

**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

March 25, 2021

To the Citizens of Ventura County:

The Comprehensive Annual Financial Report (Annual Report) of the County of Ventura (County) for the fiscal year ended June 30, 2020, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP has issued an unmodified (“clean”) opinion on the County of Ventura’s financial statements for the year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The County of Ventura (County), approved by the State Legislature on March 22, 1872, effective January 1, 1873, was created out of the southeasterly portion of Santa Barbara County and covers an area of 1,843 square miles. It is bordered on the north by Kern County, on the northwest by Santa Barbara County, on the east by Los Angeles County, and on the south and southwest by the Pacific Ocean along 42 miles of coastline. There are ten incorporated cities within its borders: Camarillo, Fillmore, Moorpark, Ojai, Oxnard, Port Hueneme, Santa Paula, Simi Valley, Thousand Oaks, and Ventura with a combined population including the unincorporated area of 842,886. The largest employment segments comprising 80 percent of the total employment distribution include professional and business services, educational and health services, retail, government, leisure and hospitality, manufacturing, and agriculture and food production. With its mild climate, geographical diversity including beaches and pristine and rugged wilderness, year-round recreational and cultural opportunities, and a reputation as one of the safest populated areas in the country, the County is a popular tourist destination.

The County is a General Law County with policymaking, budget approval, and legislative authority, vested in a five-member Board of Supervisors. The supervisors are elected on a nonpartisan basis by geographic districts for four-year staggered terms. Two or three supervisors are elected in alternating two year elections. The Board appoints the County Executive Officer who generally appoints the non-elected department heads that are not otherwise appointed by law. The County's elected department heads are the Assessor, Auditor-Controller, Clerk and Recorder, District Attorney, Sheriff, and Treasurer-Tax Collector. An organizational chart and a listing of elected and appointed department heads are provided in the introductory section of this report.

With 8,756 full-time employees in June 2020, the County provides a full range of services, including general government (administration, central services, elections, and plant acquisition), public protection, (law enforcement, fire protection, watershed protection, County portion of judicial, and detention), public ways and facilities (construction and maintenance of roads), health and sanitation (public, behavioral, and environmental health), public assistance, education (libraries), and recreation and cultural services. In addition, enterprise funds account for the operations of the Medical Center (Ventura County Medical Center, the Santa Paula Hospital, and clinics), Health Care Plan, two airports, Channel Islands Harbor, Waterworks Districts (sanitation and water services), and Parks (recreational activities). The financial reporting entity includes all funds of the primary government (County of Ventura as legally defined), as well as all of its legally separate component units. The component units are reported as blended when they are in substance part of the primary government or discretely presented in a separate column on the government-wide financial statements to emphasize that they are legally separate from the primary government. Note 1 of the Notes to the Basic Financial Statements provides more information on the reporting entity.

As required by state law, the County adopts a final budget no later than October 2 each year, generally in June. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for governmental and proprietary funds. The legal level of budgetary control is maintained at the department/budget unit and object level of expenditures, except capital assets which are controlled at the sub-object or project level. Appropriation transfers between departments must be approved by the Board. Supplemental appropriations normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to the County Executive Officer to approve appropriation transfers between object levels within the same budget unit.

Unencumbered and unexpended appropriations lapse at the end of each fiscal year and become available to finance the next year's budget. Encumbered appropriations are reappropriated in the next year's budget. Encumbrances outstanding at year-end are included in restricted, committed, or assigned fund balance in the governmental funds.

### **Local Economy**

Historically, Ventura County has been closely aligned with the economy of Southern California, and for the fiscal year 2019-20, the growth was slow. The County's traditional economic strength in agriculture, food processing, and mineral production is supplemented by the prominence of the service industry, small manufacturing businesses, the electronics industry, tourism, the biotechnology giant, Amgen, and the military presence of the Naval Base Ventura County at Port Hueneme and Point Mugu.

