

Grossmont Healthcare District Operating Budget For the Fiscal Year Ending June 30, 2026



Grossmont Healthcare District - Supporting community health and wellness programs and services for the residents of East County.

BOARD OF DIRECTORS

President Robert "Bob" Ayres
Vice President Randy Lenac
Secretary Virginia Hall, RN
Treasurer Gloria A. Chadwick, RN
Member Nadia Farjood
board@grossmonthealthcare.org



INTERIM CHIEF EXECUTIVE OFFICER

Aaron J. Byzak
MBA
(619) 825-5055
abyzak@grossmonthealthcare.org

May 22, 2025

To the Honorable Board of Directors of the Grossmont Healthcare District

Re: The Fiscal Year Ending June 30, 2026 Budget

We are pleased to bring forward a budget that funds all the operations and obligations of the Grossmont Healthcare District (District) and continues to meet our community's healthcare needs.

The District maintains a General Fund, Debt Service Fund, and an OPEB Fund. The General Fund accounts for all financial resources of the District related to its mission to support community health and wellness programs and services for the residents of East County. The Debt Service Fund accounts for resources and liabilities related to \$247 million in bonds issued to make specific improvements to the Sharp Grossmont Hospital. The OPEB (Other Post-Employment Benefits) Fund is an irrevocable trust maintained to fund retiree healthcare benefits.

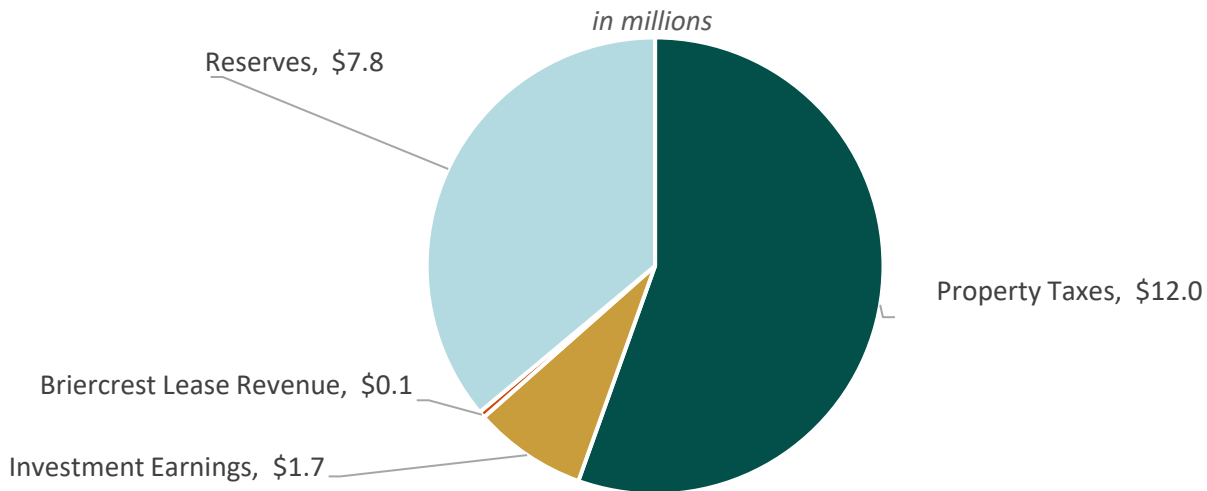
The General Fund

The District's Fiscal Year 2025/2026 (FY2026) General Fund Budget anticipates \$13.9 million in revenues (compared to \$13.2 million in the prior budget) with budgeted expenditures of \$21.7 million (compared to the prior year's budget of \$13.5 million). The FY 2026 General Fund Budget is summarized in the following table.

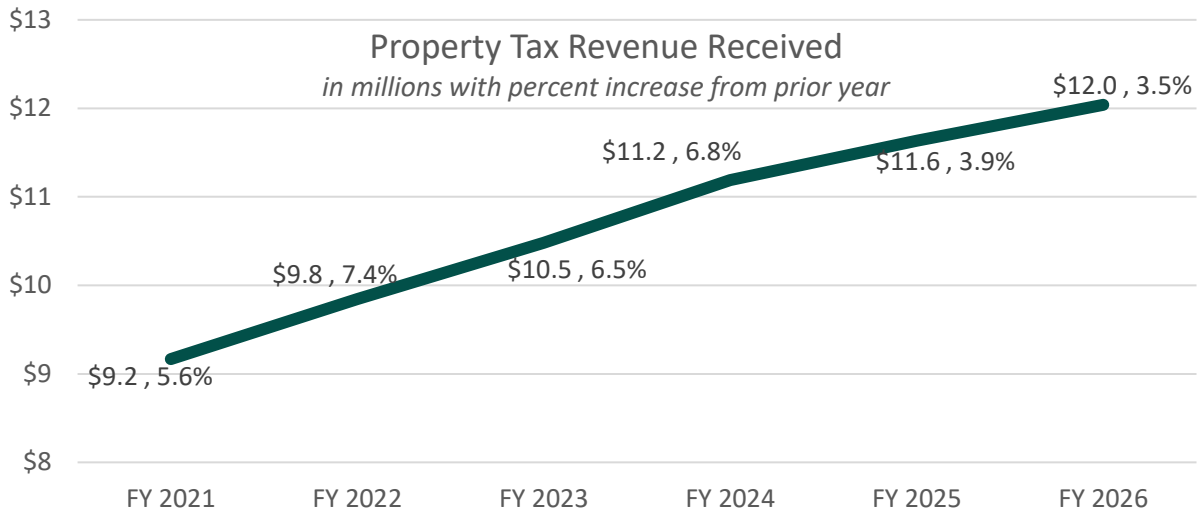
	Budget			
	Adopted FY 2024/25	Recommended FY 2025/26	Increase/(Decrease)	
Anticipated Revenues				
Property Taxes	\$ 11,457,000	\$ 12,040,000	\$ 583,000	5.1%
Investment Earnings	1,620,000	1,742,000	122,000	7.5%
Briercrest Lease Revenue	98,000	101,000	3,000	3.1%
Total Anticipated Revenues	13,175,000	13,883,000	708,000	5.4%
Budgeted Expenditures (by department)				
Community Health Support	7,744,000	16,320,000	8,576,000	110.7%
Community Health Library	1,063,000	1,083,000	20,000	1.9%
Administrative	2,192,000	2,671,000	479,000	21.9%
Facilities	397,000	389,000	(8,000)	-2.0%
Capital Improvements/Acquisitions	2,080,000	1,250,000	(830,000)	-39.9%
Total Budgeted Expenditures	13,476,000	21,713,000	8,237,000	61.1%
Transfer to/(from) Reserves	\$ (301,000)	\$ (7,830,000)	(7,529,000)	

This budget has been prepared on a cash basis. The following graphs and analysis review the most significant sources and uses of cash in the General Fund.

Sources - FY 2026 General Fund Budget



Property Taxes - The District receives an allocation of ad valorem tax from the County of San Diego to support community health and wellness programs and services for the residents of East County. The FY 2026 Budget assumes a 3.5% increase over the collected amount of property taxes projected for Fiscal Year 2025.



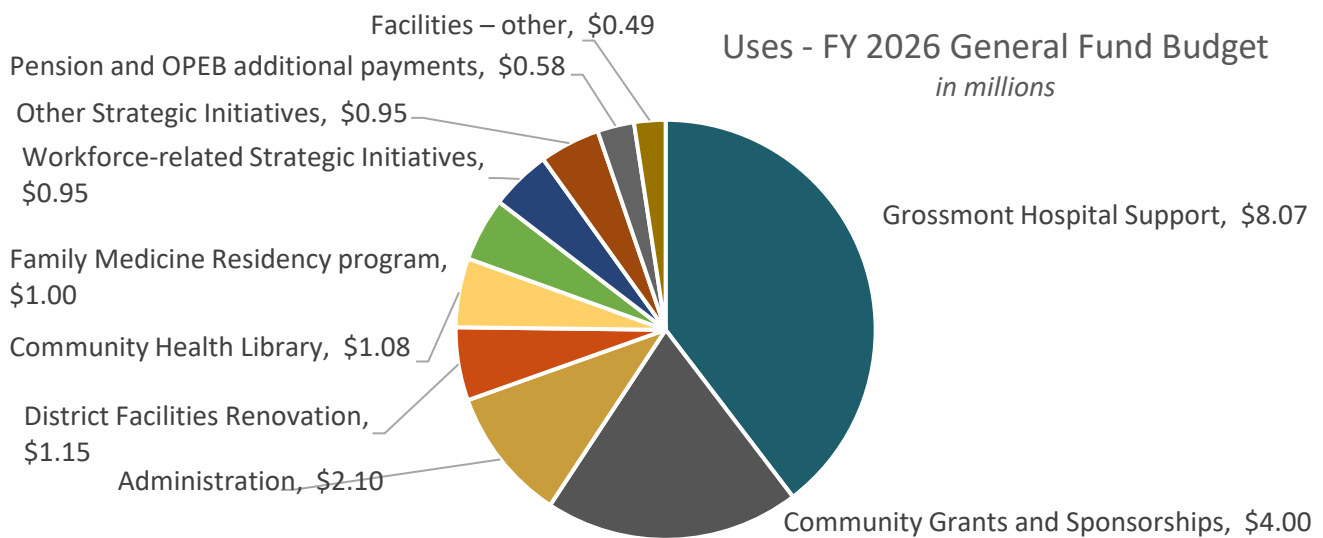
Investment Earnings - The District receives earnings from investments in money market funds, California's Local Agency Investment Fund (LAIF), California Cooperative Liquid Assets Securities System (CLASS), and a professionally-managed portfolio. Returns are conservatively estimated at 90% of current rates of return.

Briercrest Lease Revenue - The District leases a parking lot to Sharp Grossmont Hospital with a 2.5% annual inflation provision.

Reserves - The District anticipates using \$7.8 million in reserves to balance the budget. The Reserve Budget discussion begins on page 10.

May 22, 2025

Page Three



Grossmont Hospital Support includes \$8 million in IGT funding, an increase of \$4.5 million from the previous year, and \$70,000 in sponsorships. A detail description is located on page 2.

Community Grants and Sponsorships increased by \$2.5 million in an effort to keep pace with the rising costs of the District's grantees - our partners in health and wellness.

Administration costs are detailed on page 4 and increased 3.2% after carving out one-time additional discretionary payments towards the District's Pension and OPEB liabilities (see below).

Community Health, other than hospital support, community grants and sponsorships, and strategic grants, increased by 13.7% over the last budget due to adding contractual media outreach services and shifting programs previously included in the Library's budget to the community support budget.

District Facilities Renovation includes the planning and design and some preconstruction for the addition of a Community Room, conference, room, and reception space modification.

The **Community Health Library** budget increased by 1.9% with details on page 3.

