

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, 2020



Beach Cities
Health District

BEACH CITIES HEALTH DISTRICT

Comprehensive Annual Financial Report

Year ended June 30, 2020



514 N. Prospect Avenue
Redondo Beach, California 90277

Prepared by:
Finance Department

Introductory Section

BEACH CITIES HEALTH DISTRICT
Comprehensive Annual Financial Report
Year ended June 30, 2020

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December 23, 2020

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, 2020. 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: Introductory, Financial Statements and accompanying notes, Required Supplemental Information, and Statistical section.

- 1) The introductory section, unaudited, includes in addition to this transmittal letter information about the District's organization, priorities and programs and services.
- 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 detailed financial and demographic information, generally presented on a multi-year basis, as a context to required information for understanding the district overall financial health.

Service Efforts and Accomplishments (<https://bchd.org>). In Fiscal 2019-20, the District continued its work to achieve its purpose of filling unmet preventive health needs to achieve its vision of "A Healthy Beach Community". It quickly pivoted to respond to the Covid-19 Pandemic emergency where services were needed, by setting-up and managing a local South Bay Covid-19 Test Site in collaboration with LA County, running Errand and Meal deliveries for at-risk District residents, providing Assistance, Information and Referrals and publishing Public Health announcements and updates on its website,

<https://bchd.org/covidupdates>. See pages xii-xiii for health priorities, COVID-19 emergency responses, programs and services and health service accomplishments by health priority and residents reached during the emergency response at the District's COVID-19

Dashboard:

<https://app.smartsheet.com/b/publish?EOBCT=52d9c815e0734faf81ae465c9988b188>.

On March 16, 2020, the District held its first Emergency Operations Center meeting based upon the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS), for implementing District policy and coordination for the incident response and recovery within the district boundaries. For COVID-19, selective implementation was used to allow for a scaled response, delivery of the exact resources needed, and a level of coordination appropriate for the incident. The District's [Emergency] Operations Center developed the following objectives:

- Work with partners to establish a South Bay COVID-19 testing site.
- Identify at-risk older adults in the community.
- Provide healthy adults an opportunity to be of use to the community.
- Continue to disseminate timely and accurate information to the community.
- Provide health and well-being tips and tools.
- Provide health Recovery planning and implementation for BCHD operations and community.

During this time of crises, the District is learning some valuable lessons about the organization and the applicability of its health priorities:



While the District responded to the emergency it also, at the same time, moved many of its ongoing programs and services to be virtual, like Group Exercise classes, Personal Training sessions, Nutrition and Cooking classes and is using social media and its website to communicate timely and accurate [Public] health information and announcements.

Therefore, the District was still able to deliver and fund its services and programs within its annually approved budget (page xviii-xix and page 68). The District programs and services were delivered to senior residents "aging in place", adults and youth, non-profit partnerships, and the District municipalities by the Life Spans departments: Community Services for seniors, Youth Services for youth, Blue Zones and WorkWell services for adults and virtual Health and Fitness operations. All possible with support from Volunteers Services, Health Promotions, IT and back-office services, like HR, Finance and Executive Offices. 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 sections in this packet.

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 1994, the District has cost-effectively 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 aging in home, 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 in every lifespan—from toddlers and children to families, adults and older adults. Report #239, in August 2017, the Little Hoover Commission (an independent California state oversight agency) called out the District as a potential model for other healthcare districts "Beach Cities: Is this a Future of Healthcare Districts?"

District Services. The Beach Cities Health District services are based on the strategically developed Health Priorities page xii (2019-2022 Nutrition & Exercise, Social-Emotional Health, Substance Use and Cognitive Health) reviewed and approved every three years. Delivery is organized around functional areas: Life Span Services, Health and Fitness Operations, Other Operations, Property Management and Support services (page x). Further see pages xiii-xiv for COVID-19 emergency responses and programs and services by health priority. The analysis supporting the current and prior health priorities can be found on the District website: <https://www.bchd.org/healthreport>.

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 (<https://www.bchd.org/schools>) 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 and high 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. The District has successfully engaged over 200 students and created a Youth Advisory Council addressing Substance Use and Mental Health. In 2019, District management successfully leveraged the work of our partnership for Youth

Coalition with more than 200 community partners to apply for a \$625,000 federal drug free community grant that was awarded October 2019 of \$125,000 annually for the next five years.

In May 2020, the District was awarded Youth Wellness Center Grant from the CA Mental Health Services Oversight and Accountability Commission for \$2 million over a 4-year period. The grant emphasizes the transformation of the mental health system while improving the quality of life for Californians living with a mental illness. BCHD was one of five new grantees across the state, who will be supported by the technical assistance team from Stanford's Center for Youth Mental Health and Wellbeing.

Older Adult (<https://www.bchd.org/health-services>) services focuses on aging at home by improving 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 and WorkWell programs (<https://www.bchd.org/healthy-living-programs>) are multi-discipline efforts 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 and improving well-being at every stage of life. 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 2018 (<https://www.bchd.org/impact> Annual Report 2018, page 7.)

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

The Center for Health & Fitness (CHF) is a Certified Medical Fitness Facility is a community-based, health and fitness facility that emphasizes rehabilitation for individuals with chronic illnesses, cancer, general fitness for adults, and plus 65 adults. The Center welcomes underactive, first-time or inconsistent exercisers of all ages and offers very competitive monthly memberships to the general public. Programs offered include Pilates, yoga, group exercise classes, specialized personal training, small group training, nutrition, massage, and classes for Silver Sneakers.

Adventure Plex 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 playroom (a.k.a. Toddler Town). Adventure Plex also focuses on family fun with many special events throughout the year, an array of classes, private birthday parties and day camp sessions.

The Health and Fitness operations have been closed since mid-March 2020 due to the COVID-19 Pandemic and national, state and local health department officers' orders and continue to remain closed until orders are lifted and operations are safe to resume.

The **Other Operations and Services** include Health Promotions, Volunteer, Innovation 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, errand and companion volunteers, etc.

The **Property Management Department** provides around 30% 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 on 514 Prospect Av. Redondo Beach 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 \$25.9 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 123,000. Redondo Beach being the largest with 55%, Manhattan Beach 29% and Hermosa Beach 16% of the population.

The District experiences the same economic pressures and improvements felt by many organizations locally, regionally and nationally – low inflation and interest rates, improved property tax values, low unemployment rates, improved economic spending and increased employee salaries and benefits costs. During the Covid-19 Pandemic inflation rates remain low and interest rates have dropped even lower, while property tax values also remain strong. However, unemployment has risen, GDP has dropped and organizations, including the District, has had to adjust and change operations and budgets to manage costs.

During the last recession, in 2008-2009, local property values remained flat through 2011-12, after which they started increasing again for an average around 5-6% year-over-year. The District's investment income continues to be affected by the low interest rates but with slowly increasing interest rates through March 2020 before the Covid-19 Pandemic, the District did experience year-over-year increase in interest income and realized gains (discussed further in the MD&A). The District can manage its realized gains and losses by leveraging three to five-year maturity securities per its Investment Policy strategy.

Due to the District's aging not seismically retrofitted sixty (60) year-old building on 514 Prospect Ave., Redondo Beach and consequently anticipated higher infrastructure and maintenance costs, plus loss of tenants will result in reduction of funds available for District programs and services, management is exploring a redevelopment of the land. Consistent with its mission of providing health services and mandate to fill gaps where services lack, management is exploring an 11-acre concept referred to as the Healthy Living Campus (<https://www.bchdcampus.org>) that would replace the rental income with income from a Programs of All-Inclusive Care for the Elderly (PACE), and Residential Care for the Elderly (RCFE), including both Assisted and Dementia care. The District is currently in the Environmental Impact Report (EIR) analysis phase.

Governance of Financial Information and Legal Level of Budgetary Control. 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, strategic and policy 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. The legal level of budgetary control, the level that expenditures cannot legally exceed budgeted expenditures, is established annually by resolution by the Board. The FY19-20 budget was approved May 22, 2019 with Resolution #550 requiring board approval for any one expense that increases the District's overall expenses over the total annual expense budget by \$10,000. The Chief Executive Officer may authorize transfers between lines and/or within funds or departments within the limits imposed by the available funds in the operating and capital budget.

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 elected at large five (5) member Board manages governance with monthly board meetings, several committees (Finance, Policy, Community Health, Properties, and Strategic Planning Committees comprised of two board members and citizens from the three Beach Cities and 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 long-term 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 for the District to establish a 115 Trust to manage the growing District's Pension and Other Post-employment Benefits (OPEB) obligations. In January 2019, the District transferred \$2,400,000 million and \$600,000 thousand to the Pension and OPEB 115 Trust accounts, respectively.

The District's \$25,865,000 investment portfolio is managed by PFM Assets Management; in addition, to ensure operating liquidity, the District maintains two short-term investment accounts, LAIF (a California Local Agency Investment Fund) and CAMP (California Asset Management Program). At June 30, 2020, short-term investments with maturities of six months or less, in the two accounts combined were \$2,585,000.

Further, approved by the Board in April 2019, Management implemented Resolution #549 enabling the District in the future to reimburse itself from the proceeds of one or more tax-exempt financing for the expenditures related to the development of the Healthy Living Campus. This will allow the District to replenish and preserve its principal as established by Policy set by the Board.

Independent Audit. The accounting firm of Davis Farr, LLP was reelected by management and approved by the Board as the District independent auditor for the next five years. As Davis Farr, LLP was reelected for an additional five-year term, to maintain an independent and fresh perspective, the District has requested the partner be rotated. 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 earning the Government Finance Officers Association (GFOA, a nationally recognized professional association) Certificate of Achievement for Excellence in Financial Reporting award (page xx) for the first time for FY18-19 after many consecutive years of achieving a certificate of Outstanding Financial Reporting issued by the CA Society of Municipal Finance Officers (CSMFO, a statewide professional association) (<https://www.bchd.org/audited-financials>). In 2018, the District also achieved "District Transparency Certificate of Excellence" from the Special District Leadership Foundation recognizing management and Board commitment to accountability and transparency (<https://www.bchd.org/transparency>).

Acknowledgments. 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.

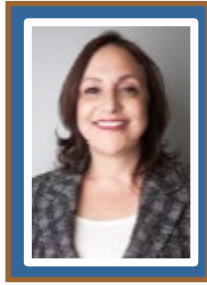
Without the continuing review, directives and support of the District Board of Directors in planning and conducting the financial operations of the Beach Cities Health District, preparation of this report would not have been possible.

Respectfully,

Monica Suua

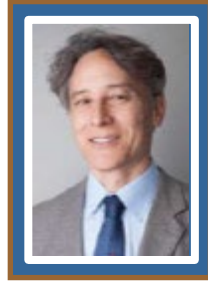
Ms. Monica Suua, CPA, CIA
Chief Financial Officer

DISTRICT OFFICIALS July 2020 Board of Directors



Michelle Anne Bholat,
M.D., MPH
President

Elected
11/14, 11/18



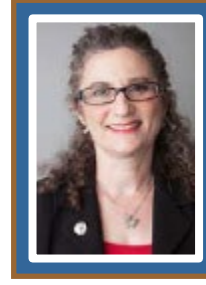
Noel Lee Chun,
M.D., Q.M.E.
Board Member

