



Grossmont Healthcare District Amended Operating Budget

For the Fiscal Year Ending June 30, 2025



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

BOARD OF DIRECTORS

President Gloria A. Chadwick, RN
Vice President Robert "Bob" Ayres
Secretary Virginia Hall, RN
Treasurer Michael Emerson, RDO
Member Randy Lenac

board@grossmonthhealthcare.org



CHIEF EXECUTIVE OFFICER

Christian Wallis
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(619) 825-5050
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May 22, 2025

To the Honorable Board of Directors of the Grossmont Healthcare District

Re: The Fiscal Year Ending June 30, 2025 **Amended** Budget

This **Amended** budget incorporates a budget request adopted by the Board on May 22, 2025 to include \$250,000 in expenses incurred and anticipated related to the dismissal of the CEO and transition to a new CEO. Changes from the original adopted budget are **bolded**. The "Estimated Year Ending June 30, 2026" column is replaced with "**Amended Year Ending June 30, 2025**". The only line-item changes are noted below:

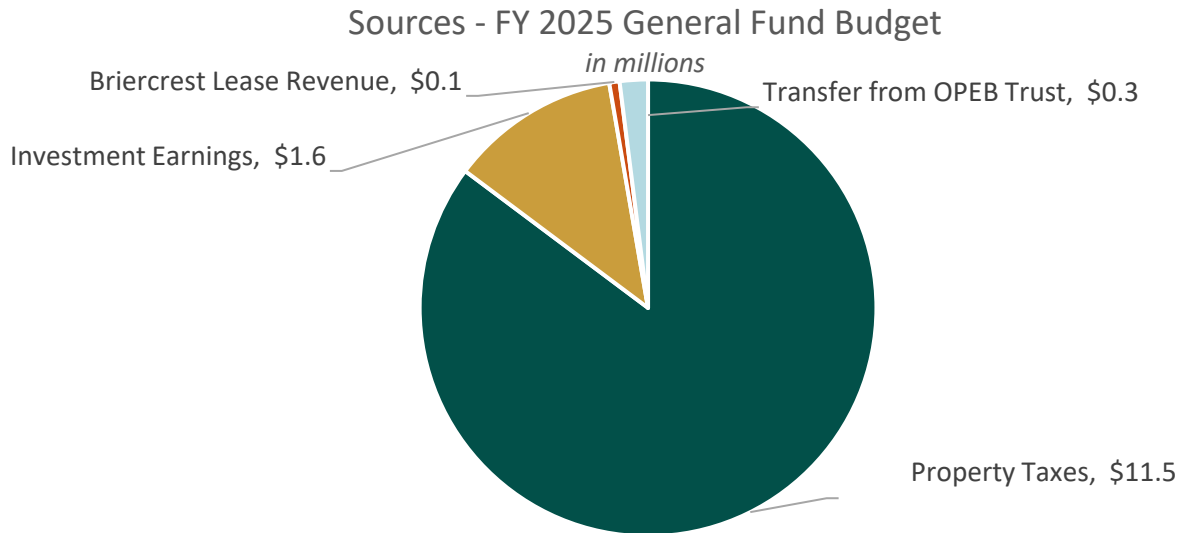
Administrative Department:	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
Salaries and Wages	\$ 665,000	\$ 170,000	\$ 835,000
Legal	101,000	15,000	116,000
Contract Services	200,000	65,000	265,000

The General Fund

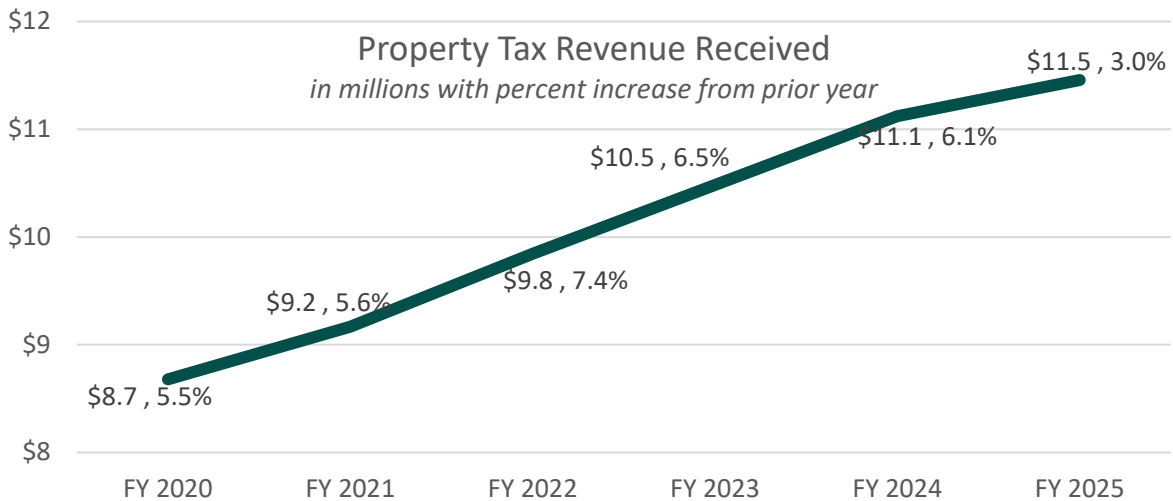
The District's Fiscal Year 2024/2025 (FY2025) General Fund Budget anticipates \$13.2 million in revenues (compared to \$11.5 million in the prior budget) with budgeted expenditures of \$13.2 million (compared to the prior year's budget of \$11.9 million). The FY 2025 General Fund Budget is summarized in the following table.

	<u>Budget</u>			
	<u>Amended</u>	<u>Proposed</u>	<u>Increase/(Decrease)</u>	
	<u>FY 2023/24</u>	<u>FY 2024/25</u>		
Anticipated Revenues				
Property Taxes	\$ 10,455,000	\$ 11,457,000	\$ 1,002,000	9.6%
Investment Earnings	928,000	1,620,000	692,000	74.6%
Briercrest Lease Revenue	<u>95,000</u>	<u>98,000</u>	3,000	3.2%
Total Anticipated Revenues	<u>11,478,000</u>	<u>13,175,000</u>	1,697,000	14.8%
Budgeted Expenditures (by department)				
Community Health Support	6,073,000	7,744,000	1,671,000	27.5%
Community Health Library	968,000	1,063,000	95,000	9.8%
Administrative	1,903,000	2,192,000	289,000	15.2%
Facilities	325,000	397,000	72,000	22.2%
Capital Improvements/Acquisitions	<u>2,650,000</u>	<u>2,080,000</u>	(570,000)	-21.5%
Total Budgeted Expenditures	<u>11,919,000</u>	<u>13,476,000</u>	1,557,000	13.1%
Transfer to/(from) Reserves	<u>\$ (441,000)</u>	<u>\$ (301,000)</u>	140,000	

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.



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 2025 Budget assumes a 3% increase over the collected amount of property taxes projected for Fiscal Year 2024.

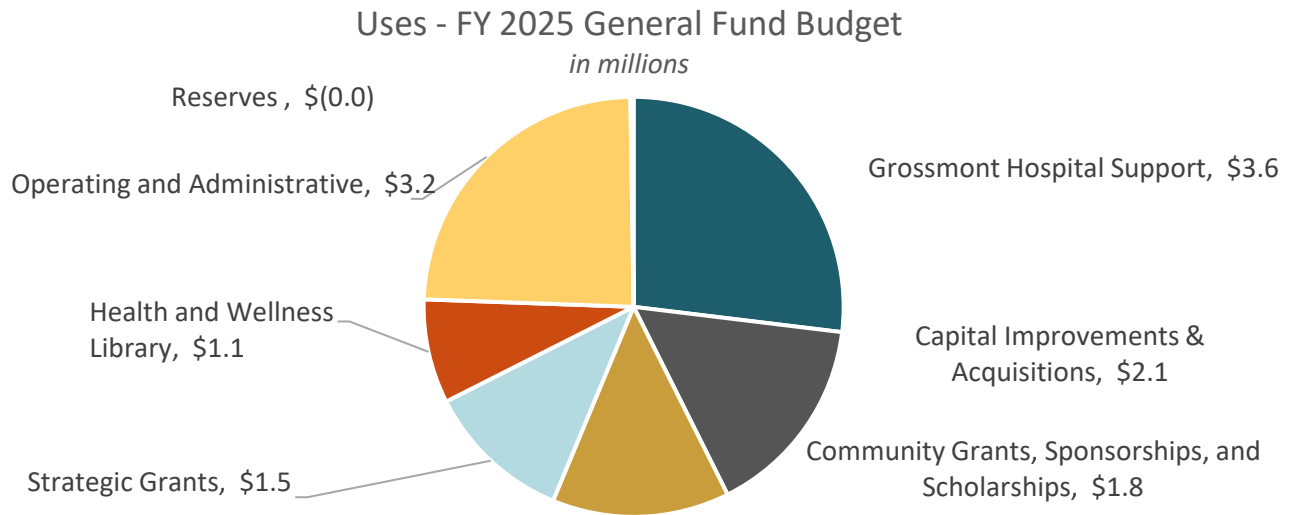


Investment Earnings - The District receives earnings from investments in money market funds, California's Local Agency Investment Fund (LAIF), California Cooperative Liquid Assets Securities System (CLASS), and a professionally-managed portfolio. Returns are conservatively estimated at 75% of current rates of return, except LAIF which typically trails market rates.