The **Family Medicine Residency program**, administered by Sharp Grossmont Hospital, is expecting it's first wave of students this fiscal year. The District has committed to reimburse operational expenses of up to \$1 million a year for ten years. The commitment is included in designated reserves and under Strategic Grants in the Community Health Support budget, page 2.

Workforce-Related Strategic Initiatives include funding a plan to increase the CNA, MA, LVN/RN and Patient Care Aid workforce in the local community, and to provide access to career technical education for all East County high school students. This is included in the Community Health Support budget.

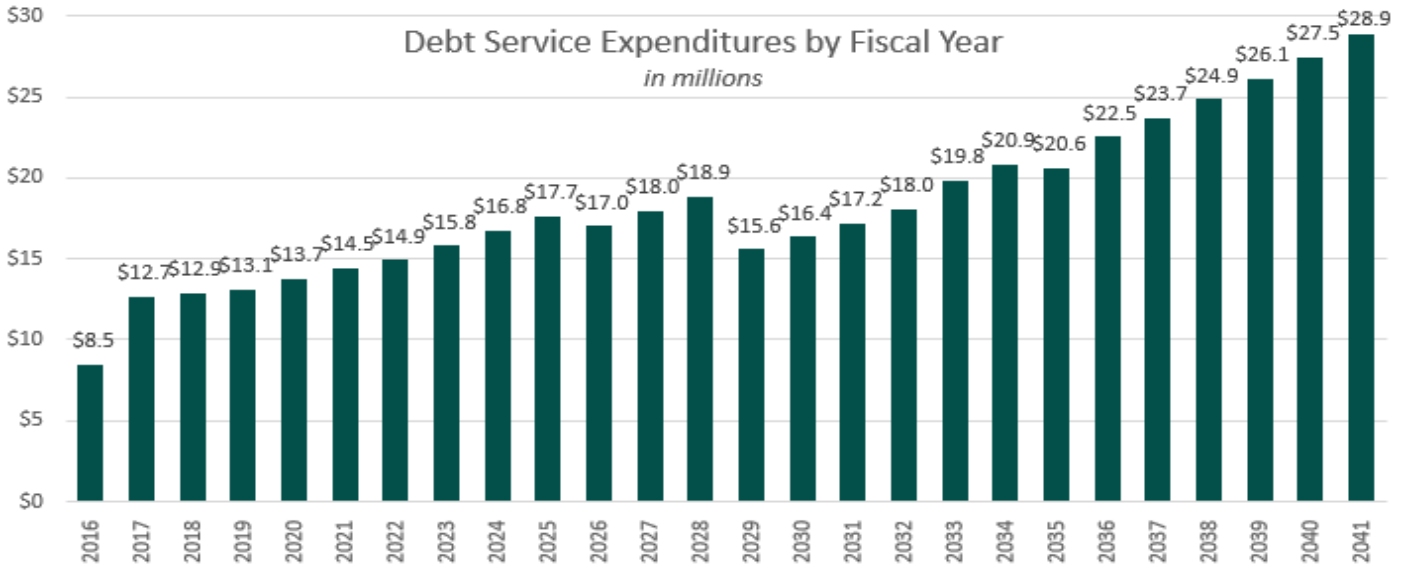
Other Strategic Initiatives include the East County Health Needs Assessment, the Rural Health Discharge Program, Rural Telemedicine Equipment, the Nurse Navigation Program, and other opportunities for investment in local health and wellness. Strategic Initiatives are included within Strategic Grants in the Community Health Support budget on page 2.

Pension and OPEB additional discretionary payments (ADPs) target a 90% funded status of those liabilities. This funding strategy was favorably received by Moody's credit rating for the 2025 refunding bonds. ADPs are included in Employee Benefits in the Administrative budget.

The budget for **Facilities, other than the renovation project** and other capital projects decreased by 2% due to realized efficiencies in utilities from energy saving investments.

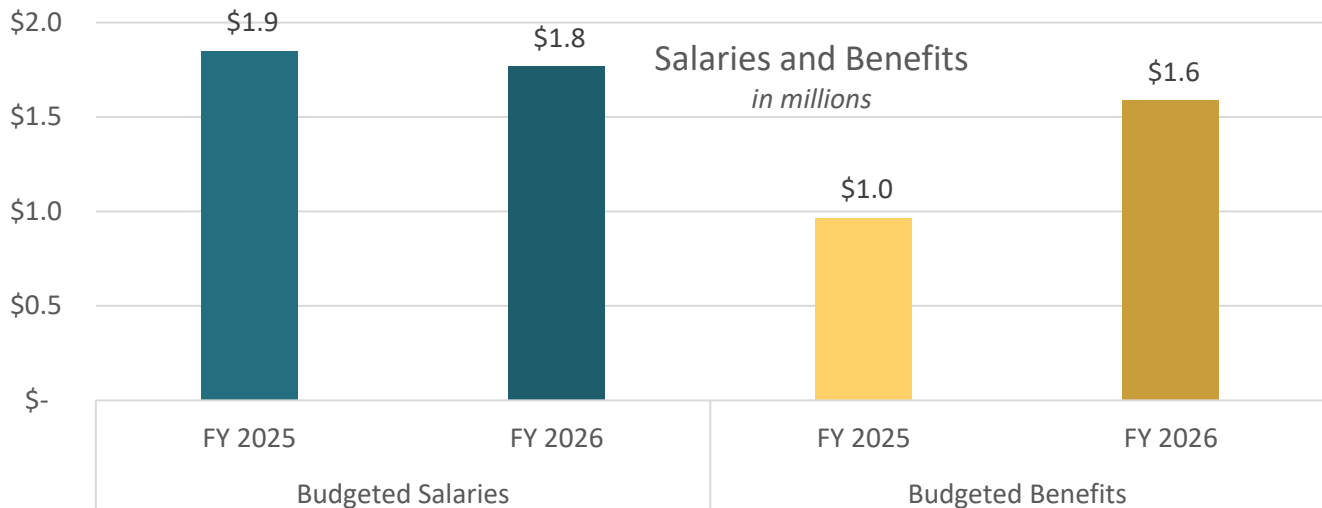
Debt Service

In June 2006, voters approved Proposition G, a \$247 million bond measure that funded capital infrastructure improvements at Sharp Grossmont Hospital. The District's Debt Service Fund accounts for tax revenue received from the voter-approved special assessment (restricted to payment of debt service only), investment earnings, and principle and interest paid to bondholders (debt service). Debt service payments are predetermined and scheduled out to 2041 as shown in the graph below. Details of the Debt Service Fund budget can be found on pages 8 and 9.



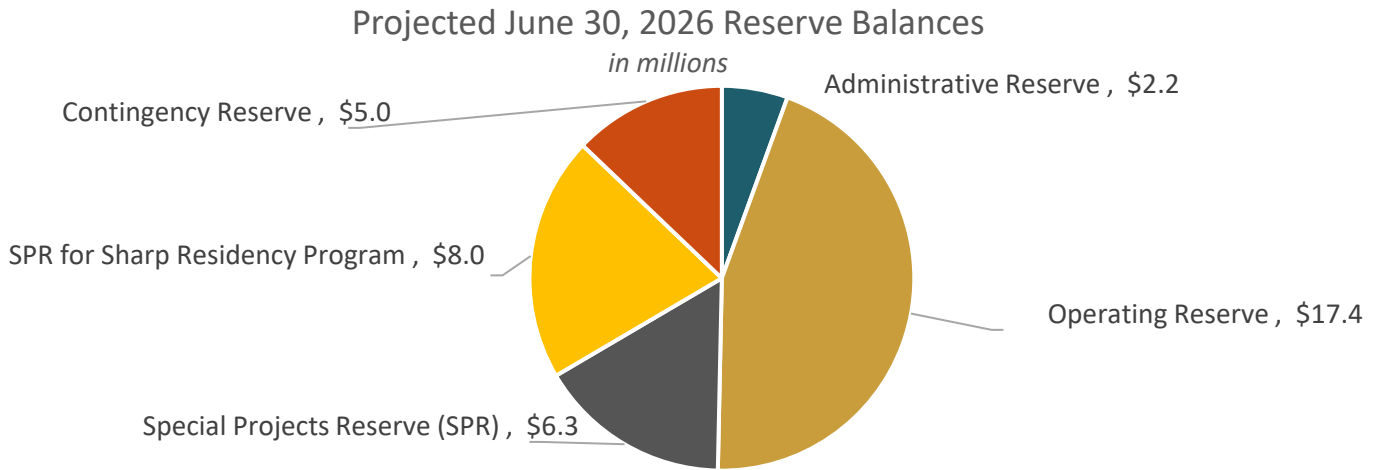
Salaries and Benefits

This document also provides detailed budgetary information about our most valuable resource, our talent. Page 6 shows an organizational chart inclusive of positions and names of employees. Page 7 provides details of actual, projected, and budgeted salaries and benefits. Budgeted salaries decreased \$84k, -4.5%, from the previous year's budget due to the 2025 budget amendment for CEO severance and compensated benefits payout. The costs of benefits is budgeted to increased by \$620k, 64.1% due to additional discretionary payments for OPEB and pension to target a funded ratio of 90% for those liabilities anticipated inflationary increase and the increase in salaries.



Reserves

The total of cash and investments of the District are designated for use of the public's best interest. Specific categories of reserves, and projected balances in cash accounts and investments are detailed on pages 10 through 13. General Fund reserve balances, given budget assumptions, for June 30, 2026 are shown graphically below and projected to total \$39.9 million.



Debt Service Reserves are targeted to be at least equal to the next semi-annual debt service payment and no more than the next three semi-annual debt service payments. Details are on page 13.

The District also maintains an irrevocable Other Post-Employment Benefits (OPEB) Trust for the exclusive benefit of retired employees to pay healthcare benefits.

Glossary of Budget Terms

A glossary is presented starting on page 14 to assist the reader of this budget with explanations of terms used throughout the document.

Cash Basis

The word "expense" does not appear in this budget. It is replaced with "expenditure." Expense is recorded when incurred without regard to when the money is actually paid. An expenditure is an out flow of money. For example, the District will have an expenditure when it pays for the facilities expansion, but not an expense. The expense happens over the useful life of the expansion. The budget has been prepared on a cash basis so the general public can more easily understand the accounting. We hope this helps the reader tie in the change in cash (Revenues Over Expenditures), plus the beginning cash and investment balance, to arrive at our projected cash and investment balance at the end of the budget year presented on page 10.

The enclosed budget details our commitment of resources to accomplish the goals outlined in our strategic plan and achieve our mission to maintain and improve the physical and behavioral health of the residents of San Diego's East County.

Respectfully submitted,

Aaron Byzak, Interim Chief Executive Officer

OUR MISSION

As stewards of the public trust, your Grossmont Healthcare District will preserve and protect those resources entrusted to its care.