Elected
11/06, 11/10¹, 11/14,
11/18



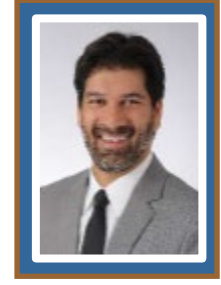
Jane Ann Diehl
President Pro Tem

Elected
11/14¹, 11/16



Vanessa I. Poster
Board Member

Elected
11/96, 11/00, 11/04,
11/08, 11/12¹, 11/16



Vish Chatterji
Secretary/Treasurer

Elected
06/17¹, 11/18

District Executive Leadership



Tom Bakaly, Chief Executive Officer



William Kim, M.D., Chief Medical Advisor



Jackie Berling, MBA, Chief Operations and Innovation Officer



Leslie Dickey, Executive Director of Real Estate



Cristan Higa, Chief Marketing and Communications Officer



Kerianne Lawson, LCSW, MSG, Chief Programs Officer



Monica Suua, CPA, CIA, Chief Financial Officer



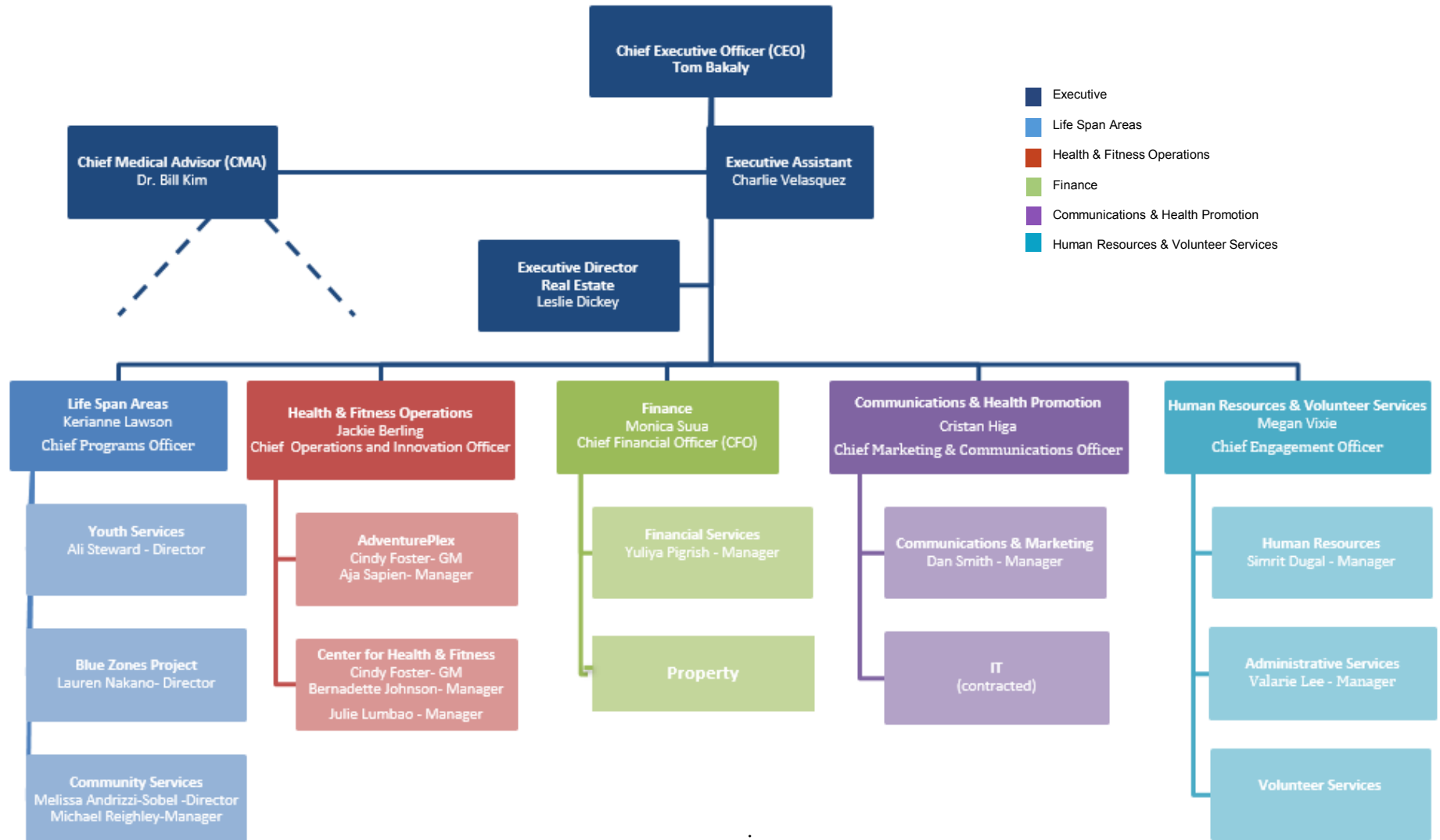
Megan Vixie, MPA, Chief Engagement Officer

Finance Department

Yuliya Pigrish, Accounting Manager
Cindy Sheu, Senior Accountant
Jamie Fresques, Staff Accountant
Jessica Rodriguez, Finance Technician
DeeAnn Davis, Accounting Assistant
Lisa Sheinberg, Volunteer

¹Appointed in Lieu of Election.

DISTRICT OVERALL





2019-2022 Health Priorities and Objectives

Beach Cities Health District identified four health priorities for the next three years.



Nutrition and Exercise

- Increase fruit and vegetable consumption
- Increase exercise participation
- Reduce percentage of children who are obese or overweight
- Reduce percentage of adults who are obese or overweight



Social-Emotional Health

- Increase stress management across the lifespan
- Decrease bullying
- Decrease suicidal ideation



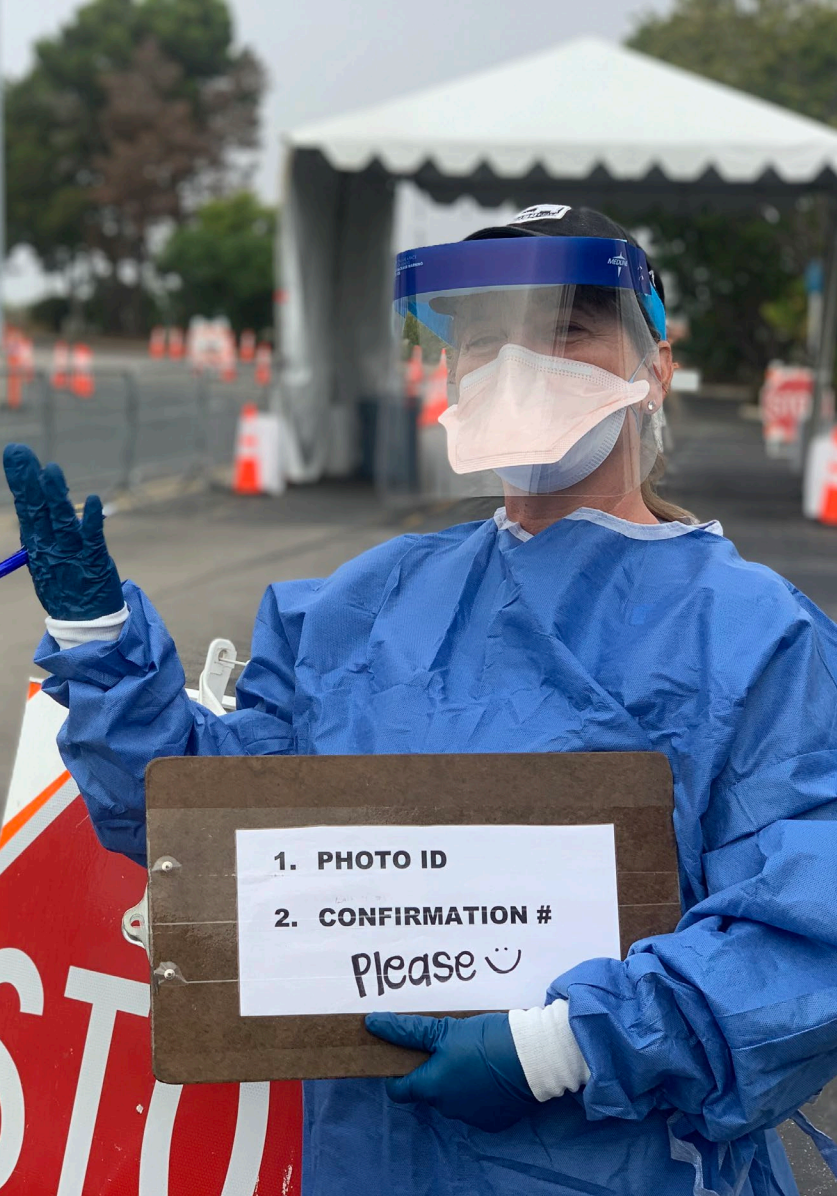
Substance Use

- Reduce alcohol and drug consumption in youth
- Reduce vaping in youth
- Maintain low percentage of adult smokers



Cognitive Health

- Promote brain health across the lifespan
- Support the cognitively frail



93,000+

of Total COVID-19 Tests



1,211

of Errands by Staff



2,064

of Visits, Errands, Calls by
Volunteers

Assistance, Information & Referrals & School Warmline



During this time of heightened health concern, BCHD is available to offer help and support.

If you or someone you know in the Beach Cities needs assistance with errands, health-related information or referrals, please call our Assistance, Information & Referral line at **310-374-3426 ext. 256**, seven days a week, 8:30 a.m. – 5 p.m.

RESOURCES:

bchd.org/coronavirus

for information about COVID-19
or to sign up for email updates
from BCHD

bchd.org/resources

for information related to mental health
and social-emotional health for youth
and adults, support groups and
emergency services

4,911

of Total Calls
(ext. 256)



FY19-2020 Health Priority Accomplishments

COVID-19 (March – June):

- Administered 22,785 COVID-19 tests at the South Bay Galleria and BCHD's Campus
- Received 1,895 calls to the Assistance, Information and Referral line, expanded hours to 7-days a week
- Provided Meals on Wheels \$25,000 to provide meals to older adults
- Established meal delivery program to assist to residents by delivering 339 meals
- Supported older adult residents with 624 errand assistance deliveries
- Partnered with the Hermosa Beach, Manhattan Beach and Redondo Beach Chamber of Commerce to develop the Safe in the South Bay business program and individual health guidance/promotion campaign
- Transitioned and developed virtual programming and events to support residents' health and well-being, producing more than 100 videos
- Built COVID-19 website section with local health guidance, case numbers and recovery information for residents and businesses
- In partnership with Children's Hospital Los Angeles, developed a Symptom Assessment Tool to screen students and families for COVID-19 to allow for safe return to campus

The following accomplishments have been achieved in each of the health priorities:

Nutrition and Exercise

- Published Community Health Report with Los Angeles County Department of Public Health, "Recent Trends in Childhood Obesity Prevalence in the Redondo Beach Unified School District: A Case Study"
- Presented childhood obesity decline, from 20% to 6.4%, at international Childhood Obesity Conference and Association of California Healthcare Districts Annual Meeting
- Hosted International Walk to School Day for more than 3,000 students, families and community leaders
- Secured a \$1.8M Metro grant to add to the bicycle infrastructure in Redondo Beach
- Continued farm-to-table play curriculum for Toddler Town at AdventurePlex
- Increased insurance-based memberships at the Center for Health and Fitness 13.5%
- Continued medical fitness accreditation at the Center for Health and Fitness, the only Certified Medical Fitness Center in California
- Continued to deliver community-based programming which promote healthy aging to our senior centers including physical activity classes and senior nutrition classes

Social-Emotional Learning, Stress Reduction and Mindfulness

- Continued support of district-wide social-emotional wellness councils in all three school districts
- Supported expanding recognition of mental health issues in youth and on-site counseling support for schools
- Supported MindUP lessons for more than 8,000 students in Beach Cities schools, and Second Step for middle school students
- Hosted the High School Purpose Series for more than 200 students
- Partnered with school districts on "Start with Hello" Week, an anti-bullying and violence prevention initiative
- Conducted focus groups with more than 200 students and parents and presented feasibility report for Youth Wellness Center in the Beach Cities
- Hosted Tri-Agency meetings in Hermosa Beach and Manhattan Beach, and a Vaping Town Hall in Manhattan Beach with Assemblymember Al Muratsuchi, to discuss youth health issues
- Developed and implemented MindUP Days for middle school students

- Offered community mindfulness workshops and monthly mindfulness practice drop-ins
- Launched Mental Health and Happiness series
- Offered Blue Zones Project Social Hour and Moai events to promote social connectedness

Substance Use Prevention (Youth)

- Expanded the Youth Advisory Council, made up of 80 Beach Cities students to raise awareness and health promotion around youth health, including mental health and substance use prevention
- Received the federal Drug-Free Communities grant (\$125,000 annually, for 5 years) to support the Beach Cities Partnership for Youth Coalition
- Youth Advisory Council members created the “Escape the Vape” substance use prevention campaign
- Youth Advisory Council members advocated at city council meetings for stronger tobacco control policies

Substance Abuse Prevention (Adults)

- Partnered with South Bay Families Connected to present the Families Connected Speaker Series, reaching more than 500 parents
- Continued the Families Connected Parent Chat in collaboration with South Bay Families Connected and Thelma McMillen Center at Torrance Memorial Center
- Introduced Talk About It workshops on the topics of cyber safety, anxiety and depression

Evidence-Based Tobacco Control

- Smoking cut by one-third since 2010 to just 6.8%, compared to the U.S. smoking rate of 18.2%.
- Supported Hermosa Beach in 2016 as it expanded their smoke-free policy to ban smoking in all public places, including electronic smoking devices and marijuana
- Supported Hermosa Beach in 2019 as it adopted their tobacco retail license which curbs youth access to tobacco products, which prohibits the sale of flavored tobacco products and new retailers from being within 500 feet of youth-sensitive areas
- Supported Manhattan Beach become the 2nd city in the U.S. to adopt an ordinance banning tobacco sales city wide
- Hosted vaping education events for more than 1,000 students and families

Cognitive Health

- Care Managers (social workers) completed 5,129 well-being checks for older adults and adults with disabilities
- Continued the Dementia Education Consortium and community lectures
- Continued the Healthy Minds Initiative to study the effect of lifestyle interventions on cognitive health

Beach Cities Health District

- 1,515 volunteer visits with older adult clients
- Certified Covered California enrollment site to help residents navigate health insurance enrollment



“Stopping obesity among our young people is a critical step and these findings are particularly impressive because they were sustained and observed across all public elementary schools, grade levels and demographic groups.”