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

Transfer from OPEB Trust - The District receives reimbursement for retiree healthcare benefits from an irrevocable trust. Page 13 contains more detail regarding the trust.

Reserves - The District anticipates using \$51k in reserves. The Reserve Budget discussion begins on page 10.



Grossmont Hospital Support includes IGT funding, and sponsorships. A detail description is located on page 2.

Capital Improvements & Acquisitions include provisions for a new community room and other improvements detailed on page 5.

Community Grants, Sponsorships, and Scholarships remain the same as the previous year's budget with detail found on page 2.

Strategic Grants include \$886,000 for a Family Medicine Residency program and \$610,000 to increase the healthcare workforce with detail on page 2.

The **Health and Wellness Library** budget includes library staffing (salaries and benefits) of \$687,000, an addition of a Mobile Outreach Library for \$98,000, circulation resources for \$62,000, with further details on page 3.

Operating and Administrative - Pages 2, 4, and 5 detail the remaining budget line items and include **\$2.2** million for salaries and benefits, **\$499k** in contract services, \$237k in technology, \$124k in maintenance, repair, and rentals, \$104k in dues, meetings and memberships, \$102k for utilities, \$91k in programs and events, \$55k for insurance, \$45k for facility security, \$38k for professional development, and \$30k in supplies. Operating and administrative expenses are less discretionary the those expenses previously mentioned and are shown below for the previous four years and as projected for FY 2024 and FY 2025.

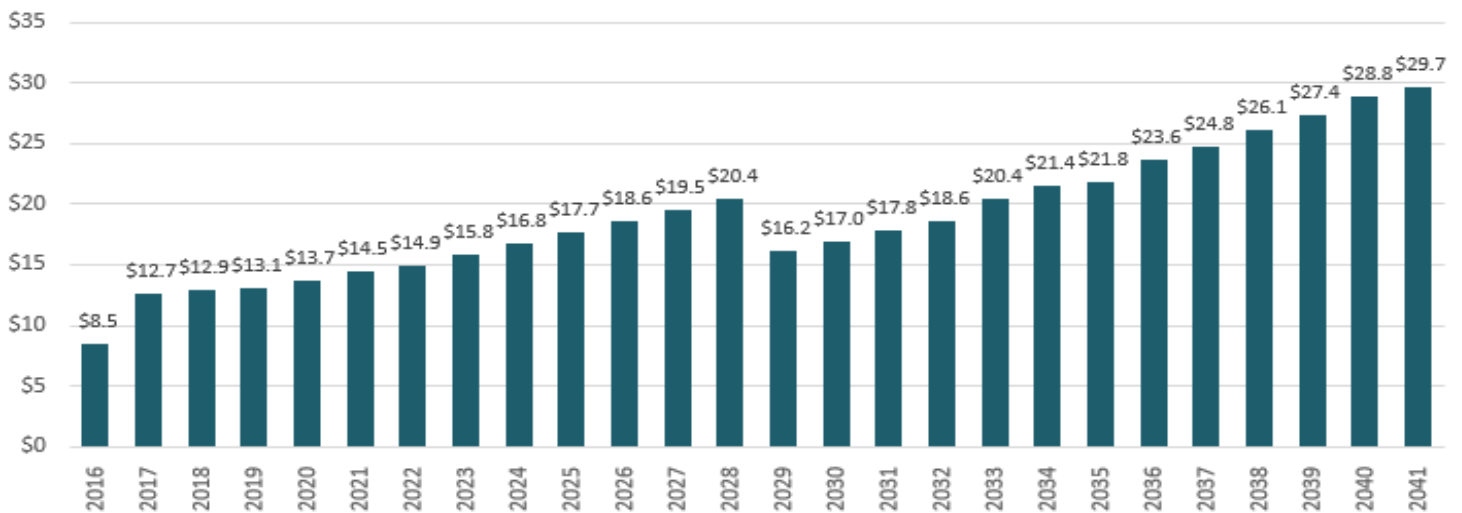


Reserves - The District anticipates increasing reserves by \$217k. The Reserve Budget discussion begins on page 10.

Debt Service

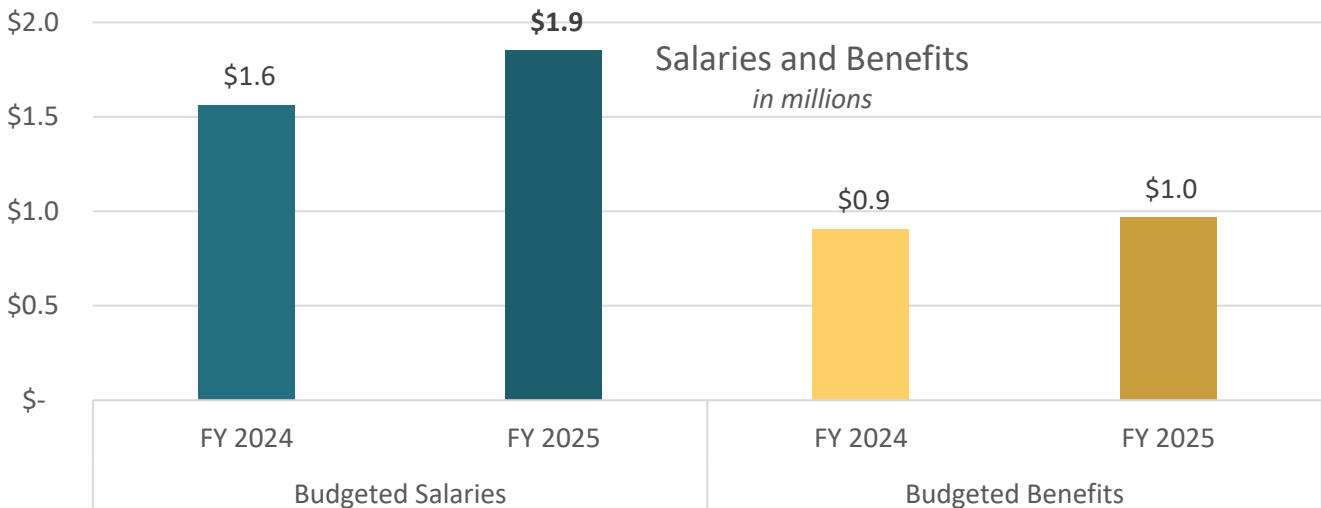
In June 2006, voters approved Proposition G, a \$247 million bond measure that funded capital infrastructure improvements at Sharp Grossmont Hospital. The District's Debt Service Fund accounts for tax revenue received from the voter-approved special assessment (restricted to payment of debt service only), 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.

Debt Service Expenditures by Fiscal Year
in millions



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 increased **\$289k**, 18.5%, from the previous year's budget due to **CEO severance and compensated absences payout**, a full year of a requested new position, and anticipated merit and cost of living adjustments. The costs of benefits is budgeted to increased by \$60k, 6.5% due to anticipated



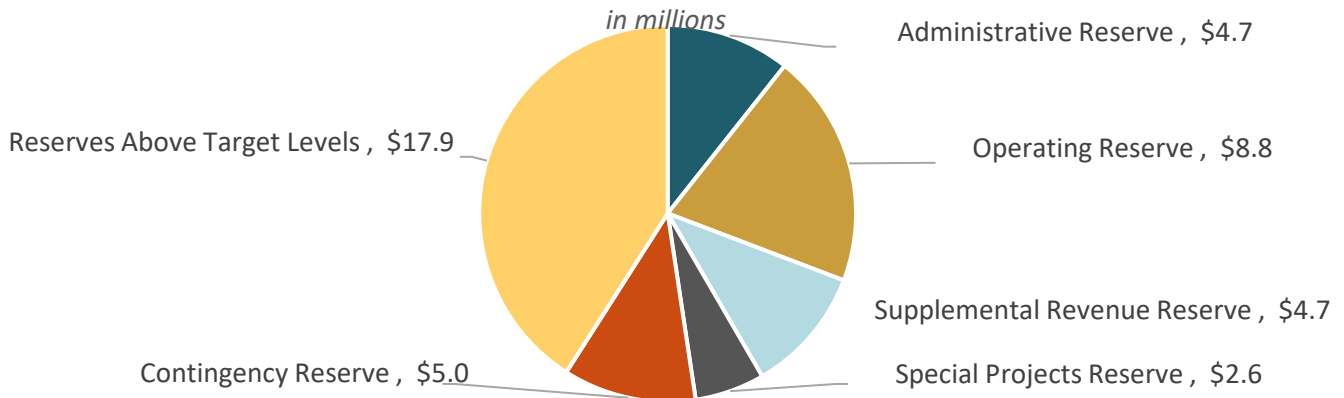
May 22, 2025

Page Five

Reserves

The total of cash and investments of the District are reserved 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, 2025 are shown graphically below and projected to total \$44.0 million.

