



Live Well. Health Matters.

November 18th, 2018

TO: Beach Cities Health District Board of Directors
FROM: Dr. Noel Chun, President
SUBJECT: Call to Meeting

A regular meeting of the Board of Directors is scheduled as follows:

DATE: November 28th, 2018
TIME: 6:30 P.M.
PLACE: Beach Cities Health District
Beach Cities Room, Lower Level
514 N. Prospect Avenue
Redondo Beach, CA 90277

**THE NEXT SPECIAL MEETING OF THE BOARD OF DIRECTORS IS SCHEDULED FOR
WEDNESDAY, JANUARY 23RD, 2018 AT 6:30PM
IN THE BEACH CITIES ROOM AT THE BEACH CITIES HEALTH DISTRICT**



Live Well. Health Matters.

**BOARD OF DIRECTORS
REGULAR MEETING**

**NOVEMBER 28TH, 2018
6:30 P.M.**

**Beach Cities Room
Beach Cities Health District
514 North Prospect Avenue
Redondo Beach, CA 90277**

- I. CALL TO ORDER - SALUTE TO THE FLAG DR. NOEL CHUN
- II. PUBLIC DISCUSSION
- During the “Public Discussion,” any member of the public may address the Board for up to three minutes on any item within the jurisdiction of the District that is not on the agenda.
 - Members of the public may also address the Board for up to three minutes on any agenda item at the time such items are considered by the Board, provided a maximum of fifteen minutes per meeting will be allowed for each member of the public.
- III. BEACH CITIES HEALTH DISTRICT STAFF RECOGNITION
- FIVE YEAR ANNIVERSARIES
ALI STEWARD, YOUTH SERVICES KERIANNE LAWSON
- TIANA RIDEOUT, BLUE ZONES PROJECT LAUREN NAKANO
- IV. CEO REPORT:
- A. CHIEF EXECUTIVE OFFICER TOM BAKALY
- V. PROGRAM AND STAFF REPORTS:
- A. DISCUSSION ITEM:
HUMAN RESOURCES UPDATE MEGAN VIXIE
- B. LEGAL COUNSEL BOB LUNDY
- VI. ACTIVITY BREAK/MINDFULNESS ALI STEWARD
- VII. COMMITTEE REPORTS
- A. COMMUNITY HEALTH COMMITTEE VISH CHATTERJI
- B. FINANCE COMMITTEE/TREASURER’S REPORT JANE DIEHL
1. DISCUSSION AND POTENTIAL ACTION ITEM:
REVIEW AND RECOMMEND APPROVAL OF BCHD

INVESTMENT POLICY. POLICY NUMBER:6110 INVESTMENT POLICY

2. DISCUSSION AND POTENTIAL ACTION ITEM:
REVIEW AND RECOMMEND APPROVAL OF BCHD
FY2017-18 AUDIT

3. DISCUSSION AND POTENTIAL ACTION ITEM:
REVIEW AND RECOMMEND APPROVAL OF BCHD
115 TRUST INVESTMENT STRATEGY

C. POLICY COMMITTEE

VISH CHATTERJI

1. DISCUSSION AND POTENTIAL ACTION ITEM:

POLICIES: SERIES 3000 HUMAN RESOURCES

THE POLICY COMMITTEE RECOMMENDS APPROVAL
TO THE BOARD OF DIRECTORS OF

- A. REVISED POLICY NUMBER 3040:
CONDITIONS OF EMPLOYMENT
- B. NEW POLICY NUMBER 3100:
TELECOMMUTING
- C. REVISED POLICY NUMBER 3230:
BENEFITS
- D. NEW POLICY NUMBER 3300:
DISASTER SERVICE WORKER
- E. REVISED POLICY NUMBER 3410:
LEAVE OF ABSENCE: MEDICAL
- F. REVISED POLICY NUMBER 3420:
LEAVE OF ABSENCE: NON-MEDICAL
- G. REVISED POLICY NUMBER 3825:
ALCOLHOL AND DRUG ABUSE
- H. REVISED POLICY NUMBER 3830:
ANTI-HARASSMENT
- I. REVISED POLICY NUMBER 3835:
EMPLOYEE CONDUCT AND WORKING ENVIRONMENT
- J. REVISED POLICY NUMBER 3840:
WORKPLACE SAFETY AND SECURITY
- K. REVISED POLICY NUMBER 3845:
INSPECTION OF PERSONNEL FILES
- L. REVISED POLICY NUMBER 3850:
EMPLOYMENT REFERENCES AND LETTERS OF
RECOMMENDATION

- M. REVISED POLICY NUMBER 3910:
SEVERANCE
- N. REVISED POLICY NUMBER 3920:
SEPARATION FROM EMPLOYMENT
- O. NEW POLICY NUMBER 2230:
HEALTH BENEFITS FOR DISTRICT BOARD MEMBERS
- P. REVISED POLICY NUMBER 4100:
TRAVEL AND REIMBURSEMENT
- Q. REVISED POLICY NUMBER 6200:
FRAUD

- D. PROPERTIES COMMITTEE DR. NOEL CHUN
- E. AD HOC MIND HEALTH COMMITTEE DR. NOEL CHUN
- F. STRATEGIC PLANNING COMMITTEE JANE DIEHL

VIII. CONSENT ITEMS: DR. NOEL CHUN

- 1. DISCUSSION AND POTENTIAL ACTION ITEM:
APPROVAL OF MINUTES OF THE OCTOBER 24TH, 2018
REGULAR MEETING
- 2. DISCUSSION AND POTENTIAL ACTION ITEM:
APPROVE CHECKS NO. 71714 THROUGH NO. 71876
TOTALING \$364,488.97 FOR ACCOUNTS PAYABLE
FOR THE MONTH OF OCTOBER 2018

IX. OLD BUSINESS

X. NEW BUSINESS DR. NOEL CHUN

- 1. DISCUSSION AND POTENTIAL ACTION ITEM:
APPROVAL TO AWARD CONTRACT TO PROSUM FOR
IT MANAGED SERVICES FROM NOVEMBER 20, 2018
THROUGH OCTOBER 21, 2021 IN THE AMOUNT OF \$554,465

XI. BOARD MEMBER REPORTS

XII. ANNOUNCEMENTS/QUESTIONS AND REFERRALS TO STAFF

XIII. CLOSED SESSION:

GOVERNMENT CODE, SECTION 54957
PERSONNEL MATTERS
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
TITLE: CHIEF EXECUTIVE OFFICER

XIV. OPEN SESSION

ACTION ITEM:
APPROVE COMPENSATION AND BENEFITS FOR CHIEF
EXECUTIVE OFFICER

XV. ADJOURNMENT IN THE MEMORY OF FRAN TRUSCOTT

For information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation to participate in the public meeting, please contact Charlie Velasquez at (310) 374-3426 ext 213.

Any materials required by law to be made available to the public prior to a meeting of the Board of Directors can be inspected at the following address during normal business hours: 1200 Del Amo Street, Redondo Beach, California 90277.

**THE NEXT REGULAR MEETING OF THE BOARD OF DIRECTORS IS SCHEDULED FOR
WEDNESDAY, JANUARY 23RD, 2018 AT 6:30PM IN THE BEACH CITIES ROOM
AT THE BEACH CITIES HEALTH DISTRICT.**

MEMORANDUM

To: Board of Directors

From: Tom Bakaly, Chief Executive Officer

Date: November 20th, 2018

Subject: Staff Report of Activities

ADMINISTRATION

Community Health Snapshot: We are compiling the results of our community survey and data to help identify health priorities for 2020-2022. We will be discussing this at our ½ day strategic planning session on December 7th. We will be discussing our goals and action plans to make sure they are aligned for the remainder of this year and heading into the budget process for next year.

Tri-City Meeting – Living Streets Manual: On October 29, 2018 at the Redondo Library, the three City Councils of the three beach cities met to review the results of our joint effort to develop a Living Streets Manual. This project was funded by a grant through the Southern California Association of Governments, and the study session also included a discussion of how to fund and implement joint projects identified through the application of the Living Streets Manual. It was great to have the three cities interact together on an issue that impacts all of them. Next steps may include site visits to places such as Long Beach and then a discussion about how to implement the Living Streets Design Manual in each of the three cities.

Smoking Legislation: Redondo Beach and Hermosa Beach are each considering a Tobacco Retail License Ordinance. Hermosa Beach had a public hearing this month and will likely consider the ordinance in January, 2019.

Lazy Acres: We had a great Social Hour (Wine @ 5) event and Lazy Acres this month and we had over 200 attendees. We had a cooking competition that brought the three cities together in a collaborative and competitive way

Redondo Beach Cannabis Task Force: We have been invited to participate on this task force. Kerianne Lawson is our representative and they had their first meeting this month. We will provide updates as the come available to the Community Health Committee.

Healthy Living Campus: Consistent with our discussion at the October Board meeting, we have distributed talking points about the community input that we have received on the project over the last year. We will use that input to inform 3-5 options for the community and Board to consider over the next few months. Our hope is to formally start the Environmental Impact Review (EIR) Process in March, 2019.

LIFESPAN PROGRAMS

Youth Services

Manhattan Beach Middle School partnered with Straight Up, a Behavioral Health Alcohol and Drug prevention program, and the Student Mental Health Provider Task Force (convened by BCHD) for two days of substance use prevention education events for all 500 8th graders. The events, also supported by Youth Services staff, promoted social change related to underage and binge drinking, impaired driving and substance use by using improvisation and interaction techniques to engage youth. BCHD supported the event by organizing 32 community mental health professionals to facilitate discussions around marijuana, vaping, alcohol and prescription drugs.

The Youth Advisory Council reconvened for the 2018-19 school year in September with nearly 50 students appointed to tackle student mental health and substance use prevention. The 8th-12th grade students are from Hermosa Beach, Manhattan Beach and Redondo Beach schools. The Youth Advisory Council is developing plans to bring mental health awareness initiatives to the high school campuses, including a Mental Health Awareness Week at Redondo Union High School Nov. 13-16. Activities included mindful minutes, yoga on the lawn, a drum circle, an art contest on the topic of destigmatizing mental health and a community resource expo to connect the school and community resources available to students on campus. Members of the Youth Advisory Council also presented to the Redondo Beach Youth Commission, an appointed group of students that advises the City Council on topics impacting youth.

More than 200 community members, including parents, students and caregivers, attended the screening of “Angst: Raising Awareness Around Anxiety” on Nov. 13 at Mira Costa High School. Before the screening, 23 members of the Youth Advisory Council were recognized on stage and shared their plans for Mental Health Awareness Weeks at Redondo Union and Mira Costa high schools. Following the screening, community mental health providers were available to talk to parents and students. In the following weeks, BCHD and community providers hosted small-group conversations about the causes and expression of anxiety and depression. These small-group parent workshops were led by local mental health professionals from South Bay Children’s Health Center and Clear Recovery and co-facilitated by Margot Parker, educational consultant.

Blue Zones Project (BZP)

For more than six months, Tiana Rideout, Community Health Programs Coordinator, has been working with Sharecare and Blue Zones, LLC to identify a framework for expanding Sharecare’s definition of Moais beyond our historical walking, purpose, potluck and restaurant dining Moais. Over time, Moais have served to do more than provide an avenue for groups to move naturally, eat wisely or explore their purpose. The bigger impact is the opportunity to reduce social isolation and increase social connection. This month, BCHD, Sharecare and Blue Zones, LLC approved Moai Tenets that are anchored in the Blue Zones Power 9 Principles and include levels of commitment, accountability, inclusion and expansion as standards for new types of Moais. These Tenets represent a

big step forward in being able to expand Moais within the Beach Cities and the other Blue Zones Project (BZP) communities across the country.

This month, Tiana also hosted a Moai Matching event as a way to test the new Moai Tenets. Approximately 25 people attended the event held at Center for Health and Fitness to learn about BZP, hear from our Moai leads and sign up for new or existing Moais. These Matching events have provided an easy access point for residents to engage with BZP.

Community Services

Community Services is excited to have two new Bachelor Social Work interns from California State University, Long Beach. Rudy Diaz is a second-year student who has a strong passion for working with older adults. He enjoys helping others and helping those in need find solutions. Stephanie Lomeli is also a second-year student who values supporting vulnerable populations and providing companionship to those in need. Both students are providing support to our care management clients through friendly visits, follow up calls and other assistance that the care managers identify. They are also supporting our Officer of the Day line by answering calls and providing information and referral to the community. They are looking forward to spending the year with us and being a part of the Beach Cities Health District family.

In October Care Manager Shiori Lange, LCSW and the Director of Community Services Melissa Andrizzi-Sobel, MSW provided information briefings to the Manhattan Beach Police Department (MBPD). All officers with the MBPD were informed on the services Community Services provides and ways to continue to build our partnership. We discussed how to make referrals directly to the Community Services team and helped them identify cases that we can help support. We received positive and grateful feedback from the officers and have seen an increase in referrals from the MBPD since our briefing. The Community Services team also provided information briefings to the Redondo Beach Fire Department (Rbfd) in October. The Rbfd was also excited to learn more about how we can help support them and the residents of the community. They are appreciative of our collaboration and found the Need Help postcards extremely helpful for their interactions with the community.

We are happy to share that during this Thanksgiving holiday Journey of Faith Congregation is generously assembling and donating Thanksgiving baskets to our care management clients. Some of the items in the basket will be pasta, peanut butter, jam/jelly, soups, mashed potatoes, stuffing, apple sauce and cookies. The care managers have identified their most isolated clients who do not have family or support on Thanksgiving. Our clients are extremely grateful and looking forward to these beautiful and delicious baskets. They are also happy to have a friendly visitor during the holiday season.

On October 23rd the South Bay Dementia Education Consortium (DEC) held their quarterly speaking series event at the Redondo Beach Main Library. The presentation hosted was entitled Dementia Beyond Typical Alzheimer's Disease and was presented by Dr. Mario Mendez. Dr. Mendez is a *Professor in Residence of Neurology and Psychiatry & Bio-Behavioral Sciences at the UCLA School of Medicine*. He provided an overview of the clinical and treatment aspects of Frontotemporal Dementia, young onset

Alzheimer's disease and Dementia with Lewy Bodies. We had a successful attendance of over 90 individuals that included caregivers, professionals in the healthcare field and some who have early onset dementia. The Consortium once again received positive feedback from the surveys where participants shared how meaningful and helpful the program was and they hope to see more from the DEC.

RESOURCE / FITNESS SERVICES

Center for Health and Fitness (CHF)

Approximately 35% of CHF revenue is received from programs such as Silver Sneakers, Optium Healthcare and Silver & Fit. These programs contract with Medicare health plans to provide free fitness access to seniors to encourage healthy and active lifestyles. Contracting fitness facilities agree to accept fixed reimbursement rates based upon facility utilization.

CHF routinely requests a review of our contracted rates. We are pleased to report that CHF negotiated a 12.5% rate increase with Tivity Health® for the Silver Sneakers Program. Effective January 1, 2019 CHF will be reimbursed from \$4.00 to \$4.50 per member check-in. The monthly maximum cap per member will increase from \$28 to \$30 per month.

CHF also contracted with Optium Healthcare. Optum Fitness Advantage (United Healthcare) will reimburse CHF \$20 per member for one or more check-ins per month. AARP members will pay \$19.50 and Optum will pay the other \$19.50 after 4 visits.

CHF pleased to report that we are now at 60 cardiac rehab members with a steady flow of new members each month.

AdventurePlex (APlex)

AdventurePlex has officially been re-accredited by the American Camp Association. Out of 7 total categories, the facility scored 100% in 6 categories and 92% in the other. The team is proud of this distinguished accomplishment and have the ongoing responsibility to maintain accreditation. We will be hosting camp on November 12 and also during the week of Thanksgiving.



Flex Kids Club is sustaining memberships, averaging over 425 members per month.

On November 8 a strategic planning session was held with APlex management and members of the senior leadership team. The group conducted a Strengths, Weaknesses, Opportunities, and Threat (SWOT) analysis. A "blue sky" discussion generated ideas for future synergies between AdventurePlex and Youth Services, best use of facility rooms, opportunities to maximize the use of the sports court if it was sound-proofed, a camp

program refresh, and possible expansion of toddler town programming by converting the sport court into multiuse rooms. Ideas will be vetted and incorporated into the District’s budgeting and strategic planning process.

BCHD Employee Wellness

BCHD employees completed a health risk assessment (HRA), as a component of the overall employee wellness program—WorkWell, for the second year. The table below shows 2017/2018 year over year (YOY) results from matched participants. The top three health risks identified in 2017 were stress, body weight and physical activity. The top three identified in 2018 were stress, life satisfaction and physical activity.

The BCHD WorkWell Committee will consider these health risks as we implement our quarterly challenges. For example, stress improved but it still remains the #1 health risk for employees. Quarterly challenges will continue to emphasize mindfulness. Committee members will poll colleagues to better understand what other activities, trainings, lunch & learns can be offered to address “stress”.

Priorities	Description	2017 (N=31)	2018 (N=31)
Stress	Greater than 20 (based on a composite score from answers to marital status, personal loss, life satisfaction, perception of health, hours of sleep, social ties); or selected “a lot” for effect of stress on personal health; or selected “often” for feel tense, anxious, or depressed.	38.7%	29.0%
Body Weight	Body Mass Index (BMI) equal to or greater than 27.5 kg/m ² .	19.4%	3.2%
Physical Activity	Less than one time per week.	16.1%	16.1%
NEW: Life Satisfaction	Partly or not satisfied.	12.9%	22.6%

Other health risks which are ranked in the HRA are listed in the table below. It is interesting that “alcohol” improved yet “medication/drug for relaxation” increased. Again, continuing to incorporate mindfulness and healthy stress reduction techniques into our wellness programming should help to address these risks while ensuring employee privacy.

Priorities	Description	2017 (N=31)	2018 (N=31)
Perceived Health	Fair or Poor.	9.7%	6.5%
Illness Days	More than 5 days in the past year.	9.7%	6.5%
Blood Pressure	Systolic greater than 139 mmHg or diastolic greater than 90 mmHG; or self-report high or currently on blood pressure medication or under medical care for blood pressure.	9.7%	9.7%
Alcohol	Male: More than 14 drinks per week. Female: More than 7 drinks per week.	6.5%	0.0%
Medication/Drug for Relaxation	Use almost every day or sometimes.	6.5%	12.9%
Safety Belt Use	Less than 100%.	3.2%	0.0%
Job Satisfaction	Disagree or strongly disagree.	0.0%	3.2%

Medical Fitness Facility Certification (MFA)

David Evans, FMFA – Vice President Cooper Wellness Strategies and MFA Board Member “at-large” has been assisting CHF over the past 14 months with certification compliance. Mr. Evans will be on site November 16 to conduct a mock certification examination. CHF will be provided feedback about the status of CHF’s readiness to successfully pass the official certification exam, which is currently targeted for February 2019.

The Center for Health and Fitness continues to partner with local healthcare institutions to build a network of physician referrals for fitness programming. CHF has successfully partnered with the Association of South Bay Surgeons to co-brand a new brochure designed to market CHF programs and services to patients affiliated with the group. 500 brochures were delivered to their main site and we are expecting physician referrals from this group of physicians for a wide variety of conditions.



CHF and Torrance Memorial Orthopedic Surgery Center have collaborated on the development of program content for the “PreHab” Program. The program will assist individuals with experiencing an easier time with the recovery process for joint replacement surgery by enrolling in a six-week program, pre-surgery, to improve cardiovascular fitness, strength and maintain/improve range of motion. Marketing materials are being finalized and the program launch is targeted for January, 2019.



HUMAN RESOURCES



BCHD has been selected for Outside Magazine’s Best Places to Work list for the seventh consecutive year. This award is based on a comprehensive review of BCHD’s benefits package, workplace culture and confidential employee survey. BCHD ranked 40th overall, moving from the 62nd ranking in 2017. Click here to view our profile

<https://www.outsideonline.com/2357581/50-best-places-work-2018>

Volunteer Services continues to connect organizations with service opportunities in the LifeSpans department. On November 8th, a group of 10 volunteers (4 parents and 6 children) from Alta Vista’s Service Patrol, a service club engaging families in volunteerism, assisted three clients in the Community Services program with maintaining their homes. The volunteers cleaned windows, dusted, swept patios and weeded yards. Many smiles were shared between the volunteers and clients, who were very appreciative of the assistance.

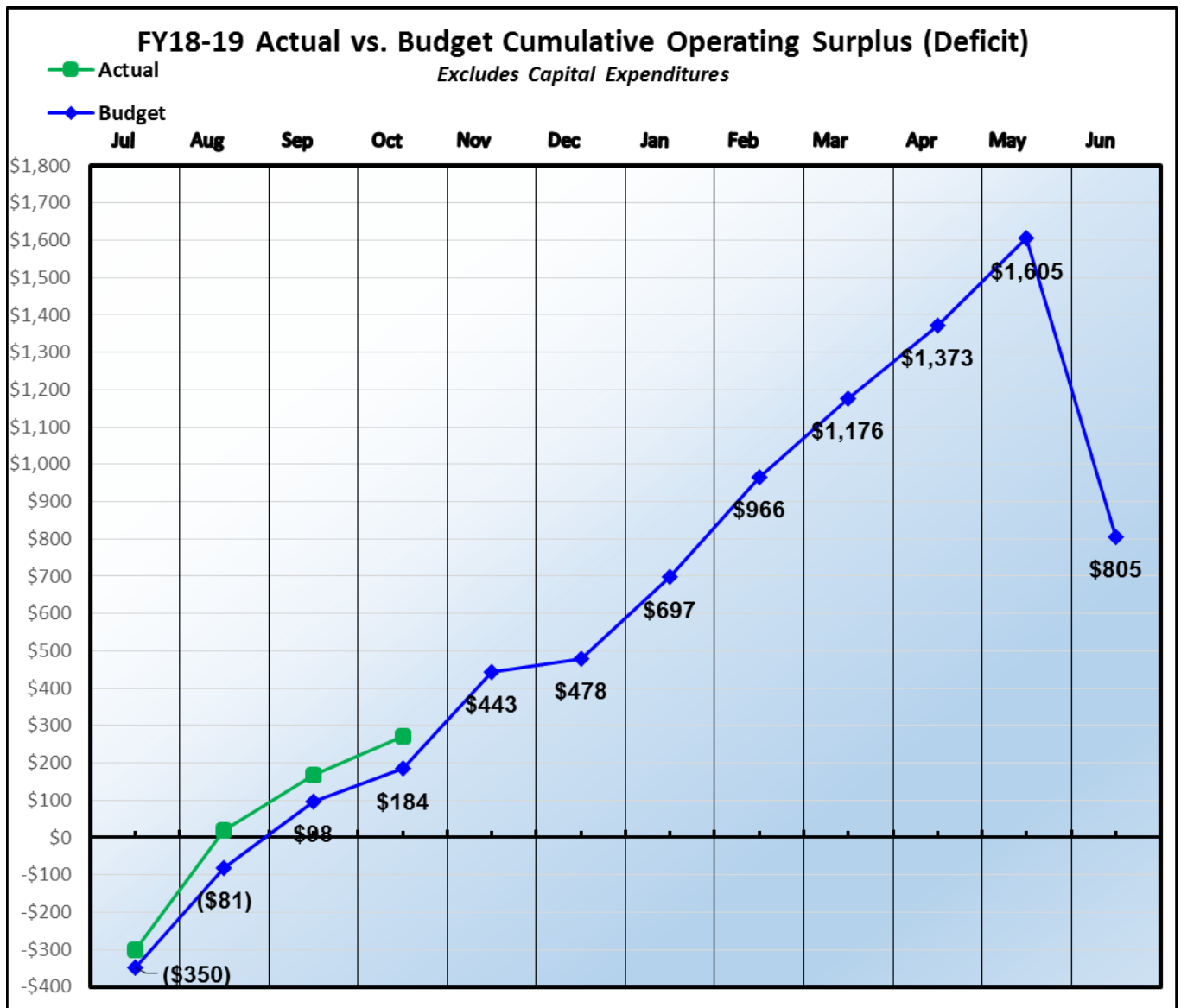


November 5th marked the 18th Annual International Volunteer Managers Day. BCHD recognized 29 employees and our Purpose Connector volunteers that work closely with volunteers and supervise interns with words of thanks and a small token of appreciation.

FINANCE

FY18-19 OCTOBER

Financial Reporting. As shown by the chart below, the BCHD fiscal year-to-date October 2018 actual (green line) operating results is a Net Income of \$272,000. The budgeted (blue line) Operating Income fiscal year-to-date October 2018 is \$184,000. Resulting in a favorable variance to budget year-to-date of \$88,000 before capital expenditure payments.



In the Month of October, the District budgeted a \$86,000 Net Income, and incurred an actual Net Income of \$105,000, resulting in a \$19,000 positive variance to the budget.

October net revenues were \$1,102,000, <\$23,000> variance to the budget mainly due to Net Realized and Unrealized Investment Portfolio <\$30,000> loss in interest

revenues and the Health and Fitness shortfall of <\$18,000>. Net expenses were \$997,000, \$42,000 favorable to the budget, half from savings in payroll expenses, and other half in other operating expenses.

Total Revenues. Actual district-wide fiscal year-to-date October 2018 revenues are \$4,534,000. Budgeted district-wide fiscal year-to-date October 2018 revenues are \$4,655,000, resulting in a revenue variance of <\$121,000>, <\$48,000> in Health & Fitness Operations and <\$74,000> in other revenues.

The notable revenue variances October fiscal-year-to-date compared to the budget are as follows:

- Total Health and Fitness Operations actual year-to-date revenues are \$1,007,000 compared to budgeted revenues of \$1,054,000, variance of <\$48,000>. Actual revenues compared to prior year revenues are better by \$54,000.
 - Center for Health and Fitness (CHF) total actual revenues are \$489,000, <\$7,000> variance to budgeted revenues of \$496,000 and positive \$25,000 variance to prior year actual revenues of \$464,000.
 - YTD Personal Training <\$6,000>. Revenues have been affected adversely by higher demand for lower priced packages than budgeted and by offering free classes provided to gather data for MFA (Medical Fitness Accreditation) certification. This trend will likely continue but will be offset some starting in January 2019 when a rate increase is scheduled and referrals from TMMC Orthopedic for joint replacement Pre-Hab starts.
 - Combined Pilates and Yoga are down <\$1,000>. While Pilates sessions are \$3,000 better than the budget, Yoga classes are behind budget by \$4,000. To combat the Yoga shortfall, Management is offering a Groupon deal, and started an Unlimited Silver membership that includes Pilates and Yoga classes.
 - Adventure Plex (APlex) revenues are \$516,000, <\$41,000> compared to the budgeted revenues of \$557,000 and positive \$29,000 variance to prior year actual revenues of \$487,000.
 - One-time visits, Events and Camp revenues combined are <\$59,000>, affected by Toddler Town increased membership replacing some of the one-time visit revenue and by decrease in events, and campers, which some can be contributed to increase in rate with not offering a sibling discount.
 - Toddler Town (TT) memberships year-to-date has a positive variance of \$18,000.
 - The APlex team is working on ways to recover the shortfall and has already signed up City of MB and LAX Operations for a group events (plus \$12,000) and partnered with Lazy Acres for a Sponsorship (plus \$6,000), none of which were budgeted. In addition, APlex will offer a sibling discount for Thanksgiving, Winter and Spring camps.
- Other Revenues combined actual year-to-date are \$3,528,000, compared to budgeted revenues of \$3,601,000, <\$73,000> variance to the budget.

- Property Taxes are at budget,
- Leases are \$13,000 better than budget because rental income from Flagler lot of \$7,000 and remainder from rent increases based on annual CPI (Consumer Price Index) for UCLA and Cancer Care were higher than budgeted,
- Interest income is net <\$61,000> to the budget from the Investments, Notes Receivable and LAIF and CAMP portfolios combined.
- Net Realized/Unrealized investment loss of <\$80,000> included in Interest Income. For detailed results, see section “BCHD Investment Portfolio Performance” below.
- Joint Ventures are below budget by <\$33,000>; Sunrise is <\$24,000> reporting three months through September 2018, due to resident shortage in Reminiscence Care and Community activities, like extended care services, and labor overages, and worker’s comp costs.

Total Expenses. District-wide fiscal year-to-date actual October 2018 operating expenditures are \$4,262,000. District-wide fiscal year-to-date October 2018 budgeted operating expenditures are \$4,471,000. Resulting in a favorable operating expense variance of \$209,000 reflected in each department as follows.

- **Life Span Services (Blue Zone, Youth Services and Community Services)** total October 2018 year-to-date operating expenses are \$920,000, compared to budgeted year-to-date operating expenses of \$1,025,000, favorable to budget by \$105,000.
 - Payroll is favorable by \$28,000 due to employee leave and lower than budget Part-Time and Instructor wages,
 - Health Fund expenses are favorable by \$63,000 due to timing of expenses
 - The remaining expenses nets to a \$14,000 positive variance mainly due to timing of Community Outreach events.
- **Other Program Services (WorkWell, Volunteer, Health Promotions and IT Services)** total October 2018 year-to-date operating expenses are \$580,000, compared to budgeted year-to-date operating expenses of \$644,000, favorable to budget by \$64,000.
 - \$21,000 net savings in payroll expenses due to part-time and instructor hours not yet deployed.
 - \$43,000 net favorable variance in all other expenses, due to the timing of costs for community events, lagged telephone costs, volunteer screening costs, etc.
- **Support Services (Executive, Finance, Administration and Human Resources)** total October 2018 year-to-date operating expenses are \$761,000, compared to budgeted year-to-date operating expenses of \$770,000, favorable to budget by \$9,000.
 - <\$8,000> is due to actual higher General Liability Insurance premiums than budgeted, which was off-set some in October by dividends received and is expected to be completely off-set later in the year by the 2nd dividend installment from Beta Healthcare Group.
 - \$11,000 favorable variance in Payroll due to employee leave,
 - \$6,000 is net positive variance in all other expenses mainly due to timing of expenses.

- **Property Operations** total October 2018 year-to-date operating expenses are \$927,000, compared to budgeted year-to-date operating expenses of \$874,000, <\$53,000> variance.
 - Net utilities cost is <\$14,000>, Electricity is higher due to the warm July, August and September weather offset some by savings in Gas.
 - Net Property maintenance costs are <\$17,000> due to many unanticipated repairs like leaking water valves, mainline sewer blockage, broken boiler, etc.
 - Engineering labor cost are <\$13,000> due to the extra hours incurred for the unanticipated repairs.
 - Property Insurance premiums are <\$9,000> over budget. Earthquake premiums for Property insurance increased more than anticipated.

Health and Fitness Centers Operating Performance.

Combined year-to-date October 2018 Health and Fitness Operations have a <\$68,000> Net Loss compared to budgeted Net Loss of <\$107,000>, resulting in a favorable variance of \$39,000, and \$4,000 positive variance compared to prior year Net Loss of <\$72,000.>

Combined year-to-date October 2018 revenues are \$1,006,000, compared to budgeted revenues of \$1,054,000, <\$48,000> variance.

- Center for Health and Fitness Revenues variance <\$7,000>
- Adventure Plex variance <\$41,000>

Combined year-to-date October 2018 expenses are \$1,074,000, compared to budgeted expenses of \$1,159,000, \$85,000 favorable variance.

- Health and Fitness Support Services, total expense \$91,000, positive \$4,000
- Center for Health and Fitness (CHF), total expense \$468,000, positive \$18,000
- Adventure Plex variance (APlex), total expense \$515,000, positive \$63,000

Center for Health and Fitness (CHF) has year-to-date Net Income of \$21,000 compared to budgeted Net Income of \$10,000 resulting in a positive variance to the budget of \$11,000.

The positive variance is mainly due to savings in variable payroll expenses from less Personal Training, Yoga, and Fee based sessions.

Adventure Plex (APlex) has year-to-date Net Income of \$1,000 compared to budgeted Net Loss of <\$22,000> resulting in a positive variance of \$23,000.

The positive variance is due mainly to savings in variable payroll and program cost. Variable payroll, including Outside (Independent Contractor) Services, is down due to less than budgeted programs, events and camps also resulting in lower operating costs. Some of the cost savings are due to timing and will be used up later in the year.

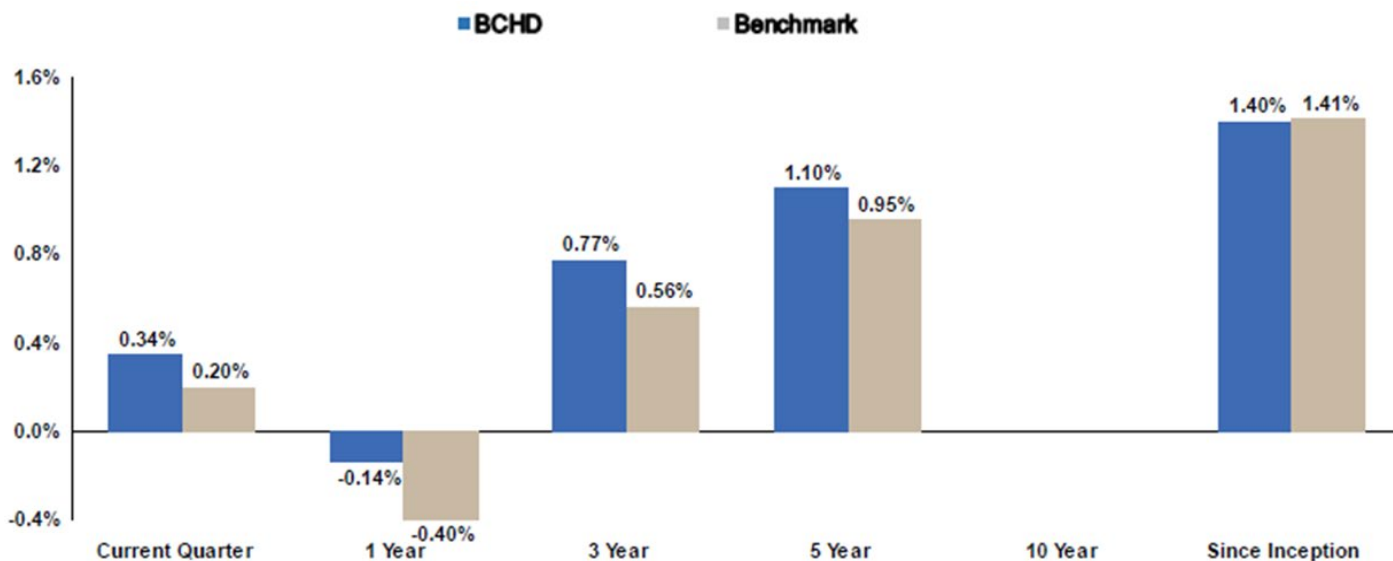
Toddler Town is performing well with 480 memberships up by 30 from prior month and has \$96,000 in Net income which is \$20,000 favorable to the budget and \$38,000 better than prior year making up some off the shortfall in the budgeted programming, events and camps department.

BCHD Investment Portfolio Performance

Fiscal Year	30-Jun-18	31-Oct-18
Portfolio - @ Cost	\$ 25,300,577	\$ 25,022,753
Cost to Market Valuation	(520,915)	(513,320)
Portfolio - @ Market	24,779,662	24,509,433
Union Bank Money Market	89,101	486,708
Managed Portfolio - @ Market	\$ 24,868,763	\$ 24,996,140
CAMP & LAIF *	2,922,504	1,646,552
Total Value - @ Market	\$ 27,791,267	\$ 26,642,692
Interest Receipts	532,836	222,529
Unrealized Gain / Loss	(320,610)	7,559
Realized Gain / Loss	(191,990)	(87,390)
Net Portfolio Gain / <Loss>	\$ 20,236	\$ 142,698

**) Since July 1, 2018, \$1.3 million have been transferred to US bank in the normal course of business to cover ongoing District expenditures.*

Portfolio Total Return Q3 2018



BCHD Capital Expenditures Investments

Current Year		Budget Approved	FY18-19 YTD Actual	Remaining
MIS Expenditures				
	Department			
IT Workstations	IT	\$ 15,000	14,131	869
IT Server	IT	45,000	1,719	43,281
IT Contingency	IT	10,000	-	10,000
Budget by Objective Software	Finance	10,000	-	10,000
Great Plains Check Software & Printer	Finance	10,000	-	10,000
Great Plains Project Tracking Software	Finance	10,000	3,685	6,315
Liability Waiver Hardware and Software	APlex	5,000	-	5,000
		\$ 105,000	\$ 19,534	\$ 85,466
FF&E Expenditures				
	Department			
Play Structure Upgrades	APLEX	5,000	-	5,000
Toddler Town Murals and Stair Rails	APLEX	9,340	4,670	4,670
		\$ 14,340	\$ 4,670	\$ 9,670
Building Expenditures				
	Department			
Kid's Club Building Upgrades - MFA	CHF	6,000	-	6,000
Wood Flooring - Hallway and Offices	CHF	18,464	15,005	3,459
514 Center for Excellence - Program Demonstration	BCHD	200,000	-	200,000
Building Improvements	514 Prospect	129,000	111,714	17,287
Building Contingency	514 Prospect	100,000	117,388	(17,388)
		\$ 453,464	\$ 244,106	\$ 209,358
	Total CY	\$ 572,804	\$ 268,311	\$ 304,493
Prior Years Carry-Over				
Document & Project Management	Finance	6,000	-	6,000
CO - Care Mgt Software	Community Servc.	3,675	2,550	1,125
APlex - Outside Signage	APlex	7,000	-	7,000
CDRE 514 Projects	Property	764,000	37,029	726,971
BCHD / Del Amo Office Upgrade	Property	129,000	143,143	(14,143)
601 PCH/2114 Artesia Improvements	Property	500,000	6,020	493,980
		\$ 1,409,675	\$ 188,742	\$ 1,220,933
Healthy Living Campus				
Flagler Project	Property	452,819	40,180	412,639
Right of Way (ROW) Project	Property	300,981	40,180	260,801
Prospect Way Project	Property	277,072	40,180	236,892
HLC Other & 514 Building	Property	1,095,245	79,583	1,015,662
		\$ 2,126,116	\$ 200,122	\$ 1,925,994
	Total PY	\$ 3,535,791	\$ 388,864	\$ 3,146,927
	Grand Total	\$ 4,108,595	\$ 657,174	\$ 3,451,421

Contract Management

The contracts noted below are newly issued contracts in the reporting period or changed within the CEO authority and within the Board approved budgetary limits. Unless otherwise noted all contracts are issued for one year or less, and the annual (or total) contract amount is included if applicable.

General Contracts: In October, four new contracts were executed:

- Brain Initiatives, LLC – Healthy Minds Clinical Trials
\$160,000
- Hermosa Beach City School District – School Wellness Programs
\$100,091

- Share Care 3rd Amendment – Extend Contract 2 months
\$18,333
- Prader Willi CA Foundation – Storage Space \$155 / Month

Healthy Living Campus (HLC) In October, one new contract was committed:

- Ed Almanza & Associates – EIR Consulting Services
\$23,000

Healthy Living Campus Capital Expenditures

Healthy Living Campus	Jul 15 - Jun 19 Total Budget	Payments	Remaining Budget	Board Approved Contracts
Flagler Project	\$ 700,000	\$ 287,361	\$ 412,639	\$ 552,093
Right of Way (ROW) Project	525,000	264,199	260,801	539,093
Prospect Way Project	500,000	263,108	236,892	539,093
	<u>\$ 1,725,000</u>	<u>\$ 814,668</u>	<u>\$ 910,332</u>	<u>\$ 1,630,280</u>
HLC Other & 514 Building	2,025,000	1,009,338	1,015,662	265,550
Total	<u>\$ 3,750,000</u>	<u>\$ 1,824,006</u>	<u>\$ 1,925,994</u>	<u>\$ 1,895,830</u>

<u>Board Date</u>	<u>Contract Name</u>	<u>Amount</u>	<u>PAID</u>
11/18/15	Denn Engineers	\$ 12,000	\$ 9,000
02/24/16	Converse Consultants	21,780	19,780
02/24/16	MDS Research	27,000	16,500
03/23/16	Orbach, Huff, Suarez & Henderson, LLP	50,000	50,000
07/05/16	KFA Architecture	495,000	18,048
09/28/16	International Parking Design	18,500	18,500
02/22/17	VMA Communications	30,000	30,000
04/26/17	VMA Communications	120,000	120,813
04/26/17	Cummings Construction Mgt., Inc.	30,000	24,909
07/26/17	Withee Malcolm Architects, LLP	165,000	160,494
09/27/17	International Parking Design	13,000	-
09/27/17	Withee Malcolm Architects, LLP (EIR Work)	100,000	-
11/15/17	Acacia Financial Group, Inc.	25,000	25,000
11/15/17	Westmont Living	25,000	-
11/15/17	Kisco Senior Living	25,000	-
01/24/18	VMA Communications	60,000	60,000
03/28/18	Orbach, Huff, Suarez & Henderson, LLP	50,000	5,246
04/26/18	Cummings Construction Mgt., Inc.	23,000	2,188
09/26/18	Acacia Financial Group, Inc.	50,000	-
09/26/18	VMA Communications	90,000	10,000
09/26/18	Withee Malcolm Architects, LLP	200,000	6,051
	HCL Project	\$ 1,630,280	\$ 576,528
09/15/15	HCL Contingency	100,000	59,315
07/26/17	Nabih Youssef & Ass Structural Engineers	79,800	79,800
09/27/17	D7 Consulting	10,000	9,450
09/27/17	Withee Malcolm Architects, LLP	39,750	38,339
01/24/18	Nabih Youssef & Ass Structural Engineers	36,000	5,111
	HLC Other & 514 Building	\$ 265,550	\$ 192,015
		<u>\$ 1,895,830</u>	<u>\$ 768,543</u>

COMMUNICATIONS

Health Promotions published the Youth Health Issue of the LiveWell Magazine in early November. The 16-page community magazine, which is written, planned and designed by the Health Promotions team, is sent quarterly to nearly 70,000 homes in the Beach Cities. The youth-focused issue featured a Q&A with the Beach Cities superintendents, information on BCHD's efforts to reduce substance use and improve teen well-being, mindfulness programming in Hermosa Beach schools, vaping, the Talk About It campaign, and more. A digital version of the magazine is posted online at bchd.org and hard copies are included in the November board packets.

The Health Promotions team supported community services with the launch of its annual Covered California Open Enrollment Campaign to help residents access healthcare benefits. The team promoted Covered California through social media posts, BCHD's, e-newsletter, monthly calendar, bchd.org and dedicated post card. Open Enrollment is open now-Jan. 15.

The Health Promotions team distributed a community update newsletter on the campus in late October. The e-blast outlined the vision for the Healthy Living Campus planning process, the financial factors associated with the project, comprehensive recaps of the targeted study circles and the next steps. The newsletter was distributed to more than 25,000 people.

Additionally, the Health Promotions team analyzed more than 1,000 public comments on the campus and distilled the information into a comprehensive report. The report, which included key themes, sub-themes and demographics, was presented to the BCHD board during a public study session on Oct. 29.

Following the meeting, the report and a video of the study session presentation were shared with members of the Community Working Group and Healthy Living Campus mailing list and posted publicly online at bchd.org/healthylivingcampus.

Per feedback from residents during the study session, Healthy Living Campus and BCHD fact sheets have been created to distribute to the community at upcoming events and presentations. The fact sheets were shared with the BCHD board and staff.

In partnership with the American Heart Association, CHF wrapped its Check.Change.Control hypertension management program with a final free blood pressure screening on Nov. 19. The Health Promotions team supported CHF with promotion of the events through newsletters, community calendars, flyers, social media and the printed events calendar.

The Health Promotions team assisted Blue Zones Project with a special Social Hour Event to celebrate the new Lazy Acres Market in Hermosa Beach becoming Blue Zones Project approved. Support included email marketing, newsletters, collateral design and event logistics.

Events:

Beach Cities Health District engaged the community at several Health District events. Health Promotions supported the following events with logistical and promotional support:

Health District Events:

- Families Connected Parent Chat –Every Monday
- Parent Connection Groups– Oct. 24
- Mindfulness Drop-in – Nov. 7
- Families Connected Speaker Series: Screening of “Angst: Raising Awareness Around Anxiety”– Nov. 13
- Blue Zones Project Social Hour – Nov. 13
- Small Group Parent Workshops: Stress & Anxiety
 - Instagram– Nov. 14
 - Snapchat– Nov. 15
- Moai Matching– Nov. 17
- Check, Change, Control– Nov. 19

Media Coverage for the Month Included:

- ***Daily Breeze***
 - Board Election
 - Living Streets
- ***The Beach Reporter***
 - Board Election (2)
 - Living Streets (2)
- ***Easy Reader***
 - Board Election (4)
 - Living Streets
- ***South Bay by Jackie***
 - Healthy Living Campus
 - BCHD November Events

CENTER FOR HEALTH AND FITNESS	Oct. 2017	Oct. 2018	YTD 2018-2019
Fee Paying Members	1,912	2,188	2,188
New Members - CHF	72	74	354
Total Member Visits	12,618	14,532	57,253

ADVENTUREPLEX	Oct. 2017	Oct. 2018	YTD 2018-2019
Toddler Town Members	-	437	437
New Toddler Town Members	-	58	293
Drop-in or Single Day Visits	868	418	2,512
Toddler Town Visits	1,361	1,189	6,442
Class Participants	9	7	57
Toddler Town Class Participants	52	-	239
Toddler Town Birthday Parties	11	10	28
Birthday Parties	16	13	44
Camp	0	11	5,000
Camp Extended Care	0	4	2,734

Category	Oct 2017	Oct 2018	YTD 18-19	\$ Value**
Volunteer Hours	2,333	2,509	11,183	\$325,313.47
# of Active Volunteers	409	402	592	

**** Cost of volunteer time (in California) = \$29.09 per hour**

COMMUNITY SERVICES	October 2017	October 2018	YTD 2017-18
Officer of the Day Requests for Information	107	247	654
Insurance Enrollments	15	26	48
Insurance Counseling Visits	10	0	5
Insurance Advocacy Clients	0	6	12
Health Authorizations	0	0	0
New Care Management Clients	18	11	56
YTD Unduplicated Care Management Clients	347	352	433
Care Management Visits With Clients	103	131	462
Support Line Contacts	13	12	53
YTD Unduplicated Support Group Participants	18	14	161
Volunteer Visits	182	160	575

BLUE ZONES PROJECT	October 2018	Cumulative
Pledge and Complete 1 Action	16	26,087
Number of Restaurants Designated	2	146

HEALTH PROMOTION

BEACH CITIES HEALTH DISTRICT	October 2017	October 2018	YTD 2017-18
Web Visits	5,099	6,859	23,569
Web Page Views	17,149	20,467	70,407
New Facebook Fans	5	10	71
New Twitter Followers	8	12	103

ADVENTUREPLEX	October 2017	October 2018	YTD 2017-18
Web Visits	7,762	4,409	22,087
Web Page Views	46,811	16,869	88,005
New Facebook Fans	20	13	73
New Twitter Followers	(6)	-	(24)

CENTER FOR HEALTH AND FITNESS	October 2017	October 2018	YTD 2017-18
Web Visits	766	1,557	7,275
Web Page Views	1,964	6,650	27,281
New Facebook Fans	1	-	(10)
New Twitter Followers	(9)	-	(47)

WORK REQUESTS	October 2017	October 2018	YTD 2017-18
	41	50	181

Annual Reimbursement Report

In accordance with Government Code 53065.5, the District has included the Fiscal 2016-17 Reimbursements as defined below by CA government regulations:

"Each special district, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that district and shall be made available for public inspection."

Employee	Date	Description	Amount Paid
AIDAN ACUFF	05/31/18	ACSM (American College of Sports Medicine) Recertification	349.00
ALI STEWARD	09/13/17	Hermosa Valley Garden Debrief Luncheon	125.52
ALI STEWARD	10/12/17	iPhone Replacement Cost	162.78
ALI STEWARD	02/20/18	CADCA Substance Use Prevention Conference	1,231.47
ANNELISE TRIPP	04/09/18	CPT (Certified Personal Trainer) Renewal	149.00
ANNELISE TRIPP	04/24/18	ACSM PT Cancer Certification	123.13
BRIAN FUENTES	01/31/18	Recertification for CPT & Fitness Nutrition	598.00
CARRIE ANNE BLEVINS	10/31/17	LiveWell Kids Module 2 Nutrition - Consumables	368.76
CARRIE ANNE BLEVINS	10/31/17	LiveWell Kids Module 2 Nutrition - Mileage and Parking	119.88
CARRIE ANNE BLEVINS	10/31/17	LiveWell Kids Module 2 Nutrition - Program Supplies	134.85
DEBORAH TEEL	05/21/18	CPR ABC training - Senior Center	270.48
JACKIE BERLING	10/06/17	Replace Cash Shortage	200.00
JACKIE BERLING	10/31/17	SPHR (Senior Professional in HR) Certification Renewal	150.00
JACKIE BERLING	12/31/17	Holiday Staff Appreciation Luncheon	173.10
JACQUELINE SUN	04/30/18	Mileage and Parking for ACHD Conference	136.83
JANE ANN DIEHL	09/21/17	Mileage and Parking for ACHD Conference	129.60
JOY SCHMIDT	10/31/17	CEU (Continuing Education) Class	129.98
KATE DAUCSAVAGE	04/30/18	Mileage and Parking for Blue Zones Event	121.20
KATE DAUCSAVAGE	05/29/18	Luncheon for Restaurant Ambassadors and Interns	218.45
KATE EKMAN	06/25/18	Travel for A'live Volunteer Management Meeting in ATL,GA	163.49
LAUREN NAKANO	06/30/18	MixAgogo South Bay Tickets for Raffle	108.12
LAUREN NAKANO	06/30/18	Smart Growth America, Cancer Support Event	253.36
LAUREN NAKANO	06/30/18	Volunteer Recruitment and Recognition	252.75
LESLIE DICKEY	11/30/17	Assisted Living Owner & Operator Conference	227.15
LESLIE DICKEY	11/30/17	Assisted Living Owner & Operator Conference	227.15
LESLIE DICKEY	11/30/17	Assisted Living Owner & Operator Conference	227.15
MEGAN VIXIE	10/12/17	Hotel for Modern Healthcare Conference	422.05
MELISSA ANDRIZZI-SOBEL	08/07/17	CCS Program CEO Update Lunch	216.94
MELISSA ANDRIZZI-SOBEL	03/31/18	CCS Team Update and Appreciation Lunch	340.68
MELISSA ANDRIZZI-SOBEL	06/13/18	Airfare for Conference Healthy Aging Summit WA, DC	276.80
MELISSA ANDRIZZI-SOBEL	06/13/18	Conference Cost for Healthy Aging Summit	349.00
MELISSA ANDRIZZI-SOBEL	06/25/18	Hotel Healthy Aging Summit WA, DC	201.80
MICHAEL LINDSEY	11/14/17	Community Working Group - Food for Meeting #6	149.94
MICHAEL REIGHLEY	12/31/17	BBS (Board of Behavioral Science) License Renewal	110.00
MICHAEL REIGHLEY	05/31/18	CEU (Continuing Education) Class	141.64
MISHELL BALZER	06/30/18	Nutrition Class	228.70
MONICA SUUA	09/11/17	CPA (Certified Public Accountant) License Renewal	120.00
MONICA SUUA	09/11/17	IIA (Institute of Internal Auditors) Membership	150.00
PATRICIA CORTEZ	04/30/18	Volunteer Brunch Decorations	186.21
SOGIA THACH	07/11/17	Thrive to 5 Staff Lunch & Learn - Healthy Eating	194.49
SOGIA THACH	07/14/17	Thrive to 5 Staff Lunch & Learn - Food Labels; What & Why	170.58
SOGIA THACH	07/21/17	Thrive to 5 Staff Lunch & Learn - Benefits of Plant Based Diet	217.11
TANYA RUTTER	05/29/18	Pilates Instructor Training Course	1,000.00
TARA HANCOCK GUDEN	10/12/17	LCSW (Licensed Clinical Social Worker) Pre-Requisit class	440.00
TARA HANCOCK GUDEN	11/07/17	CEU (Continuing Education) Class; LCSW Exam Prep	270.00
THOMAS BAKALY	04/30/18	1/2 Day Strategic Meeting Lunch For Participants	142.85
VISH CHATTERJI	01/11/18	Rountrip to San Diego, CA ACHD Meeting	129.60

\$ 11,809.59

Date: November 16, 2018
To: Board of Directors
From: Monica Suua, CFO
Subject: Annual Review and Approval of BCHD Investment Policy
6110 (**AGENDA ITEM: VII.B.1**)

Please review proposed updates to consider approval of revised Policy 6110: Investment Policy.

Every year the District's Investment Policy 6110 is required by policy to be reviewed by the Finance Committee and subsequently forwarded for Board review and approval.

The Finance Committee met and approved the two updates below to the policy on November 5th, 2018 and is recommending the revised policy to the board for approval.

The updates are both clarifications to the policy and do not affect current District investment strategies.

1. Section 6110.8.2 – Add the word “issuers”

As certain securities purchased on the District's behalf are purchased directly from an issuer, it is recommended to add the reference to issuers when describing the investment advisor's approved list.

2. Section 6110.10.15 – Per Assembly Bill 1770 effective January 1, 2019

Assembly bill 1770 eliminated the requirement that the issuer of “Asset-Backed Securities (ABS)” be rated “A” or its equivalent or better for the issuer's debts as provided by an NRSRO (Nationally Recognized Statistical Rating Organization). Having the requirement has no relevance to the issuers of ABS or MBS (Mortgage-Backed Securities), which are organized as trusts and do not have standalone ratings.

Securities purchased from these issuers still require a minimum “AA” rating, which is an important risk management criterion. The update recommended to the BCHD Investment policy does not change the particular securities that can be purchased.

The policy with proposed edits is attached for your review in a red-lined version and a final version.

Action Item:

Please review to consider approval of revised Policy 6110: Investment Policy.



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POLICY TITLE: INVESTMENT POLICY
POLICY NUMBER: 6110

COMMITTEE APPROVAL DATE: 10/26/2017 **WRITTEN/REVISED BY:** M. SUJA
BOARD APPROVAL DATE: 11/15/2017 **SUPERSEDES:** 10/26/2016

POLICY

6110 It is the policy of the Beach Cities Health District (“District”) to provide guidelines for the prudent investment of District funds and to maximize the efficiency of the District’s cash management. The ultimate goal is to enhance the economic status of the District consistent with the prudent protection of the District’s investments. This investment policy has been prepared in conformance with all pertinent existing laws of the State of California including California Government Code Sections 53600, *et seq.*

Scope

6110.1 This policy covers all funds and investment activities of the District except for (1) the proceeds of bond issues, which are invested in accordance with provisions of their specific bond indentures, and (2) funds invested in retirement or deferred compensation plans. All funds covered by this policy are defined and accounted for in the District’s audited annual Basic Financial Statements Report. Further, any new funds created shall be covered by this policy unless specifically excluded by District management and the Board of Directors. Investments for the District (the “portfolio”) will be made on a pooled basis including the General Fund, Special Revenue Fund, and any funds subsequently created.

Prudent Investor Standard

6110.2 The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, that “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person in a like capacity and familiar with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.”

6110.3 This standard shall be applied in the context of managing the overall portfolio. Investment officers, acting in accordance with written procedures and this investment policy and exercising the above standard of diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment Objectives

6110.4 When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds,

6110.4.1 The primary objective is to safeguard the principal of the funds.

6110.4.2 The secondary objective is to meet the liquidity needs of the District.

6110.4.3 The third objective is to achieve a reasonable market rate of return on invested funds.

6110.5 It is the policy of the District to invest public funds in a manner to obtain the highest yield obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

6110.5.1 Safety of Principal

Safety of principal is the foremost objective of the District. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. The District shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit Risk is the risk of loss due to the failure of a security's issuer or backer. Interest Rate Risk is the risk that the market value of the District's portfolio will fall due to an increase in general interest rates.

6110.5.1.1 Credit risk will be mitigated by:

6110.5.1.1.1 Limiting investments to only the most creditworthy types of securities;

6110.5.1.1.2 Pre-qualifying the financial institutions with which the District will do business; and

6110.5.1.1.3 Diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the District.

6110.5.1.2 Interest rate risk will be mitigated by:

6110.5.1.2.1 Structuring the District's portfolio so that securities mature to meet the District's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and

6110.5.1.2.2 Investing a portion of the portfolio in shorter-term securities.

6110.5.2 Liquidity

Availability of sufficient cash to pay for current expenditures shall be maintained in money market funds, local government investment pools that offer daily liquidity, repurchase agreements, or short-term securities that can easily be converted into cash because they have secondary markets. The cash management system of the



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District shall be designed to accurately monitor and forecast expenditures and revenues to ensure the investment of monies to the fullest extent possible.

6110.5.3 Rates of Return

Yield on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

Delegation of Authority

6110.6 Authority to manage District's investment program is derived from the California Government Code Section 53600 *et. seq.* The Board of Directors (the "Board") is responsible for the management of the portfolio and shall approve the systems of controls that regulate the activities of internal staff and external investment advisors. The Board hereby delegates responsibility for developing and implementing the investment program to the Chief Executive Officer (or the "CEO"), who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall authorize the CEO and/or the CFO to execute investment transactions or to delegate day-to-day investment decision making and execution authority to an investment advisor. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and District policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Chief Executive Officer and approved by the Board of Directors.

Ethics and Conflicts of Interest

6110.7 Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose any material financial interest in financial institutions that conduct business with this District, and they shall further disclose any large personal financial / investment positions that could be related to the performance of the District's portfolio. Employees and officers shall subordinate their personal investment preferences to those of the District, particularly with regard to the timing of transactions and shall avoid transactions that might impair public confidence.

Authorized Financial Dealers and Institutions

6110.8 The CFO will establish and maintain a list of the financial institutions and broker/dealers authorized to provide investment and depository services to the District, will perform an annual review of the financial condition and registrations of the qualified institutions, and will require annual audited financial statements to be on file for each

approved institution. The District shall annually send a copy of their current Investment Policy to all financial institutions and broker/dealers approved to do business with the District. Receipt of the Investment Policy including confirmation that it has been received and reviewed by the person(s) handling the District's account, shall be acknowledged in writing within thirty (30) days.

6110.8.1 Depositories

In selecting depositories, the creditworthiness of institutions shall be considered, and the CFO shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history. Qualifications and minimum requirements for depositories will be established by the CFO, approved by the Board of Directors, and provided to any institution seeking to conduct business with the District. Banks and Savings and Loan Associations seeking to establish eligibility as a depository for the District's Collateralized Certificate of Deposits shall annually submit an audited financial statement which will be reviewed by the CFO for compliance with the District's financial criteria.

6110.8.1.1 Any institution meeting the District's required criteria will be eligible for placement of public deposits by the District, subject to approval by the Chief Executive Officer. Un-audited quarterly financial data shall be reviewed for all institutions on the District's approved list. Any institution falling below the District's established minimum criteria shall be removed from the approved list, no new deposits may be placed with that institution, and all funds remaining shall be withdrawn as the deposits mature.

6110.8.2 Brokers and Dealers

To become a broker or dealer qualified to do business with the District, a firm must respond to the District's "Broker Dealer Questionnaire" and submit related documents relative to eligibility. Required documents include a current audited financial statement, proof of state registration, proof of FINRA registration, and a certification that the firm has received and reviewed the District's Investment Policy and agrees to offer the District only those securities that are authorized by the Investment Policy. The CFO may establish any additional criteria deemed appropriate to evaluate and approve any financial services provider. The selection process for broker-dealers shall be open to both "primary dealers" and "secondary/regional dealers" that qualify under Securities and Exchange Commission Rule 15c3-1 (Uniform Net Capital Rule), and the provider's representative must be experienced in institutional trading practices and familiar with the California Government Code as it relates to investments by a public entity.

If a third party investment advisor is authorized to conduct investment transactions on the District's behalf, the investment advisor may use its own list of approved issuers, broker/dealers and financial institutions. The investment advisor's approved list must be made available to the District upon request.



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Authorized and Suitable Investments

6110.9 The District is provided a broad spectrum of eligible investments under California Government Code Section 53600 *et seq.* The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity. If a type of investment is added to California Government Code 53600, it will not be added to the District's Authorized Investment List until this policy is amended and approved by the Chief Executive Officer and the Board of Directors. If a type of investment permitted by the District should be removed from California Government Code 53600, it will be deemed concurrently removed from the District's Authorized Investment List, but existing holdings may be held until they mature if it is in the best interest of the District and recommended by the CFO and approved by the Board of Directors.

Credit criteria listed in this Policy refers to the credit rating of the issuing organization at the time the security is purchased. The District may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed by this Policy, the CFO will review recommend an appropriate plan of action to the CEO and Board no less frequently than quarterly. If the District has an Investment Advisor, the Investment Advisor will notify the CFO and recommend a plan of action. Percentage limits refer to the percentage at the time the security is purchased.

6110.9.1 Within the context of these limitations, the following investments are authorized. No more than 5 percent of the portfolio may be invested in any one non-governmental issuer regardless of sector. This limitation does not apply to the following types of securities: U.S. Treasury securities, U.S. Government Agency securities, obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank, money market funds, and government investment pools.

PERMITTED INVESTMENTS/ DEPOSITS	SECTOR LIMITS	MINIMUM CREDIT REQUIREMENTS*	MATURITY LIMITS
Government Investment Pools • LAIF (Local Agency Investment Fund) California State Treasurer's Office • Shares issued by a JPA (LGIP)	<ul style="list-style-type: none"> • Maximum permitted by State Treasurer • No maximum limit 	<ul style="list-style-type: none"> • No limit • No limit 	<ul style="list-style-type: none"> • N/A • N/A
Securities of the U.S. Government, including: (1) U.S. Treasury and (2) U.S. Government Agency securities	<ul style="list-style-type: none"> • No % limit • No % limit 	<ul style="list-style-type: none"> • No limit • No limit 	<ul style="list-style-type: none"> • 5 years • 5 years
Registered state warrants or treasury notes or bonds of the state of California	<ul style="list-style-type: none"> • No % limit 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 5 years
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California	<ul style="list-style-type: none"> • No % limit 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 5 years
Bonds, notes, warrants, or other evidences of indebtedness of any of the other 49 United States in addition to California	<ul style="list-style-type: none"> • No % limit 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 5 years
Bankers' acceptances	<ul style="list-style-type: none"> • 20% 	<ul style="list-style-type: none"> • "A-1" 	<ul style="list-style-type: none"> • 180 days
Commercial paper	<ul style="list-style-type: none"> • 25% / 10% of an issuer's outstanding commercial paper 	<ul style="list-style-type: none"> • "A-1" or higher <i>or</i> has debt other than commercial paper that is rated "A" or higher 	<ul style="list-style-type: none"> • 270 days
Negotiable certificates of deposit	<ul style="list-style-type: none"> • 30% 	<ul style="list-style-type: none"> • "A-1" / "A" 	<ul style="list-style-type: none"> • 5 years
Time certificates of deposit	<ul style="list-style-type: none"> • 50% 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 2 years
Repurchase Agreements	<ul style="list-style-type: none"> • 20% with Master Repurchase Agreement 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 90 days
Medium-term notes	<ul style="list-style-type: none"> • 30% 	<ul style="list-style-type: none"> • "A" 	<ul style="list-style-type: none"> • 5 years

Money market funds	• 20%	• “AAA” or higher by at least two NRSROs ¹ or must meet the Advisor Requirements (See section (m) on page 11.)	• N/A
Money market account/ passbook savings / demand deposits	• No % limit	• N/A	• N/A
Asset-backed securities*	• 20%	• “A” or higher issuer rating and “AA” or higher issue rating	• 5 years
Obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank	• 30%	• “AA”	• 5 years

* Minimum credit requirements refer to the credit rating category without regard to “+”, “-”, or 1, 2, 3 modifiers.

** Due to the complexity of these securities, asset-backed securities may only be purchased on the District’s behalf by a registered investment advisor. The investment advisor must independently review and approve each asset-backed security to be purchased in the District’s portfolio.

6110.9.1.2 One of the purposes of this Investment Policy is to define which investments are permitted. If a type of security is not specifically authorized by this policy, it is not a permitted investment.

6110.10 The following descriptions of authorized investments are included here to assist in the administration of this policy.

6110.10.1 Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is a special fund in the California State Treasury created and governed pursuant to Government Code Sections 16429.1 *et seq.* This law permits the District with the consent of the Board of Directors, to remit money not required for the District’s immediate need, to the State Treasurer for deposit in this special fund for the purpose of investment. Funds may be withdrawn on one same day notice if notice is given by 10 a.m. The fees charged by LAIF are limited by statute (Legal Authority – Government Code Section 16429.1)

6110.10.2 Shares Issued by a JPA (LGIP)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. (Legal Authority – Government Code Section 53601 (p))

¹ An NRSRO is defined as a “Nationally Recognized Statistical Rating Organization”.



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Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

6110.10.2.1 The adviser is registered or exempt from registration with the Securities and Exchange Commission.

6110.10.2.2 The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive.

6110.10.2.2 The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

6110.10.3 Securities of the U.S. Government including U.S. Treasury and U.S. Government Agencies and Instrumentalities

These obligations can be classified either as “Treasuries” or “Agencies.”

Treasury securities (“Treasuries”) are obligations of the United States Treasury backed by the “full faith and credit” of the federal government and can be of three types: bills, notes, and bonds. (Legal Authority- Government Code Sections 53601(b))

The District can invest in federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. The maximum investment maturity is restricted to 5 years. (Legal Authority – Government Code Sections 53601 (f))

6110.10.4 Registered State warrants or Treasury Notes or Bonds of the State of California

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. The maximum investment maturity is restricted to 5 years. (Legal Authority – Government Code Sections 53601 (c)).

6110.10.5 Bonds, Notes, Warrants, or Other Evidences of Indebtedness of Any Local Agency within the State of California

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a California local agency, or by a department, board, agency or authority of such a local agency. The maximum investment maturity is restricted to 5 years. (Legal Authority-Government Code Sections 53601 (d)).



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6110.10.6 Bonds, Notes, Warrants, or Other Evidences of Indebtedness of any of the other 49 United States in addition to California

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. The maximum investment maturity is restricted to 5 years. (Legal Authority – Government Code Sections 53601 (d))

6110.10.7 Bankers Acceptances

The District may invest in bankers' acceptances, which are bills of exchange or time drafts that are drawn on and accepted by a commercial bank. To be eligible for investment by the District, bankers' acceptances must carry a minimum rating of "A" or "A-1" by a nationally recognized statistical rating organization ("NRSRO"). The maximum investment maturity will be restricted to 180 days. Purchases of bankers' acceptances shall not exceed 20 percent of the portfolio. (Legal Authority-Government Code Sections 53601 (g)).

6110.10.8 Commercial Paper

Commercial paper is issued by leading industrial and financial firms to raise working capital. The District shall only buy commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating by an NRSRO. Eligible paper shall also be further limited to issuing corporations that meet all of the following conditions in either paragraph 6110.10.8.1 or paragraph 6110.10.8.2:

6110.10.8.1 The entity meets the following criteria: (i) is organized and operating within the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, is any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

6110.10.8.2 The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated in a rating category of "A-1" or higher, or the equivalent, by an NRSRO.

Purchases of eligible commercial paper shall not exceed 270 days to maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper shall not exceed 25 percent of the portfolio. (Legal Authority – Government Code Section 53601 (h))



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6110.10.9 Negotiable Certificates of Deposit

The District may invest in negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union or by a federally licensed or state-licensed branch of a foreign bank. Eligible investments shall be rated in a rating category of "A" or "A-1" or its equivalent or better by an NRSRO. The maximum investment maturity is restricted to 5 years. Purchases of negotiable Certificates of Deposit shall not exceed 30 percent of the portfolio. (Legal Authority – Government Code Section 53601 (i). No deposits shall be made at any time in negotiable CDs issued by a state or federal credit union if a member of the District's Board or staff serves on the board of directors or any committee appointed by the board of directors of the credit union.

6110.10.10 Time Certificates of Deposit

The District may invest in non-negotiable, FDIC-insured, and collateralized certificates of deposits ("CDs") in a state or national bank, savings association or federal association, federal or state credit union in the State of California. In accordance with California Government Code Section 53635.2, to be eligible to receive District deposits, a financial institution must have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California communities. A written depository contract is required with all institutions that hold District deposits. Deposits larger than the current level of FDIC insurance must be collateralized by securities with a market value of at least 110 percent of all uninsured deposits with the institution. Acceptable collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All banks are required to provide the District with a statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

No deposits shall be made at any time in CDs issued by a state or federal credit union if a member of the District's Board or staff serves on the board of directors or any committee appointed by the board of directors of the credit union. In accordance with Government Code Section 53638, any deposit shall not exceed that total shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. Maximum maturity is restricted to 2 years. Purchases of time certificates of deposit shall not exceed 50 percent of the portfolio.

6110.10.11 Repurchase Agreements

The District may invest in overnight and term repurchase agreements with Primary Dealers of the Federal Reserve Bank of New York rated in a rating category of "A" or its equivalent or better by an NRSRO with which the District has entered into a



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Master Repurchase Agreement. This agreement will be modeled after the Public Securities Associations Master Repurchase Agreement. The maximum maturity will be restricted to 90 days. Purchases of repurchase agreements shall not exceed 20 percent of the portfolio. (Legal Authority—Government Code Section 53601(j))

All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the Beach Cities Health District. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis and will not be permitted to fall below a minimum of 102 percent of the value of the repurchase agreement. Collateral shall not have maturities in excess of 5 years. The right of substitution will be granted, provided that permissible collateral is maintained.

In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of and guaranteed by the United States Government and Agency securities as permitted under this policy. The District will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party.

6110.10.12 Medium Term Notes

Medium-term notes are obligations of a domestic corporation or depository institution. The maximum investment maturity is restricted to 5 years. Eligible investments shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not exceed 30 percent of the portfolio. (Legal Authority-Government Code Sections 53601(k)).

