

Exhibit 1

Fiscal Year 2025-26 Major Budget Issues, Highlights, and Potential Future Impacts

Total County Budget Overview: This table provides a high-level overview of the appropriations and revenues being established overall Departments and Agencies. Internal Service Fund based values have been excluded to avoid duplicating values that are already factored into agency-specific budgets.

Total County Budget (millions) <i>*excludes Internal Service Funds</i>				
Description	FY24 Adopted	FY25 Adopted	FY26 Prelim	Variance
Expenditures	\$2,857.16	\$3,043.78	\$3,228.91	\$185.13
Revenues	\$2,718.55	\$2,900.40	\$3,099.99	\$199.59
Net Cost	\$138.61	\$143.38	\$128.92	(\$14.46)

Total County Budget by Fund Group: This table breaks down appropriations into the primary fund groupings, so as to delineate between General Fund, Non-General Fund, and Internal Service Fund amounts.

Total County Budget – Expenditures (millions)				
Fund Type	FY24 Adopted	FY25 Adopted	FY26 Prelim	Variance
General Fund	\$1,347.18	\$1,437.05	\$1,502.30	\$65.25
Non-General Funds	\$1,509.97	\$1,606.73	\$1,726.61	\$119.88
Internal Service Funds	\$411.05	\$440.52	\$477.37	\$36.85
All Funds (with ISFs)	\$3,268.20	\$3,484.30	\$3,706.28	\$221.98
All Funds (without ISFs)	\$2,857.15	\$3,043.78	\$3,228.91	\$185.13

County Budget by Program Area: These tables take a more detailed view of General Fund, Non-General Fund, and Internal Service Fund appropriations by Program Area

General Fund Budget – Expenditures (millions) by Program Area				
Program Area	FY24 Adopted	FY25 Adopted	FY26 Prelim	Variance
General Fund				
Health & Human Services	\$533.60	\$577.78	\$599.50	\$21.72
Administration of Justice	\$532.01	\$572.42	\$593.31	\$20.89
General Government	\$106.09	\$116.13	\$126.08	\$9.95
Other General Fund	\$110.49	\$101.20	\$112.01	\$10.81
Environmental Balance	\$64.98	\$69.52	\$71.40	\$1.88
Total General Fund	\$1,347.18	\$1,437.05	\$1,502.30	\$65.25

Non-General Fund Budget – Expenditures (millions) by Program Area				
Program Area	FY24 Adopted	FY25 Adopted	FY26 Prelim	Variance
Ent Funds - VC Medical System	\$708.25	\$755.79	\$825.65	\$69.87
Public Protection District	\$253.32	\$245.43	\$286.14	\$40.71
Enterprise Funds (excludes VCMS)	\$153.46	\$152.30	\$155.30	\$3.00
Other Funds (excludes MHSA)	\$145.47	\$152.16	\$140.04	(\$12.12)
Other Funds - MHSA	\$90.05	\$121.14	\$147.04	\$25.90
Watershed Protection District	\$82.22	\$99.23	\$78.23	(\$21.00)
Water & Sanitation Operations	\$66.62	\$73.98	\$88.10	\$14.23
County Service Areas	\$10.57	\$6.71	\$6.09	(\$0.62)
Total Non-General Fund	\$1,509.97	\$1,606.73	\$1,726.61	\$119.88

Internal Service Funds Budget – Expenditures (millions)				
Program Area	FY24 Adopted	FY25 Adopted	FY26 Prelim	Variance
Internal Service Funds	\$411.04	\$440.52	\$477.37	\$36.85

Summary of Full Time Equivalent (Positions): This table provides a breakdown of Full Time Equivalents (FTEs) by Fiscal Year for the major fund groups.

Year over Year Position Allocation Full Time Equivalents (FTEs)					
Fund Type	FY23 Adopted	FY24 Adopted	FY25 Adopted	FY26 Prelim	Variance
General Fund	5,436.07	5,491.07	5,613.37	5,518.37	(95.00)
Non-General Fund	3,863.21	3,895.51	4,010.80	4,090.30	79.50
Internal Service Fund	879.50	889.50	906.00	922.00	16.00
Total FTES	10,178.78	10,276.08	10,530.17	10,530.67	0.50

Total net change in full-time equivalent (FTE) positions countywide is 0.50 from the FY25 Adopted Budget to the FY26 Preliminary Budget. The majority of the County's workforce changes are a result of programmatic shifts, legislative mandates, acquisition of external funding sources, and expansion of vital programs. Key highlights include:

- o Transition of the Workforce Development Division from Human Services Agency to the County Executive Office (14 FTEs)
- o Change in the reporting structure of the Ventura County Area Agency on Aging (VCAAA) to a division under the Human Services Agency. The reduction in 14 FTEs in VCAAA reflects a reduction of COVID-19 pandemic-related food programs for older populations and further integration of existing Area Agency on Aging staff into the broader Human

Services Agency program operations to support programs such as Medi-Cal, CalFresh, CalWORKs, and other county-administered safety net programs.