Projected June 30, 2025 Reserve Balances



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 CEO

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.



(Left to Right): Michael Emerson, Bob Ayres, Gloria Chadwick, Randy Lenac, Virginia Hall

BOARD OF DIRECTORS

President	Gloria A. Chadwick, RN
Vice President	Robert "Bob" Ayres
Secretary	Virginia Hall, RN
Treasurer	Michael Emerson, RDO
Member	Randy Lenac

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Grossmont Healthcare District
 Operating Budget
 For the Fiscal Year Ending June 30, 2025

Consolidated - All Funds

	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Revenues					
Property Taxes - General Fund	\$ 10,481,800	\$ 10,455,000	\$ 11,123,000	\$ 11,457,000	\$ 11,457,000
Property Taxes - Debt Service Fund	21,049,812	20,019,000	22,652,000	23,331,000	23,331,000
Investment Earnings - General Fund	735,462	928,000	1,496,000	1,620,000	1,620,000
Investment Earnings - Debt Service	565,895	533,000	1,182,000	1,359,000	1,359,000
Briercrest Lease Revenue	93,403	95,000	96,000	98,000	98,000
Other Income	61,742	-	8,000	-	-
Total Revenues	32,988,114	32,030,000	36,557,000	37,865,000	37,865,000
Expenditures					
Salaries and Wages	1,266,508	1,562,000	1,421,000	1,681,000	1,851,000
Employee Benefits	823,210	912,000	805,000	967,000	967,000
Professional Development	17,560	68,000	19,000	68,000	68,000
Dues, Meetings, and Memberships	70,824	76,000	111,000	111,000	111,000
Legal	81,104	93,000	122,000	101,000	116,000
Contract Services	172,120	346,000	303,000	330,000	395,000
Security	21,679	27,000	46,000	100,000	100,000
Technology	329,537	244,000	236,000	264,000	264,000
Grossmont Hospital Support	2,251,316	3,070,000	3,068,000	3,570,000	3,570,000
Grants and Sponsorships	1,404,011	1,930,000	1,928,000	2,996,000	2,996,000
Scholarships	165,500	311,000	252,000	311,000	311,000
Programs and Events	27,634	74,000	39,000	91,000	91,000
Library Resources	38,281	58,000	51,000	62,000	62,000
Supplies	41,224	124,000	46,000	103,000	103,000
Utilities	87,852	91,000	97,000	102,000	102,000
Maintenance and Repair	104,997	97,000	93,000	103,000	103,000
Equipment Rental	23,776	28,000	28,000	33,000	33,000
Capital Improvements/Acquisitions	296,944	2,725,000	106,000	2,159,000	2,159,000
Insurance	68,790	83,000	44,000	55,000	55,000
Principle Debt Payments (Prop G)	6,795,000	5,814,000	5,814,000	6,652,000	6,652,000
Interest Debt Payments (Prop G)	9,030,938	10,951,000	10,952,000	11,006,000	11,006,000
Miscellaneous	25,000	-	-	-	-
Total Expenditures	23,143,805	28,684,000	25,581,000	30,865,000	31,115,000
Net Cash Flow	9,844,309	3,346,000	10,976,000	7,000,000	6,750,000
Transfer from/(to) reserves	(9,844,309)	(3,346,000)	(10,976,000)	(7,000,000)	(6,750,000)
Net Income	\$ -	\$ -	\$ -	\$ -	\$ -

Grossmont Healthcare District is a public agency founded in 1952 that supports health-related programs and services in East San Diego County. Grossmont Hospital was built with taxpayer funds and opened for business in 1955. In 1991, the District leased the hospital to Sharp Healthcare. Now the District maintains hospital oversight, addresses unmet healthcare needs, and supports the healthcare safety net in the East Region. Since 1996, the board of directors has awarded over \$34 million in healthcare scholarships, and grants and sponsorships to local nonprofit partners serving residents living within District boundaries. The District also operates the Health and Wellness Library, a public library specializing in consumer health information and programming, both onsite and online.

Grossmont Healthcare District
 General Fund Operating Budget
 For the Fiscal Year Ending June 30, 2025

General Fund - All Departments

	Actual	Budget	Projected	Budget	
				Adopted	Amended
	Year Ended	Year Ending	Year Ending	Year Ending	Year Ending
	June 30, 2023	June 30, 2024	June 30, 2024	June 30, 2025	June 30, 2025
Revenues					
Property Taxes	\$ 10,481,800	\$ 10,455,000	\$ 11,123,000	\$ 11,457,000	\$ 11,457,000
Investment Earnings	735,462	928,000	1,496,000	1,620,000	1,620,000
Briercrest Lease Revenue	93,403	95,000	96,000	98,000	98,000
Other Income	61,742	-	8,000	-	-
Total Revenues	11,372,407	11,478,000	12,723,000	13,175,000	13,175,000
Expenditures					
Salaries and Wages	1,266,508	1,562,000	1,421,000	1,681,000	1,851,000
Employee Benefits	823,210	912,000	805,000	967,000	967,000
Professional Development	17,560	68,000	19,000	68,000	68,000
Dues, Meetings, and Memberships	70,824	76,000	111,000	111,000	111,000
Legal	81,104	93,000	122,000	101,000	116,000
Contract Services	172,120	346,000	303,000	330,000	395,000
Security	21,679	27,000	46,000	100,000	100,000
Technology	329,537	244,000	236,000	264,000	264,000
Grossmont Hospital Support	2,251,316	3,070,000	3,068,000	3,570,000	3,570,000
Grants and Sponsorships	1,404,011	1,930,000	1,928,000	2,996,000	2,996,000
Scholarships	165,500	311,000	252,000	311,000	311,000
Programs and Events	27,634	74,000	39,000	91,000	91,000
Circulation Resources	38,281	58,000	51,000	62,000	62,000
Mobile Outreach Library	-	-	-	19,000	19,000
Supplies	41,224	124,000	46,000	103,000	103,000
Utilities	87,852	91,000	97,000	102,000	102,000
Maintenance and Repair	104,997	97,000	93,000	103,000	103,000
Equipment and Storage Rental	23,776	28,000	28,000	33,000	33,000
Capital Improvements/Acquisitions	296,944	2,725,000	106,000	2,159,000	2,159,000
Insurance	68,790	83,000	44,000	55,000	55,000
Miscellaneous	25,000	-	-	-	-
Total Expenditures	7,317,867	11,919,000	8,815,000	13,226,000	13,476,000
Net Cash Flow	4,054,540	(441,000)	3,908,000	(51,000)	(301,000)
Transfer from/(to) reserves	(4,054,540)	441,000	(3,908,000)	51,000	301,000
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 provide 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.

Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2025

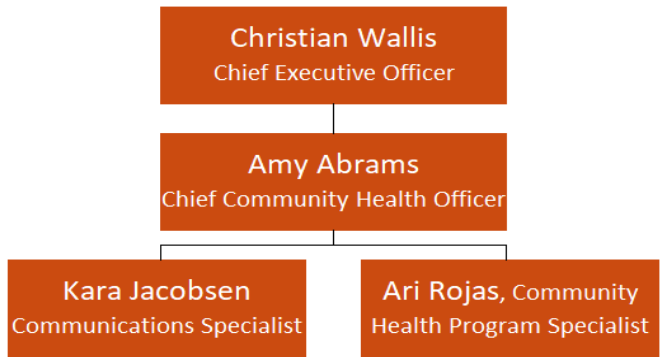
Community Health: Support

	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Expenditure Budget	
				Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Salaries and Wages	\$ 241,005	\$ 424,000	\$ 368,000	\$ 458,000	\$ 458,000
Benefits - Employees	69,570	114,000	98,000	123,000	123,000
Professional Development	2,894	15,000	5,000	15,000	15,000
Dues, Meetings, and Memberships	6,756	9,000	20,000	16,000	16,000
Contract Services	13,215	100,000	118,000	112,000	112,000
Technology/Platforms	4,994	13,000	37,000	41,000	41,000
Grossmont Hospital Support	2,251,316	3,070,000	3,068,000	3,570,000	3,570,000
Strategic Grants	52,500	430,000	428,000	1,496,000	1,496,000
Community Grants and Sponsorships	1,351,511	1,500,000	1,500,000	1,500,000	1,500,000
Scholarships	165,500	311,000	252,000	311,000	311,000
Programs	27,634	50,000	18,000	41,000	41,000
Events	-	24,000	21,000	50,000	50,000
Supplies	4,117	13,000	7,000	11,000	11,000
Total Expenditures	\$ 4,191,012	\$ 6,073,000	\$ 5,940,000	\$ 7,744,000	\$ 7,744,000