6110.10.13 Money Market Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, *et seq.*) and that invest in securities and obligations defined as permitted investments for local agencies as described in subsections (a) through (k), inclusive, and (m) through (q), inclusive, of Government Code Section 53601 *et seq.*

To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two NRSROs or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000. Purchases of money market funds shall not exceed 20 percent of the portfolio. (Legal Authority – Government Code Section 53601 (l))

6110.10.14 Money Market Accounts / Passbook Savings / Demand Deposits

These are authorized by Government Code Section 53637 and must be insured by the FDIC or collateralized as required by California Government Code. (Legal Authority – Government Code Section 53637)

6110.10.15 Asset-Backed Securities

This category includes mortgage passthrough securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable passthrough certificates, or consumer receivable-backed bonds. Securities eligible for investment shall ~~be be issued by an issuer having an “A” or higher rating for the issuer’s debt as provided by at least one NRSRO and~~ rated in a rating category of “AA” or its equivalent or better by at least one NRSRO. Further, the asset-backed securities described in this subsection may only be purchased on the District’s behalf by a registered investment advisor. The investment advisor must independently review and approve each asset-backed security to be purchased in the District’s portfolio. The maximum investment maturity is restricted to 5 years. Purchases of asset-backed securities shall not exceed 20 percent of the portfolio. (Legal Authority – Government Code Section 53601 (o))

6110.10.16 Obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), which are eligible for purchase and sale within the United States. Investments shall be rated “AA”, its equivalent, or better by at least one NRSRO. The maximum investment maturity is restricted to 5 years. Purchases of these types of obligations may not exceed 30 percent of the portfolio. (Legal Authority – Government Code Section 53601 (q))

Investment Pools

6110.11 A thorough investigation of any investment pool, money market or mutual fund is required prior to investing and on a continual basis. The investigation will, at a minimum, obtain the following information:

6110.11.1 A description of interest calculations and how it is distributed, and how gains and losses are distributed.

6110.11.2 A description of how securities are safeguarded (including the settlement process) and how often the securities are marked to market and how often an audit is conducted.

6110.11.3 A description of who may invest in the program, how often, what size deposits and withdrawals are permitted.

6110.11.4 A schedule for receiving statements and portfolio listings.

6110.11.5 Does the pool/fund maintain a reserve or retain earnings, or is all income after expenses distributed to participants?

6110.11.6 A fee schedule that discloses when and how fees are assessed.

6110.11.7 Determining if the pool or fund is eligible for bond proceeds and/or will it accept such proceeds.

The purpose of this investigation is to determine the suitability of a pool or fund and evaluate the risk of placing funds with that pool or fund.

Collateralization

6110.12 Repurchase Agreements shall be collateralized in accordance with terms specified in the Master Repurchase Agreement. The valuation of collateral securing a Repurchase Agreement will be verified and monitored on a daily basis to ensure a minimum of 102% of the value of the transaction being held by the District's depository agent. All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the Beach Cities Health District.

Safekeeping and Custody

6110.13 All deliverable securities owned by the District shall be held in safekeeping by a third party bank trust department acting as agent for the District under the terms of a custody agreement executed by the bank and the District. **All deliverable securities will be received and delivered using standard delivery versus payment (DVP) procedures.** The third party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to District funds, accounts, or investments and any transfer of funds must be approved by the Chief Executive Officer or his/her designee.

Diversification and Risk

6110.14 The District recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. To minimize the District's exposure to these types of risk, the portfolio should be diversified among several types of institutions, instruments, and maturities. The Finance Director shall minimize default risk by prudently selecting only instruments and institutions, which at the time of placement have been evaluated for their financial viability and compliance with this policy. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. Risk shall also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by matching investments with cash flow requirements. In the event of a default by a specific issuer, the Finance Director shall evaluate the



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liquidation of securities having comparable credit risks. Diversification strategies shall be established and reviewed quarterly by the Chief Executive Officer.

Maximum Maturities

6110.15 Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. The maximum average duration of the District's portfolio may not exceed 3 years. Unless matched to a specific requirement and approved by the Board of Directors, no investment may be made with a maturity greater than 5 years.

Internal Control and Review

6110.16 The Chief Executive Officer and/or CFO will review this Beach Cities Health District Investment Policy annually and present the Investment Policy and any recommended changes to the Finance Committee. The Finance Committee will review the staff's recommendations and present the Investment Policy and the Committee's recommendations to the Board of Directors.

6110.17 The external auditors shall review annually the investments and general activities associated with the investment program to ensure compliance with this Investment Policy. This review will provide internal control by assuring compliance with policies and procedures established by this Investment Policy.

Performance Standards

6110.18 The investment portfolio will be managed in accordance with the standards established within this Investment Policy and should obtain a market rate of return throughout budgetary and economic cycles, taking into account the District's investment risk constraints, cash flow needs, and maturities of the investments. The basis to determine whether market yields are being achieved shall be the total return of the portfolio. The Bank of America Merrill Lynch 1-5 Year U.S. Government/Corporate AAA-A Index is the benchmark that will be compared to the portfolio's sector composition, maturity structure, current investment strategy, and total return. The CFO will periodically review the District's portfolio performance against the benchmark.

Reporting

6110.19 The Chief Executive Officer or his/her designee will submit to the Board of Directors a monthly report of investment transactions and a quarterly investment report, which will be submitted within 30 days of the end of each calendar quarter. This report shall include all items listed in Section 53646(b) of the Government Code.



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- 6110.19.1** A list of individual securities held at the end of the reporting period.
- 6110.19.2** Market value, book value, par value, cost basis, and maturity date of all investments.
- 6110.19.3** Dollar weighted yield to maturity of the District's investments.
- 6110.19.4** Statement of compliance of the District's Investment Policy with California Government Code Section 53601 et seq.
- 6110.19.5** Statement as to ability to meet all scheduled expenditure requirements for the next six months.



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Glossary of Investment Terms

Because the Investment Policy of the Beach Cities Health District is available to the public, related terminology is included as a part of this policy.

Bankers' Acceptance - A high-quality, short-term money market instrument used to finance international trade. There has never been an instance of a failure to pay a banker's acceptance in full at its maturity date.

Bond - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Value - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker - Someone who brings buyers and sellers together and is compensated for his/her service.

Certificate of Deposit - A deposit of funds for a specified period of time that earns interest at a specified rate. Commonly known as "CDs." Maturities range from a few weeks to several years. Interest rates are set by the competitive market place.

Collateral - Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper - Short-term, negotiable unsecured promissory notes of corporations.

Custodian - A bank or other financial institution that keeps custody of stock certificates and other assets.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Diversification - Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

Interest Rate Risk - The risk associated with declines or rises in interest rates that cause an investment in a fixed-income security to increase or decrease in value.



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Investment Company Act of 1940 - Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Liquidity - An asset that can easily and rapidly be converted into cash without significant loss of value.

Local Agency Investment Fund (LAIF) - A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security. The price at which a security is trading and could presumably be purchased or sold.

Maturity - The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos, and federal funds).

Negotiable Certificate of Deposit - A large denomination certificate of deposit which can be sold in the open market prior to maturity.

Note - A written promise to pay a specified amount to a certain entity on demand or on a specified date.

Par Value - The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

Portfolio - Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

Primary Dealer - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Principal - The face value or par value of a debt instrument, or the amount of capital invested in a given security.



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Prudent Investor Standard - A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Purchase Date - The date in which a security is purchased for settlement on that or a later date.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO) - A transaction where the seller agrees to buy back from the buyer the securities at an agreed upon price on demand or at a specified date.

Risk - Degree of uncertainty of return on an asset.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Safekeeping Service - Offers storage and protection of assets; provided by an institution serving as an agent.

Secondary Market - A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission (SEC) - The federal regulatory agency responsible for supervising and regulating the securities industry.

Settlement Date - The date on which a trade is cleared by delivery of securities against funds.

Shares issued by a JPA (LGIP) - A pooled investment vehicle sponsored by a local Agency or a group of local agencies for use by other local agencies.

Time Certificate of Deposit - A non-negotiable certificate of deposit that cannot be sold prior to maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio.

Treasury Bills (also known as T-bills) - U.S. Treasury Bills, which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks (3-month, 6-month, 1-year); sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.



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Treasury Bonds (also known as **T-bonds**) - U.S. Treasury long-term obligations, direct obligations of the U.S. Government, generally mature in 10 years or more.

U.S. Government Agencies - The term used to describe the instruments issued by various U.S. Government Agencies most of which are secured only by the credit worthiness of the particular Agency.

U.S. Treasury Obligations - Debt obligations of the United States Government sold by the Treasury Department in the forms of Bills, Notes, and Bonds. **Bills** are short-term obligations that mature in 1 year or less and are sold on the basis of a rate of discount. **Notes** are obligations that mature between 1 year and 10 years. **Bonds** are long-term obligations that generally mature in 10 years or more.

Yield - The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity - The rate of income return on an investment minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.



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POLICY TITLE: INVESTMENT POLICY
POLICY NUMBER: 6110

COMMITTEE APPROVAL DATE:
BOARD APPROVAL DATE:

WRITTEN/REVISED BY: M. SUJA
SUPERSEDES:

POLICY

6110 It is the policy of the Beach Cities Health District (“District”) to provide guidelines for the prudent investment of District funds and to maximize the efficiency of the District’s cash management. The ultimate goal is to enhance the economic status of the District consistent with the prudent protection of the District’s investments. This investment policy has been prepared in conformance with all pertinent existing laws of the State of California including California Government Code Sections 53600, *et seq.*

Scope

6110.1 This policy covers all funds and investment activities of the District except for (1) the proceeds of bond issues, which are invested in accordance with provisions of their specific bond indentures, and (2) funds invested in retirement or deferred compensation plans. All funds covered by this policy are defined and accounted for in the District’s audited annual Basic Financial Statements Report. Further, any new funds created shall be covered by this policy unless specifically excluded by District management and the Board of Directors. Investments for the District (the “portfolio”) will be made on a pooled basis including the General Fund, Special Revenue Fund, and any funds subsequently created.

Prudent Investor Standard

6110.2 The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, that “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person in a like capacity and familiar with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.”

6110.3 This standard shall be applied in the context of managing the overall portfolio. Investment officers, acting in accordance with written procedures and this investment policy and exercising the above standard of diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment Objectives

6110.4 When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds,

6110.4.1 The primary objective is to safeguard the principal of the funds.

6110.4.2 The secondary objective is to meet the liquidity needs of the District.

6110.4.3 The third objective is to achieve a reasonable market rate of return on invested funds.

6110.5 It is the policy of the District to invest public funds in a manner to obtain the highest yield obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

6110.5.1 Safety of Principal

Safety of principal is the foremost objective of the District. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. The District shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit Risk is the risk of loss due to the failure of a security's issuer or backer. Interest Rate Risk is the risk that the market value of the District's portfolio will fall due to an increase in general interest rates.

6110.5.1.1 Credit risk will be mitigated by:

6110.5.1.1.1 Limiting investments to only the most creditworthy types of securities;

6110.5.1.1.2 Pre-qualifying the financial institutions with which the District will do business; and

6110.5.1.1.3 Diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the District.

6110.5.1.2 Interest rate risk will be mitigated by:

6110.5.1.2.1 Structuring the District's portfolio so that securities mature to meet the District's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and

6110.5.1.2.2 Investing a portion of the portfolio in shorter-term securities.

6110.5.2 Liquidity

Availability of sufficient cash to pay for current expenditures shall be maintained in money market funds, local government investment pools that offer daily liquidity, repurchase agreements, or short-term securities that can easily be converted into cash because they have secondary markets. The cash management system of the



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District shall be designed to accurately monitor and forecast expenditures and revenues to ensure the investment of monies to the fullest extent possible.

6110.5.3 Rates of Return

Yield on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

Delegation of Authority

6110.6 Authority to manage District's investment program is derived from the California Government Code Section 53600 *et. seq.* The Board of Directors (the "Board") is responsible for the management of the portfolio and shall approve the systems of controls that regulate the activities of internal staff and external investment advisors. The Board hereby delegates responsibility for developing and implementing the investment program to the Chief Executive Officer (or the "CEO"), who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall authorize the CEO and/or the CFO to execute investment transactions or to delegate day-to-day investment decision making and execution authority to an investment advisor. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and District policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Chief Executive Officer and approved by the Board of Directors.

Ethics and Conflicts of Interest

6110.7 Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose any material financial interest in financial institutions that conduct business with this District, and they shall further disclose any large personal financial / investment positions that could be related to the performance of the District's portfolio. Employees and officers shall subordinate their personal investment preferences to those of the District, particularly with regard to the timing of transactions and shall avoid transactions that might impair public confidence.

Authorized Financial Dealers and Institutions

6110.8 The CFO will establish and maintain a list of the financial institutions and broker/dealers authorized to provide investment and depository services to the District, will perform an annual review of the financial condition and registrations of the qualified institutions, and will require annual audited financial statements to be on file for each

approved institution. The District shall annually send a copy of their current Investment Policy to all financial institutions and broker/dealers approved to do business with the District. Receipt of the Investment Policy including confirmation that it has been received and reviewed by the person(s) handling the District's account, shall be acknowledged in writing within thirty (30) days.

6110.8.1 Depositories

In selecting depositories, the creditworthiness of institutions shall be considered, and the CFO shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history. Qualifications and minimum requirements for depositories will be established by the CFO, approved by the Board of Directors, and provided to any institution seeking to conduct business with the District. Banks and Savings and Loan Associations seeking to establish eligibility as a depository for the District's Collateralized Certificate of Deposits shall annually submit an audited financial statement which will be reviewed by the CFO for compliance with the District's financial criteria.

6110.8.1.1 Any institution meeting the District's required criteria will be eligible for placement of public deposits by the District, subject to approval by the Chief Executive Officer. Un-audited quarterly financial data shall be reviewed for all institutions on the District's approved list. Any institution falling below the District's established minimum criteria shall be removed from the approved list, no new deposits may be placed with that institution, and all funds remaining shall be withdrawn as the deposits mature.

6110.8.2 Brokers and Dealers

To become a broker or dealer qualified to do business with the District, a firm must respond to the District's "Broker Dealer Questionnaire" and submit related documents relative to eligibility. Required documents include a current audited financial statement, proof of state registration, proof of FINRA registration, and a certification that the firm has received and reviewed the District's Investment Policy and agrees to offer the District only those securities that are authorized by the Investment Policy. The CFO may establish any additional criteria deemed appropriate to evaluate and approve any financial services provider. The selection process for broker-dealers shall be open to both "primary dealers" and "secondary/regional dealers" that qualify under Securities and Exchange Commission Rule 15c3-1 (Uniform Net Capital Rule), and the provider's representative must be experienced in institutional trading practices and familiar with the California Government Code as it relates to investments by a public entity.

If a third party investment advisor is authorized to conduct investment transactions on the District's behalf, the investment advisor may use its own list of approved issuers, broker/dealers and financial institutions. The investment advisor's approved list must be made available to the District upon request.



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Authorized and Suitable Investments

6110.9 The District is provided a broad spectrum of eligible investments under California Government Code Section 53600 *et seq.* The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity. If a type of investment is added to California Government Code 53600, it will not be added to the District's Authorized Investment List until this policy is amended and approved by the Chief Executive Officer and the Board of Directors. If a type of investment permitted by the District should be removed from California Government Code 53600, it will be deemed concurrently removed from the District's Authorized Investment List, but existing holdings may be held until they mature if it is in the best interest of the District and recommended by the CFO and approved by the Board of Directors.

Credit criteria listed in this Policy refers to the credit rating of the issuing organization at the time the security is purchased. The District may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed by this Policy, the CFO will review recommend an appropriate plan of action to the CEO and Board no less frequently than quarterly. If the District has an Investment Advisor, the Investment Advisor will notify the CFO and recommend a plan of action. Percentage limits refer to the percentage at the time the security is purchased.

6110.9.1 Within the context of these limitations, the following investments are authorized. No more than 5 percent of the portfolio may be invested in any one non-governmental issuer regardless of sector. This limitation does not apply to the following types of securities: U.S. Treasury securities, U.S. Government Agency securities, obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank, money market funds, and government investment pools.

PERMITTED INVESTMENTS/ DEPOSITS	SECTOR LIMITS	MINIMUM CREDIT REQUIREMENTS*	MATURITY LIMITS
Government Investment Pools • LAIF (Local Agency Investment Fund) California State Treasurer's Office • Shares issued by a JPA (LGIP)	<ul style="list-style-type: none"> • Maximum permitted by State Treasurer • No maximum limit 	<ul style="list-style-type: none"> • No limit • No limit 	<ul style="list-style-type: none"> • N/A • N/A
Securities of the U.S. Government, including: (1) U.S. Treasury and (2) U.S. Government Agency securities	<ul style="list-style-type: none"> • No % limit • No % limit 	<ul style="list-style-type: none"> • No limit • No limit 	<ul style="list-style-type: none"> • 5 years • 5 years
Registered state warrants or treasury notes or bonds of the state of California	<ul style="list-style-type: none"> • No % limit 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 5 years
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California	<ul style="list-style-type: none"> • No % limit 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 5 years
Bonds, notes, warrants, or other evidences of indebtedness of any of the other 49 United States in addition to California	<ul style="list-style-type: none"> • No % limit 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 5 years
Bankers' acceptances	<ul style="list-style-type: none"> • 20% 	<ul style="list-style-type: none"> • "A-1" 	<ul style="list-style-type: none"> • 180 days
Commercial paper	<ul style="list-style-type: none"> • 25% / 10% of an issuer's outstanding commercial paper 	<ul style="list-style-type: none"> • "A-1" or higher <i>or</i> has debt other than commercial paper that is rated "A" or higher 	<ul style="list-style-type: none"> • 270 days
Negotiable certificates of deposit	<ul style="list-style-type: none"> • 30% 	<ul style="list-style-type: none"> • "A-1" / "A" 	<ul style="list-style-type: none"> • 5 years
Time certificates of deposit	<ul style="list-style-type: none"> • 50% 	<ul style="list-style-type: none"> • No limit 	<ul style="list-style-type: none"> • 2 years
Repurchase Agreements	<ul style="list-style-type: none"> • 20% with Master Repurchase Agreement 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 90 days
Medium-term notes	<ul style="list-style-type: none"> • 30% 	<ul style="list-style-type: none"> • "A" 	<ul style="list-style-type: none"> • 5 years

Money market funds	• 20%	• “AAA” or higher by at least two NRSROs ¹ or must meet the Advisor Requirements (See section (m) on page 11.)	• N/A
Money market account/ passbook savings / demand deposits	• No % limit	• N/A	• N/A
Asset-backed securities*	• 20%	• “A” or higher issuer rating and “AA” or higher issue rating	• 5 years
Obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank	• 30%	• “AA”	• 5 years

* Minimum credit requirements refer to the credit rating category without regard to “+”, “-”, or 1, 2, 3 modifiers.

** Due to the complexity of these securities, asset-backed securities may only be purchased on the District’s behalf by a registered investment advisor. The investment advisor must independently review and approve each asset-backed security to be purchased in the District’s portfolio.

6110.9.1.2 One of the purposes of this Investment Policy is to define which investments are permitted. If a type of security is not specifically authorized by this policy, it is not a permitted investment.

6110.10 The following descriptions of authorized investments are included here to assist in the administration of this policy.

6110.10.1 Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is a special fund in the California State Treasury created and governed pursuant to Government Code Sections 16429.1 *et seq.* This law permits the District with the consent of the Board of Directors, to remit money not required for the District’s immediate need, to the State Treasurer for deposit in this special fund for the purpose of investment. Funds may be withdrawn on one same day notice if notice is given by 10 a.m. The fees charged by LAIF are limited by statute (Legal Authority – Government Code Section 16429.1)

6110.10.2 Shares Issued by a JPA (LGIP)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. (Legal Authority – Government Code Section 53601 (p))

¹ An NRSRO is defined as a “Nationally Recognized Statistical Rating Organization”.

Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

6110.10.2.1 The adviser is registered or exempt from registration with the Securities and Exchange Commission.

6110.10.2.2 The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive.

6110.10.2.2 The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

6110.10.3 Securities of the U.S. Government including U.S. Treasury and U.S. Government Agencies and Instrumentalities

These obligations can be classified either as “Treasuries” or “Agencies.”

Treasury securities (“Treasuries”) are obligations of the United States Treasury backed by the “full faith and credit” of the federal government and can be of three types: bills, notes, and bonds. (Legal Authority- Government Code Sections 53601(b))

The District can invest in federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. The maximum investment maturity is restricted to 5 years. (Legal Authority – Government Code Sections 53601 (f))

6110.10.4 Registered State warrants or Treasury Notes or Bonds of the State of California

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. The maximum investment maturity is restricted to 5 years. (Legal Authority – Government Code Sections 53601 (c)).

6110.10.5 Bonds, Notes, Warrants, or Other Evidences of Indebtedness of Any Local Agency within the State of California

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a California local agency, or by a department, board, agency or authority of such a local agency. The maximum investment maturity is restricted to 5 years. (Legal Authority-Government Code Sections 53601 (d)).

6110.10.6 Bonds, Notes, Warrants, or Other Evidences of Indebtedness of any of the other 49 United States in addition to California

These include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. The maximum investment maturity is restricted to 5 years. (Legal Authority – Government Code Sections 53601 (d))

6110.10.7 Bankers Acceptances

The District may invest in bankers' acceptances, which are bills of exchange or time drafts that are drawn on and accepted by a commercial bank. To be eligible for investment by the District, bankers' acceptances must carry a minimum rating of "A" or "A-1" by a nationally recognized statistical rating organization ("NRSRO"). The maximum investment maturity will be restricted to 180 days. Purchases of bankers' acceptances shall not exceed 20 percent of the portfolio. (Legal Authority-Government Code Sections 53601 (g)).

6110.10.8 Commercial Paper

Commercial paper is issued by leading industrial and financial firms to raise working capital. The District shall only buy commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating by an NRSRO. Eligible paper shall also be further limited to issuing corporations that meet all of the following conditions in either paragraph 6110.10.8.1 or paragraph 6110.10.8.2:

6110.10.8.1 The entity meets the following criteria: (i) is organized and operating within the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, is any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

6110.10.8.2 The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated in a rating category of "A-1" or higher, or the equivalent, by an NRSRO.

Purchases of eligible commercial paper shall not exceed 270 days to maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper shall not exceed 25 percent of the portfolio. (Legal Authority – Government Code Section 53601 (h))



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6110.10.9 Negotiable Certificates of Deposit

The District may invest in negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union or by a federally licensed or state-licensed branch of a foreign bank. Eligible investments shall be rated in a rating category of "A" or "A-1" or its equivalent or better by an NRSRO. The maximum investment maturity is restricted to 5 years. Purchases of negotiable Certificates of Deposit shall not exceed 30 percent of the portfolio. (Legal Authority – Government Code Section 53601 (i). No deposits shall be made at any time in negotiable CDs issued by a state or federal credit union if a member of the District's Board or staff serves on the board of directors or any committee appointed by the board of directors of the credit union.

6110.10.10 Time Certificates of Deposit

The District may invest in non-negotiable, FDIC-insured, and collateralized certificates of deposits ("CDs") in a state or national bank, savings association or federal association, federal or state credit union in the State of California. In accordance with California Government Code Section 53635.2, to be eligible to receive District deposits, a financial institution must have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California communities. A written depository contract is required with all institutions that hold District deposits. Deposits larger than the current level of FDIC insurance must be collateralized by securities with a market value of at least 110 percent of all uninsured deposits with the institution. Acceptable collateral is governed by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral by the District, even though they are permitted in Government Code Section 53651(m). All banks are required to provide the District with a statement of pooled collateral. This report will state that they are meeting the 110 percent collateral rule (Government Code Section 53652(a)), a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

No deposits shall be made at any time in CDs issued by a state or federal credit union if a member of the District's Board or staff serves on the board of directors or any committee appointed by the board of directors of the credit union. In accordance with Government Code Section 53638, any deposit shall not exceed that total shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution. Maximum maturity is restricted to 2 years. Purchases of time certificates of deposit shall not exceed 50 percent of the portfolio.

6110.10.11 Repurchase Agreements

The District may invest in overnight and term repurchase agreements with Primary Dealers of the Federal Reserve Bank of New York rated in a rating category of "A" or its equivalent or better by an NRSRO with which the District has entered into a



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Master Repurchase Agreement. This agreement will be modeled after the Public Securities Associations Master Repurchase Agreement. The maximum maturity will be restricted to 90 days. Purchases of repurchase agreements shall not exceed 20 percent of the portfolio. (Legal Authority—Government Code Section 53601(j))

All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the Beach Cities Health District. The market value of securities used as collateral for repurchase agreements shall be monitored on a daily basis and will not be permitted to fall below a minimum of 102 percent of the value of the repurchase agreement Collateral shall not have maturities in excess of 5 years The right of substitution will be granted, provided that permissible collateral is maintained.

In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of and guaranteed by the United States Government and Agency securities as permitted under this policy. The District will maintain a first perfected security interest in the securities subject to the repurchase agreement and shall have a contractual right to liquidation of purchased securities upon the bankruptcy, insolvency or other default of the counter party.

6110.10.12 Medium Term Notes

Medium-term notes are obligations of a domestic corporation or depository institution. The maximum investment maturity is restricted to 5 years. Eligible investments shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not exceed 30 percent of the portfolio. (Legal Authority-Government Code Sections 53601(k)).

6110.10.13 Money Market Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, *et seq.*) and that invest in securities and obligations defined as permitted investments for local agencies as described in subsections (a) through (k), inclusive, and (m) through (q), inclusive, of Government Code Section 53601 *et seq.*

To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two NRSROs or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000. Purchases of money market funds shall not exceed 20 percent of the portfolio. (Legal Authority – Government Code Section 53601 (l))

6110.10.14 Money Market Accounts / Passbook Savings / Demand Deposits

These are authorized by Government Code Section 53637 and must be insured by the FDIC or collateralized as required by California Government Code. (Legal Authority – Government Code Section 53637)

6110.10.15 Asset-Backed Securities

This category includes mortgage passthrough securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable passthrough certificates, or consumer receivable-backed bonds. Securities eligible for investment shall be rated in a rating category of “AA” or its equivalent or better by at least one NRSRO. Further, the asset-backed securities described in this sub-section may only be purchased on the District’s behalf by a registered investment advisor. The investment advisor must independently review and approve each asset-backed security to be purchased in the District’s portfolio. The maximum investment maturity is restricted to 5 years. Purchases of asset-backed securities shall not exceed 20 percent of the portfolio. (Legal Authority – Government Code Section 53601 (o))

6110.10.16 Obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), which are eligible for purchase and sale within the United States. Investments shall be rated “AA”, its equivalent, or better by at least one NRSRO. The maximum investment maturity is restricted to 5 years. Purchases of these types of obligations may not exceed 30 percent of the portfolio. (Legal Authority – Government Code Section 53601 (q))

Investment Pools

6110.11 A thorough investigation of any investment pool, money market or mutual fund is required prior to investing and on a continual basis. The investigation will, at a minimum, obtain the following information:

6110.11.1 A description of interest calculations and how it is distributed, and how gains and losses are distributed.

6110.11.2 A description of how securities are safeguarded (including the settlement process) and how often the securities are marked to market and how often an audit is conducted.

6110.11.3 A description of who may invest in the program, how often, what size deposits and withdrawals are permitted.

6110.11.4 A schedule for receiving statements and portfolio listings.



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6110.11.5 Does the pool/fund maintain a reserve or retain earnings, or is all income after expenses distributed to participants?

6110.11.6 A fee schedule that discloses when and how fees are assessed.

6110.11.7 Determining if the pool or fund is eligible for bond proceeds and/or will it accept such proceeds.

The purpose of this investigation is to determine the suitability of a pool or fund and evaluate the risk of placing funds with that pool or fund.

Collateralization

6110.12 Repurchase Agreements shall be collateralized in accordance with terms specified in the Master Repurchase Agreement. The valuation of collateral securing a Repurchase Agreement will be verified and monitored on a daily basis to ensure a minimum of 102% of the value of the transaction being held by the District's depository agent. All collateral used to secure this type of transaction is to be delivered to a third party prior to release of funds. The third party will have an account in the name of the Beach Cities Health District.

Safekeeping and Custody

6110.13 All deliverable securities owned by the District shall be held in safekeeping by a third party bank trust department acting as agent for the District under the terms of a custody agreement executed by the bank and the District. **All deliverable securities will be received and delivered using standard delivery versus payment (DVP) procedures.** The third party bank trustee agreement must comply with Section 53608 of the California Government Code. No outside broker/dealer or advisor may have access to District funds, accounts, or investments and any transfer of funds must be approved by the Chief Executive Officer or his/her designee.

Diversification and Risk

6110.14 The District recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. To minimize the District's exposure to these types of risk, the portfolio should be diversified among several types of institutions, instruments, and maturities. The Finance Director shall minimize default risk by prudently selecting only instruments and institutions, which at the time of placement have been evaluated for their financial viability and compliance with this policy. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. Risk shall also be managed by subscribing to a portfolio management philosophy that helps to control market and interest rate risk by matching investments with cash flow requirements. In the event of a default by a specific issuer, the Finance Director shall evaluate the liquidation of securities having comparable credit risks. Diversification strategies shall be established and reviewed quarterly by the Chief Executive Officer.

Maximum Maturities

6110.15 Every effort will be made to match investment maturities to cash flow needs. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. The maximum average duration of the District's portfolio may not exceed 3 years. Unless matched to a specific requirement and approved by the Board of Directors, no investment may be made with a maturity greater than 5 years.

Internal Control and Review

6110.16 The Chief Executive Officer and/or CFO will review this Beach Cities Health District Investment Policy annually and present the Investment Policy and any recommended changes to the Finance Committee. The Finance Committee will review the staff's recommendations and present the Investment Policy and the Committee's recommendations to the Board of Directors.

6110.17 The external auditors shall review annually the investments and general activities associated with the investment program to ensure compliance with this Investment Policy. This review will provide internal control by assuring compliance with policies and procedures established by this Investment Policy.

Performance Standards

6110.18 The investment portfolio will be managed in accordance with the standards established within this Investment Policy and should obtain a market rate of return throughout budgetary and economic cycles, taking into account the District's investment risk constraints, cash flow needs, and maturities of the investments. The basis to determine whether market yields are being achieved shall be the total return of the portfolio. The Bank of America Merrill Lynch 1-5 Year U.S. Government/Corporate AAA-A Index is the benchmark that will be compared to the portfolio's sector composition, maturity structure, current investment strategy, and total return. The CFO will periodically review the District's portfolio performance against the benchmark.

Reporting

6110.19 The Chief Executive Officer or his/her designee will submit to the Board of Directors a monthly report of investment transactions and a quarterly investment report, which will be submitted within 30 days of the end of each calendar quarter. This report shall include all items listed in Section 53646(b) of the Government Code.



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- 6110.19.1** A list of individual securities held at the end of the reporting period.
- 6110.19.2** Market value, book value, par value, cost basis, and maturity date of all investments.
- 6110.19.3** Dollar weighted yield to maturity of the District's investments.
- 6110.19.4** Statement of compliance of the District's Investment Policy with California Government Code Section 53601 et seq.
- 6110.19.5** Statement as to ability to meet all scheduled expenditure requirements for the next six months.



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Glossary of Investment Terms

Because the Investment Policy of the Beach Cities Health District is available to the public, related terminology is included as a part of this policy.

Bankers' Acceptance - A high-quality, short-term money market instrument used to finance international trade. There has never been an instance of a failure to pay a banker's acceptance in full at its maturity date.

Bond - A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Value - The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker - Someone who brings buyers and sellers together and is compensated for his/her service.

Certificate of Deposit - A deposit of funds for a specified period of time that earns interest at a specified rate. Commonly known as "CDs." Maturities range from a few weeks to several years. Interest rates are set by the competitive market place.

Collateral - Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper - Short-term, negotiable unsecured promissory notes of corporations.

Custodian - A bank or other financial institution that keeps custody of stock certificates and other assets.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Diversification - Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

Interest Rate Risk - The risk associated with declines or rises in interest rates that cause an investment in a fixed-income security to increase or decrease in value.



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Investment Company Act of 1940 - Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Liquidity - An asset that can easily and rapidly be converted into cash without significant loss of value.

Local Agency Investment Fund (LAIF) - A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security. The price at which a security is trading and could presumably be purchased or sold.

Maturity - The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos, and federal funds).

Negotiable Certificate of Deposit - A large denomination certificate of deposit which can be sold in the open market prior to maturity.

Note - A written promise to pay a specified amount to a certain entity on demand or on a specified date.

Par Value - The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

Portfolio - Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

Primary Dealer - A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Principal - The face value or par value of a debt instrument, or the amount of capital invested in a given security.



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Prudent Investor Standard - A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

Purchase Date - The date in which a security is purchased for settlement on that or a later date.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO) - A transaction where the seller agrees to buy back from the buyer the securities at an agreed upon price on demand or at a specified date.

Risk - Degree of uncertainty of return on an asset.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Safekeeping Service - Offers storage and protection of assets; provided by an institution serving as an agent.

Secondary Market - A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission (SEC) - The federal regulatory agency responsible for supervising and regulating the securities industry.

Settlement Date - The date on which a trade is cleared by delivery of securities against funds.

Shares issued by a JPA (LGIP) - A pooled investment vehicle sponsored by a local Agency or a group of local agencies for use by other local agencies.

Time Certificate of Deposit - A non-negotiable certificate of deposit that cannot be sold prior to maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio.

Treasury Bills (also known as T-bills) - U.S. Treasury Bills, which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks (3-month, 6-month, 1-year); sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.



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Treasury Bonds (also known as **T-bonds**) - U.S. Treasury long-term obligations, direct obligations of the U.S. Government, generally mature in 10 years or more.

U.S. Government Agencies - The term used to describe the instruments issued by various U.S. Government Agencies most of which are secured only by the credit worthiness of the particular Agency.

U.S. Treasury Obligations - Debt obligations of the United States Government sold by the Treasury Department in the forms of Bills, Notes, and Bonds. **Bills** are short-term obligations that mature in 1 year or less and are sold on the basis of a rate of discount. **Notes** are obligations that mature between 1 year and 10 years. **Bonds** are long-term obligations that generally mature in 10 years or more.

Yield - The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity - The rate of income return on an investment minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Date: November 20, 2018

To: Board of Directors

From: Monica Suua, CFO

Subject: FY17-18 Independent Audit by Davis Farr, LLP
(**AGENDA ITEM: VII.B.2** Review and approval of the
BCHD FY2017-18 Independent Audit Report)

Please review to consider approval of the District's FY17-18 Comprehensive Annual Financial Report (CAFR) including Independent Auditor's Report at the Board of Directors meeting on Wednesday, November 28, 2018 which follows the Finance Committee review on Monday, November 5, 2018.

The audit was performed by the accounting firm Davis Farr, LLP, selected by the District's Board starting with fiscal year 2013-2014 and for the subsequent four years. The independent auditor's opinion can be found on Page 1 – 3 after the introductory section.

The financial statements of the Beach Cities Health District have been compiled in accordance with the generally accepted accounting principles as established in the United States of America (US GAAP) and applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body that establishes accounting and financial reporting principles for governmental units, such as the District.

For the third year in a row there are no audit findings to report, no correcting transactions nor internal control deficiencies.

The auditor included a prior period adjustment (note 14, page 59) to comply with the newly enacted GASB No. 75 requiring including the Unfunded Actuarial Accrued Liability, the difference between the OPEB plan assets and the actuarial calculated liability, decreasing Net Position by \$280,000.

The District Net Position is \$59.4 million (page 17, long-term economic resource measurement basis) reduced by <\$915,000> compared to FY16-17, \$779,000 increase in Pension and OPEB liability, \$252,000 reduction in net capital investments (depreciation expense exceeded net capital purchases), offset by \$116,000 reduced operating expenditures than FY16-17 due to prior year cost of elections.

The District Fund Balance is \$40.4 million (page 19, current financial resources basis) reduced by <\$13,000> in FY17-18 compared to \$7,000 increase in FY16-17. The main reason for the reduction in Fund Balance is the continued cost of capital improvements to the 514 Prospect Avenue building, \$279,000, and investments in the Healthy Living Campus project, \$956,000, combined \$1,235,000 (total Capital expenditures were \$1,441,000) and continued Realized and Unrealized investment losses of \$192,000 and \$321,000, respectively.

In FY17-18 total District revenues were \$13,857,000 up by \$799,000 or 6% compared to FY16-17 with which the District was able to fund most of the expenditures. Total District expenditures, including capital costs and investment losses, were \$13,870,000 up by \$819,000 or 6.3%.

For your information, as part of required Auditor communication, Davis Farr, LLP. has also prepared two more communications to the Board of Directors: Summary of Audit Results and Report on Internal Controls, included in this package following the Comprehensive Annual Finance Report (CAFR).

Action Item:

Please review to consider approval of the District's FY17-18 Comprehensive Annual Financial Report (CAFR) including Independent Auditor's Report at the Board of Directors meeting on Wednesday, November 28, 2018 which follows the Finance Committee review on Monday, November 5, 2018.

Beach Cities Health District
Los Angeles County, California

A Healthy Beach Community

Serving the residents of Hermosa Beach, Manhattan Beach and Redondo Beach, California

Comprehensive Annual Financial Report

Fiscal Year ended June 30, 2018



Beach Cities
Health District

A Public Agency

BEACH CITIES HEALTH DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018



514 N. Prospect Avenue
Redondo Beach, California 90277

Prepared by:
Finance Department

Introductory Section

BEACH CITIES HEALTH DISTRICT
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018

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November 15, 2018

Letter of Transmittal

Board of Directors, Beach Cities Health District,
Citizens of Hermosa Beach, Manhattan Beach and Redondo Beach, California:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Beach Cities Health District (BCHD or “the District”) for the fiscal year ended June 30, 2018. The District is committed to sound fiscal policies, responsible management and transparency in financial reporting.

Responsibility for the accuracy and completeness of the data presented herein, including all disclosures rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of the operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

Please refer to the Management Discussion & Analysis (MD&A) section beginning on page 4 for an overview of the District’s financial position. This transmittal letter is designed to complement the MD&A and provide some additional information about the CAFR, the District and its services. The District’s MD&A is supplementary information required by *Government Auditing Standards*, issued by the Comptroller General of The United States, and provides information and analysis that users need to interpret the basic financial statements.

The BCHD CAFR is presented in four sections per standard practices: (1) Introductory, (2) Financials, (3) Required Supplemental Information, and (4) Statistical. (1) The introductory section, unaudited, includes in addition to this transmittal letter information about the District’s organization. (2) The financial statement section, audited, includes the independent auditor’s report, management’s discussion & analysis (MD&A), basic financial statements, related footnotes and other schedules that provide detailed information relative to the basic financial statements. (3) Required supplemental information, also audited, are additional information deemed relevant to the audit of the District. (4) The statistical section, unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Service Efforts and Accomplishments. In Fiscal 2017-18, the District continues its work to achieve its purpose and vision “A Healthy Beach Community”. It delivered and funded services and programs to its residents and citizens through the Health and Fitness operations and Life Spans departments; children, youth and adults and older adults, including the Blue Zones approach. Adhering to its health priorities, financial strategies, policies and adopted financial budget as evidenced by the budget-to-actual discussion

and reports presented in the MD&A, and the Required Supplementary section in this package.

Reporting Entity. This CAFR presents the financial status of the District comprised of one main General Fund and its component unit, Prospect One Corporation (POC).

The General Fund accounts for all the District's inflows of funds and outflowing operating and capital investment expenditures, including its assets and liabilities.

POC is a Special Revenue Fund consolidated with the District's reporting entity because its Board is comprised of all the District board members, and thus it is operationally and financially intertwined with the District. Therefore, POC is reported on a blended component unit basis as part of the primary government. As a Special Revenue Fund, it segregates activities related to Prospect One Corporation, established to construct and operate medical office building space on the main campus of the District. The Special Revenue Fund has no current activities.

Profile of the Government. The Beach Cities Health District was formed in 1955 under California State's Local Health Care District law, a public health government agency serving the residents of Hermosa Beach, Manhattan Beach and Redondo Beach. At its inception, the District served as a general acute care hospital. Since 1984, the District has promoted public health and general welfare, and is now one of the largest preventative health agencies in the nation. The District is providing health and wellness programs that promote healthy lifestyles, physical fitness and social-emotional well-being. The District offers an extensive range of dynamic innovative services and facilities to promote health and prevent health issues in every lifespan—from toddlers and children to families, adults and older adults.

District Services. The Beach Cities Health District services are based on the strategically developed Health Priorities and delivery is organized around functional areas: Life Span Services, Health and Fitness Operations, Other Operations, Property Management and Support services.

The **Life Span Services Department** consists of the Youth, Adult and Older Adult Services, plus the Blue Zones projects that spans all age groups.

The Youth Services department provides School Health Services with a variety of physical, mental and social health programs for children and youth within the beach cities school setting. These include: health education for elementary students; life skills and substance abuse education for middle school students; and obesity prevention education at the elementary level. LiveWell Kids and LiveWell Tots programs are responsible for identifying and addressing relevant health needs and issues that affect youth; program development; leading community collaborations to create innovative partnerships that address community health needs and BCHD Health Priorities areas including nutrition education, physical activity, and counseling, and substance abuse, bullying, emotional and social Health education.

Older Adult services improve the quality of life and maintain independence for older and disabled residents in the three Beach Cities: confidential in-home assessment, care planning, advocacy, referrals to health and community services, and volunteer services, assistance with participation in Covered California and access to District's Senior, Sick and Disabled Health Fund (for qualified residents).

The Blue Zones project is a multi-discipline effort acting in concert with the cities of Hermosa Beach, Manhattan Beach, Redondo Beach, the three school districts and many employers in these cities. Subject matter experts in worksites, public policy, restaurants, grocery stores, schools and citizen groups engage in activities most likely to produce evidence-based outcomes to raise the health of the community. Year-over-year Gallup Polls, BMI (Body Mass Index) measurements, etc. have added data to help demonstrate effectiveness of the District services, like 60% decline in Childhood Obesity in the Redondo School District from 20% in 2007 to 6.4% in 2017.

The **Health and Fitness Operations** encompasses services provided at the Center for Health & Fitness at 514 Prospect Avenue in Redondo Beach, and AdventurePlex at 1701 Marine Avenue in Manhattan Beach.

The Center for Health & Fitness (CHF) is a medically-based, health and fitness facility that targets adults and older adults from physician referrals and from the District at large. CHF provides affordable, age-appropriate physical activities to assist community members in their efforts to achieve optimal health. It offers such as cardio and strength equipment, a variety of fitness classes, including Silver Sneakers and Silver & Fit programs, Personal Training, Yoga, Pilates and Physical Therapy and Nutrition education.

AdventurePlex is a health, fitness and play center created especially for youth and toddlers. Geared to challenge children - physically, mentally and intellectually - with non-stop activities in a safe, structured environment. It provides a fun place to play, with an Adventure Play structure full of mazes, tunnels and slides; an outdoor rock climbing wall and ropes course; gymnasium; arts & crafts rooms and a specially designed toddler play room (a.k.a. Toddler Town). AdventurePlex also focuses on family fun with many special events throughout the year, an array of classes and day camp sessions.

The **Other Operations and Services** include Health Promotions, Volunteer, Work Well and Information Technology operations and services. These department activities work together with and supplement all departments and deliver programs, like Free Fitness at the beach and in the park, ongoing wellness challenges for residents and staff, etc.

The **Property Management Department** provides around 33% of the District funding through leasing activities. The District owns approximately 262,000 sq. ft. of rental property. With the District oversight, the properties at the main campus are managed by a 3rd party Property Management company.

The **Support Services Departments** provides support through Human Recourses, Finance and Accounting, and Executive services. The funding from the Joint Ventures,

Treasury and Property Tax resources are recognized in the Finance department. The Treasury investment portfolio has a value of \$27.7 million. The District uses a 3rd party Asset Management group to actively manage the portfolio.

The District Profile, Economic Condition and Outlook. The District serves the residents of the Cities of Hermosa Beach, Manhattan Beach and Redondo Beach, in Los Angeles County. The US Census Bureau recent updates estimates a combined population of these cities to be around 131,000. Redondo Beach being the largest with 58%, Manhattan Beach 27% and Hermosa Beach 15% of the population.

The District experiences the same economic pressures and improvements felt by many organizations locally, nationally and globally – low inflation and interest rates, improved property tax values, low unemployment rates, improved economic spending and increased employee salaries and benefits costs. While property values remained flat in 2008-09 through 2011-12, they are now continuing to trend higher and are increasing an average around 6% year-over-year. The District's investment income continued to be affected by prolonged low and slowly rising interest rates offset by unrealized losses in market values. The District can manage its realized gains and losses by leveraging three to five-year maturity securities per its Investment Policy strategy but will see realized losses in the coming year as lower interest-premium instruments are replaced with higher interest-premium instruments.

Governance of Financial Information. District management is responsible for establishing and maintaining an internal control framework that is designed to prevent fraud and protect the District's assets focusing on financial, operational, compliance and strategic objectives. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by management.

We believe that the District's internal control framework adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Financial and operational controls are designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America (US GAAP).

The District maintains budgetary, financial and operating controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the general and special revenue fund are included in the annual budget. The level of budgetary control, the level that expenditures cannot legally exceed budgeted expenditures, is established annually by resolution by the Board. As demonstrated by the statements and schedules in the financial section and required supplemental information of this report, the District continues to meet its responsibility for sound financial management. The objective of

Financial controls is to provide Financial Statements that are presented fairly, completely and accurately, free from material misstatements. The objective of operational controls is to complement budgetary and financial controls and to ensure processes and procedures are performed according to the District's policies in the most efficient and cost-effective way.

Further as a government entity and a recipient of property tax funding, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable government accounting rules issued by the Government Accounting Standard Board (GASB), governmental laws, regulations and reporting requirements.

The District's Board manages governance with monthly board meetings, with several committees (Finance, Policy, Community Health, Properties, and Strategic Planning Committees) comprised of two board members and citizens from the three Beach Cities and by a framework of policies. Policies are reviewed and updated regularly. The Board has established a specific reserve policy to ensure preservation of the District. The Principal Preservation policy was most recently updated in fiscal 2016-17 to establish a Committed Fund Balance adopted by resolution #541 for investments in assets that will ensure future funding for the District's purpose and vision of creating "A Healthy Beach Community". The Board guides, reviews and oversees the strategic vision and mission of the District, and provides directives to the District's Chief Executive Officer and management.

Cash Management. The District's Investment Policy is reviewed and approved annually by the District's Finance Committee and Board of Directors. It instructs staff to invest funds in a manner that will provide for the highest degree of safety, liquidity and yield in that order while conforming to all statutes governing the investing of public funds per the California Government Code sections 53600, et seq. In 2018, the Board approved the District to establish a 115 Trust and invest \$3 million to manage the growing District's Pension and Other Post-employment Benefits (OPEB) obligations.

Independent Audit. The accounting firm of Davis Farr, LLP (previously called Mayer Hoffman McCann P.C.), Certified Public Accountants, was selected by the BCHD Board for fiscal year 2013-14 audit and subsequent four years through fiscal 2017-18. While the District may retain Davis Farr, LLP for future audits, District management will be making an evaluation and providing the Board with a recommended firm for approval. The auditor's report on the basic financial statements is included in the financial section of this report (pages 1-3).

Report Evaluation. This report seeks to meet established criteria for excellence in financial reporting, providing an easily-readable and efficiently-organized Comprehensive Annual Financial Report (CAFR) whose contents conform to existing standards. This is reflected in continued earning of the Outstanding Financial Reporting Award certificate issued by CA Society of Municipal Finance Officers (CSMFO) found in the introductory section on page vi.

Acknowledgements. Preparation of this report could not be accomplished without the efforts of the District management and staff and the staff of our independent auditors, Davis Farr, LLP Certified Public Accountants. We would like to express our appreciation to everybody who assisted and contributed to its preparation.

Without the continuing review, directives and support of the District Board of Directors in planning and conducting the financial operations of the Beach Cities Health District, preparation of this report would not have been possible.

Respectfully,



Ms. Monica Suua, CPA, CIA
Chief Financial Officer

Beach Cities Health District

District Officials

June 2018



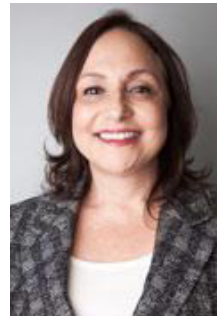
Noel Chun
M.D.
President



Vanessa I. Poster
President
Pro Tem



Jane Ann Diehl
Secretary -
Treasurer



Michelle Bholat
M.D.
Director



Vish Chatterji
Director

BOARD OF DIRECTORS

Noel Chun, M.D. President
 Vanessa I. Poster, President Pro Tem
 Jane Ann Diehl, Secretary-Treasurer
 Michelle Bholat, M.D., Director
 Vish Chatterji, Director

ELECTED

11/06, 11/10¹, 11/14
 11/96, 11/00, 11/04, 11/08, 11/12¹, 11/16
 11/14¹, 11/16
 11/14
 06/17¹

DISTRICT EXECUTIVE LEADERSHIP

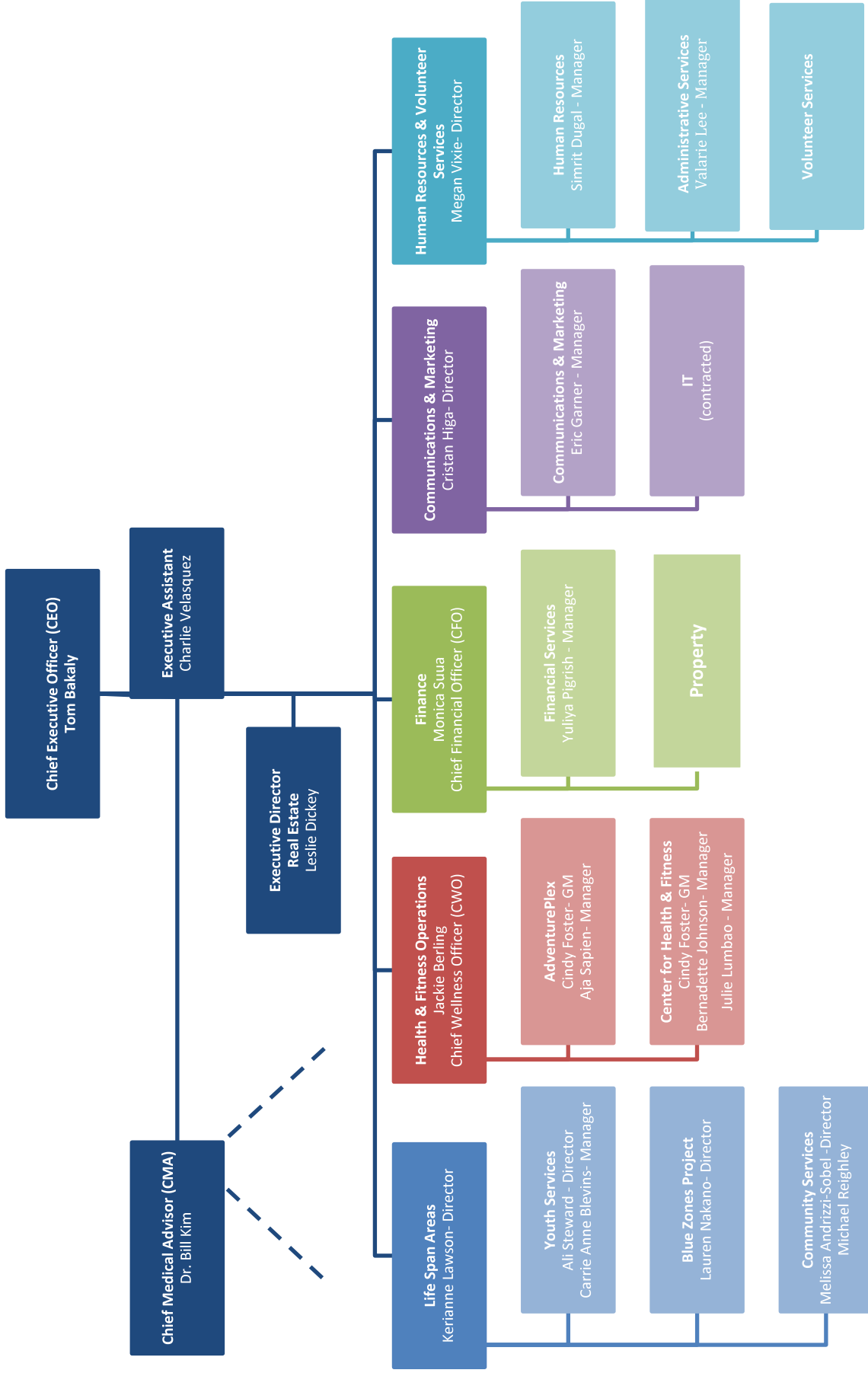
Tom Bakaly, Chief Executive Officer
 William Kim, M.D., Chief Medical Advisor
 Jackie Berling, Chief Wellness Officer
 Monica Suua, CPA, CIA, Chief Financial Officer

FINANCE DEPARTMENT

Yuliya Pigrish, Accounting Manager
 Paul Belknap, Business & Data Operations Analyst
 Patty Cortez, Payroll Accountant
 Charlnisha Garnett, Staff Accountant
 Jessica Rodriguez, Finance Assistant
 Lisa Sheinberg, Volunteer

1) Appointed in Lieu of Election.

DISTRICT OVERALL



2016-2019: Health Priorities

YOUTH	ADULTS	ADULTS 65+
Nutrition and Exercise	Nutrition and Exercise	Nutrition and Exercise
Mindfulness, Social Emotional Learning and Stress Reduction	Mindfulness, Social Emotional Learning and Stress Reduction	Mindfulness, Social Emotional Learning and Stress Reduction
Substance Use Prevention	Substance Abuse Prevention	Substance Abuse Prevention
Support Evidence-Based Tobacco Control Policies	Support Evidence-Based Tobacco Control Policies	Support Evidence-Based Tobacco Control Policies
Bullying Prevention	End of Life Planning x	Dementia



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RESOLUTION NO. 541

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BEACH CITIES HEALTH DISTRICT
ADOPTING A COMMITTED FUND BALANCE

WHEREAS, the Chief Executive Officer and staff have prepared an annual capital investment budget.

WHEREAS, said capital investment budget funds are drawn from the Committed Fund balance.

WHEREAS the Board of Directors of the Beach Cities Health District can authorize exceptions causing increases or decreases to the Committed Fund balance during the course of the fiscal year.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF BEACH CITIES HEALTH DISTRICT HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

1. That the Beach Cities Health District management will establish a Committed Fund balance at each fiscal year end. Such Committed Fund balance shall be available for use with items on the Board of Directors' approved annual capital investment budget and shall be placed in such investments as determined by the Board of Directors. The Committed Fund balance shall not be used for any other purpose unless the Board of Directors removes or changes the specified use.

2. The Committed Fund balance will be included in the Beach Cities Health District annual audited financial statements.

3. The Committed Fund balance shall be determined at the end of each fiscal year as all funds and other investments held by the Beach Cities Health District, other than an operating reserve equal to fifty percent (50%) of the current year's operating expenses. Such reserve amount shall be the Uncommitted Fund balance.

4. That this resolution shall become effective as of, on and after the 30th day of June, 2017.

PASSED, APPROVED, AND ADOPTED THIS 26th DAY OF JULY, 2017.

Dr. Michelle Bholat, President
Board of Directors
Beach Cities Health District

ATTEST:

Vanessa Poster, Secretary-Treasurer
Board of Directors
Beach Cities Health District

California Society of Municipal Finance Officers

Certificate of Award

**Outstanding Financial Reporting
Fiscal Year 2016-2017**

Presented to the

Beach Cities Health District

For meeting the criteria established to achieve the Outstanding Financial Reporting Award.

March 19, 2018



Drew Corbett

**Drew Corbett
CSMFO President**

Craig Boyer

**Craig Boyer, Chair
Professional Standards and
Recognition Committee**

Dedicated Excellence in Municipal Financial Reporting

Financial Section

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Beach Cities Health District
Redondo Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Beach Cities Health District ("District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Sunrise Beach Cities Assisted Living, L.P., which represents 15.13%, 17.11%, and 16.58%, respectively, of the assets, net position, and revenues of the District. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sunrise Beach Cities Assisted Living, L.P., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended June 30, 2018, reflect a certain prior period adjustment as discussed further in note 14 to the financial statements. The prior period adjustment is the result of the District implementing Governmental Accounting Standards Board (GASB) Statement No. 75 related to other post-employment benefits. Our opinion is not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

We have previously audited the District's 2017 financial statements, and we expressed an unmodified opinion on the respective governmental activities and each major fund in our report dated January 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Pension Plan Contributions, Schedule of the Plan's Proportionate Share of the Net Pension Liability, Schedule of Changes in OPEB Liability and Related Ratios, and the Schedule of OPEB Contributions* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information contained in the *Introductory Section* and the *Statistical Section* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information contained in the *Introductory Section* and the *Statistical Section* has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Daniel Fan

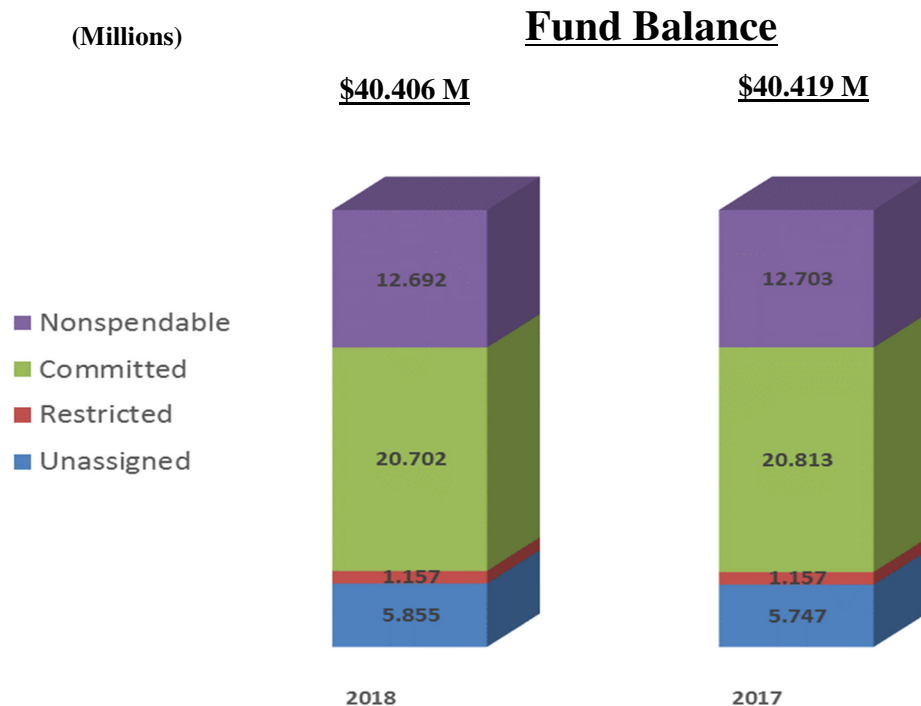
Irvine, California
November 19, 2018

Management of the Beach Cities Health District (BCHD, the District) has prepared this Management Discussion and Analysis (MD&A) for readers of the District's financial statements. This narrative overview and analysis of the financial activities of the District is for the fiscal year ended June 30, 2018. Readers are encouraged to read this information alongside the District's audited financial statements that follow.

Financial Highlights

Beach Cities Health District executed all its services, invested \$1,440,000 in capital investments and maintained its obligations using primarily current year's inflows. In fiscal 2016-17 the Board adopted a resolution to maintain a Committed Fund balance to be used for capital investments that will ensure future preservation of BCHD principal and ongoing preventative health services for the community. The Committed Fund Balance is the remaining funds after deducting Nonspendable and Restricted funds, and funds to cover 50% of the current fiscal year operating expenses.

- Total BCHD Fund Balance \$40.4 million decreased by \$13,000.
- Nonspendable Fund Balance \$12.7 million decreased by \$9,000.
 - Prepaid items are \$301,000, increased by \$180,000
 - Note receivable is \$2.2 million, decreased by \$270,000
 - Investment in limited partnerships is \$10.2 million, increased by \$81,000
- Available Fund Balance \$26.6 million decreased by \$4,000:
 - Committed Fund Balance is \$20.7 million, decreased by \$112,000
 - Unassigned Fund Balance is \$5.9 million, increased by \$108,000
 - Restricted (for medical building purposes) Fund Balance \$1.2 million, no change.



Total District's FY17-18 inflows of \$13.9 million increased by \$799,000 compared to FY16-17 with changes in the sources of funds as follows:

- Property taxes increased by \$237,000 due to increase in property tax base,
- User fees from the Health and Fitness operations decreased \$31,000 due to drop in memberships,
- Financing and Rental income increased by \$143,000 due to rental increases and temporary rental of the empty lot on Flagler street,
- Income from Limited Partnerships increased by \$472,000 due to much improved operating income from the 80% partnership with Sunrise Senior Living, LLC.
- Investment earnings decreased by \$64,000 due to the change in Unrealized/Realized Losses in the investment portfolio market value off-set by interest earnings from the investment portfolio, and
- Other sources increased by \$42,000 due renewed service agreement with the City of Manhattan Beach and grant received from CA Mental Health Services department.

74% of the District's services and operations are financed with funding sources other than taxes noted above. The amount financed by taxpayers through property taxes in fiscal 2017-18 was \$3.6 million, 26% of total revenues.

Total District's FY17-18 outflows of \$13.9 million increased by \$819,000 compared to FY16-17 with changes in the main categories of expenses as follows:

- Capital investments increased by \$604,000 from major capital improvements required for the 514 Prospect building and investments in the Healthy Living Campus project,
- Professional Fees increased by \$269,000 from increased property management and engineering fees, and investment in the Healthy Minds initiative,
- Direct payment of Health programs increased by \$68,000 due to increased pricing of home help services and expansion of programs, and
- Other operating expenses combined, including payroll, administration, community outreach, IT, etc. decreased by \$122,000.

The District also presents its financial statements according to GAAP (Generally Accepted Accounting Principles) called, Government-wide financial statements. The District's Government-wide financial statements convert the Government Fund Financial Statements that depicts current financial resources to a long-term economic resources measurement basis adding capital assets and noncurrent assets and liabilities to the balance sheet.

While the District's Cash balance increased by \$242,000, total assets decreased by \$430,000 (inclusive of deferred balances). Investments in Capital decreased by \$722,000, (net of additions, deletions and depreciation) contributing to the main decrease in Net Position.

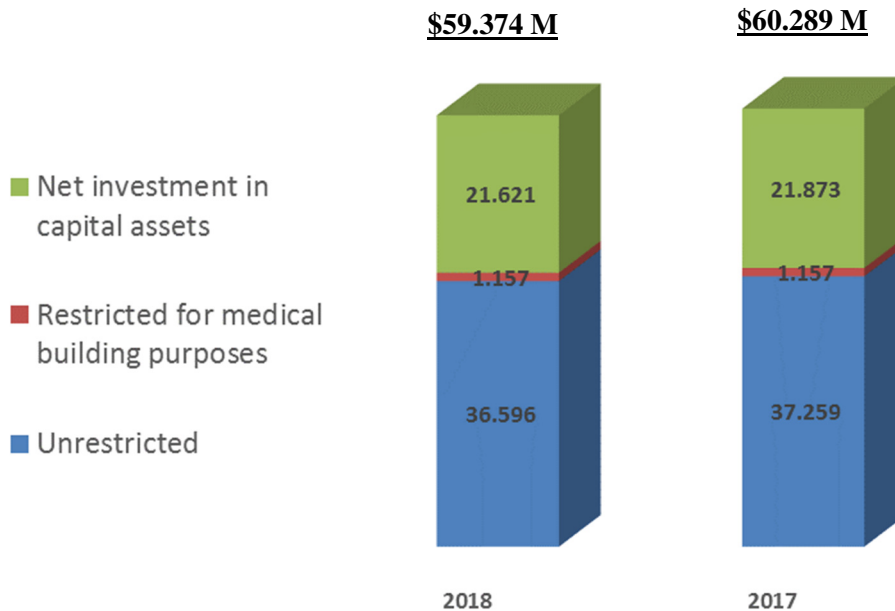
Total liabilities increased by \$485,000 (inclusive of deferred balances.) While the District didn't take on any new debt, noncurrent liabilities increased by \$462,000 due to changes in Pension and Other Post-Employment Benefits (OPEB) liabilities.

- Total Net Position of \$59.4 million decreased by \$915,000,
 - Net capital investments of \$21.6 million decreased by \$252,000 (net of additions, deletions, depreciation and debt),
 - Special Revenue fund of \$1.2 million had no change, and

- Unrestricted funds \$36.6 million decreased by \$663,000.
 - \$280,000 decrease from restating the beginning fund balance due to implementation of GASB Statement No.75 requiring the District to account for the Unfunded Actuarial Accrued Liability, which is the difference between actual plan assets and the actuarial calculated liability, for Other Post-Employment Benefits (OPEB),
 - \$499,000 decrease due to increased Pension liability, offset by
 - \$116,000 increase due to savings in other operating expenses.

(Millions)

Net Position



Overview of the Financial Statements

The MD&A is intended to serve as an introduction to and overview of the Beach Cities Health District’s financial statements. The District’s financial statements are comprised of three components: 1) Government-wide financial statements, 2) Government Fund financial statements, with a reconciliation of the Government Fund financial statements to the Government-wide financial statements, and 3) notes to the financial statements. Accompanying these three basic audited financial statements are required supplemental information (RSI).

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances and financial position, in a manner similar to private-sector businesses. The Government-wide Financial Statements can be found on pages 17-18 of this report.

The statement of Net Position is like a balance sheet in the private-sector presenting information on all the District’s assets and liabilities, using the economic resources measurement focus and full accrual basis of accounting, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position (i.e. equity or net assets) can serve as a useful indicator of whether the financial position of the District is improving or declining keeping in mind that the accounting rules (GAAP) requires land and fixed assets to be measured on a historical

cost basis. In other words, while current and other assets are valued at Market, Capital assets are valued at Cost.

The statement of activities is similar to a profit and loss statement in the private-sector presenting information showing how the district's Net Position changed during the most recent fiscal year. Changes in Net Position are reported as soon as an event occurs, regardless of the timing of related cash collections or disbursements. Rather than reporting capital investments as expenditures, the capital investment is capitalized and depreciation expense is recorded over the life of the asset. Revenues and expenses are therefore reported in this statement for some items that will result in cash flows in future fiscal periods (i.e. receivables are setup for revenues earned but not yet received and accrued liabilities are setup for expenses incurred but not yet paid at fiscal year-end).

Fund balance financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with budgetary controls adopted and reviewed by the District's Board of Directors elected by the residents of the Beach Cities and with other finance-related legal requirements. The Fund Financial Statements can be found on pages 19-23 of this report.

Governmental funds account for essentially the same functions and operations reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available for use at the end of the fiscal year.

The focus of governmental funds is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental fund activities and balances with similar information presented for government-wide activities and net position.

To make both basic financial statements presentations more clear, effective June 30, 2013, GASB 63 started requiring governments to explicitly identifying deferred outflows and inflows of recourses in the basic financial statements. Deferred outflows and inflows are non-available assets and liabilities designated for future consumption (i.e. future expense) and receipts (i.e. future revenues) of recourses.

To facilitate the comparison between the governmental *fund balance* and governmental-wide *net position*, the financial statements herein include a reconciliation between the two on page 20. In addition, to provide a comparison between the *net change of activities in government fund balance* and the *net change in government-wide net position* activities, the financial statements herein also include a reconciliation between the two on page 22.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the balances and activities presented in both the government-wide and government fund financial statements. The notes to the financial statements can be found on pages 23-59.

Required supplementary information – The MD&A and certain other information as applicable to the District are required to be presented with the basic audited financial statements. Information such as net pension liability, pension contributions and budgetary comparisons are required information for the District to be included. The required supplemental information can be found on

pages 60-65.

Government-wide Financial Analysis

As noted previously, net position can serve over time as an indicator of overall financial position, keeping in mind that the accounting rules requires land and fixed assets to be measured on a historical cost basis and current and other assets are valued at market values. See Government-wide financial statements on page 17-18.

The District's Net Position (page 17), assets plus deferred outflows exceeded liabilities and deferred inflows by \$59.4 million at the close of the fiscal year ended June 30, 2018. Which is a decrease in Net Position from prior fiscal year by \$0.9 million due to depreciation expense of capital assets being greater than net new additions of capital investments and increases in Pension and OPEB liabilities. Summarized and illustrated below.