- o Increase of five (5) positions for the General Services Agency to support increased scanning demand from County departments to convert plans, documents, and records into digital formats
- o Health Care Agency – 3100 Public Health (-25 FTEs), 3200 Mental Health (-22 FTEs), 3220 Substance Use Services (SUS) (-3 FTEs), 3240 SUS DUI Programs (-31 FTEs), 3260 Mental Health Services Act (56 FTEs) and 3280 Public Guardian (-2 FTEs)
 - o The decrease of 25 FTEs for 3100 Public Health is primarily due to the expiration of COVID-19 related grants and the related terms of the fixed-term staff assigned to those grants.
 - o The transfer of FTEs between Behavioral Health divisions 3200, 3220, 3240, 3280 and 3260, resulting in a combined decrease of 61 FTEs for 3200, 3220, 3240, and 3280 and an increase of 56 FTEs for 3260, is primarily due to the department's reorganization due to CalAIM and in preparation for the implementation of Proposition 1 Behavioral Health Services Act (BHSA) regulations and requirements. As such, the department is restructuring its service lines and resources to transform its system of care to meet the California Department of Health Care Services (DHCS) requirements and member service delivery needs. The combined decrease also includes the decrease of 31 FTEs for 3240 SUS DUI, due to the department's transition to a service model used by other counties, where contract providers provide services. These FTEs were transferred to the other remaining Behavioral Health divisions to facilitate the restructuring and implementation of these regulations and requirements from DHCS.
- o Ventura County Medical System – 3300 VCMS (+11 FTEs):
VCMS increase of Eleven (11) net FTE in FY25 the result of 17 additions and 6 deletions as approved throughout the fiscal year by the Board, or at the end of their fixed term. The additions were to support CalAIM Enhanced Care Management and PATH-CITED; a program to support the transition, expansion and development of enhanced care management, strengthening the Medi-Cal delivery system.
- o Expansion of resources in the Public Defender's Office to handle complex felony caseloads and navigate client participation in substance use disorder treatment programs (4 FTEs).
- o Expansion of services by the Fire Protection District to meet the needs of the growing demand for Emergency Medical Services by adding a rescue ambulance and supporting the agency's emergency response operations (10 FTEs).

Labor Contracts

The overall objective of our labor contracts is to establish and sustain a durable labor relation model that balances fiscal responsibility with fair and competitive wages in order to recruit and retain a quality workforce while achieving pension reform and cost savings. A data driven strategy is employed to achieve this goal. This strategy includes extensive benchmarking of peer jurisdictions in combination with a detailed cost analysis of existing contracts, as well as all potential changes, to arrive at contract proposals that are competitive, fair and sustainable. The benchmark and costing data is shared with our labor partners over the course of negotiations so that both parties have the benefit of current and

accurate information. The County has several agreements in place with labor unions, a number of which are currently under negotiation. The Preliminary Budget includes appropriations for negotiated salary increases and projected employee merit increases.

Status of Labor Agreement by Union	
Union	Expiration
Criminal Justice Attorneys Association (CJAAVC)	10/20/2026
California Nurses Association (CNA)	04/24/2028
International Union of Operating Engineers (IUOE)	01/09/2026
Management Resolution (MGMT)	N/A
Service Employees International Union (SEIU)	12/18/2025
Specialized Peace Officers' Association (SPOAVC)	07/27/2027
Union of American Physicians and Dentists (UAPD)	10/12/2027
Deputy Sheriffs' Association (VCDSA)	12/09/2028
Professional Firefighters' Association (VCPFA)	09/23/2028
Professional Peace Officers' Association (VCPPOA - Patrol)	10/31/2026
Professional Peace Officers' Association (VCPPOA - Probation)	06/30/2027
Sheriff's Correctional Officers' Association (VCSCOA)	07/27/2027
Ventura Employees Association (VEA)	12/12/2025

