



COUNTY *of* **VENTURA**

FY 2024-25 Budget First Quarter Budget Update

**COUNTY EXECUTIVE OFFICE
BUDGET & FINANCE**

October 29, 2024

General Fund Reserves

	FY 2023-24 Beginning Balance	FY 2024-25 Beginning Balance	Year to Date Adjustments	First Quarter Adjustments	Current Available Balance
Non-Spendable	\$2,051,385	\$2,051,385			\$2,051,385
Restricted	\$11,338,111	\$11,338,111			\$11,338,111
Assigned	\$173,302,939	\$176,531,174	(\$2,018,896)	(\$3,714,000)	\$170,798,278
Unassigned	\$170,000,000	\$185,000,000			\$185,000,000
Total	\$356,545,242	\$374,920,670	(\$2,018,896)	(\$3,714,000)	\$369,187,744

Year over Year
Growth: \$18.4M

FY 25 Budget Adjustments

- FY 2024-25 generally on Target
- No Material adjustments required at this time

Primary Budget Adjustments

- Government Center EV Charging Infrastructure - \$3M
- Flood Damage Repairs at Preuter Library w/ Insurance Offset - \$3M
- Rec #14 – AB1869 backfill report to State (elimination of criminal justice fees by the State)

General Fund – 5-Year Forecast

Account Group	FY 2024 Actuals	FY 2025 Adopted Budget	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Salaries and Benefits	774,966,457	852,285,425	899,126,658	935,505,882	968,439,735	1,002,824,883
Services and Supplies	355,462,284	355,326,961	375,313,463	386,368,359	397,198,848	408,396,164
Capitals Assets, Transfers, Contingency, Other	276,173,561	229,435,507	253,542,979	260,666,489	268,028,393	275,556,438
Total Expenditures	1,406,602,302	1,437,047,893	1,527,983,100	1,582,540,731	1,633,666,976	1,686,777,485
Intergovernmental Revenue	618,469,503	620,516,249	629,375,742	639,045,318	652,003,206	665,294,259
Taxes	506,267,570	513,629,649	541,958,764	560,786,664	580,298,295	600,489,245
Charges for Services	204,951,598	225,481,087	233,607,001	242,811,281	251,187,176	259,856,226
Other Revenue	97,815,750	75,030,908	89,125,105	83,274,245	80,553,374	80,662,546
Total Revenue	1,427,504,420	1,434,657,893	1,494,066,612	1,525,917,509	1,564,042,051	1,606,302,276
Net Cost	(20,902,119)	2,390,000	33,916,488	56,623,222	69,624,925	80,475,208



5-Year Projection Assumptions

- No FTE growth
- Assessed Value continues at current pace
- Little growth in major revenue streams (Prop 172, Realignment, sales tax etc..)
- Composite Retirement rates are flat
- Continuous investment in Electric Vehicle infrastructure
- Does not consider the potential impact of Prop 36 (November 2024 Ballot Initiative)
- No further unfunded mandates incorporated

Primary Impacts to 5-Year Projection

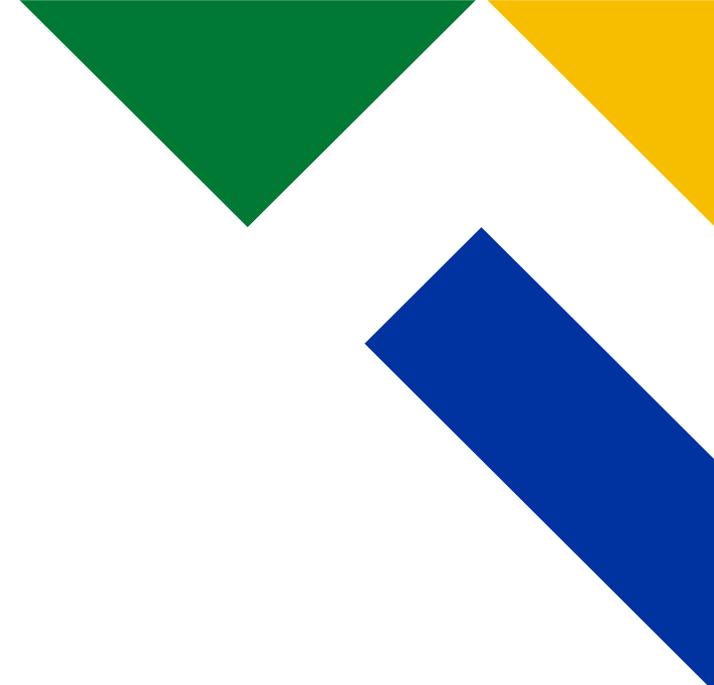
- Labor agreement impacts outpacing offsetting major revenue streams
- Various contract increases (e.g., Property Tax Software, Detention Medical Services, Body Cameras/Tasers, Financial Management Software)
- Healthcare Minimum Wage
- Retirement Costs
- Electric Vehicle infrastructure
- Discontinuation of backfill revenues (AB 177 | AB 133)