- Total assets of \$67.2 million decreased by <\$558,000>:
 - Cash and Investments increased \$242,000
 - Prepaid items increased by \$180,000
 - Investment in Limited Partnership increased by \$81,000
 - Accounts Receivable and Amortization of Notes Receivable decrease <\$339,000>,
 - Construction-in-Progress (CIP) increased by \$1,087,000
 - Capital assets net of accumulated depreciation decreased by <\$1,809,000>
- Deferred Outflows of \$1.1 million increased by \$128,000.
- Total liabilities of \$8.5 million increased by \$320,000:
 - Current Liabilities, short term payables, increased by \$24,000
 - Long-term liabilities increased by \$296,000
- Deferred outflows of \$0.4 million increased by \$166,000

Statement of Net Position
(\$ Millions)

	Governmental Activities		Increase (Decrease)
	2018	2017	
<u>Assets</u>			
Current and other assets	\$ 41.9	\$ 41.7	\$ 0.2
Capital assets	25.3	26.0	(0.7)
Total assets	67.2	67.7	(0.5)
<u>Deferred Outflows of Resources</u>			
Pension and OPEB Contributions	1.1	1.0	0.1
<u>Liabilities</u>			
Long-term debt outstanding	7.3	7.0	0.3
Other liabilities	1.2	1.2	0.0
Total liabilities	8.5	8.2	0.3
<u>Deferred Inflows of Resources</u>			
Pension and OPEB Contributions	0.4	0.2	0.2
<u>Net Position</u>			
Net investment in capital assets	21.6	21.9	(0.3)
Restricted	1.2	1.2	-
Unrestricted	36.6	37.3	(0.7)
Total Net Position	\$ 59.4	\$ 60.3	\$ (0.9)

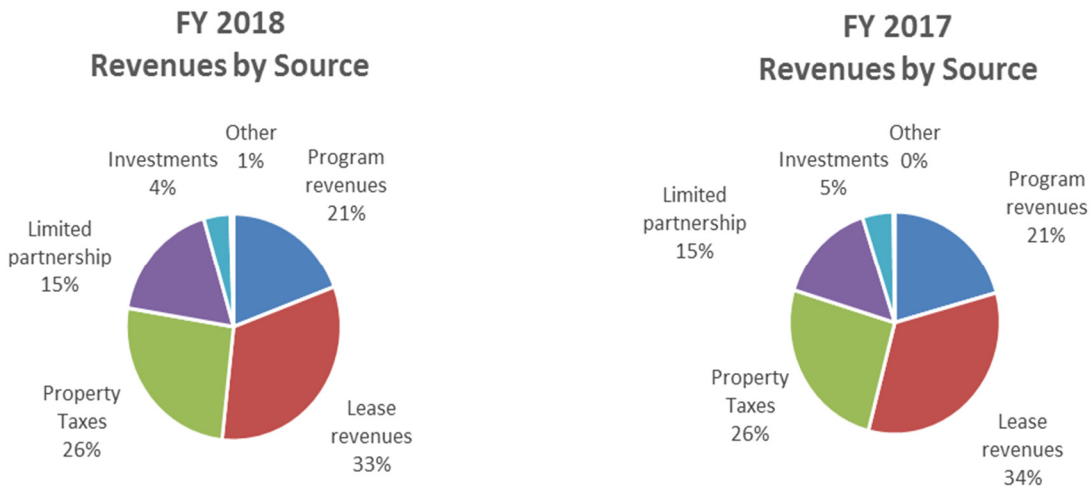
A significant portion of the District's Net Position of \$59.4 million, \$21.6 million or 36.4%, reflects its net investment at cost in Capital Assets (land, buildings, land and building improvements, furniture, fixtures, computer equipment, fitness equipment, etc.) after depreciation and any liabilities outstanding. The District leverages these capital assets to provide services to the Beach Cities residents. Further the District's "Net investment in capital assets" is reported net of related capital lease debt and the resources needed to repay this debt, which must be provided from other unrestricted sources, since the capital assets are in use themselves and cannot be used to liquidate these liabilities.

Besides the investments in capital assets, \$1.2 million represent resources specifically for Prospect One Corporation restricted for the purpose of constructing and owning medical office buildings, a component unit of Beach Cities Health District. Therefore, the remaining balance of unrestricted net assets, \$36.6 million, is used to meet the District's ongoing operations (including maintaining debt service) and services to its citizens net of deducting funds tied to intangible assets, such as prepaid items and Notes Receivables.

The Statement of Activities illustrates the Government-wide presentation of revenues and expenses on page 18. FY17-18 incurred gross expenses including interest on long-term debt and depreciation expense for capital assets of \$14.6 million, an increase of \$1.1 million or 8.2% from the previous year with increases mainly in pension and OPEB expenses and Professional Services (property and engineering expenses, and new Healthy Minds initiative).

Further in the Statement of Activities, the amount financed by taxpayers through property taxes was \$3.6 million, compared to \$3.4 million in the prior year. This represents 26% of total revenues; 74% of the Districts services are financed with other funding sources.

As shown in the following chart another 21% of the cost of services was paid by Program Revenues (user fees), those directly benefiting from programs. Program Revenues remained flat compared to prior year at \$2.7 million. The remaining 53% (\$7.7 million) are revenues generated from District owned resources (property lease revenues, limited partnership income and interest and earnings from investments).



Governmental Funds Financial Analysis

The Beach Cities Health District uses fund accounting to report on services provided to its citizens and to ensure and demonstrate compliance with the Board approved budgets and governmental financial reporting requirements. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s short-term liquidity and financing requirements.

The Net Fund balances are near-term available funds for the Board and staff to manage and protect. On July 26, 2017, the District Board adopted resolution 541 to create a “Committed Fund Balance” dedicated to future Capital Investments to ensure preservation of Principal and long-term funds for preventative health services to the community. “Non-spendable Fund Balances” are assets tied to intangible assets like prepaid items, notes receivable and investments in partnerships. The “Unassigned Fund balance” are the District’s net resources available if needed for ongoing operating expenses at the end of the fiscal year.

As June 30, 2018, pages 19-22, the District’s governmental funds reported combined ending fund balances of \$40.4 million, a decrease of \$13,000 from prior year. 51.2% or \$20.7 million is Committed to be available for future capital investments and 14.5% or \$5.9 million is Unassigned or available funds for other operating expenditures. The remainder of the fund balance, 34.3% or \$13.8 million of assets are Non-spendable: a) \$10.2 million are invested in limited partnerships, b) \$2.5 are pre-paid items and net notes receivable, and c) \$1.2 million is for Prospect One Fund designated a Special Revenue Fund restricted for medical building purposes.

General Fund. The General Fund is the only operating fund of the District. At the end of the current fiscal year, the General Fund balance is \$39.3 million, decrease of \$13,000 from the

previous year.

The District had an operating surplus of \$2.148 million less capital expenditures of \$1.441 million and debt service expenditures of \$0.720 million, resulting in the \$13,000 decrease in Fund Balance.

As a measure of the district's liquidity, i.e. available funds, Committed and Unassigned fund balances represent 191% of current total General Fund expenditures (operating, capital and debt service expenditures).

Special Revenue Fund. Beach Cities Health District's special revenue fund segregates activity related to Prospect One Corporation, established to construct and operate medical office building space on the main campus of the District. There was no activity in the Special Revenue fund in the current fiscal year.

Fund balance of the Special Revenue Fund at the end of the year was \$1.2 million.

General Fund FY2017-18 Budgetary Highlights versus Actual FY2016-17

In May 2017, the Board of Directors approved a balanced budget for the fiscal year 2017-2018 that forecasted an operating surplus, before capital expenditures, of \$501,000. The approved FY2017-18 budget allowed the District to maintain all commitments to preventative health programs and services, improve and add some new programs, like the Garden Program expansion and the Healthy Minds initiative and continue investing in Capital improvements to ensure continued future funding. See page 64 for FY2017-18 budgeted "Net Changes In Fund Balance" of <\$4,726,000> adding back capital investments of \$5,227,000 (including carry-over capital commitments from prior years), resulting in an operating surplus of \$501,000.

The District final budgeted FY2017-18 operating revenues of \$13,327,000 was increased by 2% or \$269,000 greater than total actual FY2016-17 of \$13,058,000. Due to recent fluctuations in both the Income from Limited Partnerships and Investment earnings, the District wanted to show a conservative increase in revenues.

The income from Limited Partnerships budget is mainly affected by the results from the Sunrise Senior Living 80% joint venture that had recently incurred lower occupancy then in prior years due to turnover and required room renovations (i.e. resulting in less rooms available to rent).

Investment earnings budget was materially affected by the extended low interest rates affecting market values on debt securities held on hand resulting in material changes in Realized and Unrealized investment earnings.

The District budgeted operating expenditures of \$12,826,000 excluding capital investments, increased by \$612,000 or 5% compared to prior year FY2016-17 actual expenses. In general, expenses are anticipated to increase around 2% (considering low inflation rates) except for greater increases in payroll and related expenses to fill open positions and comply with CA minimum wage increase requirements, price increases in home health program services and additional professional services required for the management of the 514 Prospect Avenue property and the new Healthy Minds Initiative.

Expenditures for Capital Outlay, District's long-term investments in capital assets, of \$5,228,000 were included in this FY2017-18 budget. This included projects carried-over from prior years of \$2,296,000 and \$2,932,000 in new investments (\$1,250,000 for the Healthy Living Campus, \$77,000 for equipment, and \$1,605,000 in improvements for existing buildings.) The District is

continuing its Capital improvements in the 514 Prospect building, plus further investments in the Healthy Living Campus. FY16-17 Capital Outlay was \$837,317, \$365,000 in CIP for Healthy Living Campus, and \$383,000 investments in existing buildings and \$89,000 in new equipment.

General Fund FY2017-18 Fiscal Year Actual Performance Highlights Compared to Budget

The District's current actual fiscal change in General Fund Balance is <\$13,000> compared to a budgeted negative net change of <\$4,426,000>. (Page 58.) Most of the difference is due to ongoing Capital Investment projects of \$3,787,000 moved to future years. Actual capital expenditures normally vary from budget largely due to timing of project spending from year to year.

Actual revenues of \$13,857,000 compared to the budget of \$13,327,000 are positive by \$530,000 as follows:

- Financing and Rental income exceeded budget by \$164,000 due greater BOE reimbursements from tenants and rental income from the Flagler street lot not budgeted,
- Property taxes exceeded budget by \$213,000 due to improved property values,
- User fees from the Health and Fitness operations were <\$90,000> due to lesser memberships, personal training classes and camps than anticipated,
- Income from Limited Partnerships increased by \$612,000 due to much improved operating income from the 80% partnership with Sunrise Senior Living, LLC.,
- Investment earnings were <\$420,000> due to another year of experiencing Realized and Unrealized Losses in investment portfolio market value of \$513,000 combined off-set some by interest earnings from the investment portfolio and notes-receivable, and
- Other sources increased by \$51,000 due to renewed service agreement with the City of Manhattan Beach and receipt of unanticipated grant CA Mental Health Services.

Actual expenditures of \$13,870,000 compared to the budget of \$18,054,000 are positive by \$4,183,000 mainly due to capital investments moved to future years. Excluding capital expenditures and payment on debt principal, the District's actual operating expenditures of \$11,709,000 is \$397,000 less than the operating expenditures budget of \$12,106,000. Savings are mainly in payroll not filling all available positions, lesser printing and postage needed for outreach as budgeted and lesser IT Software expense due to delayed implementation of new software to automate workflow for Accounts Payable and customer platform for Community Services.

General Fund FY2017-18 Actual Performance Highlights Compared to FY2016-17 Actual

Actual revenues less expenditures for FY2017-18 decreased the District Fund Balance by <\$13,000> compared to actual FY2016-17 increase of \$7,000

The main reason for the <\$13,000> net change in fund balance in FY2017-18 compared to FY2016-17 is the increased investment in Capital improvements and Healthy Living Campus project. Other reasons are use of increased Professional Services for required elevated property management and engineering cost for the 514 Prospect Avenue building and the Healthy Minds initiative, increased costs for Health Services provided to residents, and increases in payroll due to minimum wage increase.

While in FY17-18 the District paid \$819,000 more in expenditures than in FY16-17 including all the Capital investment, revenues were also higher by \$799,000 compared to FY16-17. The major increase in revenues were from the Limited Partnership with Sunrise Assisted Living. Their

revenues increased by \$473,000, Property Taxes receipts increased by \$237,000, then rental income increased by \$143,000, offset by lesser revenues in investment earnings and User Fees than prior year, FY16-17.

Thus, Fund Balance net change of <\$13,000> in FY17-18 compared to FY16-17 net change of positive \$7,000, caused in a net change difference year-over-year of <\$20,000>, resulted in final fund balances as follows:

- Total BCHD Fund Balance is \$40.4 million, decrease by \$13,000.
- Available Fund Balance \$26.5 million decrease by \$4,000:
 - Committed Fund Balance is \$20.7 million
 - Unassigned Fund Balance is \$5.8 million
- Non-spendable Fund Balance \$12.7 million decreased by \$9,000.

See below table with summary of changes in revenues, expenditures and fund balance. See page 21 for detail numbers by line item.

REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

	Actual (\$ Millions)		Increase (Decrease)
	2018	2017	
Revenues			
Leasing Revenue	\$ 4.5	\$ 4.4	\$ 0.1
Property Taxes	3.6	3.4	0.2
Program Income	2.7	2.7	0.0
Limited Partnership	2.5	2.0	0.5
Investment Earnings	0.6	0.6	0.0
Other	0.1	0.0	0.1
Total Revenues	13.9	13.1	0.8
Expenditures			
Current			
Salaries & related	5.8	5.7	0.1
Grants & projects	1.4	1.4	0.0
Professional Fees	1.6	1.3	0.3
Facilities Management	1.5	1.5	0.0
Community Relations	0.6	0.7	(0.1)
Human Resources	0.2	0.3	(0.1)
General & Administrative	0.4	0.3	0.1
Information Systems	0.1	0.1	0.0
Cost of Goods Sold	0.0	0	0.0
Other	0.1	0.1	(0.0)
Capital Outlay	1.4	0.9	0.5
Debt Service			
Interest and other fiscal	0.4	0.4	0.0
Principal Retirement	0.3	0.4	(0.1)
	13.9	13.1	0.8
Excess of revenues over (under) expenditures	(0.0)	(0.0)	0.0
Other finance resources	-	-	-
	(0.0)	(0.0)	0.0
Beginning Fund Balance	40.4	40.4	(0.0)
Prior period adjustment	-	-	-
Ending Fund Balance	\$ 40.4	\$ 40.4	\$ (0.0)

Capital Asset and Debt Administration

The District's gross investment in capital assets, page 43 (Note 5), as of June 30, 2018 is \$54.3 million at historical cost; \$4.4 million in Land, \$1.8 million in Construction in Progress and \$48.1 million in Buildings and FF&E, which are being depreciated at a current rate of \$1.8 million per year.

Net depreciable capital assets after depreciation is \$19.0 million. Total \$25.3 million of net capital investments include land, buildings, furniture, fixtures, equipment, and land and building

improvements all measured at historical cost. In FY17-18 the District added \$1.4 million and wrote-off a net \$177,000 in capital assets. The net value of capital assets decreased for the current fiscal year by \$722,000 or 2.8% due to depreciation expense of \$1.8 million which exceeded the \$1.1 million in net additions and deletions of capital assets.

Capital asset additions of \$1,441,000 for the year:

• CIP – Healthy Living Campus	956,000
• CIP – Software Automations	51,000
• CIP – 1200 Del Amo HVAC Installation	38,000
• CIP – Security Camera Installation	30,000
• CIP – Artesia and 601 PCH Tenant Improvement	12,000
• 514 Prospect Avenue Building Improvements	285,000
• IT Workstations & Server	32,000
• Adventure Plex Play Equipment	20,000
• Center for Health and Fitness Equipment	17,000

The District’s debt on Capital Leases is \$3,668,000 as of June 30, 2018 (See note 7.) In FY17-18, the District paid down its capital lease debt by \$468,000 in principle, \$412,000 for the Prospect South Bay Parking and \$56,000 for Fitness Equipment. After the end of the new fiscal year June 30, 2019, the District will have paid in full for the Fitness Equipment, leaving only the annual Prospect South Bay Parking lease payment of \$720,000 including both principle and interest.

Economic Outlook

The US economy continued to improve in FY17-18. GDP grew 4.2% in the 2nd quarter of 2018, the highest since the 3rd quarter of 2014, followed by a 3.5% growth in the 3rd quarter September 30, 2018 (per Trading Economics posting). Inflation rate continue to hold steady at around 2%, 2.1% for 2016 and 2017, 1.9% so far in 2018, and forecasted right at 2% for 2019 and 2020, assuming the Federal Reserve will continue its slight increase is the Federal Funds rate to up to 3% in 2020.

UCLA Anderson Forecast on September 26, 2018 predicts that “As the national economy continues to grow in its 10th year of expansion, UCLA Anderson Forecast’s third quarterly report in 2018 questions whether the growth is sustainable. Currently operating at full employment and benefiting from the massive tax cut and spending increases, the economic stimulus coming from that combination will likely run out in 2020, with deficits that it created lingering for another decade”.

While housing sales are not increasing as hoped in 2018 (per Trading Economics), they were strong in 2017 and property values kept improving nationally, with local property values improving alongside and even greater. The Beach Cities’ saw an increase of 6.57% in its taxable property value in FY17-18 versus FY16-17. With improved local property values, the District’s Property Tax revenue has seen continued increases year-over-year by approximately 6% (6.4% FY17-18 versus FY16-17 and 6.7% FY2016-17 versus FY2015-16) per year since 2011-12 after remaining flat from 2008-2011. Interest rates has finally started rising resulting in a 12% increase year-over-year in the District’s interest income from the District investment portfolio and is expected to continue to increase slowly. While the same trends most likely will hold through 2018, 2019 and on-forward some anticipate weakening economic growth in 2020 nationally as well as in California affected by the uncertainty in trade from the ever-increasing tariffs between China and US and the marginal effect the newly negotiated NAFTA (or USCMA) agreement has had nationally and locally.

With improved economic indicators and outlook at least in the short term, in addition to the increase in property taxes, the District anticipates the General Fund revenue to see continued growth of at least 3%. Property tax revenue is expected to grow 5%, while lease income is expected to remain flat with contractual rental increases offset by lesser reimbursements of BOE. Program fees are expected to see a rebound increase in revenue of 4% due to its new personal fitness training programs and some price increases. While prior year partnership income increased a whole lot year-over-year due to better occupancy and expense management, based on historical fluctuations, the District conservatively anticipated the coming year income to decrease by 12% compared to prior year. During FY17-18 investments in 2-5-year Treasury bond market continued to see low yields and the District continued to record Realized and Unrealized Losses of investments on hand; however, current interest rates are seeing a slight increase with the US Federal Reserve increasing the Federal Funds rate to around 2.25% boosting interest rates in the market, which should result in better yields in the future as instruments with lower yields have been sold off. The District projects are 3% increase in investment earnings. The District's asset managers monitor rates and manages each sale and purchase individually to ensure the best possible realized return on investments when traded.

Beach Cities Health District will continue to pursue increased funding through expansion of user fee services for good value and investment opportunities in the open market. Particularly, the District will be able to start taking advantage of higher yields by starting a 115 Trust in the last quarter of 2018 for investing in funds that will help offset future Pension and OPEB obligations. If the economy continues to be strong and improve, the District funding will continue to increase alongside for a couple more years. Per the District's estimates, in approximately 3 years, rental income will start to decline due to the aging building and loss of tenants. Therefore, staff is planning to continue to investment in the Healthy Living Campus project that will take at least 5-10 years to come to fruition.

The long-term capital investments to replace future declining rental income will allow the District's services to continue to be financed with three quarters of its funding from sources other than taxes ensuring the Beach Cities residents continue to see value for its property tax dollars.

Requests for Information

This Comprehensive Annual Financial Report (CAFR) is designed to provide a general overview of the Beach Cities Health District's financial activities and position. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Beach Cities Health District, Finance Department, 1200 Del Amo Street, Redondo Beach, CA 90277.

BEACH CITIES HEALTH DISTRICT

Statement of Net Position

As of June 30, 2018
(with comparative data for prior year)

	Governmental Activities	
	2018	2017
ASSETS		
Cash and investments (note 2)	\$ 28,416,243	28,174,690
Accounts receivable - net	487,158	580,336
Interest receivable	144,575	133,134
Notes receivable - net investment (note 4)	2,175,441	2,446,324
Taxes receivable	142,099	114,512
Pass through grants receivable	-	13,977
Prepaid items	301,035	120,799
Investment in limited partnerships (note 6)	10,216,731	10,135,591
Capital assets not being depreciated (note 5)	6,195,385	5,108,086
Capital assets - net of accumulated depreciation (note 5)	<u>19,093,419</u>	<u>20,902,376</u>
TOTAL ASSETS	<u>67,172,086</u>	<u>67,729,825</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related (note 9)	1,114,965	1,006,009
OPEB Related (note 11)	<u>19,039</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,134,004</u>	<u>1,006,009</u>
LIABILITIES		
Current liabilities:		
Accounts payable	292,637	269,353
Accrued liabilities	225,693	272,669
Accrued payroll	256,735	222,717
Deposits	180,407	179,688
Unearned service fees	289,177	276,282
Noncurrent liabilities:		
Due within one year (note 7)	770,077	713,927
Due in more than one year (note 7)	3,200,264	3,724,881
Net pension liability (note 9)	2,659,667	2,212,946
Net OPEB liability (note 11)	<u>672,827</u>	<u>355,470</u>
TOTAL LIABILITIES	<u>8,547,484</u>	<u>8,227,933</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related (note 9)	300,868	139,652
OPEB Related (note 11)	<u>84,662</u>	<u>79,790</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>385,530</u>	<u>219,442</u>
NET POSITION		
Net investment in capital assets	21,620,650	21,873,088
Restricted for medical building purposes	1,156,708	1,156,708
Unrestricted	<u>36,595,718</u>	<u>37,258,663</u>
TOTAL NET POSITION	<u>\$ 59,373,076</u>	<u>60,288,459</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2018
(with comparative data for prior year)

Functions	Expenses	Program Revenues	Governmental Activities	
		Charges for Services	Net (Expense) Revenue and Change in Net Position	
			2018	2017
Primary government:				
Preventive health services	\$ 14,338,364	2,671,695	(11,666,669)	(10,493,284)
Interest on long-term debt	<u>307,507</u>	<u>-</u>	<u>(307,507)</u>	<u>(338,893)</u>
 Total	 <u>\$ 14,645,871</u>	 <u>2,671,695</u>	 <u>(11,974,176)</u>	 <u>(10,832,177)</u>
 General revenues:				
			4,649,091	4,394,800
			3,591,891	3,355,324
			2,473,590	2,001,129
			555,677	619,756
			<u>68,292</u>	<u>26,113</u>
		Total general revenues	<u>11,338,541</u>	<u>10,397,122</u>
		Change in net position	(635,635)	(435,055)
		Net position, beginning of year, as restated (note 14)	<u>60,008,711</u>	<u>60,723,514</u>
		Net position, end of year	<u>\$ 59,373,076</u>	<u>60,288,459</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Governmental Funds

Balance Sheet

As of June 30, 2018

(with comparative data for prior year)

	General	Prospect	Totals	
	Fund	One Fund	2018	2017
<u>ASSETS</u>				
Cash and investments (note 2)	\$ 27,259,535	1,156,708	28,416,243	28,174,690
Account receivable - net	487,158	-	487,158	580,336
Due from other funds	-	-	-	-
Interest receivable	144,575	-	144,575	133,134
Notes receivable - net investment (note 4)	2,175,441	-	2,175,441	2,446,324
Taxes receivable	142,099	-	142,099	114,512
Pass through grants receivable	-	-	-	13,977
Prepaid items	301,035	-	301,035	120,799
Investment in limited partnerships (note 6)	10,216,731	-	10,216,731	10,135,591
TOTAL ASSETS	<u>\$ 40,726,574</u>	<u>1,156,708</u>	<u>41,883,282</u>	<u>41,719,363</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 292,637	-	292,637	269,353
Accrued expenses	225,693	-	225,693	272,669
Accrued payroll	256,735	-	256,735	222,717
Due to other funds	-	-	-	-
Deposits	180,407	-	180,407	179,688
Unearned service fees	289,177	-	289,177	276,282
TOTAL LIABILITIES	<u>1,244,649</u>	<u>-</u>	<u>1,244,649</u>	<u>1,220,709</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	232,190	-	232,190	79,026
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>232,190</u>	<u>-</u>	<u>232,190</u>	<u>79,026</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid items	301,035	-	301,035	120,799
Note receivable	2,175,441	-	2,175,441	2,446,324
Investment in limited partnerships	10,216,731	-	10,216,731	10,135,591
Committed:				
Capital investment	20,701,868	-	20,701,868	20,813,451
Restricted for medical building purposes	-	1,156,708	1,156,708	1,156,708
Unassigned	5,854,660	-	5,854,660	5,746,755
TOTAL FUND BALANCES	<u>39,249,735</u>	<u>1,156,708</u>	<u>40,406,443</u>	<u>40,419,628</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 40,726,574</u>	<u>1,156,708</u>	<u>41,883,282</u>	<u>41,719,363</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 40,406,443

Amounts reported for governmental activities in the Statement of Net Position are different because:

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund. 232,190

Long-term debt and compensated absences that have not been included in the governmental fund statements. The payables, however, are a liability in the Statement of Net Position:

Capital lease payable (3,668,154)
Compensated absences (302,187)

Net pension and OPEB liabilities and related deferred inflows of resources are not due and payable in the current period. Deferred outflow of resources is not considered a current asset or financial resource. As a result, these items are not reported in the governmental funds (notes 9 & 11).

Deferred outflows - pension related 1,114,965
Deferred inflows - pension related (300,868)
Net pension liability (2,659,667)
Deferred outflows - OPEB 19,039
Deferred Inflows - OPEB (84,662)
OPEB Liability (672,827)

Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental funds. 25,288,804

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 59,373,076

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2018
(with comparative data for prior year)

	General Fund	Prospect One Fund	Totals	
			2018	2017
REVENUES				
Financing and rental income related to leases	\$ 4,495,927	-	4,495,927	4,353,249
Property taxes	3,591,891	-	3,591,891	3,355,324
Program income	2,671,695	-	2,671,695	2,702,307
Income from limited partnership	2,473,590	-	2,473,590	2,001,129
Investment earnings	555,677	-	555,677	619,756
Other revenues	20,306	-	20,306	5,743
Intergovernmental	47,986	-	47,986	20,508
 TOTAL REVENUES	 13,857,072	 -	 13,857,072	 13,058,016
 EXPENDITURES				
Current:				
Salaries and related expenses	5,771,049	-	5,771,049	5,726,966
Health programs	1,430,245	-	1,430,245	1,362,201
Professional fees	1,613,841	-	1,613,841	1,344,893
Facilities management	1,530,223	-	1,530,223	1,502,474
Community relations	556,361	-	556,361	695,570
General and administrative	372,449	-	372,449	342,506
Human resources	181,568	-	181,568	275,356
Information services	146,959	-	146,959	148,804
Cost of goods sold	34,840	-	34,840	35,655
Other	71,784	-	71,784	59,085
Capital outlay	1,440,938	-	1,440,938	837,317
Debt service:				
Principal retirement	412,493	-	412,493	381,107
Interest and other fiscal charges	307,507	-	307,507	338,893
 TOTAL EXPENDITURES	 13,870,257	 -	 13,870,257	 13,050,827
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (13,185)	 -	 (13,185)	 7,189
 OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	50,053
Transfers out	-	-	-	(50,053)
 TOTAL OTHER FINANCING SOURCES (USES):	 -	 -	 -	 -
 NET CHANGES IN FUND BALANCES	 (13,185)	 -	 (13,185)	 7,189
 FUND BALANCES, BEGINNING OF YEAR	 39,262,920	 1,156,708	 40,419,628	 40,412,439
 FUND BALANCES, END OF YEAR	 \$ 39,249,735	 1,156,708	 40,406,443	 40,419,628

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (13,185)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlay as expenditures. However, in the
Statement of Activities, the cost of these assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	1,105,252
Depreciation expense	(1,826,910)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	469,220
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To record as a revenue the net change in compensated absences in the Statement of Activities.	(753)
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Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.	153,164
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The net pension liability included in the Statement of Activities does not provide (require) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(419,191)
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Other postemployment benefits (OPEB) included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(103,232)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (635,635)</u>
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See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

(1) Summary of Significant Accounting Policies

The financial statements of the Beach Cities Health District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) Reporting Entity

The accompanying financial statements include the Beach Cities Health District (District) and Prospect One Corporation (Corporation). The District is a government agency that was created in 1955 whose purpose is promoting health care in the Cities of Redondo Beach, Manhattan Beach and Hermosa Beach, California. On January 7, 1993, the District changed its name from the South Bay Hospital District to the Beach Cities Health District. Prior to June 1984, the District operated an acute care hospital. The governing body is an elected board of five trustees. The Corporation was established to construct and operate a medical office building for the benefit of the District. The criteria used in determining the scope of the reporting entity is based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and No. 61. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has accounted for the Corporation as a blended component unit. Despite being legally separate, this entity is intertwined with the District and in substance, part of the District's operations.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Certain taxes, interest, subventions, and grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received within the availability period.

(d) Fund Classifications

Major funds are defined as funds that have assets, liabilities, revenues or expenditures equal to at least ten percent of their fund-type total and at least five percent of the grand total of all fund types. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds. The District reports the following major funds:

- *General Fund* – The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.
- *Prospect One Fund* – The Prospect One Fund accounts for all activities of the Prospect One Corporation.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(e) Cash and Investments

The District operates its investment portfolio under the Prudent Investor Standard (California Government Code §53600.3) which states, in essence, that when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. The Local Agency Investment Fund (LAIF) determines the fair value of its portfolio quarterly and reports a factor to the District; the District applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

(f) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(f) Fair Value Measurements (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect an entity's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include an entity's own data.

(g) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables.

Advances between funds, as reported in the fund financial statements, are offset by a fund reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts, if applicable, and estimated refunds due.

Property taxes in the State of California are administered for all local agencies at the County level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- *Property Valuations* – Property valuations are established by the Assessor of Los Angeles County for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.
- *Tax Levies* – Tax levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(g) Receivables and Payables (Continued)

- *Tax Levy Dates* – Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- *Tax Collections* – Collection of taxes is the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- *Tax Levy Apportionments* – Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.
- *Property Tax Administration Fees* – The State of California Fiscal Year 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

(h) Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(i) Capital Assets

Capital assets which include land, buildings and improvements, furniture and fixtures, and machinery and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. The capitalization policy of the District is to capitalize all capital assets with a cost of \$5,000 or more. Such capital assets are recorded at historical cost or estimated acquisition value if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2018.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 – 32
Machinery and equipment	2 – 9
Furniture and fixtures	2 – 9

Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

(j) Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation leave (compensated absences). It is the District's estimate that these compensated absences will be used within one year. As of June 30, 2018, the balance of vacation leave is \$302,187.

(k) Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(l) Deferred Outflows/Inflows of Resources

When applicable, the Statement of Net Position and Balance Sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, are not recognized as an expense or expenditure until that time. The government has three items that qualify for reporting in this category: pension contributions; additional deferral; and actuarial. All of these items relate to the recording of the pension liability.

When applicable, the Statement of Net Position and the Balance Sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only on the Balance Sheet for the governmental funds. The governmental funds report unavailable revenue related to items received outside of the District's availability period of 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has two items that qualify for reporting in this category: additional deferral; and actuarial. Both items relate to the recording of the pension liability.

(m) Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments, including refunds of employee contributions, are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	June 30, 2016 to June 30, 2017

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(n) Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

(o) Fund Balances

Fund balances are reported in the fund statements in the following classifications:

- *Nonspendable* – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).
- *Restricted* – this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. Board of Directors imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.
- *Committed* – includes amounts that can be used only for the specific purposes determined by a formal action of the Board. It includes legislation (Board action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Board action limiting the use of the funds is separate from the action (legislation) that created (enabled) the funding source, then it is committed, not restricted. For the District, a resolution is the highest level of decision-making authority that is used to establish a commitment of fund balance.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(o) Fund Balances (continued)

- *Assigned* – this includes amounts that are designated or expressed by the Board of Directors, but does not require a formal action such as a resolution or ordinance. The Board may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes.
- *Unassigned* – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the District's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned and unassigned resources, in the absence of a formal policy adopted by the Board.

(p) Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities and deferred inflows and outflows and is classified into three categories:

- *Net Investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted for medical building purposes* – represents the net position that is restricted for medical building purposes and is not accessible for general use because their use is subject to restrictions enforceable by third parties.
- *Unrestricted net position* – represents those assets that are available for general use.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(q) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

(r) Prior Year Data

Selected information from the prior years has been included in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2017 from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance its comparability with current year figures.

(2) Cash and Investments

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	<u>\$28,416,243</u>
Total cash and investments	<u>\$28,416,243</u>

Cash and investments as of June 30, 2018 consist of the following:

Petty cash	\$ 3,450
Deposits with financial institutions	710,609
Investments	<u>27,702,184</u>
Total cash and investments	<u>\$ 28,416,243</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The table on the next page identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	\$50,000,000
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Insured passbook on demand deposits with banks and savings and loans	N/A	20%	\$100,000
Negotiable certificates of deposit	1 year	30%	\$100,000
Time certificates of deposit	2 years	50%	\$100,000
Bankers acceptances	180 Days	20%	None
Commercial paper	180 Days	25%	None
Mutual funds (must be comprised of eligible securities permitted under this policy)	N/A	20%	None
Money market funds (must be comprised of eligible securities permitted under this policy)	N/A	20%	None
Registered state warrants or treasury notes of the State of California	5 years	25%	None
Indebtedness of any local agency within the State of California	5 years	25%	None
Repurchase agreements	90 Days	20%	None
Medium term notes	5 years	30%	None
Obligations of the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank	5 years	30%	None

The investment policy allows for the above investments to have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the District.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 36 Months</u>	<u>37 to 60 Months</u>
LAIF	\$ 1,162,506	1,162,506	-	-
Asset-Backed Security/ Collateralized Mortgage Obligation	2,511,172	-	1,525,134	986,038
Certificates of Deposits	3,749,600	1,494,771	2,254,829	-
Medium Term notes	6,182,189	-	4,800,741	1,381,448
Federal Agency Collateralized Mortgage Obligation	390,446	20,149	72,913	297,384
Federal Agency Bond/Note	1,015,940	-	73,441	942,499
Municipal Bond/Note	254,722	-	254,722	-
Supra-National Agency Bond/Note	2,169,490	330,653	1,838,837	-
U.S Treasury Bonds	8,506,121	-	1,602,645	6,903,476
CAMP	1,759,998	1,759,998	-	-
Totals	<u>\$27,702,184</u>	<u>4,768,077</u>	<u>12,423,262</u>	<u>10,510,845</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk, continued

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End					Not Rated
			AAA	AA	A	BBB		
LAIF	\$ 1,162,506	N/A	-	-	-	-	-	1,162,506
Asset-Backed Security	2,511,172	AA	2,291,704	-	-	-	-	219,468
Certificate of Deposit	3,749,600	A	-	2,824,118	925,482	-	-	-
Medium Term Notes	6,182,189	A	-	1,050,114	5,132,075	-	-	-
Federal Agency Mortgage Obligation	390,446	N/A	390,446	-	-	-	-	-
Federal Agency Bond/ Note	1,015,940	N/A	1,015,940	-	-	-	-	-
Municipal Obligations	254,722	N/A	-	-	254,722	-	-	-
Supra-National Agency Bond/Note	2,169,490	AA	2,169,490	-	-	-	-	-
U.S Treasury Bonds	8,506,121	AA	8,506,121	-	-	-	-	-
CAMP	1,759,998	N/A	-	-	-	-	-	1,759,998
Total	\$ 27,702,184		14,373,701	3,874,232	6,312,279	-	-	3,141,972

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(2) Cash and Investments (Continued)

As of June 30, 2018, the District's investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

	<u>Investment Type</u>	<u>Reported Amount</u>
U.S Treasury Bonds		\$ 8,506,121
Medium Term Notes		6,182,189
Certificate of Deposit		3,749,600
Asset-Backed Security		2,511,172
Supra-National Agency Bond/Note		2,169,490
CAMP		1,759,998
LAIF		1,162,506
Federal Agency Bond/Note		1,015,940
Federal Agency Mortgage Obligation		390,446
Municipal Obligations		254,722

Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in CAMP

The District is a voluntary participant in the CAMP, which is an investment pool offered by the California Asset Management Trust. The trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500, et seq.) for the purpose of exercising the common power of its participants to invest certain proceeds of debt issues and surplus funds. In accordance with Section 53601(p) of the California Government Code, CAMP's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2018, fair value approximated cost and had an average maturity of 49 days.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Fair Value Measurement

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2018:

	Fair Value Hierarchy				Fair Value
	N/A	Level 1	Level 2	Level 3	
Local Agency Investment Fund	\$ 1,162,506	-	-	-	1,162,506
Asset-Backed Security/ Collateralized Mortgage Obligation	-	-	2,511,172	-	2,511,172
Certificates of Deposit	-	-	3,749,600	-	3,749,600
Medium Term notes	-	-	6,182,189	-	6,182,189
Federal Agency Collateralized Mortgage Obligation	-	-	390,446	-	390,446
Federal Agency Bond/Note	-	-	1,015,940	-	1,015,940
Municipal Bond/Note	-	-	254,722	-	254,722
Supra-National Agency Bond/Note	-	-	2,169,490	-	2,169,490
U.S Treasury Bond/Notes	-	8,506,121	-	-	8,506,121
CAMP	1,759,998	-	-	-	1,759,998
Total investments	<u>\$ 2,922,504</u>	<u>8,506,121</u>	<u>16,273,559</u>	<u>-</u>	<u>27,702,184</u>

(3) Operating Leases as Lessor

South Bay Family Health Care Center

The District entered into a lease agreement with South Bay Family Healthcare Center to lease a medical and office building at 2114 Artesia Boulevard, Redondo Beach. The monthly rent amount will be based on amortization of the cost of lease improvements made to the property at a rate of 7%. The base rent of \$9,816 is adjusted by the cost of living adjustment. As of the most recent cost of living adjustment, the monthly base rent has increased to \$13,372.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(3) Operating Leases as Lessor (Continued)

Torrance Health Association (formerly Cancer Care Associates Medical Group)

The District entered into a lease agreement dated December 8, 1999, with Cancer Care Associates Medical Group to lease 10,886 square feet located on the fourth floor at 514 Prospect Avenue, Redondo Beach. The lease is for a term of 10 years and 8 months and commenced on August 1, 2000. Another lease was entered into on August 30, 2001, for additional space on the lower level of the building. The lease term is the same as the original lease. At the start of the lease agreement, the base rent for both leases and a reimbursement to the District for common area operating expenses was a total of \$18,088 per month. The base rental payments are adjusted by the change in the consumer price index on the first day of the 36th month following the commencement of the lease, and as of each 36th month thereafter during the term of the lease. The adjustment in February 2011 changed the base rent to \$16,191. The lease terms were renewed and renegotiated effective in April 2011 and November 1, 2016. As of the most recent addendum, the monthly base rent has increased to \$30,278.

Sunrise Beach Cities Assisted Living, LP

The District has entered into a lease agreement dated December 11, 1997, with Sunrise Beach Cities Assisted Living to lease the real property located at the 1800 Block, Pacific Coast Highway, Hermosa Beach. The entity, which leases this property, is 80% owned by the District. The lease is for an initial term of 50 years and has two 11-year options. The lease commenced in January 1999, and the monthly lease payment at the start of the lease was \$16,667. The monthly payment is adjusted by the consumer price index every 5 to 10 years as detailed in the lease agreement. As of the most recent cost of living adjustment, the monthly base rent has increased to \$23,333.

U.S. Renal Care, Inc.

The District and U.S. Renal Care, Inc. (formerly Pacific South Bay Dialysis Center, LLC), have entered into a lease agreement dated May 31, 1998, to lease approximately 2,000 usable square feet located on the lower level of 514 North Prospect Avenue, Redondo Beach. The sixth amendment to the lease dated January 10, 2013, increased the monthly base rent to \$6,022, effective on January 1, 2013, and will increase base rent annually by 3% each remaining year of the lease. As of June 30, 2018, the base rent has increased to \$6,382.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(3) Operating Leases as Lessor (Continued)

Beach District Surgery Center, LP

The District has entered into a lease agreement dated January 25, 2005, with Beach District Surgery Center, LP to lease 13,104 square feet located on the first floor at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of five years that commenced on March 1, 2005, and the monthly lease payment is \$36,036. The lease term has been extended through February 28, 2020, and the base rent has increased to \$42,544. The base rent will be adjusted by a factor of 3% of the base rent paid in the immediate preceding 12 month period on the first day of the 24th month following the commencement of the lease.

Silverado Senior Living

The District entered into a lease agreement dated May 18, 2006, with Silverado Senior Living, Inc. to lease 35,008 square feet located at 514 N. Prospect Ave. The lease is for a term of 10 years and commenced in May 2006. At the start of the lease agreement, the base rent for the lease and a reimbursement to the District for common area operating expenses was a total of \$38,126 per month. The base rental payments are adjusted by the change in the consumer price index on the first day of the 36th month following the commencement of the lease, and as of each 36th month thereafter during the term of the lease. Subsequent lease amendments added additional space of 3,519 square feet on March 1, 2007, 3,231 square feet effective March 1, 2009, and 9,577 square feet on November 1, 2011. The latest adjustment in July 2018 changed the base rent to \$75,441 per month.

Prader Willi California Foundation

The District entered into a lease agreement dated June 20, 2011, with Prader Willi California Foundation to lease 631 square feet located at 514 N. Prospect Avenue, Redondo Beach. At the start of the lease agreement, the base rent for both the lease and a reimbursement to the District for common area operating expenses was a total of \$1,060 per month. The base rental payments are adjusted by the change in the consumer price index on the first day of the 10th month following the commencement of the lease, and as of each 12th month thereafter during the term of the lease. In no event shall any increase be greater than 3% per year, on a non-cumulative basis. The base rents are adjusted by the greater of the consumer price index (All Urban Consumers Index – Los Angeles), or 3%, beginning on the second anniversary of the lease term date. As of June 30, 2018, the base rent has increased to \$1,410.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(3) **Operating Leases as Lessor (Continued)**

The Regents of the University of California

The District entered into a lease agreement dated April 1, 2012, with The Regents of the University of California, c/o University of California, Los Angeles Real Estate, to lease 8,708 square feet located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 10 years and commenced in April 2012. At the start of the lease agreement, the base rent for both the lease and a reimbursement to the District for common area operating expenses was a total of \$24,382 per month. The base rents are adjusted by the change in the consumer price index on the first day of the 10th month following the commencement of the lease, and as of each 12th month thereafter during the term of the lease. In no event shall any increase be greater than three percent per year, on a non-cumulative basis. As of June 30, 2018, the base rent has increased to \$27,178.

Beach Cities Child Development Center, Inc.

The District entered into a lease agreement dated January 5, 2011, with Beach Cities Child Development Center, Inc., to lease approximately 6,000 square feet of interior space and 6,414 square feet of exterior face located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 10 years and commenced in February 2011. Per the lease agreement, the base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$10,238 per month commencing the 35th month of occupancy per the agreement, and is increased annually at the rate of 3.5% during the duration of the agreement. As of June 30, 2018, the base rent has increased to \$14,087.

SafetyBeltSafe U.S.A.

The District entered into a lease agreement dated August 1, 2016, with SafetyBeltSafe U.S.A., to lease L6 (Lower Level) approximately 682 square feet at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 5 years and commenced on October 1, 2016 and expired on September 30, 2021. Per the lease agreement, the base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$1,364 per month payable on the 1st day each month following the commencement date of the lease. The base rent is to increase annually according to the provision provided in Exhibit B of the lease agreement during the duration of the lease. As of June 30, 2018, the annual base rent is \$1,432.

California State University Dominguez Hills

The District entered into a lease agreement dated May 25, 2016, with California State University Dominguez Hills, to lease approximately 1,280 square feet of space located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 5 years and commenced in July 1, 2016. Per the lease agreement, the base rent for the lease is a total of \$3,264 per month payable on the 1st day each month following the commencement date of the lease.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(4) Notes Receivable

On September 11, 2002, as a result of a settlement agreement between the District and Prospect South Bay, a California Limited Partnership (Partnership), the District purchased a note (Ducot note) that had an unpaid outstanding balance of \$12,073,740. The amount of cash paid to acquire this note was \$3,915,396. The difference between the face value (unpaid outstanding balance) of the note at the date of purchase and the amount paid to acquire the note is required by generally accepted accounting principles to be recognized as a purchase discount that is amortized over the term of the note. Monthly payments of \$96,472 through December 2024 are due on the note receivable.

At June 30, 2018, the note had an unpaid balance of \$5,863,248 and a remaining unamortized purchase discount of \$3,830,988, resulting in the reporting of an investment in note receivable at a net cost of \$2,032,260.

Principal and interest to be received on the note are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 717,868	439,791	1,157,659
2020	776,988	380,671	1,157,659
2021	840,976	316,683	1,157,659
2022	910,234	247,425	1,157,659
2023	985,195	172,464	1,157,659
2024-2025	1,631,987	104,500	1,736,487
Totals	\$ 5,863,248	1,661,534	7,524,782

On January 5, 2011, the District executed a standard industrial/commercial single tenant lease agreement and a revolving promissory note with Beach Cities Child Development Center for the premises located at 514 Prospect Avenue, Redondo Beach. Pursuant to the agreements, the lessee agreed to lease the premises for a period of approximately 10 years, and to make certain alterations, additions or improvements to the premises related to the lessee's operation of the premises. The District originally agreed to lend the lessee \$420,000 to be used by the lessee to make all improvements to the premises. The District has advanced the entire amount of the improvement loan to the lessee pursuant to the revolving credit agreement, which indebtedness was originally evidenced by the revolving promissory note. The lessee then discharged its obligations under the revolving promissory note (which has been cancelled) by executing a term promissory note with an initial principal balance of \$420,000.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(4) Notes Receivable (Continued)

The outstanding amount under the term note bears interest equal to 7%. Monthly payments are due through December 2020. The note is secured by the security interest granted in the security agreement. As of June 30, 2017, the note has a balance of \$142,181. Principal and interest to be received on the note are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 53,915	8,245	62,160
2020	57,812	4,347	62,159
2021	30,454	625	31,079
Totals	<u>\$ 142,181</u>	<u>13,217</u>	<u>155,398</u>

As of June 30, 2018, the District's net investment in notes receivable was:

Ducot note – unpaid balance	\$5,863,248
Ducot note – unamortized purchase discount	<u>(3,829,988)</u>
Net investment in Ducot note	2,033,260
Note – Beach Cities Child Development Center	<u>142,181</u>
Total net investment in notes receivable	<u>\$2,175,441</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(5) Capital Assets

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2018 were as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets not being depreciated:				
Land	\$ 4,401,926	-	-	4,401,926
Construction in progress	706,160	1,087,299	-	1,793,459
Total capital assets not being depreciated	<u>5,108,086</u>	<u>1,087,299</u>	<u>-</u>	<u>6,195,385</u>
Capital assets being depreciated:				
Buildings and improvements	46,963,092	301,634	(241,859)	47,022,867
Equipment, furniture and fixtures	1,108,644	52,005	(93,827)	1,066,822
Total capital assets being depreciated	<u>48,071,736</u>	<u>353,639</u>	<u>(335,686)</u>	<u>48,089,689</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,432,170)	(1,842,448)	101,896	(28,172,722)
Equipment, furniture and fixtures	(737,190)	(143,553)	57,195	(823,548)
Total accumulated depreciation	<u>(27,169,360)</u>	<u>(1,986,001)</u>	<u>159,091</u>	<u>(28,996,270)</u>
Capital assets being depreciated, net	<u>20,902,376</u>	<u>(1,632,362)</u>	<u>(176,595)</u>	<u>19,093,419</u>
Capital assets, net	<u>\$ 26,010,462</u>	<u>(545,063)</u>	<u>(176,595)</u>	<u>25,288,804</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

Preventive Health Services	<u>\$ 1,826,910</u>
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(6) Investments in Limited Partnerships

Sunrise Beach Cities Assisted Living, L.P.

On August 20, 2002, the District acquired an 80% limited partnership interest in Sunrise Beach Cities Assisted Living, L.P. The entity owns and operates an 80-unit assisted living community in Hermosa Beach. The Limited Partnership has a calendar year end. The limited partnership is managed by Sunrise Assisted Living Management, Inc., which is not related to the District. Additional information regarding the partnership can be obtained by contacting the District.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(6) Investments in Limited Partnerships (Continued)

Sunrise Beach Cities Assisted Living, L.P. (continued)

As of the fiscal year ended June 30, 2018, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in the Sunrise Beach Cities Assisted Living, L.P. was \$10,114,148. Financial statements may be obtained by sending a written request to Sunrise Senior Living, LLC, 7902 Westpark Drive, McLean, VA 22102.

Beach District Surgery Center, LLC

On August, 2004, the District executed an agreement to enter into a partnership with Beach District Surgery Center, LLC and contributed \$52,500 to acquire a 5% limited partnership interest. The Beach District Surgery Center, LLC is currently leasing a surgical space in the District's building located at 514 N. Prospect Ave, Redondo Beach. The partnership is managed by Beach District Surgery Center, LLC, and additional information regarding the partnership can be obtained by contacting the District. As of the fiscal year ended June 30, 2018, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in the Beach District Surgery Center, LLC, was \$55,152. Financial statements may be obtained by sending a written request to Beach District Surgery Center, LLC, 514 N. Prospect Ave Suite 100, Redondo Beach, CA 90277.

(7) Long-Term Liabilities

The following is a summary of changes in Governmental Activities long-term debt for the fiscal year ended June 30, 2018:

	Balance as of July 1, 2017	Additions	Deletions	Balance as of June 30, 2018	Due Within One Year
Capital leases payable	\$ 4,137,374	-	(469,220)	3,668,154	467,890
Compensated absences payable	301,434	265,703	(264,950)	302,187	302,187
Total	\$ 4,438,808	265,703	(734,170)	3,970,341	770,077

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(7) Long-Term Liabilities (Continued)

Capital Leases Payable

Parking Facility – In 2002, the District acquired the right to use certain parking facilities from Prospect South Bay, a California Limited Partnership. In return for the right to use the facilities, the District agreed to make monthly payments of \$60,000 through December 2025. The agreement provides for interest at 7.94% a year. The initial principal obligation under the agreement amounted to \$7,509,201, which was recorded as a capital lease payable for the acquisition of the parking facilities. During the fiscal year ended June 30, 2018, the District made the principal payment of \$412,493. The outstanding balance was \$3,646,728 at June 30, 2018. The following is a summary of future minimum lease payment requirements:

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 446,463	273,537	720,000
2020	483,232	236,768	720,000
2021	523,028	196,972	720,000
2022	566,102	153,898	720,000
2023	612,723	107,277	720,000
2024-2025	<u>1,015,180</u>	<u>64,820</u>	<u>1,080,000</u>
Totals	<u>\$ 3,646,728</u>	<u>1,033,272</u>	<u>4,680,000</u>

Fitness Equipment – The District entered into two capital lease agreements, Government Obligation Contracts, with Kansas State Bank of Manhattan in December 2013 and June 2014. The December 2013 capital lease for various types of fitness equipment, such as treadmills and steppers, has an initial obligation of \$237,114, 3.61% interest rate and 60 equal monthly payments of \$4,326. The June 2014 capital lease for indoor bikes has an initial obligation of \$27,032, 4.68% interest rate and forty-eight equal monthly payments of \$619. The outstanding balances were \$19,606 and \$1,821, respectively at June 30, 2018:

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 21,426	201	21,628
Totals	<u>\$ 21,426</u>	<u>201</u>	<u>21,628</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(8) Operating Leases as Lessee

Administrative Office – The District entered into an operating lease agreement with Redondo Beach Unified School District to lease 6,954 square feet located at 1200 Del Amo Street, Redondo Beach. The lease is for a term of sixteen years commencing January 1, 2014, and the monthly lease payment is \$6,954 due at the first of each month. The leasing contract presents two options to be extended from January 1, 2030 to December 31, 2044, and January 1, 2045 to December 31, 2059. The base rent will be adjusted by a factor of 3% biennially on the anniversary of the rent date. However, the base rent will be reduced for the last 10 years of the original term by an amount equal to the amortized tenant improvements, and the value of rent adjustment shall not exceed \$232,000. The lease expires December 31, 2029. The following is a summary of future minimum payment requirements:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Payment</u>
2019	\$ 88,452
2020	78,106
2021	67,760
2022	69,008
2023	70,256
2024-2028	370,504
2029-2030	117,912
Totals	<u>\$ 861,998</u>

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous and PEPRM Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. A full description of the pension plan benefit provisions, assumptions (for funding purposes but not accounting purposes), and membership information is listed in the June 30, 2016 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous</u> Prior to January 1, 2013	<u>PEPRA</u> On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-62
Monthly benefits, as a percentage of eligible compensation	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	6.886%	6.250%
Required employer contribution rates	7.612%	6.555%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contributions rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

Actuarial cost method	Entry age normal in accordance with GASB 68
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	Varies by entry age and service
Investment rate of return	7.50% net pension plan investment and administrative expenses; includes inflation
Mortality rate table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 – 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.68%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.44)%	(0.90)%

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Allocation of Net Pension Liability and Pension Expense to Individual Employers

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (MD)	\$ 11,294,724	9,081,778	2,212,946
Balance at: 6/30/2017 (MD)	12,837,263	10,177,596	2,659,667
Net Changes during 2016-17	1,542,539	1,095,818	446,721

The District's proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

	Miscellaneous
Proportion – June 30, 2016 (MD)	0.06370%
Proportion – June 30, 2017 (MD)	0.06747%
Change – Increase (Decrease)	0.00377%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's net pension liability	\$ 4,425,392	2,659,667	1,197,261

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

Subsequent Events

In December 2016, the CalPERS board of Administration voted to lower the discount rate from 7.5 percent to 7.0 percent over the next three years. For public agencies the discount rate changes approved by the Board for the next three fiscal years ending June 30, 2019, 2020, and 2021 are 7.375%, 7.25%, and 7.00%, respectively. In February 2018, the CalPERS Board approved the reduction of the amortization period from 30 years to 20 years effective June 30, 2019.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL for PERF C for the measurement date ending June 30, 2017 is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (June 30, 2016), the NPL was \$2,212,946. For the measurement period ending June 30, 2017 (the measurement date), the District recognized pension expense of \$481,197 for the Plan (the pension expense for the risk pool for the measurement period is \$719,747,608). As of June 30, 2017, the District reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 535,671	40,845
Differences between Expected and Actual Experience	4,317	61,853
Differences between Projected and Actual Investment Earnings	121,147	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	133,255
Change in Employer's Proportion	182,556	64,915
Pension Contributions Made Subsequent to Measurement Date	271,274	-
Totals	\$ 1,114,965	300,868

The \$133,255 deferred inflows of resources are derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. The employer's pension expense is adjusted for the amortization of this additional deferral. This item is required to be amortized over the plan's Expected Average Remaining Service Lives (EARSL). The \$271,274 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30,	Deferred Outflows / (Inflows) of Resources
2019	\$ 78,156
2020	332,280
2021	204,314
2022	(71,927)
	<u>\$ 542,823</u>

(10) Deferred Compensation Plan

Certain provisions of the Small Business Job Protection Act (the Act) affected Internal Revenue Code Section 457 plans by eliminating the requirement that Section 457 plan assets legally remain the assets of the sponsoring government. The Act requires that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(10) **Deferred Compensation Plan (Continued)**

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The assets have been transferred into a trust, and are no longer subject to claims of the District's general creditors, and are no longer considered the assets of the District. The plan permits all District employees to defer a portion of their salary until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

The District contracts with a private deferred compensation administration firm to act as an agent of the District to fulfill all the District's administrative responsibilities. The duties performed by this fiduciary on behalf of the District include assisting employees in the execution of investment transactions and providing summary and participant reporting of these investments. Employees select investments from a range of options presented by the fiduciary.

Since the District has placed the assets into a trust, has little administrative involvement and does not perform the investing function for the plan, the assets of the various deferred compensation plans have been removed from the District's financial statements. The District makes no contribution to the plan on behalf of the members.

(11) **Other Post-Employment Benefits (OPEB)**

Plan Description

The District selected independent actuarial consultants to perform an actuarial valuation of the retiree health insurance programs as of June 30, 2017. This includes benefits for 71 active employees who may become eligible to retire and receive benefits in the future. The District makes medical insurance available after the age of 50 to all employees, who meet the requirement of 5 years of service.

Employees Covered

As of the June 30, 2017 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	71
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	12
Total	<u>88</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(11) Other Post-Employment Benefits (OPEB) (Continued)

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the District's cash contributions were \$6,006 in benefit payments and the estimated implied subsidy was \$9,281 resulting in total payments of \$15,287.

OPEB Liability

The District's OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.58% at June 30, 2017 2.85% and June 30, 2016
Inflation	2.75%
Salary Increases	3.0% per annum, in aggregate
Investment Rate of Return	N/A
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	Non-Medicare: 7.5% for 2019 decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

Notes:

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(11) Other Post-Employment Benefits (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

The changes in the OPEB Liability for the HC Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2017 <i>(Valuation Date June 30, 2016)</i>	\$ 650,611
Changes recognized for the measurement period:	
Service cost	109,329
Interest	21,440
Changes of assumptions	(93,266)
Contributions - employer	-
Net investment income	-
Benefit payments	(15,287)
Administrative expense	-
Net Changes	22,216
Balance at June 30, 2018 <i>(Measurement Date June 30, 2017)</i>	\$ 672,827

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB Liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(2.58%)</u>	<u>(3.58%)</u>	<u>(4.58%)</u>
OPEB Liability	\$805,145	\$672,827	\$569,149

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(11) Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the OPEB Liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
OPEB Liability	\$549,622	\$672,827	\$838,489

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (10.8 Years at June 30, 2017)

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(11) Other Post-Employment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$122,227. As of fiscal year ended June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	84,662
Pension Contributions Made Subsequent to Measurement Date	19,039	-
Totals	\$ 19,039	84,662

The \$19,039 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the OPEB Liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Measurement period Ended June 30,	Deferred Outflows / (Inflows) of Resources
2019	\$ (8,604)
2020	(8,604)
2021	(8,604)
2022	(8,604)
2023	(8,604)
Thereafter	(41,642)
	\$ (84,662)

(12) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and there have been no material settlements in excess of coverage in any of the past three fiscal years.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(12) **Risk Management (Continued)**

General Liability Insurance

Directors and Officers liability coverage: Annual premiums are paid by the District and are adjusted retrospectively to cover costs. The coverage of Directors, Officers and Trustees Liability includes entity coverage, duty to defend, and employee practice liability. Insurance coverage is for up to \$5,000,000 per occurrence, and \$5,000,000 in aggregate, defense expenses paid within limits with a \$50,000 deductible per claim.

Commercial Crime liability coverage: Annual premiums are paid by the District and are adjusted retrospectively to cover costs. The coverage of the Commercial Crime liability includes employee theft per loss coverage, forgery and alteration including credit, debit or charge card forgery, inside of premises (theft of money, and securities, robbery, safe burglary of other property), outside the premises, computer fraud including funds transfers, money orders and counterfeit paper currency. Insurance coverage is for up to \$1,000,000 per occurrence with a \$2,500 deductible.

Health Care liability coverage: Annual premiums are paid by the District and are adjusted retrospectively to cover costs. The Health Care liability coverage includes evidence of healthcare entity professional liability, bodily injury and property damage liability, personal injury, advertising injury liability, employee benefit liability coverage. Insurance coverage is for up to \$2,000,000 per claim, and a \$5,000,000 aggregate per contracted period.

Automobile liability coverage: Annual premiums are paid by the District. The automobile liability coverage includes bodily injury and property damage liability, an uninsured/underinsured motorist coverage sub-limit of \$1,000,000 per accident, hired/non-owned auto liability, medical payment of \$5,000 per accident, collision coverage at fair market value, and comprehensive coverage at fair market value. Insurance coverage is for up to \$1,000,000 per accident (combined single limit), with \$250 comprehensive and \$500 collision deductibles.

Adventure Course liability coverage: Annual premiums are paid by the District. Insurance coverage is for up to \$1,000,000 per occurrence, and \$2,000,000 aggregate with a \$5,000 deductible.

Property and Earthquake Insurance

Hospital All Risk Property Program (HARPP): The coverage of this insurance includes all risk of direct physical loss or damage excluding earthquake and flood, boiler and machinery, and repair or replacement cost valuation for real and personal property. Insurance coverage is for up to \$1,000,000,000 loss limit per occurrence, and \$100,000,000 of boiler and machinery loss limit per occurrence, and repair and replacement cost valuation for real or personal property for \$100,000,000 per occurrence, and \$200,000,000 aggregate. The primary terrorism limit is shared by all of the insured per the Public Entity Property Insurance Program (PEPIP). The deductible amounts are \$10,000 for all risk, \$25,000 for boiler and machinery, and \$10,000 for primary terrorism.

BEACH CITIES HEALTH DISTRICT

Notes to the Financial Statements

(Continued)

(13) **Related Party Transactions**

The District occasionally engages a local Production company that produces Films, TV Commercials, videos for the web and New Media. The Production Company is owned and operated by a family member of one of the District's employees. The District used this Company before the employee was hired. The employee who directs the production of media for the District also directs the engagement with the Company. The District engaged the Company for a total of \$5,400 and \$6,470 in fiscal 2016-17 and 2017-18, respectively.

(14) **Restatement of Prior Year Financial Statements**

The implementation of GASB Statement No. 75 requires reporting the District's OPEB liability on the financial statements and is applied retroactively by restating the net position as of the beginning of the fiscal year. The implementation of GASB Statement No. 75 resulted in reducing the net position at the beginning of the year by \$279,748. The prior year comparative information was not restated as the actuarial information needed to restate the prior year was not available.

(15) **Subsequent Event Disclosure**

In March 2018, District management reviewed with the BCHD Finance Committee benefits of using a 115 Trust to manage future Pension and Other Post-Employment Benefits (OPEB) obligations. Consequently, during the FY18-19 budget process the Finance Committee and the Board reviewed and approved the recommendation by management to set-up a 115 Trust and allocate \$3 million to restricted funds to manage the liabilities for Pension and Other Post-Employment Benefits (OPEB).

At the September Board meeting, the Board adopted Resolution #546 approving the adoption of the Public-Agencies Post-Employment Benefits Trust administered by Public Agency Retirement Services (PARS), including appointing the Chief Finance Officer, as the District's Plan Administer.

In the next few months, the District will be making the \$3 million deposit to the 115 Trust.

Required Supplemental Information

BEACH CITIES HEALTH DISTRICT

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

For the Fiscal Year Ended June 30, 2018

(With comparative information for the last 10 years) *

	Measurement Date			
	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Plan's proportion of the net pension liability (asset)	0.0291%	0.0566%	0.0637%	0.0675%
Plan's proportionate share of the net pension liability (asset)	\$ 1,806,648	\$ 1,552,792	\$ 2,212,946	\$ 2,659,667
Plan's covered employee payroll	\$ 3,370,822	\$ 3,443,030	\$ 3,666,056	\$ 3,865,015
Plan's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.5967%	45.0996%	60.3631%	68.8139%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's proportionate share total pension liability	81.1494%	80.4073%	79.2817%	26.1326%
Plan's proportionate share of aggregate employer contributions	\$ 221,150	\$ 312,865	\$ 338,198	\$ 385,083

* The fiscal year ended June 30, 2015 was the first year of implementation, therefore information for the period previous to that measurement date is unavailable.

BEACH CITIES HEALTH DISTRICT

Schedule of Pension Plan Contributions

For the Fiscal Year Ended June 30, 2018

(With comparative information for the last 10 years) *

	Fiscal Year			
	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Actuarially determined contribution	\$ 284,802	246,826	269,230	271,274
Contributions in relation to the actuarially determined contribution	<u>(284,802)</u>	<u>(246,826)</u>	<u>(269,230)</u>	<u>(271,274)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 3,443,030	3,666,056	3,865,015	3,948,862
Contributions as a percentage of covered employee payroll	8.27%	6.73%	6.97%	6.87%

* The fiscal year ended June 30, 2015 was the first year of implementation, therefore information for the period previous to that measurement date is unavailable.

BEACH CITIES HEALTH DISTRICT

Schedule of the Plan's Proportionate Share of the OPEB Liability and Related Ratios
as of the Measurement Date

For the Fiscal Year Ended June 30, 2018

(With comparative information for the last 10 years) *

Measurement Period	2017
Total OPEB Liability	
Service cost	\$ 109,329
Interest on the total OPEB liability	21,440
Actual and expected experience difference	-
Changes in assumptions	(93,266)
Changes in benefit terms	-
Benefit payments	(15,287)
Net change in total OPEB liability	22,216
Total OPEB liability - beginning	650,611
Total OPEB liability - ending (a)	\$ 672,827
Covered-employee payroll	\$ 3,948,862
OPEB liability as a percentage of covered-employee payroll	17.04%

* The fiscal year ended June 30, 2018 was the first year of implementation, therefore information for the period previous to that measurement date is unavailable.

Notes to Schedule:

Changes in assumptions. The discount rate was changed from 2.85 percent to 3.58 for the measurement period ended June 30, 2017.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

BEACH CITIES HEALTH DISTRICT

Schedule of OPEB Plan Contributions

For the Fiscal Year Ended June 30, 2018

(With comparative information for the last 10 years) *

Fiscal Year Ended June 30	2018
Actuarially Determined Contribution (ADC)	\$ 130,769
Contributions in relation to the ADC	(15,287)
Contribution deficiency (excess)	\$ 115,482
Covered-employee payroll	\$ 3,865,015
Contributions as a percentage of covered-employee payroll	0.40%

* The fiscal year ended June 30, 2018 was the first year of implementation, therefore information for the period previous to that measurement date is unavailable.

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	N/A
Inflation	2.75%
Payroll Growth	3% per annum, in aggregate
Investment Rate of Return	N/A
Healthcare cost-trend rates	Non-Medicare: 7.5% for 2019 decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Retirement Age	Tier 1 employees - 2.5% @55 and Tier 2 employees - 2.0% @62 The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

BEACH CITIES HEALTH DISTRICT

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual

For the Fiscal Year Ended June 30, 2018
(with comparative data for prior year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
REVENUES:					
Financing and rental income related to lease	\$ 3,208,014	4,331,891	4,495,927	164,036	4,353,249
Property taxes	3,378,704	3,378,704	3,591,891	213,187	3,355,324
Program income	2,762,203	2,762,203	2,671,695	(90,508)	2,702,307
Income from limited partnership	1,861,600	1,861,600	2,473,590	611,990	2,001,129
Investment earnings	975,812	975,812	555,677	(420,135)	619,756
Other revenue	17,000	17,000	20,308	3,308	5,743
Intergovernmental	-	-	47,986	47,986	20,508
TOTAL REVENUES	<u>12,203,333</u>	<u>13,327,210</u>	<u>13,857,074</u>	<u>529,864</u>	<u>13,058,016</u>
EXPENDITURES:					
Current:					
Salaries and related expenses	5,980,373	5,980,373	5,771,049	209,324	5,726,966
Health programs	1,383,398	1,383,398	1,430,245	(46,847)	1,362,201
Professional fees	1,569,700	1,577,200	1,613,841	(36,641)	1,344,893
Facilities management	859,968	1,571,352	1,530,223	41,129	1,502,474
Community relations	575,147	569,147	556,361	12,786	695,570
General and administrative	472,758	472,758	372,449	100,309	342,506
Human resources	285,143	283,643	181,568	102,075	275,356
Information services	171,818	171,818	146,959	24,859	148,804
Cost of goods sold	36,320	36,320	34,840	1,480	35,655
Other	60,000	60,000	71,784	(11,784)	59,085
Capital outlay	5,205,006	5,227,606	1,440,938	3,786,668	837,317
Debt service:					
Principal retirement	-	412,493	412,493	-	352,109
Interest and other fiscal charges	367,507	307,507	307,507	-	367,891
TOTAL EXPENDITURES	<u>16,967,138</u>	<u>18,053,615</u>	<u>13,870,257</u>	<u>4,183,358</u>	<u>13,050,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,763,805)</u>	<u>(4,726,405)</u>	<u>(13,183)</u>	<u>4,713,222</u>	<u>7,189</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	50,053
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,053</u>
NET CHANGES IN FUND BALANCE	<u>(4,763,805)</u>	<u>(4,726,405)</u>	<u>(13,183)</u>	<u>4,713,222</u>	<u>57,242</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>39,262,920</u>	<u>39,262,920</u>	<u>39,262,920</u>	<u>-</u>	<u>39,205,678</u>
FUND BALANCE AT END OF YEAR	<u>\$ 34,499,115</u>	<u>34,536,515</u>	<u>39,249,737</u>	<u>4,713,222</u>	<u>39,262,920</u>

BEACH CITIES HEALTH DISTRICT

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

(1) **Pension Information**

Summary of Changes of Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Summary of Actuarial Methods and Assumptions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2016 public agency valuations.

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract Cola up to 2.75% until Purchasing Power Protection Allowance flow on Purchasing Power applies, 2.75% thereafter

(2) **Budgetary Information**

The Board of Directors of the Beach Cities Health District (District) adopts an annual budget for the General Fund, which provides for the operation of the District. It includes proposed annual expenditures and estimated annual revenues. The District does not adopt an annual budget for its Special Revenue Fund. The budget for the General Fund is adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America.