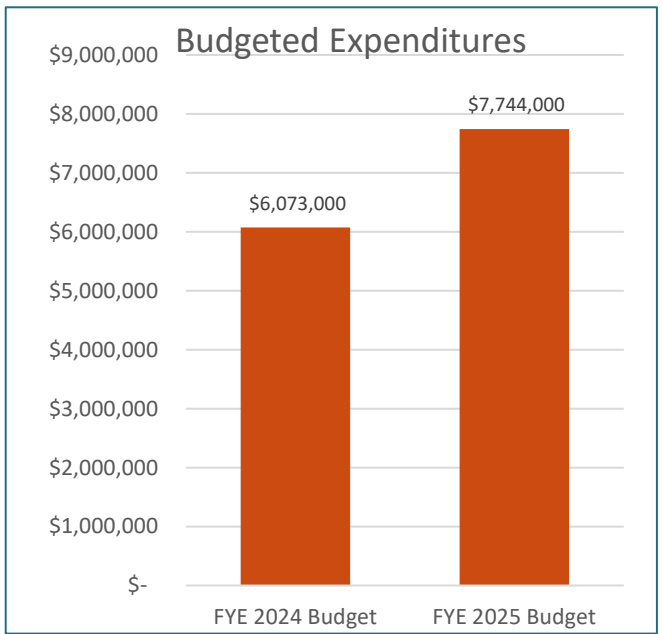
The District has awarded more than \$34 million in grants, sponsorships, and scholarships since the Community Grants Program began in 1996. Those public monies have benefited community-based healthcare organizations, government agencies and Grossmont Hospital.

The FY 2025 budget for Community Healthcare Support is \$7.7 million, a \$1.7 million (27.5%) increase from the previous year's budget. The increase is due to a \$1.5 million increase for the Inter-Governmental Transfer (IGT) program benefiting the hospital, a \$1.1 million increase in strategic grants to fund a residency program to increase the number of primary care practitioners in East County and initiatives identified in the Work Force Pipeline project to increase the healthcare workforce (CNAs, MAs, LVN/RNs, and Patient Care Aid). The FY 2024 budget included the final \$1 million match for the neurological center grant.

Grossmont Hospital Support for FY 2025 includes \$3.5 million for 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 2026 support includes an \$8 million maximum commitment for IGT approved by the Board in April of 2024.



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



Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2025

Community Health: Library

Expenditure Budget

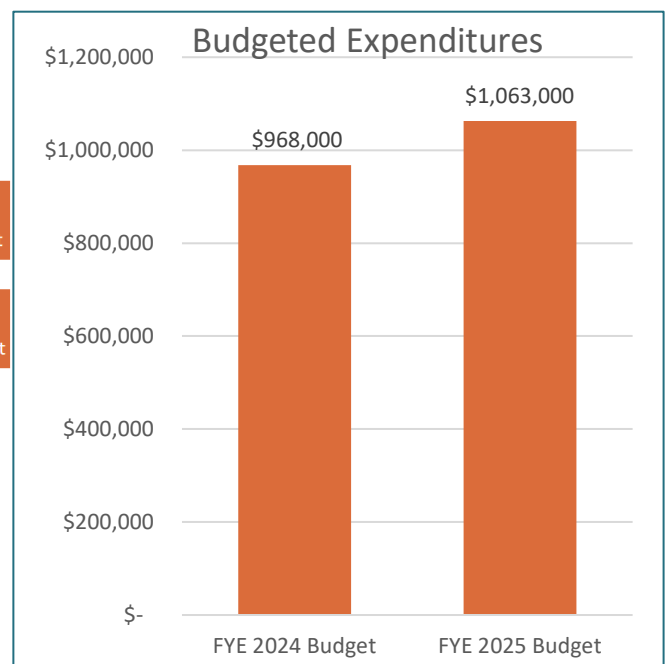
	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Salaries and Wages	\$ 290,908	\$ 442,000	\$ 382,000	\$ 477,000	\$ 477,000
Benefits - Employees	148,310	187,000	134,000	210,000	210,000
Professional Development	2,587	30,000	4,000	30,000	30,000
Dues, Meetings, and Memberships	2,485	3,000	7,000	7,000	7,000
Contract Services	8,929	42,000	11,000	12,000	12,000
Private Security	15,904	18,000	29,000	55,000	55,000
Technology	25,341	14,000	25,000	27,000	27,000
Print Resources	21,617	38,000	29,000	37,000	37,000
Electronic Resources	16,664	20,000	22,000	25,000	25,000
Supplies	15,318	92,000	19,000	73,000	73,000
Equipment Rental	4,521	7,000	8,000	12,000	12,000
Mobile Outreach Library	-	-	-	19,000	19,000
Capital Acquisitions	-	75,000	-	79,000	79,000
Total Expenditures	\$ 552,584	\$ 968,000	\$ 670,000	\$ 1,063,000	\$ 1,063,000

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 2025 budgeted expenditures of \$1.1 million exceed the prior year's budget by \$0.1 million or 9.8%. The increase is mainly attributable to increased private security to enhance the protection of library patrons and staff and an increase in salary and benefit costs. The FY 2025 budget includes provisions for the Board-approved mobile library to support the delivery of programs, services, and information to all of East County, including the most rural areas where there is little or no support.



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



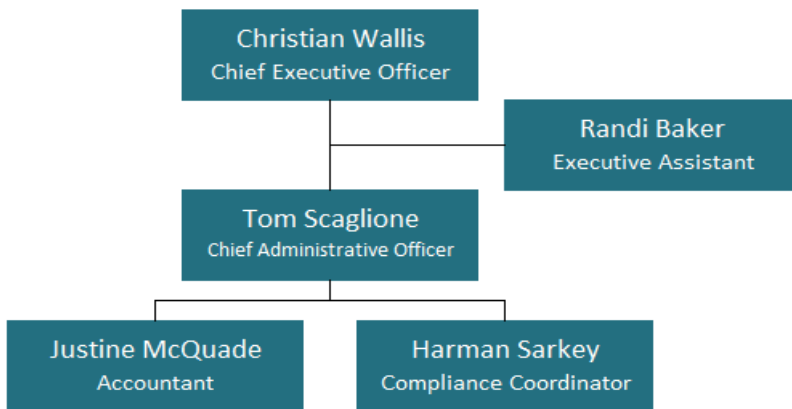
Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2025

Administrative Department

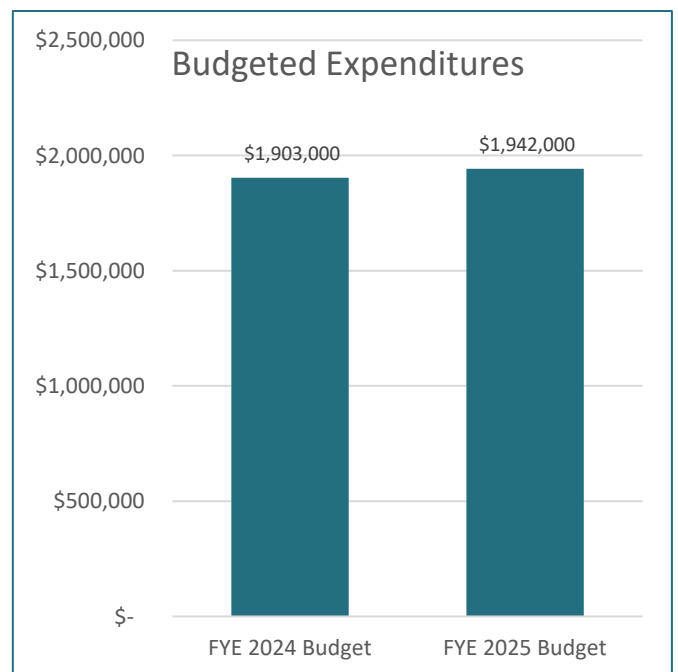
Expenditure Budget

	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Salaries and Wages	\$ 734,595	\$ 621,000	\$ 606,000	\$ 665,000	\$ 835,000
Benefits - Employees	336,947	313,000	296,000	329,000	329,000
Benefits - Retirees	268,383	264,000	251,000	269,000	269,000
Professional Development	12,079	19,000	6,000	19,000	19,000
Dues, Meetings, and Memberships	61,583	64,000	82,000	86,000	86,000
Legal	81,104	93,000	122,000	101,000	116,000
Contract Services	148,176	201,000	169,000	200,000	265,000
Technology	299,202	217,000	174,000	196,000	196,000
Supplies and Office Expenses	21,066	19,000	18,000	17,000	17,000
Rental	19,255	21,000	20,000	21,000	21,000
Insurance	59,040	71,000	31,000	39,000	39,000
Miscellaneous	25,000	-	-	-	-
Total Expenditures	\$ 2,066,430	\$ 1,903,000	\$ 1,775,000	\$ 1,942,000	\$ 2,192,000

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 2025 administrative expenditures of \$2.2 million, increased \$289k (15.2%) from the previous year's budget. The budget **increase is mainly due to the \$250k budget amendment for expenses related to a CEO transition** (severance, payout of compensated absences, search firm and related contracts, additional legal assistance) . The most significant decreases are from a lower insurance expense estimate from our provider, SDRMA, and less technology costs from more efficient technology platforms, subscriptions, and practices.