Balance FY26 - \$34M Shortfall

Potential Strategies

- Review/maximize realignment revenue distribution from trust (subject to eligible costs)
- Continue “pay as you go” funding for HRA; opt for 15-yr amortization schedule when Alameda is captured in Actuarial Report (anticipated FY27)
- Revisit Revenue Estimates (RDA, Assessed Value, Interest earnings, etc...)
- Fund vacancies at 0% vs 10%
- Targeted and/or proportional net cost reductions applied to all General Fund agencies/departments
- Temporary suspension of capital outlay and deferral of maintenance

What's Next



- December 2024
 - HRA Sub-committee meeting
 - VCERA Draft Actuarial Report
- January 2025
 - FY26 Budget Development Process
- March 2025 (Mid-Year Report Back to BOS)
 - Update on 5-Year Outlook
 - Strategic Approach to Long-Term Budget Shortfall
- June 2025 Budget Hearings



Ventura County Medical System
(VCMS)
Financial Report
October 29th, 2024
Board of Supervisors Meeting

Ventura County Medical System

VCMS Unaudited Net Income (Loss), by Entity Fiscal Year Ending June 2024

Ambulatory Care & VCMC combined	0.8M	Net Income (6.6M pension adj not yet posted)
Santa Paula Hospital	(11.5M)	Net Loss
Inpatient Psychiatric Unit	<u>(6.3M)</u>	Net Loss
VCMS combined	(17.0M)	Net Loss prior to pension adjustment
Budgeted Net Loss	(8.3M)	Net Loss

Shifts in QIP Funding:

- Historically high performance with quality measures, resulting in optimal funding
- Decrease in pro rata share due to growth at other public health care systems (decrease of 16.2M)
- Issue addressed at the State and Federal level, with increased funding beginning in January 2025 (increase of more than 36M)

Disproportionate Share Closeout Schedule:

- Reduction in anticipated proceeds from FYE June 2015 DSH closeout based upon revised, statewide schedule received in 2024 (decrease of 13.4M)
- Cost of care for dual eligible patients added to the schedule, resulting in a lower pro rata share, like most county health systems

Ventura County Medical System

Financial Presentation Year-End FY 2023-24

	<u>REVENUES</u>	Unaudited Actuals	Budget	Variance	%	FY2022-23 Audited Actuals
1	Net Patient Serv Revenue	374,837,186	355,588,052	19,249,134	5%	329,461,892
2	Supplemental Funding & Other	257,812,667	276,976,672	(19,164,005)	-7%	261,540,128
3	County Contribution	22,697,900	19,197,900	3,500,000		16,843,150
4	IPU Contribution		13,690,000	(13,690,000)		13,690,000
6	Total Revenue	655,347,753	665,452,624	(10,104,871)	-2%	621,535,170
7	<u>OPERATING EXPENSES</u>					
8	Salaries & Benefits and Registry	362,505,376	367,544,852	(5,039,476)	-1%	343,002,986
9	<i>year end pension exp adjustment</i>	<i>not yet posted</i>				<i>(17,100,000)</i>
10	Professional Fees	79,128,682	86,321,714	(7,193,032)	-9%	75,167,882
11	Total S&B, Professional, Registry	441,634,058	453,866,566	(12,232,508)	-3%	401,070,868
12						
13	Purchased Services & Other Exp.	159,919,252	152,363,020	7,556,232	5%	135,952,691
14	Pharmaceuticals Expenses	40,200,741	35,673,177	4,527,564	11%	33,488,125
15	Total Operating Expenses	641,754,051	641,902,763	(148,712)	0%	570,511,684
16						
17	Net Operating EBIDA	13,593,702	23,549,861	(9,956,159)		51,023,486
18						
19	<u>OTHER EXPENSES</u>					
20	Depreciation & Amortization	23,135,897	24,393,882	(1,257,985)	-5%	25,880,629
21	Interest Expense	7,488,681	7,494,250	(5,569)	0%	7,780,540
22	Total Other Expenses	30,624,578	31,888,132	(1,263,554)	-4%	33,661,169
23	Net Income (Loss)	<u>(17,030,876)</u>	<u>(8,338,271)</u>	<u>(8,692,605)</u>		<u>17,362,317</u>

Pension Adjustment [Debit/(Credit) Presentation] Unaudited

(6,639,456)

Estimated Net Income/(Loss) with Pension Adjustment

(10,391,420)

