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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) 2023-24 Adopted Budget, adopted by the Board of Supervisors on June 21, 2023, and balanced based on financial information available at that time.

The FY 2023-24 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

This budget includes funding for many of the Board of Supervisor's priorities which include promoting healthy and safe communities, protecting the vulnerable, and addressing housing and homelessness issues. Also, funding is included to address the fentanyl crisis, promoting economic vitality, and investment in our workforce.

Budgeted appropriations total \$2.86 billion for the General Fund and Non-General Fund, including capital assets and debt service, increasing \$162.36 million or 6.0% compared to the prior year. The FY 2022-23 total actual expenditures of \$2.57 billion were \$290.89 million lower than the FY 2023-24 budgeted appropriations.

General Fund appropriations of \$1.35 billion increased by \$57.00 million, or 4.4% over the prior year adopted budget. The increase in appropriations is primarily due to staffing increases, negotiated increases in salaries and employee benefits, modification in accounting treatment of opt-out portion of the flexible credit allowance, and additional contributions to areas in need.

Total budgeted revenues of \$2.72 billion increased \$159.14 million, or 6.2% over the prior year adopted budget. The FY 2022-23 total actual revenue of \$2.79 billion was \$76.12 million or 2.8% higher than the FY 2023-24 budgeted revenue.

General Fund revenue of \$1.34 billion increased by \$53.64 million compared to prior year adopted budget, primarily due to increases in property taxes, intergovernmental revenues, revenue from use of money and property, and charges for services in Mental Health Services.

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 2023-24, 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 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

- The adopted budget includes appropriations for additional positions, negotiated salary increases, and projected employee merit increases. The County has agreements in place with labor unions, a few of which are currently under negotiation.
- The adopted budget supports increased projected caseload for mandated programs leveraging federal and state funding for direct aid and program operations.

- The actuarially determined composite employer contribution rate for pensions decreased 3.1%, from 21.3% to 18.2% of covered payroll. The decreased rates, applied to a higher payroll, resulted in a \$9.1 million reduction for the entire County payroll.
- The County has two unfunded liabilities. The Actuarial Accrued Liability for the Management Retiree Health Benefits Program is \$13.41 million and \$29.30 million for the Subsidized Retiree Health Benefits Program. The County funds these benefits annually on a pay as you go basis.
- General Fund secured property taxes are budgeted at \$265.10 million, an increase of \$13.82 million or 5.5% over the prior year. Countywide, the net secured property assessed valuation of \$168.43 billion has increased by \$9.08 million, or 5.7% compared to the prior year.
- Total General Fund Unassigned Fund Balance increased to \$170 million. This is an increase of \$10 million, or 6.3% over the prior year adopted budget.
- Total County full-time equivalent (FTE) positions are 10,276, a net increase of 97 or 1.0% compared to the prior year. The key component are attributed to an increase in Fire Control workers funded by the State and the expansion of other public safety programs.
- General Fund FTE positions are 5,491, an increase of 55 or 1.0% over the prior year adopted budget.

Non-General Fund

- Ventura County Medical System (VCMS) budgeted revenues increased by \$67.86 million over the prior year adopted budget and appropriations for expenditures increased by \$62.37 million. Most of the increase comes from the expansion of services and programs, including the transition of Whole Person Care to CalAim and Behavioral Health Integration.
- The Fire Protection District's budget includes funding for the construction of the Regional Training Center and the Santa Paula Fire Station.
- Watershed Protection District (WPD) increase in appropriations in FY 2023-24 is primarily for the WPD Zone 2 Santa Clara River Levee rehabilitation project and the Silver Strand Pump Station.

Although the budget is balanced, challenges still exist that could negatively affect the County's current and future financial position. Key areas of concern include State or Federal actions requiring expanded service levels or reductions in funding in health and human services and public safety, inflationary pressures, including the impact to the County's employer pension contribution to the Ventura County Employee's Retirement Association should the financial markets decline, and if investment returns fail to meet the assumed rate of return on pension assets.

Finally, Governor Newsom signed the State's Budget Act of 2023 on June 27, 2023. The balanced and on-time State budget includes significant funding for infrastructure, education, health care, transit, climate, and homelessness.

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,

A handwritten signature in blue ink, appearing to read 'J. Burgh', enclosed within a large, loopy blue oval.

JEFFERY S. BURGH
Auditor-Controller