- Paul Simon, M.D., M.P.H., Chief Science Officer for the Los Angeles County Department of Public Health on the LiveWell Kids program data

Beach Cities Health District Programs & Services

Every three years, Beach Cities Health District assesses the overall health of the Beach Cities using a variety of data sources to prepare a Community Health Report. This report guides our strategic planning process with the indication of health priorities and provides an opportunity to evaluate current programming. It focuses on evidence-based public health practices, which the Centers for Disease Control and Prevention defines as the integration of science-based interventions with community preferences for improving population health.

The 2019-2022 Health Priorities are:



Nutrition and Exercise

- Increase fruit and vegetable consumption
- Increase exercise participation
- Reduce percentage of children who are obese or overweight

Youth
<ul style="list-style-type: none">• LiveWell Tots• Livewell Kids• School Gardens• 8-Minute Morning Exercises• Classroom Activity Breaks• Walking Wednesdays• Walking School Bus• Streets for All• AdventurePlex
Adults / Adults 65+
<ul style="list-style-type: none">• Blue Zones Project®<ul style="list-style-type: none">◦ Restaurants/Grocery Stores◦ Community Policy◦ Social Hour• Community Fitness• Nutrition Classes• Free Fitness Summer Series - Mindful Yoga/Zumba• Free Fitness Weekends• MoveWell In-Home Fitness Program• Center for Health & Fitness
Volunteer Programs
<ul style="list-style-type: none">• Garden Angels• Nutrition & Garden Docents• MoveWell Volunteers• Restaurant Ambassadors• Livability Committee• AdventurePlex• Center for Health & Fitness



Social-Emotional Health

- Increase stress management across the lifespan
- Decrease bullying
- Decrease suicidal ideation

Youth
<ul style="list-style-type: none">• MindUp• Youth Purpose• Second Step• Peer Mentoring Program
Adults / Adults 65+
<ul style="list-style-type: none">• Mental Health & Happiness Initiative<ul style="list-style-type: none">◦ Mindfulness Workshops◦ Mindfulness Drop-in• Blue Zones Project®<ul style="list-style-type: none">◦ Moai® Social Groups◦ Purpose Workshops• Intro to Youth Mental Health First Aid Training• Errand Assistance
Volunteer Programs
<ul style="list-style-type: none">• Conversation Companion Volunteers• Errand Volunteers• Support Line• Purpose Conveners• Purpose Connectors• Power 9 Committee



Substance Use

- Reduce youth alcohol and drug consumption
- Reduce youth vaping
- Maintain low percentage of adult smokers

Youth
<ul style="list-style-type: none">• Beach Cities Partnership for Youth Coalition• Families Connected Speaker Series• Families Connected Parent Chat• Project Alert• Talk About It Small-Group Workshops
Adults / Adults 65+
<ul style="list-style-type: none">• Mental Health & Happiness Initiative• Blue Zones Project - Tobacco Control Policy
Volunteer Programs
<ul style="list-style-type: none">• Beach Cities Partnership for Youth Coalition<ul style="list-style-type: none">◦ Youth Advisory Council◦ Families Connected Parent Advisory Group◦ School Advisory Board◦ Student Mental Health Provider Task Force◦ Community Organization Workgroup



Cognitive Health

- Promote brain health across the lifespan
- Support the cognitively frail

Adults / Adults 65+
<ul style="list-style-type: none">• Care Management• Caregiver Support• Brain Buddies• Healthy Minds Initiative
Volunteer Programs
<ul style="list-style-type: none">• Brain Buddy Volunteers• Support Line Volunteers• Healthy Minds Initiative Volunteers

BEACH CITIES HEALTH DISTRICT	
<ul style="list-style-type: none">• Healthy Living Campus• Information & Referrals• Covered California & Insurance Assistance• Health Promotion (e.g. flu, Talk About It, etc.)• Worksite Wellness• Grants	Volunteer Programs <ul style="list-style-type: none">• Holiday Gift Bags• Campus Greeters• Care and Aid for Patients (CAPS)• Event Volunteers• Professional & Admin Volunteers (BCHD, CHF, AdventurePlex)• Board-Appointed Committees<ul style="list-style-type: none">◦ Finance◦ Community Health◦ Strategic Planning

To learn more about the health priorities and to view the full Community Health Report, visit bchd.org/healthreport

RESOLUTION NO.558

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BEACH CITIES HEALTH DISTRICT
ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2020 – 2021
AND ESTABLISHING AN ASSIGNED COVID-19 STABILIZATION FUND AS OF JUNE 30, 2020

WHEREAS, a preliminary budget for Fiscal Year 2020-21, July 1, 2020 to June 30, 2021, has been prepared by the Chief Executive Officer and staff; and

WHEREAS, said budget incorporates expenditures for operating purposes, capital outlay and capital improvement projects; and

WHEREAS, said budget incorporates establishing an Assigned COVID-19 Fund Balance of \$300,000 as of June 30, 2020 for the purpose of stabilizing District Fund Operating Income for fiscal year 2020-21 in the event actual Fund Operating Income falls below the adopted fiscal 2020-21 Fund Operating Income budget.

WHEREAS the Board of Directors of the Beach Cities Health District has examined the preliminary budget for Fiscal Year 2020-21.


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

1. That the budget document which is on file with the Secretary to the Board, a summary of which is attached hereto as "Exhibit A," be and is adopted as the operating and capital budget for the District for FY 2020-21.
2. That the amounts designated in the final FY 2020-21 operating and capital budget are hereby appropriated and may be expended by the departments or funds for which they are designated, and such appropriation shall not be increased except as provided herein. Capital budget appropriation is authorized to completion of project, not limited to spending within fiscal years.
3. That the following controls are hereby placed on the use and transfer of budgeted funds:
 - (a) The Chief Executive Officer is responsible for keeping expenditures within budget allocations for positions, salaries, operational expenses and capital acquisitions and may adopt budget policies as necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board or Chief Executive Officer as described herein.
 - (b) The Chief Executive Officer may exercise discretion in administration of the budget to respond to changed circumstances, provided that any single increase in the overall budget in excess of \$10,000 shall require approval by the Board.
 - (c) The Chief Executive Officer may authorize transfers between lines and/or within funds or departments, within the limits imposed by the available funds in the operating and capital budget.
 - (d) Except as provided by Section 3(b) herein, the Board must authorize any increase in the overall operating budget and capital budget.
4. That the Assigned COVID-19 Fund Balance of \$300,000 is approved and shall be established as of June 30, 2020 for the purpose of stabilizing District Fund Operating Income for fiscal year 2020-21 in the event actual Fund Operating Income falls below the adopted fiscal 2020-21 budget Fund Operating Income.
5. That this resolution shall become effective on the date of adoption date.

PASSED, APPROVED, AND ADOPTED THIS 24th DAY OF JUNE, 2020.

ATTEST:


Jane Diehl, President Pro Tem
Board of Directors
Beach Cities Health District


Michelle Sholst, M.D., MPH President
Board of Directors
Beach Cities Health District

**District Total Roll-up
Budget 2020-2021**

Exhibit A

	Budget FY20-21	Budget FY19-20	\$ Variance	%
Property Tax Revenue	4,179,531	3,930,505	249,026	6%
Lease Revenue	3,768,104	3,822,207	(54,103)	-1%
Tenant BOE Reimbursements	990,432	990,432	-	0%
Interest Revenue	1,165,418	965,860	199,558	21%
Limited Partnership Revenue	2,081,562	2,162,000	(80,438)	-4%
User Fees Revenue	2,233,885	2,994,398	(760,513)	-25%
Grant revenue	172,315	172,315	-	0%
Other Revenue	5,000	5,000	-	0%
TOTAL REVENUE	14,596,248	15,042,717	(446,469)	-3%
Payroll	6,948,479	6,966,561	(18,082)	0%
Program Costs	274,217	260,098	14,119	5%
Human Resources Related	257,797	283,586	(25,789)	-9%
Information Systems	225,298	205,495	19,803	10%
Community Relations	515,529	567,578	(52,050)	-9%
Facilities Expenses	1,425,548	1,518,196	(92,648)	-6%
Professional Services	2,076,814	2,009,195	67,619	3%
Interest and Other	1,084,884	1,019,036	65,848	6%
Funds & Grants	1,455,009	1,494,558	(39,549)	-3%
TOTAL OPERATING EXPENSES	14,263,576	14,324,305	(60,728)	-0.4%
BCHD OPERATING SURPLUS	332,671	718,412	(385,741)	-54%
Capital Investment Expenditures	1,919,000	2,250,000	(331,000)	-15%
FUND CASH BALANCE CHANGE	(1,586,329)	(1,531,588)	(54,741)	-4%
Non-Cash NR Amortization	(474,309)			
FUND BALANCE CHANGE	(2,060,638)			
New - Capital Expenditures	458,500	995,900	(537,400)	-54%
New - Healthy Living Campus	2,500,000	1,300,000	1,200,000	92%
Bike Path - Gross Cost		1,707,000	1,707,000	-100%
Bike Path - Grant Application 80%		(1,366,000)	(1,366,000)	100%
NET BIKE PATH BUDGET	-	341,000	341,000	-100%
TOTAL CAPITAL INVESTMENT BUDGET	2,958,500	2,636,900	321,600	12%



Government Finance Officers Association

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**Beach Cities Health District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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 year ended June 30, 2020, 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 14.87%, 16.98%, and 12.59%, 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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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 Governmental Accounting Standards Board, 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 December 23, 2020 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.

A handwritten signature in blue ink that reads "Daniel Fann LLP".

Irvine, California
December 23, 2020

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, 2020. Readers are encouraged to read this information alongside the District's audited financial statements that follow.