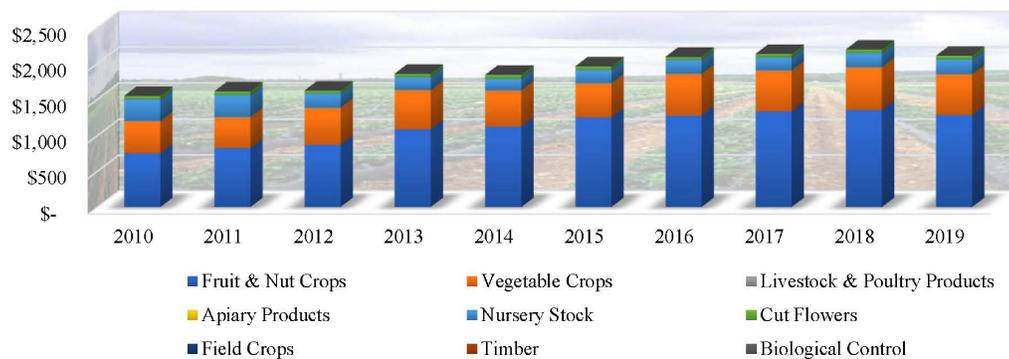
**• Commercial and Agricultural Activity**

Taxable sales in calendar year 2019 was \$15.4 billion, an increase of 6.4 percent over 2018. Heading into 2020, retail sales for the County as a whole started with a downward trend due to the COVID-19 pandemic, posting a decrease of 19.3 percent and 3.4 percent in the first and second quarter of 2020 respectively, as compared with the same periods in 2019. Similarly, taxable sales in the Southern California region posted a decrease of 20.3 percent in the first quarter, and 8.1 percent in the second quarter of 2020, as the impact of the COVID-19 pandemic was felt throughout the region.

The Port of Hueneme is one of Southern California’s critical hubs and the only deep-water harbor between Los Angeles and the San Francisco Bay. The total tonnage for fiscal year 2019-20 decreased to 1,628,409 metric tons, a 1.8 percent decrease from the prior year of 1,657,881 metric tons. Automobile imports and exports decreased by 14.0 percent to 294,638 autos. Other import and export niche markets of heavy equipment, bananas, fresh fruit and vegetables, and domestic offshore oil had a combined increase of 2.4 percent as compared to the prior year.

Farmers use Science, Technology, Engineering, and Math (STEM) for efficient and effective fertilization and irrigation management programs to achieve quality and optimum yields while maintaining sustainable farming practices. The region’s crop total decreased by \$0.1 billion to \$2.0 billion in 2019, this was a 5 percent decrease as compared to the prior year. Strawberries, celery, lemons, raspberries, and nursery stock were the leading crops for the year 2019.

**Ventura County Crop Values (in Millions)**



Source: Ventura County Crop and Livestock Report

**• Academic Activity**

California State University, Channel Islands (CSUCI) opened in 2002 and is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges (WASC). It is located on over 1,200 acres and is undergoing more than \$233 million in building and renovation projects. CSUCI offers twenty-three undergraduate majors, five graduate, three teaching credential programs and eight centers and institutes that support regional prosperity and the University mission. During the 2019 fall term, CSUCI had 7,093 students, a decrease of 0.02 percent from the prior year.

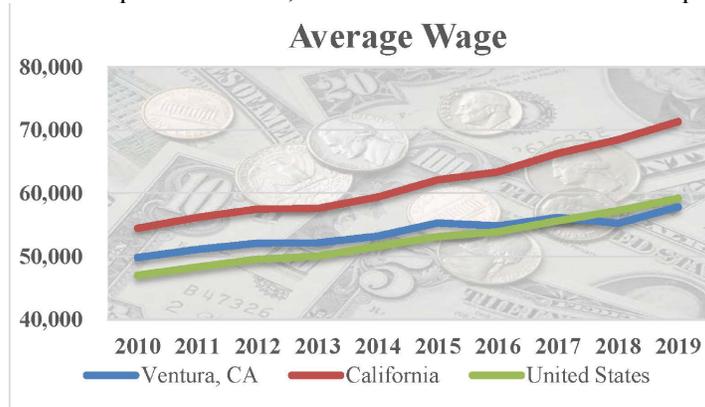
California Lutheran University, (CLU) opened in 1961, is accredited by the Accrediting Commission for Senior Colleges and Universities of the WASC. Thirty-nine majors and forty-one minors are offered in the traditional undergraduate program. The Bachelor’s Degree for Professionals program offers degrees in eight majors. Graduate programs include doctorates in educational leadership, higher education leadership, clinical psychology and theology; and master’s degrees in education, psychology, business, economics, information technology, public policy and administration, divinity, and theological studies. Enrollment for fall term 2019 was 4,303, a decrease of 1.8 percent from the prior year. Classes are offered at the 225-acre main campus in Thousand Oaks, as well as five off-campus centers throughout California.

