



June 17, 2024

Ventura County Board of Supervisors  
ATTN: Clerk of the Board  
800 S. Victoria Street  
Ventura, CA 93009

**RE: VCMS Budget and Debt Management (Item 9)**

Dear Supervisors,

The Ventura County Taxpayers Association appreciates the opportunity to express our concerns regarding the Ventura County Medical System (VCMS) budget and its fiscal management strategies. Specifically, we are troubled by the ongoing practice of borrowing taxpayer funds from the General Fund to repay the debt incurred in 2011 for the construction of the new hospital wing. This practice is akin to borrowing from one credit card to pay off another, which is widely recognized as an unsound business strategy.

The FY24-25 VCMS Budget projects a positive net position of \$0.4 million, a significant improvement from the estimated negative net position of (\$4.2) million for FY23-24. This optimism is largely attributed to a projected \$55 million increase in Total Operating Revenue, driven by management assuming a substantial rise in demand for care and services.

To meet this target, management assumes a 9 percent increase in Total Operating Revenue over the FY23-24 estimates.

However, historical data from the Audited Comprehensive Financial Report (ACFR) indicates that the actual 10-year trend line growth in Total Operating Revenue is just over 6 percent per year. This discrepancy raises significant concerns about the feasibility of the budget's revenue and profit projections.

If the actual revenue growth aligns with the historical trend of 6 percent, rather than the projected 9 percent, VCMS could face an (\$18) million loss, contrary to the budgeted positive net position of \$0.4 million for FY24-25.

Moreover, the General Fund loan, which is now approaching \$225 million, remains a critical issue. Under the current financial projections, VCMS is unlikely to ever repay this debt. According to the FY24-25 budget, management projects the General Fund loan will continue to grow, even if the ambitious revenue targets are met.

What is most concerning is that the FY24-25 budget, as confirmed by management, will persist in the questionable practice of borrowing another \$13 million from the General Fund to service its long-term debt. This approach of borrowing to service debt obligations is neither a sound business practice nor a prudent use of taxpayer money.

Given these concerns, we urge the Board of Supervisors to critically evaluate the optimistic revenue growth projections and take decisive action to address the growing debt burden on VCMS.

Eliminating the ongoing practice of borrowing General Fund money to repay debt obligations is crucial. Continuing this practice not only undermines the financial stability of VCMS and the public's trust, but also jeopardizes the fiscal health of Ventura County as a whole.

It is imperative to develop a sustainable financial strategy with growth projections the Board is comfortable with and one that does not rely on further debt.

Thank you for considering our comments. We trust that the Board will act in the best interests of Ventura County residents by ensuring the financial stability and responsible management of VCMS.

Sincerely,

Ryan Grau  
Executive Director  
Ventura County Taxpayers Association  
(805) 886-3495