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



Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2025

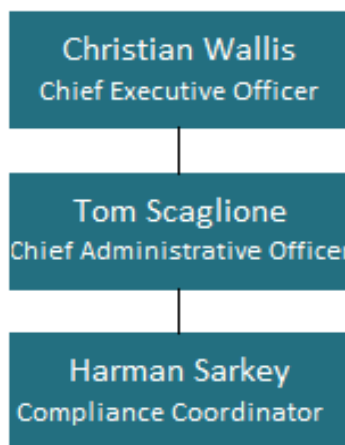
Facilities Department

Expenditure Budget

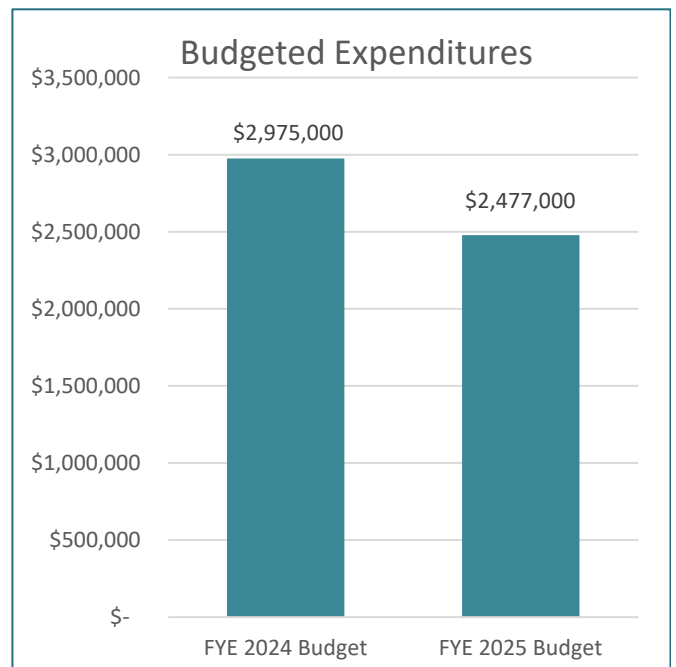
	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Salaries and Wages	\$ -	\$ 75,000	\$ 65,000	\$ 81,000	\$ 81,000
Benefits - Employees	-	34,000	26,000	36,000	36,000
Professional Development	-	4,000	4,000	4,000	4,000
Dues, Meetings, and Memberships	-	-	2,000	2,000	2,000
Contract Services	1,800	3,000	5,000	6,000	6,000
Security	5,775	9,000	17,000	45,000	45,000
Maintenance and Repairs - Interior	69,617	67,000	60,000	76,000	76,000
Maintenance and Repairs - Exterior	35,380	30,000	33,000	27,000	27,000
Supplies	723	-	2,000	2,000	2,000
Utilities	87,852	91,000	97,000	102,000	102,000
Capital Improvements & Acquisitions	296,944	2,650,000	106,000	2,080,000	2,080,000
Insurance	9,750	12,000	13,000	16,000	16,000
Total Expenditures	\$ 507,841	\$ 2,975,000	\$ 430,000	\$ 2,477,000	\$ 2,477,000

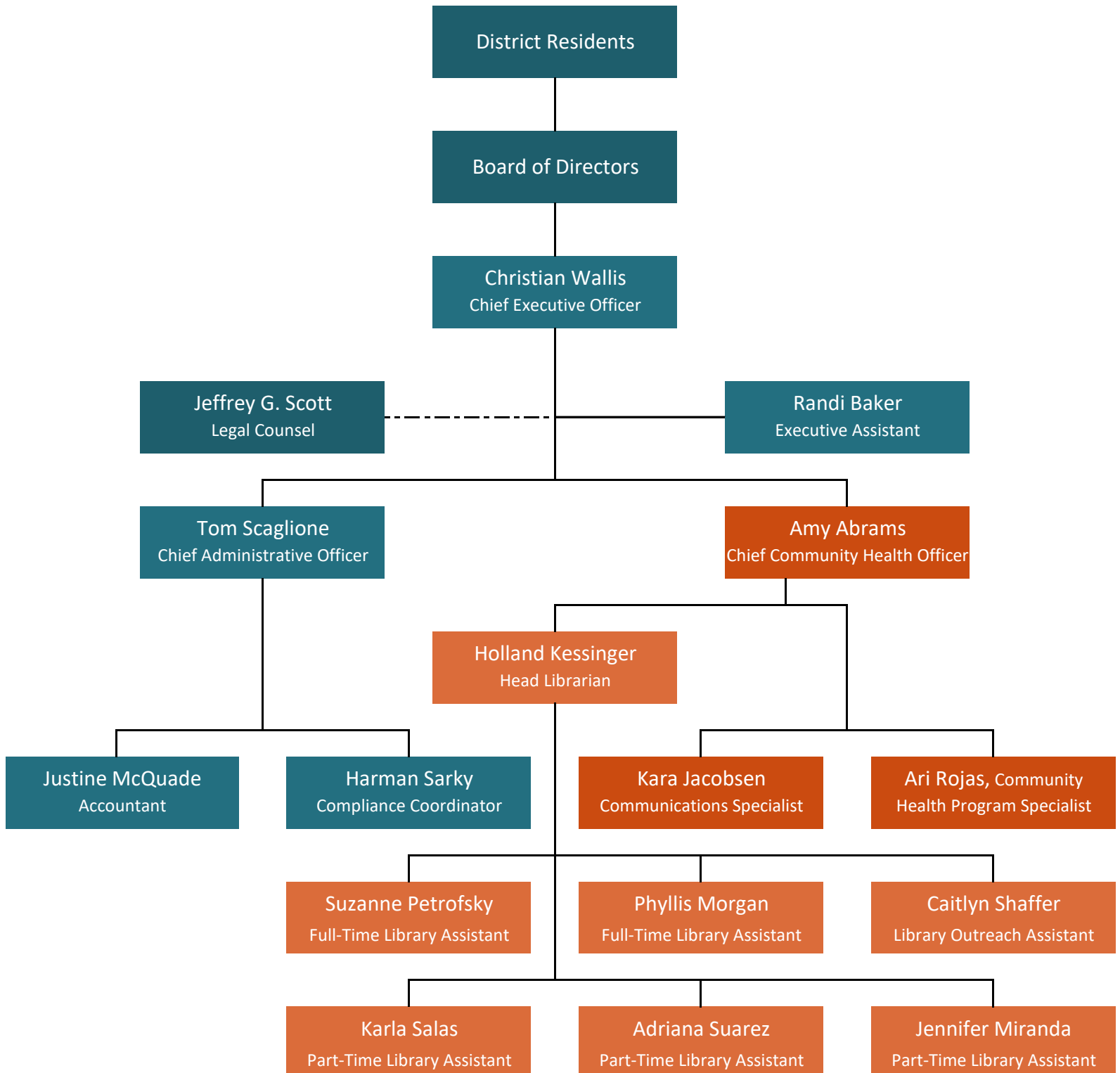
The Facilities Department is the cost center for the operation and maintenance of all District facilities and land. Facility expenditures are not directly tied to a specific function, but rather related to the District as a whole.

The FY 2025 Facilities budget of \$2.5 million decreased \$0.5 million (16.7%) from the previous year's budget. The decrease is due to a more narrow scope of anticipated renovation and expansion of District facilities. The Budget includes \$1.6 million to accommodate a Community Room, \$0.5 million for auditorium inductive weld roof membrane and gutters, flooring, office relocations, ADA compliant access doors, LED lighting, digital billboard, and storage. The \$1.9 million in Capital Improvements & Acquisitions projected for FY 2026 is for continued expansion/renovation and flooring, EV charging stations, parking lot repavement, and continued LED lighting conversions.