BEACH CITIES HEALTH DISTRICT

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

(2) Budgetary Information (Continued)

The following are expenditures exceeded appropriations in the General Fund for the fiscal year ended June 30, 2018:

	<u>Final</u> <u>Appropriation</u>	<u>Expenditures</u>	<u>Expenditures</u> <u>in Excess of</u> <u>Appropriation</u>
General Fund:			
Health programs	\$ 1,383,398	1,430,245	(46,847)
Professional fees	1,577,200	1,613,841	(36,641)
Other	60,000	71,784	(11,784)
Total expenditures	<u>\$ 3,020,598</u>	<u>3,115,870</u>	<u>(95,272)</u>

Statistical Section

Beach Cities Health District
Government-wide Financial Statement
Statement of Activities
Current and Prior Ten Years

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues											
Financing and Rental Income ¹	2,075,747	2,123,750	2,196,821	2,074,595	2,041,241	2,591,094	2,657,864	4,076,146	4,116,447	4,394,800	4,649,091
Property Taxes	2,310,323	2,431,068	2,442,334	2,465,284	2,499,090	2,734,979	2,874,045	2,960,181	3,145,703	3,355,324	3,591,891
Program Revenues	2,658,807	2,605,809	2,370,140	2,395,112	2,431,990	2,417,327	2,806,501	2,376,262	2,572,774	2,702,307	2,671,695
Income from Limited Partnerships	1,023,918	1,223,811	1,204,270	1,136,200	1,151,587	1,574,326	2,134,248	1,919,408	2,083,332	2,001,129	2,473,590
Earnings on Investment	2,544,024	2,400,700	2,651,449	2,032,734	1,854,308	1,037,688	1,235,885	917,677	1,301,865	619,756	555,677
Other Income	171,004	274,302	194,278	143,759	133,951	239,430	170,706	110,180	75,955	26,113	68,292
Total Revenues	10,783,823	11,059,440	11,059,292	10,247,684	10,112,167	10,594,844	11,879,249	12,359,854	13,296,076	13,099,429	14,010,236
Expenses											
Government Activities											
Salaries & related	4,879,115	5,231,198	5,095,077	5,102,909	5,038,939	5,167,681	5,493,593	5,420,574	5,079,186	5,510,905	6,294,225
Health Programs	1,771,475	1,603,432	1,466,357	1,413,255	1,321,735	1,484,011	1,309,116	1,345,957	1,269,788	1,362,201	1,430,245
Professional Fees	950,711	752,736	748,723	1,290,224	1,517,613	1,501,649	1,233,726	1,274,132	1,349,459	1,344,893	1,613,841
Facilities Management ¹	503,298	354,479	528,665	592,614	458,825	333,023	558,702	1,457,267	1,627,570	1,502,474	1,530,223
Community Relations	493,778	406,189	322,529	259,174	197,270	321,082	538,505	748,104	538,321	695,570	556,361
G & A Miscellaneous	555,255	1,112,549	597,704	594,454	650,302	742,973	457,203	299,102	352,838	276,885	315,722
Human Resources	154,983	148,591	143,746	131,924	160,070	184,585	194,802	281,259	255,180	275,356	181,568
Information Systems	81,438	84,254	77,812	108,083	130,722	112,203	166,911	118,294	157,465	148,804	146,959
Cost of Goods Sold	306,452	257,085	148,077	147,862	124,192	137,891	117,052	47,843	32,958	35,655	34,840
Other	36,650	270,326	45,694	65,453	54,383	51,895	45,471	58,475	59,445	59,160	71,784
Interest Cost	533,052	517,680	500,993	482,956	470,530	450,756	419,436	394,683	367,891	338,893	307,507
Total Activity Expenses	10,266,207	10,738,519	9,675,377	10,188,908	10,124,581	10,487,749	10,534,517	11,445,690	11,090,101	11,550,796	12,483,275
Net Operating Income/<Loss> bf Depreciation	517,616	320,921	1,383,915	58,776	(12,414)	107,095	1,344,732	914,164	2,205,975	1,548,633	1,526,961
Depreciation on Fixed Assets	2,622,145	1,921,110	1,837,173	1,826,248	1,837,610	1,766,544	1,773,383	1,911,166	1,954,717	1,983,688	1,986,001
Net Capital Assets Written-Off											176,595
Changes in Net Position	(2,104,529)	(1,600,189)	(453,258)	(1,767,472)	(1,850,024)	(1,659,449)	(428,651)	(997,002)	251,258	(435,055)	(635,635)

1) Starting FY14-15 BOE (Building Operating Expense) Reimbursements from tenants have been reclassified to revenues from expenses in the Audited Financial Statements

Beach Cities Health District
Government-wide Financial Statement
Change in Net Position
Current and Prior Ten Years

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 ¹
Beginning Net Position											
Net Investment in Capital Assets	30,281,172	29,642,282	28,704,953	27,835,813	26,650,904	25,352,715	24,157,514	23,675,147	22,754,628	22,572,806	21,873,088
Restricted	-	-	-	-	-	-	-	1,206,766	1,206,761	1,206,761	1,156,708
Unrestricted	47,531,870	46,384,937	45,702,207	46,778,285	46,262,427	45,710,592	39,828,027	36,587,345	36,510,867	36,943,947	37,258,663
	<u>77,813,042</u>	<u>76,027,219</u>	<u>74,407,160</u>	<u>74,614,098</u>	<u>72,913,331</u>	<u>71,063,307</u>	<u>63,985,541</u>	<u>61,469,258</u>	<u>60,472,256</u>	<u>60,723,514</u>	<u>60,288,459</u>
Change in Net Position - By Function											
Operating Income / <Loss>	517,616	320,921	1,383,915	58,776	(12,414)	107,095	1,344,732	914,164	2,205,975	1,548,633	1,526,961
Depreciation/Write-Off of Capital	(2,622,145)	(1,921,110)	(1,837,173)	(1,826,248)	(1,837,610)	(1,766,544)	(1,773,383)	(1,911,166)	(1,954,717)	(1,983,688)	(2,162,596)
Current Year Income / <Loss>	(2,104,529)	(1,600,189)	(453,258)	(1,767,472)	(1,850,024)	(1,659,449)	(428,651)	(997,002)	251,258	(435,055)	(635,635)
Prior Period Audit Restatements	318,706	(19,870)	660,196	66,705	-	(5,418,317)	(2,087,632)				(279,748)
	<u>(1,785,823)</u>	<u>(1,620,059)</u>	<u>206,938</u>	<u>(1,700,767)</u>	<u>(1,850,024)</u>	<u>(7,077,766)</u>	<u>(2,516,283)</u>	<u>(997,002)</u>	<u>251,258</u>	<u>(435,055)</u>	<u>(915,383)</u>
Change in Net Position - By Type											
Net Investment in Capital Assets	(638,890)	(937,329)	(869,140)	(1,184,909)	(1,298,189)	(1,195,201)	(482,367)	(920,519)	(181,822)	(699,718)	(252,438)
Restricted	-	-	-	-	-	-	1,206,766	(5)	-	(50,053)	-
Unrestricted	(1,146,933)	(682,730)	1,076,078	(515,858)	(551,835)	(5,882,565)	(3,240,682)	(76,478)	433,080	314,716	(662,945)
	<u>(1,785,823)</u>	<u>(1,620,059)</u>	<u>206,938</u>	<u>(1,700,767)</u>	<u>(1,850,024)</u>	<u>(7,077,766)</u>	<u>(2,516,283)</u>	<u>(997,002)</u>	<u>251,258</u>	<u>(435,055)</u>	<u>(915,383)</u>
Ending Net Position											
Net Investment in Capital Assets	29,642,282	28,704,953	27,835,813	26,650,904	25,352,715	24,157,514	23,675,147	22,754,628	22,572,806	21,873,088	21,620,650
Restricted	-	-	-	-	-	-	1,206,766	1,206,761	1,206,761	1,156,708	1,156,708
Unrestricted	46,384,937	45,702,207	46,778,285	46,262,427	45,710,592	39,828,027	36,587,345	36,510,867	36,943,947	37,258,663	36,595,718
	<u>76,027,219</u>	<u>74,407,160</u>	<u>74,614,098</u>	<u>72,913,331</u>	<u>71,063,307</u>	<u>63,985,541</u>	<u>61,469,258</u>	<u>60,472,256</u>	<u>60,723,514</u>	<u>60,288,459</u>	<u>59,373,076</u>

1) Beach Cities Health District implemented GASB Statement No. 75 requiring reporting the District's OPEB liability on the Financial Statement resulting in a retroactive restatement of Net Position

Beach Cities Health District
Fund Financial Statements
Statement of Revenues, Expenditures and Change in Fund Balance
Current and Prior Ten Years

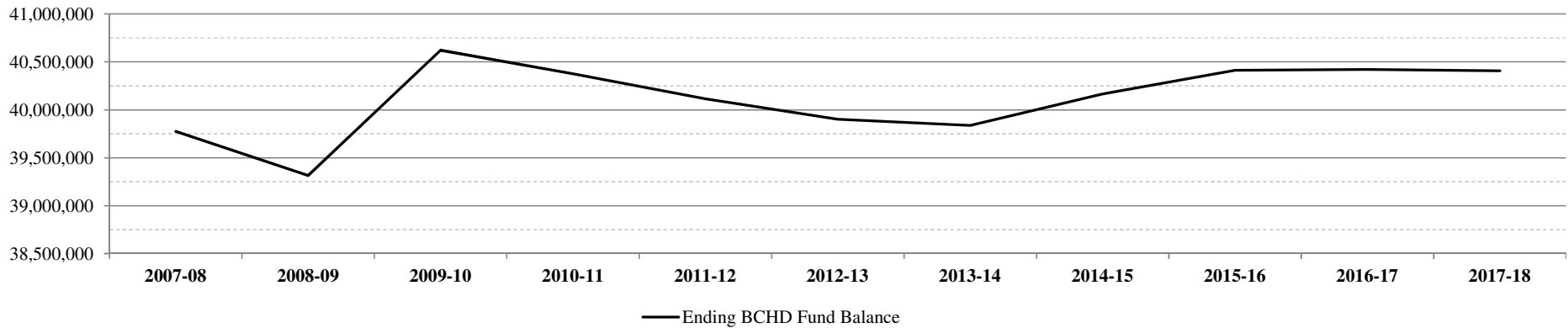
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues											
Financing and Rental Income ¹	2,075,747	2,123,750	2,196,821	2,074,595	2,041,241	2,591,094	2,874,045	4,479,867	4,244,939	4,353,249	4,495,927
Property Taxes	2,310,323	2,431,068	2,442,334	2,465,284	2,499,090	2,734,979	2,806,501	2,960,181	3,145,703	3,355,324	3,591,891
Program Income	2,658,807	2,605,809	2,370,140	2,395,112	2,431,990	2,417,327	2,512,897	2,376,262	2,572,774	2,702,307	2,671,695
Income from Limited Partnership	1,023,918	1,223,811	1,204,270	1,136,200	1,151,587	1,574,326	2,134,248	1,919,408	2,083,332	2,001,129	2,473,590
Investment Earnings	2,544,024	2,400,700	2,651,449	2,032,734	1,854,308	1,037,688	1,235,885	917,677	1,301,865	619,756	555,677
Other Revenue	171,004	274,302	194,278	143,759	133,951	239,430	170,706	110,180	75,955	26,251	68,292
Total Revenues	10,783,823	11,059,440	11,059,292	10,247,684	10,112,167	10,594,844	11,734,282	12,763,575	13,424,568	13,058,016	13,857,072
Expenditures											
Salaries & related	4,879,115	5,231,198	5,062,404	5,069,437	5,005,276	5,133,437	5,464,969	5,420,574	5,392,860	5,726,966	5,771,049
Health Programs	1,771,475	1,603,432	1,466,357	1,413,255	1,321,735	1,501,649	1,309,116	1,345,957	1,269,788	1,362,201	1,430,245
Professional Fees	950,711	752,736	748,723	1,290,224	1,517,613	1,484,011	1,233,726	1,274,264	1,349,459	1,344,893	1,613,841
Facilities Management ¹	503,298	354,479	528,665	592,614	458,825	333,023	558,702	1,457,267	1,627,570	1,502,474	1,530,223
Community Relations	493,778	406,189	322,529	259,174	197,270	321,082	538,505	748,104	538,321	695,570	556,361
General & Administrative	368,307	910,229	378,696	357,410	393,737	465,278	483,255	389,897	428,946	342,506	372,449
Human Resources	154,983	148,591	143,746	131,924	160,070	184,585	194,802	281,259	255,180	275,356	181,568
Information Systems	81,438	84,254	77,812	108,083	130,722	112,203	166,911	118,294	157,465	148,804	146,959
Cost of Goods Sold	306,452	257,085	148,077	147,862	124,192	137,891	117,052	47,843	32,958	35,655	34,840
Other	36,650	270,326	45,694	65,453	54,383	51,895	45,471	58,475	59,445	59,085	71,784
Principal Retirement	186,948	202,320	219,008	237,043	266,715	292,957	300,564	325,317	352,109	381,107	412,493
Interest & Other Fiscal charges	533,052	517,680	500,993	482,956	470,530	450,756	419,436	394,683	367,891	338,893	307,507
Total Expenditures	10,266,207	10,738,519	9,642,704	10,155,435	10,101,068	10,468,767	10,832,509	11,861,934	11,831,992	12,213,510	12,429,319
Contribution to Fund Balance from Operations	517,616	320,921	1,416,588	92,249	11,099	126,077	901,773	901,641	1,592,576	844,506	1,427,753
Capital Investments	1,796,307	781,461	768,895	404,297	371,137	278,386	964,399	573,916	1,344,677	837,317	1,440,938
Excess (deficiency) of Revenue over (under) Expenditures	(1,278,691)	(460,540)	647,693	(312,048)	(360,038)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)
Other Financing Sources											
Proceeds from Capital Lease	-	-	-	-	98,431	-	-	-	-	-	-
Net Change in Fund Balances	(1,278,691)	(460,540)	647,693	(312,048)	(261,607)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)

1) Starting FY14-15 BOE (Building Operating Expense) Reimbursements from tenants have been reclassified to revenues from expenses in the Audited Financial Statements

**Beach Cities Health District
Fund Financial Statements
Change in Fund Balance
Current and Prior Ten Years**

	2007-08	2008-09	2009-10	2010-11 ¹	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 ²	2017-18
Beginning BCHD Fund Balance	40,733,973	39,773,988	39,313,448	40,621,337	40,375,994	40,114,387	39,899,441	39,836,815	40,164,540	40,412,439	40,419,628
Change in Fund Balance											
Operating Income	517,616	320,921	1,416,588	92,249	11,099	126,077	901,773	901,641	1,592,576	844,506	1,427,753
Capital Outlay	(1,796,307)	(781,461)	(768,895)	(404,297)	(371,137)	(278,386)	(964,399)	(573,916)	(1,344,677)	(837,317)	(1,440,938)
	(1,278,691)	(460,540)	647,693	(312,048)	(360,038)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)
Proceeds from Capital Lease	-	-	-	-	98,431	-	-	-	-	-	-
Restatements per audit	318,706	-	660,196	66,705	-	(62,637)	-	-	-	-	-
	(959,985)	(460,540)	1,307,889	(245,343)	(261,607)	(214,946)	(62,626)	327,725	247,899	7,189	(13,185)
General Fund											
Reserved	8,426,855	12,821,687	13,291,295	-	-	-	-	-	-	-	-
Unreserved	30,276,450	25,371,285	26,175,875	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	13,635,475	15,364,615	13,984,428	13,657,807	13,362,216	13,096,740	12,702,714	12,693,207
Committed	-	-	-	-	-	-	-	-	-	20,813,451	20,701,868
Unassigned	-	-	-	25,564,580	23,558,417	24,708,247	24,972,242	25,595,563	26,108,938	5,746,755	5,854,660
	38,703,305	38,192,972	39,467,170	39,200,055	38,923,032	38,692,675	38,630,049	38,957,779	39,205,678	39,262,920	39,249,735
Special Revenue Funds	1,070,683	1,120,476	1,154,167	1,175,939	1,191,355	1,206,766	1,206,766	1,206,761	1,206,761	1,156,708	1,156,708
Ending BCHD Fund Balance	39,773,988	39,313,448	40,621,337	40,375,994	40,114,387	39,899,441	39,836,815	40,164,540	40,412,439	40,419,628	40,406,443

Total BCHD Fund Balance

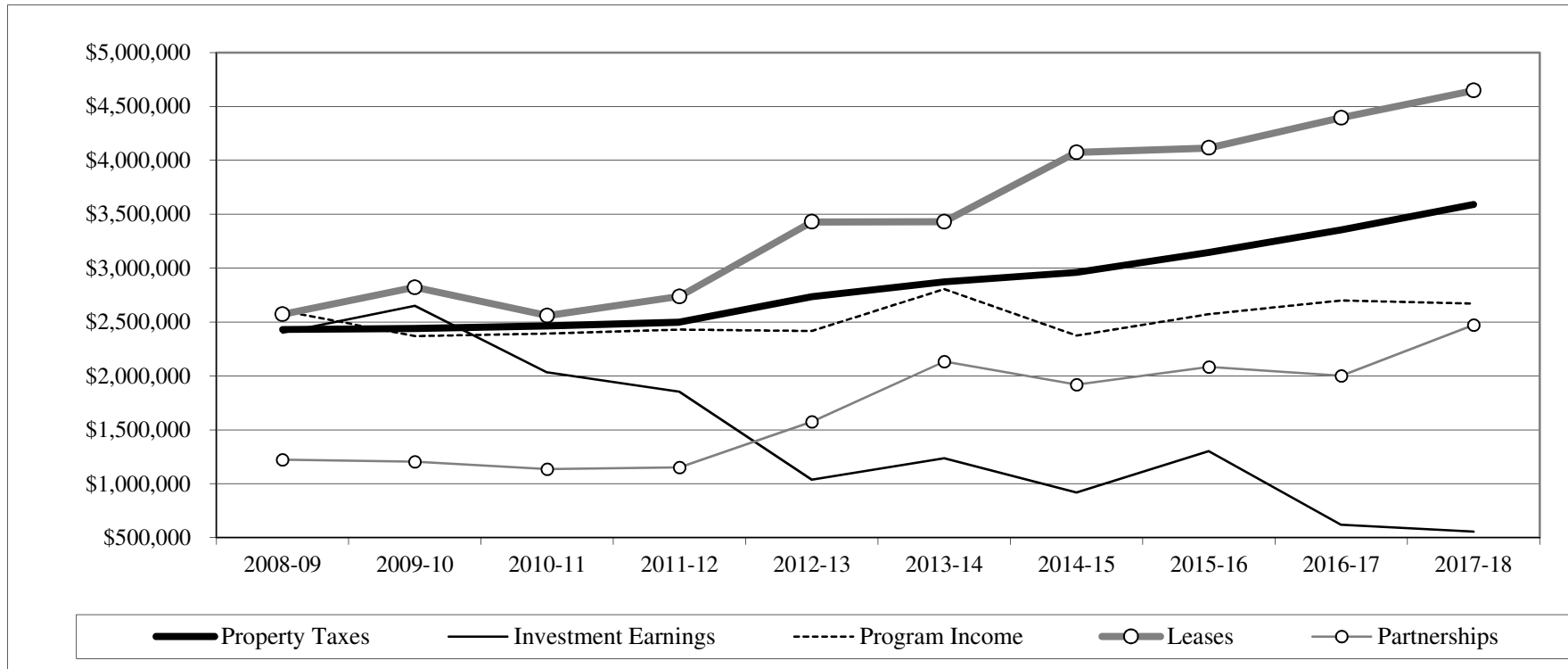


1) Categories of Fund Balance were revised in compliance with GASB Statement No. 54 beginning in Fiscal Year 2010-11

2) Beach Cities Health District Board of Directors enacted Resolution No. 541 to establishing a "Committed Fund Balance" dedicated to capital investments.

**Beach Cities Health District
Government-wide Revenues by Function
Current and Prior Ten Years**

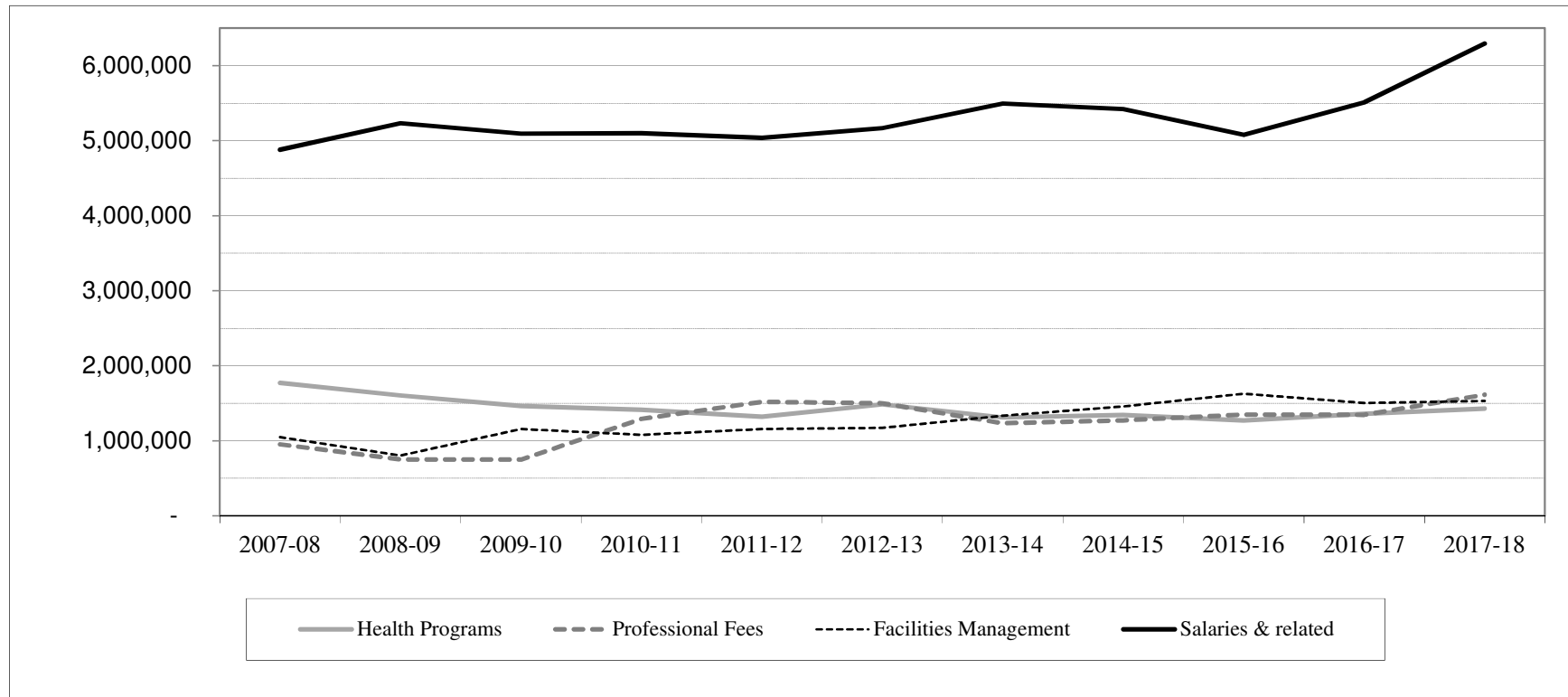
Fiscal Year	Property Taxes	Investment Earnings	Program Income	Leases	Partnerships	Other	Total
2007-08	2,310,323	2,544,024	2,658,807	2,619,396	1,023,918	171,004	11,327,472
2008-09	2,431,068	2,400,700	2,605,809	2,572,590	1,223,811	274,302	11,508,280
2009-10	2,442,334	2,651,449	2,370,140	2,823,318	1,204,270	194,278	11,685,789
2010-11	2,465,284	2,032,734	2,395,112	2,560,192	1,136,200	143,759	10,733,281
2011-12	2,499,090	1,854,308	2,431,990	2,738,616	1,151,587	133,951	10,809,542
2012-13	2,734,979	1,037,688	2,417,327	3,430,176	1,574,326	239,430	11,433,926
2013-14	2,874,045	1,235,885	2,806,501	3,432,690	2,134,248	170,706	12,654,075
2014-15	2,960,181	917,677	2,376,262	4,076,146	1,919,408	110,180	12,359,854
2015-16	3,145,703	1,301,865	2,572,774	4,116,447	2,083,332	75,955	13,296,076
2016-17	3,355,324	619,756	2,702,307	4,394,800	2,001,129	26,113	13,099,429
2017-18	3,591,891	555,677	2,671,695	4,649,091	2,473,590	68,292	14,010,236



Source: Audited Financial Statements

**Beach Cities Health District
Government-wide Expenses by Function
Current and Prior Ten Years**

Fiscal Year	General Fund										
	Salaries & related	Health Programs	Professional Fees	Community Relations	Facilities Management	General & Administrative	Human Resources	Information Systems	Cost of Goods Sold	Other	Total
2007-08	4,879,115	1,771,475	950,711	493,778	1,046,947	555,255	154,983	81,438	306,452	36,650	10,276,804
2008-09	5,231,198	1,603,432	752,736	406,189	803,319	1,112,549	148,591	84,254	257,085	270,326	10,669,679
2009-10	5,095,077	1,466,357	748,723	322,529	1,155,162	597,704	143,746	77,812	148,077	45,694	9,800,881
2010-11	5,102,909	1,413,255	1,290,224	259,174	1,078,211	594,454	131,924	108,083	147,862	65,453	10,191,549
2011-12	5,038,939	1,321,735	1,517,613	197,270	1,156,200	650,302	160,070	130,722	124,192	54,383	10,351,426
2012-13	5,167,681	1,484,011	1,501,649	321,082	1,172,105	742,973	184,585	112,203	137,891	51,895	10,876,075
2013-14	5,493,593	1,309,116	1,233,726	538,505	1,333,528	457,203	194,802	166,911	117,052	45,471	10,889,907
2014-15	5,420,574	1,345,957	1,274,132	748,104	1,457,267	299,102	281,259	118,294	47,843	58,475	11,051,007
2015-16	5,079,186	1,269,788	1,349,459	538,321	1,627,570	352,838	255,180	157,465	32,958	59,445	10,722,210
2016-17	5,510,905	1,362,201	1,344,893	695,570	1,502,474	276,885	275,356	148,804	35,655	59,160	11,211,903
2017-18	6,294,225	1,430,245	1,613,841	556,361	1,530,223	315,722	181,568	146,959	34,840	71,784	12,175,768

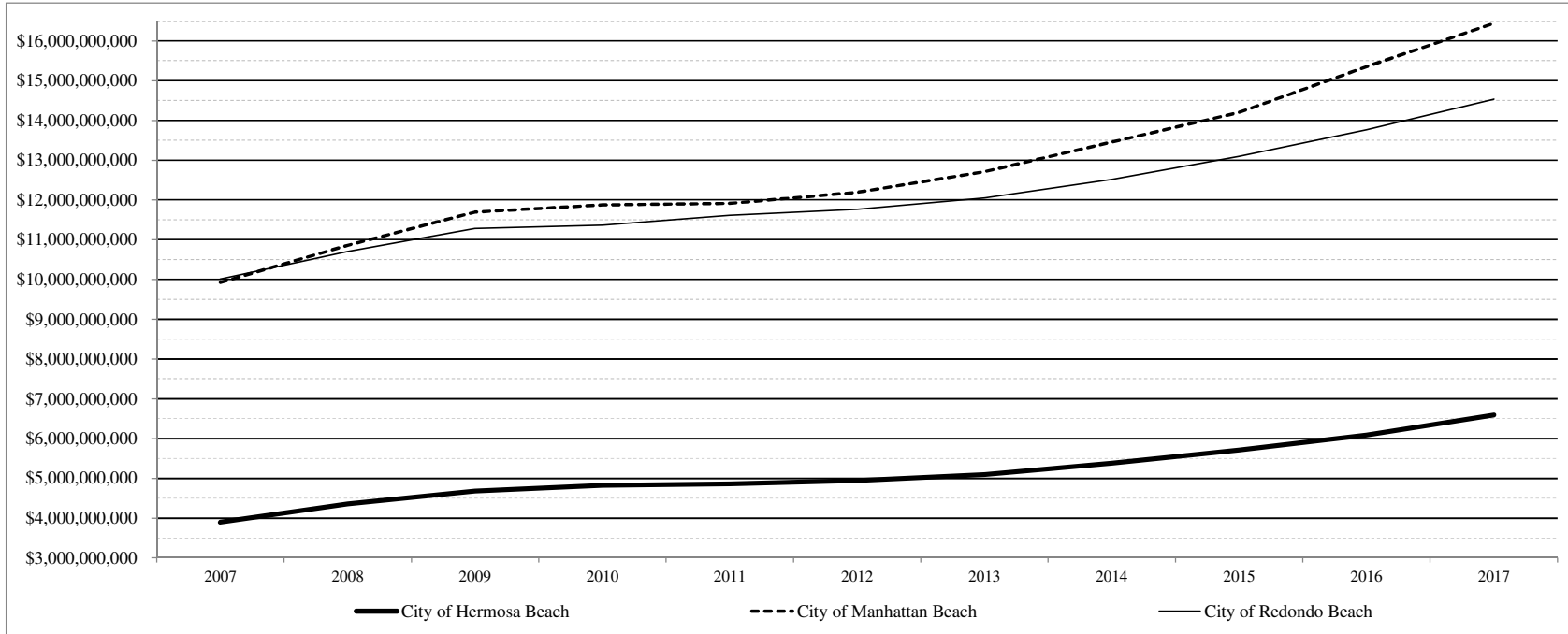


Source: Audited Financial Statements

**Beach Cities Health District
Assessed Value and Estimated Actual Value of Taxable Property
Current and Prior Ten Years**

Total Taxable Assessed Value

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	BCHD	
												% Avg Share	\$ Share
City of Hermosa Beach	3,894,900,000	4,358,357,000	4,681,750,000	4,823,728,000	4,862,223,000	4,944,941,000	5,093,190,000	5,379,727,000	5,711,041,000	6,089,086,000	6,593,784,000	0.008269%	\$ 545,221
City of Manhattan Beach	9,925,464,834	10,861,350,753	11,697,899,600	11,871,677,111	11,913,602,319	12,190,853,653	12,713,329,765	13,453,303,900	14,196,903,333	15,352,495,483	16,442,347,904	0.008896%	1,462,708
City of Redondo Beach	10,009,448,728	10,702,653,367	11,277,756,486	11,366,238,160	11,615,436,098	11,761,105,629	12,050,139,612	12,512,913,143	13,091,580,729	13,761,158,329	14,535,268,607	0.009207%	1,338,245
Total	\$ 23,829,813,562	\$ 25,922,361,120	\$ 27,657,406,086	\$ 28,061,643,271	\$ 28,391,261,417	\$ 28,896,900,282	\$ 29,856,659,377	\$ 31,345,944,043	\$ 32,999,525,062	\$ 35,202,739,812	\$ 37,571,400,511	0.008906%	\$ 3,346,174
<i>Percentage Increase</i>	<i>10.23%</i>	<i>8.78%</i>	<i>6.69%</i>	<i>1.46%</i>	<i>1.17%</i>	<i>1.78%</i>	<i>3.32%</i>	<i>4.99%</i>	<i>5.28%</i>	<i>6.68%</i>	<i>6.73%</i>		
BCHD Property Tax Collected	\$ 2,310,323	\$ 2,431,068	\$ 2,442,334	\$ 2,465,284	\$ 2,499,090	\$ 2,734,979	\$ 2,874,045	\$ 2,960,181	\$ 3,145,703	\$ 3,355,324	\$ 3,591,891		
BCHD Effective Property Tax %	0.009695%	0.009378%	0.008831%	0.008785%	0.008802%	0.009465%	0.009626%	0.009444%	0.009533%	0.009531%	0.009560%		



Source: Comprehensive Annual Financial Reports of City of Hermosa Beach, City of Manhattan Beach, City of Redondo Beach

NOTE: In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Beach Cities Health District
Direct and Overlapping Property Tax Rates
Current and Prior Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City of Hermosa Beach Residents - Total	1.060830%	1.038106%	1.037724%	1.036418%	1.037907%	1.037488%	1.040540%	1.038968%	1.035651%	1.036693%	1.04137%
City of Hermosa Beach *	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Overlapping - Hermosa Beach Residents											
Los Angeles County *	0.000660	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Hermosa Beach Unified School District	0.020430	0.017139	0.016398	0.017250	0.018067	0.016904	0.018550	0.017970	0.014729	0.015746	0.014928
El Camino community College District	0.035700	0.016467	0.017026	0.014868	0.016140	0.016884	0.018490	0.017498	0.017422	0.017447	0.022942
Metro Water District	0.004700	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500
City of Redondo Beach Residents - Total	1.0708%	1.0494%	1.0685%	1.0744%	1.0896%	1.1067%	1.1036%	1.1134%	1.1178%	1.1127%	1.1172%
City of Redondo Beach *	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City of Redondo direct rate	0.2117%	0.1872%	0.1861%	0.1877%	0.1882%	0.1858%	0.1875%	0.1578%	0.1623%	0.1625%	0.1627%
Redevelopment Agency	1.005410	1.004500	1.004300	1.004300	1.003700	1.003700	-	-	-	-	-
Overlapping - Redondo Beach Residents											
Los Angeles County *	0.000660	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Flood Control	0.000050	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.004700	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500
El Camino Community College District	0.035700	0.016470	0.017030	0.014870	0.016140	0.016880	0.018490	0.017500	0.017420	0.017450	0.022940
Redondo Beach Unified School District	0.029700	0.028440	0.047140	0.055190	0.069770	0.086100	0.081620	0.092420	0.096890	0.091740	0.090790
City of Manhattan Beach Residents - Total	1.07961%	1.05800%	1.12188%	1.11576%	1.14884%	1.11970%	1.15891%	1.16402%	1.09278%	1.08753%	1.09412%
City of Manhattan Beach *	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City of Manhattan Beach Direct Rate	0.1673%	0.1676%	0.1586%	0.1584%	0.1562%	0.1593%	0.1595%	0.1601%	0.1606%	0.1613%	0.1508%
Overlapping - Manhattan Beach Residents											
Los Angeles County *	0.000660	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Colleges & School Districts	0.074250	0.053500	0.117580	0.111460	0.145140	0.116000	0.155410	0.1605200	0.0892800	0.0840300	0.0906200
Metro Water District	0.004700	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500	0.0035000	0.0035000	0.0035000	0.0035000
Flood Control District	0.000050	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.0000000	0.0000000	0.0000000	0.0000000

* Property Tax Assessment for Beach Cities Health District is included in Los Angeles County Property Tax since 2008 rolled into the 1% General Levy

Source: Comprehensive Annual Financial Reports of City of Hermosa Beach, City of Manhattan Beach, City of Redondo Beach

Beach Cities*
Demographic Statistics
Last Ten Years

Calendar Year	Population			Population Beach Cities Total (1)	Per Capital Personal Income			Per Capita Beach Cities Personal Income Average	Total Beach Cities Income (in thousands) (1) * (2)	Unemployment Rate			Beach Cities Unemployment Rate Average
	City of Redondo Beach (1)	City of Hermosa Beach (1)	City of Manhattan Beach (1)		City of Redondo Beach (2)	City of Hermosa Beach (2)	City of Manhattan Beach (2)			City of Redondo Beach (3)	City of Hermosa Beach (3)	City of Manhattan Beach (3)	
2007	66,925	19,474	36,240	122,639	57,826	39,794	73,817	57,146	7,008,287	4.7%	2.0%	1.7%	2.8%
2008	67,099	19,527	36,258	122,884	61,243	42,265	74,345	59,284	7,285,096	6.6%	2.9%	2.6%	4.0%
2009	67,646	19,491	36,583	123,720	40,867	40,867	72,692	51,475	6,368,528	10.8%	4.7%	4.1%	6.5%
2010	66,748	19,599	36,773	123,120	41,025	40,867	76,960	52,951	6,519,286	11.5%	5.5%	4.5%	7.2%
2011	66,970	19,510	35,239	121,719	42,564	42,564	79,541	54,890	6,681,115	11.9%	5.5%	4.4%	7.3%
2012	67,007	19,574	35,423	122,004	44,474	42,564	80,467	55,835	6,812,093	11.2%	4.9%	3.2%	6.4%
2013	67,396	19,653	35,619	122,668	46,530	42,564	82,687	57,260	7,024,011	9.6%	4.5%	2.6%	5.6%
2014	67,717	19,750	35,633	123,100	49,400	46,530	80,386	58,772	7,234,833	8.7%	3.6%	3.4%	5.2%
2015	68,095	19,772	35,297	123,164	53,521	49,400	82,335	61,752	7,605,623	7.4%	3.1%	2.7%	4.4%
2016	68,844	19,801	35,488	124,133	57,160	53,521	83,689	64,790	8,042,577	5.6%	2.2%	2.1%	3.3%
2017**	68,907	19,616	35,488	124,011	<i>57,160</i>	55,624	83,689	65,491	8,121,604	5.0%	1.9%	2.1%	3.0%

* Beach Cities - includes Cities of Redondo Beach, Hermosa Beach, and Manhattan Beach.

** In 2017, if number is in italics and repeated from prior year, the data was not available.

Sources:

- 1) Hermosa, Manhattan and Redondo Beach Annual Financial Statements
- 2) U.S. Census Bureau

Beach Cities*
Principal Employers
2017

Employer	Employees	Percentage of
1 Northrop Grumman	6,634	15.02%
2 Redondo Beach Unified School District	764	1.73%
3 Manhattan Beach Unified School District	732	1.66%
4 Skechers USA, Inc.	725	1.64%
5 Target Corporation	622	1.41%
6 Kinecta Federal Credit Union	550	1.25%
7 City of Redondo	439	0.99%
8 Crown Plaza Hotel	339	0.77%
9 City of Manhattan Beach	289	0.65%
10 Fry's Electronics	264	0.60%
11 Cheesecake Factory	261	0.59%
12 Portofino Inn	244	0.55%
13 Homewood Suites	239	0.54%
14 Marriott MB	233	0.53%
15 DHL	227	0.51%
16 Residence Inn Redondo Beach	222	0.50%
17 City of Hermosa	179	0.41%
18 24 hour fitness	176	0.40%
19 Ralph's Grocery	167	0.38%
20 Intensive Behavior Intervention Consultants	150	0.34%
All Others	30,704	69.53%
Total	<u>44,160</u>	100.00%

* Beach Cities - includes Cities of Redondo Beach, Hermosa Beach, and Manhattan Beach.

Source: Comprehensive Annual Financial Reports of City of Hermosa Beach, City of Manhattan Beach, City of Redondo Beach

Beach Cities Health District

FTE Personnel Summary by Department

Department	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Support Services:												
Executive Admin Support	4.0	4.2	2.0	2.0	2.0	2.0	2.0	2.0	2.2	3.7	3.3	3.3
HR & Volunteer Services	2.0	2.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	4.0	5.2
Finance Services	4.0	4.0	4.0	4.0	4.0	4.0	5.0	4.5	4.5	4.5	4.5	4.7
Total	10.0	10.2	11.0	11.0	11.0	11.0	12.0	11.5	9.7	11.2	11.8	13.2
Other Operations												
Health Promotions	2.0	3.0	2.8	3.0	3.0	3.0	3.0	3.0	5.0	5.5	5.6	6.3
Information Systems	1.0	1.0	-	-	-	-	-	-	-	-	0.2	0.7
Work Well	-	-	-	-	-	-	-	-	-	0.3	0.3	0.9
Total	3.0	4.0	2.8	3.0	3.0	3.0	3.0	3.0	5.0	5.8	6.1	7.9
Property Operations												
Property Management	3.0	4.0	3.0	3.6	3.6	3.0	3.0	3.0	3.0	1.9	1.9	1.6
BCHD Café	3.0	4.0	-	-	-	-	-	-	-	-	-	-
Total	6.0	8.0	3.0	3.6	3.6	3.0	3.0	3.0	3.0	1.9	1.9	1.6
Health & Fitness Operations												
Adventureplex	22.0	20.0	22.0	22.1	22.1	22.1	20.6	21.9	20.0	19.7	23.5	21.2
Center for Health & Fitness	19.0	19.0	18.0	17.3	17.3	17.3	17.4	16.1	19.0	16.7	17.9	16.8
Total	41.0	39.0	40.0	39.4	39.4	39.4	38.0	38.0	39.0	36.3	41.4	38.0
Life Span Services												
Life Span Admin Services	4.3	5.0	7.0	5.0	5.0	5.0	0.8	0.8	1.0	2.0	3.0	2.0
Blue Zones Project	-	-	-	1.0	1.0	1.0	2.0	6.0	5.0	5.0	4.0	4.0
Care Management	8.0	8.0	8.0	8.5	8.5	8.5	10.5	10.3	12.3	11.5	10.2	9.9
Youth Services	4.0	5.0	6.0	6.3	6.3	6.3	7.8	8.1	5.0	5.1	4.8	4.8
Total	16.3	18.0	21.0	20.8	20.8	20.8	21.0	25.2	23.3	23.6	21.9	20.7
Total Positions	76.3	79.2	77.8	77.7	77.7	77.1	77.0	80.7	79.9	78.8	83.1	81.2

Source: BCHD Annual Budget

Summary of Audit Results

Board of Directors
Beach Cities Health District
Redondo Beach, California

We have audited the financial statements of the governmental activities and each major fund of Beach Cities Health District (“District”) as of and for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated August 20, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to Other Post-Employment Benefits by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Activities. We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District’s financial statements were:

- Management’s estimate of the valuation of its share in limited partnership joint ventures, which is based on the earnings or losses of the limited partnership as reported in its most recent available financial statements.
- Management’s estimate of the useful lives of capital assets, which is based on the period over which the assets will be of economic benefit to the entity, as well as historical experience of management’s use of certain assets.

- Management's estimate of other post employments benefit obligations and net pension liability, which is based on the actuarial valuations performed on behalf of management in accordance with GASB 75 and GASB 68.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Disclosures regarding net pension liability as disclosed in Note 9 to the financial statements. The disclosures are based on third-party actuarial valuations received and internally calculated amounts.
- Disclosures regarding OPEB Liability as disclosed in Note 11 to the financial statements. The disclosures are based on third-party actuarial valuations received and internally calculated amounts.
- Disclosures regarding investment in limited partnerships in Note 7 to the financial statements. The disclosures are based on the amount of the District's share of its investments in limited partnerships as noted above, and on the terms of the agreements entered into with the limited partnerships.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have obtained certain representations from management that were included in the management representation letter dated November 19, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of Plan Contributions and the Schedule of the Plan's Proportioned Share of the Net Pension Liability, which are Required Supplementary Information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory Section and the Statistical Section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of Beach Cities Health District and is not intended to be, and should not be, used by anyone other than these specified parties.

Darin Fann

Irvine, California
November 19, 2018

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Beach Cities Health District
Redondo Beach, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of the Beach Cities Health District ("District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2018. Our report includes a reference to other auditors who audited the financial statements of Sunrise Beach Cities Assisted Living, L.P., as described in our report on the District's financial statements. The financial statements of Sunrise Beach Cities Assisted Living L.P. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Irvine, California
November 19, 2018

Date: November 19, 2018

To: Board of Directors

From: Monica Suua, CFO

Subject: BCHD Trust 115 Recommended Investment Strategy for CalPERS Pension and OPEB (Other Post-Employment Benefits)
(AGENDA ITEM: VII.B.3 Approval of BCHD Trust 115 Investment Strategy)

Recommendation: Approval for BCHD to deposit \$3 million over three (3) months into the BCHD 115 Trust. \$2.5 million in the Pension portfolio and \$0.5 million in the OPEB portfolio, and to adopt an “Active” management of the 115 Trust funds, allocating the assets per a “Moderate” investment strategy for the Pension portfolio and a “Balanced” investment strategy for the OPEB portfolio.

The investment strategy recommendation was reviewed and recommended for the Board to approve by the Finance Committee at the November 5th, 2018 meeting.

Background: In March 2018, District management reviewed with the BCHD Finance Committee benefits of using a 115 Trust to manage future Pension and Other Post-Employment Benefits (OPEB) obligations. Consequently, during the FY18-19 budget process the Finance Committee and the Board reviewed and approved the recommendation by management to set-up a 115 Trust and allocate (i.e. set aside) approximately \$3 million to restricted funds to manage the unfunded accrued liabilities for Pension and Other Post-Employment Benefits (OPEB).

In July 2018, management completed a Request for Qualifications (RFQ) process for the administration and management of the 115 Trust and recommended the District engage PARS (Public Agency Retirement Services) for the services, which was approved by the Board in the July 25th Board Meeting.

At the September 2018 Board Meeting, Racheal Sanders, Consulting Manager from PARS, provided a presentation explaining the relationship with PARS, the administrator, US Bank, the custodian, Highmark Capital Management, the investment manager, and BCHD, the investor and the next steps required to set-up the 115 Trust.

Further, at the September Board meeting, the Board adopted Resolution #546 approving the adoption of the Public-Agencies Post-Employment Benefits Trust administered by Public Agency Retirement Services (PARS), including appointing the Chief Finance Officer, Monica Suua, as the District’s Plan Administrator and authorizing the Plan Administrator to execute PARS legal and administrative documents and act as necessary to maintain the District’s participation in the program, like determining an investment strategy.

Investment Strategy: One of the next steps required is for the District to choose an investment strategy for the two 115 Trust sub-accounts, pension and OPEB. To select an investment strategy, the District needs to determine:

- 1) Investment Management – Active or Passive
- 2) Asset Allocation – Conservative, Moderate, Balanced, etc.
- 3) Initial Deposit – Averaging-in Period

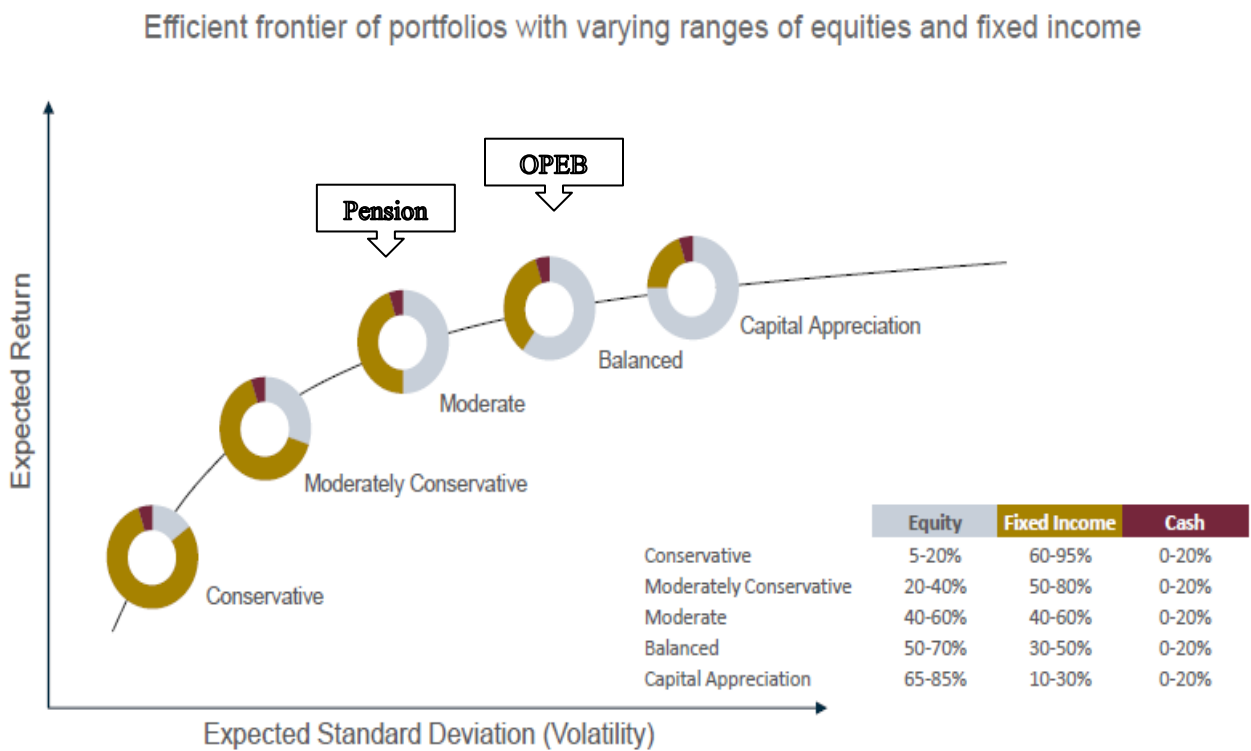
To arrive at the recommendation, staff considered factors like, historical returns for applying active or passive strategies by Highmark Capital, the District’s future need to have to draw from the either trust to cover pension and OPEB premium payments, the District’s investment objectives, etc.

Based on long-term higher Active than Passive Highmark Capital returns, possibly greater future need of the District to draw funds to cover the higher Pension premiums (\$421,000 FY18-19) rather than the OPEB premiums (\$18,000 FY18-19), and the District’s investment objectives; first is Safety – Protect Principle, second is Liquidity – Ensure sufficient funds to pay District’s operating expenses, and third is Yield – Ensure the District investments are in highest yield possible, management is recommending to select an Active investment management, Moderate Pension portfolio strategy and a Balanced OPEB portfolio strategy.

See the following illustrations:

1) Expected return curve of each asset allocation strategy relative to expected volatility:

Establish: Determine your Strategic Asset Allocation Strategy



Each Investment Objective reflects the associated PARS Diversified Portfolio as of 6/30/2018. A client’s portfolio construction may vary depending on the client’s investment needs, objectives, and restrictions as well as the prevailing market conditions at the time of investment.



Based on the relative higher possible returns in the Moderate strategy versus Moderately Conservative as illustrated above weighed against the relative higher risk of volatility, the possible need for the District to have to draw funds to cover premiums in the next 3-5 years, and balancing these to ensure the District is in line with its investment objectives (Safety, Liquidity and Yield), management is recommending to select a Moderate asset allocation for the Pension portfolio.

Due to its lesser investment balance and thus lesser possible need for the District to draw from the OPEB funds, and the relatively young age of the BCHD workforce ensuring a longer investment period, management is recommending selecting a Balanced asset allocation strategy for the OPEB portfolio to take advantage of possible higher yields.

2) Annualized returns comparing Active versus Passive portfolio management for a moderate and balanced portfolio, respectively

ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	51%
Fixed Income	40 - 60%	45%	46%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	1.01%
Blended Benchmark**	1.45%
Year To Date	0.27%
Blended Benchmark	0.60%
1 Year	6.42%
Blended Benchmark	6.40%
3 Year	5.82%
Blended Benchmark	5.96%
5 Year	6.59%
Blended Benchmark	6.64%
10 Year	6.02%
Blended Benchmark	6.18%

Index Plus (Passive)

Current Quarter*	1.13%
Blended Benchmark**	1.45%
Year To Date	0.09%
Blended Benchmark	0.60%
1 Year	5.77%
Blended Benchmark	6.40%
3 Year	5.56%
Blended Benchmark	5.96%
5 Year	6.36%
Blended Benchmark	6.64%
10 Year	5.98%
Blended Benchmark	6.18%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Gov't, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	61%
Fixed Income	30 – 50%	35%	36%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	1.28%
Blended Benchmark**	1.74%
Year To Date	0.66%
Blended Benchmark	0.92%
1 Year	7.93%
Blended Benchmark	7.75%
3 Year	6.58%
Blended Benchmark	6.85%
5 Year	7.47%
Blended Benchmark	7.64%
10 Year	6.46%
Blended Benchmark	6.68%

Index Plus (Passive)

Current Quarter*	1.32%
Blended Benchmark**	1.74%
Year To Date	0.27%
Blended Benchmark	0.92%
1 Year	6.93%
Blended Benchmark	7.75%
3 Year	6.35%
Blended Benchmark	6.85%
5 Year	7.25%
Blended Benchmark	7.64%
10 Year	6.41%
Blended Benchmark	6.68%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Gov't, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

Staff recommends selecting an Active management strategy for both the Pension and OPEB portfolios, like what is currently used for the main BCHD investment portfolio. As shown in the tables above, while not guaranteed for future performance, Active management is historically and consistently outperforming Passive management. Both strategies illustrated are net of embedded fees and gross of administrative and management fees, which are \$7,500 and 0.35%, respectively (on \$3M portfolio, around \$18,000 combined). There are no additional fees for using an Active management strategy, and as there is no effect on safety or liquidity either portfolio, the BCHD investment objective is to choose the strategy with the best yields.

3) Highmark Capital Management historic returns by asset allocation strategy.

HIGHMARK CAPITAL MANAGEMENT RETURNS

RETURNS AS OF JUNE 30, 2018

	Equity (%)	1 Year	3 Years	5 Years	10 Years
Capital Appreciation	65-85%	9.66%	7.64%	9.00%	--
Balanced	50-70%	7.93%	6.58%	7.47%	6.46%
Moderate	40-60%	6.42%	5.82%	6.59%	6.02%
Moderately Conservative	20-40%	3.80%	4.22%	4.84%	5.16%
Conservative	5-20%	1.88%	3.04%	3.51%	4.29%

While historical returns are no guaranty for future returns, illustration 2 and 3 above, provides an idea of possible returns. At the same time, the District has to weigh its possible need for the funds in the future and the possible volatility or risk each strategy allows. Therefore, management is suggesting the Active approach to take advantage of expert investment managers, and a Moderate and Balanced asset allocation strategy for the Pension and OPEB, respectively.

The initial deposit into the 115 Trust will be \$3 million as approved by the Board in the FY18-19 Budget, \$2.5 million for the Pension portfolio, and \$0.5 million for the OPEB portfolio. To hedge against current market fluctuations, it is commonly agreed to stage the deposit into 3 months. Staff recommends that the initial \$3 million be staged over 3 months.

RECOMMENDATION

Approval for BCHD to deposit \$3 million over three (3) months into the BCHD 115 Trust. \$2.5 million in the Pension portfolio and \$0.5 million in the OPEB portfolio, and to adopt an “Active” management of the 115 Trust funds, allocating the assets per a “Moderate” investment strategy for the Pension portfolio and a “Balanced” investment strategy for the OPEB portfolio.



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Policy Committee Memo 11/13/2018, Agenda Item III.

Memorandum

To: Board of Directors

From: Megan Vixie, Director of Human Resources
Simrit Dugal, Human Resources Manager

Date: November 20, 2018

Subject: Revised Policies: Human Resources
(AGENDA ITEM: VII.C.1)

Background:

The current BCHD policy manual has seven sections: "Bylaws", "General", "Board of Directors", "Human Resources", "Administration", "Lifespan", and "Financial". The Policy Committee, at its May 17, 2007 meeting, decided that staff would review and revise one section per year. The "Human Resources" section is being reviewed in 2018.

There are over thirty policies regarding Human Resources. The Board approved eighteen Human Resources policies at its September Board meeting. The Policy Committee, at its November 13, 2018 meeting, reviewed the rest of the policies and are recommending sixteen policies for Board approval. In addition, one policy, Policy 3040: Conditions of Employment, is being sent to the Board for approval without a recommendation.

All Human Resources policies have been reviewed by the District's employment attorney for content and compliance with legal requirements. Attached are twelve revised and two new Human Resources policies. Also attached are one revised Administration policy, one revised Finance policy and one new Board of Directors policy that affect/are affected by Human Resources policies.

Commented [SD1]: Do we need to add this to the memo? Can't we just say 'being sent for approval without a recommendation'?.?

Policy Committee Memo 11/13/2018, Agenda Item III.

A. Revised Policy Number 3040: Conditions of Employment

This policy, approved by the Board in 2013, was reviewed by the Committee at its September and November 2018 meetings. Scope and Responsibility sections were added. A clause for compensating non-exempt employees for taking the TB re-test and CPR recertification and criminal background checks and drug screens for all positions were added. The Committee members did not agree on pre-employment drug testing for all employees. Therefore, the policy is being sent to the Board without a recommendation.

B. New Policy Number 3100: Telecommuting

This is a new policy that offers telecommuting as a viable, flexible work option when both the employee and the job are suited to such an arrangement. Telecommuting, or teleworking, is the concept of working from home or another location on a full- or part-time basis.

C. Revised Policy Number 3230: Benefits

This policy, approved by the Board in 2014, was reviewed and approved by the Committee in September 2018. The following were added: more detail to benefits offered, e.g., Group Health—Medical, Dental and Vision, Long-term Disability, Worker's Compensation, etc., dependent care and paid parental leave, benefits for a Domestic Partner or spouse both employed by the District and retiree benefits. Staff pulled it from Board consideration to add the benefit of private rooms available to nursing mothers to express milk and it was approved by the Committee at its November meeting.

D. New Policy Number 3300: Disaster Service Worker

This is a new policy to have District employees serve as Disaster Service Workers in accordance with California Government Code. Questions arose around the "loyalty oath" and it was determined that it is the same oath that is set forth in Section 3 of Article XX of the Constitution of California and the Board members take upon swearing in for office.

E. Revised Policy Number 3410: Leave of Absence: Medical

This policy was last reviewed and approved by the Board in 2013. The definitions section was moved to the beginning of the policy. Details were added to qualifying exigency leave, leave applying to Domestic Partner or spouse both employed by the District, and Paid Parental Leave was added.

F. Revised Policy Number 3420: Leave of Absence: Non-Medical

This policy was approved by the Committee in September 2018 and approved by the Board in 2013. "Paid Time Off" (PTO) was changed to "Vacation". Details were added to Volunteer Firefighter Leave. Staff pulled it from Board consideration to add household pets to be considered as immediate family member for bereavement leave and the Committee approved the changes at its November meeting.

Policy Committee Memo 11/13/2018, Agenda Item III.

G. Revised Policy Number 3825: Alcohol and Drug Abuse

This policy was last reviewed and approved by the Board in 2015. The Policy and Scope sections were revised. The use of accrued, unused sick leave when taking leave was added. Drug testing was made applicable for all positions.

H. Revised Policy Number 3830: Anti-Harassment

This policy was last reviewed and approved by the Board in 2014. Legal counsel made changes to the discrimination clause.

I. Revised Policy Number 3835: Employee Conduct and Working Environment

This policy was last reviewed and approved by the Board in 2014. Minor changes were made by Legal Counsel.

J. Revised Policy Number 3840: Workplace Safety and Security

This policy was last reviewed and approved by the Board in 2014. Minor changes were made to the Responsibility section and a section was added on District monitoring of work areas.

K. Revised Policy Number 3845: Inspection of Personnel Files

This policy was last reviewed and approved by the Board in 2014. "Former employees" were added to the policy. A section was added that allows a department head or manager to inspect the files of someone who is being interviewed and considered for a position reporting to that manager.

L. Revised Policy Number 3850: Employment References and Letters of Recommendation

This policy was last reviewed and approved by the Board in 2014. The Scope and Responsibility sections were added.

M. Revised Policy Number 3910: Severance

This policy was last reviewed and approved by the Board in 2013. The only change is to formatting.

N. Revised Policy Number 3920: Separation from Employment

This policy was last reviewed and approved by the Board in 2014. Scope and Responsibility sections were added. A clause on the "Death" of an employee was added.

O. New Policy Number 2230: Health Benefits for District Board Members

This is a new policy. It describes Board Member eligibility for self-paid health benefits through the District. This puts practice into a formal policy.



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Policy Committee Memo 11/13/2018, Agenda Item III.

P. Revised Policy Number 4100: Travel and Reimbursement

This policy was last reviewed and approved by the Board in 2015. The title of the policy is being changed to "Expense Reimbursement" to be more inclusive of all reimbursable expenses, not just travel expenses. Other revisions were made to ensure compliance.

Q. Revised Policy Number 6200: Fraud

This policy was last reviewed and approved by the Board in 2016. It is included in the Financial section of the Policy Manual but affects all employees and references Human Resources Policy 3810: Guidelines on Accepting and Providing Gifts, Entertainment, and Services. "Finance Director" was changed to "Chief Financial Officer".

Action Items:

The Policy Committee Recommends Consideration for Approval of the Board of Directors of:

- A. Revised Policy Number 3040: Conditions of Employment

The Policy Committee Recommends Approval to the Board of Directors of:

- B. New Policy Number 3100: Telecommuting
- C. Revised Policy Number 3230: Benefits
- D. New Policy Number 3300: Disaster Service Worker
- E. Revised Policy Number 3410: Leave of Absence: Medical
- F. Revised Policy Number 3420: Leave of Absence: Non-Medical
- G. Revised Policy Number 3825: Alcohol and Drug Abuse
- H. Revised Policy Number 3830: Anti-Harassment
- I. Revised Policy Number 3835: Employee Conduct and Working Environment
- J. Revised Policy Number 3840: Workplace Safety and Security
- K. Revised Policy Number 3845: Inspection of Personnel Files
- L. Revised Policy Number 3850: Employment References and Letters of Recommendation



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Policy Committee Memo 11/13/2018, Agenda Item III.

- M. Revised Policy Number 3910: Severance
- N. Revised Policy Number 3920: Separation from Employment
- O. New Policy Number 2230: Health Benefits for District Board Members
- P. Revised Policy Number 4100: Expense Reimbursement
- Q. Revised Policy Number 6200: Fraud

POLICY TITLE: CONDITIONS OF EMPLOYMENT
POLICY NUMBER: 3040

COMMITTEE APPROVAL DATE: 05/20/2013
RESOURCES

WRITTEN/REVISED BY: J.BERLINGHUMAN

BOARD APPROVAL DATE: 06/26/2013

SUPERSEDES: 03/26/2003

POLICY:

3040 To establish pre-employment screening measures for individuals employed by Beach Cities Health District.

SCOPE:

3040.1 This policy applies to all District employees.

RESPONSIBILITY:

3040.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures, and to follow them accordingly.

GUIDELINES:

3040.34 The only individuals authorized to commit the District to an offer of employment are the CEO, ~~Department Head~~ and the Director of Human Resources Management ~~Chief Resources Officer~~.

3040.42 All offers of employment are conditional and are contingent upon the successful completion of pre-employment requirements that are specified in the offer letter.

3040.53 Under no circumstances is an offer of employment to be extended without a completed, signed "Application for Employment" and "Disclosure and Authorization for Consumer Report ?" by the applicant.

3040.64 Individuals are not authorized to begin work until Human Resources confirms successful completion of the pre-employment process.

3040.75 The position duties and responsibilities, work setting and population served determine the specific pre-employment requirements with the exception of reference checks, criminal background checks and drug screens which are to be completed for all positions. All screenings are conducted in accordance with applicable laws.

3040.75.1 Health Screening

3040.75.1.1 The District requires a pre-employment tuberculosis (TB) test for positions that require close work with children, clients or other high-risk populations, ~~or in food service~~.

3040.75.1.2 The District may request a physical exam as a condition of employment

once a conditional offer of employment is made to determine whether the applicant is capable of performing the essential functions of the job with or without accommodation.

3040.75.1.3 The TB screenings and physical examination, if applicable, will be at the District's expense and will be provided by a physician selected by the District.

3040.75.1.4 Per the recommendation of the Chief Medical ~~Officer~~ Advisor, employees who work with children, older adults, or other high-risk populations must undergo periodic tuberculosis testing. Current Pp proof of testing is to be maintained on file in Human Resources. Human Resources will generate periodic reports as a quality control measure; however, department heads are accountable for ensuring compliance with this requirement.

3040.7.1.5 Non-exempt, hourly employees will be compensated for the time it takes to complete the test. Employees will be compensated at a rate equal to the current minimum wage per hour for a total of two hours to take the test. If it takes longer than the stated two hours to complete the test, the employee is required to provide additional information to his or her supervisor. If the TB test is completed at a facility outside of the ones contracted by the District, the employee will be required to provide additional documentation and details of the cost incurred to him/her and the time taken to complete the test.

3040.75.2 Drug Testing

To provide a safe workplace for employees and to maintain productivity, ~~The~~ District requires pre-employment drug testing for all ~~positions where the primary job responsibility is to interact with older adults in their homes and children~~ employees (e.g., AdventurePlex, CHF Clubhouse, and Care Managers). Drug testing will be at the District's expense and will be conducted in accordance with the District's Drug and Alcohol Abuse Policy.

3040.75.3 Employee Use of Automobiles

Any individual who accepts an offer of employment for a position that involves driving on behalf of the District or transporting District clients or customers shall be required to present a copy of a valid California driver's license, a current Department of Motor Vehicles (DMV) record and proof of California mandatory limits of liability motor vehicle insurance. Furnishing and maintaining this information is required as a condition of employment. All individuals will be expected to comply with District Policy 3075 Employee Use of Automobiles and Policy 3070 Use of Mobile Devices.

3040.75.4 Criminal Background Check

3040.75.4.1 The District requires that individuals submit to a criminal background check once a conditional offer of employment is made ~~if the position's duties include interacting with children, conducting home visits or handling cash~~. The background check is processed through the California Department of Justice (DOJ). If it is not possible to conduct a background check through the DOJ (e.g., new California resident) the District will conduct the screening through an approved third-party vendor (e.g., ADP Selection and Screening Services). The criminal background check will be conducted in accordance with applicable federal and state laws. A prior

conviction record does not automatically disqualify an applicant from consideration for employment with Beach Cities Health District. Factors such as the frequency, nature and timing of the conviction will be considered relative to the specific position.

3040.75.4.2 If an applicant attempts to withhold information or falsify information pertaining to a previous conviction, the ~~employee applicant~~ will be disqualified from further employment consideration in any position with the District.

3040.75.4.3 Criminal background checks will be conducted at the District's expense ~~and be approved through an approved vendor selected by BCHD~~ the District.

3040.75.5 CPR and AED Certification

3040.75.5.1 The District will provide employees with access to online and/or hands-on CPR and AED certification and re-certification ~~classes courses~~ on a regular basis. All employees are encouraged to become and maintain active CPR certification. Individuals who are employed as instructors, ~~fitness specialists~~ personal trainers, care managers or assume manager-on-duty responsibilities in direct service delivery areas are required to be CPR-certified within 60 days from date of hire and are required to maintain active CPR and AED certification as a condition of employment. Department heads responsible for direct service delivery areas may also designate other individuals (e.g. front desk staff, clubhouse staff) to be CPR and AED certified in order to ensure that there is at least one certified CPR and AED District staff member on duty and available at all times.

3040.7.5.2 Non-exempt, hourly employees will be compensated for the time it takes to complete the CPR/AED recertification through the District. Employees will be compensated at a rate equal to the current minimum wage per hour for a total of two hours to take the training. If it takes longer than the stated two hours to complete the training, the employee is required to provide additional information to his or her supervisor immediately. If an employee has an existing CPR certification from an outside source, he/she will need to provide proof of completion and subsequently will be exempt for taking the required training.

3040.75.5.2-3 CPR and AED certification will be at the District's expense. However, if an individual opts not to attend a certification class offered at the District, ~~s/he~~ he or she will be personally responsible for the cost of certification and will not be eligible for reimbursement for the cost of training by the District.

3040.75.5.34 Proof of active certification is to be maintained on file in Human Resources. Human Resources will generate periodic reports as a quality control measure; however, department heads are accountable for ensuring compliance with this requirement.

3040.75.6 Reference Checks

The District requires at least two references by an applicant's current or former employers. If there is a legitimate reason (determined by Human Resources) why a professional reference is not obtainable, a personal reference will be acceptable. Exceptions need to be approved by Human

Resources (e.g., an individual performed services for the District as an independent contractor for an extended time period).

3040.86 Exceptions

The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: TELECOMMUTING
POLICY NUMBER: 3100

COMMITTEE APPROVAL DATE: 11/13/2018
BOARD APPROVAL DATE:

WRITTEN/REVISED BY: HUMAN RESOURCES
SUPERSEDES:

POLICY:

3100 It is the policy of the Beach Cities Health District ("District") to offer telecommuting as a viable, flexible work option when both the employee and the job are suited to such an arrangement. Telecommuting, or teleworking, is the concept of working from home or another location on a full- or part-time basis. The District recognizes the benefits of such work options for employees when both program and employee personal needs can be addressed.

SCOPE:

3100.1 This policy applies to all District employees.

RESPONSIBILITY:

3100.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures, and to follow them accordingly.

GUIDELINES:

3100.3 The District encourages the use of telecommuting and teleworking where it's a viable option and clearly defines the benefits to the employee and management.

3100.4 Telecommuting/teleworking is not a formal, universal employee benefit. Rather, it is an alternative method of meeting the needs of the District. The District has the right to refuse to make telecommuting available to an employee and to terminate a telecommuting arrangement at any time.

3100.5 The employee's compensation, benefits, work status and work responsibilities will not change due to participation in the telecommuting program. The amount of time the employee is expected to work per day or pay period will not change as a result of participation in the telecommuting program.

3100.6 Employees requesting formal telecommuting arrangements need to meet the following eligibility criteria:

3100.6.1 Must be employed with the District for a minimum of 12 months of continuous, regular employment

3100.6.2 Received a minimum satisfactory performance rating on their most recent performance evaluation and/or is currently considered to be in good performance standing; and

3100.6.3 Able to work efficiently and effectively with minimal supervision

3100.7 Telecommuting can be informal, such as working from home for a short-term project or on the road during business travel, or a formal, set schedule of working away from the office. Either an employee or a supervisor can suggest telecommuting as a possible work arrangement.

3100.8 Prior to approving any telecommuting agreement, managers/supervisors must consider the employees' workload and the type of work performed. Consideration should also be given to the impact the proposed work schedule will have on fellow employees, employee morale, as well as the functional needs of the department as a whole. The Department Head is responsible to ensure necessary adjustments are implemented and that the telecommuting policy is administered in a manner that will positively impact their department.

3100.9 If the employee and supervisor agree, the Department Head and Human Resources department concurs and the Chief Executive Officer approves, a telecommuting agreement will be prepared and signed by all parties outlining all expectations and protocols necessary for the telecommuting arrangement.

3100.10 All telecommuting requests must be approved by the employee's Department Head, Human Resources and Chief Executive Officer.

3100.11 Employees with approved telecommuting requests are expected to read, understand and follow the telecommuting arrangement procedure that can be found with the Human Resources department. A copy will be provided to the employee upon approval.

3100.12 Telecommuting employees who are not exempt from the overtime requirements of the Fair Labor Standards Act will be required to accurately record all hours worked using the District's HRIS portal. Hours worked in excess of those scheduled per day and per workweek require the advance approval of the telecommuter's supervisor. Failure to comply with this requirement may result in the immediate termination of the telecommuting agreement.

3100.13 Ad Hoc Arrangements

3100.13.1 Temporary telecommuting arrangements may be approved for circumstances such as inclement weather, special projects or business travel. These arrangements are approved by the employee's supervisor and department head on an as-needed basis only, with no expectation of ongoing continuance.

3100.13.2 Other informal, short-term arrangements may be made for employees on a case-by-case basis to the extent practical for the employee and the District, focusing first on the business needs of the District.

EXCEPTIONS:

3100.14 The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: BENEFITS
POLICY NUMBER: 3230

COMMITTEE APPROVAL DATE: ~~09/05/2018~~ 11/13/2018 **WRITTEN/REVISED**
BY: HUMAN RESOURCES
BOARD APPROVAL DATE: 06/25/2014 **SUPERSEDES:** 07/27/2005

POLICY:

3230 It is the policy of Beach Cities Health District (“District”) to communicate benefit programs that are available to District employees.

SCOPE:

3230.1 This policy applies to all District employees. The scope of coverage and the amount of employer contribution toward the payment of premiums is subject to periodic review and revision by the Board of Directors. Eligibility for benefits is subject to hours scheduled.

RESPONSIBILITY:

3230.2 It is the responsibility of management to understand, communicate and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures and to follow them accordingly.

ELIGIBILITY:

3230.3 Eligibility for benefits is dependent upon an employee’s scheduled hours worked. For a detailed explanation, see the [District](#) Employee Handbook.

CONTENTS:

3230.4 Details and information on services provided by benefits programs are provided to all employees upon hire. Copies are also kept on file with Human Resources and made available on the District’s employee self-service web portal.