The three Ventura County Community College campuses, Moorpark, Oxnard and Ventura, had a fall 2019 enrollment of 30,312 students, a decrease of 4.2 percent from the prior year's unadjusted number, and approximately 1,812 faculty, staff and administrators in fall of 2019. The colleges are accredited by the Accrediting Commission for Community and Junior Colleges of the WASC. The three two-year colleges offer programs to transfer to four-year colleges and universities, career technical training, basic skills instruction, as well as community service, economic development, and continuing education for cultural growth, life enrichment, and skills improvement.

• **Income and Unemployment**

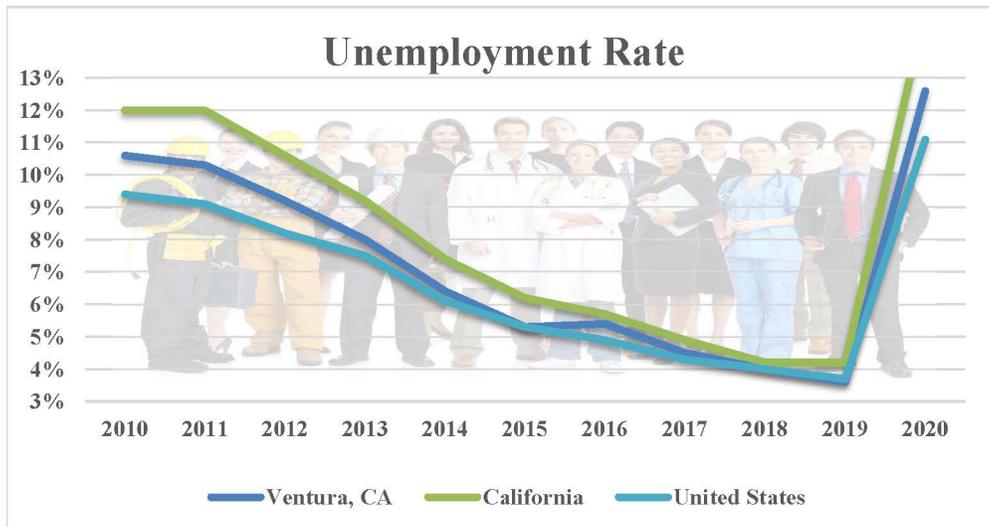
When comparing June 2020 to revised June 2019 figures, total farm jobs decreased by 4,800 (17.5 percent) to 22,700, while total nonfarm jobs decreased by 31,000 (9.9 percent) to 281,400. Decreases for nonfarm jobs were primarily in trade, transportation and utilities 7,900, leisure and hospitality services 8,600, and education 4,800. These industries were heavily impacted by the COVID-19 pandemic. Information about the County's principal employers and workforce sizes is provided in the statistical section of this report.

Average wages in the County increased 4.7 percent from 2018 numbers to \$57,848, while the State's average wage increased 4.2 percent to \$71,351 and the nation increased 3.4 percent to \$59,209.



Source: U.S Department of Labor, Bureau of Labor Statistics

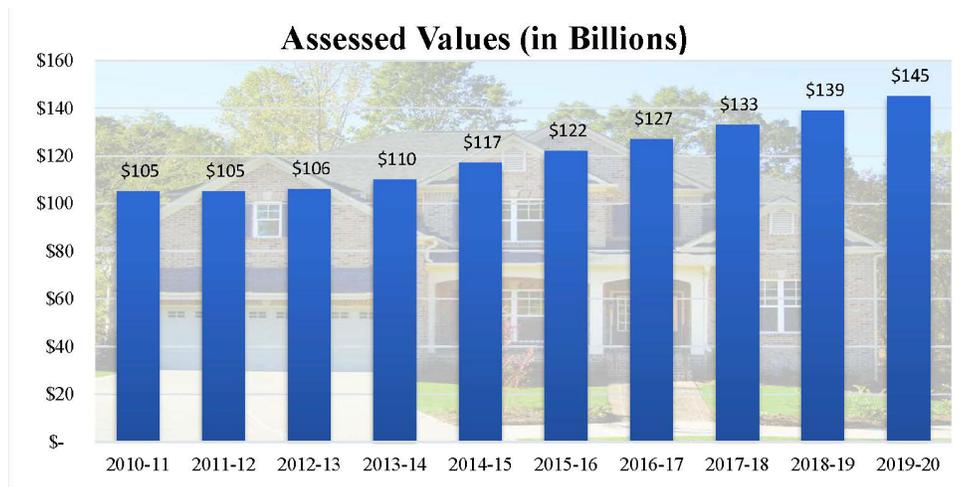
The County's unemployment rate in June 2020 of 12.6 percent was up substantially from 3.6 percent in the prior year due to the COVID-19 pandemic and compares with California and the nation at 15.1 percent and 11.1 percent, respectively.