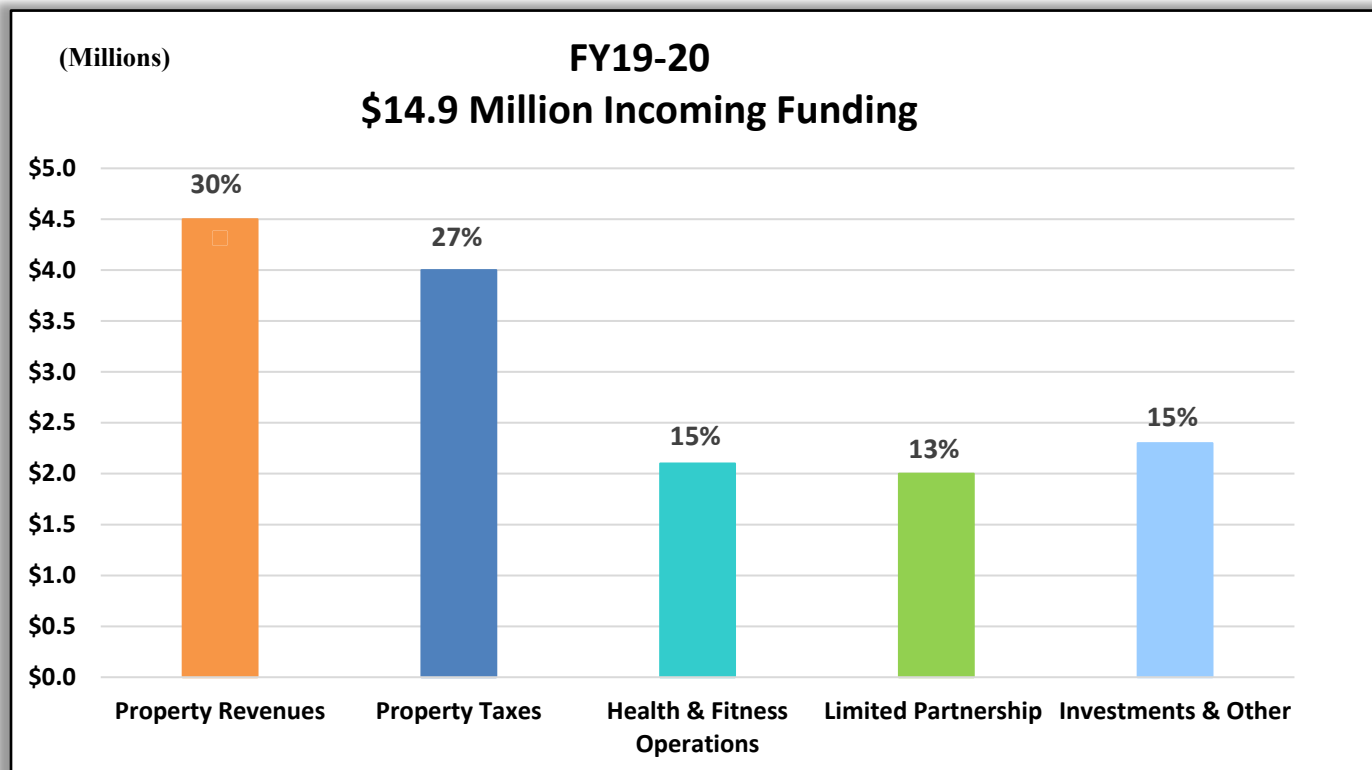
Financial Highlights

In FY19-20, Beach Cities Health District was on track financially through February 2020 and was continuing its long-term Capital investments in the Healthy Living Campus project, when the COVID-19 Pandemic became a National emergency. In mid-March, the District closed its Health & Fitness operations, set-up a testing center, started a meal delivery program, expanded its Public Health announcements, etc. resulting in income before capital expenditures of \$1,099,000 below prior year \$1,543,000.

As an essential health service provider, the District was able to quickly pivot its operation and together with LA County, local municipalities and partners address the gaps in the Community health needs and respond to immediate threats to public health and safety.

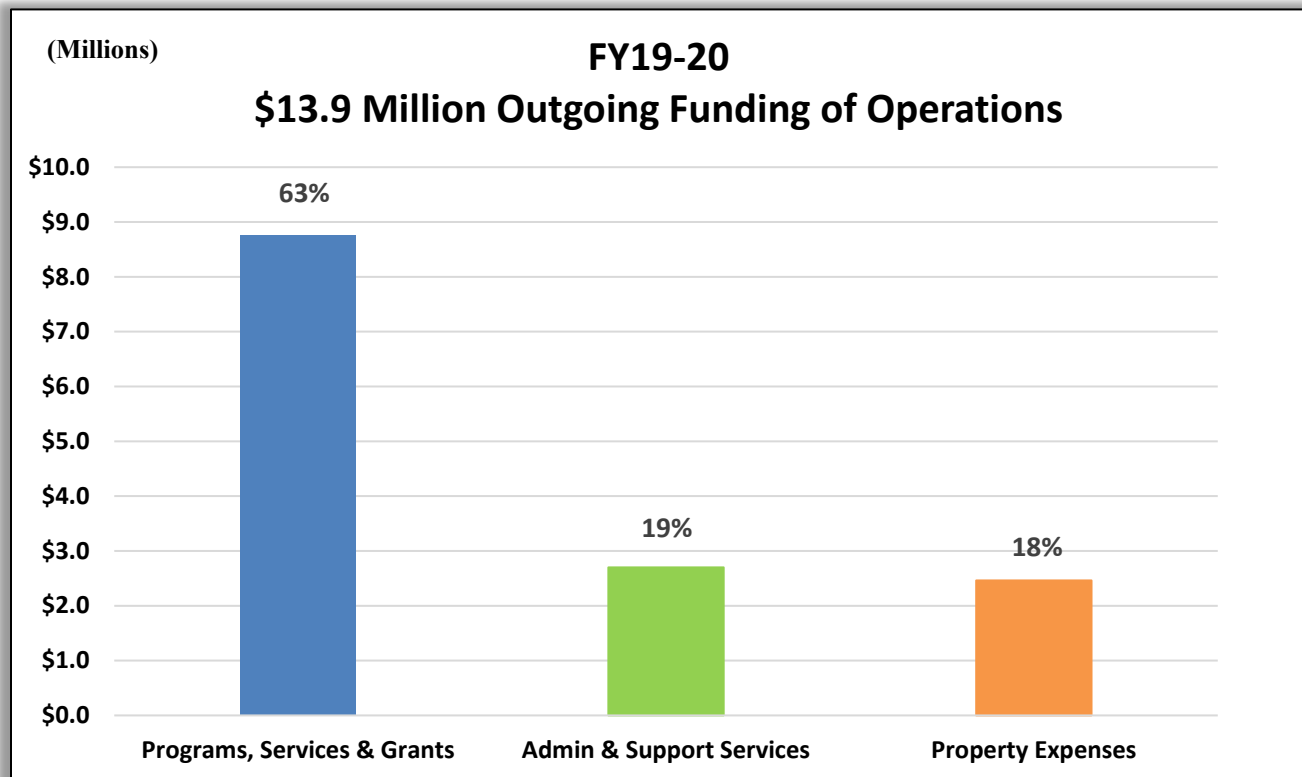
Due to the reduced incoming funds from the Health & Fitness operations and Limited Partnerships offset some by improved Property Tax receipts, the District's diversified incoming funding mix slightly shifted. Property taxes increased from 25% to 27%, Health & Fitness operations decreased to 15% from 18% compared to prior year.

The District's investments in long-term assets, like Real Property and Partnerships, allow it to maintain its unique funding model, where 73% of incoming funds are from other sources than property taxes, like tenant rental income, investments and limited partnerships.



The District's \$14.9 incoming funds provided the Community with \$8.8 million in programs, services, and grants or 63% of total outgoing funding for operations. \$1.5 million in direct payments for "aging in home" health services, youth and schools' substance use programs, cities' paramedic services and many non-profit health and social services organizations. \$7.3 million in programs and services by District staff addressing unmet preventive health needs in the Community as identified by health priorities updated every three years. (See Introductory Section for more details on services and programs by the health priorities.)

The District funding structure and investment in Real Property maintenance and operations of 18% (\$2.5M) provides 30% (\$4.5M) of the District incoming funding resulting in \$2M in funding for District operations.



To ensure the District is able to maintain its funding from investments in Real Properties, in fiscal 2016-17, the Board adopted a resolution to maintain a Committed Fund balance to be used for investments in long-term capital assets that will ensure future preservation of BCHD Fund Balance and Net Position that will allow the District to meet ongoing and future preventative health services needs 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.

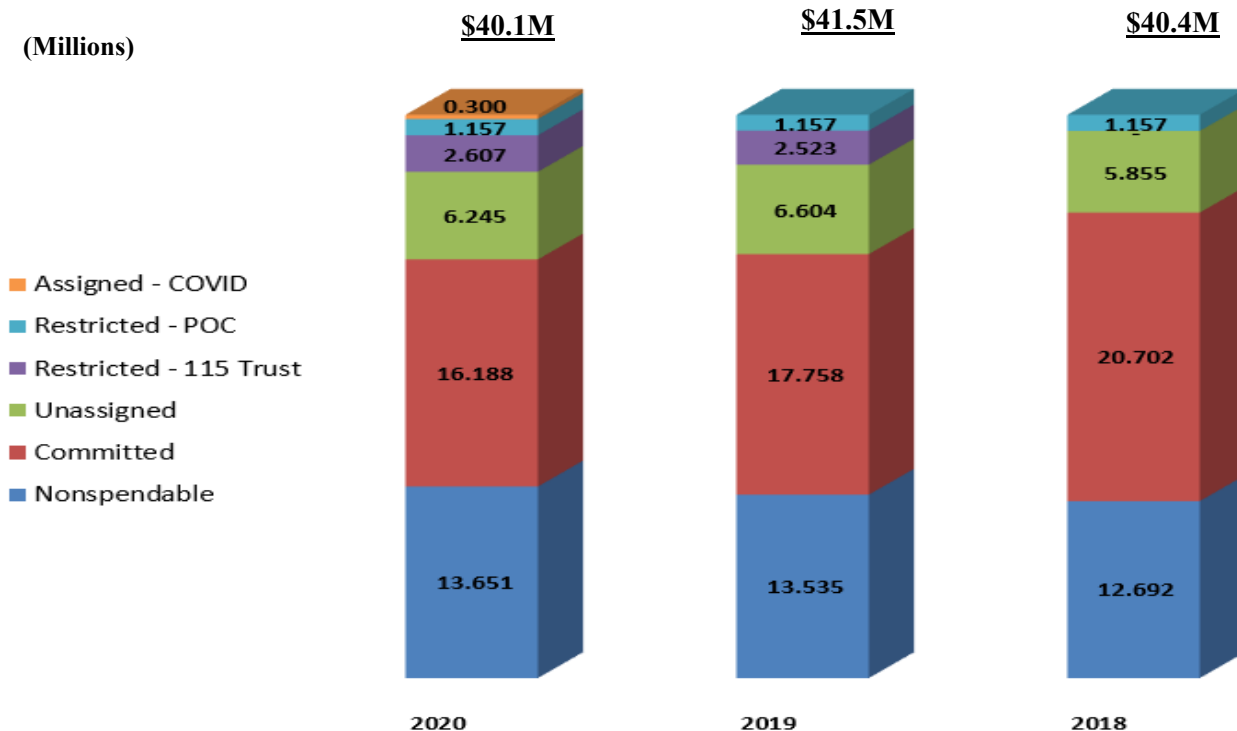
In FY19-20, the District Fund Balance decreased by \$1.4 million due to \$2.5 million continued investments in fixed assets of which \$1.5 million was for the Healthy Living Campus. In addition, for the year ended June 30, 2020 the District Board approved an Assigned Fund Balance of \$300,000 designated for Covid-19 expenditures.

The resulting District Fund Balance changed as follows:

- Total BCHD Fund Balance \$40.1 million decreased by \$1,429,000
- Nonspendable Fund Balance \$13.6 million increase by \$116,000
 - Prepaid items are \$279,000, increased by \$178,000
 - Note receivable is \$3.0 million, amortized by \$232,000
 - Investment in limited partnerships is \$10.4 million, increase by \$170,000

- Available Fund Balance \$22.7 million decreased by \$1,629,000:
 - Committed is \$16.2 million, decreased by \$1,570,000
 - Unassigned is \$6.2 million, decreased by \$359,000
 - Assigned is \$300,000, a new balance
- Restricted (for medical building purposes) Fund Balance \$1.2 million, no change
- Restricted (for 115 Pension Trust) Fund Balance \$2.6 million, increase by \$84,000

Fund Balance by Fiscal Years



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 resource measurement basis adding capital assets and noncurrent assets and liabilities to the balance sheet resulting in a Net Position.

FY19-20 total Government-wide District Assets are \$69,558,000, compared to prior year balance of \$68,891,000. A net increase of \$667,000 mainly due to the investments in long-term assets, Construction in Progress (CIP).

FY19-20 total Government-wide District Liabilities are \$8,753,000, compared to prior year balance of \$8,751,000. A net increase of \$2,000 mainly due to increased accounts payable balance at year-end.