Retirement Contributions

The actuarially determined composite employer contribution rate decreased by 2.00% from 18.56% to 16.56% of covered payroll. This amounted to a \$16.6M decrease in the projected County's retirement costs for FY26. Retirement contributions included in the preliminary budget are based upon the actuarial valuation information dated June 30, 2024, and as such, are based upon financial information as of that date. Any changes in the values of assets subsequent to that date are not reflected in the data nor in the budgeted numbers, but may affect subsequent fiscal year contribution rates. It is important to note that market returns, specifically significant losses from previous years, have long-term effects on the actuarial values used to determine employer contributions. Nevertheless, due to improvements in long-term amortized results, the ratio of the valuation value of assets to actuarial accrued liabilities (funded ratio) decreased slightly from 97.08% to 96.96%. Note, the actuarial impact of the Alameda decision was not factored into the June 30, 2024, valuation.

Property Tax Revenues

Overall Growth in Property Tax Revenue has been trending lower over the last few years. This is caused by a steep decline in overall home sold volume, primarily driven by elevated mortgage rates. Overall median sales prices, while still trending up, have also grown at a much slower pace.

Ventura County	2020	2021	2022	2023	2024
Median Sales Price	681,274	806,000	765,000	815,000	832,000
Homes Sold	8,750	9,837	7,422	5,406	5,765

*Data per [redfin.com/news/data-center/](https://www.redfin.com/news/data-center/)

Proposition 1

This proposition was approved by the voters at the March 5, 2024, statewide primary election ballot as a legislatively referred state statute and consists of two main components – the Behavioral Health Services Act (BHSA) (SB 326) and the Behavioral Health Infrastructure Bond Act (BHIBA) (AB 531), known moving forward as Bond Behavioral Health Continuum Infrastructure Program (BHCIP). Proposition 1 has two major components:

- o Changes the Mental Health Services Act (MHSA) that was passed by voters in 2004, with a focus on how the money from the Act can be used.
- o Approves a \$6.4 billion bond to build (1) more places for mental health care and drug or alcohol treatment and (2) more housing for people with mental health, drug, or alcohol challenges.
 - o Under Prop 1, counties can now use BHSA dollars to fund treatment for substance use disorders, even if the client does not also have a co-occurring mental health diagnosis, thereby expanding the number of people eligible to be served with the same dollars.
 - o In addition, there are major categorical changes under which counties must allocate BHSA dollars. Most significantly, BHSA creates a new requirement that one third (30%) of funds allocated in each must be spent on housing interventions for people with mental illness, and at least half of these dollars for people who are chronically homeless, with a focus on encampments.

Due to counties not receiving additional funding under Prop 1, less money will be available for non-housing services under BHSA, particularly legacy mental health services currently funded through MSHA. Examples of mental health needs that must continue to be met under BHSA, however, with fewer resources, include substance use services, outpatient mental health treatment, responding to people in a mental health crisis, children's mental health, and important outreach efforts to engage people in need of mental health care services and treatment.

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration (BH -CONNECT)

BH -CONNECT aims to enhance the coordination of care levels and broaden access for Medi-Cal members with Serious Mental Illness (SMI) and Serious Emotional Disturbance (SED). Specifically tailored to address the needs of children and youth with high needs, particularly those in the child welfare system, individuals, and families at risk of homelessness, and those involved in the justice system, BH-CONNECT seeks to complement existing behavioral health initiatives. BH-CONNECT supports and rewards counties for implementing a robust continuum of community-based behavioral health services and Evidence Based Practices for Medi-Cal members. Key components of

The BH-CONNECT initiative is a five-year Medicaid section 1115 demonstration designed to improve access to and quality of community-based behavioral health services for Medi-Cal members. The initiative includes State Plan Amendments to expand coverage of

evidence-based practices (EBPs) and introduce policies to strengthen statewide behavioral health services.

The key components of BH-CONNECT include:

- Expanded Community-Based Services and EBPs focusing on interventions proven to improve outcomes
- Workforce Development Initiatives investing in building a robust behavioral health workforce through scholarships, loan repayment programs, training opportunities, and recruitment and retention programs
- Transitional Rent Assistance where eligible Medi-Cal members experiencing or at risk of experiencing homelessness can receive up to six months of rental support
- Activity Funds for Youth in Child Welfare ensuring children and youth involved in the child welfare system have access to extracurricular activities
- Access, Reform and Outcomes Incentive Program
- Centers of Excellence to provide training and technical assistance to behavioral health providers
- Support for Justice Involved Individuals through targeted supports to assist justice-involved individuals in their reentry and recovery processes
- Integration with other State Initiatives to create a cohesive, statewide approach to behavioral healthcare