3230.5 Health and Welfare Benefits offered through Cafeteria Plan

3230.5.1 Café Dollars

3230.5.1.1The District provides café dollars to eligible employees in order to assist them with the purchase of health and welfare benefits. The amount of café dollars is pro-rated according to an employee’s assigned work schedule. In addition to receiving café dollars, the employee’s portion of his/her benefit premiums will be deducted on a pre-tax basis, with the exception of [basic life & AD&D](#) and long-term disability.

[In any case in which Domestic Partners or spouse are both employed by the District and the employees opt to go on one plan, only the primary account holder will be](#)

eligible to receive the Café dollars. The other employee will not be eligible for any Café dollars as additional Café dollars will be provided to the domestic partner or spouse who is the primary account holder in accordance with the District's Café dollar amounts provided each plan year.

3230.5.1.2 Note: The District is obligated to administer medical and retirement benefits in accordance with applicable Federal and State laws. This includes eligibility guidelines established by the California Public Employees' Retirement System (CalPERS). Therefore, an employee may be able to purchase medical benefits (at his or her own expense) even if he or she is ineligible to participate in any other health and welfare benefits offered by the District. Employees meet this criterion if they work a minimum of 1,000 hours within a fiscal year (July through June), or if they are regularly scheduled to work a minimum of twenty (20) hours per week and the assignment is a minimum of a year in duration.

3230.5.1.3 The café dollar contribution and coverage for these benefits begins on the first day of the month following date of hire, or date of eligibility (e.g., an employee's status changes from temporary to full-time). The employee may choose to participate in any or all of these benefits; however, all eligible employees who waive medical coverage are required to carry medical insurance coverage from another source and provide proof of the same to Human Resources. If the employee chooses to take any portion of the cafeteria plan contribution in salary, the appropriate taxes will be deducted.

3230.5.2 Types of health and welfare benefits

3230.5.2.1 Medical Group Health – Medical, Dental & Vision

Eligible employees can participate in the District's group health plan, effective on the first day of the month following your start date. The group health plan includes medical, dental and vision benefits. The District also has a cafeteria benefits plan program (mentioned above) in which a set amount of money is contributed each month by the District for an employee's medical, dental, vision and life insurance. The District also provides post-retirement medical benefits through CalPERS to eligible employees who retire directly from the District. The District contributes the Public Employees' Medical & Hospital Care Act (PEMHCA) minimum amount towards the health premium for the CalPERS healthcare plan for retirees and the remainder amount is paid by the retiree. For additional information on group health plans and benefits, contact Human Resources.

3230.5.2.2 Dental

3230.5.2.3 Vision

3230.5.2.4 Long-term Disability

Employees must be regularly scheduled to work the required number of hours per week to be eligible for long term disability. Eligibility to receive long-term disability benefits begins after 30 days of employment. This benefit pays 60% of an employee's monthly gross salary.

3230.5.2.5 Basic-Life Insurance

The District provides basic life & AD&D coverage of \$20,000 each to all eligible employees at no cost to employees. Employees also have the option of enrolling in voluntary life insurance & AD&D, voluntary spouse life & AD&D and child life insurance through the District. Employees are responsible for all premium payments for voluntary life insurances.

3230.5.2.6 Pension Plan

3230.5.2.6.1 The District provides a defined benefit pension plan through the California Public Employee's Retirement System (CalPERS). Details of the plan are included in the Employee Handbook.

3230.5.2.6.2 The District's contribution is mandated by CalPERS and is adjusted annually. Participation in the plan is mandatory for all employees who meet CalPERS participation requirements. Contributions are made through a payroll deduction and begin immediately upon employment. Employees are vested in the CalPERS pension plan after they have reached the full-time equivalent of five (5) years participation in the plan.

3230.5.2.6.3 Note: The District is obligated to administer the CalPERS pension plan in accordance with applicable Federal and State laws. This includes eligibility guidelines established by the California Public Employees' Retirement System (CalPERS). Therefore, an employee may be required to participate in the CalPERS pension plan even if he or she is ineligible to participate in any other health and welfare benefits. Employees meet this criterion if they work a minimum of 1,000 hours within a fiscal year (July through June), or if they are regularly scheduled to work a minimum of twenty (20) hours per week and the assignment is a minimum of a year in duration.

3230.5.2.7 Deferred Compensation Plan

Eligible employees may elect to contribute tax-deferred salary to the 457 Deferred Compensation Plan. Contributions to this plan are made exclusively by the employee, as the District does not match or contribute to the plan. [For more information, contact Human Resources.](#)

3230.5.2.8 Flexible Spending Account

Eligible employees may elect to set aside pre-tax income for medical expenses, premium costs, and dependent (child/elder) care. Contributions are made exclusively by the employee through payroll deduction. [For more information, contact Human Resources.](#)

3230.5.2.9 Dependent Care Reimbursement Plan

The Dependent Care Reimbursement Plan is a qualifying program under Section 129 of the Internal Revenue Code of 1986 that enables employees to elect to receive reimbursement from the District for dependent care expenses that are excludable from their gross income, much like the dependent care flexible spending account (FSA).

Employees must be enrolled in a dependent care FSA for the District to match their contribution. For more information, contact Human Resources.

3230.5.2.10 Paid Parental Leave

The purpose of paid parental leave is to enable the employee to care for and bond with a newborn or a newly adopted or newly placed child. The District will provide up to twelve weeks of paid parental leave to employees (in coordination with Paid Family Leave paid by the state) following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care. For more information, view Policy 3410, Leaves of Absence – Medical.

3230.6 Federal and State mandated benefits

3230.6.1 All District employees are eligible for federal and state mandated benefits regardless of their employee status provided that they otherwise meet eligibility criteria as determined by the applicable federal or state statute.

3230.6.2 Types of Federal and State mandated benefits

3230.6.2.1 Workers' Compensation

Under the California State Worker's Compensation Law, employees are insured for job-related injuries. This provides for medical and hospital expenses and for partial compensation for time lost from work. Worker's compensation benefits extend for a 13-week period. For more information, contact Human Resources.

3230.6.2.2 State Disability Insurance

California State Disability Insurance (SDI) is a partial wage-replacement insurance plan funded through employee payroll deductions. SDI provides affordable, short-term benefits to eligible employees who suffer a loss of wages when they are unable to work due to a non-work-related illness or injury, or a medically disabling condition from pregnancy or childbirth.

3230.6.2.3 Paid Family Leave Insurance

Paid Family Leave Insurance (PFL) provides up to six weeks of partial pay for individuals who must take time off to care for a seriously ill dependent or to bond with a new minor child. Paid Family Leave is available to California workers covered by State Disability Insurance.

3230.6.2.4 Unemployment Insurance

The Department of Labor's Unemployment Insurance (UI) programs provide unemployment benefits to eligible workers who become unemployed through no fault of their own, and meet certain other eligibility requirements.

3230.7 Additional benefits offered to District employees

3230.7.1 Health & Fitness Benefit

The District encourages all employees to maintain a healthy life style by offering

complementary membership to the Center for Health and Fitness (CHF). This benefit discontinues upon termination of employment, but an employee may choose to enroll as a paying member to CHF.

3230.7.2 Credit Union Membership

All District employees are eligible to join the credit union associated with the District, beginning with the date of hire.

3230.7.3 Employee Assistance Program (EAP)

All District employees have access to EAP services. These services offer limited confidential counseling sessions and services for employees and household members to offer professional help and support when faced with issues or problems affecting home or work life.

3230.7.4 Long Term Care Insurance

The District offers a long-term care insurance plan through the California Public Employee's Retirement System (CalPERS). The plan is administered by CalPERS and interested eligible employees may contact them directly. The premiums for long-term care insurance are the sole responsibility of the employee.

3230.7.5 Community Service

The District encourages employees to participate in outside community services. Eligible employees will receive paid time-off during regular work hours to volunteer with a District volunteer program or non-profit agency. Paid time to volunteer may not exceed four (4) hours per month. An employee wishing to participate in this benefit must receive prior approval from his or her supervisor so that coverage considerations can be planned in a cost-efficient manner. Depending upon the business unit, an employee may be asked to plan community service time during "non-peak" business hours.

3230.7.6 Education Assistance

The District encourages employees to pursue educational opportunities related to their present work that will prepare them for foreseeable opportunities within the District. Eligible employees are able to apply for education assistance up to \$4,000 each year. For more information, view Policy 3620, Education Assistance.

3230.7.7 Lactation (Privacy) Rooms

The District believes in promoting a family-friendly work environment and in line with that philosophy recognizes the importance and benefits of breastfeeding by providing an accommodating and supportive environment for working mothers who are nursing. There are private and quiet spaces with electrical outlets available as well as access to a refrigerator to keep stored milk at all District locations. Should a nursing employee need more information about this accommodation, she can connect with her supervisor or Human Resources.

EXCEPTIONS:

3230.8 The Chief Executive Officer is the only person authorized to make exceptions to this policy.



Live Well. Health Matters.

POLICY TITLE: DISASTER SERVICE WORKER
POLICY NUMBER: 3300

COMMITTEE APPROVAL DATE: 11/13/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES
BOARD APPROVAL DATE: **SUPERSEDES:**

POLICY:

3300 It is the policy of the Beach Cities Health District (“District”) to have employees serve as Disaster Service Workers Volunteer Program (“DSWVP”) in accordance with the California Government Code, Title 1, Division 4, Chapter 8, Sections 3100 et seq. Disaster Service Workers (“DSWV”) provide services and aid during conditions, including the recovery phase, of an emergency, disaster, or catastrophic event.

SCOPE:

3300.1 This policy applies to all District employees.

RESPONSIBILITY:

3300.2 Management Responsibility

It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. For purposes of this policy, management includes any position that supervises others or oversees a District-wide function. In addition to this, management is expected to meet the following additional responsibilities:

3300.2.1 Provide each employee with a reasonable time, during normal work hours, to complete the DSWV training program, the Affirmation of Loyalty, and DSWV registration form (if required).

3300.2.2 Each Department Head will ensure all department employees are aware of the procedures to follow in the event of an emergency, disaster, or catastrophic event that occurs during normal work hours, including where employees are to assemble. Additionally, it is the responsibility of each department head to establish and maintain personal contact and emergency contact information for all department employees to be utilized in the event of an emergency, disaster, or catastrophic event that occurs during non-working hours to communicate with employees who need to return to work to perform disaster service activities.

3300.3 Employee Responsibility

It is the responsibility of employees to understand the policies, guidelines, and procedures of the DSW Program, and to follow them accordingly. All employees are also expected to know, understand and comply with the laws that apply to her/him:

3300.3.1 New hires must complete the training program within 60 business days of the date of hire; current employees must complete the training program by June 30, 2019.

3300.3.2 Employees will coordinate a reasonable time to complete the requirements of the DSWV training program with their supervisor.

3300.4 Human Resources Responsibility

It is the responsibility of Human Resources to track employee compliance and coordinate training and requirements necessary for the DSWV program. Human Resources will ensure all emergency plans and protocols are in place and employees are properly trained to be ready to respond, should they be called upon to serve as DSWVs. Human Resources will also work closely with Property Services to prepare facilities for times of emergency or disaster.

GUIDELINES:

3300.5 The District will ensure that employees are formally trained on the structure and function of emergency management and have taken the Affirmation of Loyalty in accordance with applicable state and federal law.

3300.6 Identified departments and staff will be responsible for organizing and directing the preparedness efforts of District facilities, the employees who work in those facilities and the coordination efforts with the cities of Hermosa Beach, Manhattan Beach and Redondo Beach to serve affected residents. In addition to this policy, the District will provide supplemental information that instructs employees how and under what conditions DSWVs may be activated and methods and strategies for reporting in after a disaster.

3300.7 Employees will be assigned work in coordination with the needs of the beach cities. While work may be outside the general scope of their typical duties and responsibilities and may be under a different supervisor or location in which they typically work, employees will never be asked to perform any duty or function they are physically unable or unqualified to do.

3300.8 EXCEPTIONS

The following employees are exempt from DSWVP training requirements:

3300.8.1 Employees who are not citizens of the United States are not eligible to serve as public employee DSWVs.

3300.8.2 Employees hired to fill intermittent or temporary employments may not be required to be trained as DSWVs. The decision to provide training and the Affirmation of Loyalty to these employees is at the discretion of the CEO.

3300.8.3 Employees categorized as Peace Officers or Fire Fighters are exempt from the training requirement.

3300.9 PAY AND COMPENSATION

3300.9.1 Public employees acting as disaster service workers can get paid and reimbursed for expenses only if they have taken and subscribed to the oath or affirmation prior to serving as a disaster service worker (*CA Government Code §3107*).

3300.9.2 Employees will continue to be paid as they normally would (including overtime, compensatory time, premiums or special pays, etc.) in accordance with the terms of the applicable Memorandum of Agreement. This may include needing to work a different work schedule, in excess of the employee's regular hours, or at a different work location than the employee's normal work assignment. Employees should sign in and out at their work location to be paid for their time correctly.

3300.10 DISRUPTIONS TO TRANSPORTATION

3300.10.1 Due to the nature of the role of a DSWV, it is essential that employees report to work on time, unless they are unable due to physical barriers or other safety hazards (e.g., freeway collapse or damage). If an Employee is unable to report to work, they should notify their supervisor and Human Resources as soon as they are able.

3300.10.2 Commute time is not paid during normal working conditions, and remains unpaid even if a major disruption causes a significant increase in commute time, or the employee is required to report to an alternate work location.

3300.11 FAILURE TO REPORT TO WORK

3300.11.1 If an employee is unable to report to work for a regularly scheduled shift, they should notify their supervisor and Human Resources as soon as they are able. Employees who fail to report to work, without notification and/or an approved absence, during the emergency will be considered absent without leave.

3300.11.2 During an emergency, employees may be called into work outside their regularly scheduled shift, including on an employee's regularly scheduled day off. Absent extenuating circumstances, employees who fail to report to work may be subject to disciplinary action.

POLICY TITLE: LEAVE OF ABSENCE: MEDICAL
POLICY NUMBER: 3410

COMMITTEE APPROVAL DATE: ~~11/28/2012~~ 11/13/2018 **WRITTEN/REVISED**
BY: HUMAN RESOURCES J. BERLING
BOARD APPROVAL DATE: ~~01/30/2013~~ **SUPERSEDES:** ~~01/30/2013~~ 02/24/2010

POLICY:

3410 It is the policy of the Beach Cities Health District (“District”) to provide eligible employees with paid or unpaid leaves of absence. The District intends at all times to comply with federal and state laws regarding leaves of absence.

Guidelines:

SCOPE:

3410.1 Medical leaves of absence are available to all eligible employees. A paid medical leave may be available to full-time and eligible part-time employees. Part-time employees must have a designated, regular work schedule of 30 or more hours per week. The paid leave would be prorated based upon the employee’s assigned work schedule.

RESPONSIBILITY:

3410.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the employee’s responsibility to understand this policy, provide as much advance notice as possible, and produce all necessary documentation as required.

CONTENTS:

3410.3 DEFINITIONS

In implementing this policy, the following definitions will apply.

3410.3.1 “12-Month Period” means a rolling 12-month period measured backward from the date leave is taken and continuous with each additional leave day taken.

3410.3.2 “Child” means a child under 18 years of age, or 18 years of age or older who is incapable of self-care because of a mental or physical disability. An employee’s child is one for whom the employee has actual day-to-day responsibility for care and includes a biological, adopted, foster or step-child, a legal ward, a son or daughter of a domestic partner, or a son or daughter who stands in loco parentis (in place of a parent) to that child.

3410.3.3 “Parent” means the biological, foster or adoptive parent of an employee or an individual who stands or stood in loco parentis (in place of a parent) to an employee when the employee was a child. This term does not include parents-in-law.

3410.3.4 “Spouse” means a husband or wife as defined or recognized under California State law for purposes of marriage.

3410.3.5 “Domestic Partner” means the employee’s domestic partner as defined in Section 297 of the Family Code.

3410.3.6 “Family Member” means child, parent, spouse or domestic partner as defined in this policy.

3410.3.7 “Serious Health Condition” means an illness, injury impairment, or physical or mental condition that involved:

3410.3.7.1 Inpatient Care (i.e., an overnight stay) in a hospital, hospice, or residential medical care facility, including any period of incapacity (i.e., inability to work, or perform other regular daily activities due to the serious health condition, treatment involved, or recovery there from); or

3410.3.7.2 Continuing treatment by a Health Care Provider: A serious health condition involving continuing treatment by a Health Care Provider as defined under federal or state law.

3410.3.8 “Health Care Provider” is defined pursuant to the FMLA and CFRA.

3410.4 REASONS FOR LEAVE

Leave is only permitted for the following reasons:

3410.4.1 The birth of a child or to care for a newborn of an employee or the employee’s Spouse or Domestic Partner;

3410.4.2 The placement of child with an employee in connection with the adoption or foster care of a child by the employee or the employee’s Spouse or Domestic Partner;

3410.4.3 Leave to care for a child of the employee, Spouse or Domestic Partner, who has a Serious Health Condition;

3410.4.4 Leave because of a Serious Health Condition that makes the employee unable to perform the functions of his or her position;

3410.4.5 Leave to care for a Parent, Spouse, or Domestic Partner who has a Serious Health Condition.

3410.5 TYPES OF LEAVE

3410.35.1 ALCOHOL AND DRUG REHABILITATION LEAVE:

An employee may be granted time off to participate in an alcohol or drug rehabilitation program, provided that a reasonable accommodation does not impose an undue hardship on the employer. “Reasonable accommodation” is interpreted to mean time off work. Leave under this policy is unpaid. However, an employee may be able to use accrued paid leave.

3410.35.2 FAMILY CARE AND MEDICAL LEAVE (FMLA/CFRA):

The District will provide family and medical care leave for eligible employees, see “Reasons for Leave” Section, **3410.54.1 – 3410.54.5** as required by state and federal law, including leaves under the federal Family Medical Leave Act (FMLA), the Military

Caregiver Leave (also known as Covered Service member Leave), the State of California Family Rights Act (CFRA) and Paid Family Care Leave (PFCL). An individual who is entitled to leave under the FMLA and the CFRA must take ~~Family~~ Temporary Disability Insurance leave concurrent with leave taken under the FMLA and the CFRA.

3410.6-5.2.1 EMPLOYEES ELIGIBLE FOR LEAVE

3410.65.2.1.1 An employee is eligible for leave if the employee:

3410.65.2.1.1.1 Has been employed for at least 12 months; and

3410.65.2.1.1.2 Has been employed for at least 1,250 hours during the 12-Month Period immediately preceding the commencement of the leave.

3410.65.2.1.2 The District counts FMLA/CFRA using a “looking back” method. Meaning, if an employee requests FMLA/CFRA, the District looks back over the preceding 12-Month Period to determine if the employee had taken FMLA/CFRA leave during that time period. If the employee did take FMLA/CFRA time, then that would be deducted from the amount of leave for which the employee is now eligible. If the employee has not taken an FMLA/CFRA leave, then the employee would be eligible for all twelve (12) weeks of FMLA/CFRA.

3410.7-5.2.2 AMOUNT OF LEAVE

Eligible employees are entitled to a total of 12 workweeks of leave during any 12-Month Period.

3410.75.2.2.1 Minimum Duration of Leave

If leave is requested for the birth, adoption or foster care placement of a child of the employee or employee’s Spouse or Domestic Partner, leave must be concluded within one year of the birth or placement of the child. In addition, the basic minimum duration of such leave is two weeks. However, an employee is entitled to leave for one of these purposes (e.g., bonding with a newborn) for at least one day, but less than two weeks duration on any two occasions.

If leave is requested to care for a Child, Parent, Spouse, Domestic Partner or the employee him or herself with a Serious Health Condition, there is no minimum amount of leave that must be taken. However, the notice and medical certification provisions of this policy must be complied with.

3410.75.2.2.2 Spouses Both Employed by the District

In any case in which a Domestic Partner, husband and wife are both employed by the District and both are entitled to leave, the aggregate number of workweeks of leave to which both may be entitled may be limited to 12 workweeks during any 12-Month Period if leave is taken for the birth or placement for adoption or foster care of the employees’ child (i.e., bonding leave). This limitation does not apply to any other type of leave under this policy.

3410.8-5.2.3 EMPLOYEE BENEFITS WHILE ON LEAVE

3410.85.2.3.1 Leave under this policy is unpaid. However, an employee may be able to use accrued paid leave. While on leave, employees will continue to be covered by the District's group health insurance to the same extent that coverage is provided while the employee is on the job. The employee may be entitled to other non-District provided benefits under any other Federal and/or State programs such as Employment Development Department (EDD) benefits. The District is not responsible for administering any such benefits.

3410.85.2.3.2 Employees may make the appropriate contributions for continued coverage under the preceding non-health benefit plans by payroll deductions or direct payments made to these plans. Depending on the particular plan, the District will inform the employee whether the premiums should be paid to the carrier or to the District. The coverage on a particular plan may be dropped if the employee is more than 30 days late in making a premium payment. However, the employee will receive a notice at least 15 days before coverage is to cease, advising him or her that he or she will be dropped if the premium payment is not paid by a certain date. Employee contribution rates are subject to any change in rates that occurs while the employee is on leave.

3410.85.2.3.3 If the employee fails to return to work after his or her leave entitlement has been exhausted or expires, the District shall have the right to recover its share of health plan premiums for the entire leave period, unless the employee does not return because of the continuation, recurrence, or onset of a Serious Health Condition of the employee or his or her family member which would entitle the employee to leave, or because of circumstances beyond the employee's control. The District shall have the right to recover premiums (or other sums due the District) from an employee, against his or her wages, paid time off, vacation, or holiday pay.

3410.9-5.2.4 SUBSTITUTION OF PAID ACCRUED LEAVES

3410.5.2.4.1 While on leave under this policy, as set forth herein, an employee may elect to concurrently use paid accrued leaves. Similarly, the District may require an employee to concurrently use paid accrued leaves after requesting FMLA, CFRA leave and ~~P~~paid Family Leave, and may also require an employee to use family and medical care leave concurrently with a non-FMLA/CFRA leave which is FMLA/CFRA-qualifying.

3410.95.2.4.1.1 Employer's Right to Require an Employee to Use Paid Accrued Leaves Concurrently With Family Leave

3410.95.2.4.1.2 Where an employee has earned or accrued paid vacation and/or administrative leave, that paid leave must be substituted for all or part of any (otherwise) unpaid leave under this policy.

3410.95.2.4.1.3 An employee is entitled to and may use sick leave concurrently with leave under this policy if:

3410.95.2.4.1.3.1 The leave is for the employee's own serious health condition; or

3410.95.2.4.1.3.2 The leave is needed to care for a parent, domestic partner, spouse or child with a serious health condition, and would be permitted as sick leave under the District's sick leave policy.

3410.95.2.4.2 An employee may use compensatory time concurrently with leave under this policy.

34190.95.2.4.3 As a condition of an employee's initial receipt of family temporary disability insurance benefits during any 12-Month Period in which an employee is eligible for these benefits, the District may require an employee to take up to two weeks of earned but unused Paid Time Off (PTO) leave prior to the employee's initial receipt to these benefits. If the District requires the employee to take PTO leave, that portion of the PTO leave that does not exceed one week shall be applied to any applicable waiting period for receipt of family temporary disability insurance benefits.

3410.40-5.2.5 MEDICAL CERTIFICATION

3410.405.2.5.1 Employees who request leave for their own Serious Health Condition or to care for a Child, Parent, Domestic Partner, or a Spouse who has a Serious Health Condition must provide written certification from the Health Care Provider of the individual requiring care if requested by the District.

3410. 5.2.540.1.1 Time To Provide A Certification

When an employee's leave is foreseeable and at least 30 days' notice has been provided, if a medical certification is requested, the employee must provide it before the leave begins. When this is not possible, the employee must provide the requested certification to the District within the time frame requested by the District (which must allow at least 15 calendar days after the employer's request), unless it is not practicable under the particular circumstances to do so despite the employee's diligent, good faith efforts.

3410. 5.2.540.1.2 Consequences For Failure To Provide An Adequate Or Timely Certification

District will advise the employee in writing what additional information is necessary to make the certification complete and sufficient. The employee will have seven (7) calendar days, unless not practicable under the circumstances despite the employee's diligent good faith efforts, to cure any deficiency. If the deficiency is not cured, the District may deny the taking of FMLA/CFRA leave.

3410. 5.2.540.1.3 Recertification

If the District has reason to doubt the validity of a certification, the District may require a medical opinion of a second Health Care Provider chosen and paid for by the District. If the second opinion is different from the first, the District may

require the opinion of a third provider jointly approved by the District and the employee, but paid for by the District. The opinion of the third provider will be binding. An employee may request a copy of the Health Care Provider's opinions when there is a recertification.

3410.5.2.540.1.4 Intermittent Leave or Reduced Schedule Leave

If an employee requests leave intermittently (a few days or hours at a time) or on a reduced leave schedule for the employee or to care for an immediate family member with a Serious Health Condition, the employee must provide medical certification that such leave is medically necessary. "Medically necessary" means there must be a medical need for the leave and that the leave can best be accomplished through an intermittent or reduced leave schedule.

3410.11-5.2.6 EMPLOYEE NOTICE OF LEAVE

Although the District recognizes that emergencies arise which may require employees to request immediate leave, employees are required to give as much notice as possible of their need for leave. -If leave is foreseeable, at least 30 days' notice is required. In addition, if an employee knows that he or she will need leave in the future, but does not know the exact date(s) (e.g., for the birth of a child or to take care of a newborn), the employee shall inform his or her supervisor as soon as possible that such leave will be needed. Such notice may be given pursuant to the District's usual and customary call-in procedures for reporting an absence, absent unusual circumstances. The employee must provide notice sufficient to make the District aware that the employee needs FMLA/CFRA-qualifying leave, and the anticipated timing and duration of the leave. If the District determines that an employee's notice is inadequate, the District may delay the granting of FMLA/CFRA leave.

3410.42-5.2.7 REINSTATEMENT UPON RETURN FROM LEAVE

3410.5.2.742.1 Right To Reinstatement

3410.5.2.742.1.1 Upon expiration of leave, an employee is entitled to be reinstated to the position of employment held when the leave commenced, or to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. Employees have no greater rights to reinstatement, benefits and other conditions of employment than if the employee had been continuously employed during the FMLA/CFRA/Paid Family Leave period.

3410.5.2.742.1.2 If a definite date of reinstatement has been agreed upon at the beginning of the leave, the employee will be reinstated on the date agreed upon. If the reinstatement date differs from the original agreement of the employee and District the employee will be reinstated within two business days, where feasible, after the employee notifies the employer of his or her readiness to return.

3410.5.2.742.2 Employee's Obligation To Periodically Report On His or Her Condition

Employees may be required to periodically report on their status and intent to return to work. This will avoid any delays to reinstatement when the employee is ready to return.

3410.5.2.712.3 Fitness-for-duty Certification

As a condition of reinstatement of an employee whose leave was due to the employee's own Serious Health Condition, which made the employee unable to perform his or her job, the employee must obtain and present a fitness-for-duty certification from the Health Care Provider that the employee is able to perform the essential functions of the employee's job. Where reasonable job safety concerns exist, the District may require a fitness-for-duty certification before an employee may return to work when the employee takes intermittent or reduced leave. Failure to provide such certification will result in denial of reinstatement.

3410.13-5.2.4 MILITARY CAREGIVER LEAVE

An eligible employee who is a Sspouse, Ddomestic Ppartner, son, daughter, Pparent, or next of kin of a covered service member with a serious injury or illness may take up to a total of 26 workweeks of unpaid leave during a single 12-Month Period to care for the service member. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise an outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness. A serious injury or illness is one that was incurred by a covered service member in the line of duty on active duty that may render the covered service member medically unfit to perform the duties of his or her office, grade, rank, or rating. The single 12-Month Period for leave to care for a covered service member with a serious injury or illness begins on the first day the employee takes leave for this reason and ends twelve months later, regardless of a 12-Month Period established by the employer for other types of FMLA leave. An eligible employee is limited to a combined total of 26 workweeks of leave for any FMLA-qualifying reason during the single 12-Month Period. Only 12 of the 26 weeks total may be for FMLA-qualifying reason other than to care for a covered service member.

3410.5.2.413.1 QUALIFYING EXIGENCY LEAVE

An eligible employee may take up to a total of 12 workweeks of unpaid leave during the normal 12-month period established by the employer for FMLA leave for qualifying exigencies arising out of the fact that the employee's sSpouse, dDomestic Ppartner, son, daughter, or pParent is on active duty, or has been notified of an impending call or order to active duty, in support of a contingency operation. Under the terms of the statute, qualifying exigency leave is available to a Family Member of a military member in the National Guard or Reserves and Regular Armed Forces; ~~it does not extend to family members of military members in the Regular Armed Forces.~~

3410.5.2.413.1.2 Qualifying exigencies include:

3410.5.2.413.1.2.1 Issues arising from a covered service member's short-term deployment (i.e., deployment on seven or less days of notice) for a period of seven days from the date of notification;

3410.5.2.413.1.2.2 Attending Mmilitary events and related activities such as official ceremonies, programs, or events sponsored by the military or family support or assistance programs and informational briefings sponsored or promoted by the military, military service organizations, or the American Red Cross that are related to the active duty or call to active duty status of a covered service member;

3410.5.2.413.1.2.3 Certain child care and related activities arising from the active duty or call to active duty status of a covered service member such as arranging for alternative child care, providing child care on a non-routine, urgent, immediate need basis, enrolling or transferring a child in a new school or day care facility, and attending certain meetings at a school or day care facility if they are necessary due to circumstances arising from the active duty or call to active duty of a covered service member;

Note: The employee taking FMLA qualifying exigency leave does not need to be related to the military member's child. However, (1) the military member must be the parent, spouse, son or daughter of the employee taking FMLA leave, and (2) the child must be the child of the military member (including a child to whom the military member stands in loco parentis).

3410.5.2.413.1.2.4 Making or updating financial and legal arrangements to address a covered service member's absence;

3410.5.2.413.1.2.5 Attending counseling provided by someone other than a health care provider for oneself, the covered service member, or the child of the covered service member, and the need for which arises from the active duty or call to active duty status of a covered service member;

3410.5.2.413.1.2.6 Taking up to fivefifteen days of leave to spend time with a covered service member who was on short-term temporary, rest and recuperation leave during deployment;

3410.5.2.413.1.2.7 Attending to certain post-deployment activities, including attending arrival ceremonies, reintegration briefings and events, and other official ceremonies or programs sponsored by the military for a period of 90 days following the termination of the covered service member's active duty status, and addressing issues arising from the death of a covered service member;

3410.5.2.4.1.2.8 Certain activities arising from the military member's covered active duty related to care of the military member's parent who is incapable of self-care, such as arranging for alternative care, providing care on a non-routine, urgent, immediate need basis, admitting or transferring a

parent to a new care facility, and attending certain meetings with staff at a care facility, such as meetings with hospice or social service providers.

Note: The employee taking FMLA qualifying exigency leave does not need to be related to the military member's parent. However, (1) the military member must be the parent, spouse, son or daughter of the employee taking FMLA leave, and (2) the parent must be the parent of the military member (including an individual who stood in loco parentis to the military member when the member was a child).

3410.5.2.443.1.2.8 Any other event that the employee and employer agree is a qualifying exigency.

3410.5.2.443.2 LEAVE TO CARE FOR A COVERED SERVICEMEMBER WITH A SERIOUS ILLNESS OR INJURY INCURRED IN THE LINE OF DUTY ON ACTIVE DUTY

3410.5.2.443.2.1 Eligible employees who are Family Members of covered service members may take up to 26 workweeks of leave in a single 12-Month Period to care for a covered service member with a serious illness or injury incurred in the line of duty on active duty. The leave may be taken intermittently whenever medically necessary to care for a covered service member with a serious injury or illness. Leave may also be taken intermittently for a qualifying exigency arising out of the active duty status or call to active duty of a covered service member. When leave is needed for planned medical treatment, the employee must make a reasonable effort to schedule the treatments so as not to unduly disrupt the District's operation.

3410.5.2.443.2.2 Spouses employed by the District are both limited to a combined total of 26 workweeks in a single 12-Month Period if the leave is to care for a covered service member with a serious injury or illness, and for the birth and care of a newborn child, for placement of a Child for adoption or foster care, or to care for a Parent who has a Serious Health Condition.

3410.5.2.443.3 EMPLOYEE NOTICE

3410.5.2.443.3.1 Employees seeking to use Military Caregiver Leave must provide 30 days advance notice of a need to take FMLA leave for planned medical treatment for a serious injury or illness of a covered service member. If leave is foreseeable but 30 days advance notice is not practicable, the employee must provide notice as soon as practicable – generally, either the same or next business day. An employee must provide notice of the need for foreseeable leave due to a qualifying exigency as soon as practicable. When the need for military family leave is not foreseeable, the employee must provide notice to the District as soon as practicable under the facts and circumstances of the particular case. Generally, it should be practicable to provide notice for unforeseeable leave within the time prescribed by the District's usual and customary notice requirements.

3410.5.2.413.3.2 The employee must provide sufficient information to make the District aware of the need for FMLA leave for these reasons and the anticipated timing and duration of the leave. Such information may include, as applicable:

3410.5.2.413.3.2.1 That the requested leave is for a particular qualifying exigency related to the active duty or call to active duty status of a covered service member and the anticipated duration of the leave;

3410.5.2.413.3.2.2 That the leave is for a qualifying Family Member who is a covered service member with a serious injury or illness and the anticipated duration of the leave.

3410.5.2.413.4 EMPLOYER NOTICE

3410.5.2.413.4.1 When the employee requests FMLA leave under this policy, the District will provide notice to the employee of his or her eligibility to take leave, including a reason for non-eligibility if the employee is determined not to be eligible. Such eligibility notice may be oral or written and should generally be given within five business days of the employee's request for leave. Subsequent eligibility notice in the same 12-month leave period may be required when an employee's eligibility status changes. The District will inform employees of their rights and responsibilities under this leave, including giving specific written information on what is required of the employee.

3410.5.2.413.4.2 When the District has enough information to determine that the leave is being taken for an FMLA-qualifying reason, the District will notify the employee that the leave is designated and will be counted as FMLA leave. The District will designate leave that qualifies as both leave to care for a covered service member with a serious injury or illness and leave to care for a qualifying Family Member with a Serious Health Condition as leave to care for a covered service member in the first instance. This designation notice will be in writing and generally will be given within five business days of the determination. The District would notify the employee of the number of hours, days, or weeks that will be counted against the employee's FMLA entitlement.

3410.5.2.413.5 CERTIFICATION REQUIREMENTS

3410.5.2.413.5.1 The District will require the employee who requests military family leave to produce a certification and may require the employee certification to include:

3410.5.2.413.5.1.1 The leave for qualifying exigency be supported by a copy of the covered service member's active duty orders and certification providing the appropriate facts related to the particular qualifying exigency for which leave is sought, including contact information if the leave involves meeting with a third party;

3410.5.2.4~~3.5.1.2~~ The leave to care for a covered service member with a serious injury or illness be supported by certification completed by an authorized Health Care provider or by a copy of an Invitational Travel Order (ITO) or Invitational Travel Authorization (ITA) issued to any member of a covered service member's family.

3410.44-5.2.5 PREGNANCY DISABILITY LEAVE (PDL):

3410.5.2.5.1 An employee may take pregnancy disability leave if she is disabled due to pregnancy, childbirth, or a related medical condition, including but not limited to prenatal care and severe morning sickness.

3410.5.2.5.2 The length of leave will be up to four months or the equivalent number of days the employee would normally work within the four-month period per pregnancy. Intermittent leave or a reduced work schedule may be taken.

3410.5.2.5.3 To better accommodate this type of leave the District reserves the right to temporarily transfer the employee to an available alternative position with equivalent pay and benefits. The District will also consider a temporary transfer if medically advisable. The District is not required to create a position, discharge another employee, transfer another employee with more seniority, promote or transfer an employee if she is not qualified for the position.

3410.5.2.5.4 Pregnancy Disability Leave will run concurrent with other applicable leaves such as Family Medical Leave. The 12-month look back period will apply to all leaves granted concurrently. Pregnancy Disability Leave may be unpaid, provided that ~~an~~ an employee exhausts accrued benefits such as accrued ~~sick-Sick~~ leave or ~~paid time off (PTO)~~ Vacation leave.

3410.5.2.6 PAID PARENTAL LEAVE:

The purpose of paid parental leave is to enable the employee to care for and bond with a newborn or a newly adopted or newly placed child and provide a benefit to the employee that goes above and beyond the state-mandated benefit of Paid Family Leave. This leave will be in effect for births, adoptions or placements of foster children occurring on or after July 1st, 2018.

3410.5.2.6.1 The District will provide up to twelve weeks of paid parental leave to employees (in coordination with Paid Family Leave paid by the state) following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care as per policy.

3410.5.2.6.2 An employee is eligible for parental leave if the employee:

3410.5.2.6.2.1 Has been employed for at least 12 months; and

3410.5.2.6.2.2 Has been employed for at least 1,250 hours during the 12-Month Period immediately preceding the commencement of the leave.

3410.5.2.6.3 In addition, employees must meet one of the following criteria:

3410.5.2.6.3.1 Have given birth to a child.

3410.5.2.6.3.2 Be the other parent, a spouse or committed domestic partner of a woman who has given birth to a child.

3410.5.2.6.3.3 Have adopted a child or been placed with a foster child (in either case, the child must be age 17 or younger). The adoption of a child by a new spouse is excluded from this policy.

3410.5.2.6.3.4 Be parents involved in a surrogacy arrangement (includes surrogate mother and the parents involved)

3410.5.2.6.4 This policy will run concurrently with Family and Medical Leave Act (FMLA) leave, as applicable; thus, any leave taken under this policy that falls under the definition of circumstances qualifying for leave due to the birth or placement of a child due to adoption or foster care, the leave will be counted toward the 12 weeks of available FMLA leave per a 12-month period. All other requirements and provisions under the FMLA will apply. In no case will the total amount of leave—whether paid or unpaid—granted to the employee under the FMLA exceed 12 weeks during the 12-month FMLA period.

3410.5.2.6.5 Each week of paid parental leave is coordinated with FMLA/CFRA benefits. Amount of pay not covered by FMLA/CFRA benefits will be compensated at 100 percent of the employee's regular, straight-time rate of pay. Paid parental leave will be paid on a biweekly basis on regularly scheduled pay dates.

3410.5.2.6.6 ~~Approved paid parental leave may be taken at any time during the six-month period within one year immediately following the birth, adoption or placement of a child with the employee. Paid parental leave may not be used or extended beyond this six-month time frame.~~

3410.5.2.6.7 ~~Employees must take paid parental leave in one continuous period of leave and must use all paid parental leave within one year following the birth, adoption or placement of a child with the employee during the six-month time frame indicated above. Any unused paid parental leave will be forfeited at the end of the six-month time frame.~~

3410.5.2.6.8 In any case in which a Domestic Partner, husband and wife are both employed by the District and both are entitled to leave, the aggregate number of workweeks of leave to which both may be entitled may be limited to 12 workweeks during any 12-Month Period if leave is taken for the birth or placement for adoption or foster care of the employees' child (i.e., bonding leave).

3410.5.2.6.9 Upon termination of the individual's employment at the company, he or she will not be paid for any unused paid parental leave for which he or she was eligible. Before or on commencement of leave, the District will provide a guarantee of employment in the same or comparable position upon termination of leave.

3410.15-5.2.7 WORKERS' COMPENSATION:

An employee may be eligible for a leave of absence if he/she sustains a work-related illness or injury. If the work-related injury or illness qualifies as a Serious Health Condition under

FMLA/CFRA, these leaves may run concurrently with the Workers' Compensation Leave. An employee may be required to use any accrued ~~s~~Sick or ~~PTO-Vacation~~ time to supplement temporary disability benefits prior to going into an unpaid status.

3410.46 PAY AND BENEFITS DURING A LEAVE OF ABSENCE:

3410.46.1 Employees will be expected to exhaust their ~~PTO-Vacation~~ or Sick Leave (if applicable) prior to going into an unpaid status to the extent permitted by law. ~~This requirement will be applied consistent with State and Federal law.~~

3410.46.2 Employees who are covered under the District's Cafeteria Plan for group health benefits and who are approved for a medical leave of absence will continue to receive the same level of benefit coverage they were eligible to receive prior to their leave in accordance with applicable State and Federal Statutes. If the District approves a request made by an employee for a continuation of a leave that extends beyond the leave period provided by applicable Federal and/or State law the employee will be eligible to continue his/her benefits via the Consolidated Omnibus Budget Reconciliation Act (COBRA).

3410.46.3 Employees ~~who are~~ eligible for ~~PTO~~Vacation, Sick Leave, and Holiday benefits and who are approved for a medical leave of absence will continue to accrue ~~PTO~~Vacation and Sick Leave, and receive Holiday pay for the period of time required by Federal and/or State law. If the District approves a request made by an employee for a continuation of a leave that extends beyond the leave period provided by applicable Federal and/or State law the District will cease to continue their ~~PTO~~Vacation, Sick, and Holiday benefits for the duration of the leave.

3410.46.4 Exceptions to this policy will be made only if applicable Federal and/or State mandates require a longer period of benefit continuation--at the same level of employer contribution.

EXCEPTIONS:

3410.47 The Chief Executive Officer is the only person authorized to make exceptions to this policy. ~~The Chief Executive Officer must review and approve exceptions to this policy.~~

POLICY TITLE: LEAVE OF ABSENCE: NON-MEDICAL
POLICY NUMBER: 3420

COMMITTEE APPROVAL DATE: ~~11/28/2012~~ 11/13/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES
BERLING

BOARD APPROVAL DATE: ~~01/30/2013~~ **SUPERSEDES:** ~~02/24/2010~~ 01/30/2013

POLICY:

3420 It is the policy of the Beach Cities Health District (“District”) to provide eligible employees with paid or unpaid non-medical leaves of absence. The Beach Cities Health District intends at all times to comply with federal and state laws regarding leaves of absence.

SCOPE:

3420.1 This policy applies to all Beach Cities Health District employees.

RESPONSIBILITY:

3420.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the employee’s responsibility to understand this policy and provide as much advance notice as possible when requesting a non-medical leave of absence. All requests for leave are handled in a confidential manner. Employees need only to provide the minimum amount of information necessary by the District to grant the leave.

3420.3 UNPAID LEAVES OF ABSENCE:

The following leaves of absences applies to District employees whether or not assigned to a regular, designated work schedule and includes, part-time, full-time, and those employees working a flexible schedule. Although these are classified as “unpaid” leaves of absence, employees with accrued, unused ~~paid time-off (PTO)~~ Vacation hours (Vacation) may opt to use PTO-Vacation in lieu of time-off without pay.

3420.3.1 SCHOOL VISIT LEAVE:

3420.3.1.1 An employee who is a parent or guardian or grandparent having custody of children in kindergarten or grades 1 to 12 will be granted time off work of up to 40 hours each year but not more than 8 hours per month to visit a child’s school or licensed child day care facility.

3420.3.1.2 The employee shall provide as much advance reasonable notice as possible. If requested by the District, the employee must provide documentation from the school as proof that he or she visited on a specific date and a particular time.

3420.3.1.3 An employee who is a parent, guardian or grandparent having custody of a pupil who has been suspended may take time off to appear in school upon request of the school as long as the employee gives reasonable notice to the employer that he or she is requested to appear in the school. In addition, an employee may take time off to appear in the school of a child for child suspension or expulsion proceedings, so long as the employee gives reasonable notice that he or she is requested to appear in school.

3420.3.2 VICTIMS OF DOMESTIC VIOLENCE OR SEXUAL ASSAULT:

3420.3.2.1 An employee who is a victim of domestic violence or a victim of sexual assault pursuant to California Penal Code Sections 261, 261.5, 262, 265, 266, 266a, 266b, 266c, 266g, 266j, 267, 269, 273.4, 285, 286, 288, 288a, 288.5, 289, or 311.4 will be granted time off to obtain or attempt to obtain any relief, including, but not limited to: a temporary restraining order, restraining order or other injunctive relief to help ensure the health, safety, or welfare of the victim or his or her child to seek medical attention for injuries caused by domestic violence or sexual assault; to obtain services from a domestic violence shelter, program, or rape crisis center; to obtain psychological counseling related to an experience of domestic violence or sexual assault; to participate in safety planning and take other actions to increase safety from future domestic violence or sexual assault.

3420.3.2.2 As a condition of taking time off for the purposes herein, employee must give the District reasonable advance notice of his or her intention to take time off unless advance notice is not feasible.

3420.3.3 ELECTION OFFICER LEAVE:

An employee who serves as an election officer on Election Day for local, statewide, or special elections will be granted time off on the day of election.

3420.3.4 LITERACY ASSISTANCE:

The District will attempt to reasonably accommodate and assist an employee who reveals a problem of illiteracy and requests employer assistance in enrolling in an adult literacy educational program, provided that an employee is satisfactorily performing his or her job, and the accommodation does not impose an undue hardship on the District.

3420.3.5 MILITARY LEAVE:

A military leave of absence will be granted to an employee from work in accordance with applicable Federal and State law.

3420.3.6 PERSONAL LEAVE OF ABSENCE:

An employee may be granted leave without pay for up to 30 days by his or her supervisor. The department director and Human Resources must also approve the request for leave. See section **3420.5** for more information about how pay and benefits are administered during an approved personal leave of absence.

3420.3.7 VOLUNTEER FIREFIGHTER LEAVE:

3420.3.7.1 An employee who is a volunteer firefighter (also includes reserve peace officer or emergency rescue personnel) will be allowed time off for emergency firefighter, reserve peace officer or emergency rescue personnel duty.

3420.3.7.2 An employee who is a volunteer firefighter (also includes reserve peace officer or emergency rescue personnel) will be allowed time off, not to exceed an aggregate of 14 days per calendar year, for the purpose of engaging in fire, emergency rescue, or law enforcement training.

3420.3.7.3 Employees should notify the District of their status as a volunteer firefighter, reserve peace officer or emergency rescue personnel. Additionally, employees should provide as much advanced notice as practicable of the need for leave under this policy when they are called to emergency service or training.

3420.3.7.4 When returning from leave under this policy, the employee should provide his or her supervisor and Human Resources with appropriate written documentation confirming that during the leave the employee was actively engaged in responding to an emergency or training for an emergency.

~~3420.3.8 VOLUNTEER FIREFIGHTER TRAINING LEAVE:~~

~~An employee who is a volunteer firefighter (also includes reserve peace officer or emergency rescue personnel) will be allowed time off, not to exceed an aggregate of 14 days per calendar year, for the purpose of engaging in fire, emergency rescue, or law enforcement training.~~

3420.3.98 WITNESS AND CRIME VICTIM LEAVE:

3420.3.8.1 An employee who is a victim or witness, or an immediate family member of a victim, a spouse, a registered domestic partner of a victim, or the child of a spouse or registered domestic partner of a victim, will be granted time off in order to attend judicial proceedings related to that crime, which includes but is not limited to the requirements of a subpoena or other order to appear in court.

3420.3.8.2 Before the employee may be absent from work, the employee shall give the District a copy of the notice of each scheduled proceeding that is provided to the victim by the agency responsible for providing notice, unless advance notice is not feasible, in which case, the employee will provide the District with documentation evidencing the judicial proceeding within a reasonable time upon return to work. ~~Although this leave is unpaid, an employee may utilize their accrued Paid Time Off (PTO).~~

3420.4 PAID LEAVES OF ABSENCE:

The following leaves of absences applies to District employees ~~who are~~ who are designated to work 30 or more hours per week and includes full-time and eligible part-time employees unless otherwise required by law.

3420.4.1 BEREAVEMENT LEAVE:

An employee may request up to five (5) days of leave with pay in the event of the death of an immediate family member. Immediate family is spouse, registered domestic partner pursuant to California law, child, stepchild, parent, stepparent, sibling, step-sibling,

spouse's parent, spouse's sibling, grandparents, ~~and~~ grandchildren and household pets. Special consideration will be given to any other person whose association with the employee was similar to the above-stated relationships.

3420.4.2 JURY DUTY LEAVE:

3420.4.2.1 An employee subpoenaed to appear in court as a witness (other than an expert witness or litigant) or called to jury duty will be granted paid leave up to a limit of ten (10) days, pro-rated according to assigned work schedule.

3420.4.2.2 If court or jury duty leave exceeds (10) days, then the employee may use ~~PTO~~ accrued Vacation leave or will be entitled to an unpaid leave of absence.

3420.4.2.3 The employee is required to submit attendance verification from the court. The employee is required to give reasonable notice to the District that he/she is required to serve on jury duty.

3420.4.3 VOTING LEAVE:

An employee that does not have sufficient time outside of working hours to vote at a statewide election may take no more than two hours at either the beginning or end of the regular working shift to vote without a loss in pay. The employee shall provide at least two working days' notice of the need to take time to vote.

3420.5 ADMINISTRATION OF PAY AND BENEFITS DURING AN APPROVED PERSONAL LEAVE OF ABSENCE:

3420.5.1 Employees will be expected to exhaust their ~~PTO-Vacation~~ or Sick leave (if applicable) prior to going into an unpaid status. This requirement will be applied consistent with State and Federal law.

3420.5.2 Employees who are covered under the District's Cafeteria Plan for group health benefits and who are approved for a non-medical leave of absence will be eligible to continue to receive café dollars toward the purchase of their benefit elections for the first 30-days of leave. If additional time off is requested and approved the employee will be eligible to continue their benefit coverage via direct pay and will be responsible for paying the full premium directly to the health plan carrier. If the employee is separated from employment he/she will be eligible to continue benefit coverage via the Consolidated Omnibus Budget Reconciliation Act (COBRA) in accordance with applicable State and Federal law. Employees will be responsible for continuing to pay their share of the premium during the leave period.

3420.5.3 ~~PTO~~Vacation, Sick, and Holiday benefits will continue through the leave period for the first 30-days. If additional time off is requested and approved, ~~his/her/the~~ employee's PTOVacation, Sick, and Holiday benefits will stop accruing for the duration of the leave.

3420.5.4 Exceptions to this policy will be made only if applicable Federal and/or State mandates require a longer or different period of benefit continuation – at the same level of employer contribution.

EXCEPTIONS:

3420.6 The Chief Executive Officer is the only person authorized to make exceptions to this policy. ~~The Chief Executive Officer must review and approve exceptions to this policy.~~



Live Well. Health Matters.

POLICY TITLE: ALCOHOL AND DRUG ABUSE
POLICY NUMBER: 3825

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COMMITTEE APPROVAL DATE:	06/22/2015 11/13/2018	WRITTEN/REVISED
BY:	HUMAN RESOURCES	
BOARD APPROVAL DATE:	07/22/2015	SUPERSEDES: 10/29/2003

POLICY:

3825 It is the policy of Beach Cities Health District ("District") to promote productivity and to provide a safe work environment free of alcohol and illegal drugs as classified under local, state, or federal laws. ~~The purpose of this policy is to ensure the safety of all employees and to promote productivity. This policy applies to all employees, contractors, volunteers, and temporary workers.~~ Substances covered under this policy include alcohol, illegal drugs, inhalants, ~~and~~ prescription, and over-the-counter drugs.

SCOPE:

3825.1 This policy applies to all District employees and applicants for positions with the District as well as interns, volunteers, contractors and temporary workers.

RESPONSIBILITY:

3825.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures, and to follow them accordingly. More detailed responsibilities are outlined in Section 3825.14 and 3825.15.

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3825.3 Employees shall not be impaired by or have in their biological system, or be in possession of alcohol or illegal drugs while on District property, at work locations, or while on duty or subject to being called to duty, and that employees shall not sell or provide illegal drugs or alcohol to any other employee or person while on duty or subject to being called to duty.

3825.4 Nothing in this policy is meant to prohibit the appropriate use of over-the-counter medication or other medication that can legally be prescribed under either federal or state law, to the extent that it does not impair an employee's job performance or safety or the safety of others.

3825.5 Employees who take over-the-counter medication or other medication that can legally be prescribed under either federal or state law to treat a disability should inform their supervisors and/or Human Resources if they believe the medication will impair their job performance, safety or the safety of others, or if they believe they need a reasonable accommodation before reporting to work while under the influence of that medication.

3825.6 ~~Not does t~~his policy does not prohibit the use or consumption of alcohol at District-sponsored activities where alcohol is served, or at social, business or professional events attended by District employees while performing work for or in their capacity as District employees. However, employees who choose to consume alcohol at such events must do so responsibly. They must conduct themselves properly and professionally at all times, and they must abide by all state and federal laws related to alcoholic beverages, which include laws which prohibit the operation of vehicles while under the influence.

3825.7 The District reserves the right to search, without employee consent, all areas and property in which the District maintains control or joint control with the employee. Otherwise, the District may notify appropriate law enforcement agencies that an employee may have illegal drugs in his or her possession or in an area not jointly or fully controlled by the District.

3825.8 Refusal to immediately submit to an alcohol and/or drug analysis when requested by District management may constitute insubordination and be grounds for discipline up to and including termination.

3825.9 Employees may be asked to submit to a drug and alcohol test if an employee's supervisor or any other person in authority has reasonable suspicion, based on objective factors such as the employee's appearance, speech, behavior or other conduct and facts, that the employee possesses or is under the influence of drugs or alcohol, or both.

3825.10 All drug and alcohol testing under this policy will be conducted by an independent testing facility, per the procedure in Appendix A. The District will pay for the full cost of the test and employees will be compensated at their regular rate of pay for time spent submitting to a drug and alcohol test required by the District to the extent required by law.

3825.11 Employees suspected of working under the influence of illegal drugs or alcohol will be suspended with pay until the District receives the result of a drug and alcohol test from the testing facility and any other information the District may require to make an appropriate determination. All records relating to an individual's or applicant's drug and alcohol test results will be kept confidential and maintained separately from the individual's personnel file.

3825.12 The District is committed to providing reasonable accommodation to those employees whose drug or alcohol problem classifies them as disabled under federal and/or state law.

3825.13 The District has established a voluntary Employee Assistance Program (EAP) to assist those employees who voluntarily seek help for alcohol or drug problems. Employees may use accrued, unused sick leave when taking leave under this policy. Confidentiality of records and information will be maintained in accordance with all local, state and federal laws. Employees should contact their supervisor or Human Resources for additional information.



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Employee Responsibilities

3825.14 An employee must:

3825.14.1 Not report to work or be subject to duty while his or her ability to perform job duties is impaired due to on or off duty alcohol or drug use;

3825.14.2 Not possess (unless authorized by the District) or use alcohol or impairing drugs, including illegal drugs and ~~prescription~~ drugs without a prescription, during working hours or while subject to duty, on breaks, during meal periods or at any time while on District property;

3825.14.3 ~~Must u~~Use discretion and demonstrate good judgment if consuming alcohol at a District-sponsored event;

3825.14.4 Not, directly or through a third party, sell or provide drugs or alcohol to any person, including an employee, while either or both employees are on duty or subject to being called to duty;

3825.14.5 Submit immediately to an alcohol or drug test when requested by an authorized District representative;

3825.14.6 Notify his or her supervisor, before beginning work, when taking any medications or drugs, prescription or non-prescription, which may interfere with the safe and effective performance of duties or operation of District equipment; and

3825.14.7 Provide within 24 hours of request, bona fide verification of a current valid prescription for any potentially impairing drug or medication identified when a drug screen/test is positive. The prescription must be in the employee's name and not be considered illegal by either state or federal law.

Management Responsibilities

3825.15 A manager must:

3825.15.1 Reasonably enforce this policy.

3825.15.2 Make the decision on whether or not to request an employee submit to a drug and/or alcohol test when a manager or supervisor has a reasonable suspicion that an employee is intoxicated or under the influence of drugs or alcohol while on the job or subject to being called.

3825.15.2.1 "Reasonable suspicion" is a belief based on objective facts sufficient to lead a reasonably prudent supervisor to suspect that an employee is under the influence of drugs or alcohol so that the employee's ability to perform the functions of the job is impaired or so the employee's ability to perform his or her job safely is reduced.

3825.15.2.2 For example, any of the following, alone or in combination, may constitute reasonable suspicion depending upon the circumstances in which the behavior is observed and/or reported:

3825.15.2.2.1 Slurred speech

3825.15.2.2.2 Alcohol odor on breath

3825.15.2.2.3 Unsteady walking and movement

3825.15.2.2.4 An accident involving District property where it appears the employee's conduct is at fault

3825.15.2.2.5 Physical altercation

3825.15.2.2.6 Verbal altercation

3825.15.2.2.7 Unusual behavior

3825.15.2.2.8 Possession of alcohol or drugs

3825.15.2.2.9 Note: Information obtained from a reliable person with personal knowledge may also be considered if there are other observable factors such as any one or combination of those listed above.

3825.15.3 Any manager requesting an employee to submit to a drug and/or alcohol test should document in writing the facts constituting reasonable suspicion that the employee in question is intoxicated or under the influence and confer with Human Resources. If it is not possible to confer with Human Resources, then either the Department Head for the functional area or the Chief Executive Officer must be notified prior to taking action.

3825.15.4 Any manager encountering an employee who refuses an order to submit to a drug and/or alcohol analysis upon request shall remind the employee of the requirements and disciplinary consequences of this policy. Where there is reasonable suspicion that the employee is then under the influence of alcohol or drugs, the manager or supervisor should arrange for the employee to be safely transported home.

3825.15.5 The District reserves the right to conduct an inspection or search for prohibited materials on District premises when there is reasonable cause to believe the employee has prohibited materials in his/her possession, with or without the employee's presence. Searches for prohibited materials and District property may include an office, desk, work area, file cabinet, closet, computer files, locker, District vehicle, or similar places where prohibited materials or District property may be stored, whether or not the places are locked or protected by access codes and/or passwords. The District may confiscate such prohibited materials and take any other appropriate action. "Reasonable cause" is defined as those facts that would lead a reasonably prudent person to believe that the employee has prohibited materials or that prohibited materials are in the area to be searched. Employees have no reasonable expectation of privacy in District-supplied property such as workstations, desks, lockers, and cabinets.

3825.15.6 In cases involving an inspection or search of an employee's pockets, purse, briefcase or other item of personal property that is being worn or carried by the employee, the employee may be requested to conduct a self-search (i.e., by turning out or emptying pockets, purses, etc.) in the presence of an observer. Because even a routine search for prohibited materials or District property might result in the exposure of an employee's personal possessions, all employees are encouraged to refrain from bringing into the workplace any item of personal property that they do not wish to show to the District. Employees should be aware that the workplace is any area used to conduct work by the District, including parking areas.

3825.15.7. Managers and supervisors shall notify their Department Head and Human Resources when they have reasonable suspicion to believe that an employee may have illegal drugs in his or her possession or in an area not jointly or fully controlled by the District. If the Department Head and Human Resources concurs that there is a reasonable suspicion of illegal drug possession, Human Resources shall notify the appropriate law enforcement agency.

Physical Examination and Procedure

3825.16 The drug and/or alcohol test may test for any substance that could impair an employee's ability to effectively and safely perform the functions of his or her job, including, but not limited to, prescription medication, alcohol, heroin, cocaine, morphine and its derivatives, P.C.P., methadone, barbiturates, amphetamines, marijuana, and other cannabinoids. Appendix "A" describes the method in which the initial test will be conducted, how the sample will be processed after the drug, and/or alcohol test is completed, and how a confirmatory test after an initial positive result will be performed.

Results of Drug and/or Alcohol Analysis

3825.17 Pre-Employment

3825.17.1 The District requires pre-employment drug testing for all positions ~~whose primary job responsibility is to interact with older adults in their homes and children (e.g., AdventurePlex, Center for Health and Fitness Clubhouse, and Care Managers) as indicated on the applicable job descriptions.~~ Employment is contingent upon successfully passing the drug screen. Employment cannot begin until the applicant has successfully completed and passed the drug screen.

3825.17.2 A positive result from a drug and/or alcohol analysis may result in the applicant not being hired where the applicant's use of drugs and/or alcohol could affect requisite job standards, duties, or responsibilities.

3825.17.3 If a drug screen is positive at the pre-employment physical, the applicant must provide within 24 hours of request bona fide verification of a valid current prescription for the drug identified in the drug screen. If the prescription is not in the applicant's name or the applicant does not provide acceptable verification, or if the drug is one that is likely to impair the applicant's ability to perform the job duties, the applicant may not be hired.

3825.18 During Employment

3825.18.1 A positive result from a drug and/or alcohol analysis may result in disciplinary action, up to and including termination.

3825.18.2 If the drug screen is positive, the employee must provide within 24 hours of request bona fide verification of a valid current prescription for the drug identified in the drug screen. The prescription must be in the employee's name. If the employee does not provide acceptable verification of a valid prescription, ~~or~~ if the prescription is not in the employee's name, or if the employee has not previously notified his or her supervisor, the employee will be subject to disciplinary action up to and including termination.

3825.18.3 If an alcohol/drug test is positive for alcohol or drugs, the District shall conduct an investigation to gather all facts. The decision to discipline or discharge will be carried out in conformance with Policy 3835, Employee Conduct and Working Environment.

3825.19 Employees who refuse to submit to testing as required by the District or who failed to



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complete the test will be subject to discipline, up to and including termination of employment. Job applicants who refuse to submit to drug and alcohol testing will be deemed to have withdrawn themselves from the application process and will no longer be considered for employment.

Confidentiality

3825.20 Laboratory reports and test results shall not appear in an employee's general personnel file. Information of this nature will be contained in a separate confidential folder that will be securely kept under the control of Human Resources. The reports or test results may be disclosed to District management on a strictly need-to-know basis and to the tested employee upon request. Disclosures, without employee's consent, may also occur when: (1) the information is compelled by law or by judicial or administrative process; (2) the information has been placed at issue in a formal dispute between the employer and employee; (3) the information is to be used in administering an employee benefit plan; (4) the information is needed by medical personnel for the diagnosis or treatment of the patient who is unable to authorize disclosure.

EXCEPTIONS

3825.21 The Chief Executive Officer is the only person authorized to make exceptions to this policy.

APPENDIX A

Drug/Alcohol Testing Procedures

Alcohol Testing

Alcohol testing will be conducted by using an evidential breath-testing device (EBT) approved by the National Highway Traffic Safety Administration. Non-EBT devices may be used for initial screening tests.

A screening test will be conducted first. If the result is an alcohol concentration level of less than 0.02, the test is considered a negative test. If the alcohol concentration level is 0.02 or more, a second confirmation test will be conducted.

Drug Testing

A urine specimen will be split into two bottles labeled as "primary" and "split" specimen. Both bottles will be sent to the lab;

If the urinalysis of the primary specimen tests positive for the presence of illegal, controlled substances, the employee has 72 hours to request that the split specimen be analyzed by a different certified lab;

The urine sample will be tested for the following: marijuana, cocaine, opiates, amphetamines, and phencyclidine;

If the test is positive for one or more of the drugs, a confirmation test will be performed using a gas chromatography/mass spectrometry analysis;

All drug test results will be validated, reviewed and interpreted by a physician (medical review officer or MRO) before they are reported to the employee and then to the employer agency;

With all positive drug tests, the physician (MRO) will first contact the employee to determine if there is an alternative medical explanation for the positive test result. If documentation is provided and the MRO determines that there was a legitimate medical use for the prohibited drug, the test result may be reported to the employer as "negative".

Specimen Collection Protocol

Employees should anticipate the following protocol to be followed at the designated collection facility:

- Access to water in the collection site area is controlled. There is no running water in the restroom
- There is a blue coloring agent in the toilets and the water source is off
- Collector should provide identification to donor, upon request
- Donor will be instructed to remove any unnecessary outer garments
- A request will be made that all personal belongings (e.g., purse, briefcase) remain with outer garments and allow donor to retain wallet. The donor will be provided with a receipt for belongings if requested
- Donor will be instructed to wash and dry hands before urination
- After washing hands, donor will remain in the presence of the collector at all times. There will be no access to water, cleaning agents, or any other material that could be used to adulterate

the specimen

- Donor will be allowed to select an unopened collection kit
- Donor will be advised that a sufficient amount of urine is required (45 mls)
- Donor will be allowed privacy to provide specimen
- Donor will be instructed that the specimen must remain within collector's view as well as the donor's) at all times until it is packaged and sealed. The specimen will be inspected for volume, color and temperature. The temperature must be measured within four minutes.
- The specimen bottle will be sealed in full view of the donor and the donor will be directed to initial the label seal on the bottle
- Donor will be instructed to sign the Chain of Custody Form (CCF)
- The collector then signs the CCF
- Package is then sealed and the donor is provided with the "donor copy" of the CCF

POLICY TITLE: ANTI-HARASSMENT
POLICY NUMBER: 3830

COMMITTEE APPROVAL DATE: 06/04/201411/13/2018 **WRITTEN/REVISED**
BY: HUMAN RESOURCES
BOARD APPROVAL DATE: 06/25/2014 **SUPERSEDES:** 08/25/2004

POLICY:

3830 It is the policy of Beach Cities Health District (“District”) to provide a work environment free of discriminatory harassment. This policy defines discriminatory harassment, and sets forth a procedure for the investigation and resolution of complaints of such harassment by or against any employee, volunteer, applicant, or from a person providing services pursuant to a contract.

SCOPE:

3830.1 This policy applies to all terms and conditions of employment, including but not limited to hiring, placement, promotion, disciplinary action, layoff, recall, transfer, leave of absence, training opportunities, and compensation.

3830.2 Employees who violate this policy may be subject to disciplinary action up to and including termination of employment with the District. Volunteers or contractors who violate this policy may be subject to an immediate termination of their service or contract.

RESPONSIBILITY:

3830.3 It is the responsibility of management to understand, communicate, and enforce this policy among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures and to follow them accordingly.

CONTENTS:

3830.4 Discriminatory harassment violates this policy and will not be tolerated. Discriminatory harassment of an applicant, volunteer, or employee or person providing services pursuant to a contract includes harassment based upon actual or perceived race, religious creed (including religious dress and grooming), sex (including pregnancy), national origin, ancestry, physical or mental disability, marital status, age (40 and over), gender (including gender non-conformity, and status as a transgender, or transsexual, individual or non-binary), sexual orientation, citizenship, genetic information, past, current or prospective service in the uniformed services, or other category protected by Federal, State or local law. It also violates policy to retaliate against any individual for making a complaint of discriminatory harassment or for participating in a harassment investigation.

DEFINITION:

3830.5 Harassment can consist of virtually any form or combination of verbal, physical, visual or environmental conduct. It need not be explicit, or even specifically directed at the victim. Sexually harassing conduct can occur between people of the same or different gender.

3830.6 Harassment includes, but is not limited to the following misconduct:

3830.6.1 Verbal: Inappropriate or offensive remarks, slurs, jokes, or innuendoes based on actual or perceived race, religious creed (including religious dress and grooming), sex (including pregnancy), national origin, ancestry, physical or mental disability, marital status, age (40 and over), gender (including gender non-conformity, ~~and status as a transgender~~, or transsexual, individual or non-binary), sexual orientation, citizenship, genetic information, past, current or prospective service in the uniformed services, or other category protected by Federal, State, or local law. This may include, but is not limited to, inappropriate comments regarding an individual's body, physical appearance, attire, sexual prowess, marital status, pregnancy or sexual orientation; unwelcome flirting or proposition; demands for sexual favors; verbal abuse, threats or intimidation of a sexual nature, or sexist, patronizing or ridiculing statements that convey derogatory attitudes about a particular gender.

3830.6.2 Physical: Inappropriate or offensive touching, assault, or physical interference with free movement when directed at an individual on the basis of actual or perceived race, religious creed (including religious dress and grooming), sex (including pregnancy), national origin, ancestry, physical or mental disability, marital status, age (40 and over), gender (including gender non-conformity, ~~and status as a transgender~~, or transsexual, individual or non-binary), sexual orientation, citizenship, genetic information, past, current or prospective service in the uniformed services, or other category protected by Federal, State or local law. This may include but is not limited to, kissing, patting, lingering or intimate touches, grabbing, massaging, pinching, leering, staring, unnecessarily brushing against or blocking another person, whistling or sexual gestures.

3830.6.3 Visual or Written: The display or circulation of offensive or derogatory visual or written material related to race, religious creed (including religious dress and grooming), sex (including pregnancy), national origin, ancestry, physical or mental disability, marital status, age (40 and over), gender (including gender non-conformity, ~~and status as a transgender~~, or transsexual, individual or non-binary), sexual orientation, citizenship, genetic information, past, current or prospective service in the uniformed services, or other category protected by Federal, State or local law. This may include, but is not limited to, posters, cartoons, drawings, graffiti, reading materials, computer graphics or electronic media transmissions.

3830.6.4 Environmental: Such harassment occurs when a work environment is permeated with sexually-oriented talk, innuendo, insults or abuse not relevant to the subject matter of the job. A hostile environment can arise from an unwarranted focus on sexual topics or sexually suggestive statements. An environment may be hostile if unwelcome sexual behavior is directed specifically at an individual or if the individual merely witnesses unlawful harassment in his or her immediate surroundings. The determination of whether an environment is hostile is based on the totality of the circumstances, including such factors as the frequency of the conduct, the severity of the conduct, whether the conduct is humiliating or physically threatening, and whether the conduct unreasonably interferes with an individual's work.

3830.7 Romantic or sexual relationships between supervisors and employees are discouraged. There is an inherent imbalance of power and potential for exploitation in such relationships. The relationship may create an appearance of impropriety and lead to charges of favoritism by other employees. A welcome sexual relationship may change, with the result that sexual conduct that was once welcome becomes unwelcome and harassing. Management may address this on an as-needed basis if it affects the work environment.

3830.8 By definition, sexual harassment is not within the course and scope of an individual's employment with the District.

3830.9 This list is illustrative only, and not exhaustive. No form of harassment pursuant to this policy will be tolerated.

3830.10 Harassment is prohibited both at the workplace and at District-sponsored events.

PROHIBITED SUPERVISORY AND MANAGEMENT BEHAVIOR:

3830.11 No supervisor, manager or other authority figure may condition any employment, employee benefit or continued employment with the District on an applicant's or employee's acquiescence to any of the behavior defined in this policy.

3830.12 No supervisor, manager or other authority figure may retaliate against any applicant, employee, volunteer, or contractor because that person has opposed a practice prohibited by this policy or has filed a complaint, testified, assisted or participated in any manner in an investigation, proceeding or hearing conducted by an authorized investigator.