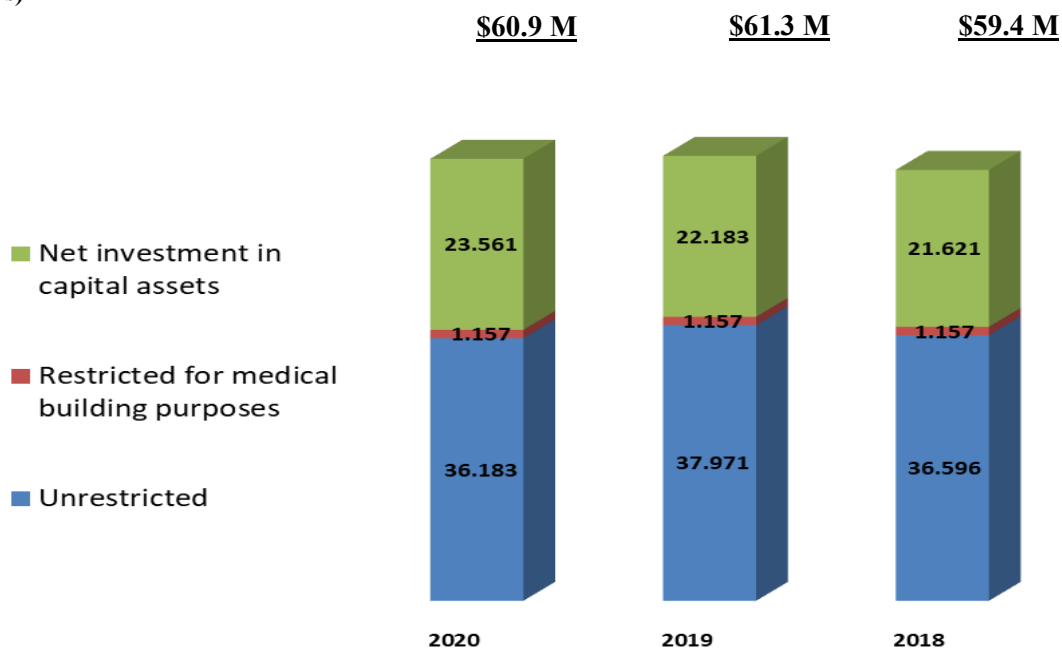
Net Position is further affected by Deferred Outflows and Inflows of Recourses related to Pension and Other Post-Employment Benefits (OPEB), reported as addition and reduction of Net Position, respectively. The District's Deferred Recourses reduced the net Assets and Liabilities by \$1,075,000, resulting in a reduced Net Position of \$410,000 compared to prior year as follows:

- Total Net Position of \$60.9 million decreased by \$410,000.

- Net capital investments of \$23.6 million increased by \$1,378,000 (net of additions, deletions, depreciation and capital lease debt) due to continued investment in long-term assets, like the Healthy Living Campus.
- Special Revenue fund of \$1.2 million had no change, and
- Unrestricted funds \$36.2 million decreased by \$1,787,000.
 - \$477,000 decrease net in cash, investments and other assets
 - \$895,000 increase in net current and other liabilities,
 - \$243,000 increase in net Pension Liability (net of \$84,000 increase in Pension 115 Trust account)
 - \$903,000 decrease in net OPEB Liabilities (creating a net OPEB Asset of \$166,000)
 - \$1,075,000 decrease in net Deferred Outflows and Inflows

Net Position

(Millions)



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 22-23 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 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 24 and 26 of this report and comparison of the actual and budget revenues, expenditures and changes in Fund Balance can be found on page 68.

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 resources 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 resources.

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 25. In addition, to provide a comparison between the *net change of governmental revenues, expenditures and fund balance* and the *net change of activities in government-wide net position*, the financial statements herein also include a reconciliation between the two on page 27.

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 and can be found in pages 26-62.

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 64-70.

Government-wide Financial Analysis

As previously noted, 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 pages 22-23.

The District's Net Position, assets plus deferred outflows exceeded liabilities and deferred inflows by \$60.9 million and \$61.3 million at the close of the fiscal year ended June 30, 2020 and 2019, respectively. Net Position in FY19-20 decreased by \$0.4 million mainly due to the changes in Deferred Outflows and Inflows of a combined decrease in Net Position of \$1.1 million, and FY18-19 increased by \$1.9 million mainly due to prior period adjustment, plus increased in unrealized and realized gains. FY17-18 Net Position had decreased by \$0.9 million compared to the year before due to depreciation expense of capital assets being greater than net new additions of capital investments and increases in Pension and OPEB liabilities.

The Deferred inflows and outflows were affected mainly by the Other Post-Employment (OPEB) benefits changes due to the District \$600,000 addition of the 115 Trust account providing for more deferred Inflows of Resources in the future to off-set the growing CalPERS OPEB unfunded benefit plans. The FY19-20 Net Positive OPEB Assets are improving future discount rates due to the payment up-front for future benefits.

Financial Statement June 30,	2020		2019		
Other Post-Employment Benefits	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Resources Change
Differences between expected and actual experience	\$ -	185,806	\$ -	\$ -	185,806
Changes of Assumptions	-	261,228	-	110,667	150,561
Net difference between projected and actual earnings on plan investments	11,290	-	-	-	(11,290)
Employer Contributions Made Subsequent to Measurement Date	9,752	-	643,863	-	634,111
Totals	\$ 21,042	447,034	\$ 643,863	110,667	959,188

Other changes affecting Net Position in District Assets and Liabilities are summarized and illustrated below.

- Total assets of \$69.6 million increased by \$667,000
 - Cash, Restricted Cash and Investments decreased by \$325,000,
 - Accounts Receivables and Amortization of Notes Receivable decreased \$416,000,
 - Prepaid Items increased by \$178,000
 - Net OPEB Assets increased by \$166,000
 - Investment in Limited Partnership increased by \$170,000
 - Capital assets net of accumulated depreciation of \$1,773,000 million decreased by \$1,154,000, and
 - Construction-in-Progress (CIP) increased by \$2,048,000, net of deletions.
- Deferred Outflows of Resources of \$0.9 million decreased by \$657,000.
 - Pension Outflows decreased by \$34,000
 - OPEB Outflows decreased by \$623,000
- Total liabilities of \$8.8 million increased by \$2,000:
 - Current Liabilities, short term payables, increased by \$848,000
 - Long-term liabilities decreased by \$846,000
- Deferred outflows of \$0.8 million increased by \$418,000
 - Pension Outflows increased by \$82,000
 - OPEB Outflows increased by \$336,000

Summary Statement of Net Position
(\$ Millions)

	Governmental Activities			
	2020	2019	Inc / (Dec)	2018
<u>Assets</u>				
Current and other assets	\$ 43.3	\$ 43.5	\$ (0.2)	\$ 41.9
Capital assets	26.3	25.4	0.9	25.3
Total assets	69.6	68.9	0.7	67.2
 <u>Deferred Outflows of Resources</u>				
Pension and OPEB Contributions	0.9	1.6	(0.7)	1.1
 Total Assets & Deferred Outflows	70.5	70.5	0.0	68.3
 <u>Liabilities</u>				
Current and Other liabilities	2.7	1.9	0.8	1.2
Long-term debt (incl. current year)	6.1	6.9	(0.8)	7.3
Total liabilities	8.8	8.8	-	8.5
 <u>Deferred Inflows of Resources</u>				
Pension and OPEB Contributions	0.8	0.4	0.4	0.4
 <u>Net Position</u>				
Net investment in capital assets	23.6	22.2	1.4	21.6
Restricted	1.2	1.2	0.0	1.2
Unrestricted	36.1	37.9	(1.8)	36.6
Total Net Position	\$ 60.9	\$ 61.3	\$ (0.3)	\$ 59.4
 Total Liabilities, Deferred Inflows & Net Position	70.5	70.5	0.0	68.3

A significant portion of the District's \$60.9 million Net Position, \$23.6 million or 38.7%, 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 programs and 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, \$36.1 million, is used to meet the District's ongoing programs and services and investments in long-term capital assets for 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. FY19-20 and FY18-19, total revenues are \$15.2 million and \$15.3 million, respectively. While the net variance between current year and prior year is marginal, the increase between FY17-18 and FY18-19 was \$1.2 million. The main drivers of the \$1.2 million or 9% revenue increase were the Unrealized Gain of \$785,000 in the investment portfolio, \$125,000 of interest from the 115 Pension Trust not in place in FY16-17, plus collection of \$221,000 of tenant building operating reimbursement from prior year accounted for in the income from leases.

The net revenue decrease of \$0.1 million is driven by the loss of \$735,000 in Program revenue from the Health & Fitness operations that was closed in the middle of March 2020 due to the Covid-19 Pandemic. The Limited Partners who are both health services providers have also been affected by the Covid-19 Pandemic and reported reduced income towards the end of the fiscal year. General Revenues increases such as \$201,000 in Property Taxes, \$376,000 in net interest and amortization of Notes Receivables and \$141,000 net of positive earnings in the District investments offset most of the Program and Partnership revenue declines. Prior year revenue increase of \$800,000 was primarily driven by the increased earnings in the investment portfolios and Property Tax receipts.

FY19-20 and FY18-19 total expenses are \$15.7 million and \$14.8 million, respectively. The net increase of \$0.9 million is driven by the \$1,075,000 change in Pension and Other Post-Employment Benefit (OPEB) Outflows and Inflows of Deferred Resources off-set marginally by savings in operations from closing the Health & Fitness Centers and the lower Notes Payable amortized interest expense. Prior year expenses increased marginally by \$100,000. The main driver being the bi-annual cost of elections in November 2018 of \$190,000.

On a Government-wide basis in FY19-20 expenses exceeded revenues resulting on a reduction in Net Position of \$410,000, compared to prior year increase in net position of \$1.9 million. \$489,000 in revenue increases and \$1,448,000 from a prior period correction of an error in the amortization of Notes Receivable.

Summary Statement of Activities
(\$ Millions)

	Governmental Activities			
	2020	2019	Inc / (Dec)	2018
<u>Revenues</u>				
Program Revenues				
Charges for services	\$ 2.1	\$ 2.8	\$ (0.7)	\$ 2.7
Lease	4.7	4.8	(0.1)	4.6
Capital Grants & Contributions	0.1	0.0	0.1	0.0
General Revenues				
Property taxes	4.0	3.8	0.2	3.6
Investment earnings	2.2	1.7	0.5	0.6
Income from Limited Partnership	2.0	2.1	(0.1)	2.5
Other revenue	0.1	0.1	0.0	0.1
Total Revenues	15.2	15.3	(0.1)	14.1
<u>Expenses</u>				
Preventative Health Services	15.4	14.5	0.9	14.4
Interest on long-term debt	0.2	0.3	(0.1)	0.3
Total Expenses	15.6	14.8	0.8	14.7
Excess (deficiency) of revenues over expenses	\$ (0.4)	\$ 0.5	\$ (0.9)	\$ (0.6)
Net position, beginning of year, as restated (note 13)	61.3	60.8	0.5	60.0
Net position, end of year	\$ 60.9	\$ 61.3	\$ (0.4)	\$ 59.4

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. The District's has the following fund balances:

- Non-spendable – Are assets tied to intangible assets like prepaid items, notes receivable and investments in partnerships.
- Committed – On July 26, 2017, the District Board adopted resolution 541 to set aside funds dedicated to future Capital Investments in long-term assets to ensure preservation of Fund Balance and the generation of future funds to address the needs of preventative health services in the community.
- Assigned – Due to the Covid-19 Pandemic outbreak and emergency, the District Board approved at the adoption of the FY20-21 Budget, an Assign COVID-19 Fund Balance of \$300,000 for the purpose of stabilizing possible District Fund Budgeted Operating Income decrease.
- Unassigned – Are the District's net resources available if needed for ongoing operating expenses at the end of the fiscal year.
- Restricted –
 - Medical Building: For medical building purposes used in the Special Revenue fund administered as a 501.C.4.
 - Pension Trust: The 115 Pension Trust account set-up to offset the unfunded pension liability.

As of June 30, 2020, the District's governmental summary fund balances are as follows:

Governmental Funds				
(\$ Millions)				
	Fund Balances			
	2020	2019	Inc / (Dec)	2018
Nonspendable:				
Prepaid items	0.3	0.1	0.2	0.3
Note receivable	3.0	3.2	(0.2)	2.2
Investment in limited partnerships	10.4	10.2	0.2	10.2
	13.7	13.5	0.2	12.7
Committed:				
Capital investment	16.2	17.8	(1.6)	20.7
Restricted for 115 Trust - Pension	2.6	2.5	0.1	0.0
Restricted for medical building purposos	1.2	1.2	0.0	1.2
Assigned - COVID 19	0.3	0.0	0.3	0.0
Unassigned	6.2	6.6	(0.4)	5.8
Total Fund Balances	\$ 40.2	\$ 41.6	\$ (1.4)	\$ 40.4

FY19-20 total Fund Balance of \$40.2 million compared to prior year decreased by \$1.4 million due to Capital investment expenditures in long-term assets for \$2,528,000. Prior year, FY18-19 Fund Balance, increased by \$1.1 million due to the prior period positive restatement to correct an error in the amortization of Notes receivable of \$1.4 million off-set by \$0.3 million for expenditures exceeding revenues due to Capital investment expenditures in long-term assets.