To maintain and improve the physical and behavioral health of its constituents, we will:

- Partner with our hospital operator, Sharp HealthCare, to ensure access to state-of-the-art medical services at Grossmont Hospital for all of the residents of Grossmont Healthcare District and beyond.
- Anticipate and recognize the unmet health care needs of the communities we serve and support suitable services to the greatest extent possible consistent with available resources.



BOARD OF DIRECTORS

President	Robert "Bob" Ayres
Vice President	Randy Lenac
Secretary	Virginia Hall, RN
Treasurer	Gloria A. Chadwick, RN
Member	Nadia Farjood



Table of Contents

	<u>Page #</u>
General Fund Operating Budget - All Departments	1
General Fund Expenditure Budget - Community Health, Support	2
General Fund Expenditure Budget - Community Health, Library	3
General Fund Expenditure Budget - Administrative	4
General Fund Expenditure Budget - Facilities	5
Organizational Chart	6
Salaries and Benefits Budget	7
Debt Service Fund Budget	8
Reserves Budget - General Fund	10
Reserves Budget - Debt Service and Trust Fund	13
Glossary of Budget Terms	14

Grossmont Healthcare District
 General Fund Operating Budget
 For the Fiscal Year Ending June 30, 2026

General Fund - All Departments

	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Revenues					
Property Taxes	\$ 11,190,921	\$ 11,457,000	\$ 11,633,000	\$ 12,040,000	\$ 12,461,000
Investment Earnings	1,518,573	1,620,000	1,920,000	1,742,000	1,332,000
Briercrest Lease Revenue	95,738	98,000	98,000	101,000	104,000
Other Income	17,890	-	1,000	-	-
Total Revenues	12,823,122	13,175,000	13,652,000	13,883,000	13,897,000
Expenditures					
Salaries and Wages	1,401,721	1,851,000	1,640,000	1,767,000	1,897,000
Employee Benefits	837,601	967,000	812,000	1,587,000	1,093,000
Professional Development	12,325	68,000	35,000	68,000	68,000
Dues, Meetings, and Memberships	90,393	109,000	83,000	84,000	88,000
Legal	112,201	116,000	145,000	177,000	187,000
Contract Services	267,410	395,000	383,000	455,000	345,000
Security	38,256	100,000	85,000	93,000	98,000
Technology	193,475	264,000	196,000	259,000	257,000
Grossmont Hospital Support	2,811,192	3,570,000	3,568,000	8,070,000	8,070,000
Grants and Sponsorships	1,449,694	2,996,000	2,491,000	6,900,000	6,900,000
Scholarships	267,450	311,000	284,000	350,000	371,000
Programs and Events	31,844	91,000	55,000	134,000	139,000
Circulation Resources	46,090	62,000	51,000	84,000	84,000
Mobile Outreach Library	-	19,000	12,000	25,000	19,000
Supplies	34,827	103,000	36,000	81,000	61,000
Utilities	91,946	102,000	86,000	88,000	93,000
Maintenance and Repair	86,488	103,000	94,000	99,000	91,000
Equipment and Storage Rental	26,949	33,000	31,000	34,000	36,000
Capital Improvements/Acquisitions	51,853	2,159,000	152,000	1,294,000	4,400,000
Insurance	42,357	55,000	52,000	64,000	67,000
Miscellaneous	-	-	-	-	-
Total Expenditures	7,894,072	13,474,000	10,291,000	21,713,000	24,364,000
Net Cash Flow	4,929,050	(299,000)	3,361,000	(7,830,000)	(10,467,000)
Transfer from/(to) reserves	(4,929,050)	299,000	(3,361,000)	7,830,000	10,467,000
Net Income	\$ -	\$ -	\$ -	\$ -	\$ -

The District maintains two funds: a General Fund and a Debt Service Fund. The Debt Service Fund description and budget is presented on page 8. The General Fund is the primary operating fund and accounts for all financial resources of the District, other than those related to debt service. The General Fund is made up of four departments: Community Health - Support, Community Health - Library, Administration, and Facilities. Community Health is an external function that provides services to our residents. Administration and Facilities are internal functions that in part safeguard assets, maintain internal controls, and ensure regulatory compliance. The expenditures by department are detailed in the next four pages.

Definitions of each line item are found in the Glossary on page 14.

	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Salaries and Wages	\$ 365,623	\$ 458,000	\$ 380,000	\$ 479,000	\$ 521,000
Employee Benefits	100,532	123,000	102,000	139,000	150,000
Professional Development	3,481	15,000	9,000	15,000	15,000
Dues, Meetings, and Memberships	19,501	16,000	15,000	15,000	16,000
Contract Services	87,234	112,000	123,000	169,000	111,000
Technology/Platforms	35,770	41,000	37,000	42,000	44,000
Grossmont Hospital Support	2,811,192	3,570,000	3,568,000	8,070,000	8,070,000
Strategic Grants	52,500	1,496,000	991,000	2,900,000	2,900,000
Community Grants & Sponsorships	1,397,194	1,500,000	1,500,000	4,000,000	4,000,000
Scholarships	267,450	311,000	284,000	350,000	371,000
Programs	31,844	41,000	43,000	97,000	101,000
Events	23,404	50,000	12,000	37,000	38,000
Supplies	5,301	11,000	4,000	7,000	7,000
Total Expenditures	\$ 5,201,026	\$ 7,744,000	\$ 7,068,000	\$ 16,320,000	\$ 16,344,000

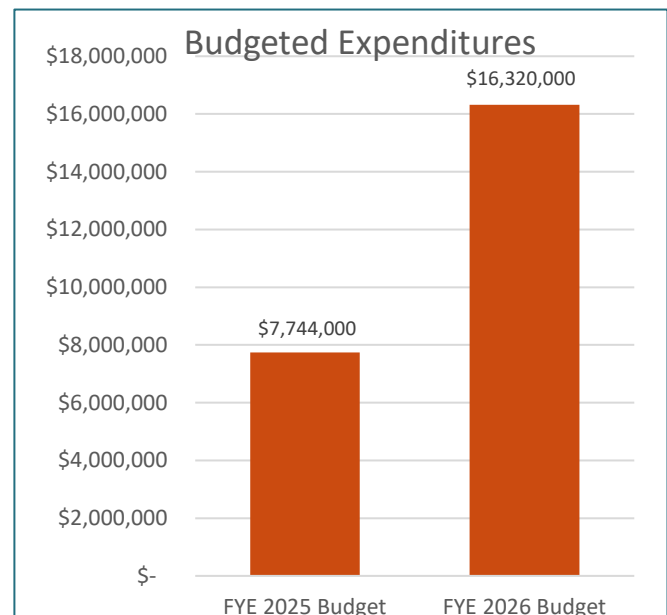
The District has awarded more than \$36 million in grants, sponsorships, and scholarships since the Community Grants program began in 1996. Those public monies have benefited community-based healthcare organizations, government agencies and Sharp Grossmont Hospital.

The FY 2026 budget for Community Healthcare Support is \$16.3 million, a \$8.6 million (110.7%) increase from the previous year's budget. The increase is due to a \$4.5 million increase for the Inter-Governmental Transfer (IGT) program benefiting the hospital, a \$2.5 million in Grants and Sponsorships, a \$1.4 million increase in strategic grants mostly to fund Sharp Grossmont Hospital's Family Medicine Residency program as well as funding a plan to increase the CNA, MA, LVN/RN and Patient Care Aid workforce in the local community, and to provide access to career technical education for all East County high school students. Other increases include a media outreach consulting agreement and programs formerly budgeted to Library.

Grossmont Hospital Support for FY 2026 includes \$8 million committed to the IGT program which supplants the hospital's financial loss for underinsured and uninsured Medicaid covered services, and \$70,000 for sponsorships and other support. Hospital support, grants, sponsorships, and scholarships budget amounts and awards are approved by the Board through a committee process. The projected FY 2027 support includes another \$8 million established as an upper limit, but not committed, by the Board.



Full-Time Equivalent Staffing (FTEs)	
Chief Executive Officer	0.4
Chief Community Health Officer	0.6
Communications Specialist	1.0
Community Health Program Specialist	1.0
Total Department FTEs	3.0



Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2026

Community Health: Library

Expenditure Budget

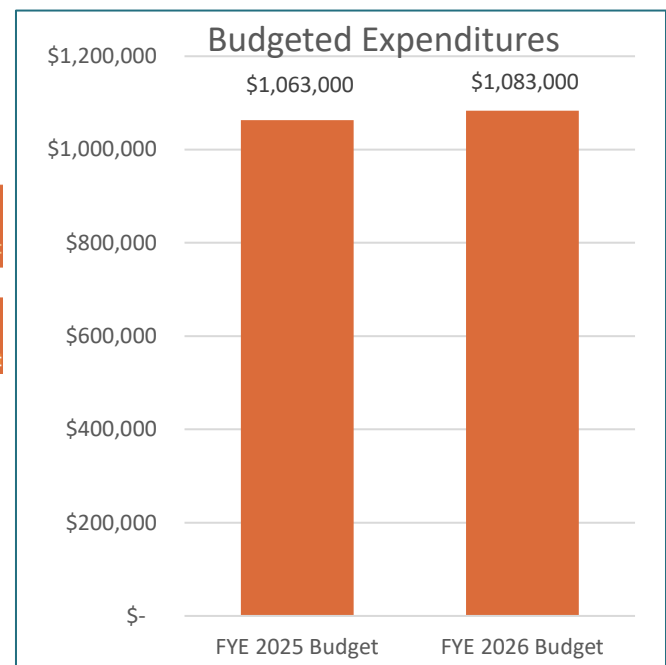
	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Salaries and Wages	\$ 379,597	\$ 477,000	\$ 432,000	\$ 494,000	\$ 528,000
Employee Benefits	135,060	210,000	135,000	220,000	258,000
Professional Development	3,246	30,000	11,000	30,000	30,000
Dues, Meetings, and Memberships	4,531	7,000	2,000	3,000	3,000
Contract Services	13,478	12,000	17,000	16,000	13,000
Private Security	25,194	55,000	50,000	55,000	58,000
Technology	24,353	27,000	19,000	42,000	30,000
Print Resources	28,944	37,000	24,000	52,000	55,000
Electronic Resources	17,146	25,000	27,000	32,000	29,000
Supplies	11,129	73,000	17,000	58,000	38,000
Equipment Rental	8,306	12,000	10,000	12,000	13,000
Mobile Outreach Library	-	19,000	12,000	25,000	19,000
Capital Acquisitions	-	79,000	52,000	44,000	-
Total Expenditures	\$ 650,984	\$ 1,063,000	\$ 808,000	\$ 1,083,000	\$ 1,074,000

The Grossmont Hospital District Health and Wellness Library is a free public library providing resources and services to meet the health information needs of the District's residents.

FY 2026 budgeted expenditures of \$1.1 million exceed the prior year's budget by \$20,000 or 1.9%. Considering budgeted inflation, this is a decrease due to less capital acquisitions (the mobile outreach library van was budgeted last year) and supplies for programs now to be budgeted in the Community Health Support department.