3830.13 No person shall destroy evidence relevant to an investigation of harassment discrimination.

BEHAVIOR PROHIBITED BY ALL PERSONS:

3830.14 No supervisor, manager, or any other person in the District shall create a hostile or offensive work environment for any other person by engaging in any discriminatory harassment or tolerating it on the part of any employee.

3830.15 No supervisor, manager, or any other person in the District shall assist or permit any individual in doing any act or permit any act that constitutes discriminatory harassment against any employee of the agency.

OBLIGATION OF SUPERVISORS AND MANAGERS:

3830.16 Preventative Action: A copy of this policy shall be provided to all employees of the District, and will be available on the District's intranet. Additional information as well as is also displayed in prominent locations throughout the offices.

3830.17 A copy of the information sheet regarding harassment prepared by the Department of Fair

Employment and Housing is available to all District employees and volunteers upon request by Human Resources.

3830.18 Human Resources, managers, and supervisors shall make available to any new employee and volunteer a copy of this policy.

3830.19 The District shall periodically notify employees and volunteers of the procedures for registering a complaint as well as available redress. Such notification shall occur through the normal channels of communication.

3830.20 Human Resources shall make available information from the Department of Fair Employment and Housing and the Equal Employment Opportunity Commission about filing claims of sexual harassment with these entities.

3830.21 A copy of this policy shall appear in any publication of the District, which sets forth the comprehensive rules, regulations, procedures and standards of the conduct for the District.

3830.22 Employees shall receive periodic training regarding this policy.

OBLIGATIONS OF ALL EMPLOYEES:

3830.23 All employees shall report any conduct that fits the definition of discriminatory harassment to their immediate supervisor, Human Resources, the Chief Executive Officer or President of the Board of Directors pursuant to the complaint procedures below. This includes conduct of non-employees, such as vendors, clients, contractors, members or harassing conduct toward such individuals.

3830.24 All employees shall report to their supervisor, Human Resources, the Chief Executive Officer or the President of the Board of Directors any instances of discriminatory harassment that they have directly observed, whether or not reported by the employee who is the object of the harassment pursuant to the complaint procedures below.

3830.25 All employees shall cooperate with any investigation of any alleged act of discriminatory harassment conducted by the District. All employees shall maintain confidentiality relating to a complaint or investigation of discriminatory harassment. Breaching confidentiality may result in disciplinary action.

COMPLAINT PROCEDURE:

3830.26 If you are subjected to any conduct that you believe violates this policy, you must promptly speak to, write or otherwise contact your direct supervisor or, if the conduct involves your direct supervisor, Human Resources or the Chief Executive Officer. If the conduct involves Human Resources, contact the Chief Executive Officer. If the conduct involves the Chief Executive Officer, contact the President of the Board of Directors. The District will ensure that a prompt investigation is conducted.

3830.27 Additionally, any manager or supervisor who observes harassing conduct must report the conduct to either Human Resources or the Chief Executive Officer so that an investigation can be made and corrective action taken, if appropriate. Any person who receives a complaint regarding discriminatory harassment shall immediately report it to Human Resources or, the Chief Executive Officer. If the conduct involves Human Resources, contact the Chief Executive Officer. If the conduct involves the Chief Executive Officer, contact the President of the Board of Directors.

INVESTIGATIVE/CORRECTIVE ACTION:

3830.28 An investigation will be conducted by Human Resources or by an outside third party when the District determines this is appropriate. If it is determined that a third party should be utilized, Human Resources may consult with legal counsel in order to obtain a recommendation for a qualified “third party” based upon the specific facts and circumstances of the situation. Once a recommendation is obtained, Human Resources will obtain prior approval from the Chief Executive Officer (or President of the Board of Directors if the Chief Executive Officer is the subject of the investigation) prior to authorizing the third party to conduct the investigation. The investigation shall be conducted in a way that ensures, to the extent feasible and permitted by law, the privacy of the parties involved.

3830.29 The person designated to investigate, following the investigation, may be requested to complete a report in writing explaining the results of the investigation. This report will be made available to the Chief Executive Officer or to the President of the Board of Directors if the Chief Executive Officer is the subject of the investigation. If deemed appropriate by the District, a separate written report may also be provided to the alleged harasser and victim.

3830.30 All parties involved in the investigation are required to maintain confidentiality to the extent possible regarding the complaint and investigation. A breach of confidentiality regarding a complaint of discriminatory harassment may result in disciplinary action, up to and including termination of employment.

3830.31 Disciplinary action shall be decided in accordance with District policy and in consultation with Human Resources and the Chief Executive Officer, unless the complaint is against either of those two parties. In the event the complaint is against a Human Resources representative, then another Human Resources representative, Chief Executive Officer and/or President of the Board of Directors will consult to determine the appropriate disciplinary action. If the complaint is against the Chief Executive Officer, then the President of the Board of Directors and Human Resources will consult to determine the appropriate disciplinary action.

NO RETALIATION:

3830.32 The District prohibits any form of discipline, reprisal, intimidation or retaliation for good faith reporting of incidents of harassment of any kind, pursuing any harassment claim or cooperating in related investigations. However, should the District conclude that a complaint was made in bad faith, without a reasonable belief that a violation of this policy occurred, the District may take appropriate disciplinary action.

3830.33 The District is committed to enforcing this policy against all forms of harassment. However, the effectiveness of our efforts depend largely on employees telling us about inappropriate workplace conduct. If employees feel that they or someone else may have been subjected to conduct that violates this policy, they should report it immediately. If employees do not report harassing conduct, the District may not become aware of a possible violation of this policy and may not be able to take appropriate corrective action.

POLICY TITLE: EMPLOYEE CONDUCT AND WORKING ENVIRONMENT
POLICY NUMBER: 3835

COMMITTEE APPROVAL DATE: ~~06/04/2014~~ 11/13/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES
BOARD APPROVAL DATE: 06/25/2014 **SUPERSEDES:** N/A

POLICY:

3835 It is the policy of the Beach Cities Health District (“District”) that employees maintain a working environment that is free from all forms of harassment and violence and encourages mutual respect and professionalism throughout all levels of management at the District.

SCOPE:

3835.1 This policy applies to all District employees.

Management Responsibility:

3835.2 It is the responsibility of management to understand, communicate, and enforce this policy among District employees. For purposes of this policy, management includes any position that supervises others or oversees a District-wide function. Management is expected to exemplify the highest standards of ethical business conduct. In addition to this, management is expected to meet the following additional responsibilities:

3835.2.1 Create a work environment that recognizes effort, encourages responsibility, appreciates teamwork and values the free and honest exchange of ideas and concerns;

3835.2.2 Serve as a role-model for the District’s mission, vision and core values. Positively champion the District’s strategic decisions and facilitate collaborative relationships within their department and District-wide;

3835.2.3 Be proactive and take reasonable actions to prevent and identify misconduct and report situations to Human Resources that might impact the ability of personnel to act ethically on behalf of the District;

3835.2.4 Take prompt action to correct business conduct that is inconsistent with the [expected code of conduct](#) or [District policies](#);

3835.2.5 Approach corrective measures in an objective manner and seek assistance from Human Resources whenever unsure of the best response to any given situation.

Employee Responsibility:

3835.3 It is the responsibility of employees to understand the policies, guidelines, and procedures and to follow them accordingly. All employees are also expected to know, understand and comply with the laws that apply to her/him:

3835.3.1 As a member of society (e.g., theft, assault and possession of illegal substances);

3835.3.2 As a District employee (e.g., privacy, equal employment opportunity and occupational health and safety);

3835.3.3 To their specific job and in the location in which they work.

CONTENTS:

3835.4 This policy provides guidelines to promote understanding of what is considered acceptable employee conduct and behavior and encourages consistency throughout the District. A more comprehensive list of examples is provided in the District's Employee Handbook.

3835.5 Furthermore, the District requires its employees to read, understand, and acknowledge all employee policies. These policies provide context and guidance around the duties and responsibilities of employees in order for the District to conduct its business to the best of its ability. Violation of these policies will result in the appropriate level of discipline up to and including immediate termination from employment.

3835.6 This policy also clarifies the District's expectations of its employees and is a formal statement of a code of conduct the District has always embraced.

3835.7 The **basic principles** of the District's code of conduct are as follows:

3835.7.1 Abide by the District's core values of compassion, accountability, integrity and excellence.

3835.7.2 Treat all individuals with courtesy and respect.

3835.7.3 Understand that programs, services and positions are created to serve the needs of the community and are subject to change.

3835.7.4 Embrace change in a positive and professional manner.

3835.7.5 Avoid exhibiting counter-productive work behavior that negatively impacts the District's ability to run operations or deliver programs and services directly to District customers and clients.

3835.7.6 Maintain a work environment free of discrimination, harassment and bullying

3835.7.7 Work in a safe, responsible and effective manner.

3835.7.7-8 Be honest.

3835.7.8-9 Obey the law.

3835.7.9-10 Respect and safeguard the property of customers, the District, and fellow employees.

3835.7.40-11 Maintain confidentiality of all customers, the District's or other parties' information gained through your work.

3835.7.44-12 Ensure personal business, financial and other outside interests do not conflict with the employees' duty to the District.

Progressive Discipline

3835.8 It is important that all employees perform to the best of their abilities at all times. There will be occasions where employees perform at an unsatisfactory level, violate policy or commit an act that is inappropriate. The employee or the employer has the right to terminate employment with the District *at will* at any time with or without cause and with or without following any system of progressive discipline or warnings (Policy 3060, Employment).

3835.9 The District may choose to exercise its discretion to utilize forms of discipline that are less severe than termination in certain cases. Examples of this may include, but are not limited to, verbal warnings, written warnings, supervisor-directed referral to the Employee Assistance Program (EAP), ~~administrative leave~~suspensions, salary reduction, probationary action and/or demotion.

3835.10 Although one or more of these steps may be taken in connection with a particular employee, no formal order or system is necessary. An employee may resign at any time or the District may terminate the employment relationship at any time, with or without following any particular series of steps whenever the District determines, at its own discretion, that such action should occur. Accordingly, circumstances may sometimes warrant immediate termination.

3835.11 The District reserves the right to decide the form of discipline applicable to any given situation.

Retaliation

3835.12 The District provides a working environment for all employees free of retaliation. In the event that an employee has a complaint against his/her supervisor, another employee or the District itself, it is prohibited that the complaining employee be retaliated against for bringing forth his/her complaint. Retaliation may include, but is not limited to demotion, change in work assignment(s), ~~or salary change~~ or changes in the terms and conditions of employment. If it is suspected that the employee has been retaliated against, a full and prompt investigation will be conducted. Retaliation against an employee may lead to disciplinary action up to and including termination.

Grievance Resolution

3835.13 The District provides all employees with an orderly and fair process to express concerns or grievances. The goal is to allow employees to present a concern or grievance that respects the chain-of-command reporting relationship within the District wherever

possible.

3835.14 While the designated Human Resources representative(s) or Chief Executive Officer may be consulted at any time during the grievance process, all efforts will be made to encourage employees to address issues or grievances concerning any job-related action, decision or condition perceived as unfair or inequitable through their direct reporting relationship unless the concern or grievance is being made against the employee's supervisor. If that is the case, the employee is expected to follow the grievance process outlined below.

Grievance Process

3835.15 If an employee wishes to file a grievance, the following process may be utilized:

3835.15.1 The concern or grievance must be made in writing to the next level of management above his or her immediate supervisor within ten (10) working days of the occurrence. The manager will review the grievance with the designated Human Resources representative and take appropriate measures to investigate the grievance and provide his or her decision within ten (10) working days of receiving the grievance.

3835.15.2 If the employee is not satisfied with the decision or action taken, he or she may elevate the issue to the next level of management. The employee's reason must be stated in writing and be made within ten (10) working days of the initial decision. The same process may occur up through the management chain if the employee is not satisfied with the decision(s) or action(s) taken by each level of management.

3835.15.3 The employee may elevate the issue to the Chief Executive Officer. The grievance must be made in writing and should outline the reasons why the employee does not agree with the decision or action taken by management. The Chief Executive Officer will evaluate the concern or grievance in a fair and impartial manner and render a decision that is in the best interest of both the District and the employee within ten (10) working days of receiving the grievance.

3835.15.4 A designated Human Resources representative will be consulted with on all grievances and will ensure that a fair and objective process is followed within the time frame allotted for the grievance process. If a member of the Human Resources department is the subject of the grievance, the Chief Executive Officer will provide consultation on the grievance. If the employee reports to the Chief Executive Officer, the employee may consult the designated Human Resources representative. If the complaint is against the Chief Executive Officer, then the President of the Board of Directors may bring the complaint to the full Board of Directors in closed session.

3835.15.5 If the employee is not satisfied with the decision of the Chief Executive Officer, the employee may direct a written appeal to the District's President of the Board of Directors within ten (10) working days of the decision made by the Chief Executive Officer. The appeal should state the nature of the grievance and the remedy requested. The President of the Board of Directors will present the grievance to the Board of Directors in closed session for a final decision or action. The decision of the Board of Directors will be final.

Administrative Leave

3835.16 It may be in the best interest of the District and/or the employee to place an employee on a paid administrative leave while an investigation and/or disciplinary action is taking place with the employee. Circumstances warranting an investigation may include, but are not limited to, violation of a District policy, suspected misconduct and/or when disciplinary actions are being considered. It is within the District's sole discretion to determine when to place an employee on an administrative leave and to determine the appropriate timeframe of such leave.

EXCEPTIONS:

3835.17 The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: WORKPLACE SAFETY AND SECURITY
POLICY NUMBER: 3840

COMMITTEE APPROVAL DATE: 06/04/2014
BOARD APPROVAL DATE: 06/25/2014

WRITTEN/REVISED BY: HUMAN RESOURCES
SUPERSEDES: 05/30/2007

POLICY:

3840 It is the policy of the Beach Cities Health District (“District”) to provide a safe workplace environment that is free of violence and the threat of violence. The top priority in this process is effectively handling critical workplace incidents, especially those dealing with actual or potential violence and the prevention of workplace injuries or illnesses.

SCOPE:

3840.1 This policy applies to all District employees, customers, vendors, contractors, volunteers, and members of the public who are on District property, representing the District, or are attending a District-sponsored event.

RESPONSIBILITY:

3840.2 Management Responsibilities

The responsibility for the provision of a safe place of work rests with District management. Specifically, these responsibilities are to:

3840.2.1 Maintain a safe work environment for employees, in addition to conforming to all current statutory requirements.

3840.2.2 Provide the appropriate type and level of training to enable employees to perform their work safely and efficiently.

3840.2.3 Make available to every employee appropriate equipment to ensure safety.

3840.2.4 Maintain a vigilant and continuing interest in all safety matters relevant to both the District and staff.

3840.2.5 Understand, communicate, and enforce this policy uniformly among District employees.

3840.2.6 [Treat all issues or concerns raised as important and follow up on them in a timely and efficient manner.](#)

3840.3 Employee Responsibilities

It is the responsibility of all employees to:

3840.3.1 Carry themselves in a professional, courteous, responsible manner and treat all persons encountered in the workplace in a respectful manner.

3840.3.2 Cooperate with the District in maintaining a safe work place.

3840.3.3 Attend work free from the influence of illegal drugs or alcohol and in a condition to perform ~~their~~ his or her duties.

3840.3.4 Report any potential hazards to management and not work in any hazardous conditions should they, in the employee's opinion, exist.

3840.3.5 Be aware of the location of the first aid kit, fire extinguisher, and emergency exit nearest to their/his or her workstation. ~~Be aware of the nearest emergency exits and firefighting / first aid equipment.~~

3840.3.6 Never interfere with or misuse anything provided by the District in the interests of safety.

3840.3.8 Notify Human Resources or his/her manager of any issue or concern that could pose a safety threat to employees, others or to District property.

3840.3.7 Obey all mandatory safety signs.

3840.3.8 Not partake in any form of horseplay or prank likely to lead to injury to self or others.

3840.3.9 Understand the policies, guidelines, and procedures communicated by their supervisor, and to follow them accordingly.

~~**3840.3.10** Be aware of the location of the first aid kit, fire extinguisher, and emergency exit nearest his or her workstation.~~

CONTENTS:

3840.4 INSPECTIONS AND SEARCHES ON DISTRICT PREMISES

3840.4.1 The District believes that maintaining a workplace free of illegal drugs, alcohol, weapons, explosives and other harmful or unauthorized materials as determined by the District (collectively, "prohibited materials") is vital to the health and safety of its employees and to the success of the District's business. The District intends to protect against the unauthorized use and removal of District property, including but not limited to District equipment, information, records, documents and files as well as other employees' property (collectively "District property") without consent.

3840.4.2 The District reserves the right to conduct an inspection or search for prohibited materials on District premises, when there is reasonable cause to believe the employee has prohibited materials in his/her possession, with or without the employee's presence. Searches for prohibited materials and District property may include electronic communications, telephones, voice mail, e-mail, Internet and computer use, an office, desk, work area, file cabinet, closet, computer files, locker, vehicle or similar places where prohibited materials or District property may be stored, whether or not the places are locked or protected by access codes and/or passwords. The District may confiscate such

prohibited materials and take any other appropriate action. “Reasonable cause” is defined as those facts that would lead a reasonably prudent person to believe that the employee has prohibited materials or that prohibited materials are in the area to be searched. Employees have no reasonable expectation of privacy in District-supplied property such as workstations, desks, lockers, and cabinets.

3840.4.3 In cases involving an inspection or search of an employee’s pockets, purse, briefcase or other item of personal property that is being worn or carried by the employee, the employee will be requested to conduct a self-search (i.e., by turning out or emptying pockets, purses etc.) in the presence of an observer. Because even a routine search for prohibited materials or District property might result in the exposure of an employee’s personal possessions, all employees are encouraged to refrain from bringing into the workplace any item of personal property that they do not wish to show to the District. Employees should be aware that the workplace is any area used to conduct work by the District, including parking areas.

3840.5 SECURITY

3840.5.1 The District is committed to making the work environment as secure as possible for all its employees. All threats and all acts of violence are taken very seriously. **3840.5.1** Acts of violence, threats of violence, or unsafe or threatening physical conduct against or by any employee of the District or any other person is unacceptable and may be subject to discipline, up to and including termination.

3840.5.1.1 Should a non-employee, on District property or while attending a District-sponsored event, demonstrate acts of violence, threaten violent behavior, or engage in unsafe or threatening physical conduct, he/she may be subject to criminal prosecution.

3840.5.1.2 Should an employee, during working hours or while representing the District in any capacity, demonstrate, threaten violent behavior, or engage in unsafe or threatening physical conduct, he/she will be subject to disciplinary action, up to and including termination from employment and criminal prosecution.

3840.5.2 The following actions include, but are not limited to violent acts:

3840.5.2.1 Bullying, verbal threats, false or malicious statements.

3840.5.2.2 Stalking or intimidating and disruptive behavior.

3840.5.2.3 Striking, punching, slapping, or assaulting another person or threatening such conduct.

3840.5.2.4 Fighting, challenging another person to fight or threatening such conduct.

3840.5.2.5 Grabbing, pinching or touching another person in an unwanted way.

3840.5.2.6 Engaging in dangerous, threatening or unwanted horseplay.

3840.5.2.7 Use or threat of use of a gun, knife, or other instrument capable of causing harm

of any kind on District property, including parking lots, other exterior premises, District vehicles, or while engaged in activities for the District in other locations is prohibited, unless such possession or use is a requirement of the job.

3840.5.3 All employees are expected to report any incidents to his/her supervisor promptly so that appropriate action can be taken to remedy the situation.

3840.6 SAFETY

3840.6.1 Employees are expected to comply with all safety rules and regulations in order to maintain a safe work environment. Any unsafe conditions should be reported immediately to a supervisor, or Human Resources or Property Services. Safety is of prime concern in the District's day-to-day operations. Employees are expected to conduct themselves in a safe manner and observe any and all safety rules posted or communicated.

~~3840.6.2 It is up to each employee to assist the District in maintaining a clean and safe workplace and to keep his or /her work area neat and clean as well as free of any safety hazards (e.g., extension cords, office space heaters, boxes, open file cabinets, etc.).~~

3840.6.3-2 Any accident must be reported to Human Resources immediately. In addition, all employees are encouraged to report immediately, any unsafe or hazardous condition(s) to Human Resources or their supervisor.

3840.7 PERSONAL PROPERTY AND ASSIGNED WORK AREA

3840.7.1 It is up to each employee to assist the District in maintaining a clean and safe workplace and to keep his or her work area neat and clean as well as free of any safety hazards (e.g., extension cords, office space heaters, boxes, open file cabinets, etc.). All employees are expected to keep their work areas clean and organized. Common areas such as lunchrooms, pantry, rest rooms etc. should be kept clean by those using them. Employees must clean up after meals and dispose of any trash properly.

3840.7.2 The District will not assume any responsibility for personal property brought by employees to its premises. Therefore, all employees are encouraged to take adequate precautions and exercise their best judgment before bringing personal property to the District's premises. The District does not provide any reimbursement for theft or damage of personal items or money stolen either in the workplace or in the parking lot.

3840.8 DISTRICT MONITORING

3840.8.1 The District reserves the right to install security cameras in work areas for specific business reasons, such as security, theft protection or protection of proprietary information. The District may find it necessary to monitor work areas with security cameras when there is a specific job- or business-related reason to do so. It will do so only after first ensuring that such action is in compliance with state and federal laws.

3840.8.2 Employees should not have any expectation of privacy in work-related areas. Employee privacy in non-work areas will be respected to the extent possible. The District's reasonable suspicion of onsite drug use, physical abuse, theft or similar circumstances would be possible exceptions. Legal advice will be sought in advance in such rare cases where non-work-area privacy must be compromised.

3480.8.3 The District will post appropriate signs and notice of video surveillance in areas subject to video monitoring:

3840.8-9 NO SMOKING

The District maintains a smoke free environment to all District-managed facilities and campuses in order to reduce others' exposure to secondhand smoke. Therefore, in the best interest of the health and safety of employees and the general public, the smoking of tobacco products shall be prohibited completely within District buildings, on District campuses, or in District vehicles.

3840.9-10 ALCOHOL AND DRUG POLICY

Employees are required to report to work and conduct their work in an appropriate mental and physical condition in order to perform their job in a safe and satisfactory manner. A District employee is responsible for attending work free from the influence of illegal drugs or alcohol and in a condition to perform their duties. In addition, an employee must not use, possess or sell illegal drugs on District premises, in District vehicles, using District telecommunications equipment, in conjunction with District business or at District functions-events (see Policy 3825, Alcohol and Drug Abuse).

3840.10-11 REPORTING AN INCIDENT

Any employee who is the victim of any conduct prohibited by this policy, any witness to such conduct, or anyone receiving a report of such conduct, whether the perpetrator is a District employee or a non-employee, shall immediately report the incident to their supervisor or other appropriate person (e.g. Manager, Department Head, Human Resources, Property Services).

3840.11-12 Any employee, acting in good faith that initiates a complaint or reports an incident under this policy will not be subject to retaliation or harassment.

3840.12-13 In the event the District fears for the safety of any individual, law enforcement shall be called.

3840.13-14 In the event of an on-the-job injury, an employee must notify his or her supervisor immediately. An employee involved in or is witness to an accident must report this immediately to Human Resources and complete an incident report.

3840.14-15 Consistent with ~~the~~ Policy 3830 ~~;~~, Anti-Harassment, any behavior that creates a hostile, intimidating, or abusive working environment will not be tolerated and is grounds for disciplinary action up to and including termination and criminal prosecution.



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EXCEPTIONS:

| **3840.165** The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: INSPECTION OF PERSONNEL FILES
POLICY NUMBER: 3845

COMMITTEE APPROVAL DATE: ~~06/04/2014~~11/13/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES
BOARD APPROVAL DATE: 06/25/2014 **SUPERSEDES:** 07/27/2005

POLICY:

3845 It is the policy of the Beach Cities Health District (“District”) to provide an opportunity for an employee or former employee to inspect his/her personnel file.

SCOPE:

3845.1 This policy applies to all District Employees and former employees.

RESPONSIBILITY:

3845.2 It is the responsibility of management to understand, communicate and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures, and to follow them accordingly.

CONTENTS:

3845.3 An employee or former employee has the right to review his or her personnel file. To do so, an employee/former employee needs to contact Human Resources to make an appointment and submit a written request. A current District employee can use the HR Helpdesk system to submit his/her request and Human Resources will make the file available for review within a reasonable time, not exceeding 30 days from the time the District receives the request. A representative from Human Resources must be present during the review of the file. An employee/former employee may have a photocopy of any document in his or her personnel file.

3845.4 A Department Head or Manager may review an employee’s personnel file if the employee has a current reporting relationship to that manager or has been interviewed and is being considered for a position reporting to that manager. A representative from Human Resources must be present during the review of the file. Employees’ personnel records are also subject to review by investigative agencies or during periodic internal audits conducted by the District.

3845.5 Former employees may view their records at the location where the District stores the records or at another place agreeable to both employee and the District. If the employee was terminated for violating a law or workplace policy relating to harassment or workplace violence, the District may comply by mailing the records to the former employee ~~or by making them available somewhere other than the workplace, as long as it’s a reasonable distance from the~~

~~former employee's home. All former employees may also that request ask~~ the District to copy and mail the records ~~, but~~ will be responsible for postage costs. The District will respond to only one request from a former employee per year.

EXCEPTIONS:

3845.46 The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: EMPLOYMENT REFERENCES AND LETTERS OF RECOMMENDATION
POLICY NUMBER: 3850

COMMITTEE APPROVAL DATE: ~~06/04/2014~~ 11/13/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES

BOARD APPROVAL DATE: 6/25/2014

SUPERSEDES: N/A

POLICY:

3850 It is the policy of the Beach Cities Health District (“District”) to regulate the provision of employment references and letters of recommendation by District employees for current and former employees, volunteers and student interns.

SCOPE:

3850.1 This policy applies to all Beach Cities Health District (“District”) ~~e~~Employees and student interns.

RESPONSIBILITY:

3850.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures communicated by their supervisor, and to follow them accordingly.

CONTENTS:

3850.43 The District faces exposure to significant liability through the provision of employment references and letters of recommendation by District employees for current and former employees. Therefore, it is in the best interests of the District to ensure that employment references and letters of recommendation issued by individuals in their capacity as District employees, or that could be reasonably interpreted as provided by the individual’s capacity as a District employee, be accurate and conform to all requirements of this policy and the law. All requests for an employment reference or letter of recommendation shall be reviewed and processed accordingly by Human Resources.

3850.43.1 Human Resources shall process all requests for references, letters of recommendation, or information about the reasons for separation regarding all District employees other than himself/herself. All letters of recommendation to be issued on behalf of the District for current or former employees must be approved by the Chief Executive Officer or his/her designee.

3850.43.2 At his/her discretion, the Chief Executive Officer or his/her designee may refuse to give an employment reference or letter of recommendation. Any employment reference or letter of recommendation he/she gives shall provide a careful, truthful, and complete account of the employee’s job performance and qualifications.

3850.2-4 The District recognizes that volunteers and student interns often have a need for employment references or letters of recommendation when applying for permanent employment for an employer other than the District.

3850.24.1 Human Resources shall process all requests for employment references or letters of recommendation for volunteers and interns. All letters of recommendation must be reviewed and approved by Human Resources.

3850.24.2 Human Resources has the discretion to refuse to give an employment reference or letter of recommendation. Any recommendation given shall provide a careful, truthful, and complete account of the volunteer's or intern's performance.

EXCEPTIONS:

3850.3-5 The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: SEVERANCE ~~POLICY~~
POLICY NUMBER: 3910

COMMITTEE APPROVAL DATE: ~~11/27/2014~~ 11/13/2018 **WRITTEN/REVISED BY:** HUMAN
RESOURCES
BOARD APPROVAL DATE: 01/30/2013 **SUPERSEDES:** 06/28/2006

POLICY:

3910 It is the policy of the Beach Cities Health District (“District”) to establish the District’s philosophy with respect to discretionary severance pay, and to communicate the criteria for severance pay eligibility.

SCOPE:

3910.1 This policy applies to all District employees, classified as full-time or benefit-eligible part-time (those assigned a designated work schedule that is an average minimum of 30 hours per week).

RESPONSIBILITY:

3910.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures communicated by their supervisor, and to follow them accordingly.

CONTENTS:

3910.3 The District’s discretionary severance package is intended to assist an individual with his or her career transition and job search in the event that his or her position is eliminated due to a reduction in work force, reorganization, or by mutual agreement—as a result of a change in work direction (as determined by District management). A severance package will not apply to terminations for cause, or refusal to be reassigned.

3910.3.1 Severance Package:

The severance package will include severance pay, café dollars, and out-placement counseling. The package will be calculated as follows:

3910.3.1.1 Severance Pay

3910.3.1.1.1 Non-Exempt Position

An individual will receive a minimum of two (2) weeks base salary, plus an additional week for each full or partial year of service—to a maximum of twelve (12) weeks. Severance payment will be made in the form of a lump sum amount, less all applicable taxes and withholdings. A partial year of service is defined as any work performed during any calendar year.

3910.3.1.1.2 Exempt Position

An individual will receive a minimum of four (4) weeks base salary, plus an additional week for each full or partial year of service—to a maximum of twelve (12) weeks. Severance payment will be made in the form of a lump sum amount, less all applicable

taxes and withholdings. A partial year of service is defined as any work performed during any calendar year.

3910.3.1.1.3 Café Dollars

An individual will receive the equivalent of two (2) months of café dollars, based upon his or her current benefit elections, at the time of separation. Café dollars will be paid in a lump-sum amount (taxed accordingly).

3910.3.1.1.4 Outplacement Services

An employee will be eligible to receive up to two (2) months of outplacement counseling, offered through a professional outplacement firm at no cost to the individual. The two (2) months will begin to run on the day after the employee's separation of employment from the District.

3910.4 General Release from Liability:

The District is not required to provide a severance package to an individual. Any severance package offered by the District is discretionary. Therefore, an individual will be required to sign a waiver/general release from liability, in exchange for receiving a severance package. The waiver/general release will be administered according to, and comply with, applicable federal & state laws.

3910.5 Situations not covered above, and any special circumstances may be evaluated on a case-by-case basis and the granting or denial of severance pay shall be in the sole discretion of the District.

3910.5.1 In no event shall the policy be construed as giving any employee any right to be retained in the employ of the District or as limiting the District's rights in terms of the at-will termination of any covered employee's employment with the District.

3910.5.2 The District reserves the right to modify or terminate this policy at any time. All requests for severance must be reviewed and approved by the Chief Executive Officer (CEO).

EXCEPTIONS:

3910.6 The Chief Executive Officer must review and approve exceptions to this policy.

POLICY TITLE: SEPARATION FROM EMPLOYMENT
POLICY NUMBER: 3920

COMMITTEE APPROVAL DATE: ~~06/04/2014~~11/13/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES
BOARD APPROVAL DATE: 06/25/2014 **SUPERSEDES:** 09/20/2000

POLICY:

3920 It is the policy of the Beach Cities Health District (“District”) as an at-will employer that any employee may resign from his/her position at any time, and the District may terminate any employee at any time with or without cause. The employee will be paid all compensation owed to them by law, including Vacation time.

SCOPE:

3920.1 This policy applies to all District employees.

RESPONSIBILITY:

3920.2 It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures communicated by their supervisor, and to follow them accordingly.

CONTENTS:

3920.1-3 Separation from employment generally constitutes the following:

3920.2-4 Resignation:

3920.2.1 To leave District service in good standing, an employee on regular full-time or part-time status who voluntarily resigns from the District must submit a written notice of resignation at least two weeks before the effective date or one month for a management employee. The Chief Executive Officer (CEO) may, however, grant good standing with less notice if he/she determines the circumstances warrant. Resignations may not be withdrawn without the CEO’s approval.

3920.3-5 Mutual Agreement:

3920.3.1 When both the employee and District think that it would be mutually beneficial to end the employment relationship, a departure date is set by Human Resources in consultation with the employee’s immediate supervisor. If requested by the employee, the District will record the termination by mutual agreement as a resignation.

3920.4-6 Retirement:

3920.4.1 The District has no mandatory retirement age. ~~Employees who have reached normal retirement age may continue to work beyond the normal retirement date subject to~~

~~meeting the usual performance standards.~~

3920.7 Death:

3920.7.1 In the event of an employee passing away, Human Resources will ensure proper notification and dissemination of benefits information and final pay occur. The date of an employee's death will be considered as the effective date of separation from employment. Payment of salary or wages and vacation credit due to a deceased employee will be made to the employee's beneficiaries, estate or the heirs-at-law, in accordance with California state law.

3920.5-8 Termination:

3920.58.1 The District may terminate the employment relationship immediately with severance pay according to Policy 3910 Severance, for any reason considered to be sufficient, in the discretion of the District.

3920.58.2 District employees serve “at-will” and therefore termination need not be justified by unsatisfactory performance or misconduct. However, if the employee is dismissed for unsatisfactory performance or misconduct, what constitutes “unsatisfactory performance” or “misconduct” is within the sole discretion of the District. The following description of termination procedures are merely guidelines and no employee’s termination will be invalidated by reason of the District’s failure to follow the guidelines set out below.

3920.58.3 Unsatisfactory Performance:

3920.58.3.1 An employee may be terminated for failure to meet performance standards, to complete tasks in a timely and competent manner, or to maintain an adequate attendance record. Prior to termination for unsatisfactory performance, the District will make a reasonable effort to resolve the problem with the employee in accordance with Policy 3835, Employee Conduct and Working Environment.

3920.58.3.2 Failure to correct performance within the time frame discussed and documented will result in termination from employment. Uncooperative behavior that affects the work or morale of other District employees during the corrective time period may result in immediate termination.

3920.58.4 Misconduct:

3920.58.4.1 Misconduct is described and detailed in Policy 3835, Employee Conduct and Working Environment.

3920.58.5 Layoffs:

3920.5.5.1 Whenever, in the judgment of the CEO, it becomes necessary, due to the lack of work, lack of funds, or other economic reason, or because the necessity for a position no longer exists, the Chief Executive Officer may eliminate any position of

employment, and the employee holding such position may be laid off, transferred or demoted.

EXCEPTIONS:

3920.6-9 The Chief Executive Officer is the only person authorized to make exceptions to this policy.

POLICY TITLE: HEALTH BENEFITS FOR DISTRICT BOARD MEMBERS
POLICY NUMBER: 2230

COMMITTEE APPROVAL DATE: 11/13/2018 **WRITTEN/REVISED**
BY: HUMAN RESOURCES
BOARD APPROVAL DATE: **SUPERSEDES:**

POLICY:

2230 It is the policy of Beach Cities Health District (“District”) to communicate benefit programs that are available to Board Members.

SCOPE:

2230.1 This policy applies to all publicly elected or appointed members of the District Board.

ELIGIBILITY:

2230.2 Eligibility for benefits is dependent upon a member being elected, re-elected or appointed to the District’s Board of Directors, annual open enrollment period or the occurrence of a qualifying event. Benefits discontinue upon termination from the Board of Directors.

CONTENTS:

2230.3 Details and information on eligible health benefits programs are provided to all Board Members upon joining the Board. Copies are also kept on file with Human Resources and will be made available at the Board Member’s request.

2230.3.1 Medical Benefit Coverage

2230.3.1.1 The District is obligated to administer medical benefits in accordance with applicable Federal and State laws. This includes eligibility guidelines established by the California Public Employees’ Retirement System (CalPERS).

2230.3.1.2 Coverage for these medical benefits is optional and if opted, begins on the first day of the month following date of election or appointment.

2230.3.1.3 Board members can also elect to participate in the District’s medical plan during the annual open enrollment period or if a “qualifying event” occurs. A qualifying life event is an event in a Board member’s life that makes him/her eligible for a special enrollment period.

2230.3.1.4 The Board member will be responsible for the total premium amount for their elected medical benefits and will make the payment to the District no later than the 5th of every month.

2230.3.1.5 In the event that a Board member does not seek reelection or get re-elected to

the District's Board of Directors, he/she will lose coverage under the District. He/she will be eligible to continue benefits via COBRA for the time allowed by applicable laws.

2230.3.2 Health & Fitness Benefit

2230.3.2.1 The District encourages all to maintain a healthy life style and offers complementary membership to the Center for Health and Fitness (CHF) to Board Members.

2230.3.2.2 Upon termination from the Board of Directors, the Board Member may choose to enroll as a paying member to CHF.



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POLICY TITLE: TRAVEL AND EXPENSE REIMBURSEMENT
POLICY NUMBER: 4100

COMMITTEE APPROVAL DATE: 06/22/2015 11/13/2018
WRITTEN/REVISED BY: M. VIXIE / M. RAFKIN FINANCE / HUMAN RESOURCES
BOARD APPROVAL DATE: 07/22/2015
SUPERSEDES: 06/26/2013

POLICY:

4100 It is the policy of Beach Cities Health District (“District”) to recognize the ~~constructive~~ value of ~~B~~board ~~M~~members and employees ~~conducting the District’s business by attendance attending at~~ professional conferences, seminars, meetings, ~~community events, and training, etc.~~ and to establish a protocol for ~~regulating travel and~~ obtaining prior approval of ~~attendance and~~ reimbursable expenditures for ordinary and necessary expenses that are paid or incurred by the employee ~~or Board Member~~ in connection with performing ~~the~~ services for the District. The District also recognizes that ~~instances may occur when Board Members and employees may incur various types of job-related expenses on behalf of the District to perform its services and that travel~~ ~~travel~~ and networking is a job requirement for some District employees.

GUIDELINES:

4100.1 This policy provides standardized guidelines, procedures and information for its Board ~~Members of Directors~~ and employees in the initiation of ~~any job-related expense~~, travel or networking and the substantiation and reimbursement of District reasonable business expenses incurred.

SCOPE

4100.2 Management of and accountability for travel, ~~and~~ networking ~~and job--~~related ~~expenditures expenses~~ rests with all District ~~B~~board ~~M~~members and employees. We share a common duty to use good business judgment and a fair regard for the District’s funds when incurring, approving or reimbursing these expenses ~~in the course of while~~ transacting District business.

RESPONSIBILITY

4100.3 This policy will be jointly administered by the District’s Finance and ~~the~~ Human Resources Departments. ~~The~~ District’s Chief Executive Officer will address questions pertaining to the interpretation of this policy.

GENERAL PROCEDURES

4100.4 Budget approval: Estimated travel, ~~and~~ networking ~~and job-related~~ expenses shall

be submitted as part of the annual budget process.

4100.5 Board approval: Attendance at conferences or travel requested by an elected or appointed Board Member requires ~~prior~~ approval by the Board President or Secretary/Treasurer. The Chief Executive Officer's expense report requires approval by a Board Member.

4100.6 Chief Executive Officer approval: Attendance at national, state or regional conferences by multiple employees is prohibited, except if approved in the annual budget or with prior written approval from the Chief Executive Officer. All employee travel requests (defined as: [a] travel of 100 miles or more from the District or the employee's residence, whichever is more and/or [b] requiring an overnight hotel stay) and networking related expenses require prior approval from the Chief Executive Officer.

4100.6.1 Department approval: District employees shall secure approval from their department head prior to paying for any job-related expenses, to attendance attending at any local conference, seminar and/or meeting. "Local" shall be defined as a) travel less than a 100-mile radius from the District or the employee's residence, whichever is less and b) not requiring an overnight hotel stay.

4100.6.2 Compensation for travel time: Time spent in a travel status that is officially authorized away from the employee's official duty station may be compensable for non-exempt employees. For any clarifications on compensation for travel time, please contact the Human Resources department.

4100.6.3 Employee's responsibility: District employees are required to have proper regard for the appropriateness of expenditures in their conduct of District business and are to obtain required pre-approvals with respect to incurring any such expenditure.

4100.7 Registration: Except as provided herein, all registration fees for approved conferences, seminars or meetings shall be paid in advance and directly by the District or employee (for which they seek reimbursement) to the sponsoring organization. District employees should register at the earliest time possible to avoid late registration charges. In cases where an employee's registration is late and cannot be paid directly by the District, the employee will have to pay the registration fee from his/her own funds and seek reimbursement with appropriate itemized receipts. This exception for late registration is not to be a recurring item for the same employee.

4100.8 Expense Reimbursement for Traveling Companion: The District will not reimburse for travel related expenses on behalf of a travel companion (e.g., family member, guest).

4100.9 Lodging: The cost of lodging accommodations for approved conferences, seminars or meetings may be paid directly by the District or reimbursed to the employee as outlined

below.

4100.9.1 Board ~~M~~members and employees shall use government and group rates offered by a lodging provider, when available.

4100.9.2 Hotel and motel charges shall be based on **single** occupancy rates. The District will not reimburse Board ~~M~~members or employees for lodging expenses incurred by family members, domestic partners or friends when any such individuals accompany a Board ~~M~~member or employee. ~~Under no circumstances should lodging expenses exceed the conference hotel rate.~~ In instances where conference hotels are filled, the employee should attempt to secure comparable rates at the nearest hotel.

4100.9.3 Pre-conference lodging will be offered for **national** travel requiring extensive travel time and adjustment. Pre-conference lodging shall be granted for **regional** sites, e.g., San Diego, San Francisco, Las Vegas, Phoenix, etc., **if** the conference starts in the morning and the employee cannot reasonably be expected to arrive at the conference site in time for the opening meeting.

4100.9.4 Note: Starting time is for actual conference, not registration or optional tours or conference sponsored events at employee's expense.

4100.9.5 Lodging will be considered for **local** travel **if** the following conditions are met; **the length** of the conference is **more** than one day **and** the distance is **more** than 60 miles from the District or the employee's residence, whichever is more **or** if the employee's presence is **necessary** for "after" conference hours activities. However, no pre-conference lodging will be allowed for local travel and no after-conference lodging will be allowed.

Commented [SD1]: 60 or 100?

4100.9.6 If an employee plans to extend the trip pre- or post-conference, the employee will be required to pay the excess of what the cost would have been if the trip had not been extended.

4100.10 Transportation: Board ~~m~~Members and employees shall use government and group rates offered by a transportation provider, when available. An employee or Board member, when making travel arrangements, shall secure the most economical mode of transportation in keeping with availability, convenience, and propriety. Economical mode shall also factor the means of travel that requires the least amount of time away from scheduled work hours as approved by his or her supervisor.

4100.10.1 If the employee prefers to use a personal automobile, mileage reimbursements will be at the Internal Revenue Service (IRS) mileage reimbursement rate. The District will not reimburse employees for expenses not necessary for business purposes such as driving and parking ~~tickets~~ violation tickets, vehicle repairs and maintenance, and towing charges.

4100.10.2 An employee may request to use the District-owned vehicle for local travel. Approval must be obtained in advance by the ~~Real Estate Division of the Finance~~ Administrative Services Department so that it can be verified the employee is approved as a driver by the District's insurance provider.

4100.10.3 Travel costs within the conference area include the costs of travel to and from the conference and the lodging sites. Travel from airport to the conference and/or lodging site and back should be accomplished by a form of shuttle when feasible. Original itemized receipts are required in order to be reimbursed.

4100.10.4 Car rentals may only be provided in circumstances where airport transportation or additional airfare costs exceed the rental cost. When calculating the cost of car rentals, consideration must be made for parking charges at the conference and/or lodging site. While renting a vehicle, preference should be given to an entry-level or the most economical vehicle available. Drivers must adhere to the rental requirements and restrictions must be followed. Original itemized receipts are required for reimbursement.

4100.10.4.1 Drivers should be aware of the extent of a coverage (if any) provided by his/her automobile insurance company for travel that is business or not personal in nature.

4100.10.4.2 Travelers are strongly encouraged to fill the gas tank before returning the vehicle to the rental agency to avoid service fees and more expensive fuel rates.

4100.10.5 Reasonable use of taxi_cabs will be allowed.

4100.10.6 Parking: Original itemized receipts are required for parking fees (including airport parking). The lodging bill can be used as a receipt when charges are included as part of the overnight stay.

4100.10.7 Tolls: Original itemized receipts are required for tolls.

4100.11 Personal expenses: The costs of alcoholic beverages, laundry/dry cleaning, in-room movies, tours, personal entertainment and other non-District related personal-related expenses are not reimbursable. Reasonable travel insurance is permitted. **Optional** tours, banquets or other activities offered through the conference but as an additional cost to registration, are solely at the discretion of the employee and will be considered as a personal expense. Provided, however, these expenses may be reimbursable if they are approved by the President of the Board of Directors or the Chief Executive Officer as reasonable networking expenses.

4100.11.1 The District will not prepay any personal expenses with the intention of being “repaid” at a later time, nor will any personal expenses be reimbursed.

4100.12 Meal expenses: Board members and employees will be reimbursed for reasonable meal expenses while on travel status. If meals are provided in the conference, reimbursement will not be provided since it would be the Board ~~M~~member’s or employee’s personal preference to purchase a separate meal. Original itemized receipts for meals are required.

4100.13 Networking and Community Events: The Chief Executive Officer and other professional staff will be reimbursed for networking related expenses that are business related and further the District’s mission in the community. The Board provides the Chief Executive Officer with the latitude to use prudence and sound judgment since not all networking activities can be planned in advance as a part of the budgeting process. Board ~~M~~members will follow reimbursement guidelines outlined in Policy #2130: Reimbursement of elected Officials for Participation in Community Events.

4100.14 Cash Advances: While cash advances are not encouraged, the District will provide a cash advance if necessary. Requests for travel advances must be prepared on the Check Request form and shall never exceed estimated expenses for the travel involved. Itemized receipts must be submitted on an Expense Report form within ~~five-ten~~ (510) business days of return from the trip.

4100.15 Expense Report Forms: The District will provide to Board ~~M~~members and employees expense report forms to be completed by Board members or employees who submit expenses for reimbursement. The expense report form will document ~~that~~ the incurred expenses meet following the terms of the District’s written expense reimbursement policies~~policy explained herein and Policy #2130:-~~ Reimbursement of elected Officials for Participation in Community Events.

4100.16 Receipts and Submission Deadline: Original itemized receipts and copies of the conference schedule when applicable will be required to substantiate expenses. No reimbursement will be processed without proper documentation and/or explanation.

4100.16.1 Board members shall submit expense reports within fifteen (15) days of the end of the fiscal year when incurring the expense, and the reports shall be accompanied by such itemized receipts documenting such expense.

4100.16.2 Employee expense reports are to be completed within fifteen (15) days of the end of the fiscal year of the date of occurrence. The purpose for this is to keep information clear and precise for proper processing of payment. The purpose in this is to ensure that the District’s financial statements present fairly the financial condition of the District.



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4100.17 Maintenance of Expense Report Forms: Expense report forms and supporting documentation are public records subject to disclosure under the California Public Records Act. They shall be maintained by the District as a public record for a period of five years after the expense is incurred.

4100.18 Reporting on Reimbursed Meetings: Board Members, at the next regular board meeting, shall provide brief written or oral reports on meetings that were attended at the District's expense. Such report(s) shall be specified as an agenda item in the standing "Board Member Reports" agenda item for that Board meeting.

~~**4100.19 Failure to comply with this policy and related procedures may result in disciplinary action up to and including termination from employment.**~~

EXCEPTIONS

~~**4100.4920** The Chief Executive Officer is the only person authorized to make exceptions to this policy. Failure to comply with this policy and related procedures may result in disciplinary action up to and including termination from employment.~~

POLICY TITLE: Fraud
POLICY NUMBER: 6200

COMMITTEE APPROVAL DATE: ~~03/08/2016~~11/13/2018
WRITTEN/REVISED BY: M.SUUA
BOARD APPROVAL DATE: 03/23/2016 **SUPERSEDES:** 07/27/2011

POLICY:

6200 It is the policy of the Beach Cities Health District ("District") -to protect its assets against the risk of loss or misuse, to establish controls that will aid in the detection and prevention of fraud against the District, and to maintain Board-level oversight. Recognizing that fraud prevention cannot be guaranteed but controls put in place can vastly reduce the opportunities, best practices are to be sought to best fulfill the District's role of public stewardship.

Guidelines:

6200.1 This policy provides guidelines and definitions for actions deemed fraudulent or dishonest.

6200.2 When appropriate, the District will pursue legal remedies available under the law.

6200.3 This policy applies to any irregularity involving employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the District. Any investigative activity required will be conducted in an objective and impartial manner without regard to the suspected wrongdoer's length of service, position, title, or relationship to the District.

Definitions

6200.4 Fraud and other similar irregularities include, but are not limited to:

6200.4.1 Submitting a claim for reimbursement of expenses that are not job- related or authorized under established policies and procedures.

6200.4.2 Forgery or unauthorized alteration of documents (checks, time sheets, leave forms, agreements, purchase orders, budgets, etc.).

6200.4.3 Misappropriation or unauthorized use of District assets (funds, securities, supplies, furniture, equipment, etc.).

6200.4.4 Improprieties in the handling or reporting of any cash transaction.

6200.4.5 Obtaining profit or personal gain as a result of "insider" knowledge of BCHD activities.

6200.4.6 Disclosure of confidential information to outside parties.

6200.4.7 Authorizing or receiving payment for goods not received or services not performed.

6200.4.8 Any activities, including computer-related activities involving the unauthorized copying, alteration, destruction, or manipulation of data, of or within BCHD-owned software or databases.

6200.4.9 Willful misrepresentation of information on documents.

6200.4.10 Seeking or accepting anything of material value for personal gain or benefit from those doing, or wishing to do, business with the District including vendors, consultants, contractors, lessees, applicants, and grantees. (See also Policy 4010 for Conflict of Interest- and Policy 3810 for Guidelines on Accepting and Providing Gifts, Entertainment, and Services.)

6200.4.11 Any other dishonest or fraudulent act or similar or related irregularity.

6200.4.12 Intentional, false representation, or concealment of material fact for the purpose of personal gain, including personnel records.

6200.5 Employee in the context of this policy refers to any individual or group of individuals who receive compensation, either full-time, part-time, or on a temporary basis from the District. The term also includes any volunteer who provides services to the District through an official arrangement with the District or a District organization.

6200.6 Management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

6200.7 Investigating Authority refers to any person or persons assigned by the Board President or Chief Executive Officer (CEO) to investigate any fraud or similar activity.

6200.8 External Auditor refers to independent audit professionals who perform annual audits of the District's financial statements, and communicate to the Board concerning the creation and implementation of internal controls.

6200.9 Management is responsible for the detection and prevention of fraud, and for putting procedures into place to facilitate the prevention of fraud.

6200.9.1 Any irregularity that is detected or suspected must be reported immediately to the Chief Financial Officer (CFO) ~~Director of Finance (DF)~~ or the Director of Human Resources (DHR), who will coordinate all investigations with the Board President or CEO and other affected areas, both internal and external.

6200.9.2 If there are concerns about the activities of the above-mentioned CEO, ~~DF~~ CFO or DHR, it must be reported to the Board President.

6200.10 Each District department head is responsible for instituting and maintaining internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriation, and other irregularities.

6200.11 The Investigating Authority, in conjunction with legal counsel, has the primary responsibility for the investigation of all activity as defined in this policy. The Investigating Authority will also inform the Board President or CEO of pertinent findings.

6200.12 Employees will be granted "whistle-blower" protection when acting in accordance with this policy. When informed of a suspected impropriety, any person acting on behalf of the District shall not dismiss, suspend, or discipline the employee, or threaten to do so. The employee also shall not be penalized or intimidated in any manner.

6200.13 Upon conclusion of the investigation, the results will be reported to the Board President or CEO. The Board President or CEO will take appropriate action regarding employee



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misconduct. Disciplinary action can include termination and referral of the case to the District's Attorney's Office for possible prosecution.

6200.14 When appropriate, the District will pursue every reasonable effort, including court ordered restitution, to obtain recovery of District losses from the offender or other appropriate sources.

**REGULAR MEETING
BOARD OF DIRECTORS
BEACH CITIES HEALTH DISTRICT
October 24th, 2018**

A Regular Meeting of the Board of Directors of the Beach Cities Health District was called to order in the Beach Cities Room of the Beach Cities Health Center at 6:39 p.m.

Members Present: Jane Diehl
Vanessa Poster
Dr. Michelle Bholat
Dr. Noel Chun
Vish Chatterji

Members Not Present:

Legal Counsel Present: Robert Lundy, Hooper, Lundy & Bookman
Staff Present: Tom Bakaly, CEO

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
I. Call to Order-Salute to the Flag	Dr. Chun opened the meeting and led the flag salute	
II. Public Discussion	Dr. Chun asked if any member of the public would like to address the Board on any issue not on the agenda.	
III. Beach Cities Health District Staff Recognition Five Year Anniversaries: Shiori Lange, Community Services	Ms. Melissa Andrizzi-Sobel highlighted the following: <ul style="list-style-type: none"> • Thank you to Shiori for all of her dedication and compassionate service Ms. Shiori Lange highlighted the following: <ul style="list-style-type: none"> • Thanks to staff and looking forward for the next 5 years 	
IV. CEO Report A. Chief Executive Officer	Dr. Chun Invited Mr. Tom Bakaly, Chief Executive Officer, to address the Board of Directors	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
	<p>Mr. Bakaly referred the Board to the written report.</p> <p>Mr. Bakaly highlighted the following:</p> <ul style="list-style-type: none"> • Had international walk to school day 2 weeks ago and thanks to Board for attending • Tri Cities meeting on living streets next week. Looking forward to meet with the councils that night • Lazy acres opened and pleased about this new addition. Thanked Blue Zones team for all their work • Able to work with Manhattan Beach school districts to honor memory of Sandy Casey, a Manhattan Beach city worker killed in the Las Vegas shooting for a memorial with a Micro Enrichment Grant <p>Ms. Poster had asked Mr. Bakaly about City of Redondo Beach Workwell and TB responded that we are working on participation with their employees. Ms. Poster stated that the chart in the CEO report regarding Workwell should be weighted.</p> <p>Ms. Megan Vixie, Human Resource Director is proud to announce that BCHD has made the list of best places to work at #5. BCHD also received #3 on family friendly and best places to work for millennials.</p>	
<p>V. Program and Staff Reports</p> <p>A. Community Services Update</p>	<p>Mr. Tom Bakaly invited Ms. Melissa Andrizzi-Sobel, Director of Community Services, up to the podium</p> <p>Ms. Andrizzi-Sobel highlighted the following:</p> <ul style="list-style-type: none"> • Introduced her team • Advocacy <ul style="list-style-type: none"> ○ Covered California <ul style="list-style-type: none"> ▪ Open enrollment 2018 10/15 – Jan 15, 2019 • Information and referral includes officer of the day, senior center outreach – ask 	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
	<p>a care manager, website resources and senior health fairs</p> <ul style="list-style-type: none"> • Care management <ul style="list-style-type: none"> ○ Customized care plans and services for residents ○ Helps individuals to age in place and maintain quality of life and socialization • Community support groups and workshops <ul style="list-style-type: none"> ○ Caregiver support group ○ Brain health workshops ○ Powerful tools for caregivers • Community support <ul style="list-style-type: none"> ○ South Bay Dementia Education Consortium ○ First Responder Briefings • Fitness and nutrition programs • Highlights include: <ul style="list-style-type: none"> ○ 1,400+ calls to the officer of the Day program ○ 2,200+ volunteer visits with care management clients ○ 1,100+ visits to care management clients from their care managers ○ 250+ benefit enrollment support contacts ○ 800+ community classes and program sessions • Holiday Gift Bags 2019 is coming up in December <p>Mr. Chatterji asked total pool of elderly requesting services to which Ms. Andrizzi-Sobel replied 16%</p> <p>Dr. Bholat asked if we you providing services that are duplicative of what health plans might have. Who are these 400 and some clients? Ms. Andrizzi-Sobel replied that we are able to provide services for clients that have been with us for 15+ years. She continued that we do not have time limits with clients.</p> <p>Ms. Poster asked if we have programs for people who don't have family locally or care for their parents on a daily basis. Ms. Andrizzi-Sobel replied yes, we have programs available that provide trainings</p>	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
B. Legal Council	Mr. Lundy reported that there was nothing to report.	
VI. Activity Break/Mindfulness	Ms. Shiori Lange, Care Manager led the group in a mindfulness activity break.	
VII. Committee Reports A. Community Health Committee	Dr. Bholat reported that the Community Health Committee has not met. The chairs will be polled for a meeting next quarter	
B. Finance Committee/ Treasurer's Report	Ms. Diehl reported that the Finance Committee has not met. The Committee will meet on Monday, November 5 th at 6:00pm at 1200 Del Amo St.	
C. Policy Committee	Ms. Poster stated that The Policy Committee has not met. The policy committee chairs are being solicited for dates in November	
D. Properties Committee	The Properties Committee has not met. The committee meets on an as needed basis	
E. Ad-Hoc Mind Health Committee	Dr. Bholat reported that The Ad-Hoc Mind Health Committee has not met. The committee meets on an as needed basis	
F. Strategic Planning Committee	Ms. Diehl reported that The Strategic Planning Committee has not met. The chairs will be polled next quarter for another meeting. Strategic Development Half-day will be on December 7 th , 2018 at the MA Center in Redondo Beach.	
VIII. Consent Items 1. Discussion and potential action item: Approval of minutes of the September 26th, 2018 Regular Meeting 2. Discussion and potential action item:	The Board reviewed the Consent items. Dr. Chun asked for a motion to approve the minutes of the September 26 th , 2018 Regular Meeting.] Dr. Chun asked for a motion to approve checks No. 71551 through 71713 totaling \$314,775.79	It was Moved and Seconded (Poster/Bholat) to approve the minutes of the September 26 th , 2018 Regular Meeting. Ms. Diehl, Ms. Poster and Dr. Bholat voted yes. VC and NC Abstained Motion Carried It was Moved and Seconded (Diehl/Bholat) to approve checks No.

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
<p>Approve checks No. 71551 through 71713 totaling \$314,775.79 for accounts payable for the month of September 2018</p>	<p>for accounts payable for the month of September 2018</p>	<p>71551 through 71713 totaling \$314,775.79 for accounts payable for the month of September 2018 Ms. Diehl, Ms. Poster, Dr. Chun, Mr. Chatterji and Dr. Bholat voted yes. Motion Carried</p>
<p>IX. Old Business</p>	<p>There was no old business.</p>	
<p>X. New Business</p>	<p>There was no New Business</p>	
<p>XI. Board Member Reports</p>	<p>Mr. Chatterji reported that he attended:</p> <ul style="list-style-type: none"> • Policy • Community health committee • Walk to school bus • 1:1 with tom • Self-evaluation • South Beach bike coalition meeting • Manhattan Beach Council Richard Montgomery meeting <p>Ms. Poster reported that she attended:</p> <ul style="list-style-type: none"> • ACHD committee • RB RT • Competed Ethics Training • Sexual Training • Self-evaluation • RB leadership <p>Dr. Bholat reported that she attended:</p> <ul style="list-style-type: none"> • Work in addiction arena <p>Ms. Diehl reported that she attended:</p> <ul style="list-style-type: none"> • Peninsula District to see their assisted living • Self-Evaluation • Sexual Harassment Training <p>Dr. Chun reported that he attended:</p> <ul style="list-style-type: none"> • Peninsula District visit • Self-Evaluation • Sexual Harassment Training 	

AGENDA ITEM	DISCUSSION	ACTION OR FOLLOW-UP
XII. Announcements/ Questions and Referrals to Staff	<p>Ms. Poster stated that she spoke to someone from the Mosquito Abatement District and referred them to BCHD and Mr. Bakaly responded that we are in talks with them now.</p> <p>Dr. Chun announced the CEO Performance Evaluation. As per the board approved Annual Chief Executive Officer Performance Evaluation Procedure, he is appointing himself as a Board Evaluator from the board for this year's process. The Performance Evaluation for the Chief Executive Officer will be done at the November 28th, 2018 Board of Directors Meeting. Within one week, we will distribute the evaluation package and the necessary return times for the board. All questions are to be directed to the board evaluator per our policy.</p>	
XIII. Adjournment	<p>Dr. Chun adjourned the meeting.</p>	<p>There being no further business, Dr. Chun Moved to adjourn the meeting. Meeting adjourned at 7:32 p.m.</p>

The next Regular Meeting of the Beach Cities Health District Board of Directors is scheduled for Wednesday, November 28th, 2018 at 6:30 p.m. in the Beach Cities Room of the Beach Cities Health District, located at 514 N. Prospect Avenue, Redondo Beach, California

Date: November 19, 2018
To: Board of Directors
From: Monica Suua, CFO
Subject: TREASURER'S REPORT, October 2018 Activity
(FOR AGENDA ITEM VIII.2.)

Please find attached the October fiscal year-to-date 2018-19 actual-to-budget Revenue and Expenditures financial variance reports, check register and PFM investment portfolio report.

Cash Disbursements

October disbursements were **\$364,488.97 check # 71714 thru 71876**. There were no checks greater than \$50,000 that required three (3) signatures.

For further detail of checks paid see the October 2018 check register starting on page 17.

Investment Activities

Safety - To protect principle is the foremost objective of the District: For an overview of each of the District's bonds, notes and securities with associated market prices and Moody's and S&P ratings see the PFM Reports, "Managed Account Detail of Securities Held," (pages 6-13).

Liquidity – Availability of sufficient funds to pay for the District's current expenditures. The PFM Report page 1 "Consolidated Summary Statement", section "Portfolio Summary" shows the State Pool (LAIF) investment of \$374,391.34 followed by a page from the CA Asset Management (CAMP) statement showing a balance of \$1,272,160.20, a combined total of \$1,646,551.54.

Management transferred \$500,00 in October from the CAMP account to US Bank to cover required operating expenditures.

The LAIF investment and the CAMP portfolio together, results in short term investment funds of 6.3% of the total combined investments at Market Value of \$26,155,984.20. LAIF State Pool and CAMP (Money Market Mutual Funds) investments have maturity dates of 6 months or less and are sufficient to meet current operational and capital liquidity needs.

Yield. The average BCHD portfolio yield to maturity at cost for the month of October was 2.20% shown on page 3 in the PFM report. The yield increased by 2 basis point from the September 2.18%. In October, the difference between yield to maturity at cost and market is 80 basis points, resulting in yield to maturity at market at 3.00%.

TREASURER'S REPORT
PAGE 2

Purchases, Sales, Maturities and Calls. During the month of October one (1) note was purchased as follows:

Purchases			
Date	Security Description	Par Value	Principal Cost
10/16/2018	Sumitomo Mitsui Bank NY CD	\$250,000.00	\$249,660.00
	TOTAL	\$250,000.00	\$249,660.00

One (1) note was sold as follows:

Sales			
Date	Security Description	Par Value	Principal Proceeds
10/16/2018	Sumitomo Mitsui Bank NY CD	\$500,000.00	\$497,873.88
	TOTAL	\$500,000.00	\$497,873.88

The BCHD portfolio activity is shown in the PFM Report "Managed Account Security Transactions & Interest" on pages 21-24.

The current holdings are shown in the PFM Report "Managed Account Issuer Summary" pages 4-5 and "Managed Account Detail of Securities Held" pages 6-13.

LAIF (Local Agency Investment Fund). The average yield for LAIF for the month of October 2018 was 2.14% paid quarterly. Up from September's yield that was 2.06%. The average monthly yield reached 1% in July 2017 for the first time since July 2009. In 2017, the average yield continued to increase slowly from 0.75% in January to 1.24% in December.

CAMP (California Asset Management Program). The October monthly yield in CAMP was 2.27% paid monthly. Up from September yield of 2.14%.

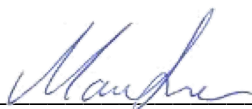
Beach Cities Child Development Center Note Receivable

The BCCDC note receivable balance at October 2018 was \$124,626 earning 7.00% interest.

Ducot Note Receivable

The Ducot note receivable balance at October 2018 was \$5,630,242 earning 7.94% interest.

This report accurately reflects all Beach Cities Health District pooled investments, which conform to all State laws and the investment policy statement approved by the Board of Directors. A copy of the policy is available on-line at <http://www.bchd.org/certified-investment-policy> and at the main offices of the District.