In FY19-20, \$16.2 million (40.3%) is Committed Fund balance to be available for future capital investments in long-term assets compared to, in FY18-19, \$17.8 million (42.7%). In FY17-18 the Committed Fund balance was \$20.7 million (51.2%). The ongoing reduction in the Committed Fund balance is due to the District's continued investment in its long-term project Healthy Living Campus that will replace the aging real property.

In FY19-20, \$6.2 million (15.6%) compared to FY18-19, \$6.6 million (15.9%), is Unassigned Fund balance and are funds available for operating expenditures, which the Board has directed by policy to be a minimum of 50% of the District's Operating cost. That is, as operating expenditures change, increase or decrease, the unassigned dollar balance will also increase or decrease alongside. In FY17-18 had a \$5.9 million (14.5%) as Unassigned Fund balance due to lower operating expenditures then in the recent two years.

In FY19-20, \$3.8 million (9.4%) compared to FY18-19, \$3.7 million (8.9%), are Restricted Fund Balances per resolutions by the Board. In January 2019, the District transferred \$2.4 million into a 115 Pension Trust to manage the then \$2.9 million current Pension liability. The 115 Pension Trust balance has now grown to \$2.6 million (6.5% of total fund balance). In addition, the District maintains \$1.2 million (2.9%) for medical building purposes, unchanged from prior year Restricted Fund balance of \$1.2 million (2.8%). Total Restricted Fund balance in FY17-18 included only the restricted funds for medical building purpose of \$1.2 million (2.9%).

Newly created for the year ended June 30, 2020, the Board approved in the FY20-21 Budget Resolution No. 558, Assigned COVID-19 Fund balance of \$300,000 for the use of stabilizing the District's Operating Income in the event the actual Fund Operating Income falls below adopted FY20-21 budget.

The remainder of the Fund Balance, Non-Spendable items, in FY19-20, are \$13.7 million (34.0%) compared to, in FY18-19, \$13.5 million (32.6%), as follows:

- a) \$10.4 million are invested in limited partnerships which improved by \$170,000
- b) \$0.3 million are pre-paid items which increased by \$178,000
- c) \$3.0 million are Notes Receivables that decreased by \$232,000 per amortization schedule.

Non-spendable Fund Balances, in FY17-18, were combined \$12.7 million (31.4%)

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 \$39.0 million compared to \$40.4 million prior year, a decrease of \$1.4 million. The FY18-19 General Fund balance increased by \$1.2 million compared to FY17-18 \$39.2 million balance.

In FY19-20, the District had a General Fund operating surplus of \$1.8 million before capital expenditures of \$2.5 million and \$0.7 million in debt service resulting in the current year reduction in General Fund balance of \$1.4 million. In FY18-19, the District had an operating surplus of \$2.2 million before capital expenditures of \$1.8 million and debt service of \$0.7 million, resulting in reduction of fund balance of \$0.3 million off-set by prior period correction of a positive \$1.4 million netting to the FY18-19 increase in ending General Fund balance of \$1.1 million. In FY17-18, the District had an operating surplus of \$2.2 million before capital expenditures of \$1.4 million and debt service expenditures of \$0.7 million, resulting a \$13 thousand decrease in General Fund balance. The reduction in General Fund balance, excluding the prior period correction, is due to the continued investments in the Healthy Living Campus.

As a measure of the district's liquidity, available funds for FY19-20, FY18-19 and FY17-18, Committed and Assigned/Unassigned fund balances are 139%, 155% and 191% of General Fund expenditures (operating, capital and debt service expenditures). The District is expecting the liquidity measure to continue decreasing as the District's operating expenditures increase and further investments are being made in long-term assets in Construction-in-Progress utilizing the Committed Fund Balance. The continued investment in long-term assets will ensure continued funding of the District programs

and services, and the District will be able to meet a balanced liquidity measure of at least 50% currently required by Policy.

Special Revenue Fund. Beach Cities Health District's special revenue fund segregates activity related to Prospect One Corporation (a 501.C.4 entity), 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 in the Special Revenue Fund is \$1.2 million of cash and investments restricted for medical building activities.

General Fund FY2019-20 Budgetary Highlights versus Actual FY2018-19

May 2019, the Board of Directors approved a balanced budget for the fiscal year 2019-2020 that forecasted an operating fund surplus, before capital expenditures, of \$918,000. The approved FY19-20 budget allowed the District to maintain all commitments to preventative health programs and services, improve and expand programming for Youth Substance Use prevention, like the Juvenile Diversion and Beach Cities Partnership for Youth Coalition, and in Adult Services, like Mental Health and Happiness programs.

See page 68 for FY19-20 budgeted "Net Changes In Fund Balance" of <\$3,716,000> adding back capital investments of \$4,634,000 (including carry-over capital commitments from prior years), resulting in an operating surplus of \$918,000.

The District final budgeted FY19-20 operating revenues of \$15,043,000 were reduced by 3% or \$429,000 compared to actual FY18-19 of \$15,472,000. Property taxes increased by 4%, continuing to show steady growth, especially due to the strong local real estate market. The Program income budget was increased 7% due to planned fee increases and the Limited Partnerships revenues were increased by 4% due steady strong upward trending results. Other Revenues were increased by 256% due to the District being awarded a California State grant, the Drug Free Communities grant. However, because the District doesn't Budget for Unrealized Gains, and actual FY18-19 included \$785,000 of Unrealized Gains, Investment earnings budget was reduced by 43%, and also the Financing and rental income related to leases was reduced by 4% due to the actual FY18-19 Building operating expenses (BOE) included collections of prior year's BOE reimbursements.

The District final budgeted operating expenditures of \$14,124,000, excluding capital expenditures, were increased by \$196,000 or 1% compared to prior year FY18-19 actual expenses. The District in FY18-19 actual Salaries and related expenses include \$600,000 expenditure for setting up 115 OPEB (Other Post-Employment Benefits) Trust account for the unfunded liability, plus CA minimum wage increases that in turn required further wage increases due to compression in paygrades above the minimum wage requirement in LA County of \$14.25 in 2019. Therefore, the FY19-20 budgeted Salaries and related expenses increased marginally by 2%, allowing other operating expenses, like Health programs and services to be increased by 9% to accommodate price increases in health services for seniors. The expense increases were mainly offset by savings in the Community relations budget due to FY19-20 not being an election year resulting in the 1% expenditures increase in the FY19-20 budget compared to FY18-19 actual expenditures. Election expenditures occurs every other year and FY18-19 actual election costs were \$187,000.

In FY19-20, the Capital expenditures budget increased by \$2,814,000 compared to FY18-19 expenditures, mainly due to additional development costs for the Healthy Living Campus (HLC). While planning and design continued for the HLC, the District focus through FY18-19 was on Community outreach and input through focus groups and public comments. The FY19-20 total Capital Outlay budget was \$4,634,000 including projects carried over from prior years of \$1,997,000 and \$2,637,000 in new investments (\$1,300,000 Healthy Living Campus, \$615,000 for existing Building Improvements, \$79,000 for IT expenditures and \$302,000 for Furniture, Fixtures and Equipment (FF&E) including new Health and Fitness Strength and Cardio equipment. Due to the aging 514 Building, the District is

continuing to require investing in infrastructure building improvements.

General Fund FY2019-20 Fiscal Year Actual Performance Highlights Compared to Budget

The District's current year actual fiscal change in Fund Balance is <\$1,429,000> compared to a budgeted negative net change of <\$3,916,000>, a positive variance of \$2,287,000 (Page 65.) Most of the difference is due to ongoing Capital Investment projects of 2,106,000 of which \$1,974,00 carries forward to future years. Actual capital expenditures normally vary from budget largely due to timing of project spending from year to year.

Actual revenues of \$14,909,000 compared to the budget of \$15,042,000 were unfavorable by \$133,000 or 1% as follows:

- Financing and rental fell below budget by \$307,000 mainly due to budgeted amortization of Notes Receivable reclassified for actual reporting to interest recorded in Investment earnings,
- Property taxes collected exceeded budget by \$64,000,
- Program income from the Health and Fitness operations were down \$920,000 due the complete closure of both operations as of mid-March 2020 due to Covid-19,
- Income from Limited Partnerships was down \$159,000 equally from both partners due to COVID-19,
- Investment earnings were favorable by \$1,259,000 due to
 - \$387,000 amortization of Notes Receivable budgeted in Finance and rental income,
 - Unbudgeted Realized/Unrealized Gains of \$833,000 in the investment portfolio and earnings from the 115 Pension Trust, and
 - Earnings in the Investment Portfolio above budget by \$39,000
- Other sources fell below budget by \$70,000 due to lagged payments for the CA State grant, Drug Free Communities grant.

Actual expenditures of \$16,339,000 compared to the budget of \$18,958,000 are positive by \$2,420,000 mainly due to capital investments moved to future years. Excluding capital expenditures, the District's actual operating expenditures are \$13,810,000, \$514,000 under the budgeted operating expenditures of \$14,324,000. The savings are due to the closure of the Health & Fitness operations affecting all expenditure categories from Salaries and related expenses to Human resources, Information Systems and General and administrative expenditures. Expense overages were incurred in Professional Services due to Legal and Emergency Consulting services expenditures incurred not budgeted for COVID-19 programming guidance, like setting up an Emergency Operations Center, the LA County COVID-19 testing site in the South Bay, starting a Meal delivery program, etc.

General Fund FY2019-20 Actual Performance Highlights Compared to FY2018-19 Actual

In FY19-20, actual expenditures exceeded actual revenues resulting in the Fund Balance decrease of \$1,429,000 compared to FY18-19 decrease of \$277,000. (FY17-18 Fund Balance decreased by \$13,000.)

Total District's FY19-20 revenue inflows of \$14.9 million decreased \$562,000 or 4% compared to FY18-19 that increased \$1,615,000 or 12% with changes in the sources of inflowing funds as follows: (FY17-18 revenues increased 6.1% or \$799,000.)

- Financing and rental income decreased by \$486,000 compared to prior year increase of \$496,000 Current year decrease is because (1) prior included collections of building operating expenditures reimbursements from tenants in arrears and (2) prior year includes amortization of Notes Receivable reclassified to interest in investment earnings.
- Property taxes increased \$201,000 or 5% compared to \$201,000 or 6% due to continued increases in the District's property tax base.
- Program income from the Health and Fitness operations decreased by \$735,000 due to closure of the facilities in mid-March required to slow the spread of the COVID-19 Pandemic, while prior year

increased by \$137,000 due to increased Personal Training sessions and new Toddler Town membership programming.

- Income from Limited Partnerships decreased by \$69,000 due to reduced operating results from the Sunrise Senior Living, LLC (\$5,000) and Beach District Surgery Center partnerships (\$64,000). Prior year decreased by \$402,000, \$392,000 and \$10,000 from the Sunrise Senior Living, LLC and the Beach District Surgery Center, respectively. 93% of the income from Limited Partnerships is from the District's 80% ownership in the Sunrise Senior Living Joint Venture where the income can vary significantly year to year due to changes in occupancy from unanticipated larger move outs, competition, management turnover, etc.
- Investment earnings increased by \$524,000 compared to prior year increase of \$1,145,000. Current year positive change is due to \$141,000 net increased Interest and Realized/Unrealized Gains in the investment portfolio market value and the 115 Pension Trust plus net \$383,000 amortization of the Notes Receivables, \$387,000 reclassified from Financing and rental income. Prior year positive change was mainly the Realized/Unrealized Gains in the investment portfolio market value and the 115 Pension Trust of \$1,315,000, off-set some by lower interest earnings from the investment portfolio and amortization of the Notes Receivable.
- Other revenues and intergovernmental revenues increased net by \$2,000, \$54,000 from the Drug Free Communities Grant offset by decrease Other revenues from not receiving any other miscellaneous fees, like in prior year receipts of CA Mental Health Services grants and the tenant lease settlement. Prior year other revenues increased by \$38,000 due to prior tenant lease settlement.