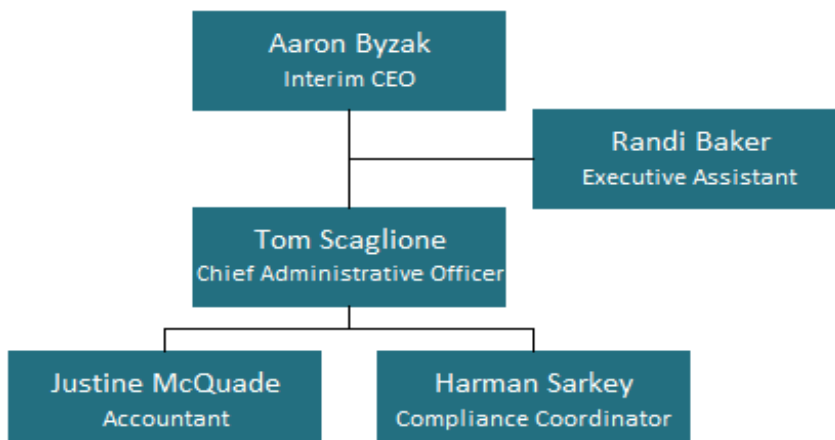


Full-Time Equivalent Staffing (FTEs)	
Chief Executive Officer	0.1
Chief Community Health Officer	0.4
Head Librarian	1.0
Fulltime Library Assistants	3.0
Part-Time Assistant Librarians (3)	1.5
Total Department FTEs	6.0

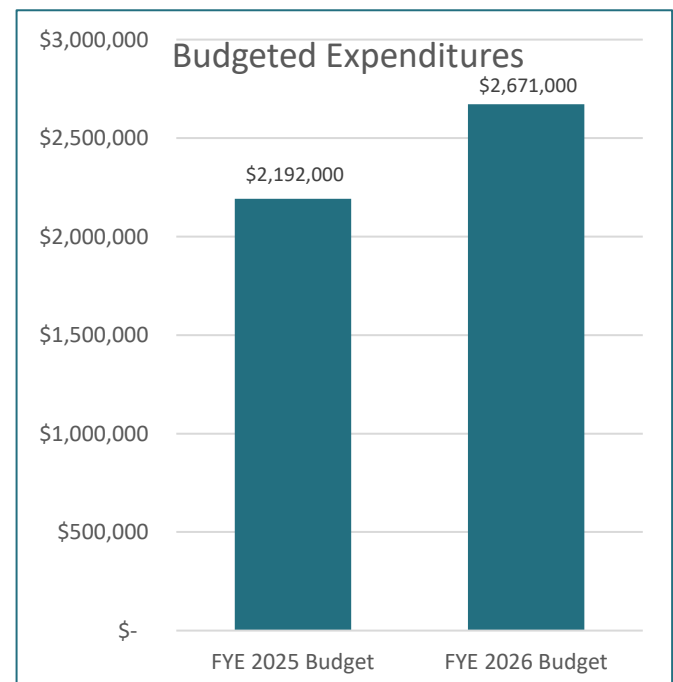


	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Salaries and Wages	\$ 593,429	\$ 835,000	\$ 752,000	\$ 709,000	\$ 755,000
Benefits - Employees	314,476	329,000	297,000	916,000	358,000
Benefits - Retirees	255,771	269,000	252,000	274,000	285,000
Professional Development	5,598	19,000	12,000	19,000	19,000
Dues, Meetings, and Memberships	66,361	86,000	65,000	64,000	67,000
Legal	112,201	116,000	145,000	177,000	187,000
Contract Services	165,346	265,000	231,000	259,000	214,000
Technology	133,352	196,000	140,000	175,000	183,000
Supplies and Office Expenses	15,425	17,000	12,000	13,000	13,000
Rental	18,643	21,000	21,000	22,000	23,000
Insurance	30,111	39,000	35,000	43,000	45,000
Total Expenditures	\$ 1,710,713	\$ 2,192,000	\$ 1,962,000	\$ 2,671,000	\$ 2,149,000

The Administrative Department is responsible for the District’s day-to-day operations. Expenditures are not directly tied to a specific function, but rather related to the District as a whole. Budgeted FY 2026 administrative expenditures of \$2.7 million, increased \$479k (21.9%) from the previous year's budget. The most significant increase is in employee benefits which includes \$576k in additional discretionary payments for pension and OPEB to target a 90% funded status in these liabilities. The budget also increased due a trend in GHD's rising legal costs and to include a provision to continue contracts with Robert Half for temporary administrative assistance for agenda and committee meeting minutes preparation and for consulting services to facilitate the strategic plan development. Salaries and Wages decreased from last budget due to the 2025 budget amendment for CEO severance and compensated benefits payout. Legal and Contract Services related to CEO transition are included in the 2025 budget but not the 2026 budget



Full-Time Equivalent Staffing (FTEs)	
Chief Executive Officer	0.4
Executive Assistant	1.0
Chief Administrative Officer	1.0
Accountant	1.0
Compliance Coordinator	0.4
Total Department FTEs	3.8



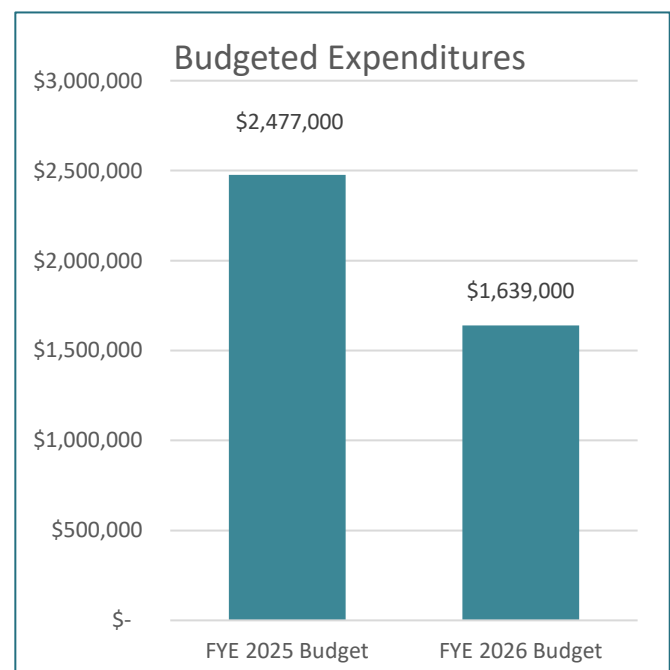
	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Salaries and Wages	\$ 63,072	\$ 81,000	\$ 76,000	\$ 85,000	\$ 93,000
Benefits - Employees	31,762	36,000	26,000	38,000	42,000
Professional Development	3,000	4,000	3,000	4,000	4,000
Dues, Meetings, and Memberships	1,723	2,000	1,000	2,000	2,000
Contract Services	1,352	6,000	12,000	11,000	7,000
Security	13,062	45,000	35,000	38,000	40,000
Maintenance and Repairs - Interior	56,760	76,000	69,000	72,000	66,000
Maintenance and Repairs - Exterior	29,728	27,000	25,000	27,000	25,000
Supplies	2,972	2,000	3,000	3,000	3,000
Utilities	91,946	102,000	86,000	88,000	93,000
Capital Improvements & Acquisitions	51,853	2,080,000	100,000	1,250,000	4,400,000
Insurance	12,246	16,000	17,000	21,000	22,000
Total Expenditures	\$ 359,476	\$ 2,477,000	\$ 453,000	\$ 1,639,000	\$ 4,797,000

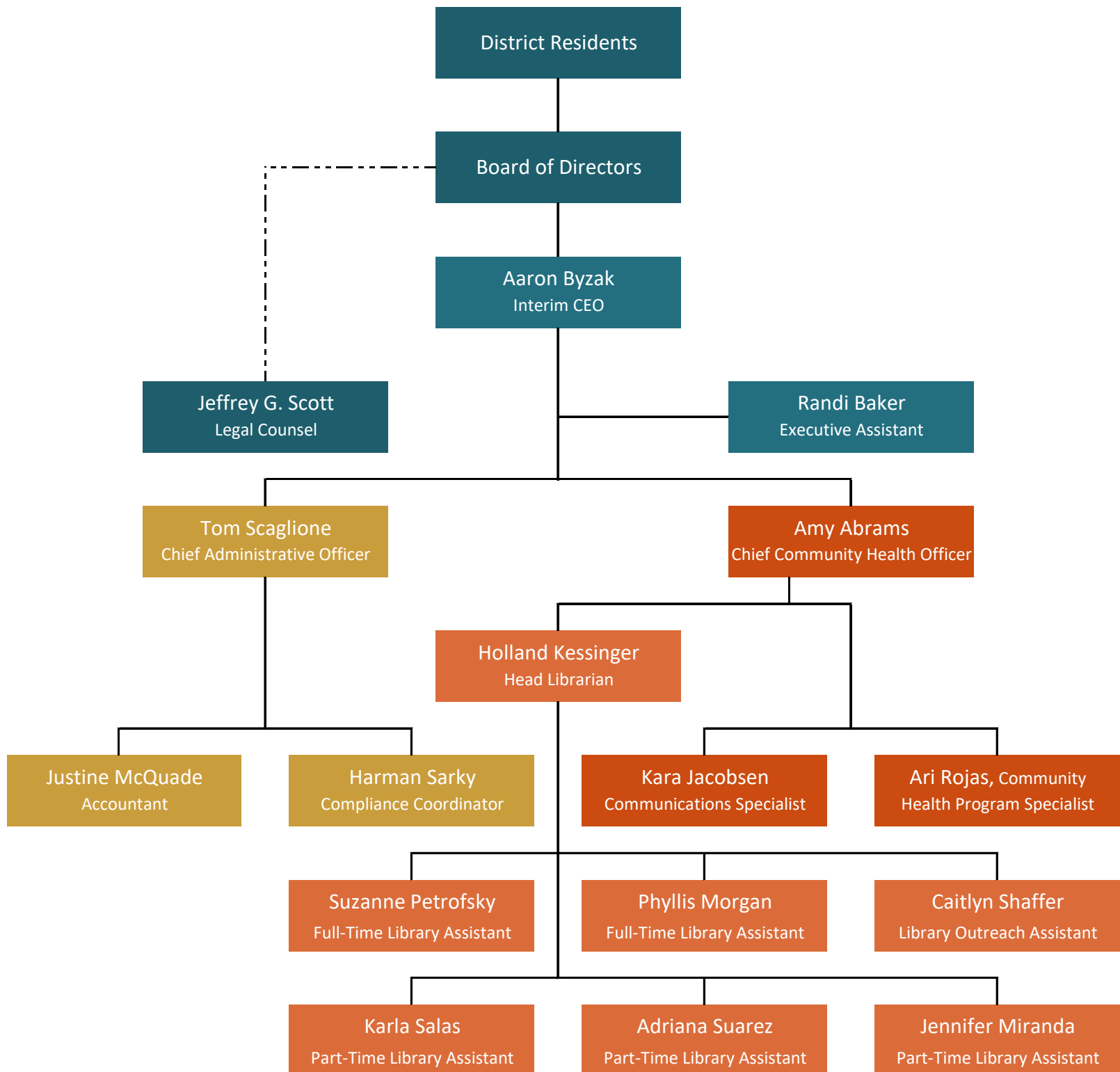
The Facilities Department is the cost center for the operation and maintenance of all District facilities and land. Facility expenditures are not directly tied to a specific function, but rather related to the District as a whole.