The statewide incentive program will support counties to improve their managed care infrastructure and performance on key quality measures. The National Committee for Quality Assurance (NCQA) county assessment was required for all counties intending to participate in the statewide incentive program and VCBH completed their assessment in 2024. The assessment will help DHCS to determine where counties “start” on the statewide incentive program continuum, and it will set counties up for success to meet contractual requirements for quality improvement and improve performance on quality metrics

VCBH has formally submitted its commitment to participate in the Access, Reform, and Outcomes Incentive Program, which is intended to reward Behavioral Health Plans (BHPs) that demonstrate improvements in:

- Access to behavioral health services.
- Health outcomes among Medi-Cal members with significant behavioral health needs.
- Targeted system reforms that enhance service delivery.

As part of the program, VCBH will be expected to implement and provide coverage for key evidence-based practices (EBPs), which may include:

- Assertive Community Treatment (ACT)
- Forensic Assertive Community Treatment (FACT)
- Coordinated Specialty Care for First Episode Psychosis (CSC for FEP)
- Individual Placement and Support (IPS) Supported Employment
- Clubhouse Services

- Enhanced Community Health Worker (CHW) Services

VCBH is currently awaiting the detailed descriptions and technical specifications for all incentive program measures. Once received, VCBH will proceed with adopting a selection of EBPs and begin preparing for performance measurement and annual reporting requirements.

Proposition 36

In November 2024, California voters passed Proposition 36, officially known as The Homelessness, Drug Addiction, and Theft Reduction Act. This law aims to address rising concerns over theft and drug-related crimes by introducing stricter penalties for repeat offenders, reversing some of the more lenient policies introduced under Proposition 47. Under the new law:

- A person with two previous theft or drug convictions can now face felony charges, even if the stolen amount is under \$950.
- Prosecutors may combine multiple thefts to reach the felony threshold.
- Fentanyl-related crimes now carry stricter penalties.
- Individuals convicted of felony drug possession can avoid charges if they complete a treatment program.

The implementation of Proposition 36 has led to increased arrests and prosecutions for drug and theft offenses across California, as law enforcement agencies begin to enforce the new regulations, as well as increased caseloads for mental health services departments, and increased community supervision cases for probation departments. While there is notable uncertainty surrounding caseloads and necessary levels of funding across California counties, 244 cases have been filed in Ventura County during the first four months since its inception. VCBH is finding it difficult to plan in terms of staffing/resources given the uncertainty around the number of expected referrals. As of 4/29/25, a total of two (2) referrals for treatment have been received by VCBH, so the department has been able to rely on existing resources.

Public Guardian's Office

Demand from the Criminal and Probate Courts for conservatorship services under the Public Guardian continues to increase. This has been a consistent trend over the past six years. The complexity of cases (i.e., diagnoses, placement and treatment needs, etc.) also has been increasing, resulting in greater demand for staff time per case.

An amendment to the California Statute, (Penal Code section 1370.01), effective January 2022, has led in part to the increase in Criminal Court referrals. The Court has begun to order the Public Guardian to investigate misdemeanor and felony defendants for conservatorship when they are found incompetent to stand trial. In addition, the amendment gives a short 60-day turnaround to complete investigations.

The California state legislation lowered the age criteria for an elder abuse report from 65 to 60. This has resulted in a significant increase in the number of probate referrals from Adult Protective Services and a higher number of probate conservatorships.

Additionally, further increases in conservatorship referrals are anticipated in association with Ventura County's recent launch of its CARE Act program in December of 2024. These conservatorship referrals are expected to result from the minority of cases in which the court-ordered CARE plans/agreement fall short in helping clients achieve recovery. Ventura County is also preparing to implement Senate Bill 43 in January 2026. This change to Lanterman-Petris-Short law expands the basis for grave disability to include those diagnosed with serious substance use disorders.

Opioid Settlement Funds and County Opioid Strategies Spending Plan

Per Exhibit 4, the opioid settlement funds spending plan has increased by \$628,145, from \$4,840,726 to \$5,468,871 for FY 25-26. The increase is primarily due to additional and augmented activities for Behavioral Health and Public Health as reflected in the updated plan. The County has allocated General Fund resources to support critical initiatives that, while ineligible for opioid settlement funding, play a vital role in the County's multi-agency strategy to combat the opioid crisis and save lives. These investments include prosecutorial staff in the District Attorney's Office to address fentanyl-related crimes, personnel in the Sheriff's Crime Lab to reduce the backlog of drug cases and enhance technological capabilities, and a Medical Examiner investigator to manage the increasing opioid caseloads. Funding for these essential resources has been incorporated into the FY26 budget.