Source: State of California Employment Development Department and U.S. Department of Labor & Statistics

- **Real Estate**

Assessed values continue to trend upward. Fiscal year 2019-20 assessed values of \$145.2 billion represented a 4.2 percent increase compared to the prior year of \$139.0 billion.



Source: County of Ventura Auditor-Controller

The number of single-family home sales in the County decreased 18.4 percent from the prior year. The composite median sales price for existing homes increased 8.2 percent from \$647,000 in June 2019, to \$700,000 in June 2020. The June 2020 median single-family home sales price in California was up 2.5 percent to \$626,170, and the nation for all housing types was up 3.5 percent to \$295,300, when compared to the prior year.

County housing affordability for the second quarter of 2020 decreased to 31 percent, since the second quarter of 2019. Availability of affordable housing continues to be a critical economic factor, which may affect future job growth. Some mitigating factors are the desirability of living in Ventura County due to its strong public safety presence, quality of life, climate, relatively clean air, and proximity to the Los Angeles metropolitan area.

### **COVID-19 Pandemic**

The COVID-19 pandemic, which began in March 2020, has caused severe economic and health impacts in our community, as it has around the state, nation, and the world. It has also had an impact on our County finances with local revenues decreasing, while at the same time there has been an increased need for health, social, and business services. The revenue losses are not considered permanent and are expected to gradually return to prior levels as the economy recovers.

The County's strong fiscal position allowed it to act quickly to provide significant services and supplies in response to the pandemic. Existing reserves were used to quickly ramp up resources, personal protective equipment, and hospital surge capacity preparation. The County expects most of the reserves to be replenished through reimbursement from federal and state resources.

Leadership of the County's response to the pandemic has been a coordinated and unified team effort involving multiple County agencies as well as active collaboration with local cities, community-based organizations, chambers of commerce, education leaders, and state and federal agencies.

## Major Initiatives

- The fiscal year 2020-21 state budget was signed into law by Governor Newsom on June 29, 2020. The \$202.1 billion spending plan strengthens emergency response, protects public health and safety, and promotes economic recovery while closing a \$54.3 billion budget shortfall caused by the COVID-19 recession. The state budget makes critical investments to save lives and promote economic recovery by continuing critical purchases of personal protective equipment and other safeguards necessary to safely reopen the economy during the COVID-19 pandemic. It protects public education and supports Californians facing the greatest hardships. Finally, the budget supports job creation, economic recovery and opportunity by recognizing and supporting the critical role small businesses play on job creation in the state.
- The County's 2020-21 Assessment Roll closed with an overall increase of 3.9 percent, reflecting Ventura County's continued strength in property values. Assessed value increased \$5.5 billion, resulting in \$146.7 billion of taxable property, the County's highest total assessed value. The Assessor noted that the 2020-21 tax roll values were set as of January 1, 2020, three months before the County's Stay at Home Order was issued due to the COVID-19 pandemic. As a result, any economic impact to property values is not reflected in the 2020-21 property tax bills. The Assessor's Office will continue to monitor the economic situation and will revisit property values as of January 1, 2021 for the 2021-22 tax roll.
- The actuarially determined composite contribution rate for retirement contributions decreased from 28.5 percent to 23.3 percent of covered payroll in fiscal year 2020-21. The decreased rates, although applied to a higher payroll, resulted in a decrease in General Fund retirement costs of approximately \$26.6 million over fiscal year 2019-20 budgeted amounts. A portion of the General Fund savings, \$12.5 million, has been set aside in a General Fund Pension Mitigation Reserve to help mitigate impacts of future rate volatility due to severe market fluctuations or changes in actuarial assumptions.
- For 30 years, the County Ambulatory Care clinics have operated under a business model where the County provides the buildings and overhead but contracts with physician directors of private medical corporations to operate the clinics. However, over the past few years, the evolution of the U.S. healthcare market toward value-based care has created unprecedented change. The County needed to ensure its ambulatory clinic business model worked to support its future success. The County Health Care Agency engaged a consultant to prepare a plan to fully integrate the clinics into the County which will eliminate variations across clinics in terms of operations, staffing, and productivity. Under this plan, clinic staff and physicians will become County employees rather than employees of the physician groups. The County is in the process of implementing the plan, which is expected to take effect July 1, 2021.
- A County led group of community partners was awarded a \$10.9 million Project Homekey grant from the California Department of Housing and Community Development. Escrow closed in December 2020 on the purchase of a former hotel which will provide non-congregate shelter on an interim basis until renovations are completed and the facility, to be known as Casa Aguante, is converted into permanent housing, ending homelessness for 70 individuals. Under an agreement with the County, the facility will be owned and developed by Community Development Partners and operated by Mercy House Living Centers.