The FY 2025 Facilities budget of \$1.6 million decreased \$0.8 million (33.8%) from the previous year's budget. The decrease is due to budgeting only \$1.3 million for planning, design, and limited preconstruction for the District renovation and expansion of District facilities. The prior year's budget included \$1.6 million and assumed construction would begin in that budget year. There are also fewer other capital improvement projects (CIP) budgeted for FY 2026. FY 2026 CIP include the renovation, continuation of LED lighting conversions, and a new HVAC unit.



Full-Time Equivalent Staffing (FTEs)	
Chief Executive Officer	0.1
Chief Administrative Officer	-
Compliance Coordinator	0.6
Total Department FTEs	0.7





-- — The District contracts for general legal counsel.

Grossmont Healthcare District
 Operating Budget
 For the Fiscal Year Ending June 30, 2026

Requested Salaries and Benefits Budget

	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Request Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Salaries and Wages					
Governance	\$ 49,673	\$ 55,000	\$ 58,000	\$ 58,000	\$ 61,000
Administrative	543,756	780,000	694,000	651,000 ¹	694,000
Community Health, Support	365,623	458,000	380,000	479,000 ¹	521,000
Community Health, Library	379,597	477,000	432,000	494,000	528,000
Facilities	63,072	81,000	76,000	85,000	93,000
Total	\$ 1,401,721	\$ 1,851,000	\$ 1,640,000	\$ 1,767,000	\$ 1,897,000
Employee and Retiree Benefits					
Retirement	\$ 93,677	\$ 140,000	\$ 88,000	\$ 461,000 ²	\$ 186,000
Medical	493,833	482,000	451,000	810,000 ³	571,000
Long-Term Care	102,303	111,000	93,000	73,000	76,000
Dental	25,122	58,000	55,000	59,000	62,000
Vision	6,445	15,000	15,000	15,000	16,000
Life	5,865	7,000	6,000	8,000	8,000
Employee Assistance Program	-	1,000	1,000	1,000	1,000
Payroll Taxes	104,842	134,000	99,000	141,000	145,000
Workers Compensation Insurance	5,513	6,000	6,000	6,000	7,000
Allowances	-	13,000	-	13,000	14,000
Total	\$ 837,600	\$ 967,000	\$ 814,000	\$ 1,587,000	\$ 1,086,000
Full-Time Equivalent Employees					
Governance	5.0	5.0	5.0	5.0	5.0
Administration	3.8	3.8	3.8	3.8	3.8
Community Health, Support	3.0	3.0	3.0	3.0	3.0
Community Health, Library	5.5	6.0	6.0	6.0	6.0
Facilities	0.7	0.7	0.7	0.7	0.7
Total	18.0	18.5	18.5	18.5	18.5

Notes:

- ① For fiscal years 2025-26 and 2026-27, Administrative Salaries and Wages include \$52,000 and \$56,000, respectively, for interns and temps, and Community Health Support Salaries and Wages include \$48,000 and \$52,000, respectively, for interns and temps.
- ② Retirement benefits include a \$314,000 addition discretionary payment to achieve a 90% funded status in the pension liability.
- ③ Medical benefits include a \$262,00 addition discretionary payment to achieve a 90% funded status in the OPEB liability.

Our resource that is most valuable to the health needs of the residents of East County is our talent. The Grossmont Healthcare District is committed to being the employer of choice and retaining and developing the best talent in the industry. The District recently conducted a survey of San Diego County salaries and the Board approved adjustments to ensure that the District's salary schedule is competitive. Benefits include CalPERS retirement and full family medical coverage. The budget includes allowances for travel and cell phone use. This budget also includes \$5,000 per employee per year for professional development.

Grossmont Healthcare District
 Debt Service Fund Budget
 For the Fiscal Year Ending June 30, 2026