Monica Suua, CPA, Chief Financial Officer

November 19, 2018

Date

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Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

SUMMARY

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
REVENUE							
Classes & Group	6,963	8,471	(1,509)	37,108	38,346	(1,239)	97.%
CHF Membership	69,597	69,257	340	279,511	280,547	(1,035)	100.%
One-time Visits & Consults	71,183	86,021	(14,837)	291,334	328,695	(37,361)	89.%
Toddler Town Revenues	33,029	33,236	(207)	143,969	126,120	17,849	114.%
Camp Revenue	172	0	172	241,754	262,660	(20,906)	92.%
Food & Beverage	1,829	1,187	642	7,415	5,808	1,608	128.%
Retail	527	1,163	(636)	5,652	6,197	(545)	91.%
Childcare	793	722	71	3,725	3,072	653	121.%
Balances Due on Account	(1,537)	(1,250)	(287)	(6,174)	(5,000)	(1,174)	123.%
Other Revenues	0	212	(212)	0	1,387	(1,387)	0.%
Facility Rental	0	1,640	(1,640)	2,210	6,225	(4,015)	36.%
Total User - Fees	182,555	200,659	(18,104)	1,006,505	1,054,056	(47,551)	95.%
Property Tax	313,385	313,385	0	1,253,540	1,253,540	0	100.%
Lease	378,454	370,686	7,768	1,494,711	1,481,083	13,628	101.%
Interest	75,887	88,327	(12,439)	308,847	369,382	(60,535)	84.%
Limited Partnership	150,681	152,140	(1,459)	464,337	496,920	(32,583)	93.%
Donations	1,322	500	822	1,322	500	822	264.%
Other Revenue	0	0	0	5,027	0	5,027	0.%
Total Government	919,729	925,038	(5,309)	3,527,784	3,601,425	(73,641)	98.%
TOTAL REVENUES	1,102,284	1,125,697	(23,413)	4,534,289	4,655,481	(121,192)	97.%
Payroll							
Salaries - Reg FT	306,959	316,187	9,228	1,195,944	1,225,499	29,555	98.%
Salaries - Reg PT	69,536	79,265	9,729	329,421	385,438	56,016	85.%
Salaries - Instructor (non-benefit)	22,117	24,939	2,822	92,899	99,236	6,337	94.%
Cafeteria Plan Contribution	45,056	41,336	(3,720)	172,631	165,345	(7,286)	104.%
Payroll Taxes	27,198	29,538	2,340	112,049	120,202	8,154	93.%
LTD Insurance	1,013	989	(24)	4,031	3,955	(76)	102.%
Pension Plan Contribution	21,047	23,009	1,961	206,061	226,446	20,385	91.%
Unemployment Insurance	0	0	0	0	3,250	3,250	0.%
Employee Incentive Bonus	1,009	0	(1,009)	1,037	0	(1,037)	0.%
Employee Instant award exp	356	0	(356)	3,119	648	(2,471)	481.%
Total Payroll Expenses	494,292	515,262	20,971	2,117,190	2,230,018	112,828	95.%
Program Costs							
COGS - Cost of Goods Sold - non-food	1,215	1,223	8	3,653	4,893	1,240	75.%
Cafe Supplies - cost of good sold - food	711	558	(153)	3,830	8,826	4,996	43.%
Consumables (food used as supplies)	2,646	1,129	(1,517)	3,787	5,921	2,133	64.%
Client Transportation	0	0	0	11,883	12,750	867	93.%
Office Supplies	3,523	2,031	(1,492)	10,177	8,177	(2,000)	124.%
Gym/Locker Room Supplies	4,979	3,303	(1,677)	18,426	13,211	(5,215)	139.%
Program Supplies	6,577	9,974	3,397	15,201	29,648	14,447	51.%
Janitorial Supplies	4,198	3,063	(1,134)	10,428	12,253	1,825	85.%
Other Supplies	57	445	388	115	1,530	1,415	8.%
Total Program Costs	23,907	21,726	(2,180)	77,500	97,208	19,708	80.%
Human Resources							
Employee Retention & Recognition	359	1,682	1,323	1,355	3,908	2,554	35.%
Employee Wellness	1,377	3,069	1,692	7,786	11,776	3,990	66.%
ADP Payroll Processing Fees	3,329	3,878	549	9,640	15,512	5,872	62.%
Education & Training Seminars	3,845	3,537	(308)	12,468	14,066	1,598	89.%
Insurance - Worker's Comp	4,582	4,211	(371)	14,806	18,022	3,216	82.%
Recruitment	1,474	999	(475)	4,501	10,205	5,704	44.%
Tuition Reimbursement	0	333	333	4,225	5,582	1,357	76.%
Uniforms	0	701	701	3,650	7,168	3,518	51.%
Employee Travel/Parking	1,520	1,868	348	7,841	11,172	3,331	70.%
CSI Over/Short Deposit	(4)	0	4	109	0	(109)	0.%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

SUMMARY

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Total Human Resources Expenses	16,482	20,277	3,795	66,380	97,410	31,030	68.%
Information Systems							
IT Workstations	0	142	142	0	567	567	0.0%
Phone Equipment	0	750	750	2,411	3,000	589	80.0%
IT Repair & Maint Parts	82	145	63	89	580	491	15.0%
IT Website / Internet Equipment	258	0	(258)	313	0	(313)	0.0%
IT Network Expense	0	183	183	(725)	733	1,458	(99.0%)
IT Software Expense	7,374	5,977	(1,397)	79,688	68,609	(11,079)	116.0%
Total Information Systems Expenses	7,714	7,197	(516)	81,777	73,489	(8,288)	111.0%
Community Relations							
Advertising	7,554	9,782	2,228	35,721	39,136	3,415	91.0%
Community Education Materials	0	167	167	728	668	(60)	109.0%
Community Outreach	1,078	2,165	1,087	11,041	8,560	(2,481)	129.0%
Internet / Intranet / Website	3,500	0	(3,500)	3,900	5,000	1,100	78.0%
Dues & Memberships	1,601	586	(1,015)	19,094	19,531	437	98.0%
Educational Materials	0	103	103	0	413	413	0.0%
Mailing Services	0	890	890	1,599	3,560	1,961	45.0%
Management of Volunteers	586	1,160	575	2,039	7,425	5,386	27.0%
Meetings	3,715	3,510	(205)	23,507	13,210	(10,297)	178.0%
Postage	11,521	12,165	644	25,064	29,361	4,298	85.0%
Printing	13,446	15,799	2,353	54,194	64,043	9,849	85.0%
Promotional Items/Materials	350	1,000	650	5,620	20,950	15,330	27.0%
Subscriptions	0	12	12	842	48	(795)	1762.0%
Business Promotion Allocation	0	417	417	0	1,667	1,667	0.0%
Total Community Relations	43,350	47,755	4,406	183,350	213,572	30,222	86.0%
Facilities							
Building Maintenance & Repair	26,537	21,308	(5,229)	80,277	61,497	(18,781)	131.0%
Equipment/Furniture < \$5,000	3,354	5,005	1,651	16,738	20,820	4,082	80.0%
Equipment/Lease	14,225	12,537	(1,688)	50,775	48,466	(2,308)	105.0%
Equipment/General Maintenance & Repair	14,059	17,594	3,535	52,776	58,458	5,683	90.0%
Landscape Maintenance	6,104	7,502	1,397	25,296	27,999	2,702	90.0%
Electricity	33,628	42,197	8,569	182,185	159,287	(22,898)	114.0%
Gas	8,821	10,546	1,724	35,794	42,182	6,388	85.0%
Water	8,927	8,700	(227)	36,363	33,300	(3,063)	109.0%
Waste Removal	1,215	1,249	34	4,804	4,998	194	96.0%
Plant Service	314	593	278	1,300	2,370	1,070	55.0%
Telephone	7,670	5,300	(2,370)	19,641	21,200	1,559	93.0%
Janitorial Services	21,915	19,340	(2,575)	82,327	77,360	(4,967)	106.0%
Total Facilities Expenses	146,770	151,869	5,099	588,275	557,936	(30,339)	105.0%
Professional Services							
Accounting Services	2,500	2,800	300	17,734	16,500	(1,234)	107.0%
Banking Services	9,171	9,145	(26)	28,187	25,435	(2,752)	111.0%
Election Services	0	0	0	294	0	(294)	0.0%
Laundry Services	7,886	7,668	(218)	29,789	30,672	883	97.0%
Legal Services	8,857	7,000	(1,857)	23,568	22,500	(1,068)	105.0%
Outside Services	53,680	59,512	5,832	181,629	197,580	15,950	92.0%
Outside Service-Research	0	0	0	2,546	0	(2,546)	0.0%
Outside Services - H&F	5,632	7,107	1,475	50,949	63,411	12,463	80.0%
Outside Services - Property	7,000	7,000	0	28,000	28,000	0	100.0%
Engineering/Maintenance Services	26,236	24,005	(2,231)	109,241	96,539	(12,702)	113.0%
Service Contracts	7,716	7,465	(251)	33,430	35,969	2,540	93.0%
Taxes & Licensing	137	2,372	2,235	7,659	4,119	(3,540)	186.0%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

SUMMARY

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Total Professional Services Expenses	128,816	134,075	5,259	513,025	520,726	7,701	99.%
Other Expenses							
Prospect South Bay	7,402	6,000	(1,402)	28,411	24,000	(4,411)	118.%
Debt Service - Principal Pmt.	36,587	36,587	0	144,913	144,913	0	100.%
Interest Expense	23,413	23,413	0	95,087	95,087	(0)	100.%
Insurance - General	(12,553)	(10,000)	2,553	228,733	215,121	(13,612)	106.%
Total Other Expenses	54,849	56,000	1,151	497,144	479,121	(18,023)	104.%
Grants & Health Fund							
Grants	52,807	54,353	1,547	74,583	75,883	1,300	98.%
Health Fund - Youth	0	0	0	0	1,350	1,350	0.%
Health Fund - Adults	0	0	0	(535)	1,551	2,086	(34.%)
Health Fund - Seniors	27,852	30,833	2,981	63,778	123,332	59,554	52.%
Total Funds & Grants Expenses	80,659	85,186	4,527	137,825	202,116	64,291	68.%
TOTAL EXPENSES	996,838	1,039,349	42,511	4,262,467	4,471,596	209,130	95.%
Income (Loss) Before Cap Ex	105,446	86,348	19,098	271,822	183,884	87,938	148.%
MIS	(4,473)	0	4,473	36,289	114,675	78,386	32.%
FF&E	0	0	0	39,154	14,340	(24,814)	273.%
Building	222,526	0	(222,526)	581,731	3,979,580	3,397,849	15.%
Total Capital Expenditures	218,054	0	(218,054)	657,174	4,108,595	3,451,421	16.%
Net Income (Loss)	(112,608)	86,348	(198,955)	(385,352)	(3,924,711)	3,539,359	10.%
Net Income (Loss)	(112,608)	86,348	(198,955)	(385,352)	(3,924,711)	3,539,359	10.%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Life Spans

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
REVENUE							
Classes & Group	150	0	150	550	0	550	0.0%
Total User - Fees	150	0	150	550	0	550	0.0%
Other Revenue	0	0	0	3,750	0	3,750	0.0%
Total Government	0	0	0	3,750	0	3,750	0.0%
TOTAL REVENUES	150	0	150	4,300	0	4,300	0.0%
Payroll							
Salaries - Reg FT	110,704	114,040	3,336	430,534	436,333	5,799	99.0%
Salaries - Reg PT	9,992	11,868	1,876	31,195	45,409	14,214	69.0%
Salaries - Instructor (non-benefit)	2,149	2,990	841	7,839	11,440	3,601	69.0%
Cafeteria Plan Contribution	17,964	16,240	(1,724)	68,175	64,962	(3,213)	105.0%
Payroll Taxes	8,700	8,977	277	32,866	34,350	1,484	96.0%
LTD Insurance	370	368	(1)	1,479	1,473	(6)	100.0%
Pension Plan Contribution	7,540	7,838	299	72,605	78,826	6,221	92.0%
Employee Incentive Bonus	49	0	(49)	49	0	(49)	0.0%
Total Payroll Expenses	157,469	162,322	4,853	644,743	672,793	28,050	96.0%
Program Costs							
Consumables (food used as supplies)	2,405	25	(2,380)	2,488	2,504	16	99.0%
Office Supplies	1,266	412	(854)	2,094	1,702	(392)	123.0%
Program Supplies	2,563	7,084	4,521	3,853	9,056	5,203	43.0%
Total Program Costs	6,234	7,521	1,287	8,436	13,262	4,826	64.0%
Human Resources							
Employee Retention & Recognition	98	192	94	213	518	305	41.0%
Education & Training Seminars	185	1,056	871	1,500	1,974	474	76.0%
Insurance - Worker's Comp	365	450	85	1,460	2,978	1,518	49.0%
Recruitment	88	16	(72)	108	564	456	19.0%
Tuition Reimbursement	0	333	333	4,225	5,582	1,357	76.0%
Uniforms	0	0	0	2,206	1,300	(906)	170.0%
Employee Travel/Parking	264	547	283	1,977	2,688	711	74.0%
Total Human Resources Expenses	1,000	2,594	1,594	11,690	15,604	3,915	75.0%
Information Systems							
IT Workstations	0	142	142	0	567	567	0.0%
IT Software Expense	1,234	0	(1,234)	17,685	14,000	(3,685)	126.0%
Total Information Systems Expenses	1,234	142	(1,092)	17,685	14,567	(3,119)	121.0%
Community Relations							
Community Education Materials	0	167	167	728	668	(60)	109.0%
Community Outreach	528	40	(488)	769	1,160	391	66.0%
Dues & Memberships	0	19	19	0	76	76	0.0%
Educational Materials	0	83	83	0	332	332	0.0%
Management of Volunteers	212	0	(212)	734	0	(734)	0.0%
Meetings	1,283	1,168	(115)	2,981	4,923	1,943	61.0%
Postage	48	123	75	605	592	(13)	102.0%
Printing	4,260	2,501	(1,759)	7,547	10,004	2,457	75.0%
Promotional Items/Materials	50	0	(50)	99	2,350	2,251	4.0%
Total Community Relations	6,381	4,101	(2,280)	13,463	20,105	6,643	67.0%
Facilities							
Equipment/Furniture < \$5,000	448	42	(406)	448	668	220	67.0%
Plant Service	50	50	1	198	200	2	99.0%
Total Facilities Expenses	497	92	(405)	646	868	222	74.0%
Professional Services							
Outside Services	35,599	37,545	1,946	93,068	96,560	3,492	96.0%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Life Spans

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Outside Service-Research	0	0	0	2,546	0	(2,546)	0.0%
Service Contracts	0	84	84	0	336	336	0.0%
Total Professional Services Expenses	35,599	37,629	2,030	95,614	96,896	1,282	99.0%
Other Expenses							
Grants & Health Fund							
Grants	52,807	54,353	1,547	64,633	64,633	0	100.0%
Health Fund - Youth	0	0	0	0	1,350	1,350	0.0%
Health Fund - Adults	0	0	0	(535)	1,551	2,086	(34.0%)
Health Fund - Seniors	27,852	30,833	2,981	63,778	123,332	59,554	52.0%
Total Funds & Grants Expenses	80,659	85,186	4,527	127,875	190,866	62,991	67.0%
TOTAL EXPENSES	289,073	299,587	10,514	920,152	1,024,961	104,809	90.0%
Income (Loss) Before Cap Ex	(288,923)	(299,587)	10,664	(915,852)	(1,024,961)	109,109	89.0%
MIS	(5,400)	0	5,400	2,550	3,675	1,125	69.0%
Total Capital Expenditures	(5,400)	0	5,400	2,550	3,675	1,125	69.0%
Net Income (Loss)	(283,523)	(299,587)	16,064	(918,402)	(1,028,636)	110,234	89.0%
Net Income (Loss)	(283,523)	(299,587)	16,064	(918,402)	(1,028,636)	110,234	89.0%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Health & Fitness

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
REVENUE							
Classes & Group	6,813	8,471	(1,659)	36,558	38,346	(1,789)	95.%
CHF Membership	69,597	69,257	340	279,511	280,547	(1,035)	100.%
One-time Visits & Consults	71,183	86,021	(14,837)	291,334	328,695	(37,361)	89.%
Toddler Town Revenues	33,029	33,236	(207)	143,969	126,120	17,849	114.%
Camp Revenue	172	0	172	241,754	262,660	(20,906)	92.%
Food & Beverage	1,829	1,187	642	7,415	5,808	1,608	128.%
Retail	527	1,163	(636)	5,652	6,197	(545)	91.%
Childcare	793	722	71	3,725	3,072	653	121.%
Balances Due on Account	(1,537)	(1,250)	(287)	(6,174)	(5,000)	(1,174)	123.%
Facility Rental	0	1,640	(1,640)	2,210	6,225	(4,015)	36.%
Total User - Fees	182,405	200,447	(18,042)	1,005,955	1,052,669	(46,714)	96.%
TOTAL REVENUES							
	182,405	200,447	(18,042)	1,005,955	1,052,669	(46,714)	96.%
Payroll							
Salaries - Reg FT	53,506	53,929	423	204,941	222,008	17,067	92.%
Salaries - Reg PT	58,519	60,126	1,607	285,816	312,209	26,393	92.%
Salaries - Instructor (non-benefit)	19,968	21,543	1,575	84,201	86,172	1,970	98.%
Cafeteria Plan Contribution	9,652	9,585	(67)	37,574	38,341	766	98.%
Payroll Taxes	10,153	10,033	(120)	43,887	45,593	1,707	96.%
LTD Insurance	212	218	6	858	873	15	98.%
Pension Plan Contribution	5,442	5,518	77	42,118	46,367	4,249	91.%
Employee Incentive Bonus	960	0	(960)	987	0	(987)	0.%
Total Payroll Expenses	158,412	160,953	2,541	700,382	751,561	51,180	93.%
Program Costs							
COGS - Cost of Goods Sold - non-food	1,215	1,223	8	3,653	4,893	1,240	75.%
Cafe Supplies - cost of good sold - food	711	558	(153)	3,830	8,826	4,996	43.%
Consumables (food used as supplies)	0	21	21	776	83	(692)	931.%
Client Transportation	0	0	0	11,883	12,750	867	93.%
Office Supplies	926	694	(232)	3,470	2,774	(696)	125.%
Gym/Locker Room Supplies	4,979	3,303	(1,677)	18,426	13,211	(5,215)	139.%
Program Supplies	3,960	2,642	(1,318)	10,266	15,050	4,784	68.%
Janitorial Supplies	2,919	1,863	(1,055)	7,543	7,453	(90)	101.%
Total Program Costs	14,710	10,304	(4,406)	59,846	65,040	5,195	92.%
Human Resources							
Employee Retention & Recognition	0	260	260	175	1,070	895	16.%
Education & Training Seminars	2,615	1,072	(1,543)	5,324	4,289	(1,036)	124.%
Insurance - Worker's Comp	2,764	3,417	653	11,056	13,668	2,612	81.%
Recruitment	267	279	12	697	2,243	1,546	31.%
Uniforms	0	701	701	551	3,868	3,317	14.%
Employee Travel/Parking	0	108	108	0	433	433	0.%
CSI Over/Short Deposit	(4)	0	4	109	0	(109)	0.%
Total Human Resources Expenses	5,642	5,838	196	17,912	25,571	7,659	70.%
Information Systems							
IT Software Expense	5,077	5,327	250	20,308	21,309	1,001	95.%
Total Information Systems Expenses	5,077	5,327	250	20,308	21,309	1,001	95.%
Community Relations							
Dues & Memberships	0	71	71	850	2,921	2,071	29.%
Educational Materials	0	20	20	0	81	81	0.%
Meetings	0	0	0	158	0	(158)	0.%
Postage	75	97	22	438	389	(48)	112.%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Health & Fitness

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Printing	1,976	848	(1,128)	4,595	3,393	(1,202)	135.%
Subscriptions	0	12	12	0	48	48	0.%
Business Promotion Allocation	0	417	417	0	1,667	1,667	0.%
Total Community Relations	2,052	1,465	(586)	6,041	8,500	2,459	71.%
Facilities							
Building Maintenance & Repair	893	1,929	1,036	6,384	9,512	3,128	67.%
Equipment/Furniture < \$5,000	1,253	2,955	1,702	7,474	11,819	4,344	63.%
Equipment/Lease	4,326	4,326	0	17,302	17,302	0	100.%
Equipment/General Maintenance & Repair	2,845	1,312	(1,533)	6,498	5,248	(1,250)	124.%
Landscape Maintenance	685	697	12	2,740	2,789	49	98.%
Electricity	1,681	4,167	2,486	22,528	16,667	(5,862)	135.%
Gas	128	46	(83)	274	182	(92)	150.%
Waste Removal	237	242	5	891	968	77	92.%
Plant Service	138	138	0	550	550	0	100.%
Janitorial Services	9,975	10,000	25	41,137	40,000	(1,137)	103.%
Total Facilities Expenses	22,160	25,810	3,650	105,779	105,037	(742)	101.%
Professional Services							
Banking Services	6,224	6,345	121	22,292	19,035	(3,257)	117.%
Laundry Services	7,886	7,668	(218)	29,789	30,672	883	97.%
Outside Services	0	1,567	1,567	1,300	6,268	4,968	21.%
Outside Services - H&F	5,632	7,107	1,475	50,789	63,411	12,623	80.%
Service Contracts	7,049	4,349	(2,700)	23,816	23,453	(363)	102.%
Taxes & Licensing	0	81	81	42	323	281	13.%
Total Professional Services Expenses	26,791	27,116	326	128,027	143,162	15,135	89.%
Other Expenses							
Insurance - General	0	0	0	35,931	39,263	3,332	92.%
Total Other Expenses	0	0	0	35,931	39,263	3,332	92.%
Grants & Health Fund							
TOTAL EXPENSES	234,844	236,813	1,970	1,074,225	1,159,443	85,218	93.%
Income (Loss) Before Cap Ex	(52,439)	(36,367)	(16,073)	(68,270)	(106,774)	38,504	64.%
MIS	0	0	0	0	5,000	5,000	0.%
FF&E	0	0	0	15,496	14,340	(1,156)	108.%
Building	0	0	0	15,005	31,464	16,459	48.%
Total Capital Expenditures	0	0	0	30,500	50,804	20,304	60.%
Net Income (Loss)	(52,439)	(36,367)	(16,073)	(98,770)	(157,578)	58,808	63.%
Net Income (Loss)	(52,439)	(36,367)	(16,073)	(98,770)	(157,578)	58,808	63.%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Oth Programs & Services

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
REVENUE							
Other Revenues	0	212	(212)	0	1,387	(1,387)	0.0%
Total User - Fees	0	212	(212)	0	1,387	(1,387)	0.0%
Donations	1,322	500	822	1,322	500	822	264.0%
Total Government	1,322	500	822	1,322	500	822	264.0%
TOTAL REVENUES	1,322	712	610	1,322	1,887	(565)	70.0%
Payroll							
Salaries - Reg FT	56,239	54,551	(1,688)	212,951	208,714	(4,237)	102.0%
Salaries - Reg PT	1,296	6,213	4,917	4,422	23,772	19,350	19.0%
Salaries - Instructor (non-benefit)	0	406	406	858	1,624	766	53.0%
Cafeteria Plan Contribution	6,558	6,413	(145)	25,041	25,652	611	98.0%
Payroll Taxes	4,166	4,442	276	15,878	17,001	1,123	93.0%
LTD Insurance	173	173	(0)	662	691	29	96.0%
Pension Plan Contribution	3,674	3,678	4	37,386	40,292	2,906	93.0%
Total Payroll Expenses	72,107	75,876	3,769	297,197	317,746	20,549	94.0%
Program Costs							
Consumables (food used as supplies)	0	583	583	48	1,333	1,285	4.0%
Office Supplies	91	59	(32)	657	237	(420)	277.0%
Program Supplies	54	248	194	1,082	5,542	4,460	20.0%
Total Program Costs	145	890	745	1,787	7,112	5,325	25.0%
Human Resources							
Employee Retention & Recognition	0	525	525	92	600	508	15.0%
Employee Wellness	1,377	1,919	542	6,481	7,676	1,194	84.0%
Education & Training Seminars	421	1,143	722	1,300	2,394	1,094	54.0%
Insurance - Worker's Comp	136	168	32	544	672	128	81.0%
Recruitment	1,083	618	(465)	3,108	6,880	3,771	45.0%
Uniforms	0	0	0	893	2,000	1,107	45.0%
Employee Travel/Parking	188	97	(91)	1,008	587	(421)	172.0%
Total Human Resources Expenses	3,205	4,470	1,265	13,427	20,807	7,380	65.0%
Information Systems							
Phone Equipment	0	750	750	2,411	3,000	589	80.0%
IT Repair & Maint Parts	82	125	43	82	500	418	16.0%
IT Website / Internet Equipment	258	0	(258)	313	0	(313)	0.0%
IT Network Expense	0	183	183	(725)	733	1,458	(99.0%)
IT Software Expense	1,063	650	(413)	31,110	29,300	(1,810)	106.0%
Total Information Systems Expenses	1,403	1,708	306	33,191	33,533	342	99.0%
Community Relations							
Advertising	7,554	9,782	2,228	35,721	39,136	3,415	91.0%
Community Outreach	500	1,375	875	9,617	5,000	(4,617)	192.0%
Internet / Intranet / Website	3,500	0	(3,500)	3,900	5,000	1,100	78.0%
Dues & Memberships	0	83	83	702	483	(219)	145.0%
Mailing Services	0	890	890	1,599	3,560	1,961	45.0%
Management of Volunteers	374	1,160	786	1,304	7,425	6,121	18.0%
Meetings	438	0	(438)	1,053	0	(1,053)	0.0%
Postage	10,567	11,720	1,153	23,685	27,480	3,795	86.0%
Printing	5,546	12,279	6,734	39,526	49,665	10,140	80.0%
Promotional Items/Materials	300	1,000	700	5,521	18,600	13,079	30.0%
Subscriptions	0	0	0	842	0	(842)	0.0%
Total Community Relations	28,779	38,289	9,510	123,471	156,350	32,879	79.0%
Facilities							
Equipment/Furniture < \$5,000	653	0	(653)	1,093	0	(1,093)	0.0%
Telephone	7,433	5,300	(2,133)	19,404	21,200	1,796	92.0%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Oth Programs & Services

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Total Facilities Expenses	8,086	5,300	(2,786)	20,496	21,200	704	97.%
Professional Services							
Legal Services	0	0	0	329	500	171	66.%
Outside Services	15,812	17,798	1,987	80,762	77,195	(3,567)	105.%
Service Contracts	260	2,000	1,740	7,981	8,000	19	100.%
Total Professional Services Expenses	16,072	19,798	3,727	89,072	85,695	(3,377)	104.%
Other Expenses							
Insurance - General	0	0	0	1,288	1,400	112	92.%
Total Other Expenses	0	0	0	1,288	1,400	112	92.%
Grants & Health Fund							
TOTAL EXPENSES	129,796	146,332	16,537	579,930	643,843	63,913	90.%
Income (Loss) Before Cap Ex	(128,474)	(145,620)	17,146	(578,608)	(641,956)	63,348	90.%
MIS	928	0	(928)	30,054	70,000	39,946	43.%
Total Capital Expenditures	928	0	(928)	30,054	70,000	39,946	43.%
Net Income (Loss)	(129,401)	(145,620)	16,219	(608,662)	(711,956)	103,294	85.%
Net Income (Loss)	(129,401)	(145,620)	16,219	(608,662)	(711,956)	103,294	85.%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Support Services

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
REVENUE							
Property Tax	313,385	313,385	0	1,253,540	1,253,540	0	100.0%
Interest	75,887	88,327	(12,439)	308,847	369,382	(60,535)	84.0%
Limited Partnership	150,681	152,140	(1,459)	464,337	496,920	(32,583)	93.0%
Other Revenue	0	0	0	1,277	0	1,277	0.0%
Total Government	539,953	553,852	(13,899)	2,028,001	2,119,842	(91,841)	96.0%
TOTAL REVENUES	539,953	553,852	(13,899)	2,028,001	2,119,842	(91,841)	96.0%
Payroll							
Salaries - Reg FT	79,482	86,589	7,107	320,635	331,365	10,730	97.0%
Salaries - Reg PT	(272)	1,058	1,330	7,988	4,048	(3,940)	197.0%
Cafeteria Plan Contribution	10,258	8,603	(1,655)	39,457	34,412	(5,045)	115.0%
Payroll Taxes	3,926	5,631	1,705	18,177	21,542	3,365	84.0%
LTD Insurance	244	217	(28)	977	866	(110)	113.0%
Pension Plan Contribution	4,261	5,546	1,285	51,309	57,017	5,708	90.0%
Unemployment Insurance	0	0	0	0	3,250	3,250	0.0%
Employee Instant award exp	356	0	(356)	3,119	648	(2,471)	481.0%
Total Payroll Expenses	98,256	107,644	9,388	441,662	453,148	11,486	97.0%
Program Costs							
Consumables (food used as supplies)	241	500	259	476	2,000	1,524	24.0%
Office Supplies	1,240	866	(374)	3,771	3,464	(307)	109.0%
Janitorial Supplies	337	200	(137)	889	800	(89)	111.0%
Other Supplies	57	445	388	115	1,530	1,415	8.0%
Total Program Costs	1,875	2,011	136	5,251	7,794	2,543	67.0%
Human Resources							
Employee Retention & Recognition	261	705	444	874	1,720	846	51.0%
Employee Wellness	0	1,150	1,150	1,304	4,100	2,796	32.0%
ADP Payroll Processing Fees	3,329	3,878	549	9,640	15,512	5,872	62.0%
Education & Training Seminars	624	265	(359)	4,344	5,410	1,066	80.0%
Insurance - Worker's Comp	1,302	158	(1,144)	1,686	632	(1,054)	267.0%
Recruitment	36	86	50	588	518	(70)	113.0%
Employee Travel/Parking	1,068	1,116	48	4,856	7,464	2,608	65.0%
Total Human Resources Expenses	6,620	7,358	737	23,291	35,356	12,064	66.0%
Information Systems							
IT Repair & Maint Parts	0	20	20	7	80	73	9.0%
IT Software Expense	0	0	0	10,585	4,000	(6,585)	265.0%
Total Information Systems Expenses	0	20	20	10,592	4,080	(6,512)	260.0%
Community Relations							
Community Outreach	50	750	700	655	2,400	1,745	27.0%
Dues & Memberships	1,601	413	(1,189)	17,542	16,050	(1,492)	109.0%
Meetings	1,994	2,342	348	19,315	8,287	(11,028)	233.0%
Postage	830	225	(605)	337	900	563	37.0%
Printing	1,663	170	(1,493)	2,526	980	(1,546)	258.0%
Total Community Relations	6,138	3,899	(2,239)	40,375	28,617	(11,758)	141.0%
Facilities							
Equipment/Furniture < \$5,000	0	258	258	0	1,333	1,333	0.0%
Equipment/Lease	2,528	840	(1,688)	3,988	1,680	(2,308)	237.0%
Equipment/General Maintenance & Repair	0	1,700	1,700	0	3,400	3,400	0.0%
Plant Service	127	135	8	552	540	(12)	102.0%
Total Facilities Expenses	2,656	2,933	278	4,540	6,953	2,413	65.0%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Support Services

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
Professional Services							
Accounting Services	2,500	2,800	300	17,734	16,500	(1,234)	107.%
Banking Services	2,923	2,800	(123)	5,795	6,400	605	91.%
Election Services	0	0	0	294	0	(294)	0.%
Legal Services	8,857	7,000	(1,857)	23,239	22,000	(1,239)	106.%
Outside Services	2,270	2,552	282	6,139	16,957	10,818	36.%
Outside Services - H&F	0	0	0	160	0	(160)	0.%
Taxes & Licensing	137	392	255	4,982	1,567	(3,416)	318.%
Total Professional Services Expenses	16,687	15,543	(1,143)	58,343	63,423	5,080	92.%
Other Expenses							
Interest Expense	23,413	23,413	0	95,087	95,087	(0)	100.%
Insurance - General	(12,553)	(10,000)	2,553	72,175	63,981	(8,194)	113.%
Total Other Expenses	10,860	13,413	2,553	167,262	159,068	(8,194)	105.%
Grants & Health Fund							
Grants	0	0	0	9,950	11,250	1,300	88.%
Total Funds & Grants Expenses	0	0	0	9,950	11,250	1,300	88.%
TOTAL EXPENSES	143,090	152,821	9,731	761,267	769,690	8,423	99.%
Income (Loss) Before Cap Ex	396,863	401,031	(4,168)	1,266,734	1,350,152	(83,418)	94.%
MIS	0	0	0	3,685	36,000	32,315	10.%
Total Capital Expenditures	0	0	0	3,685	36,000	32,315	10.%
Net Income (Loss)	396,863	401,031	(4,168)	1,263,049	1,314,152	(51,103)	96.%
Net Income (Loss)	396,863	401,031	(4,168)	1,263,049	1,314,152	(51,103)	96.%

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Property Operations

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
REVENUE							
Lease	378,454	370,686	7,768	1,494,711	1,481,083	13,628	101.1%
Total Government	378,454	370,686	7,768	1,494,711	1,481,083	13,628	101.1%
TOTAL REVENUES	378,454	370,686	7,768	1,494,711	1,481,083	13,628	101.1%
Payroll							
Salaries - Reg FT	7,027	7,078	51	26,884	27,079	195	99.1%
Cafeteria Plan Contribution	623	495	(129)	2,382	1,978	(404)	120.2%
Payroll Taxes	253	455	202	1,241	1,716	475	72.0%
LTD Insurance	14	13	(1)	56	52	(4)	107.7%
Pension Plan Contribution	131	428	297	2,643	3,945	1,302	67.0%
Total Payroll Expenses	8,048	8,468	420	33,206	34,770	1,563	96.6%
Program Costs							
Office Supplies	0	0	0	184	0	(184)	0.0%
Janitorial Supplies	942	1,000	58	1,996	4,000	2,004	50.0%
Total Program Costs	942	1,000	58	2,180	4,000	1,820	55.0%
Human Resources							
Insurance - Worker's Comp	15	18	3	60	72	12	83.3%
Total Human Resources Expenses	15	18	3	60	72	12	83.3%
Information Systems							
Community Relations							
Facilities							
Building Maintenance & Repair	25,644	19,379	(6,265)	73,894	51,985	(21,909)	142.2%
Equipment/Furniture < \$5,000	1,000	1,750	750	7,723	7,000	(723)	110.3%
Equipment/Lease	7,371	7,371	0	29,484	29,484	0	100.0%
Equipment/General Maintenance & Repair	11,214	14,582	3,368	46,278	49,810	3,532	93.0%
Landscape Maintenance	5,419	6,804	1,385	22,556	25,210	2,653	89.0%
Electricity	31,947	38,030	6,083	159,656	142,620	(17,036)	112.0%
Gas	8,693	10,500	1,807	35,520	42,000	6,480	85.0%
Water	8,927	8,700	(227)	36,363	33,300	(3,063)	109.0%
Waste Removal	978	1,007	29	3,912	4,030	117	97.0%
Plant Service	0	270	270	0	1,080	1,080	0.0%
Telephone	237	0	(237)	237	0	(237)	0.0%
Janitorial Services	11,940	9,340	(2,600)	41,190	37,360	(3,830)	110.0%
Total Facilities Expenses	113,371	117,734	4,363	456,814	423,878	(32,936)	108.0%
Professional Services							
Banking Services	25	0	(25)	100	0	(100)	0.0%
Outside Services	0	50	50	360	600	240	60.0%
Outside Services - Property Engineering/Maintenance Services	7,000	7,000	0	28,000	28,000	0	100.0%
Services	26,236	24,005	(2,231)	109,241	96,539	(12,702)	113.0%
Service Contracts	407	1,033	625	1,633	4,181	2,548	39.0%
Taxes & Licensing	0	1,900	1,900	2,635	2,230	(405)	118.0%
Total Professional Services Expenses	33,668	33,988	319	141,969	131,550	(10,419)	108.0%
Other Expenses							
Prospect South Bay	7,402	6,000	(1,402)	28,411	24,000	(4,411)	118.0%
Debt Service - Principal Pmt.	36,587	36,587	0	144,913	144,913	0	100.0%
Insurance - General	0	0	0	119,339	110,477	(8,862)	108.0%
Total Other Expenses	43,990	42,587	(1,402)	292,663	279,390	(13,273)	105.0%
Grants & Health Fund							

Beach Cities Health District
ACTUAL TO BUDGET VARIANCE STATEMENT
For the Period Ending October, 2018

Total Property Operations

	October			YTD			%
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
TOTAL EXPENSES	200,035	203,795	3,760	926,893	873,659	(53,233)	106.%
Income (Loss) Before Cap Ex	178,419	166,891	11,529	567,818	607,423	(39,605)	93.%
FF&E	0	0	0	23,659	0	(23,659)	0.%
Building	222,526	0	(222,526)	566,726	3,948,116	3,381,389	14.%
Total Capital Expenditures	222,526	0	(222,526)	590,385	3,948,116	3,357,731	15.%
Net Income (Loss)	(44,107)	166,891	(210,998)	(22,567)	(3,340,692)	3,318,126	1.%
Net Income (Loss)	(44,107)	166,891	(210,998)	(22,567)	(3,340,692)	3,318,126	1.%

Ranges: From: To: From: To:
 Check Number First Last Check Date 10/1/2018 10/31/2018
 Vendor ID First Last Checkbook ID First Last
 Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
71714	002109	Chloe Barrett	10/2/2018	GENERAL	PMCHK00001440	\$123.09
71715	ALI002	ALIVE	10/4/2018	GENERAL	PMCHK00001441	\$380.00
71716	ALO001	CABLEMASTERS	10/4/2018	GENERAL	PMCHK00001441	\$4,397.47
71717	ATH004	ATHENA SOFTWARE	10/4/2018	GENERAL	PMCHK00001441	\$7,950.00
71718	BEN007	BENNETT LANDSCAPE	10/4/2018	GENERAL	PMCHK00001441	\$270.00
71719	BRO001	BROWN'S GREEN THUMB, INC.	10/4/2018	GENERAL	PMCHK00001441	\$314.05
71720	BRO008	JORDAN BROSKY	10/4/2018	GENERAL	PMCHK00001441	\$517.50
71721	CAL001	CALIFORNIA MARKING DEVICE	10/4/2018	GENERAL	PMCHK00001441	\$52.68
71722	CAN003	CANCER SUPPORT COMMUNITY	10/4/2018	GENERAL	PMCHK00001441	\$10,280.00
71723	CIN001	CINTAS CORPORATION LOC 426	10/4/2018	GENERAL	PMCHK00001441	\$861.43
71724	COR012	COREMOM LLC	10/4/2018	GENERAL	PMCHK00001441	\$707.00
71725	DUM001	THE DUMBELL MAN FITNESS EQUIPM	10/4/2018	GENERAL	PMCHK00001441	\$657.00
71726	EAS005	EASTER SEALS REDONDO SNR PROGR	10/4/2018	GENERAL	PMCHK00001441	\$1,546.32
71727	HAP003	HAPPY KID YOGA	10/4/2018	GENERAL	PMCHK00001441	\$85.00
71728	HAR013	BRIAN HARPER	10/4/2018	GENERAL	PMCHK00001441	\$450.00
71729	HEA010	HEALTHWAYS SC	10/4/2018	GENERAL	PMCHK00001441	\$27,500.00
71730	HEA014	HEALTH FAIRS DIRECT	10/4/2018	GENERAL	PMCHK00001441	\$4,975.00
71731	HOM001	HOME INSTEAD SENIOR CARE	10/4/2018	GENERAL	PMCHK00001441	\$6,150.00
71732	HOM005	123 HOME CARE SERVICES LOS ANG	10/4/2018	GENERAL	PMCHK00001441	\$1,595.00
71733	HOO001	HOOPER, LUNDY, & BOOKMAN, INC	10/4/2018	GENERAL	PMCHK00001441	\$5,000.00
71734	MIN004	MINUTEMAN PRESS REDONDO BEACH	10/4/2018	GENERAL	PMCHK00001441	\$301.13
71735	MRM001	M & R MAINTENANCE	10/4/2018	GENERAL	PMCHK00001441	\$16,800.00
71736	ODW001	ODWALLA, INC.	10/4/2018	GENERAL	PMCHK00001441	\$114.60
71737	PRI001	PRINCIPAL LIFE GROUP GRAND ISL	10/4/2018	GENERAL	PMCHK00001441	\$3,959.20
71738	PRO009	PROSUM TECHNOLOGY SERVICES	10/4/2018	GENERAL	PMCHK00001441	\$1,350.00
71739	PUB001	CA PUBLIC EMPLOYEES RETIREMENT	10/4/2018	GENERAL	PMCHK00001441	\$43,473.51
71740	QUI005	THE QUINTANA CRUZ COMPANY, LLC	10/4/2018	GENERAL	PMCHK00001441	\$7,000.00
71741	SAH001	JOSEPH SAHILLI	10/4/2018	GENERAL	PMCHK00001441	\$1,168.75
71742	SCH005	SCHOOL NEWS	10/4/2018	GENERAL	PMCHK00001441	\$542.00
71743	SIG006	SIGNATURE RESEARCH, INC	10/4/2018	GENERAL	PMCHK00001441	\$5,052.57
71744	SOU006	SOUTH BAY HOME HEALTH CARE	10/4/2018	GENERAL	PMCHK00001441	\$322.30
71745	STA011	DIANNE STASO, MS, RD	10/4/2018	GENERAL	PMCHK00001441	\$350.00
71746	TUR001	TURNING TECHNOLOGIES	10/4/2018	GENERAL	PMCHK00001441	\$9,472.85
71747	TWE001	24 HR HOME CARE	10/4/2018	GENERAL	PMCHK00001441	\$4,104.75
71748	USP002	UNITED STATES POSTAL SERVICE	10/4/2018	GENERAL	PMCHK00001441	\$225.00
71749	VIS001	VISION SERVICE PLAN	10/4/2018	GENERAL	PMCHK00001441	\$614.24
71750	VOL003	VOLGISTICS, INC.	10/4/2018	GENERAL	PMCHK00001441	\$600.00
71751	001535	Stephanie Sutton	10/11/2018	GENERAL	PMCHK00001442	\$127.89
71752	ABB002	TERI ABBOTT	10/11/2018	GENERAL	PMCHK00001442	\$104.00
71753	AMA001	GEGRB/AMAZON	10/11/2018	GENERAL	PMCHK00001442	\$2,015.05
71754	BAR011	BARTEL ASSOCIATES, LLC	10/11/2018	GENERAL	PMCHK00001442	\$1,533.50
71755	BEN007	BENNETT LANDSCAPE	10/11/2018	GENERAL	PMCHK00001442	\$685.00
71756	BHO001	MICHELLE ANNE BHOLAT	10/11/2018	GENERAL	PMCHK00001442	\$200.00
71757	CAM005	CAM Services	10/11/2018	GENERAL	PMCHK00001442	\$575.00
71758	CHA005	MELANIE CHAPMAN	10/11/2018	GENERAL	PMCHK00001442	\$855.00
71759	CHA007	CHARLES DUNN REAL ESTATE SVCS,	10/11/2018	GENERAL	PMCHK00001442	\$200.00
71760	CHA015	VISHWAJEET CHATTERJI	10/11/2018	GENERAL	PMCHK00001442	\$200.00
71761	CHU002	DR. NOEL L. CHUN	10/11/2018	GENERAL	PMCHK00001442	\$100.00
71762	CIN001	CINTAS CORPORATION LOC 426	10/11/2018	GENERAL	PMCHK00001442	\$2,926.73
71763	CIT004	REFUSE DEPARTMENT	10/11/2018	GENERAL	PMCHK00001442	\$237.05
71764	CSI001	CSI SOFTWARE	10/11/2018	GENERAL	PMCHK00001442	\$4,927.00
71765	CUS001	CUSTOM VIDEO PRODUCTIONS	10/11/2018	GENERAL	PMCHK00001442	\$295.55
71766	DAI001	DAILY BREEZE/BEACH REPORTER	10/11/2018	GENERAL	PMCHK00001442	\$4,093.00
71767	DES002	DESERT ROSE PHOTOGRAPHY	10/11/2018	GENERAL	PMCHK00001442	\$400.00
71768	DIE001	JANE ANN DIEHL	10/11/2018	GENERAL	PMCHK00001442	\$200.00
71769	DIV002	DIVERSIFIED THERMAL SERVICES,	10/11/2018	GENERAL	PMCHK00001442	\$592.50
71770	DUM001	THE DUMBELL MAN FITNESS EQUIPM	10/11/2018	GENERAL	PMCHK00001442	\$105.00
71771	EAG003	EAGLE PROTECTION OF CALIFORNIA	10/11/2018	GENERAL	PMCHK00001442	\$140.93

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
71772	EAS005	EASTER SEALS REDONDO SNR PROGR	10/11/2018	GENERAL	PMCHK00001442	\$682.00
71773	FAR005	DAVISFARR LLP	10/11/2018	GENERAL	PMCHK00001442	\$13,000.00
71774	FUN001	FUN EXPRESS	10/11/2018	GENERAL	PMCHK00001442	\$469.35
71775	GAR001	GARDENA WELDING SUPPLY CO.	10/11/2018	GENERAL	PMCHK00001442	\$228.36
71776	HAP003	HAPPY KID YOGA	10/11/2018	GENERAL	PMCHK00001442	\$85.00
71777	HAR013	BRIAN HARPER	10/11/2018	GENERAL	PMCHK00001442	\$442.50
71778	HOM004	HOMEWATCH CARE GIVERS	10/11/2018	GENERAL	PMCHK00001442	\$73.50
71779	KAR002	KARDENT	10/11/2018	GENERAL	PMCHK00001442	\$1,408.66
71780	KIM004	WILLIAM E. KIM, MD	10/11/2018	GENERAL	PMCHK00001442	\$3,500.00
71781	LIN006	LINCOLN NATIONAL LIFE INSURANC	10/11/2018	GENERAL	PMCHK00001442	\$1,424.37
71782	MCI001	MCI MEGA PREFERRED	10/11/2018	GENERAL	PMCHK00001442	\$80.86
71783	MED013	MEDIWASTE DISPOSAL, LLC	10/11/2018	GENERAL	PMCHK00001442	\$70.00
71784	MIN004	MINUTEMAN PRESS REDONDO BEACH	10/11/2018	GENERAL	PMCHK00001442	\$3,586.88
71785	OVE002	OVERCHARGE RECOVERY GROUP LLC	10/11/2018	GENERAL	PMCHK00001442	\$211.61
71786	PAO002	PAOLUCCI SALLING & MARTIN	10/11/2018	GENERAL	PMCHK00001442	\$400.00
71787	POS001	VANESSA POSTER	10/11/2018	GENERAL	PMCHK00001442	\$200.00
71788	PRO009	PROSUM TECHNOLOGY SERVICES	10/11/2018	GENERAL	PMCHK00001442	\$13,000.00
71789	RNJ002	RNJ PRINTING, LLC	10/11/2018	GENERAL	PMCHK00001442	\$32.85
71790	RTZ001	RTZ ASSOCIATES	10/11/2018	GENERAL	PMCHK00001442	\$1,233.83
71791	SAH001	JOSEPH SAHILI	10/11/2018	GENERAL	PMCHK00001442	\$725.00
71792	SMO002	KEVIN A. SMOLA AND ASSOC.	10/11/2018	GENERAL	PMCHK00001442	\$2,100.00
71793	SPA001	SPARKLETTTS	10/11/2018	GENERAL	PMCHK00001442	\$92.55
71794	STA003	STAPLES BUSINESS ADVANTAGE	10/11/2018	GENERAL	PMCHK00001442	\$3,752.65
71795	STA011	DIANNE STASO, MS, RD	10/11/2018	GENERAL	PMCHK00001442	\$90.00
71796	THR001	3V SIGNS & GRAPHICS	10/11/2018	GENERAL	PMCHK00001442	\$920.60
71797	TOR003	TORRANCE BAKERY	10/11/2018	GENERAL	PMCHK00001442	\$837.00
71798	TWE001	24 HR HOME CARE	10/11/2018	GENERAL	PMCHK00001442	\$4,837.75
71799	USP001	US POSTMASTER	10/11/2018	GENERAL	PMCHK00001442	\$10,500.00
71800	VER005	VERIZON WIRELESS	10/11/2018	GENERAL	PMCHK00001442	\$1,007.27
71801	VET001	NATIONWIDE	10/11/2018	GENERAL	PMCHK00001442	\$125.68
71802	VMA002	VMA COMMUNICATIONS, INC	10/11/2018	GENERAL	PMCHK00001442	\$10,722.50
71803	ACA002	ACACIA FINANCIAL GROUP, INC.	10/18/2018	GENERAL	PMCHK00001443	\$3,188.75
71804	ASC002	JACQUELINE ASCENZI	10/18/2018	GENERAL	PMCHK00001443	\$500.00
71805	BAR013	CHARLOTTE BARNETT	10/18/2018	GENERAL	PMCHK00001443	\$500.00
71806	BET002	BETA HEALTHCARE GROUP	10/18/2018	GENERAL	PMCHK00001443	\$3,419.00
71807	BOH002	MARY PAOLA BOHORQUEZ LARA	10/18/2018	GENERAL	PMCHK00001443	\$500.00
71808	BRO008	JORDAN BROSKY	10/18/2018	GENERAL	PMCHK00001443	\$555.00
71809	CAM002	CAMBRIAN HOMECARE	10/18/2018	GENERAL	PMCHK00001443	\$249.20
71810	CHU002	DR. NOEL L. CHUN	10/18/2018	GENERAL	PMCHK00001443	\$202.74
71811	CIN001	CINTAS CORPORATION LOC 426	10/18/2018	GENERAL	PMCHK00001443	\$3,513.93
71812	COR012	COREMOM LLC	10/18/2018	GENERAL	PMCHK00001443	\$371.00
71813	CSI001	CSI SOFTWARE	10/18/2018	GENERAL	PMCHK00001443	\$1,545.52
71814	CUM002	CUMMING CONSTRUCTION MGMT, IN	10/18/2018	GENERAL	PMCHK00001443	\$2,187.50
71815	DIE001	JANE ANN DIEHL	10/18/2018	GENERAL	PMCHK00001443	\$203.83
71816	DMV001	DMV RENEWAL	10/18/2018	GENERAL	PMCHK00001443	\$137.00
71817	DUM001	THE DUMBELL MAN FITNESS EQUIPM	10/18/2018	GENERAL	PMCHK00001443	\$657.00
71818	ELE001	ELECTRIC CONSTRUCTION COMPANY	10/18/2018	GENERAL	PMCHK00001443	\$109.68
71819	FRI005	FRIENDS OF THE PARKS	10/18/2018	GENERAL	PMCHK00001443	\$425.00
71820	GAS001	THE GAS COMPANY	10/18/2018	GENERAL	PMCHK00001443	\$65.15
71821	HAR013	BRIAN HARPER	10/18/2018	GENERAL	PMCHK00001443	\$472.50
71822	HOM004	HOMEWATCH CARE GIVERS	10/18/2018	GENERAL	PMCHK00001443	\$303.00
71823	HOM005	123 HOME CARE SERVICES LOS ANG	10/18/2018	GENERAL	PMCHK00001443	\$2,284.00
71824	INT009	INTELESYSONE	10/18/2018	GENERAL	PMCHK00001443	\$165.10
71825	KAR002	KARDENT	10/18/2018	GENERAL	PMCHK00001443	\$1,373.00
71826	LMM001	L&M Mechanical, Inc	10/18/2018	GENERAL	PMCHK00001443	\$797.00
71827	MIN004	MINUTEMAN PRESS REDONDO BEACH	10/18/2018	GENERAL	PMCHK00001443	\$359.50
71828	PAR012	MARGOT PARKER	10/18/2018	GENERAL	PMCHK00001443	\$697.04
71829	PFM001	PFM ASSET MANAGEMENT LLC	10/18/2018	GENERAL	PMCHK00001443	\$1,874.98
71830	PIT002	PITNEY BOWES GLOBAL FINANCE SE	10/18/2018	GENERAL	PMCHK00001443	\$826.62
71831	POS001	VANESSA POSTER	10/18/2018	GENERAL	PMCHK00001443	\$206.01
71832	PRO0014	PROVIDENCE TRINITYCARE HOSPICE	10/18/2018	GENERAL	PMCHK00001443	\$10,200.00
71833	RED005	REDONDO BEACH POLICE DEPT	10/18/2018	GENERAL	PMCHK00001443	\$9,952.80
71834	RED006	Redondo Beach Unified School D	10/18/2018	GENERAL	PMCHK00001443	\$7,371.00
71835	RNJ002	RNJ PRINTING, LLC	10/18/2018	GENERAL	PMCHK00001443	\$497.88
71836	SAH001	JOSEPH SAHILI	10/18/2018	GENERAL	PMCHK00001443	\$318.75

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
71837	SOU008	SOUTHERN CALIF EDISON	10/18/2018	GENERAL	PMCHK00001443	\$5,150.36
71838	STA003	STAPLES BUSINESS ADVANTAGE	10/18/2018	GENERAL	PMCHK00001443	\$793.43
71839	TEL001	TPX Communications	10/18/2018	GENERAL	PMCHK00001443	\$2,472.83
71840	TRA012	TRALIANI, LLC	10/18/2018	GENERAL	PMCHK00001443	\$120.00
71841	TWE001	24 HR HOME CARE	10/18/2018	GENERAL	PMCHK00001443	\$4,158.50
71842	UNI008	UNIVERSAL INFORMATION SERVICES	10/18/2018	GENERAL	PMCHK00001443	\$340.00
71843	USF001	US FOODS, INC	10/18/2018	GENERAL	PMCHK00001443	\$1,833.72
71844	WES008	Westamerica Communications	10/18/2018	GENERAL	PMCHK00001443	\$284.30
71845	WIT002	WITHEE MALCOLM ARCHITECTS, LLP	10/18/2018	GENERAL	PMCHK00001443	\$4,506.25
71846	RED006	Redondo Beach Unified School D	10/18/2018	GENERAL	PMCHK00001444	\$846.90
71847	ALW002	ALWAYS BEST CARE - SOUTH BAY	10/24/2018	GENERAL	PMCHK00001445	\$1,000.00
71848	BRO008	JORDAN BROSKY	10/24/2018	GENERAL	PMCHK00001445	\$240.00
71849	CAM005	CAM Services	10/24/2018	GENERAL	PMCHK00001445	\$326.36
71850	CIN001	CINTAS CORPORATION LOC 426	10/24/2018	GENERAL	PMCHK00001445	\$2,428.67
71851	CLE002	CLEAR CHANNEL OUTDOOR	10/24/2018	GENERAL	PMCHK00001445	\$2,350.00
71852	DAU002	KATE DAUCAVAGE	10/24/2018	GENERAL	PMCHK00001445	\$66.67
71853	DEL001	DELL BUSINESS CREDIT	10/24/2018	GENERAL	PMCHK00001445	\$947.50
71854	DEN002	TERESA GARNER	10/24/2018	GENERAL	PMCHK00001445	\$21.17
71855	FUN001	FUN EXPRESS	10/24/2018	GENERAL	PMCHK00001445	\$451.77
71856	GAR001	GARDENA WELDING SUPPLY CO.	10/24/2018	GENERAL	PMCHK00001445	\$205.86
71857	HAR013	BRIAN HARPER	10/24/2018	GENERAL	PMCHK00001445	\$375.00
71858	HER018	JENNEFER HERNANDEZ	10/24/2018	GENERAL	PMCHK00001445	\$64.70
71859	HOM005	123 HOME CARE SERVICES LOS ANG	10/24/2018	GENERAL	PMCHK00001445	\$626.00
71860	JOE001	JOEY IKEMOTO PHOTOGRAPHY, INC.	10/24/2018	GENERAL	PMCHK00001445	\$219.00
71861	KON003	KONE INC.	10/24/2018	GENERAL	PMCHK00001445	\$1,167.54
71862	LIF004	AUNTIE ROXIE'S LIFE OF THE PAR	10/24/2018	GENERAL	PMCHK00001445	\$155.00
71863	MIN004	MINUTEMAN PRESS REDONDO BEACH	10/24/2018	GENERAL	PMCHK00001445	\$541.66
71864	ODW001	ODWALLA, INC.	10/24/2018	GENERAL	PMCHK00001445	\$72.35
71865	PAO002	PAOLUCCI SALLING & MARTIN	10/24/2018	GENERAL	PMCHK00001445	\$1,750.00
71866	PHI003	LIFELINE SYSTEMS COMPANY	10/24/2018	GENERAL	PMCHK00001445	\$1,547.00
71867	PRO009	PROSUM TECHNOLOGY SERVICES	10/24/2018	GENERAL	PMCHK00001445	\$700.00
71868	RAM002	RAMCO PEST CONTROL	10/24/2018	GENERAL	PMCHK00001445	\$115.00
71869	RNJ002	RNJ PRINTING, LLC	10/24/2018	GENERAL	PMCHK00001445	\$65.70
71870	SAH001	JOSEPH SAHILI	10/24/2018	GENERAL	PMCHK00001445	\$662.50
71871	SIG006	SIGNATURE RESEARCH, INC	10/24/2018	GENERAL	PMCHK00001445	\$1,253.02
71872	SSW001	S & S WORLDWIDE	10/24/2018	GENERAL	PMCHK00001445	\$31.51
71873	TEL001	TPX Communications	10/24/2018	GENERAL	PMCHK00001445	\$1,311.31
71874	UNI006	UNION BANK OF CALIFORNIA N.A.	10/24/2018	GENERAL	PMCHK00001445	\$1,549.00
71875	VER007	VERIFIED VOLUNTEERS	10/24/2018	GENERAL	PMCHK00001445	\$343.50
71876	BOA003	BOARD OF EQUALIZATION	10/31/2018	GENERAL	PMCHK00001446	\$1,749.00

Total Checks: 163

Total Amount of Checks: \$364,488.97

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Consolidated Summary Statement

BEACH CITIES HEALTH DISTRICT

Portfolio Summary

Portfolio Holdings	Cash Dividends and Income	Closing Market Value
PFM Managed Account	58,919.62	25,781,592.86
State Pool	0.00	374,391.34
Total	\$58,919.62	\$26,155,984.20

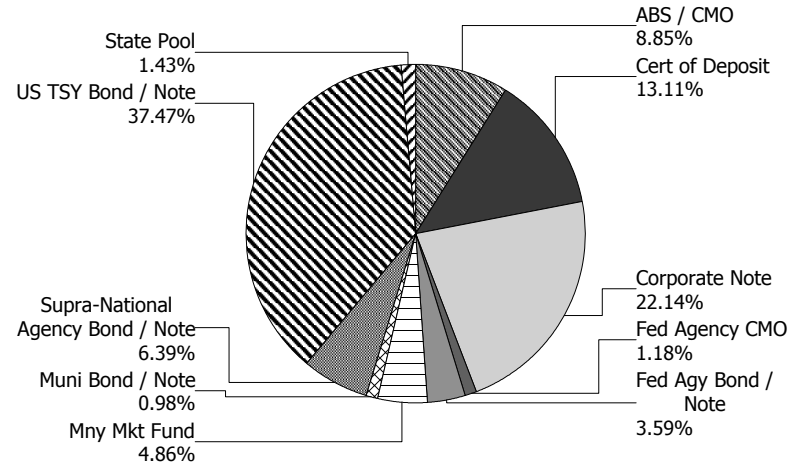
Investment Allocation

Investment Type	Closing Market Value	Percent
Asset-Backed Security / Collateralized Mortgage C	2,315,306.27	8.85
Certificate of Deposit	3,429,437.00	13.11
Corporate Note	5,789,800.99	22.14
Federal Agency Collateralized Mortgage Obligatio	309,084.58	1.18
Federal Agency Bond / Note	939,265.70	3.59
Money Market Mutual Fund	1,272,160.20	4.86
Municipal Bond / Note	256,256.00	0.98
Supra-National Agency Bond / Note	1,672,051.90	6.39
U.S. Treasury Bond / Note	9,798,230.22	37.47
State Pool	374,391.34	1.43
Total	\$26,155,984.20	100.00%

Maturity Distribution (Fixed Income Holdings)

Portfolio Holdings	Closing Market Value	Percent
Under 30 days	1,646,551.54	6.29
31 to 60 days	0.00	0.00
61 to 90 days	505,130.64	1.93
91 to 180 days	0.00	0.00
181 days to 1 year	976,983.05	3.74
1 to 2 years	3,917,239.80	14.98
2 to 3 years	11,736,376.88	44.87
3 to 4 years	6,000,822.64	22.94
4 to 5 years	1,372,879.65	5.25
Over 5 years	0.00	0.00
Total	\$26,155,984.20	100.00%

Sector Allocation



Weighted Average Days to Maturity 899



Account Statement

For the Month Ending **October 31, 2018**

Beach Cities Health District - Beach Cities Health District - 4008-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					1,769,431.80
10/10/18	10/10/18	Redemption - ACH Redemption	1.00	(500,000.00)	1,269,431.80
10/31/18	11/01/18	Accrual Income Div Reinvestment - Distributions	1.00	2,728.40	1,272,160.20
Closing Balance					1,272,160.20

	Month of October	Fiscal YTD January-October
Opening Balance	1,769,431.80	0.00
Purchases	2,728.40	1,772,160.20
Redemptions (Excl. Checks)	(500,000.00)	(500,000.00)
Check Disbursements	0.00	0.00
Closing Balance	1,272,160.20	1,272,160.20
Cash Dividends and Income	2,728.40	22,160.20

Closing Balance	1,272,160.20
Average Monthly Balance	1,414,681.10
Monthly Distribution Yield	2.27%



Managed Account Summary Statement

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Transaction Summary - Managed Account

Opening Market Value	\$26,635,134.13
Maturities/Calls	(78,350.80)
Principal Dispositions	(997,873.88)
Principal Acquisitions	252,388.40
Unsettled Trades	0.00
Change in Current Value	(29,704.99)
Closing Market Value	\$25,781,592.86

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	1,002,657.21
Coupon/Interest/Dividend Income	56,566.31
Principal Payments	78,350.80
Security Purchases	(252,388.40)
Net Cash Contribution	(500,000.00)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	61,349.64
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	(2,430.02)
Total Cash Basis Earnings	\$58,919.62

Cash Balance

Closing Cash Balance **\$486,707.76**

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	26,252,093.94
Ending Accrued Interest	108,968.70
Plus Proceeds from Sales	1,002,657.21
Plus Proceeds of Maturities/Calls/Principal Payments	78,350.80
Plus Coupons/Dividends Received	53,837.91
Less Cost of New Purchases	(252,388.40)
Less Beginning Amortized Value of Securities	(27,077,254.73)
Less Beginning Accrued Interest	(122,071.35)
Dividends	2,728.40
Total Accrual Basis Earnings	\$46,922.48



Portfolio Summary and Statistics

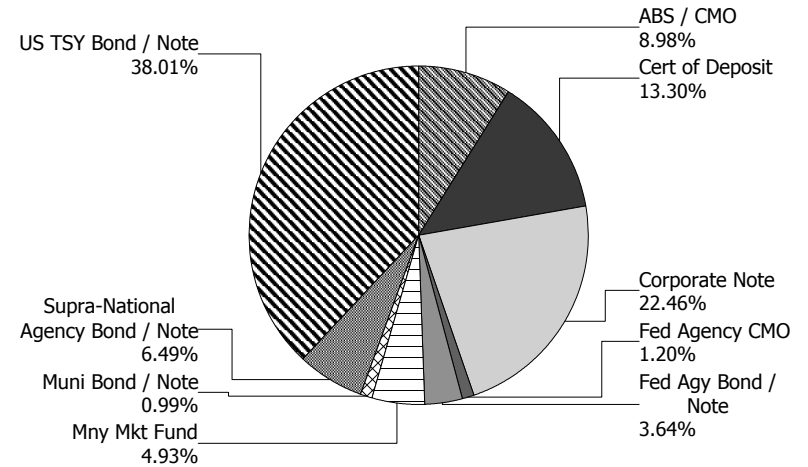
For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Account Summary

Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	10,125,000.00	9,798,230.22	38.01
Supra-National Agency Bond / Note	1,700,000.00	1,672,051.90	6.49
Municipal Bond / Note	260,000.00	256,256.00	0.99
Federal Agency Collateralized Mortgage Obligation	309,889.59	309,084.58	1.20
Federal Agency Bond / Note	985,000.00	939,265.70	3.64
Corporate Note	5,900,000.00	5,789,800.99	22.46
Certificate of Deposit	3,450,000.00	3,429,437.00	13.30
Asset-Backed Security / Collateralized Mortgage Obligation	2,333,745.26	2,315,306.27	8.98
Managed Account Sub-Total	25,063,634.85	24,509,432.66	95.07%
Accrued Interest		108,968.70	
Total Portfolio	25,063,634.85	24,618,401.36	
CAMP Pool	1,272,160.20	1,272,160.20	4.93
Total Investments	26,335,795.05	25,890,561.56	100.00%

Sector Allocation



Unsettled Trades **0.00** **0.00**

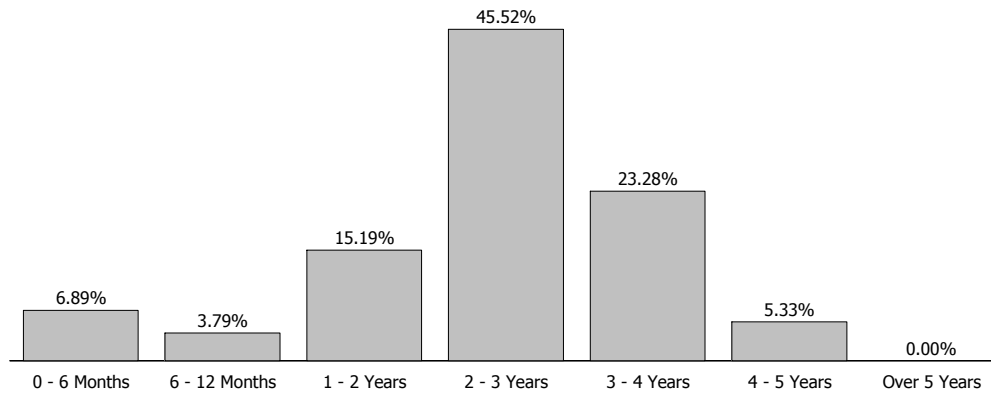


Portfolio Summary and Statistics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Maturity Distribution



Characteristics

Yield to Maturity at Cost	2.20%
Yield to Maturity at Market	3.00%
Duration to Worst	2.41
Weighted Average Days to Maturity	959



Managed Account Issuer Summary

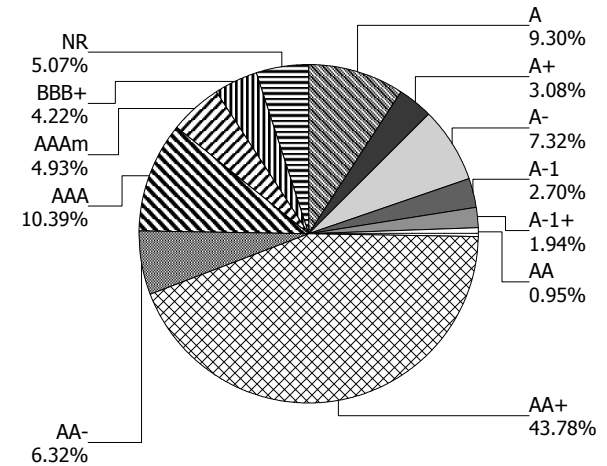
For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Issuer Summary

Issuer	Market Value of Holdings	Percent
ALLY AUTO RECEIVABLES TRUST	660,295.86	2.56
AMERICAN EXPRESS CO	323,496.63	1.25
APPLE INC	238,522.75	0.93
BANK OF AMERICA CO	247,752.43	0.96
BANK OF MONTREAL	423,752.20	1.64
BB&T CORPORATION	184,348.57	0.72
CAMP Pool	1,272,160.20	4.93
CATERPILLAR INC	248,867.75	0.97
CHARLES SCHWAB	159,465.76	0.62
CITIGROUP INC	869,703.71	3.37
CREDIT SUISSE GROUP	249,637.50	0.97
DEERE & COMPANY	238,151.00	0.92
FANNIE MAE	633,320.73	2.46
FEDERAL HOME LOAN BANKS	486,025.92	1.89
FORD CREDIT AUTO OWNER TRUST	385,969.05	1.50
FREDDIE MAC	129,003.63	0.50
GENERAL ELECTRIC CO	356,935.60	1.38
GOLDMAN SACHS GROUP INC	244,467.50	0.95
HERSHEY COMPANY	99,553.70	0.39
HOME DEPOT INC	98,042.60	0.38
HONDA AUTO RECEIVABLES	129,995.92	0.50
HYUNDAI AUTO RECEIVABLES	143,609.00	0.56
IBM CORP	236,264.25	0.92
INTER-AMERICAN DEVELOPMENT BANK	640,234.00	2.48
INTL BANK OF RECONSTRUCTION AND DEV	1,031,817.90	4.00
JP MORGAN CHASE & CO	469,407.35	1.82
MITSUBISHI UFJ FINANCIAL GROUP INC	248,043.25	0.96
MORGAN STANLEY	243,577.00	0.94
NATIONAL RURAL UTILITIES CO FINANCE CORP	247,281.00	0.96
NISSAN AUTO RECEIVABLES	73,539.21	0.29
PACCAR FINANCIAL CORP	122,008.13	0.47
ROYAL BANK OF CANADA	426,161.10	1.65

Credit Quality (S&P Ratings)





Managed Account Issuer Summary

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Issuer	Market Value of Holdings	Percent
SKANDINAVISKA ENSKILDA BANKEN AB	447,246.45	1.73
STATE OF CONNECTICUT	256,256.00	0.99
STATE STREET CORPORATION	67,565.19	0.26
SUMITOMO MITSUI FINANCIAL GROUP INC	251,731.50	0.98
SVENSKA HANDELSBANKEN AB	499,519.00	1.94
SWEDBANK AB	489,436.00	1.90
THE BANK OF NEW YORK MELLON CORPORATION	244,990.75	0.95
TOYOTA MOTOR CORP	616,895.25	2.39
UNILEVER PLC	247,389.00	0.96
UNITED STATES TREASURY	9,798,230.22	38.00
US BANCORP	243,677.50	0.95
WAL-MART STORES INC	243,857.25	0.95
WELLS FARGO & COMPANY	419,477.55	1.63
WESTPAC BANKING CORP	393,910.00	1.53
Total	\$25,781,592.86	100.00%



Managed Account Detail of Securities Held

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	150,000.00	AA+	Aaa	03/15/17	03/17/17	146,103.51	2.02	867.83	147,572.71	144,275.40
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	225,000.00	AA+	Aaa	10/03/16	10/05/16	233,446.29	1.21	770.72	229,933.54	219,348.68
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	675,000.00	AA+	Aaa	04/03/17	04/05/17	680,220.70	1.82	2,312.15	678,404.75	658,046.03
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,125,000.00	AA+	Aaa	12/01/16	12/05/16	1,128,339.84	1.93	3,853.59	1,127,039.64	1,096,743.38
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,150,000.00	AA+	Aaa	07/06/17	07/11/17	1,156,962.89	1.85	3,939.23	1,154,822.65	1,121,115.45
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,275,000.00	AA+	Aaa	06/27/17	06/29/17	1,288,895.51	1.73	4,367.40	1,284,538.57	1,242,975.83
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	550,000.00	AA+	Aaa	10/05/17	10/10/17	537,259.77	1.85	18.99	540,498.07	523,445.45
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	500,000.00	AA+	Aaa	01/03/18	01/04/18	493,652.34	2.18	25.90	494,821.12	482,070.50
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	550,000.00	AA+	Aaa	05/03/18	05/07/18	532,425.78	2.73	28.49	534,462.71	530,277.55
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	AA+	Aaa	12/04/17	12/06/17	890,648.44	2.12	46.62	892,503.54	867,726.90
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	1,500,000.00	AA+	Aaa	07/03/18	07/06/18	1,455,703.13	2.69	77.69	1,459,272.57	1,446,211.50
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	550,000.00	AA+	Aaa	09/05/18	09/07/18	526,925.78	2.76	1,894.36	527,761.26	523,595.60
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	975,000.00	AA+	Aaa	08/01/18	08/03/18	945,673.83	2.86	6,981.32	947,216.39	942,397.95
Security Type Sub-Total		10,125,000.00					10,016,257.81	2.19	25,184.29	10,018,847.52	9,798,230.22



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For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	550,000.00	AAA	Aaa	09/12/17	09/19/17	548,680.00	1.64	1,168.58	549,166.78	535,665.90
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	500,000.00	AAA	Aaa	10/02/17	10/10/17	504,634.55	1.81	5,076.39	503,073.34	491,660.50
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	150,000.00	AAA	Aaa	04/12/18	04/19/18	149,670.00	2.70	131.25	149,726.76	148,573.50
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	500,000.00	AAA	Aaa	07/18/18	07/25/18	498,830.00	2.83	3,666.67	498,930.33	496,152.00
Security Type Sub-Total		1,700,000.00					1,701,814.55	2.14	10,042.89	1,700,897.21	1,672,051.90
Municipal Bond / Note											
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	260,000.00	A	A1	08/03/16	08/17/16	260,561.60	1.23	713.56	260,149.87	256,256.00
Security Type Sub-Total		260,000.00					260,561.60	1.23	713.56	260,149.87	256,256.00
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	5,630.52	AA+	Aaa	11/06/15	11/30/15	5,686.83	1.20	8.91	5,630.52	5,611.64
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	25,578.40	AA+	Aaa	10/07/15	10/30/15	25,834.54	1.08	35.09	25,606.45	25,437.35
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	148,680.67	AA+	Aaa	04/11/18	04/30/18	151,638.07	2.27	441.09	151,234.88	149,031.96
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	AA+	Aaa	04/04/18	04/09/18	131,107.03	2.61	334.75	130,944.97	129,003.63
Security Type Sub-Total		309,889.59					314,266.47	2.29	819.84	313,416.82	309,084.58



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For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8Q55	510,000.00	AA+	Aaa	07/14/16	07/15/16	506,898.69	1.25	1,705.31	508,298.93	486,025.92
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	115,000.00	AA+	Aaa	08/17/16	08/19/16	114,606.59	1.32	295.49	114,776.72	109,731.74
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	360,000.00	AA+	Aaa	08/17/16	08/19/16	358,542.00	1.33	925.00	359,172.39	343,508.04
Security Type Sub-Total		985,000.00					980,047.28	1.29	2,925.80	982,248.04	939,265.70
Corporate Note											
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	350,000.00	BBB+	Baa1	03/20/15	03/25/15	404,715.50	2.05	6,042.36	364,058.47	356,935.60
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	475,000.00	A-	A2	10/01/15	10/06/15	471,580.00	2.43	2,909.38	473,989.33	469,407.35
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	125,000.00	A-	A2	03/24/15	03/27/15	125,480.00	2.07	679.34	125,128.56	123,375.75
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	300,000.00	A-	A2	02/02/15	02/05/15	302,097.00	2.00	1,630.42	300,543.99	296,101.80
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	180,000.00	A-	A2	02/28/17	03/03/17	179,812.80	2.24	638.00	179,914.95	177,630.48
TOYOTA MOTOR CORP NOTES DTD 03/12/2015 2.150% 03/12/2020	89236TCF0	125,000.00	AA-	Aa3	03/23/15	03/27/15	126,110.00	1.96	365.80	125,316.15	123,444.13
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	200,000.00	AA-	Aa3	04/11/17	04/17/17	199,908.00	1.97	151.67	199,954.52	196,966.60
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	100,000.00	A	A2	05/24/17	06/05/17	99,942.00	1.82	730.00	99,968.79	98,042.60
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	125,000.00	A+	A1	11/06/17	11/13/17	124,988.75	2.05	1,195.83	124,992.30	122,008.13



