health emergencies.
- The actuarially determined composite employer contribution rate for pensions decreased from 23.32% to 22.22% of covered payroll. Although the rates decreased, they are applied to a higher payroll and resulted in a \$7.5 million increase Countywide. Most of the increase is attributable to the Ventura County Medical Center's (VCMC) clinic integration project.
- Unfunded Actuarial Accrued Liability for the Management Retiree Health Benefits Program is \$14.59 million. The County funds this benefit annually on a pay as you go basis.
- General Fund secured property taxes are budgeted at \$240.00 million, an increase of \$10.23 million or 4.5% over the prior year. Countywide, the secured property assessed valuation of \$148.64 billion has increased by \$5.32 million, or 3.7% compared to the prior year.
- Total General Fund Unassigned Fund Balance has remained unchanged at \$152.00 million.
- General Fund FTE positions are 5,356 an increase of 101 or 1.9% over the prior year adopted budget. Total County FTE positions are 9,913, a net increase of 900 or 9.9% compared to the prior year. The key component of the increase is attributed to the VCMC clinic integration project.

Non-General Fund

- VCMC's budgeted revenues increased by \$4.99 million over prior year adopted budget and appropriations for expenditures increased by \$27.16 million. During FY 2021-22, VCMC will complete the transition of 17 ambulatory care clinics under County operations. In addition, VCMC continues to develop initiatives to improve operational and fiscal performance. The initiatives include revenue cycle optimization, contract renewals, productivity tool and programs, and implementation of budgeting software system.
- The Fire Protection District's budget includes funding for various capital projects including the design of the Regional Training Center and construction of Fire Station 34 in Thousand Oaks.
- Watershed Protection District (WPD) decrease in appropriations in FY2021-22 is due to maintenance and capital projects that were budgeted in FY 2020-21, primarily WPD Zone 2 Tsumas Creek-Hueneme Road to Jane Road project and WPD Zone 3 Ferro Ditch project. Additionally, Santa Clara River Levee 3 Rehabilitation project was deferred to future years due to funding.

- The FY 2021-22 budget for the Road Fund includes an increase in gas tax related revenues of \$3.90 million. Revenue from Senate Bill 1 is budgeted at \$12.80 million, an increase of approximately \$2.96 million from the FY 2020-21 adopted budget.

Although the budget is balanced, challenges still exist that could negatively affect the County's current and future financial position. A key concern is the uncertainty relating to the length and severity of the COVID-19 pandemic and its impact regarding the need for additional services and loss of revenues. Also of concern are the State or Federal actions requiring expanded service levels or reductions in funding in health and human services and public safety and the impact of the financial market climate when it deviates from the Ventura County Employee's Retirement Association's assumed rate of return to our pension asset valuations and the resulting impact to the County's employer pension contribution.

Finally, Governor Newsom signed the State's Budget Act of 2021 on June 28, 2021. The balanced and on-time State budget strengthens emergency response, protects public health and safety and promotes strong economic recovery.

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