Mountain Fire Debris Removal and Reimbursement

The Mountain Fire started on November 6, 2024, burning over 20,000 acres and destroying an estimated 238 structures while affecting 93 more near the communities of Santa Paula and Camarillo. The hazardous ash and debris from the burned structures contain dangerous toxins like heavy metals, batteries, propane, and asbestos, requiring careful removal and disposal. Several weeks later, the Board of Supervisors approved the County's debris removal program as a public health and environmental threat in the aftermath of the Mountain Fire and authorized up to \$30 million in contracts. The County requested assistance and approval from Cal OES to initiate the Private Property Debris Removal Program. The County's debris clearance program has two key elements: opt-in and opt-out. The opt-out program allowed properties owners who lost their properties to hire their own contractors to perform the debris removal in accordance with the guideline set forth by the Environmental Health Division. The opt-in program allows property owners to authorize the county and its debris removal contractors to remove debris from their property.

In early April 2025, the County submitted a claim for California Disaster Assistance Act (CDAA) funding to CalOES for approximately \$23.2 million for pre-debris removal activities, debris removal contractors, and certain overtime costs.

Mountain Fire Fee Waivers

Given the high cost of building materials and construction and that some properties may be underinsured, the Board of Supervisors on December 17, 2024 waived certain permitting fees provides additional financial relief to property owners which may allow them to allocate more resources towards rebuilding and recovery efforts. The fee waivers include those commonly assessed for construction such as permits for building and zone

clearances, onsite wastewater treatment systems, grading and floodplain, and landscape plan review for defensible space. The estimated impact of fee waivers could total upwards of \$4.91 million. This represents \$3,188,000 for the Resource Management Agency, \$1,464,000 for Public Works Agency, and \$259,000 for the Fire Protection District. Fee waivers are not eligible for federal or state reimbursements and general fund resources would be used to offset the reduced revenues.

Continued Investment in Deferred Maintenance

The County of Ventura occupies and operates out of more than 100 buildings across the County covering over 3.4m square feet (SF). Of this footprint 26 buildings and over 2.4m SF are County owned buildings serviced and maintained by the General Services Agency. Annually, the County funds between \$10.5m-11m for deferred maintenance costs towards these 26 facilities through the Capital Renewal (CR) budget. However, as the facilities and critical systems within these buildings age, the cost of deferred maintenance and the scope and scale of deficiencies in these facilities continue to increase. As an example, the Hall of Administration was constructed in 1978 and many of the key systems have met or exceeded their expected useful life. The Current Replacement Value of the 26 CR facilities is \$1.16B and across these facilities there is an estimated \$328m in facility deficiencies, and the quantity and cost of these deficiencies continues to grow each year.

Zero Emission Vehicle Mandates

In September of 2023 the State approved the California Air Resources Board (CARB) Advanced Clean Fleet (ACF) Regulation which became effective January 1, 2024. Among other requirements, ACF requires that California State and local government fleets, including city, county, special district, and State agency fleets, purchase and replace medium and heavy-duty vehicles with zero-emission equivalent vehicles (ZEVs) starting in 2024 until 2042 when 100% of all medium and heavy-duty vehicles must be ZEVs. This regulation comes a few years after the Governor's own mandate that by 2035 all new passenger cars and trucks sold in California must be zero-emission vehicles. The County currently has 280+ medium and heavy-duty vehicles as defined by the vehicles in scope for the ACF regulation, with the majority operated by the General Services Agency (GSA) and Public Works Agency (PWA). GSA estimates that infrastructure costs alone to support conversion of the fleet in scope for ACF to be approximately ~\$20m. This does not include the costs of the vehicles themselves which is challenging to quantify, given that in many cases no ZEV equivalent currently exists in the market. While recent actions by the federal administration and Environmental Protection Agency (EPA) have sought to loosen and repeal many of the State's ZEV mandates, to date these actions have not addressed the State's authority to enforce these requirements on State agencies and local governments within California.