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For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	250,000.00	AA	Aa2	10/11/17	10/20/17	249,637.50	1.95	1,794.44	249,751.96	243,857.25
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	65,000.00	A-	A2	10/23/17	10/26/17	64,970.10	2.17	349.38	64,978.52	63,319.82
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	100,000.00	A	A2	02/21/18	02/26/18	99,889.00	2.94	370.56	99,913.88	98,912.40
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	04/12/18	04/19/18	149,365.50	3.05	555.83	149,482.35	148,368.60
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	250,000.00	A+	A1	03/19/18	03/22/18	248,722.50	2.93	744.79	248,972.88	247,389.00
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	250,000.00	A	A1	05/16/16	05/19/16	255,745.00	2.00	277.78	252,897.02	244,990.75
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	75,000.00	A-	A3	11/01/17	11/03/17	75,582.00	2.39	65.63	75,419.92	73,579.65
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	125,000.00	BBB+	A3	05/05/16	05/10/16	125,800.00	2.36	86.81	125,411.81	121,788.50
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	125,000.00	BBB+	A3	11/01/17	11/03/17	125,405.00	2.40	86.81	125,292.63	121,788.50
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	250,000.00	BBB+	A3	11/01/17	11/03/17	251,320.00	2.47	109.38	250,945.95	244,467.50
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	150,000.00	A-	A2	05/05/16	05/10/16	150,820.50	2.13	1,650.00	150,417.46	145,866.15
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	125,000.00	A-	A2	05/10/16	05/16/16	124,917.50	2.06	1,217.19	124,957.26	121,028.75



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BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	100,000.00	A	A1	05/03/18	05/10/18	99,931.00	3.12	1,472.50	99,941.72	99,553.70
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	70,000.00	A	A1	05/19/16	05/24/16	69,735.40	2.03	614.25	69,861.41	67,565.19
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	160,000.00	A	A2	05/17/18	05/22/18	159,995.20	3.25	2,296.67	159,995.79	159,465.76
CATERPILLAR FINANCIAL SERVICES CORP CORP DTD 09/07/2018 3.150% 09/07/2021	14913Q2N8	250,000.00	A	A3	09/04/18	09/07/18	249,807.50	3.18	1,181.25	249,816.75	248,867.75
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	250,000.00	BBB+	Baa1	11/01/17	11/03/17	252,975.00	2.59	2,879.86	252,269.46	244,291.00
BANK OF AMERICA CORP NOTES DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	175,000.00	A-	A3	05/14/18	05/17/18	175,000.00	3.50	2,789.48	175,000.00	174,172.78
US BANK NA CINCINNATI (CALLABLE) NOTE DTD 07/23/2012 2.950% 07/15/2022	91159JAA4	250,000.00	A-	A1	09/13/17	09/15/17	256,442.50	2.38	2,171.53	254,981.06	243,677.50
IBM CREDIT CORP NOTE DTD 09/08/2017 2.200% 09/08/2022	44932HAC7	250,000.00	A	A1	09/11/17	09/13/17	249,342.50	2.26	809.72	249,485.96	236,264.25
JOHN DEERE CAPITAL CORP NOTE DTD 09/08/2017 2.150% 09/08/2022	24422ETV1	250,000.00	A	A2	09/13/17	09/15/17	248,232.50	2.30	791.32	248,615.93	238,151.00
APPLE INC CORP (CALLABLE) NOTES DTD 09/12/2017 2.100% 09/12/2022	037833DC1	250,000.00	AA+	Aa1	09/12/17	09/14/17	248,565.00	2.22	714.58	248,876.38	238,522.75
Security Type Sub-Total		5,900,000.00					5,966,835.25	2.39	37,372.56	5,921,153.16	5,789,800.99
Certificate of Deposit											
SVENSKA HANDELSBANKEN NY CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	500,000.00	A-1+	P-1	01/10/17	01/12/17	500,000.00	1.91	2,992.50	500,000.00	499,519.00
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	450,000.00	A-1	P-1	08/03/17	08/04/17	449,824.50	1.85	2,093.00	449,933.94	447,246.45



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BCHD GENERAL FUND - 08501000

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019		06539RGM3	250,000.00	A-1	P-1	09/25/17	09/27/17	250,000.00	2.07	531.88	250,000.00	248,043.25
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020		22549LFR1	250,000.00	A	A1	02/07/18	02/08/18	250,000.00	2.67	4,876.46	250,000.00	249,637.50
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020		96121T4A3	400,000.00	AA-	Aa3	08/03/17	08/07/17	400,000.00	2.05	1,913.33	400,000.00	393,910.00
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020		06370REU9	425,000.00	A+	Aa2	08/01/18	08/03/18	425,000.00	3.23	3,389.38	425,000.00	423,752.20
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020		86565BPC9	250,000.00	A	A1	10/16/18	10/18/18	249,660.00	3.46	306.04	249,665.98	251,731.50
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020		87019U6D6	500,000.00	AA-	Aa2	11/16/17	11/17/17	500,000.00	2.30	5,328.19	500,000.00	489,436.00
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021		78012UEE1	425,000.00	AA-	Aa2	06/07/18	06/08/18	425,000.00	3.24	5,469.75	425,000.00	426,161.10
Security Type Sub-Total			3,450,000.00					3,449,484.50	2.48	26,900.53	3,449,599.92	3,429,437.00
Asset-Backed Security / Collateralized Mortgage Obligation												
HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019		43814NAC9	25,303.21	AAA	NR	02/16/16	02/25/16	25,299.62	1.23	11.15	25,302.32	25,226.61
TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020		89237KAD5	49,230.78	AAA	Aaa	02/23/16	03/02/16	49,227.99	1.25	27.35	49,229.97	49,053.68
HONDA ABS 2016-2 A3 DTD 05/31/2016 1.390% 04/15/2020		43814OAC2	31,042.91	NR	Aaa	05/24/16	05/31/16	31,042.31	1.39	19.18	31,042.72	30,906.32
FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020		34531PAD3	31,723.85	AAA	NR	01/20/16	01/26/16	31,723.17	1.39	19.60	31,723.63	31,623.74
ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020		02007LAC6	30,192.08	AAA	Aaa	05/24/16	05/31/16	30,189.15	1.44	19.32	30,190.93	30,069.43
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020		44930UAD8	26,364.16	AAA	Aaa	03/22/16	03/30/16	26,359.04	1.57	18.28	26,362.27	26,257.08



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BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security / Collateralized Mortgage Obligation											
FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	27,642.36	AAA	NR	04/19/16	04/26/16	27,639.74	1.33	16.34	27,641.65	27,501.53
NISSAN ABS 2016-B A3 DTD 04/27/2016 1.320% 01/15/2021	65478VAD9	31,585.73	NR	Aaa	04/18/16	04/27/16	31,580.83	1.33	18.53	31,583.73	31,323.09
NISSAN ABS 2016-C A3 DTD 08/10/2016 1.180% 01/15/2021	65478WAD7	42,650.55	NR	Aaa	08/02/16	08/10/16	42,646.47	1.18	22.37	42,648.77	42,216.12
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/19/2021	17305EGA7	380,000.00	AAA	Aaa	01/19/17	01/26/17	379,927.23	1.75	1,910.13	380,000.00	379,239.96
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	AAA	Aaa	03/07/17	03/15/17	124,985.29	1.74	96.11	124,991.23	124,018.61
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	118,577.13	AAA	Aaa	09/14/16	09/21/16	118,561.16	1.30	67.98	118,569.28	117,351.92
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	89,432.50	NR	Aaa	01/24/17	01/31/17	89,424.68	1.70	67.57	89,427.98	88,710.47
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	NR	Aaa	01/18/17	01/25/17	329,998.78	1.67	244.93	329,999.38	326,843.78
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	NR	Aaa	03/21/17	03/29/17	359,957.56	1.79	284.80	359,973.75	357,207.01
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	75,000.00	AAA	NR	09/25/17	09/29/17	74,991.88	1.94	48.48	74,994.01	73,862.99
TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	125,000.00	AAA	Aaa	01/23/18	01/31/18	124,998.56	2.35	130.56	124,998.87	123,412.23
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	185,000.00	NR	Aaa	04/24/18	04/30/18	184,966.40	2.93	240.09	184,969.85	184,308.95
CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	250,000.00	NR	Aaa	01/25/18	01/31/18	249,965.40	2.54	1,746.46	249,970.86	246,172.75
Security Type Sub-Total		2,333,745.26					2,333,485.26	1.88	5,009.23	2,333,621.20	2,315,306.27



Managed Account Detail of Securities Held

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Managed Account Sub-Total		25,063,634.85					25,022,752.72	2.20	108,968.70	24,979,933.74	24,509,432.66
Money Market Mutual Fund											
CAMP Pool		1,272,160.20	AAAm	NR			1,272,160.20		0.00	1,272,160.20	1,272,160.20
Money Market Sub-Total		1,272,160.20					1,272,160.20		0.00	1,272,160.20	1,272,160.20
Securities Sub-Total		\$26,335,795.05					\$26,294,912.92	2.20%	\$108,968.70	\$26,252,093.94	\$25,781,592.86
Accrued Interest											\$108,968.70
Total Investments											\$25,890,561.56



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 05/31/2016 1.375% 05/31/2021	912828R77	150,000.00	MORGAN_S		96.18	144,275.40	(1,828.11)	(3,297.31)	2.49	2.49	2.92
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	225,000.00	HSBC		97.49	219,348.68	(14,097.61)	(10,584.86)	2.72	2.72	2.93
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	675,000.00	MORGAN_S		97.49	658,046.03	(22,174.67)	(20,358.72)	2.72	2.72	2.93
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,125,000.00	HSBC		97.49	1,096,743.38	(31,596.46)	(30,296.26)	2.72	2.72	2.93
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,150,000.00	MORGAN_S		97.49	1,121,115.45	(35,847.44)	(33,707.20)	2.72	2.72	2.93
US TREASURY NOTES	DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,275,000.00	MORGAN_S		97.49	1,242,975.83	(45,919.68)	(41,562.74)	2.72	2.72	2.93
US TREASURY NOTES	DTD 10/31/2016 1.250% 10/31/2021	912828T67	550,000.00	MERRILL		95.17	523,445.45	(13,814.32)	(17,052.62)	2.91	2.91	2.94
US TREASURY NOTES	DTD 05/01/2017 1.875% 04/30/2022	912828X47	500,000.00	CITIGRP		96.41	482,070.50	(11,581.84)	(12,750.62)	3.35	3.35	2.96
US TREASURY NOTES	DTD 05/01/2017 1.875% 04/30/2022	912828X47	550,000.00	MERRILL		96.41	530,277.55	(2,148.23)	(4,185.16)	3.35	3.35	2.96
US TREASURY NOTES	DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	MERRILL		96.41	867,726.90	(22,921.54)	(24,776.64)	3.35	3.35	2.96
US TREASURY NOTES	DTD 05/01/2017 1.875% 04/30/2022	912828X47	1,500,000.00	MERRILL		96.41	1,446,211.50	(9,491.63)	(13,061.07)	3.35	3.35	2.96
US TREASURY NOTES	DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	550,000.00	BMO		95.20	523,595.60	(3,330.18)	(4,165.66)	3.62	3.62	2.97
US TREASURY NOTES	DTD 12/31/2015 2.125% 12/31/2022	912828N30	975,000.00	MERRILL		96.66	942,397.95	(3,275.88)	(4,818.44)	3.92	3.92	2.98
Security Type Sub-Total			10,125,000.00				9,798,230.22	(218,027.59)	(220,617.30)	3.10	3.10	2.95

Supra-National Agency Bond / Note												
INTL BANK OF RECONSTRUCTION AND DEV NOTE	DTD 09/19/2017 1.561% 09/12/2020	45905UP32	550,000.00	HSBC		97.39	535,665.90	(13,014.10)	(13,500.88)	1.81	1.81	3.01



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	500,000.00	HSBC		98.33	491,660.50	(12,974.05)	(11,412.84)	1.94	1.94	2.98
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	150,000.00	CITIGRP		99.05	148,573.50	(1,096.50)	(1,153.26)	2.37	2.37	3.03
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	500,000.00	MORGAN_S		99.23	496,152.00	(2,678.00)	(2,778.33)	2.59	2.59	3.05
Security Type Sub-Total		1,700,000.00				1,672,051.90	(29,762.65)	(28,845.31)	2.13	2.13	3.01
Municipal Bond / Note											
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	260,000.00	MORGANST		98.56	256,256.00	(4,305.60)	(3,893.87)	0.77	0.77	3.16
Security Type Sub-Total		260,000.00				256,256.00	(4,305.60)	(3,893.87)	0.77	0.77	3.16
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	5,630.52	GOLDMAN		99.66	5,611.64	(75.19)	(18.88)	0.21	0.17	3.16
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	25,578.40	MORGANST		99.45	25,437.35	(397.19)	(169.10)	0.40	0.70	2.28
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	148,680.67	JPM_CHAS		100.24	149,031.96	(2,606.11)	(2,202.92)	2.23	1.46	3.24
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	CITIGRP		99.23	129,003.63	(2,103.40)	(1,941.34)	3.38	1.90	3.39
Security Type Sub-Total		309,889.59				309,084.58	(5,181.89)	(4,332.24)	2.52	1.55	3.22
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8OS5	510,000.00	TD SEC U		95.30	486,025.92	(20,872.77)	(22,273.01)	2.62	2.62	2.95



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description				Next Call	Market	Market	Unreal G/L	Unreal G/L	Effective	Duration	YTM
Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Date	Price	Value	On Cost	Amort Cost	Duration	to Worst	at Mkt
Federal Agency Bond / Note											
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	115,000.00	TD SEC U		95.42	109,731.74	(4,874.85)	(5,044.98)	2.71	2.71	2.97
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	360,000.00	CITIGRP		95.42	343,508.04	(15,033.96)	(15,664.35)	2.71	2.71	2.97
Security Type Sub-Total		985,000.00				939,265.70	(40,781.58)	(42,982.34)	2.66	2.66	2.96
Corporate Note											
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	350,000.00	GOLDMAN		101.98	356,935.60	(47,779.90)	(7,122.87)	1.13	1.13	3.77
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	475,000.00	JPMCHASE	12/23/19	98.82	469,407.35	(2,172.65)	(4,581.98)	1.19	1.19	3.23
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	125,000.00	1ST TENN		98.70	123,375.75	(2,104.25)	(1,752.81)	1.21	1.21	3.22
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	300,000.00	JEFFERIE		98.70	296,101.80	(5,995.20)	(4,442.19)	1.21	1.21	3.22
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	180,000.00	MERRILL	02/01/20	98.68	177,630.48	(2,182.32)	(2,284.47)	1.29	1.30	3.21
TOYOTA MOTOR CORP NOTES DTD 03/12/2015 2.150% 03/12/2020	89236TCF0	125,000.00	HSBC		98.76	123,444.13	(2,665.87)	(1,872.02)	1.33	1.33	3.09
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	200,000.00	MERRILL		98.48	196,966.60	(2,941.40)	(2,987.92)	1.43	1.43	3.02
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BO4	100,000.00	JPM_CHAS		98.04	98,042.60	(1,899.40)	(1,926.19)	1.54	1.54	3.07
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	125,000.00	CITIGRP		97.61	122,008.13	(2,980.62)	(2,984.17)	1.95	1.95	3.28
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	250,000.00	MORGAN_S		97.54	243,857.25	(5,780.25)	(5,894.71)	2.04	2.04	3.10
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	65,000.00	MORGAN_S	01/01/21	97.42	63,319.82	(1,650.28)	(1,658.70)	2.16	2.16	3.35
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	100,000.00	RBC		98.91	98,912.40	(976.60)	(1,001.48)	2.26	2.26	3.38



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Corporate Note											
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	RBC		98.91	148,368.60	(996.90)	(1,113.75)	2.26	2.26	3.38
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	250,000.00	CITIGRP		98.96	247,389.00	(1,333.50)	(1,583.88)	2.29	2.29	3.21
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	250,000.00	KEYBAN	03/15/21	98.00	244,990.75	(10,754.25)	(7,906.27)	2.35	2.35	3.36
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	75,000.00	MERRILL		98.11	73,579.65	(2,002.35)	(1,840.27)	2.36	2.36	3.43
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	125,000.00	GOLDMAN		97.43	121,788.50	(4,011.50)	(3,623.31)	2.37	2.37	3.60
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	125,000.00	MORGAN_S		97.43	121,788.50	(3,616.50)	(3,504.13)	2.37	2.37	3.60
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	250,000.00	MORGAN_S	03/25/21	97.79	244,467.50	(6,852.50)	(6,478.45)	2.37	2.38	3.56
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	150,000.00	GOLDMAN	04/04/21	97.24	145,866.15	(4,954.35)	(4,551.31)	2.38	2.39	3.40
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	125,000.00	SCOTIA	04/09/21	96.82	121,028.75	(3,888.75)	(3,928.51)	2.40	2.41	3.37
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	100,000.00	MERRILL		99.55	99,553.70	(377.30)	(388.02)	2.39	2.39	3.28
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	70,000.00	JEFFERIE		96.52	67,565.19	(2,170.21)	(2,296.22)	2.44	2.44	3.38
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	160,000.00	CSFB		99.67	159,465.76	(529.44)	(530.03)	2.40	2.40	3.39
CATERPILLAR FINANCIAL SERVICES CORP CORP DTD 09/07/2018 3.150% 09/07/2021	1491302N8	250,000.00	BARCLAYS		99.55	248,867.75	(939.75)	(949.00)	2.69	2.69	3.32
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	250,000.00	CITIGRP	11/08/21	97.72	244,291.00	(8,684.00)	(7,978.46)	2.89	2.90	3.68



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description				Next Call	Market	Market	Unreal G/L	Unreal G/L	Effective	Duration	YTM
Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Date	Price	Value	On Cost	Amort Cost	Duration	to Worst	at Mkt
Corporate Note											
BANK OF AMERICA CORP NOTES DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	175,000.00	MERRILL		99.53	174,172.78	(827.22)	(827.22)	3.25	3.25	3.64
US BANK NA CINCINNATI (CALLABLE) NOTE DTD 07/23/2012 2.950% 07/15/2022	91159JAA4	250,000.00	US_BANCO	06/15/22	97.47	243,677.50	(12,765.00)	(11,303.56)	3.43	3.44	3.69
IBM CREDIT CORP NOTE DTD 09/08/2017 2.200% 09/08/2022	44932HAC7	250,000.00	US_BANCO		94.51	236,264.25	(13,078.25)	(13,221.71)	3.63	3.63	3.74
JOHN DEERE CAPITAL CORP NOTE DTD 09/08/2017 2.150% 09/08/2022	24422ETV1	250,000.00	MORGAN_S		95.26	238,151.00	(10,081.50)	(10,464.93)	3.64	3.64	3.47
APPLE INC CORP (CALLABLE) NOTES DTD 09/12/2017 2.100% 09/12/2022	037833DC1	250,000.00	INCAPITA	08/12/22	95.41	238,522.75	(10,042.25)	(10,353.63)	3.65	3.66	3.38
Security Type Sub-Total		5,900,000.00				5,789,800.99	(177,034.26)	(131,352.17)	2.24	2.25	3.39
Certificate of Deposit											
SVENSKA HANDELSBANKEN NY CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	500,000.00	MERRILL		99.90	499,519.00	(481.00)	(481.00)	0.20	0.20	2.26
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	450,000.00	BARCLAYS		99.39	447,246.45	(2,578.05)	(2,687.49)	0.73	0.73	2.60
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	250,000.00	MITSU		99.22	248,043.25	(1,956.75)	(1,956.75)	0.89	0.89	2.90
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	250,000.00	CSFB		99.86	249,637.50	(362.50)	(362.50)	1.21	1.21	2.78
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	400,000.00	JPM_CHAS		98.48	393,910.00	(6,090.00)	(6,090.00)	1.73	1.73	2.84
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	425,000.00	BMO		99.71	423,752.20	(1,247.80)	(1,247.80)	1.69	1.69	3.38
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	250,000.00	GOLDMAN		100.69	251,731.50	2,071.50	2,065.52	1.88	1.88	3.02
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	500,000.00	MERRILL		97.89	489,436.00	(10,564.00)	(10,564.00)	1.95	1.95	3.38
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	425,000.00	RBC		100.27	426,161.10	1,161.10	1,161.10	2.45	2.45	3.13



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Security Type Sub-Total			3,450,000.00				3,429,437.00	(20,047.50)	(20,162.92)	1.41	1.41	2.92

Asset-Backed Security / Collateralized Mortgage Obligation

HONDA ABS 2016-1 A3		43814NAC9	25,303.21	JPMCHASE		99.70	25,226.61	(73.01)	(75.71)	0.22	0.69	1.66
DTD 02/25/2016 1.220% 12/18/2019												
TOYOTA ABS 2016-A A3		89237KAD5	49,230.78	MERRILL		99.64	49,053.68	(174.31)	(176.29)	0.28	0.82	1.69
DTD 03/02/2016 1.250% 03/15/2020												
HONDA ABS 2016-2 A3		43814OAC2	31,042.91	MERRILL		99.56	30,906.32	(135.99)	(136.40)	0.31	0.88	1.89
DTD 05/31/2016 1.390% 04/15/2020												
FORD ABS 2016-A A3		34531PAD3	31,723.85	CSFB		99.68	31,623.74	(99.43)	(99.89)	0.27	1.18	1.66
DTD 01/26/2016 1.390% 07/15/2020												
ALLY ABS 2016-3 A3		02007LAC6	30,192.08	JPMCHASE		99.59	30,069.43	(119.72)	(121.50)	0.30	1.49	1.71
DTD 05/31/2016 1.440% 08/15/2020												
HYUNDAI ABS 2016-A A3		44930UAD8	26,364.16	MERRILL		99.59	26,257.08	(101.96)	(105.19)	0.34	1.41	1.85
DTD 03/30/2016 1.560% 09/15/2020												
FORD ABS 2016-B A3		34532EAD7	27,642.36	BARCLAYS		99.49	27,501.53	(138.21)	(140.12)	0.39	0.99	1.85
DTD 04/26/2016 1.330% 10/15/2020												
NISSAN ABS 2016-B A3		65478VAD9	31,585.73	SOC GEN		99.17	31,323.09	(257.74)	(260.64)	0.57	1.39	1.92
DTD 04/27/2016 1.320% 01/15/2021												
NISSAN ABS 2016-C A3		65478WAD7	42,650.55	WELLSFAR		98.98	42,216.12	(430.35)	(432.65)	0.61	1.45	1.88
DTD 08/10/2016 1.180% 01/15/2021												
CITIBANK ABS 2017-A2 A2		17305EGA7	380,000.00	CITIGRP		99.80	379,239.96	(687.27)	(760.04)	0.21	1.18	1.91
DTD 01/26/2017 1.740% 01/19/2021												
TOYOTA ABS 2017-A A3		89238MAD0	125,000.00	MERRILL		99.21	124,018.61	(966.68)	(972.62)	2.01	1.15	2.41
DTD 03/15/2017 1.730% 02/15/2021												
HYUNDAI ABS 2016-B A3		44891EAC3	118,577.13	JPMCHASE		98.97	117,351.92	(1,209.24)	(1,217.36)	0.62	1.93	1.83
DTD 09/21/2016 1.290% 04/15/2021												
ALLY ABS 2017-1 A3		02007PAC7	89,432.50	CITIGRP		99.19	88,710.47	(714.21)	(717.51)	0.95	2.28	2.06
DTD 01/31/2017 1.700% 06/15/2021												
FORD ABS 2017-A A3		34531EAD8	330,000.00	CITIGRP		99.04	326,843.78	(3,155.00)	(3,155.60)	0.76	1.79	2.21
DTD 01/25/2017 1.670% 06/15/2021												
ALLY ABS 2017-2 A3		02007HAC5	360,000.00	MERRILL		99.22	357,207.01	(2,750.55)	(2,766.74)	0.69	2.44	2.10
DTD 03/29/2017 1.780% 08/15/2021												
HAROT 2017-3 A3		43814PAC4	75,000.00	JPM_CHAS		98.48	73,862.99	(1,128.89)	(1,131.02)	1.25	1.44	2.85
DTD 09/29/2017 1.790% 09/18/2021												



Managed Account Fair Market Value & Analytics

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Asset-Backed Security / Collateralized Mortgage Obligation											
TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	125,000.00	MITSU		98.73	123,412.23	(1,586.33)	(1,586.64)	1.76	1.75	3.08
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	185,000.00	MERRILL		99.63	184,308.95	(657.45)	(660.90)	1.75	1.99	3.11
CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	250,000.00	CITIGRP		98.47	246,172.75	(3,792.65)	(3,798.11)	2.44	2.13	3.20
Security Type Sub-Total		2,333,745.26				2,315,306.27	(18,178.99)	(18,314.93)	1.00	1.74	2.32
Managed Account Sub-Total		25,063,634.85				24,509,432.66	(513,320.06)	(470,501.08)	2.35	2.41	3.00
Money Market Mutual Fund											
CAMP Pool		1,272,160.20			1.00	1,272,160.20	0.00	0.00	0.00	0.00	
Money Market Sub-Total		1,272,160.20				1,272,160.20	0.00	0.00	0.00	0.00	
Securities Sub-Total		\$26,335,795.05				\$25,781,592.86	(\$513,320.06)	(\$470,501.08)	2.35	2.41	3.00%
Accrued Interest						\$108,968.70					
Total Investments						\$25,890,561.56					



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
10/16/18	10/18/18	SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	250,000.00	(249,660.00)	0.00	(249,660.00)			
Transaction Type Sub-Total				250,000.00	(249,660.00)	0.00	(249,660.00)			
INTEREST										
10/01/18	10/01/18	MONEY MARKET FUND	MONEY0002	0.00	0.00	117.65	117.65			
10/01/18	10/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	42,339.77	0.00	58.08	58.08			
10/01/18	10/25/18	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	155,776.69	0.00	478.81	478.81			
10/01/18	10/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	5,638.73	0.00	8.92	8.92			
10/01/18	10/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	0.00	334.75	334.75			
10/15/18	10/15/18	HONDA ABS 2016-2 A3 DTD 05/31/2016 1.390% 04/15/2020	43814QAC2	35,530.65	0.00	41.16	41.16			
10/15/18	10/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	29,789.00	0.00	38.73	38.73			
10/15/18	10/15/18	NISSAN ABS 2016-C A3 DTD 08/10/2016 1.180% 01/15/2021	65478WAD7	45,794.18	0.00	45.03	45.03			
10/15/18	10/15/18	TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	125,000.00	0.00	244.79	244.79			
10/15/18	10/15/18	ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	185,000.00	0.00	450.17	450.17			
10/15/18	10/15/18	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
10/15/18	10/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	127,292.59	0.00	136.84	136.84			
10/15/18	10/15/18	NISSAN ABS 2016-B A3 DTD 04/27/2016 1.320% 01/15/2021	65478VAD9	34,046.33	0.00	37.45	37.45			
10/15/18	10/15/18	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	95,535.36	0.00	135.34	135.34			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
10/15/18	10/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25			
10/15/18	10/15/18	FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	30,856.04	0.00	34.20	34.20			
10/15/18	10/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	37,060.31	0.00	42.93	42.93			
10/15/18	10/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	57,203.71	0.00	59.59	59.59			
10/15/18	10/15/18	BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	250,000.00	0.00	3,125.00	3,125.00			
10/15/18	10/15/18	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21			
10/15/18	10/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	34,333.31	0.00	41.20	41.20			
10/17/18	10/17/18	TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	200,000.00	0.00	1,950.00	1,950.00			
10/18/18	10/18/18	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	75,000.00	0.00	111.88	111.88			
10/18/18	10/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	30,788.98	0.00	31.30	31.30			
10/19/18	10/19/18	INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	150,000.00	0.00	1,968.75	1,968.75			
10/19/18	10/19/18	BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	75,000.00	0.00	984.38	984.38			
10/21/18	10/21/18	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	125,000.00	0.00	1,562.50	1,562.50			
10/21/18	10/21/18	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	125,000.00	0.00	1,562.50	1,562.50			
10/25/18	10/25/18	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	250,000.00	0.00	3,281.25	3,281.25			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	10/31/18	10/31/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	1,500,000.00	0.00	14,062.50	14,062.50			
	10/31/18	10/31/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	550,000.00	0.00	5,156.25	5,156.25			
	10/31/18	10/31/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	900,000.00	0.00	8,437.50	8,437.50			
	10/31/18	10/31/18	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	550,000.00	0.00	3,437.50	3,437.50			
	10/31/18	10/31/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	500,000.00	0.00	4,687.50	4,687.50			

Transaction Type Sub-Total					7,266,985.65	0.00	53,837.91	53,837.91			
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PAYDOWNS											
	10/01/18	10/25/18	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	7,096.02	7,096.02	0.00	7,096.02	(141.15)	0.00	
	10/01/18	10/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	8.21	8.21	0.00	8.21	(0.08)	0.00	
	10/01/18	10/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	16,761.37	16,761.37	0.00	16,761.37	(167.84)	0.00	
	10/15/18	10/15/18	HONDA ABS 2016-2 A3 DTD 05/31/2016 1.390% 04/15/2020	43814OAC2	4,487.74	4,487.74	0.00	4,487.74	0.09	0.00	
	10/15/18	10/15/18	FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	3,213.68	3,213.68	0.00	3,213.68	0.30	0.00	
	10/15/18	10/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	3,424.84	3,424.84	0.00	3,424.84	0.66	0.00	
	10/15/18	10/15/18	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	6,102.86	6,102.86	0.00	6,102.86	0.53	0.00	
	10/15/18	10/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	4,141.23	4,141.23	0.00	4,141.23	0.40	0.00	
	10/15/18	10/15/18	NISSAN ABS 2016-C A3 DTD 08/10/2016 1.180% 01/15/2021	65478WAD7	3,143.63	3,143.63	0.00	3,143.63	0.30	0.00	
	10/15/18	10/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	7,972.93	7,972.93	0.00	7,972.93	0.45	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2018**

BCHD GENERAL FUND - 08501000

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
10/15/18	10/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	8,715.46	8,715.46	0.00	8,715.46	1.17	0.00	
10/15/18	10/15/18	NISSAN ABS 2016-B A3 DTD 04/27/2016 1.320% 01/15/2021	65478VAD9	2,460.60	2,460.60	0.00	2,460.60	0.38	0.00	
10/15/18	10/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	5,336.46	5,336.46	0.00	5,336.46	0.11	0.00	
10/18/18	10/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	5,485.77	5,485.77	0.00	5,485.77	0.78	0.00	
Transaction Type Sub-Total				78,350.80	78,350.80	0.00	78,350.80	(303.90)	0.00	
SELL										
10/16/18	10/18/18	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	500,000.00	497,873.88	4,783.33	502,657.21	(2,126.12)	(2,126.12)	FIFO
Transaction Type Sub-Total				500,000.00	497,873.88	4,783.33	502,657.21	(2,126.12)	(2,126.12)	
Managed Account Sub-Total					326,564.68	58,621.24	385,185.92	(2,430.02)	(2,126.12)	
Total Security Transactions					\$326,564.68	\$58,621.24	\$385,185.92	(\$2,430.02)	(\$2,126.12)	



Memorandum

To: Board of Directors

From: Cristan Higa, Director of Communications

Date: November 19, 2018

Subject: **APPROVAL TO AWARD CONTRACT TO PROSUM FOR INFORMATION SYSTEMS MANAGEMENT**

(AGENDA ITEM: X.1)

Staff recommends that a contract be awarded to Prosum, Inc. in the amount of \$554,465, from November 1, 2018 through October 31, 2021 with an optional two-year extension contract for Information Systems Management.

Beach Cities Health District (BCHD) issued a Request for Proposals (RFP) for Information Systems Management services. Three firms responded in total, and interviews were held with the top two firms. The proposals were evaluated by a cross departmental team and selection was based on experience, cost proposal and levels of support.

Prosum is a local (El Segundo) IT Managed Service Provider with more than 20 years in the industry and experience working with local government and healthcare clients. Prosum's Managed Service uses proactive and remote monitoring of key BCHD business resources, including its firewall, network, servers, desktops and applications to keep BCHD's systems functioning optimally and efficiently. Prosum has been BCHD's Provider since 2007. The contract amount does not include IT hardware costs, cost connected to installation of new hardware or other IT-related projects.

RECOMMENDATION

Approve a contract award to Prosum, Inc. in the amount of \$554,465, from November 1, 2018 through October 31, 2021 with an optional two-year extension contract for Information Systems Management.



Beach Cities Health District

Information Systems Management Statement of Work

November 19, 2018

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Summary

Beach Cities Health District (BCHD) recently issued a Request for Proposals to identify the best fit provider of Information Systems Management to meet current and foreseeable strategic business needs. Prosum, the incumbent vendor provider of such services to BCHD, was requested to respond to this RFP to continue providing services under a new three-year agreement.

Prosum already has strong working knowledge of BCHD’s IT environment and enjoys good working relationships with BCHD personnel. Prosum recognizes that the success of any engagement is close communication with the client, the ability and willingness to think outside the box and provide comprehensive, cost saving solutions that meet the needs of the client. Identifying the client’s needs and accommodating them is an area where Prosum excels, and we are committed to continue these services for BCHD to maximize return on investment in Information Technology.

The following Statement of Work defines the scope of services, associated costs, and assumptions related to Prosum’s support of BCHD’s Information Systems.

Prosum Profile, Qualifications, Experience and History

Prosum, Inc. (Prosum) is a technology services company that builds lasting partnerships by giving our clients a competitive advantage in their marketplace through a unique combination of Business Consulting, Technology Solutions, Outsourcing and Resource Staffing. Founded in 1996, Prosum has over 20 years of experience in providing enterprise infrastructure and managed support services utilizing proven and emerging Microsoft technologies as well as proven experience in delivering project-based solutions on time and on budget.

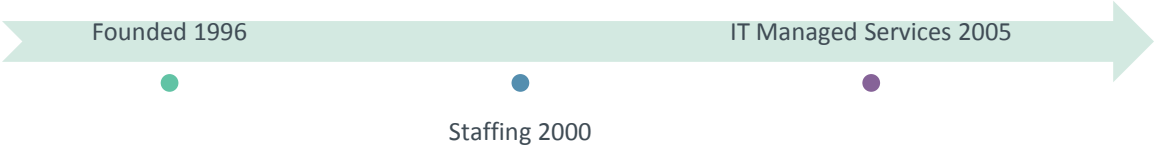


Prosum’s consulting approach is based on the realization that business processes and their supporting applications and systems can only be fully understood, implemented, supported and improved by understanding their interdependencies. Our holistic approach is driven by understanding and aligning our clients’:

- Business Vision and Strategy
- IT Vision and Strategy
- Technical, Enterprise, and Business Architectures
- Service Orientated Operations

Prosum, named after the Latin phrase meaning “to do good”, was originally founded by IT managers in the Aerospace Industry in 1996. As ‘consumers’ of IT services, they felt that they could provide superior services to that which they were receiving, so they started their own consultancy with an infrastructure focus. Over time, they added other IT service offerings as the market dictated: adding an IT Staffing service in 2000 and Managed Services in 2005.

Years in Business



Prosum Locations

Los Angeles
2201 Park Place, Suite 102
El Segundo, CA 90245
310-426-0600

[VIEW IN MAPS](#)

Orange County
3990 Westerly Place, Suite 100
Newport Beach, CA 92660
949-732-1122

[VIEW IN MAPS](#)

Denver
6251 Greenwood Plaza Boulevard, Suite 100
Greenwood Village, CO 80111
303-524-1173

[VIEW IN MAPS](#)

Phoenix
64 East Broadway, Suite 200
Tempe, AZ 85252
480-372-4059

[VIEW IN MAPS](#)

Certifications & Awards for Prosum’s Center of Excellence

Prosum is a minority owned organization. Please see the appendix for details around Prosum’s minority owned certification and other supporting documentation.

Given below are details regarding Prosum’s credentials, our competencies, certifications and awards.

- **Managed Services Resume**

- Gold & Silver Competencies from MSFT:
 - Cloud Platform (Azure) / Cloud Productivity (Office 365)
 - Data Center
 - Collaboration and Content
 - Devices and Deployment
 - Messaging
 - Business Intelligence (in progress)
- Other Non-Microsoft Certifications
 - CISCO Networking Certified
 - MAC Certified
 - VMWare Certified
 - Citrix Certified
 - Datto Certified
 - SonicWall Certified
- HDI & ITIL Certified Technicians
- Client Profile ranges from small to Enterprise Organizations
- Largest Managed Services Client – Global Media Provider – Production Support Outsource includes Incident & Problem management for all of the LOB applications. Serving 35 M subscriber base. 3000+ tickets a month
- Average Managed Services Customer Tenure is over 5 years

- **Microsoft Resume**

- Prosum employees have over 60+ certifications, primarily related to Microsoft technologies and Project Management. Microsoft certifications include:
 - * MCSE * MCPS * MCSA * MCSAS * MCSES * MCSAM
 - * MCSEM * MCNPS * MCITP * MCTS * MCPSI * MCAD
 - * MCSD
- VTSP/P-Seller Program: our architects carry Microsoft badges
- Frequent speaker at Microsoft customer events and Microsoft Technology Center (MTC)
- “Managed” Partner = Direct relationships with local Microsoft Sales and Technical teams
- Frequent Microsoft Award Winner
 - US West Region Winning on Value Award

- US West Region Customer Satisfaction Award
- US West Region Teamwork Award
- Southwest Area General Manager Award

- **Exchange & Office 365 Experience**

- Cloud “Firsts”:
 - One of first migrations to Microsoft Cloud prior to public launch of Business Productivity Online Suite (BPOS = precursor to O365)
 - One of few partners selected to attend BPOS launch in 2010
 - First to successfully conduct a dual forest migration with linked mailboxes in Office 365
- Global Implementations and complex, hybrid Environments
 - Companies with international footprints
 - Telephony Integration (Lync, Skype, Cisco UC)
 - Experience migrating from multiple platforms: Groupwise, Lotus Notes, Various hosted platforms
- Approximately 130,000 seats deployed
- Ongoing Management and Support of Office 365
 - Many of our full manged services clients are on the O365 platform
- Sample Office 365 Migrations
 - List available upon request

- **Azure Experience**

- Large Gaming Studio
 - Hybrid cloud with System Center/SQL in the cloud
 - \$500K Annual consumption
 - Microsoft Case Study
- Marketing Tools and Assets
 - Azure “Microsite”
 - Azure Roadmap Whitepaper and Webinar recording
 - BitTitan Assessment Offering / Azure Everywhere
 - SQL on Azure blog
- Focus Areas
 - IAAS
 - HA / DR / Backups / StorSimple
 - Azure Automation
 - Hybrid Identity Management
 - SQL and BI (growth area)
- Sample Engagements
 - List available upon request

- **Security Experience**

- Recently attended first ever Security Partner Airlift at Microsoft HQ (invitation only)
- Strong background in identity management
 - “Identity is the new perimeter”
 - Automation of user provisioning/de-provisioning
 - Security Assessment / Privileged Access Model offering
 - ESAE / ‘Red Forest’
- Knowledge of Breadth of Microsoft Security
 - Office 365 E5 and Enterprise Mobility + Security (EM+S)
 - ATA, Cloud App Security, ATP, AIP, GDPR Compliance
- Strategic Security Partnerships
 - SKOUT, DigiTrust, Cylance, Bishop-Fox

Services Approach & Methodology

Services Overview

Prosum's proposed solution will be delivered for a fixed monthly fee to cover the ongoing support of BCHD's IT environment as defined by the scope information included in this response. This section will describe the services that Prosum continues to provide today and recommends for future.

Benefits of Prosum Managed Services

Prosum's Managed Services offering is ideal for BCHD because, rather than offering a pre-packaged product, we tailor our solution to your business's needs. Our unique offering provides your company with an excellent set of industry proven tools and a strong ability to execute a healthy balance of efficient remote and onsite IT support. Some key areas for you to consider in your decision process:

- Our strength in establishing predictable IT spending through strategic planning & roadmap exercises for improved budget management and forecasting by keeping your bottom-line and ROI top-of-mind.
- Detail oriented IT support provider with strong emphasis on documentation, process improvement and people connection.
- Proactive support, executive reporting and virtual CIO services.
- ITIL methodology, process focused IT support to ensure root cause issues are being identified and proactively resolved.
- 21 years of successful experience with enterprise IT projects and support, including strategic partnerships with key vendors.
- 24x7 support with locally based onsite support.

Managed Service Approach

Prosum's Managed Service (MS) approach is currently being employed to support BCHD. MS encompasses a bundling of IT services designed to minimize the inherent risks associated with IT as well as avoid and mitigate the business impacts arising from IT failure. Prosum's MS offering provides proactive and remote monitoring of BCHD key business resources such as the firewall, network, servers, desktops and applications from our network operations center (NOC), and helpdesk center to keep BCHD's systems functioning optimally and efficiently.

Prosum's certified technicians monitor the BCHD network 24 x 7 responding to pre-determined thresholds we set to ensure your uptime. We know if your systems have a technical problem or risk before you do, so we can shorten the time to resolution. In addition, Prosum provides predictive planning and analysis to proactively maintain your environment before issues arise. Utilizing state of the art management tools, Prosum can remotely monitor and provide administration

services. Whether there are server, device, or network issues, Prosum can utilize our remote management tools to “take over” and resolve issues rapidly without drive time, access, or user constraints.

By working jointly with our customers to define operating levels appropriate for the needs of our clients’ business, Prosum enables our clients to lower IT service costs, dramatically reduce downtime, usher in a new sense of business security and, foremost, provide clients peace of mind knowing their IT services are delivered “anywhere anytime” by a proven, trusted partner.

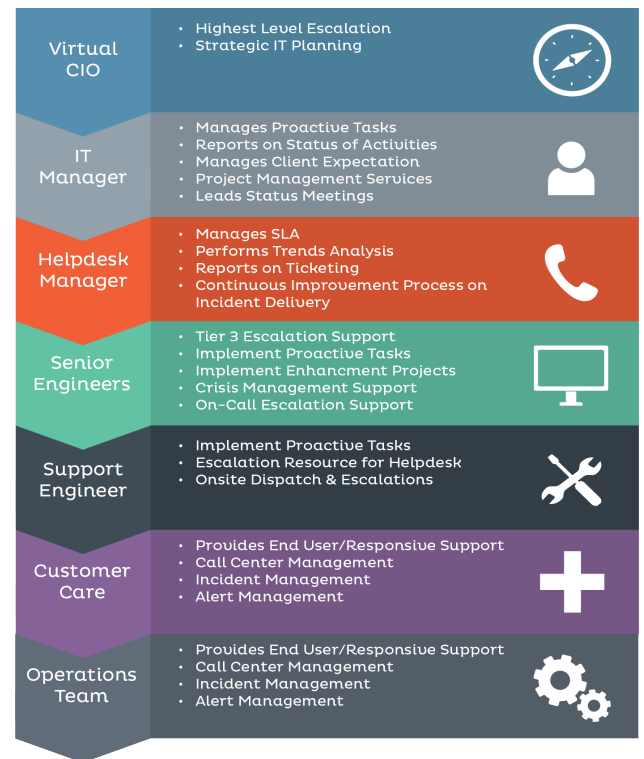
Support Team [POWER OF PROSUM]

Prosum’s Managed Service offering consists of a team of available on-site and remote IT support staff that work in concert to maintain the IT infrastructure at or above end user expectations.

Prosum has found that our offering allows clients to enjoy the best of both worlds, receiving not only the personal touch of on-site support but also the efficiencies of remote support in addition to industry subject matter expertise.

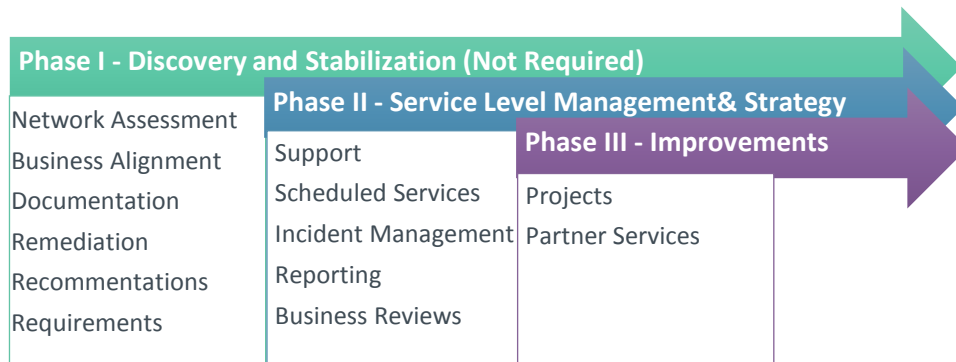
The result is an extremely stable IT operating environment with fast incident response ensuring end user satisfaction.

The diagram on this page describes the “Power of Prosum” which includes a mature process framework with all different types of skillsets packaged into our Managed Services Offering. See the diagram types of resources included within the Managed Services Offerings and their roles.



Support Approach & Methodology

To optimize the support model through discovery, knowledge acquisition, process definition and improvement activities, Prosum will follow a phased approach as diagrammed below.



On day one of support, Prosum’s Managed Services team provides responsive support to all end users and managed network devices (see Scope section for more details). While supporting your environment, we will also begin to perform any additional discovery if required. Since Prosum is already supporting BCHD for last several years, minimal amount of effort will be required.

On a semi-annual basis, your vCIO provides strategic planning. Additional advisory services are offered throughout the duration of the engagement for high-level oversight and visionary support.

Scope of Services

Scope of Services

		Proactive IT Operations	Responsive Server & Desktop Support
Discovery	<i>Current State Assessment</i>	✓	✓
	<i>Business Function Analysis</i>	✓	✓
	<i>Service Level Standardization</i>	✓	✓
	<i>Comprehensive Documentation</i>		✓
Stabilization Projects	<i>Remediation</i>	✓	✓
	<i>Required Projects*</i>	✓	✓
	<i>Recommended Enhancements*</i>	✓	✓
Proactive Services	<i>24x7x365 Monitoring</i>	✓	
	<i>Network Administration</i>	✓	
	<i>Backup Configuration & Monitoring</i>	✓	
	<i>Asset Management</i>	✓	✓
	<i>Anti-Virus/Anti-Malware Security</i>	✓	✓
	<i>Reporting & Trend Analysis</i>	✓	✓
Responsive Support	<i>Help Desk Services</i>		✓
	<i>Incident Management</i>		✓
	<i>Onsite Dispatch</i>		✓
	<i>Vendor Management</i>		✓
	<i>Procurement</i>		✓
	<i>Provisioning</i>		✓
Advisory Services	<i>Strategic Planning</i>	✓	✓
	<i>Client Advocacy</i>	✓	✓
Continuous Improvements	<i>Projects*</i>	✓	✓
	<i>Business Analysis*</i>	✓	✓

Proactive Services

Type of Operation	Operating Level Objectives
Server Services	
Server Administration	Full support. Provide server administration services including maintenance of supported operating system, applications such as database, messaging, web, and their associated hardware, and software.
System Backup	Full support. Ensure successful backup of critical data on all supported servers per client retention policies.
Configuration Management	Full support. Provide configuration management, including moves, adds and changes, minor upgrades and security patches (Windows, Anti-Virus, Malware).
Server Monitoring	Full support. Monitoring and alerting of incidents, event logs, performance, capacity, uptime and security (Anti-Virus, patch management). Reports generated and reviewed with client at regular intervals.
Desktop Services	
Desktop Administration	Full support. Provide desktop administration services including maintenance of supported operating system and their associated hardware, and software. Prosum will leverage onsite resources from BCHD as needed.
Configuration Management	Full support. Provide configuration management, including moves, adds and changes, minor upgrades and security patches (Windows, Anti-Virus, Malware).
Desktop Monitoring	Full support. Monitoring and reporting of security services such as anti-virus, anti-malware and patch management. Reports generated and reviewed at regular intervals.
Hardware Problem Diagnostics	Full Support. Prosum will perform necessary diagnostics to identify the root cause of the hardware problem. Any small component replacement will be carried out under the terms of the contract.
Network Services	
Network Administration	Full support. Provide network administration of all client network equipment such as switches, routers, firewalls and other security devices.
Configuration Backup	Full support. Ensure successful backup of configuration on all supported network devices.
Configuration Management	Full support. Provide configuration management, including moves, adds and changes, minor updates and patches.

Network Monitoring	Full support. Monitoring and alerting of logs, performance, uptime and security. Reports generated and reviewed with client at regular intervals.
Application Services	
Microsoft Core	Full support. Provide administration services including maintenance and support of Microsoft core applications such as Exchange, SQL, SharePoint, etc. Provide configuration management, including moves, adds and changes and security patches and service packs.
Line of Business (LOB)	Limited level of support. Prosum is not responsible for any proactive support or upgrades to LOB applications but will provide intermediary services by working with the application vendor on the client's behalf.
Programming	Not Included. Under the scope of this contract, programming of software is not included. However, Prosum has other teams which can review the requirements of software development and provide a separate scope of work to help and support the software development/programming project.
Custom Report Writing	Not Included. Under the scope of this contract, custom report writing is not included. However, Prosum has a separate Business Intelligence team that can review the requirements of custom report writing and provide a separate scope of work to help and support the custom report writing project.
Website Content or Site Modification	Not Included. Under the scope of this contract, website content and site modification are not included. Prosum has other teams that can review the requirements of the change and provide a separate scope of work to help support the website content or site modification.
Documentation	
Documentation	Full Support. Environment and process documentation is to be in electronic format and in an onsite binder, updated once per quarter. Documentation includes, but is not limited to, network diagram, remote access information, server and application inventory, vendor contact matrix, website, and email.

Responsive Support

Type of Operation	Operating Level Objectives
Server Support	
Server Diagnosis	Full support. Triage, troubleshoot and resolve issue. Escalate to hardware / software vendor for issues not able to resolve. If complete hardware failure, replace server hardware.
Server Replacement	Full support. Return the server to its state prior to the failure. In the event of server failure, install server operating system, restore data from backup and provide access and support to application vendors

	for additional application installation if required. Upgrading the server to the latest versions of OSs, applications, etc. is excluded from this scope of services. Prosum will not proceed with any major upgrades (i.e. new server, upgrade of Exchange, etc.) until receiving written approval from the client.
Desktop / Laptop Support	
Desktop Diagnostics	Full support. Triage, troubleshoot and resolve issue. Escalate to hardware / software vendor for issues not able to resolve. If complete hardware failure, replace desktop hardware.
Desktop Replacement	Full support. Return the desktop to its state prior to the failure. In the event of desktop failure, install desktop operating system, restore data from backup and provide access and support to application vendors for additional application installation if required. The addition of net new workstations to the environment is excluded from this scope of services. The upgrading of workstations to the latest versions of OSs, applications, etc. is excluded from this scope of services. Prosum can provide the price per work station upgrade if desired.
Mobile Phones / Tablets (iPads, etc.)	Limited level of support. Prosum will support the email provisioning and access management related requirements as well as troubleshooting for client employee mobile devices. Hardware support will be provided by client and it's the user's responsibility to contact the vendor for additional resolution or replacement.
Printer / Copier / Scanner / Fax / Phone	Limited level of support. Provide initial issue diagnosis as well as network and access management support only. All other issues including hardware will be escalated to the appropriate vendor for resolution.
Network Support	
Network Device Diagnosis	Full support. Triage, troubleshoot and then escalate to hardware / software vendor for issues not able to resolve. If complete hardware failure, replace network device.
Network Device Replacement	Full Support. Return the device to its state prior to the failure. In the event of network device failure, install new device, restore configuration from backup and provide access and support. A complete network re-design is excluded from this scope of services.
Telephone Network	Vendor management only. Prosum will escalate the reported issue to the telephone vendor for resolution. Prosum will provide updates to the client until issue is resolved. Prosum will complete simple moves, adds and changes where the vendor has provided adequate training. Any server and network connectivity issues linked to the phone system will be triaged and resolved by Prosum teaming with the vendor if necessary.
Application Support	
Microsoft Core Diagnosis	Full support. Triage, troubleshoot and resolve issues for Microsoft core applications such as Exchange, SQL, SharePoint, etc. Escalate to application vendor for issues not able to resolve.

Line of Business (LOB) Diagnosis	Limited level of support. Provide initial issue diagnosis and then provide intermediary services by working with the application vendor on the client's behalf.
Application Replacement	Limited level of support. Return the application to its state prior to the failure by leveraging the application vendor for application installation /configuration. The addition of net new applications to the environment is excluded from this scope of services. The upgrading of any applications is excluded from this scope of services.

Help Desk Telephone Support

Customer Care Line

End users will have unlimited access to the Prosum customer care toll free line during operating hours for all incident priority levels. The hours of operation are from 6:00a to 6:00p PST with an on-call engineer rotation covering after hours support for emergency requests (P1 and P2) only. Prosum's remote support team based in Cebu, Philippines is also available for afterhours emergency support.

Advisory Services

Type of Operation	Operating Level Objectives
IT Operations	
System Enhancement and Upgrade Planning	Limited support. Assist the business units with major line of business system enhancements planning, coordinate with vendors, and provide cost estimates. Major LOB application releases will be completed by the application specific vendor.
Procurement services	Provide recommendations and competitive quotes through 3 rd party providers for required hardware and software as well as advice on vendor selection.
Asset Management	Prosum can assist with the management of all the assets and contracts including software licensing, hardware assets, contracts etc. Prosum's IT Manager can assist in selecting the right vendor and in negotiation of the contracts.

Continuous Improvements

Type of Operation	Operating Level Objectives
Projects	
New Application or Infrastructure Implementation or Significant Redesign Projects	Prosum will review the service request and report a possible "out of scope" situation to the client point of contact. Prosum will scope out the engagement and provide the client an implementation proposal including the level of effort and associated cost.

Responsibilities

Prosum Responsibilities

All Prosum's responsibilities are covered within the scope section of this SOW. Besides these responsibilities Prosum will also maintain the desktop and laptop refresh schedules currently set for four (4) and three (3) years respectively.

BCHD Responsibilities

This section describes BCHD's responsibilities under the terms of this contract:

- ✓ BCHD will provide regular, dedicated workspace for Vendor personnel, and access to telephones, copier, fax, and printing facilities.
- ✓ BCHD shall be responsible for the cost of all new hardware, new software licenses, consumable items, desktop/laptop/printer repair parts, server/network equipment repair parts, and 3rd party vendor support and maintenance contracts for line of business applications and telephone system.
- ✓ BCHD will provide end-user training for software (CSI, Smartsheet, non-Microsoft software). While BCHD is responsible for training, Prosum will respond to end user questions and work to provide resolution on a timely basis. Prosum may, at times, recommend end-user training, when necessary.
- ✓ BCHD will provide budget for spare equipment repair and replacement. Vendor is not responsible for operating levels that lapse due to unavailable hardware.
- ✓ BCHD acknowledges the following limitations on Prosum's support for legacy Microsoft systems:
 - As of January 14, 2020 Microsoft, no longer supports Windows 7 Operating systems therefore Prosum will only provide limited level of support on Windows 7 systems.
 - As of January 14, 2020 Microsoft, no longer supports Windows Server 2008 Operating systems therefore Prosum will only provide limited level of support on Windows Server 2008 systems.
 - Limited level of support is defined as no more than 0.5 hours of troubleshooting per incident per month
- ✓ BCHD will provide Prosum personnel with access to relevant external and internal systems, as Prosum may require. This includes system information such as login information, Internet accessibility, physical security clearance and other interfacing systems

Desktop Support

Please review the scope section for the detailed description of the desktop support services. These services will be provided during regular business operations from 6 am to 6 pm PST. The best way to contact the technician for support is to email customer.care@prosum.com or call 1-888-4-PROSUM.

Response times and Resolution time will be followed according to the priority level definitions defined in the section below.

Network and System Support Operations

All BCHD's servers and network infrastructure will be monitored 24x7x365 with the intention of minimal unplanned service outages. Any planned change to the environment will be conducted after hours. BCHD POC will be notified for any such change through the Change Advisory Board approval process. As far as possible no change will be carried out during the regular business hours of 8 am PST to 5:30 pm PST.

The scope of services for maintaining the server infrastructure support is included within the scope section of this RFP response.

Disaster Recovery Support

Prosum provides full Backup, Restore, and Business Continuity guidance to all our clients. The platform currently implemented for Beach Cities Health District (BCHD) is Datto. This solution gets the three most important elements of data protection in a single fully integrated Backup package. Backup capture and verification, backup restore, and a complete virtual host for business continuity are all included in Prosum's backup solution.

Together, these elements enable our customers to quickly deploy the solution, capture a backup, and be protected from a full disaster scenario in minutes. BCHD can provide the recovery time objective (RTO) and Recovery Point Objective (RPO) expectations to their ITM so that during the QBR these can be tested, and appropriate solutions/design can be provided to accomplish the RTO and RPO expectations.

Disaster Recovery and Business Continuity are extremely important for any business and Prosum takes this very seriously. The PSA Team within Prosum will schedule the simulation of disaster such that these procedures can be tested on a regular frequency to ensure that in time of needs these backups and DR procedures work.

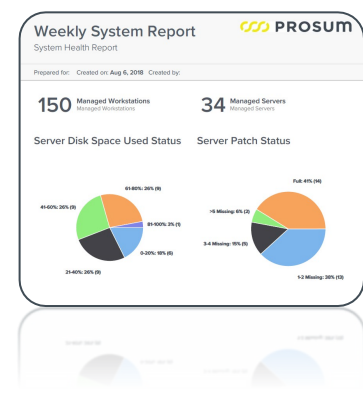
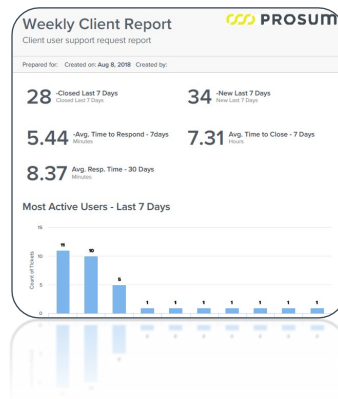
Reporting

Prosum can provide a variety of reports to meet client needs. All reports can be customized and delivered at the frequency that the client prefers.

Below are some examples of weekly client reports including the key performance indicators (KPIs) included on them:

Client Report

- Ticket Trending
- Average time to close
- Most Active users
- ✓ System Report
 - Patch Compliancy
 - Disk space utilization
 - Hardware Inventory Information
- ✓ Backup Report
 - Local and Offsite backup details



Priority Levels/Assignments

Priority levels are assigned to all incidents, both system and user generated. During coverage hours, Prosum will categorize problems per the priority levels below:

Priority	Severity	Description	Response
P1	CRITICAL	The situation needs immediate attention. This level is reserved for issues having a critical impact on business operations. This is the highest priority, directly affecting customer's time-sensitive business functions or a majority of users.	Assign senior resources and begin resolution immediately Updates are provided every 4 hours
P2	HIGH	This level is used for issues with significant impact or time sensitive service requests that directly affect important administrative functionality and/or a large number of users.	Assign senior resources, begin resolution within 2 hours
P3	NORMAL	Default level - does not require expedited handling. Does not directly affect core business functions or important administrative functionality, and generally only affects one or a few users.	Assign resources and begin resolution within 24 hours
P4	LOW	This level is not time sensitive. It has no immediate impact on business functions or administrative functionality.	Assign resources and begin resolution within 48 hours
P5	REQUEST	This type of request has the most time flexibility, and will generally consist of requests for new hardware, software, or upgrades (Move, Add, Changes).	Scheduled based on resource availability and user needs

Onsite Services

Prosum's proposed solution will provide onsite support "as needed" for any issues where Prosum deems that the onsite resource is required. If BCHD chooses to get additional onsite support, the pricing section provides the provision for subscription for such a service. BCHD currently uses two days a week onsite from a helpdesk engineer.

After Business Hours Support

Prosum's team will be available for any emergency support only after hours. After hours is defined from 6 pm PST – 6 am PST. BCHD team member can call in and leave a voicemail regarding the issue and a Prosum team member will pick up the voicemail and return the call back within the hour.

For emergency support, Prosum's remote team may page the on-call engineer to help addressing the P1 issues.

Pricing & Terms

Estimated Pricing and Terms

The pricing structure provided is established by applying the average amount of time devoted to proactive maintenance and responsive support necessary to maintain the expected Service Levels requested per the number of devices in and complexity of your environment. Each quarter, the environment will be reevaluated for number of users, devices, updates and upgrades to software and hardware, or projects that impact the ability to provide the support requested. Prosum *hasn't increased the price of our managed services support for the last six years*. During this time, Prosum's team member salaries have increased as well as we have matured our toolset and process to help provide a higher value of service to our customers. We would like to adjust the pricing to catch up with market rates. Since we understand that a change in the middle of the fiscal year may be disruptive and in the true spirit of partnership, we have provided our suggestion for on-going month rate by year. See the Preferred Customer Discount Section for details.

Onboarding (1 month)

Not Required (Renewal)

1. DISCOVERY
2. FULL NETWORK ASSESSMENT
3. TOOLS INSTALLATION
4. COMMUNICATION AND CHANGE MANAGEMENT CONFIGURATION
5. DOCUMENTATION

Managed Services Monthly Support

- PROACTIVE SERVICES (24X7X365 MONITORING)
- RESPONSIVE SUPPORT (24X7X365 INCIDENT AND PROBLEM MANAGEMENT)
- HELP DESK SERVICES WITH ITIL AND HDI CERTIFIED ENGINEERS
- NETWORK ADMINISTRATION PROVIDED BY CISCO CERTIFIED SR. ENGINEERS
- SYSTEM ADMINISTRATION PROVIDED BY MICROSOFT CERTIFIED SR. ENGINEERS
- ADVISORY SERVICES (UNLIMITED REMOTE & ONSITE)
- UP TO 97 COMPUTERS

Preferred Customer Discount & Suggested Rates by Year

Year	Rate
Year 1 – Nov'18 – June'19	\$13,000/month
Year 2 – July' 19 – June'20	\$14,750/month
Year 3 – July'20 – Oct'21	\$15193/month
Optional 2-Year Extension	
Year 4 – Nov'21-Oct'22	\$15,648/month
Year 5 – Nov'22-Oct.23	\$16,118/month

Prosum Secure Tools (97 Computers)

Incl.

- ANTIVIRUS
- EMAIL DEFENSE
- WEB DEFENSE
- NETWORK MONITORING

Onsite Support

Incl.

- ONSITE HELPDESK RESOURCE (16 HRS. PER WEEK)
- FACE TO FACE WEEKLY MEETINGS WITH THE IT MANAGER

Continuous Improvement Project

Significant remediation efforts and projects will be scoped separately and will be provided on a time and materials basis via a separate Statement of Work. Given below is the rate card for all different types of resources required for all the

Role	Standard Rate	MS Client Rate
Project Manager	\$160	\$150
Enterprise Solution Architect	\$250	\$200
Applications Architect	\$225	\$185
Senior Systems and Network Engineers	\$200	\$175
Desktop Support	\$150	\$100

projects

Term

Term of this Agreement is 3 years with an option to renew for 2 additional years.

Start Date: *November 1, 2018*

End Date: *October 31, 2021*

Two Year Extension. At the expiration of the original term of this agreement, this agreement will automatically renew starting November 1st, 2021 for another two years unless another agreement is in place at the time of expiration or unless either party sends written notice to the other ninety (90) days prior to time of expiration stating their intent to terminate this agreement.

Termination for Convenience. Either party not in breach of the Agreement may, upon giving a ninety (90) days written notice to the other party, terminate this Agreement at any time for convenience. Should BCHD be the terminating party, a one-month penalty will be applied and Prosum will help transition IT Support to BCHD personnel or another service provider. If the termination notice does not occur on a monthly anniversary of the start date, then BCHD will be billed a pro-rated portion of the monthly fee for any work done during the last month.

Additional Terms

Consultant Non-Solicitation. During the term of this Agreement and for twenty-four (24) months after completion of any projects or managed services engagements, Client and its affiliates agree not to solicit and not to hire or contract the Consultant (other than through Prosum). If Client breaches the foregoing restriction by hiring or contracting a Prosum consultant, Client shall pay Prosum, as liquidated damages, two times the Consultant's annualized compensation or two times any dollars being earned by Consultant (whichever is greater).

Payment Terms. Payment shall be due on the first (1st) day of every month for which services shall be provided. Invoices will be sent fifteen (15) day prior to each due date. Client shall pay all Prosum invoices within fifteen (15) days of the date of such invoice. Unpaid amounts for invoices that are past due more than 30 days from the invoice date will be subject to interest at the rate of one and one-half percent (1.5%) per month, compounding monthly.

Assumptions

1. The content of this document is based on a request for proposal from BCHD in September 2018.
2. Prosum will not pass along any fees incurred resulting from escalation and resolution tickets with Microsoft on to client. Prosum will notify BCHD of fees and BCHD will approve costs prior to engaging services with BCHD's Line of Business application vendors (i.e. CSI). Approved Line of Businesses fees will be billed in addition to the monthly fees associated with this contract.
3. BCHD is responsible for securing cyber security insurance to mitigate any damages or losses that may result from network or system infiltration. Prosum is not liable for any damages or losses suffered by BCHD due to infiltration, and BCHD hereby releases, discharges, and holds harmless Prosum and its employees, agents, officers and directors from all claims, liability, losses or damages, and expenses including attorney's fees, related to infiltration.
4. Notwithstanding Prosum's obligations above, Prosum will use common best practices to prevent and minimize cyber-security attacks. Prosum shall be relieved from any applicable operating level objectives to the extent that any failure to meet such operating level objectives results from a new or unknown virus being introduced into the environment, or as a result of the customer or its users deliberately or negligently introducing any virus. Prosum will cover up to 40 hrs. total for incident response per year. Any time spend for remediation of security listed incident will be charged at the Sr. Engineer hourly rate.
5. Prosum will charge time and material fees for the introduction of new equipment, except in the case where an existing device has failed and requires replacement. Under this exception, the monthly fees paid by client for IT support services will cover the cost of introducing new (replacement) equipment.
6. Prosum directly supports the monitoring and troubleshooting for all devices and components related to the data circuits starting where the data circuit terminates into the network device. Prosum troubleshoots data circuit problems beyond the network devices with the data circuit service provider directly and will work with the service provider through resolution.
7. All additional services deemed outside the scope of this Statement of Work need to be approved by BCHD prior to Prosum providing services.
8. Web server support and website development is out of scope for this agreement. However, Prosum will act as an advisor and provide guidance or make recommendations on website related topics to the best of its ability.

9. MS Support Proposal and estimates assume a computer count of 97 workstations, 19 servers and a user count of up to 100 users.
10. The total number of supported devices, users and sites will be evaluated on a quarterly basis for changes due to organic growth and attrition.
 - With BCHD prior approval, Prosum will adjust the monthly fee structure via Change Order to this Statement of work to reflect the change in total number of supported users.
 - With BCHD prior approval, Prosum will adjust the monthly fee structure via Change Order to this Statement of work to reflect the total number of sites, should the site count change.
11. In addition to the quarterly review, the parties will meet annually to review service levels, changes to the environment beyond the quarterly review.

Change Order

Once a Statement of Work has been signed, any modifications to the scope of work described herein will require a change order. A change order will define new requirements and impact on delivery time and cost.

Acceptance

This document will be deemed accepted upon receipt of a signed copy thereof. Contents of this document supersede all other documents related to the services described herein. If this document correctly states our agreement, please sign below and return to Prosum.

Agreed and accepted,

Beach Cities Health District Officer

Name: _____

Signature: _____

Title: _____

Date: _____

Prosum Authorized Officer

Name: _____

Signature: _____

Title: _____

Date: _____

Definitions

Term	Definition
Actual Uptime	Of the Scheduled Hours, the aggregate number of hours in any month during which the applicable application or system is available for use by Customer users
Availability	Actual Uptime plus Excusable Downtime divided by Scheduled Hours (i.e., percentage of scheduled availability) measured on a rolling average of two consecutive months for each applicable application or system
Coverage Hours	6am to 6pm PST, Monday through Friday, excluding Holidays, shall apply to all services except otherwise established in this agreement
Excusable Downtime	Of the Scheduled Hours, the aggregate amount of time in any month during which the applicable application or system is unavailable (a) due to agreed-upon times for preventive or remedial maintenance, system upgrades, etc., (b) as a result of a force majeure event as described in the Master Services Agreement, (c) due to failures, to perform by Customer's third party vendors, or (d) other failures not attributable to Prosum or its performance, including power or communication outages, phone company or network circuit provider problems, recent virus attacks, and acts or omissions of Customer and/or its users
Holidays	Those days specified in the agreed policies and procedures as Customer holidays
Network Availability	The Actual Uptime plus Excusable Downtime divided by Scheduled Hours (i.e., percentage of scheduled availability) measured on a rolling average of two consecutive months for a remote location to be able to access computing resources at the Main Site expressed as a percentage
Response Time	The elapsed time between a user submitting a problem (via phone, email, or in-person) and the Help Desk acknowledging the call (via phone, email or in-person), assessing severity, and giving the user an expectation as to start time for resolution. The elapsed time applies only to periods within Coverage Hours.
Scheduled Hours	The days of the week and the hours of the week that each applicable application or system is scheduled to be available for use by users, subject to Excusable Downtime. During transition, Scheduled Hours shall be the same as Coverage Hours until otherwise agreed by the parties.
System Platform Availability	Actual Uptime plus Excusable Downtime divided by Scheduled Hours (i.e., percentage of scheduled availability) measured on a rolling average of two consecutive months for a specific platform (hardware and operating system).
Tier 1 Resolution Time	The elapsed time, within Coverage Hours, between the Response Time and when the technician has resolved a Tier 1 issue.
Tier 1	The tasks which can typically be resolved remotely on the first call, such as login, password, account problems, and general LAN administration issues.
Technical Resolution Time	The elapsed time, within Coverage Hours, between the Response Time and when the technician has resolved the issue from a technical perspective to the best of their knowledge.
Total Resolution Time	The elapsed time, within Coverage Hours, between the Response Time and when the user validates (via phone, email or in-person) that the problem is solved to their satisfaction. This is the time when the trouble ticket may be closed. "Total Resolution Time" can equal "Technical Resolution Time" if the user is present and validates the fix when the technician finishes their work. If the user is not present, the Help Desk will follow up with the user at least once every working day to obtain validation before closing the ticket. If the user does not respond after five working days, the ticket will be deemed closed.
Virus	Any malicious computer program commonly known as viruses, Trojan horses, worms or malware.