

*Setting the Standard in Health Care Excellence*

March 28, 2023

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009**SUBJECT:****Authorize the Auditor-Controller's Office to Process a Mid-Year Budget Adjustment for the Ventura County Medical System in the Amount of \$23,700,000 (Requires 4/5 Vote)****RECOMMENDATIONS:**

It is recommended that your Board authorize the Auditor Controller's Office to process the accounting transactions necessary to revise appropriations and fund balance as follows (requires 4/5 vote):

INCREASE	3300-3301	Services & Supplies	\$23,700,000
DECREASE	E500-5470	Unrestricted Net Position	\$23,700,000

**FISCAL IMPACT:**

Mandatory:	No
Source of Funding:	VCMS Fund E500 Unrestricted Net Position
Funding Match Required:	No
Impact on Other Departments:	None

**Summary of Annual Revenues and Costs:**

	FY 2022-23	FY 2023-24
Revenue:	\$ 0	\$ 0
Costs:		
Direct	\$ 23,700,000	\$ 0
Indirect-Agency/Dept.	\$ 0	\$ 0
Indirect-County CAP	\$ 0	\$ 0
Total Costs	\$ 23,700,000	\$ 0
Net Cost	\$ 23,700,000	\$ 0
Recovered Indirect Costs:	\$ 0	\$ 0

### **Current Year Fiscal Budget**

<b>Current FY 2022-23 Budget Projections for Ventura County Medical Center #3300</b>				
	<b>Adopted Budget</b>	<b>Adjusted Budget</b>	<b>Projected Actual</b>	<b>Estimated Savings/(Deficit)</b>
Expenditures	\$597,277,305	\$627,489,238	\$620,091,297	\$7,397,941
Revenue	\$597,588,755	\$604,063,467	\$612,518,590	\$8,455,123
Operational Income/(Loss)	\$311,450	(\$23,425,771)	(\$7,572,707)	\$15,853,064

The operational income includes "Operating Transfers In" that are primarily attributed to County contribution.

### **DISCUSSION:**

The Ventura County Medical System (VCMS) requests your Board's approval for additional appropriations of \$23.7 million, which is less than four percent of VCMS's fiscal year 2022-23 Adopted Budget. The request is mainly due to increased contracted labor due to vacancies impacting nursing, ancillary services, information technology and administration (\$5.8 million), as well as increased costs for Cerner (\$2.8 million), County Internal Service Fund (ISF) Charges from Information Technology Services and General Services Agency (\$2.1 million), utilities (\$1.2 million), building maintenance (\$1.3 million), physician contracts (\$2.0 million) and pharmaceuticals (\$1.0 million). The increase in appropriations is also necessary for costs that were inadvertently not included in the Adopted Budget for physician contracts (\$5.6 million) and General Insurance ISF (\$1.9 million).

It is important to note that the request for additional appropriations does not necessarily translate to additional expenses in fiscal year 2022-23. Appropriations are needed to encumber agreements entered during the last half of the fiscal year. In many cases those agreements cover a period beyond fiscal year 2022-23 and therefore both the encumbrance and the related appropriations will roll forward into fiscal year 2023-24. VCMS typically rolls between \$20 million and \$25 million for such agreements each year.

This letter has been reviewed by the County Executive Office, County Counsel, and the Auditor-Controller's Office. If you have any questions regarding this item, please call Jill Ward, Chief Financial Officer-Hospitals, at 805-652-5732.

  
Barry L. Zimmerman  
Health Care Agency Director