Potential Impact of Tariffs

Federal tariffs can significantly raise retail prices for a wide range of industrial and consumer goods, including cars and technology products. As tariffs act like taxes on imports, they increase costs for importers, and these costs are often passed on to

consumers. Because supply chains are global and complex, with parts crossing multiple borders, it is difficult to predict the exact impact. However, the Center for Automotive Research estimates that tariffs could raise the cost of domestic vehicles by 10% and imported vehicles by up to 18%. In the technology sector, prices have already increased by 10–25% for products like Lenovo and HP laptops, raising costs for the County. Future price hikes could be even higher, depending on further tariffs and potential retaliatory measures. Another potential impact to consider is a reduction in sales tax revenue as a result of changing behavior from consumers. While automakers and suppliers may try to offset these costs by sourcing from countries with lower tariffs or from domestic manufacturers, such changes are not yet reflected in current estimates.

Potential State Budget Impacts

The Governor of California issued his May Revise which consisted of program and funding changes that pose potential impacts to the County's budget. The County departments primarily impacted include Human Services Agency, Public Health, Behavioral Health. As these impacts are further analyzed by County staff, any necessary adjustments will be provided to the Board at the first quarter update.

Potential Federal Budget Impacts

Currently, significant uncertainty about the federal budget and potential policy changes makes it difficult to assess the County specific impact. Many programs administered by the Human Services Agency, like CalWorks, CalFresh, SNAP, MediCal eligibility, housing and other federally funded safety net programs are being reviewed by the federal government with funding reductions for these essential services being contemplated. Once there is greater clarity on the breadth of impact, County staff will propose any necessary adjustments during the first quarter budget update.

Ventura County Medical System (VCMS)

The budget put forward does not address any significant impacts to the level of Federal funding available for Medicaid (MediCal). It is highly uncertain whether concerns surrounding deep cuts to Medicaid will occur, and should they materialize, it would have a significant impact on the Ventura County Medical System. Given this uncertainty, the budget assumes a continuation of recent trends in terms of volumes, revenues and expenses, that would of course be materially negatively impacted should cuts materialize.

Highlights of the budget include VCMC projecting an increase in patient days, surgical procedures, complex robotic procedures, inpatient detox, and pediatric volumes. Ambulatory Care is projecting a small increase in patient volumes across the clinic system, in both primary and specialty care and an expansion to services provided through Whole Person Care. Revenue and Expenditures are therefore anticipated to grow compared to prior years in part due to additional volume, and furthermore the budget assumes some rate increases and growth in supplemental funding programs based upon the performance of VCMS. Expenses are growing due to inflationary impacts including health care minimum wage impacts effective October 2024.

While VCMS receives a contribution from the General Fund, included at \$28.5 Million for FY 2025-26, the preliminary budget does include an excess of appropriations compared to

revenue for a budget deficit of \$10.5 Million. This deficit is \$23.9 Million smaller than the prior year adopted budget of \$34.4 Million. After accounting for appropriations required to create the budget but have the impact of duplicating expenses for principal debt and capital expenditures within proprietary funds, the underlying budget reflects a small positive margin for VCMS of \$21.5 Million. This 2.6% margin highlights the ongoing fiscal challenge facing VCMS and many similar safety-net medical systems across the state and country – particularly systems containing smaller, more rural hospitals as is the case for the County of Ventura. The Santa Paula Hospital (SPH) continues to operate at a loss for the County. Losses in recent years have ranged from \$10-15 Million per year and the projected loss for SPH is anticipated at the low end of that range for FY 2025-26

Finally, over the last few years, VCMS has required materially large General Fund advances to sustain its activities due to the timing of reimbursements through various state and federal quality programs. The FY2023-24 ACFR reports that VCMS required \$231.0 Million as of June 30, 2024. In order to apply and receive facility-sustaining supplemental revenue VCMS is required to fund the non-federal share. The gross proceeds for the larger programs may not be received until more than two years after the patient care services have been provided, which creates a challenge in terms of the County's cash management. A significant advance such as this restricts the County's ability to move forward with the financing of some larger general fund capital projects. Management of this advance is therefore a core priority for the County.

Summary

This balanced budget focuses on maintaining funding and personnel associated with current levels of core County services while minimizing growth and expansion due to current and potentially new fiscal constraints. The intent of this budget and continued review throughout the fiscal year is to strategically position the County to be ready to respond in light of unprecedented uncertainty behind many of the federal and state revenue streams, along with impacts to the broader economic outlook due to tariffs, conflicts across the globe, stock and bond market fluctuations and the continued political and economic instability looking ahead.

As more becomes known regarding Federal and State budget provisions, staff will update budgetary assumptions and keep the Board informed of impacts and options to navigate as necessary. The County is not in a position to backfill any significant cuts to revenues, the likes of which are being discussed by State or Federal officials and will be left no choice but to cut essential services and programs with significant impact to local residents, businesses and visitors.