Full-Time Equivalent Staffing (FTEs)	
Chief Executive Officer	0.1
Chief Administrative Officer	-
Compliance Officer	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, 2025

Requested Salaries and Benefits Budget

	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Salaries and Wages					
Governance	\$ 48,233	\$ 53,000	\$ 50,000	\$ 55,000	\$ 55,000
Administrative	686,362	568,000	556,000	610,000	780,000
Community Health, Support	241,005	424,000	368,000	458,000	458,000
Community Health, Library	290,908	442,000	382,000	477,000	477,000
Facilities	-	75,000	65,000	81,000	81,000
Total	\$ 1,266,508	\$ 1,562,000	\$ 1,421,000	\$ 1,681,000	\$ 1,851,000
Employee and Retiree Benefits					
Retirement	\$ 112,256	\$ 122,000	\$ 88,000	\$ 140,000	\$ 140,000
Medical	457,246	458,000	435,000	482,000	482,000
Long-Term Care	122,831	111,000	102,000	111,000	111,000
Dental	25,417	58,000	54,000	58,000	58,000
Vision	6,801	15,000	15,000	15,000	15,000
Life	5,283	6,000	6,000	7,000	7,000
Employee Assistance Program	-	-	1,000	1,000	1,000
Payroll Taxes	92,570	119,000	99,000	134,000	134,000
Workers Compensation Insurance	806	5,000	6,000	6,000	6,000
Allowances	-	13,000	-	13,000	13,000
Total	\$ 823,210	\$ 907,000	\$ 806,000	\$ 967,000	\$ 967,000
Full-Time Equivalent Employees					
Governance	5.0	5.0	5.0	5.0	5.0
Administration	5.0	3.8	3.8	3.8	3.8
Community Health, Support	2.7	3.0	3.0	3.0	3.0
Community Health, Library	5.3	6.0	5.5	6.0	6.0
Facilities	-	0.7	0.7	0.7	0.7
Total	18.0	18.5	18.0	18.5	18.5

Note: For fiscal years 2024-25 and 2025-26, Administrative Salaries and Wages include \$29,500 and \$31,500, respectively, for interns and temps, and Community Health Support Salaries and Wages include \$46,400 and \$49,900, respectively, for interns and temps.

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, 2025

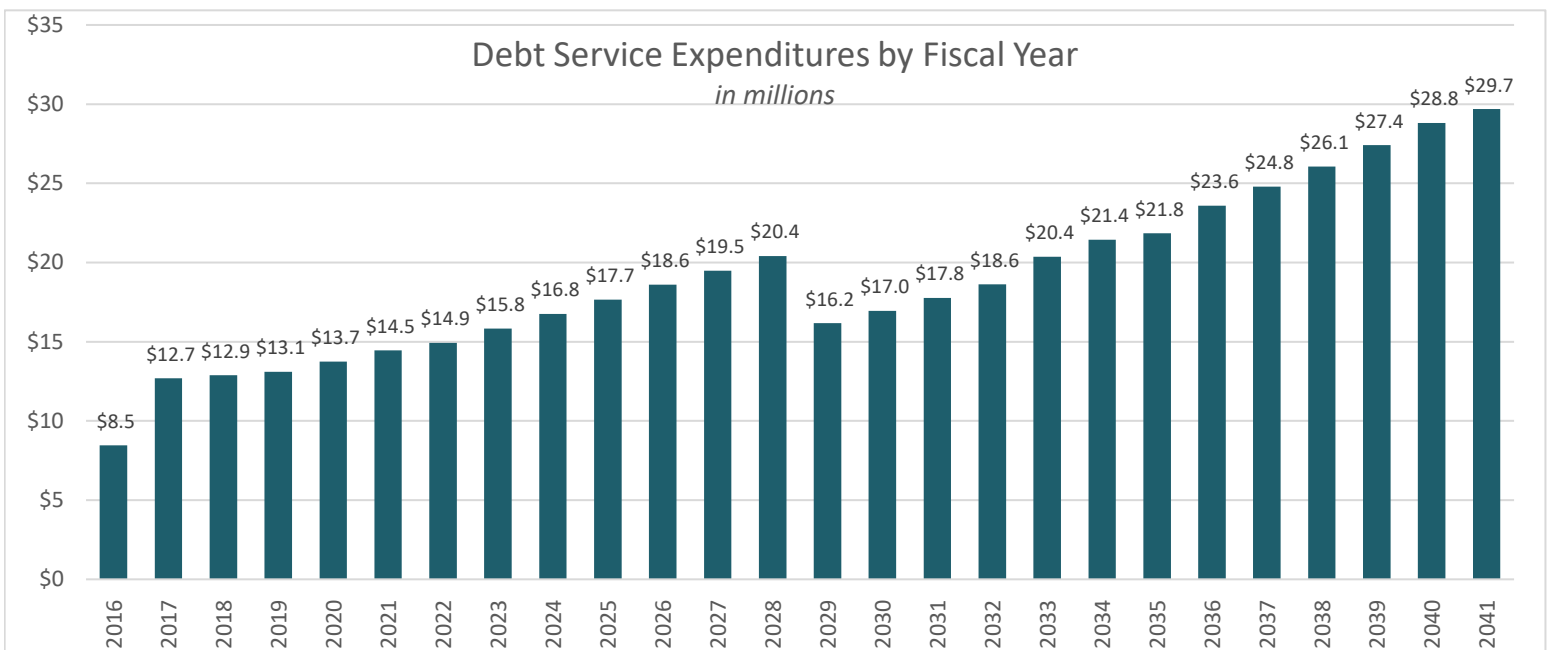
Debt Service Fund

	Actual Year Ended June 30, 2023	Budget Year Ending June 30, 2024	Projected Year Ending June 30, 2024	Budget	
				Adopted Year Ending June 30, 2025	Amended Year Ending June 30, 2025
Revenues					
Property Taxes	\$ 21,049,812	\$ 20,019,000	\$ 22,652,000	\$ 23,331,000	\$ 23,331,000
Investment Earnings	565,895	533,000	1,182,000	1,359,000	1,359,000
Total Revenues	21,615,707	20,552,000	23,834,000	24,690,000	24,690,000
Expenditures					
Principle Debt Payments	6,795,000	5,814,000	5,814,000	6,652,000	6,652,000
Interest Debt Payments	9,030,938	10,951,000	10,952,000	11,006,000	11,006,000
Total Expenditures	15,825,938	16,765,000	16,766,000	17,658,000	17,658,000
Revenues Over Expenditures	\$ 5,789,769	\$ 3,787,000	\$ 7,068,000	\$ 7,032,000	\$ 7,032,000

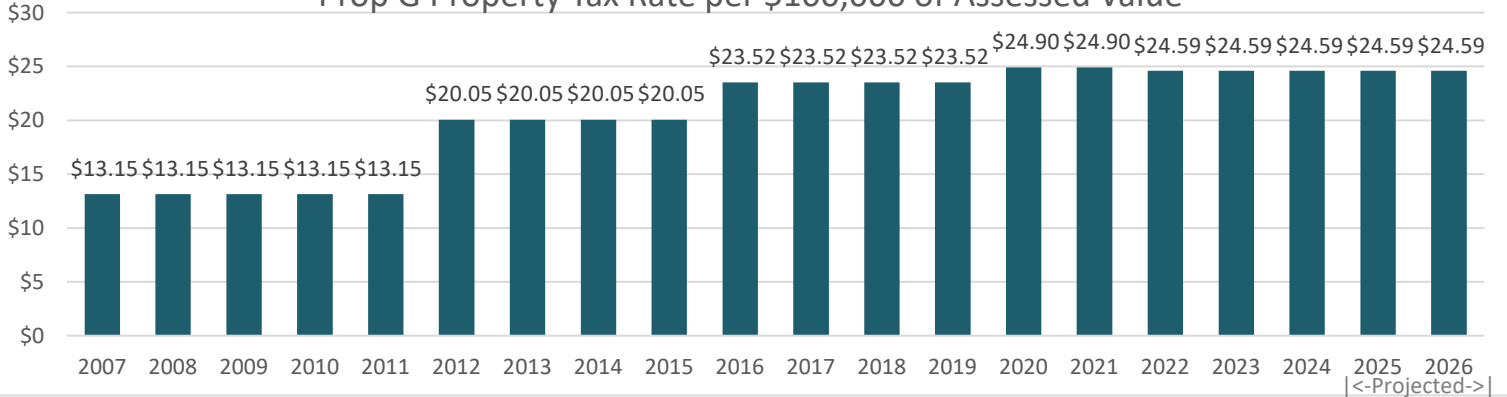
In 2006, voters approved Proposition G, a \$247 million bond measure that funded capital infrastructure improvements at Grossmont Hospital. The District submits a rate per \$100,000 of assessed property value within the District's boundaries August of each year for a special tax assessment to repay the bonds with interest (debt service). The current rate is \$24.59 per \$100,000 of assessed value and is assumed to be the same for FY 2025 and FY 2026.