Ventura County Medical System

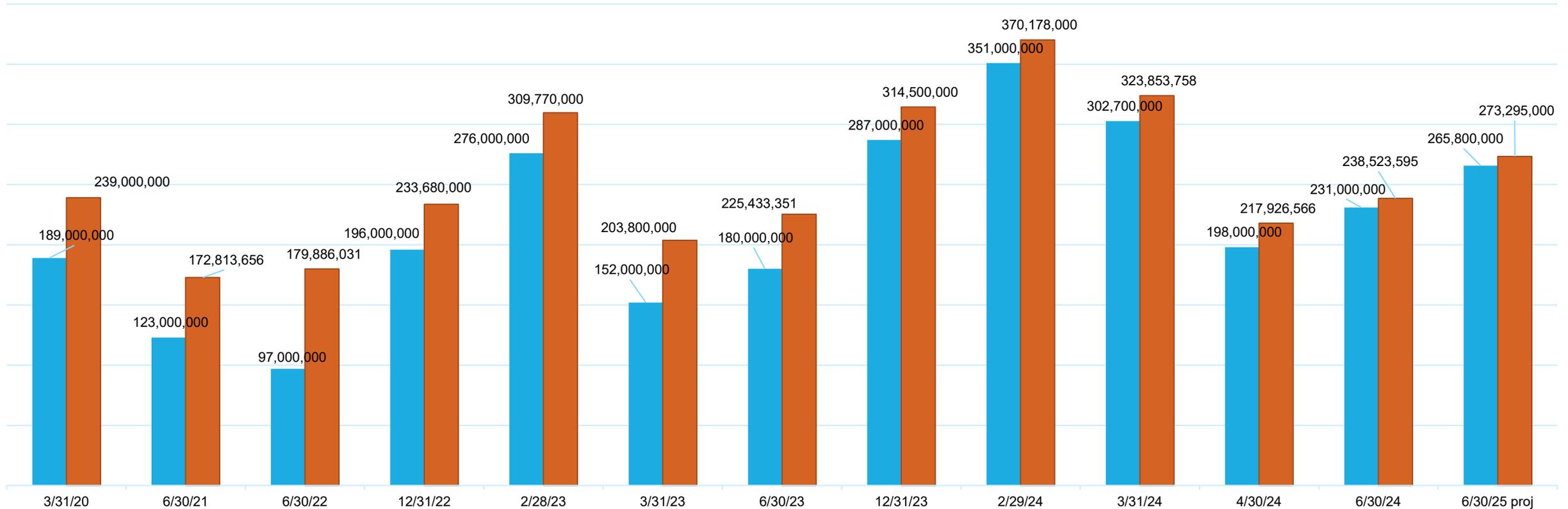
Financial Year-End FY 2023-24: Supplemental Funding

Program		Estimated Timing	
1	QIP 12 mos end Dec 2023	87,638,279	Mar 2025
2	QIP 6 months ending June 2024	45,352,810	Nov 2025
3	QIP Total	132,991,089	
4	EPP 6 mos end Dec 2022	9,984,227	Sep 2024
5	EPP 6 mos end June 2023	10,443,501	Mar 2025
6	EPP 6 mos end Dec 2023	10,443,501	Sep 2025
7	EPP 6 mos end June 2024	13,054,377	Mar 2026
8	EPP Total	43,925,606	
9	Rate Range 12 mos end Dec 2023	28,198,000	Nov 2024
10	Rate Range 6 mos end June 2024	15,508,900	Nov 2025
11	Rate Range Total	43,706,900	
12	GPP qtr end June 2024	5,700,000	July 2024
13	GPP Total	5,700,000	
14	FQHC rate resetting, retroactive to July 2023	9,700,000	footnote "a"
15	Incentives & other receivables from GCHP	2,500,000	Oct 2024
16	Est Supp Fund & other receivables, largest programs	238,523,595	
17	Gen Fund Advance as of 6/30/2024	231,000,000	

- a. FQHC reimbursement rates to increase beginning July 2024 (approximately 650K per month)
- b. Calendar Year 2023 Rate Range to be paid in Nov 2024 (4 months sooner)
- c. 50% of Calendar Year 2024 QIP to be paid in Nov 2025 (4 months sooner)

Ventura County Medical System

Supplemental Funding Receivables and General Fund Advance



- a. Between 6/30/21 and 6/30/23, supplemental funding receivables increased by 52M (from 174M to 226M), and the general fund advance increased by 57M (from 123M to 180M).
- b. As of 9/30/23, the entire OIG settlement from FY14-15 (29.5M + interest) has been repaid.
- c. When practical and if material, more recent, prior QE receivable estimates have been revised to reflect updated information received.
- d. Half of calendar year 2022 QIP & Rate Range funding was received on 3/13/24 and the remaining amount was received on 4/5/24.

■ General Fund Advance
■ Est Supplemental Funding Receivables

Ventura County Medical System

Current Challenges and Future Funding

Current Challenges

- Rising costs (medical supplies, pharmaceuticals, equipment, and technology) are outpacing any reimbursement rates from the payers
- SB 525 Minimum Wage for Health Care Workers
- Change in timing of supplemental funding
- Delay in FEMA funding
- Cost to bring facilities up to seismic safety standards

Future Funding

- FEMA funding: 12.8M (8.0M submitted December 2021)
- Increase in EPP: more than 12M annually
- Increase in QIP: more than 36M annually
- Hospital Quality Program with GCHP
- PPS Rate Resetting FY22-23: 9.7M additional reimbursement annually
- PPS Rate Resetting FY23-24: approximately 1.3M additional revenue annually
- CHARMED grant: 2.5M over 5 years
- GCHP grants for providers and equipment: additional 4M

Recommendations



- Receive and File 1st Quarter Budget Update, including 5-year Budget Projection
- Approve FY 2024-25 Recommended Budget Adjustments

General Fund FTE Growth