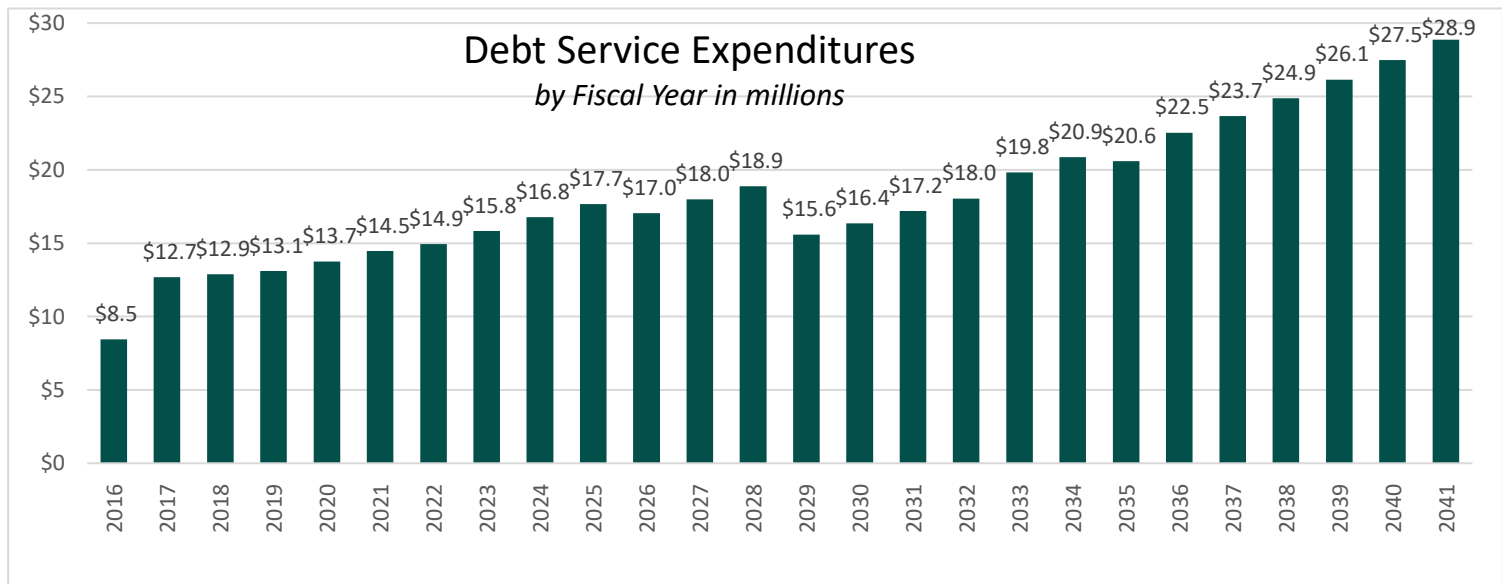
Debt Service Fund

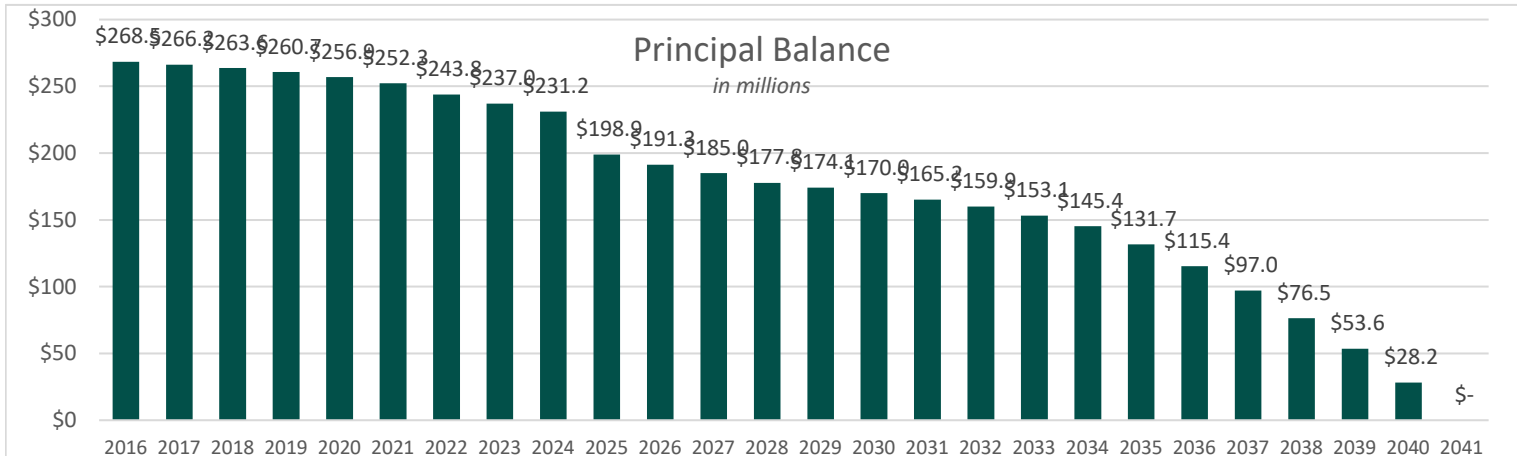
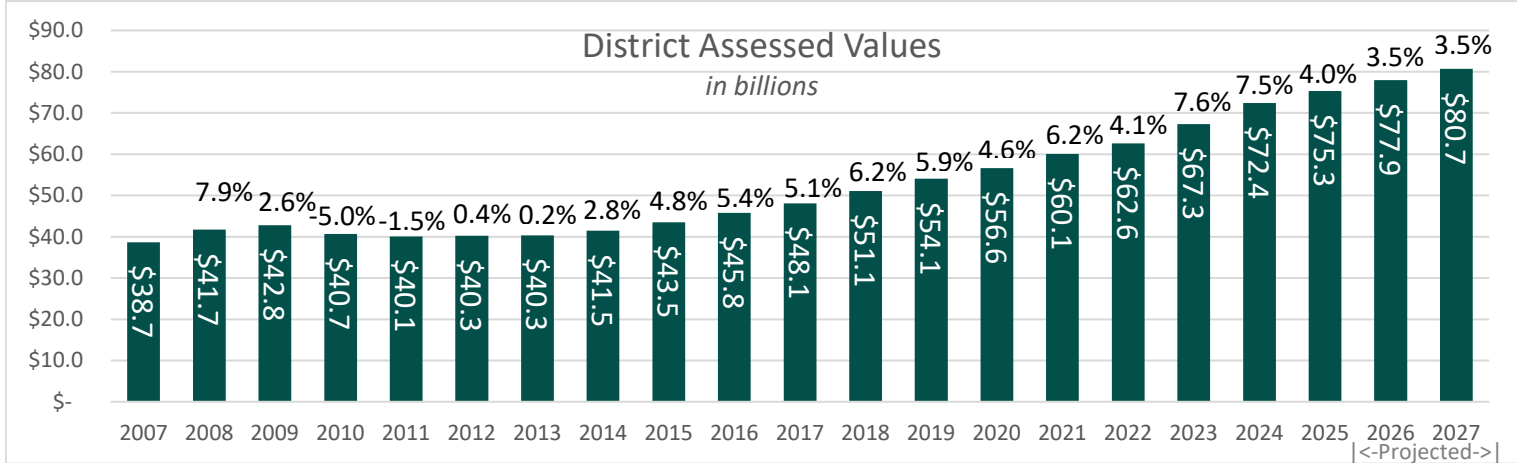
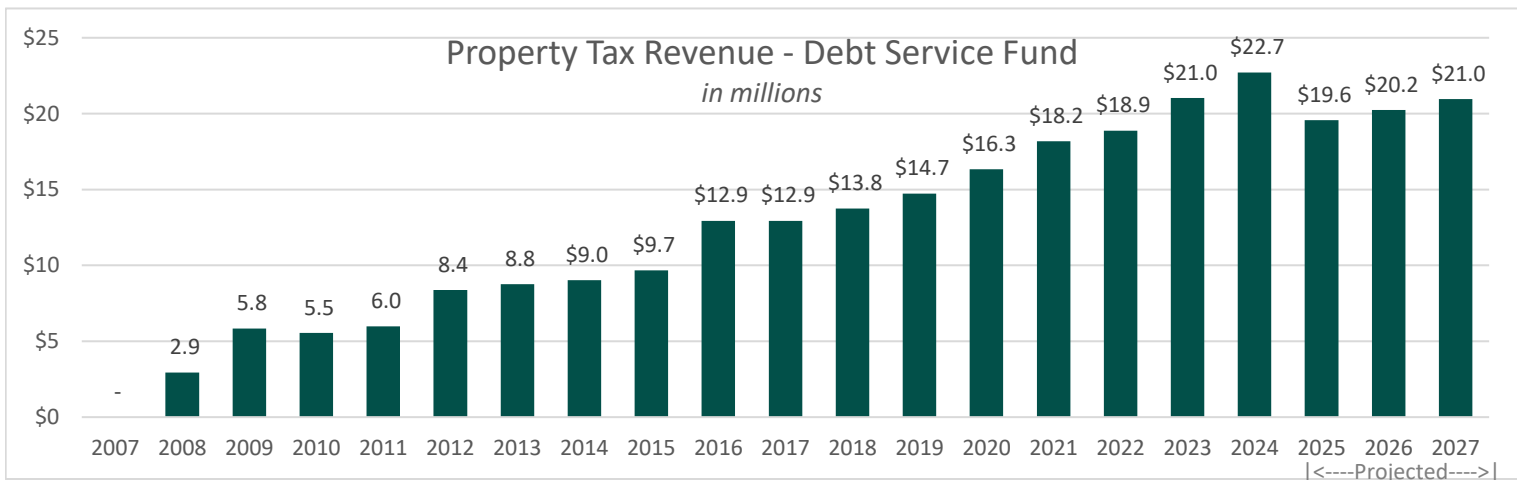
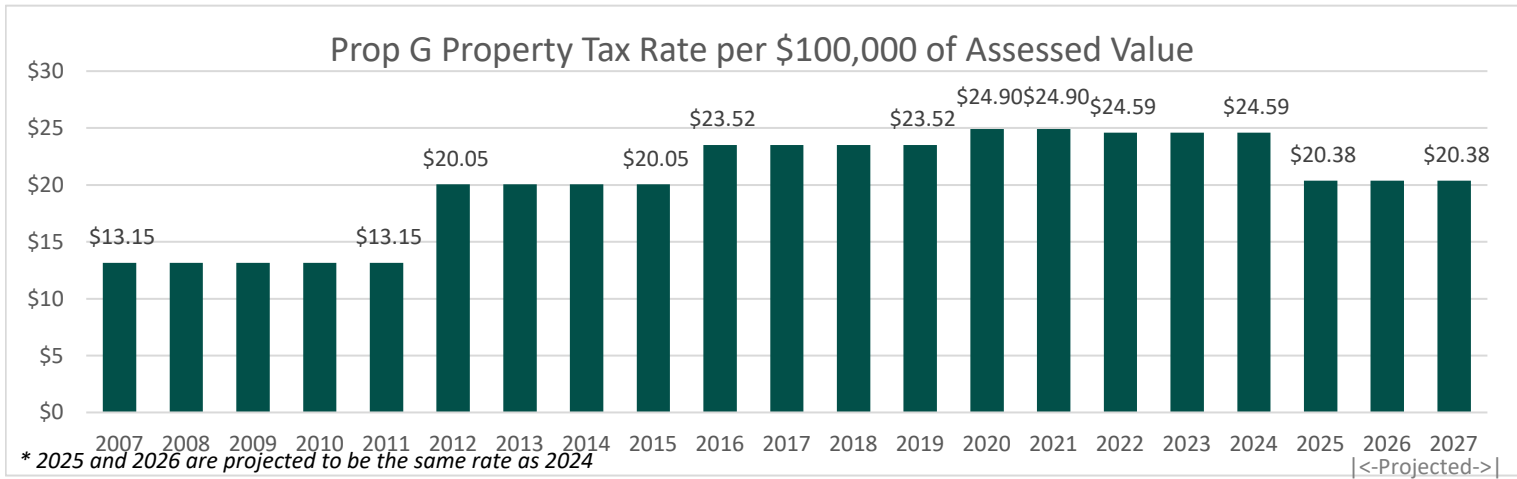
	Actual Year Ended June 30, 2024	Budget Year Ending June 30, 2025	Projected Year Ending June 30, 2025	Budget Year Ending June 30, 2026	Estimated Year Ending June 30, 2027
Revenues					
Property Taxes	\$ 22,611,863	\$ 23,331,000	\$ 19,562,000	\$ 20,246,000	\$ 20,955,000
Investment Earnings	1,311,100	1,359,000	1,199,000	939,000	1,012,000
Total Revenues	23,922,963	24,690,000	20,761,000	21,185,000	21,967,000
Expenditures					
Principle Debt Payments	5,813,792	6,652,000	5,814,000	7,551,000	6,362,000
Interest Debt Payments	10,951,396	11,006,000	10,952,000	9,489,000	11,631,000
Total Expenditures	16,765,188	17,658,000	16,766,000	17,040,000	17,993,000
Revenues Over Expenditures	\$ 7,157,775	\$ 7,032,000	\$ 3,995,000	\$ 4,145,000	\$ 3,974,000

In 2006, voters approved Proposition G, a \$247 million bond measure that funded capital infrastructure improvements at Grossmont Hospital. The District submits a rate per \$100,000 of assessed property value within the District's boundaries August of each year for a special tax assessment to repay the bonds with interest (debt service). The current rate is \$20.38 per \$100,000 of assessed value and is assumed to be the same for FY 2026 and FY 2027.

The bonds were issued in phases known as "series". Most of the 2011 Series B bonds were refunded with the issuance of 2015 Series D bonds, and the remaining 2011 Series B being refunded with the 2021 Series E bond proceeds. Another refunding closed April 17, 2025, with the 2025 Series F refunding 2015 C&D bonds and a small portion of the 2021 bonds. The amounts and timing of the issuances were as follows:

Series	Original Issue Balance	Principal Balance as of:					
		June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030
2007A	\$ 85,627,076	\$ 19,595,853	\$ 17,540,301	\$ 15,448,423	\$ 13,322,068	\$ 11,165,180	\$ 8,980,210
2011B	136,860,000	-	-	-	-	-	-
2015C	24,510,000	3,990,000	-	-	-	-	-
2015D	200,490,000	1,505,000	-	-	-	-	-
2021E	11,670,000	10,870,000	10,870,000	10,190,000	9,115,000	7,595,000	5,600,000
2025F	162,915,000	162,915,000	162,915,000	159,325,000	155,375,000	155,375,000	155,375,000
Total		\$ 198,875,853	\$ 191,325,301	\$ 184,963,423	\$ 177,812,068	\$ 174,135,180	\$ 169,955,210





Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2026

Reserves Budget and Projection

	Cash/ Money Market	LAIF	CLASS	Investments	Total
Projected July 1, 2025 Balance	\$ 3,861,000	\$ 6,206,000	\$ 9,353,000	\$ 28,282,000	\$ 47,702,000
Revenues Over Expenditures	(9,450,000)	240,000	365,000	1,015,000	(7,830,000)
Transfers	11,128,000	-	-	(11,128,000)	-
Projected June 30, 2026	<u>\$ 5,539,000</u>	<u>\$ 6,446,000</u>	<u>\$ 9,718,000</u>	<u>\$ 18,169,000</u>	<u>\$ 39,872,000</u>
Reserve Balance Distribution					
Administrative Reserve	\$ 2,155,000	\$ -	\$ -	\$ -	\$ 2,155,000
Operating Reserve	3,384,000	6,446,000	7,573,000	-	17,403,000
Special Projects Reserve (SPR)	-	-	2,145,000	4,155,000	6,300,000
SPR for Sharp Residency Program	-	-	-	8,000,000	8,000,000
Contingency Reserve	-	-	-	5,000,000	5,000,000
Total Designated Reserves	5,539,000	6,446,000	9,718,000	17,155,000	38,858,000
Supplemental Revenue Reserve	-	-	-	1,014,000	1,014,000
Reserves Above Target Levels	-	-	-	-	-
Total Reserve Balance	<u>\$ 5,539,000</u>	<u>\$ 6,446,000</u>	<u>\$ 9,718,000</u>	<u>\$ 18,169,000</u>	<u>\$ 39,872,000</u>

Administrative Reserve

To ensure cash resources are available to pay day to day operations and to provide funding in case of operating emergencies, the District reserves six months of budgeted Administrative and Facilities expenditures.

Operating Reserve

To ensure that cash resources are available to continue to serve the community, even in times of financial, economical, social, or health care crisis (like a pandemic), the District reserves one year of budgeted Community Health and Library expenditures.