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. The amounts and timing of the issuances were as follows:

Series	Original Issue Balance	Principal Balance as of:					
		June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029
2007A	\$ 85,627,076	\$ 21,618,285	\$ 19,595,853	\$ 17,540,301	\$ 15,448,424	\$ 13,322,069	\$ 11,165,180
2011B	136,860,000	-	-	-	-	-	-
2015C	24,510,000	16,820,000	13,300,000	9,310,000	4,885,000	-	-
2015D	200,490,000	181,070,000	179,960,000	178,455,000	177,230,000	175,945,000	174,595,000
2021E	11,670,000	11,670,000	11,670,000	11,670,000	10,990,000	9,915,000	8,395,000
Total		\$ 231,178,285	\$ 224,525,853	\$ 216,975,301	\$ 208,553,424	\$ 199,182,069	\$ 194,155,180

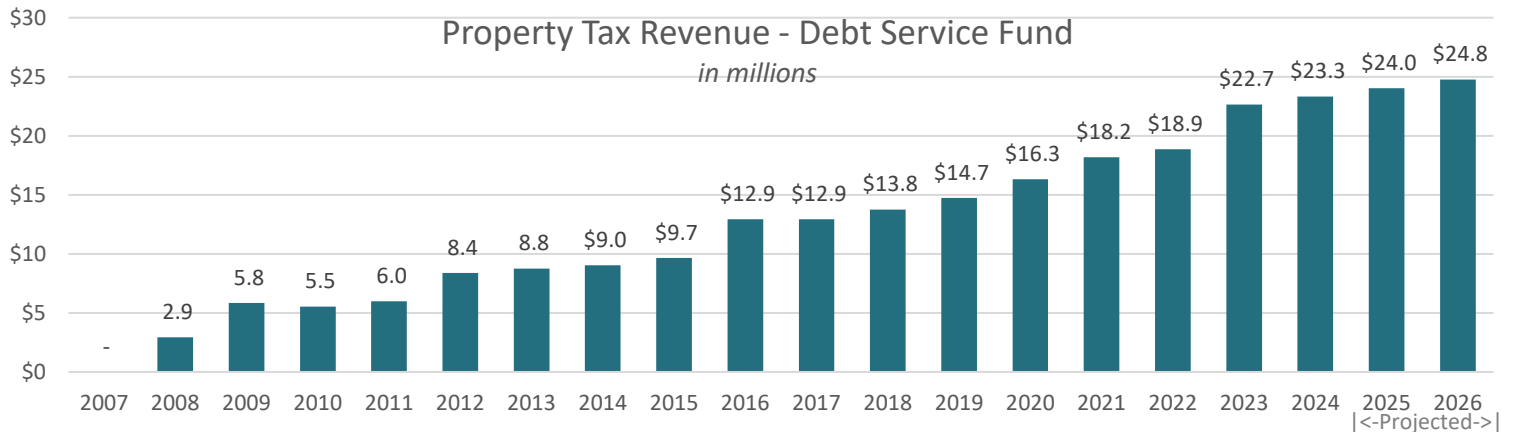


Prop G Property Tax Rate per \$100,000 of Assessed Value

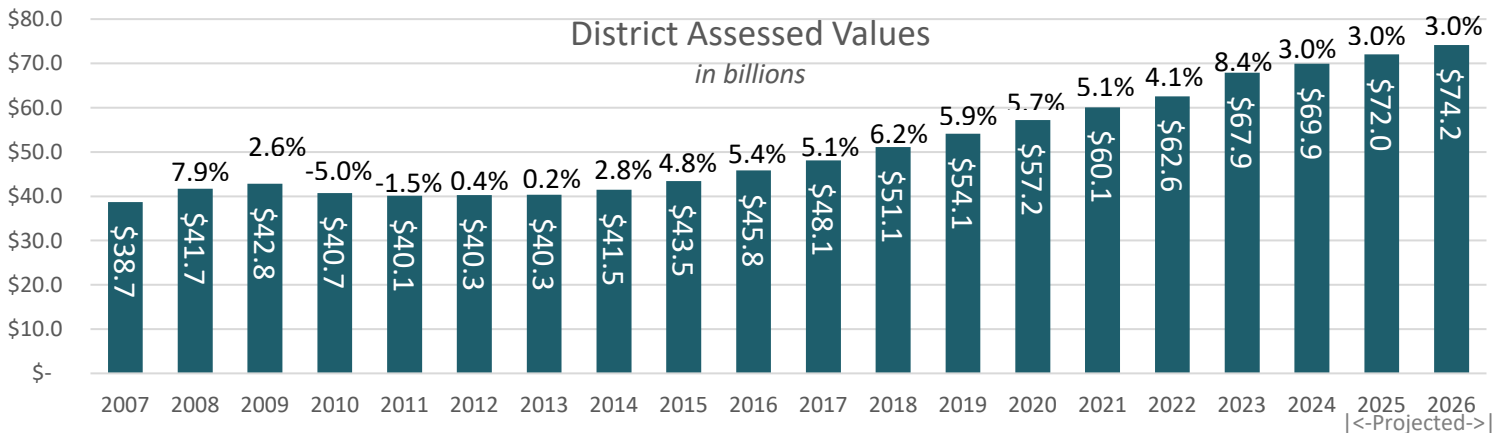


* 2025 and 2026 are projected to be the same rate as 2024

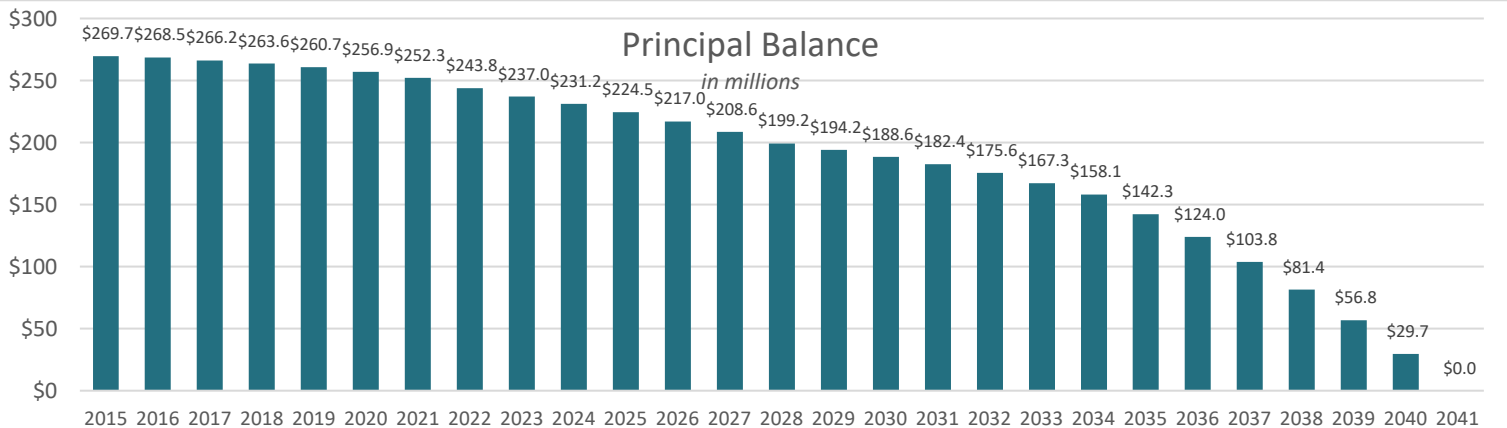
Property Tax Revenue - Debt Service Fund



District Assessed Values



Principal Balance



Grossmont Healthcare District
 General Fund
 For the Fiscal Year Ending June 30, 2025

Reserves Budget and Projection

	Cash/ Money Market	LAIF	CLASS	Investments	Total
Projected July 1, 2024 Balance	\$ 8,378,000	\$ 4,959,000	\$ 4,017,000	\$ 26,459,000	\$ 43,813,000
Revenues Over Expenditures	(1,570,000)	267,000	162,000	840,000	(301,000)
Transfers	268,000	98,000	1,145,000	(1,243,000)	268,000
Projected June 30, 2025	\$ 7,076,000	\$ 5,324,000	\$ 5,324,000	\$ 26,056,000	\$ 43,780,000
Reserve Balance Distribution					
Administrative Reserve	\$ 4,669,000	\$ -	\$ -	\$ -	\$ 4,669,000
Operating Reserve	2,407,000	5,324,000	1,076,000	-	8,807,000
Supplemental Revenue Reserve	-	-	4,248,000	-	4,748,000
Special Projects Reserve	-	-	-	2,625,000	2,625,000
Contingency Reserve	-	-	-	5,000,000	5,000,000
Reserves Above Target Levels	-	-	-	17,931,000	17,931,000
Total Reserve Balance	\$ 7,076,000	\$ 5,324,000	\$ 5,324,000	\$ 25,556,000	\$ 43,780,000

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 twelve 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
Beginning Balance	\$ 169,000	\$ 539,000	\$ 1,430,000	\$ 3,030,000
Briercrest lease revenues	83,600	93,400	96,000	98,000
Investment earnings	112,400	735,900	1,496,000	1,620,000
Other income	174,000	61,700	8,000	-
Draws	-	-	-	-
Ending Balance	\$ 539,000	\$ 1,430,000	\$ 3,030,000	\$ 4,748,000

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 \$1.9 million for facility expansion and renovation, \$0.1 million for other capital projects, and \$0.7 for strategic grants.