73% 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 the current fiscal year 2019-20 was \$4.0 million or 27% compared to prior fiscal year 2018-19 \$3.8 million or 25% of total revenues.

Total District's FY19-20 expenditure outflows of \$16.3 million increased \$590,000 or 4% compared to FY18-19 million expenditure outflows of \$15.8 million that increased by \$1,879,000 or 13.5% with changes in the main categories of expenses as follows: (FY17-18 expenses increased \$819,000 or 6.3%)

- Professional Fees increased by \$446,000 mainly due to legal fees incurred for Covid-19 emergency response guidance, professional services engaged for innovation analysis, legislative, Public Records and Health Insurance Portability and Accountability Act (HIPAA) consulting. Prior year increase of \$131,000 was mainly due to legal reviews of youth services programming and property management fee increase,
- Community relations decreased by \$240,000 mainly due to being a non-election year, which last year saw a charge of \$187,000, plus savings from pivoting programs to virtual and closing the Health and Fitness Operations due to the Covid-19 Pandemic. Prior year increased by \$230,000 due to the election fee for board members.
- Salaries and related expenses decreased by \$330,000 due to the Covid-19 closure requirement of Health and Fitness operations, while prior year had an increase of \$1,057,000, including a \$600,000 expenditure for setting up 115 OPEB (Other Post-Employment Benefits) Trust account for the unfunded liability, and \$457,000 or 3% for Wages and Benefits increases.
- Other operating expenditures combined, including, Health programs, Support Services and Other Property expenditures, decreased slightly by \$6,000 compared to prior year increase of \$81,000 for building repairs, utility rate and usage increases and increased janitorial services. While normal ongoing expenditures in the District facilities, like supplies, utilities, etc. decreased in the current year due to the closure and less traffic in the buildings because of Covid-19, actual Covid-19 emergency response expenditures were incurred offset the savings like materials and supplies for the Covid-19 test site, Help line, Health programs, eligible residents supplies and meals costs.
- Capital investments increased by \$708,000 versus prior year increase of \$380,000 from major capital improvements required for the 514 Prospect building and investments in the Healthy Living Campus project.

See table below with dollars in millions for changes in revenues, expenditures and fund balance.

Governmental Funds

(\$ Millions)

	Revenues, Expenditures and Changes in Fund Balances			
	2020	2019	Inc / (Dec)	2018
Revenues				
Leasing Revenue	\$ 4.5	\$ 5.0	\$ (0.5)	\$ 4.5
Property Taxes	4.0	3.8	0.2	3.6
Program Income	2.1	2.8	(0.7)	2.7
Limited Partnership	2.0	2.1	(0.1)	2.5
Investment Earnings	2.2	1.7	0.5	0.6
Other	0.1	0.1	0.1	0.0
Total Revenues	14.9	15.5	(0.6)	13.9
Expenditures				
Current				
Salaries & related	6.5	6.8	(0.3)	5.8
Grants & projects	1.4	1.4	0.0	1.4
Professional Fees	2.2	1.8	0.4	1.6
Facilities Management	1.6	1.6	0.0	1.5
Community Relations	0.5	0.8	(0.3)	0.6
Human Resources	0.2	0.2	0.0	0.2
General & Administrative	0.4	0.4	0.0	0.4
Information Systems	0.2	0.2	0.0	0.1
Cost of Goods Sold	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.0	0.1
Capital Outlay	2.5	1.8	0.7	1.4
Debt Service				
Interest and other fiscal	0.5	0.4	0.1	0.4
Principal Retirement	0.2	0.3	(0.1)	0.3
	16.3	15.8	0.5	13.8
Excess of revenues over (under) expenditures	(1.4)	(0.3)	(1.1)	0.1
Other finance resources	0.0	0.0	0.0	0.0
	(1.4)	(0.3)	(1.1)	0.1
Beginning Fund Balance	41.6	40.5	1.1	40.4
Prior period adjustment	0.0	1.4	(1.4)	0.0
Ending Fund Balance	\$ 40.2	\$ 41.6	\$ (1.4)	\$ 40.5

Capital Asset and Debt Administration

The District's gross investment in real property and capital assets, page 45 (Note 5), as of June 30, 2020 is \$58.7 million at historical cost; \$4.4 million in Land, \$4.7 million in Construction in Progress and \$49.6 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 \$17.0 million. Total \$26.3 million of net capital investments include CIP (Construction in Progress), land, buildings, furniture, fixtures, equipment, and buildings and building improvements all measured at historical cost. In FY19-20 the District added \$2.7 million, net \$2,049,000 addition in CIP and \$118,000 building improvements and \$500,000 in Equipment, Furniture and Fixtures. The net value of capital assets increased by \$894,000 or 3.5% net of additions and depreciation expense.

Inception to date, June 30, 2020, the District has invested \$4,181,000 in the Healthy Living Campus, that is planned to replace the 514 Prospect Ave. 60 year old Hospital building that in FY19-20 provided \$3,681,000 (25%) of incoming funds or net funds of \$2,200,000 for operations of District programs and services. The Healthy Living Campus is envisioned to be built in two phases, the first phase to replace the income through a Public-Private Partnership, and with no additional property tax increase requested from the District residents. Further information can be found on the District website <https://www.bchdcampus.org/> and the Statistical section herein.

Net Capital asset additions of \$2,667,000 for the year:

• CIP - Healthy Living Campus	1,456,000
• CIP – 2114 Artesia Blvd Tenant Improvement	500,000
• CIP - 514 Center for Excellence-Asset Activation	54,000
• CIP - Bike Path	34,000
• CIP - IT Infrastructure Automation	5,000
• CHF Strength and Cardio Equipment	291,000
• 514 Prospect Avenue Building Improvements	154,000
• 514 Center for Excellence-Asset Activation	43,000
• IT Workstations & Server	40,000
• CHF Silver Room Upgrades	27,000
• BCHD Offices Upgrades	27,000
• CHF Surface Pro Tablets for trainers	17,000
• APLEX Upgrades	10,000
• Great Plains Project Tracking Software	5,000
• Credit Card Processor Machines	4,000

Total Capital assets additions for the Government-wide financial statements of \$2,667,000 are greater than Capital Expenditures Outlay in the Government Fund financial statements of \$2,528,000 by \$139,000 due to a Capital Grant received for the tenant South Bay Family Health Care, a Federally qualified health center, tenant improvements.

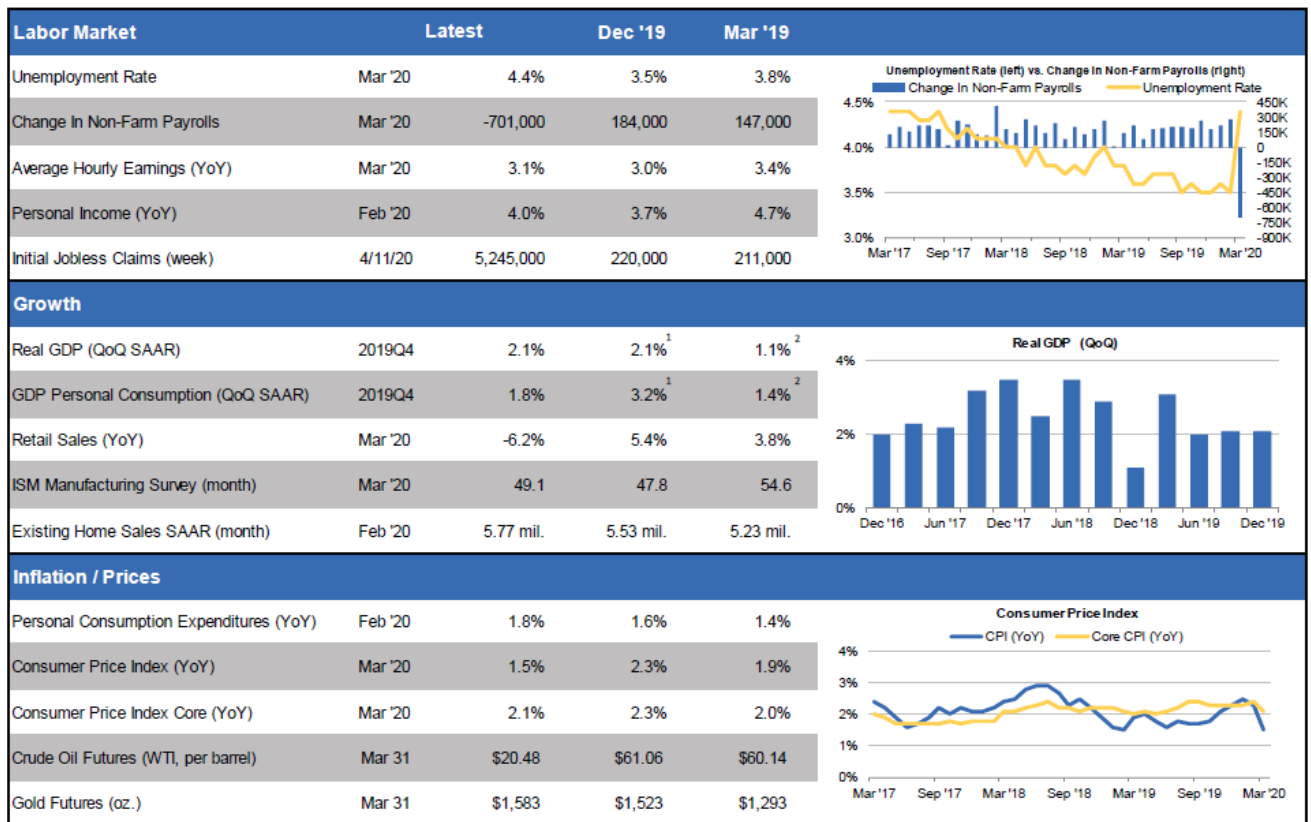
The District's debt on Capital Leases is \$3,717,000 as of June 30, 2020 (See note 7.) In FY19-20, the District paid down its capital lease debt by \$483,000 in principle for the Prospect South Bay Parking. The annual Prospect South Bay Parking lease payment of is \$720,000 inclusive of both principle and interest.

Economic Outlook

Through the end of 2019, the US economy had steadily been improving and showing signs strength, unemployment was holding around 3.5%, GDP was steady, and inflation rates relatively low, but showing signs of increases. However, as the COVID-19 emerged and became a national pandemic, the US has been affected by millions of jobless claims, drastic reduction in Personal Consumption GDP negatively affecting Retail Sales growth, but with some resilience in Personal Income and Real

GDP.

Economic Snapshot



1. Data as of Third Quarter 2019.

2. Data as of Fourth Quarter 2018.

Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

PFM Asset Management LLC

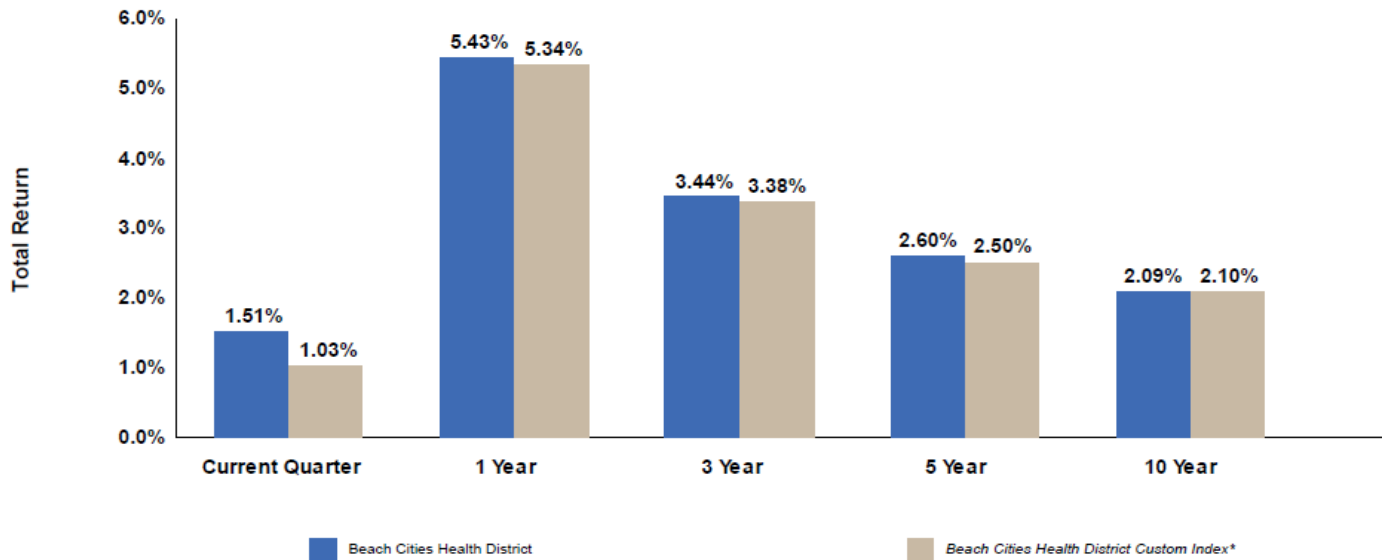
As noted, inflation rates remain low and seem to remain steady around 2.0%, even in 2018 it was 1.8%, 2017 and 2016 it was 2.1%. Therefore, while the District still sees price increase for purchases of products and services, the low inflation rates allows for steady expansion along with any revenue gains.