Supplemental Revenue Reserve

To provide for cash reserves from which to draw that are not from property tax assessments, the District reserves prior year revenues other than from property tax assessments, revenues directly offsetting obligations, and revenues passed through to healthcare partners such as from grants.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Beginning Balance	\$ 169,000	\$ 539,000	\$ 1,430,000	\$ 3,062,600	\$ 5,082,000
Briercrest lease revenues	83,600	93,400	95,700	98,200	101,000
Investment earnings	112,400	735,900	1,519,000	1,920,100	1,742,000
Other income	174,000	61,700	17,900	1,100	-
Draws	-	-	-	-	(5,911,000)
Ending Balance	<u>\$ 539,000</u>	<u>\$ 1,430,000</u>	<u>\$ 3,062,600</u>	<u>\$ 5,082,000</u>	<u>\$ 1,014,000</u>

Special Projects Reserve

To ensure resources are available to fund planned major projects the District reserves the amount of costs estimated to be incurred beyond the budget year to complete the projects. This reserve currently includes \$8 million for the District's \$1 million-per-year commitment to Sharp Grossmont Hospital's Family Medicine Residency program, \$3.7 million for facility renovations projected for FY 2027, \$0.7 million for capital improvement projects projected for FY 2027, and \$1.9 for strategic grants projected for FY 2027.

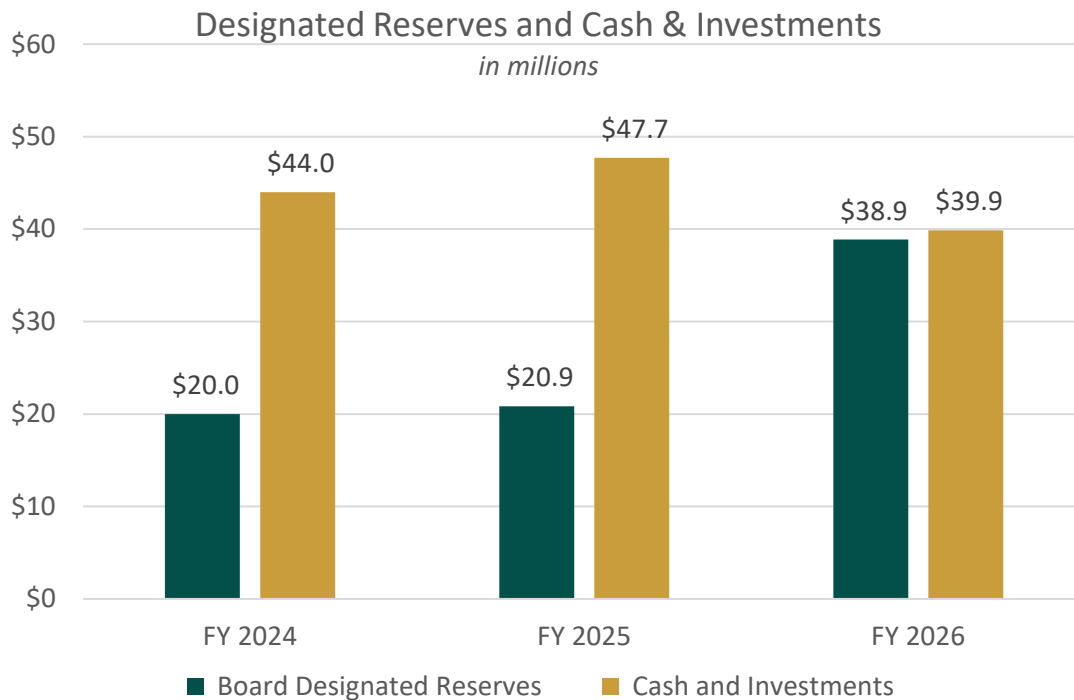
Contingency Reserve

To ensure cash resources are available to address potential risks, such as premature termination of the hospital lease, the District reserves a minimum of 20% of annual budgeted General Fund property tax revenue and a maximum equal to the estimated cost of professional fees and expenses needed for a transition team in the event of an early hospital lease cancellation (estimated at \$5,000,000 in *A Risk-Based Analysis of General Fund Minimum Reserve Requirements* prepared in 2019).

Board Designated Reserves

In 2022, the Board adopted a reserve policy. As part of the budget process, guided by the reserve policy, the Board designates reserves as close to the maximum reserve target level within certain categories as described on the previous page. The District is in a sound fiscal position if Cash and Investments are maintained at or near the maximum reserve target levels. Designated reserves includes a year of expenditures anticipated in the budget as well as provisions for unanticipated expenditures and expenditures anticipated in FY 2027 for special projects. The following table and graph shows categories of reserves designated within the budget for the last three fiscal years compared to the ending Cash and Investment balances for each year (projected for FY 2025 and FY 2026).

<i>in millions</i>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Board Designated Reserves			
Administrative	\$ 4.9	\$ 4.4	\$ 2.2
Operating	6.8	8.8	17.4
Special Projects	3.3	2.6	14.3
Contingency	5.0	5.0	5.0
Total	<u>\$ 20.0</u>	<u>\$ 20.9</u>	<u>\$ 38.9</u>
Cash and Investments	<u>\$ 44.0</u>	<u>\$ 47.7</u>	<u>\$ 39.9</u>

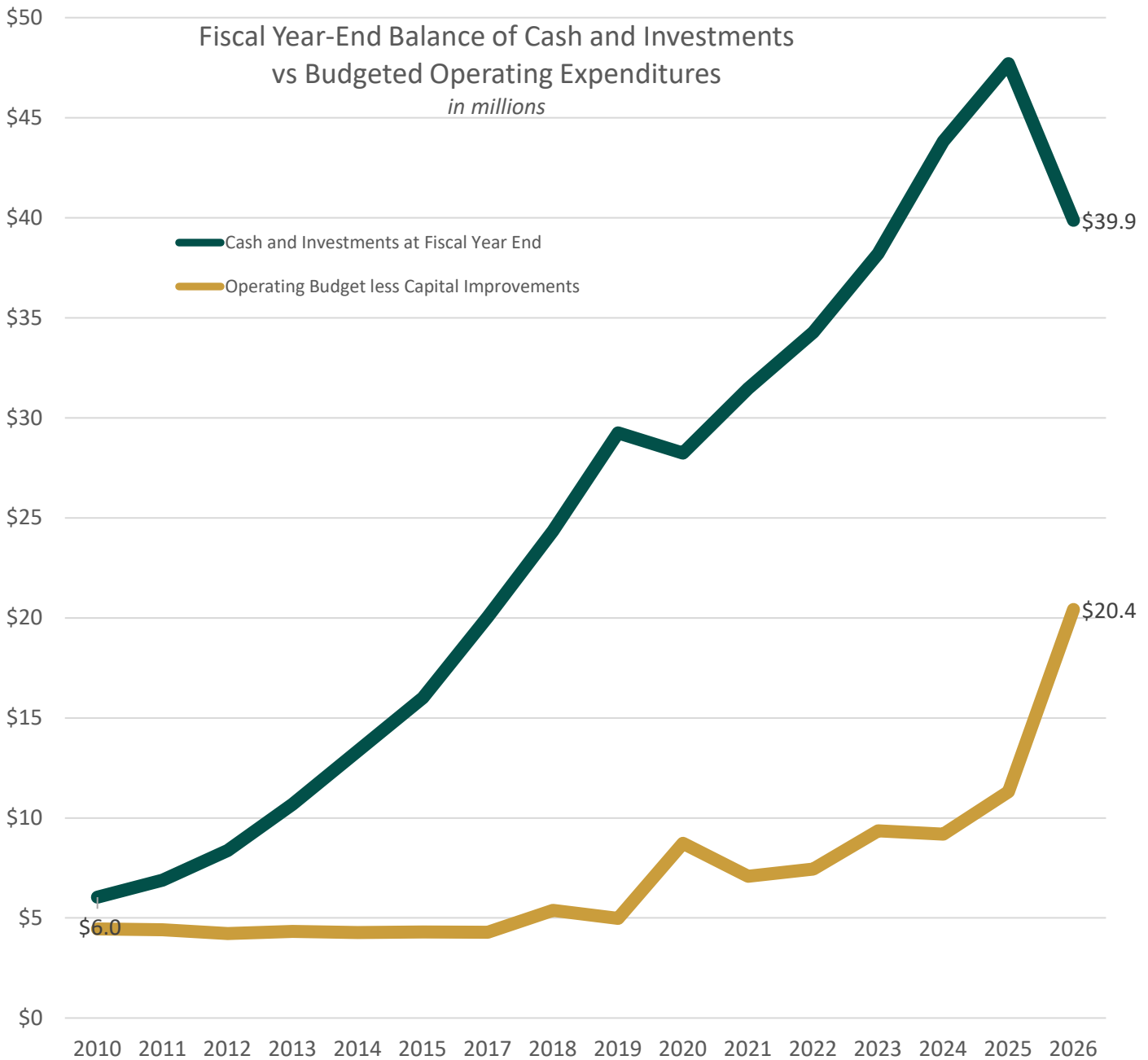


Supplemental Revenue Reserve

Supplemental Revenue Reserve is a category of available reserves from sources other than property tax. It is not a designation for specified future expenditures as the other categories and, accordingly, not included in Board Designated Reserves.

Total Reserves Equals Cash and Investments

Every dollar is reserved. As a special district, it's the public's money and reserved to benefit the public. Total Reserves (total Cash and Investments) at the end of the last fifteen years, and projected for FY 2025 and FY 2026, are shown graphically below.



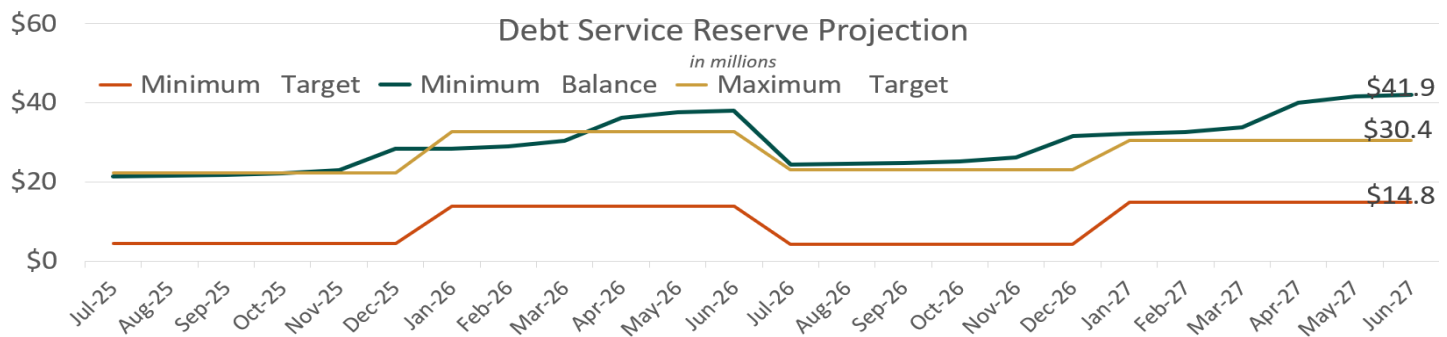
Grossmont Healthcare District
Debt Service and Trust Funds
For the Fiscal Year Ending June 30, 2026

Reserves Budget and Projection

	Debt Service Fund	OPEB Trust
Projected July 1, 2025 Balance	\$ 33,755,000	\$ 2,970,000
Revenues Over Expenditures	4,145,000	151,000
Additional Discretionary Payment	-	262,000
Projected June 30, 2026	<u>\$ 37,900,000</u>	<u>\$ 3,383,000</u>
Debt Service Reserve - Maximum Target	\$ 32,755,375	
Reserves Above Target Levels	5,144,625	
Total Projected Reserve Balance	<u>\$ 37,900,000</u>	

Debt Service Reserve

The District establishes a maximum reserve target of debt service payments obligated within thirteen months of the budget year-end, representing three semi-annual debt service payments, two with principal, one interest only. The minimum reserve target is equal to the next semi-annual debt service payment. This money is received and reserved from a special assessment and restricted solely for the repayment of bonds issued pursuant to Proposition G.