## **Long-term Planning**

- General Fund fund balance in the 2020-21 adopted budget totaled \$252.6 million, a decrease of \$14.4 million from the prior year adopted budget, based on estimated year-end fund balance. Obligated fund balance (Nonspendable, Restricted, Committed, and Assigned) plays an important role in preserving the County's overall financial health including: strengthening the County's overall financial position (including cash) with an emphasis toward maintaining the highest debt rating and consequently lowering our borrowing costs; preparing the County for future capital needs; establishing the ability to fund expenses such as litigation costs and audit disallowances without affecting operations; and shield the County against extraordinary events and significant fluctuations in revenues. Unassigned fund balance can be used to monitor fund balance as a percent of General Fund appropriations/revenue. The County's recommended minimum level is 10 percent of total appropriations/revenue. The estimated Unassigned fund balance of \$152.0 million is approximately 12.7 percent of estimated appropriations, above our minimum of 10 percent but less than our long-term goal of 15 percent.
- The fiscal year ended 2021-25 Five-Year Capital Improvement Plan (Plan) was updated through a process involving the review by all County departments of capital and major equipment needs and includes seven high priority project requests pending identification of funding sources. Requests are submitted to the Capital Planning Committee for review and prioritization as noted below. Projects are prioritized by a ranking system that uses various criteria such as life and safety concerns, compliance with legal or regulatory requirements, and preservation of existing assets. Among the projects included in the Plan are Animal Services shelter improvements, design and construction of a Family Justice Center, Medical Center helipad, county bridge improvements, an upgrade to the Ventura County Financial Management System, a next generation public safety radio communication system, an upgrade to the Ventura County Integrated Justice Information System and a number of other building and system improvement projects. The plan is available on-line: <https://vcpublicworks.org/fiveyearplan/>.

## **Relevant Financial Policies**

- The Board of Supervisors approved a Capital Planning Policy and Five-Year Capital Improvement Plan which includes evaluation of plans for acquisition, maintenance, replacement, and retirement of capital assets and serves as the basis for long-range planning to meet the County's capital asset needs. A Capital Planning Committee comprised of the County Executive Officer, Auditor-Controller, General Services Agency Director, and Public Works Agency Director, is responsible for evaluating capital planning matters and providing recommendations to the Board of Supervisors regarding the prioritization of capital projects, major equipment purchases, long-term lease administration, lease versus purchase options, and other capital planning and expenditure issues.
- The Financial Planning Committee of the County, comprised of the Chair and Vice Chair of the Board of Supervisors, Auditor-Controller, County Treasurer, County Executive Officer, and County Counsel, reviews all financial planning matters. The Committee provides recommendations to the Board regarding levels of debt service, debt balances, financing of planned capital asset acquisitions, and any proposal utilizing public finance methods.

- The Information Technology Committee (ITC) is responsible for planning and reviewing project proposals to ensure consistency with the goals, guidelines and policies of the County's technology strategy, compatibility with other systems and infrastructure, and conformance with other County priorities. The ITC is comprised of two members of the Board of Supervisors, the County Executive Officer, Auditor-Controller, Sheriff, Fire Protection District Chief, Human Services Agency Director, Resource Management Agency Director, Health Care Agency Director, and the IT Services Department Director.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Report for the fiscal year ended June 30, 2019. This was the thirty-sixth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized Annual Report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Auditor-Controller's Office. I wish to express my appreciation to the members of the Auditor-Controller's Office and our independent auditors, Eide Bailly, LLP, who assisted in and contributed to the preparation of this report. I also thank the Board of Supervisors and the County Executive Office for their interest and support in planning and conducting the financial operations of the County in a responsive and effective manner.

Respectfully submitted,



JEFFERY S. BURGH  
Auditor-Controller