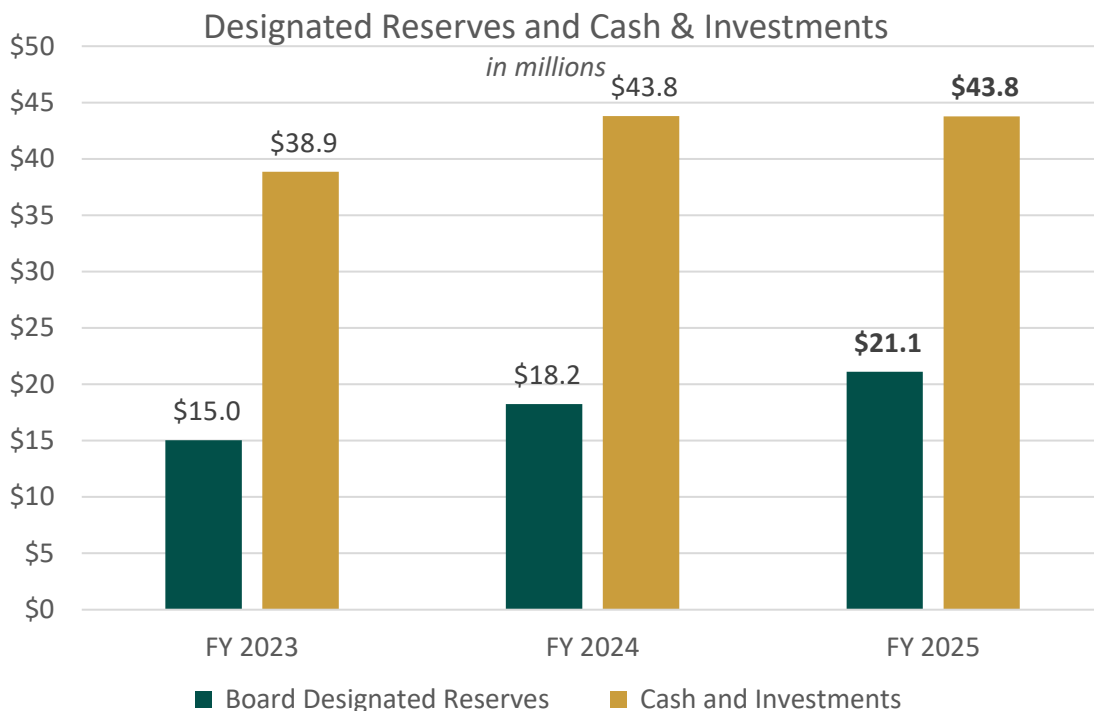
Contingency Reserve

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 2026 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 2024 and FY 2025).

<i>in millions</i>	FY 2023	FY 2024	FY 2025
Board Designated Reserves			
Administrative	\$ 2.7	\$ 4.9	\$ 4.7
Operating	7.0	6.8	8.8
Special Projects	0.3	1.6	2.6
Contingency	5.0	5.0	5.0
Total	<u>\$ 15.0</u>	<u>\$ 18.2</u>	<u>\$ 21.1</u>
Cash and Investments	<u>\$ 38.9</u>	<u>\$ 43.8</u>	<u>\$ 43.8</u>

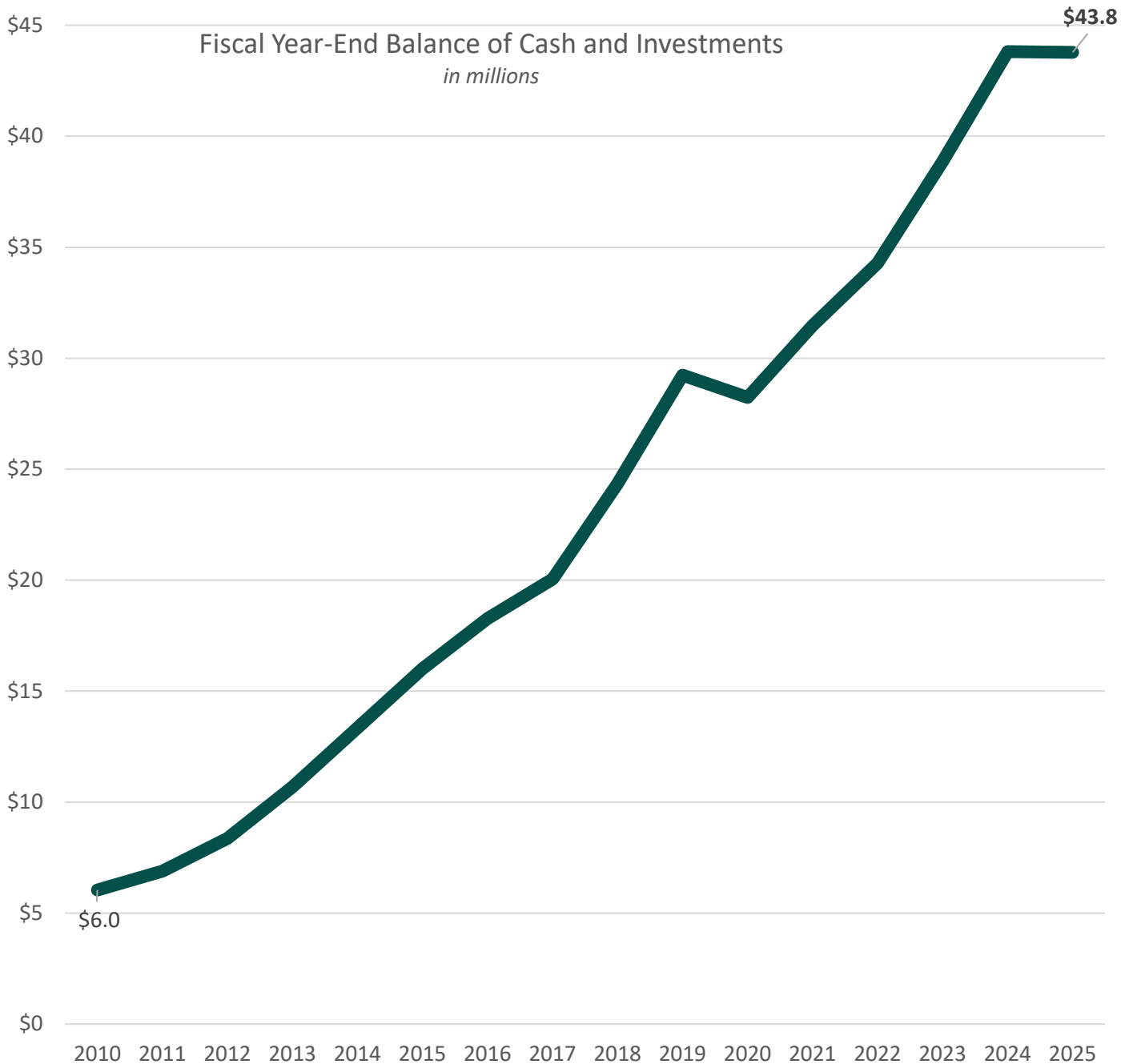


Supplemental Revenue Reserve

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. Expenditure

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 fourteen years, and projected for FY 2024 and FY 2025, are shown graphically below.



Grossmont Healthcare District
 Debt Service and Trust Funds
 For the Fiscal Year Ending June 30, 2025

Reserves Budget and Projection

	Debt Service <u>Fund</u>	<u>OPEB Trust</u>
Projected July 1, 2024 Balance	\$ 37,283,000	\$ 2,791,000
Revenues Over Expenditures	7,032,000	84,000
Transfers	-	(268,000)
Projected June 30, 2025	<u>\$ 44,315,000</u>	<u>\$ 2,607,000</u>
Debt Service Reserve - Maximum Target	\$ 34,148,000	
Reserves Above Target Levels	<u>10,167,000</u>	
Total Reserve Balance	<u>\$ 44,315,000</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.

	<u>Debt Service Payment</u>	
	<u>Date</u>	<u>Amount</u>
	July 15, 2025	\$ 14,514,000
Minimum Reserve Target		\$ 14,514,000
	January 15, 2026	4,082,000
	July 15, 2026	15,552,000
Maximum Reserve Target		<u>\$ 34,148,000</u>

OPEB Trust

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 OPEB trust is currently super funded (more assets than actuarially determined benefits). The only cash inflows of the trust are from District contributions and investment earnings. The only cash outflows of the trust are to reimburse the District for healthcare costs paid on behalf of eligible retirees.

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.