OPEB Trust and Pension Funding

The District maintains an irrevocable CalPERS California Employee Retirement Benefit Trust (CERBT) for the exclusive benefit of retirees who are eligible to receive Other Post-Employment Benefits (OPEB) in the form of healthcare benefits. The only cash inflows to the trust are from District contributions and investment earnings. The only cash outflows out of the trust are to reimburse the District for healthcare costs paid on behalf of eligible retirees. The OPEB liability increased in 2023 mainly because retired participants were outliving life expectancy assumptions. This budget includes a \$262,000 contribution to CERBT in order to achieve a projected funded status of 90%.

	Actual				Projected	
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
OPEB Liability	\$ 1,930,303	\$ 1,907,253	\$ 3,371,155	\$ 3,457,177	\$ 3,590,946	\$ 3,758,889
Trust Assets	\$ 3,274,665	\$ 2,606,520	\$ 2,518,192	\$ 2,793,148	\$ 2,970,000	\$ 3,383,000
% Funded	169.6%	136.7%	74.7%	80.8%	82.7%	90.0%

District employees participate in CalPERS, a cost-sharing multiple employer defined benefit pension plan. This Budget includes a \$314,300 additional discretionary payment to target a 90% funded status.

	Actual				Projected	
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
Pension Liability	\$ 4,401,474	\$ 4,449,333	\$ 4,694,091	\$ 4,798,425	\$ 4,905,577	\$ 5,015,640
PERF*	\$ 4,377,908	\$ 3,783,913	\$ 3,910,454	\$ 4,060,376	\$ 3,792,923	\$ 4,515,430
% Funded	99.5%	85.0%	83.3%	84.6%	77.3%	90.0%

* CalPERS Public Employees Retirement Fund allocated to GHD

Glossary of Budget Terms

Administrative Department - A cost center of the District responsible for governance, legal counseling, executive management, human resources, finance, accounting, regulatory compliance, and safety.

Allowances - Fixed dollar amounts provided to employees for business use of personal cell phone use and for District-related travel.

Briercrest Lease Revenue - Compensation received from Sharp Grossmont Hospital for the lease of a parking lot owned by the District.

California Employee Retirement Benefits Trust (CERBT) - An irrevocable, off-balance sheet, trust managed by CalPERS for the exclusive benefit of retired employees

California Cooperative Liquid Assets Securities System (CLASS) - A joint powers authority that issues shares of beneficial interest in authorized investments to participating Public Agencies (Participants).

California Public Employees' Retirement System (CalPERS) - An agency in the California executive branch that manages pension and health benefits for more than 1.5 million California public employees, retirees, and their families.

Capital Improvements/Acquisitions - Real or personal property with useful lives in excess of two years acquired for District use and/or benefit costing over \$5,000. Examples include an audio/visual system for the Board room and conference center, carpeting, and furniture.

Circulation Resources - The aggregate of print and electronic resources made available by the Health and Wellness Library for circulation to the residents of San Diego's East County.

Cogen Lease Revenue - The District financed an energy cogeneration facility used by Sharp Grossmont Hospital. Payments by Sharp to pay off the principal of the loan were recorded as lease revenue on the District's books.

Community Grants - Monetary awards to community partners (non-profit organizations) to execute the mission of the District by maintaining the physical and mental health of the residents of San Diego's East County.

Community Health: Library Department - A cost center for the operation of the Health and Wellness Library providing resources and services to meet the health information needs of the District's residents.

Community Health: Support Department - A cost center of the District responsible for: implementing the awards of Board-approved grants, scholarships, and sponsorships; and initiating and executing programs and partnerships that maintain and improve the physical and behavioral health of the community of East San Diego County.

Contract Services - Duties and responsibilities performed pursuant to an agreement with the District by professionals and artisans versed in their field who are not employees of the District. Examples include: legal, lobbying, financial auditing, investment portfolio management, video production, printing, and grant writing.

Debt Service - Principal and interest on outstanding debt obligations.

Debt Service Fund - A fiscal and accounting entity with a self-balancing set of accounts recording property tax revenue from the Proposition G assessment, together with outstanding Prop G bond obligations and residual balances, and changes therein, which are segregated for the purpose recording activity in accordance with restrictions identified in bond agreements.

Dental - Benefit of paid dental insurance provided to Board members and employees, and their spouses and dependents.

Department - Cost centers of the District for which a separate budgeting and accounting. The four Departments of the District are Community Health, Library, Administrative, and Faculties. The General Fund is the total of these Departments.

District - The Grossmont Healthcare District

Dues, Meetings, and Memberships - The cost of memberships and subscriptions to professional, community, and commercial organizations and to register for or conduct meetings. Example memberships and subscriptions include Association of California Healthcare Districts, California Special District Association, Chamber of Commerce, East County Economic Development Council, Hospital Association of San Diego/Community Needs Health Assessment, Society for Human Resource Managers, and Costco.

Employee Benefits - Any kind of tangible or intangible compensation given to employees apart from base wages or base salaries.

Equipment Rental - Various rent payments for storage space and equipment.

Events - Open community functions for public health education, information, and recognition.

Expenditure - A disbursement of money

Facilities Department - A cost center of the District responsible for maintaining operable and safe facilities for District employees and the Public.

Fiscal Year (FY) - The one-year period of time, July through June, the District uses for to capture and report all accounting and financial activity.

Full-Time Equivalent Employees (FTEs) - A unit of measurement equivalent to an employee's scheduled hours divided by the District's hours for a full-time worker. Example: a worker is consider 0.25 FTE is she works 10 hours per week ($10 \div 40 = 0.25$).

Fund - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

General Fund - The primary fiscal and accounting entity with a self-balancing set of accounts recording all resource inflows and outflows associated with the core administrative and operational tasks of the District (Community Health, Library, Administrative, and Facilities departments) and not associated with special-purpose or restricted funds, like Proposition G debt service (the Debt Service Fund).

Governance - A cost center within the Administrative Department responsible for outflows of resources related to the District's elected Board members and policy function and include Board stipends and benefits, and meeting costs.

Grossmont Hospital Foundation (GHF) - A nonprofit organization established in 1985 to enhance the current and future health care needs of the East County and San Diego communities through support of patient care, health education, clinical research and major capital projects at Sharp Grossmont Hospital and Sharp Hospice Care.

Grossmont Hospital Support - Financial contributions to Grossmont Hospital Foundation or Sharp Grossmont Hospital to support providing the healthcare needs of the residents of San Diego's East County.

Insurance - Amounts paid to Special District Risk Management Association for liability coverage (recorded in the Administrative Department), property coverage (recorded in the Facilities Department), and workers compensation coverage (recorded as an employee benefit).

Interest Debt Payments - Expenditures out of the Debt Service Fund for the interest portion of Proposition G bond obligations.

Inter-Governmental Transfer (IGT) - A method in which local governments and public hospitals can transfer funds to the Agency for Health Care Administration (the Agency) to help fund the Medicaid program. IGTs received by the Agency are then used to draw down funds from the federal government as "match" funding to support the Medicaid program.

Investment Earnings - Debt Service - Interest received and gains realized on money market accounts and Federal agency investments maintained in accounts established at US Bank to pay Proposition G bond obligations.

Investment Earnings - General Fund - Interest received and gains realized on cash accounts, money market accounts, LAIF, and investments management by Chandler Asset Management recorded in the General Fund.

Investments - Debt securities owned by the District and maintained in a portfolio managed by Chandler Asset Management.

Local Agency Investment Fund (LAIF) - A voluntary pooled investment program created by California statute, began in 1977 as an investment alternative for California's local governments and special districts.

Legal - Expenditures for contract general counsel and special counsel.

Library Resources - Print and digital collections on healthcare topics (aging concerns, behavioral health, cancer, cardiovascular disease, diabetes, obesity, etc.)

Life - Expenditures for employee group-term life insurance premiums for a \$50,000 benefit.

Maintenance and Repair - Expenditures for routine contract services and occasional repairs to maintain District facilities including landscaping, housekeeping, HVAC, fountain maintenance, and plant maintenance.

Miscellaneous or Other - Revenues or expenditures that are unanticipated or for which no other category (account) has been established.

Mobile Outreach Library - A function of the Health and Wellness Library that includes staffing and a customized van to increase delivery of programs, information, and services to those residents who are unable to access the Library in-person, in both rural and urban areas of the San Diego's East County.

Other Post-Employment Benefits (OPEB) Trust - An irrevocable, off-balance sheet, trust managed by CalPERS for the exclusive benefit of retired employees.

Payroll Taxes - Expenditure for employer social security and Medicare.

Principle Debt Payments - Expenditures out of the Debt Service Fund for the principal portion of Proposition G bond obligations.

Professional Development - Expenditures for course work, certifications, continuing professional education, training and seminars to help develop new skills, stay up-to-date on current trends, and advance in a career.

Programs - A recurring or multi-day community function for public health education, information, and/or recognition.

Property Taxes - Debt Service Fund - Revenue from the special Proposition G assessment that are restricted for debt service payment of Proposition G bonds.

Property Taxes - General Fund - Revenue from the District's allocation of the 1% ad valarium property tax assessment.

Proposition G - A voter-approved measure in 2006 for a \$247 million bond issuance to fund capital infrastructure improvements at Grossmont Hospital.

Retirement - Expenditures for employee retirement benefit through California Public Employees Retirement System (CalPERS).

Scholarships - Monetary awards to reimburse educational expenses of high school and college students pursuing careers in health care.

Security - Expenditures for facility alarm monitoring and private security for extended library hours.

Special District Risk Management Authority (SDRMA) - A public agency formed under California Government Code Section 6500 et seq. and provides a full-service risk management program for California's local governments.

Sponsorships - Payments to nonprofit organizations to help cover costs associated with programs and events that maintain and improve the physical and behavioral health of the residents of San Diego's East County.

Strategic Grant - Monetary awards to a nonprofit partner for a significant investment in a capital project or the initiation of a program that will have lasting returns in the form of addressing the health and wellness needs of the residents of San Diego East County.

Technology - Expenditures for computer hardware, software, applications, platforms, and contract system maintenance.