However, interest rates, especially for investments within the CA Government Code parameters, gains in interest and earnings remain low. Treasury yields have been low for years, and with the effects of the Covid-19 Pandemic recently has dropped even more.

While interest and earnings are still low as percentage of the portfolio, the District has seen positive investment earnings but is anticipating those to become lesser not only due to these low interest rates but also due to its future Capital Investment requirements using up funds in the investment portfolio. By setting up the 115 Trust for both Pension and OPEB, the District has been able to take advantage of securities with higher earnings and interest potentials offsetting some of the decrease anticipated. 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. As of June 30, 2020, the District Investment portfolio held \$28,473,000, which is an increase of \$661,000 compared to prior year. Due to improved market conditions before COVID-19, the portfolio earnings and seen a steady growth in percent earnings.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return		
				3 Year	5 Year	10 Year
Beach Cities Health District	2.56	1.51%	5.43%	3.44%	2.60%	2.09%
Beach Cities Health District Custom Index*	2.59	1.03%	5.34%	3.38%	2.50%	2.10%
Difference		0.48%	0.09%	0.06%	0.10%	-0.01%



Portfolio performance is gross of fees unless otherwise indicated.

*The custom benchmark is the ICE BofAML 1-5 Year U.S. Treasury/Corporate Index as of June 30, 2010. Prior to June 30, 2010, the benchmark was the ICE BofAML 1-3 year U.S. Treasury Index.

PFM Asset Management LLC

As indicated in the “Economic Snapshot” Existing Home Sales have continued to grow, which is resulting in greater “Net Taxable Value” and continued steady increase in Property Tax receipts for the District. With continued strong real estate indicators, the District anticipates that Property tax revenue remain stable and increase between 4-5% in the next few years.

However, lease income due to possible tenant hardships from the COVID-19 economic effects and non-renewal of tenant leases, Financing and rental income will decrease. The District's Limited Partnerships income will also decrease due to the partners, Sunrise Senior Living and the Beach District Surgery center, decline in income from non-sale growth and slowdown of elected surgeries.

Program fees are currently non-existent due to the continued long-term closure of Health and Fitness operations. In the current fiscal year ended, June 30, 2020, Program fees decreased from 18% to 15% in the previous year and is expected to be almost zero in FY20-21.

During this time of COVID-19, the District remains committed to its Community and residents to provide essential health services where gaps exist, like setting-up and managing the COVID-19 test site, providing assistance through the #256 Heal Line, delivering meals and essential services to at risk-residents, and continuously updating its website (<https://www.bchd.org/coronavirus>) with the most updated Public Health Announcements, communicating with the residents through newsletters, virtual meetings, and activities, and social media.

Beach Cities Health District will continue working with LA County and local municipalities to combat the threat to public health and will together with its Board of Directors review possible budget adjustments required.

Due to the slow-down in the economy, the District's long-term financial outlook has tightened some from original projections for the anticipated decline in incoming funds. In approximately 3-4 years, rental income will start to decline due to the aging building and loss of tenants. Therefore, the District is continuing to invest in the Healthy Living Campus Master Plan project. The long-term assets will replace future declining rental income and 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 or by email to communications@bchd.org.

BEACH CITIES HEALTH DISTRICT

Statement of Net Position

As of June 30, 2020
(with comparative data for prior year)

	Governmental Activities	
	2020	2019
ASSETS		
Cash and investments (note 2)	\$ 26,553,151	26,962,516
Restricted cash and investments - pension (note 2)	2,607,113	2,522,893
Accounts receivable - net	129,779	281,360
Interest receivable	79,110	114,237
Taxes receivable	93,971	91,146
Prepaid items	278,745	100,827
Notes receivable - net (note 4)	2,986,726	3,218,642
Investment in limited partnerships (note 6)	10,385,941	10,215,614
Net OPEB asset (note 11)	165,621	-
Capital assets not being depreciated (note 5)	9,141,884	7,093,359
Capital assets - net of accumulated depreciation (note 5)	<u>17,135,741</u>	<u>18,289,983</u>
TOTAL ASSETS	<u>69,557,782</u>	<u>68,890,577</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (note 9)	909,602	943,405
OPEB related (note 11)	<u>21,042</u>	<u>643,863</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>930,644</u>	<u>1,587,268</u>
LIABILITIES		
Accounts payable	1,623,352	550,022
Accrued liabilities	310,870	366,710
Accrued payroll	354,121	284,925
Deposits	192,825	180,407
Unearned service fees	227,411	541,555
Noncurrent liabilities:		
Due within one year:		
Capital leases payable (note 7)	523,028	483,232
Compensated absences payable (note 7)	162,798	139,613
Due in more than one year:		
Capital leases payable (note 7)	2,194,004	2,717,032
Compensated absences payable (note 7)	277,576	190,448
Net pension liability (note 9)	2,886,911	2,559,376
Net OPEB liability (note 11)	<u>-</u>	<u>737,375</u>
TOTAL LIABILITIES	<u>8,752,896</u>	<u>8,750,695</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (note 9)	387,694	306,066
OPEB related (note 11)	<u>447,034</u>	<u>110,667</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>834,728</u>	<u>416,733</u>
NET POSITION		
Net investment in capital assets	23,560,593	22,183,078
Restricted for medical building purposes	1,156,708	1,156,708
Unrestricted	<u>36,183,501</u>	<u>37,970,631</u>
TOTAL NET POSITION	<u>\$ 60,900,802</u>	<u>61,310,417</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Statement of Activities

Year ended June 30, 2020
(with comparative data for prior year)

Functions	Expenses	Program Revenues		Governmental Activities	
		Charges for Services	Capital Grants & Contributions	Net (Expense) Revenue and Change in Net Position	
				2020	2019
Primary government:					
Preventive health services	\$ 15,472,699	6,830,823	138,987	(8,502,889)	(6,907,245)
Interest on long-term debt	<u>236,768</u>	<u>-</u>	<u>-</u>	<u>(236,768)</u>	<u>(273,537)</u>
Total	<u>\$ 15,709,467</u>	<u>6,830,823</u>	<u>138,987</u>	<u>(8,739,657)</u>	<u>(7,180,782)</u>
General revenues:					
Property taxes				3,994,702	3,793,278
Income from limited partnerships				2,002,771	2,071,315
Earnings on investments				2,224,613	1,700,327
Other income				<u>107,956</u>	<u>105,551</u>
Total general revenues				<u>8,330,042</u>	<u>7,670,471</u>
Change in net position				(409,615)	489,689
Net position, beginning of year				<u>61,310,417</u>	<u>60,820,728</u>
Net position, end of year				<u>\$ 60,900,802</u>	<u>61,310,417</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Governmental Funds

Balance Sheet

As of June 30, 2020

(with comparative data for prior year)

	General Fund	Prospect One Fund	Totals	
			2020	2019
<u>ASSETS</u>				
Cash and investments (note 2)	\$ 25,396,443	1,156,708	26,553,151	26,962,516
Restricted cash and investments - pension	2,607,113	-	2,607,113	2,522,893
Account receivable - net	126,730	-	126,730	281,360
Interest receivable	79,110	-	79,110	114,237
Notes receivable - net investment (note 4)	2,986,726	-	2,986,726	3,218,642
Taxes receivable	93,971	-	93,971	91,146
Pass through grants receivable	3,049	-	3,049	-
Prepaid items	278,745	-	278,745	100,827
Investment in limited partnerships (note 6)	<u>10,385,941</u>	<u>-</u>	<u>10,385,941</u>	<u>10,215,614</u>
TOTAL ASSETS	\$ <u>41,957,828</u>	<u>1,156,708</u>	<u>43,114,536</u>	<u>43,507,235</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 1,623,352	-	1,623,352	550,022
Accrued expenses	310,870	-	310,870	366,710
Accrued payroll	354,121	-	354,121	284,925
Deposits	192,825	-	192,825	180,407
Unearned service fees	<u>227,411</u>	<u>-</u>	<u>227,411</u>	<u>541,555</u>
TOTAL LIABILITIES	<u>2,708,579</u>	<u>-</u>	<u>2,708,579</u>	<u>1,923,619</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>257,772</u>	<u>-</u>	<u>257,772</u>	<u>6,593</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>257,772</u>	<u>-</u>	<u>257,772</u>	<u>6,593</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid items	278,745	-	278,745	100,827
Note receivable	2,986,726	-	2,986,726	3,218,642
Investment in limited partnerships	10,385,941	-	10,385,941	10,215,614
Committed:				
Capital investment	16,187,729	-	16,187,729	17,758,194
Restricted:				
Pension trust	2,607,113	-	2,607,113	2,522,893
Medical building	-	1,156,708	1,156,708	1,156,708
Assigned	300,000	-	300,000	-
Unassigned	<u>6,245,223</u>	<u>-</u>	<u>6,245,223</u>	<u>6,604,145</u>
TOTAL FUND BALANCES	<u>38,991,477</u>	<u>1,156,708</u>	<u>40,148,185</u>	<u>41,577,023</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>41,957,828</u>	<u>1,156,708</u>	<u>43,114,536</u>	<u>43,507,235</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, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 40,148,185
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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.	257,772
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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	(2,717,032)
Compensated absences	(440,374)

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 and 11).

Deferred outflows - pension related	909,602
Deferred inflows - pension related	(387,694)
Net pension liability	(2,886,911)
Deferred outflows - OPEB	21,042
Deferred Inflows - OPEB	(447,034)
Net OPEB asset	165,621

Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental funds.	<u>26,277,625</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 60,900,802</u>
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See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For Year Ended June 30, 2020
(with comparative data for prior year)

	General Fund	Prospect One Fund	Totals	
			2020	2019
REVENUES				
Financing and rental income related to leases	\$ 4,505,686	-	4,505,686	4,992,027
Property taxes	3,994,702	-	3,994,702	3,793,278
Program income	2,073,958	-	2,073,958	2,809,085
Income from limited partnership	2,002,771	-	2,002,771	2,071,315
Investment earnings	2,224,613	-	2,224,613	1,700,327
Other revenues	6,401	-	6,401	38,907
Intergovernmental	101,555	-	101,555	66,644
TOTAL REVENUES	14,909,686	-	14,909,686	15,471,583
EXPENDITURES				
Current:				
Salaries and related expenses	6,497,462	-	6,497,462	6,827,699
Health programs	1,384,088	-	1,384,088	1,367,437
Professional fees	2,191,562	-	2,191,562	1,745,219
Facilities management	1,557,559	-	1,557,559	1,599,239
Community relations	546,574	-	546,574	786,681
General and administrative	426,512	-	426,512	398,781
Human resources	193,862	-	193,862	212,553
Information services	194,186	-	194,186	172,013
Cost of goods sold	25,281	-	25,281	28,875
Other	73,360	-	73,360	69,792
Capital outlay	2,528,078	-	2,528,078	1,820,366
Debt service:				
Principal retirement	483,232	-	483,232	446,463
Interest and other fiscal charges	236,768	-	236,768	273,537
TOTAL EXPENDITURES	16,338,524	-	16,338,524	15,748,655
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,428,838)	-	(1,428,838)	(277,072)
NET CHANGES IN FUND BALANCES	(1,428,838)	-	(1,428,838)	(277,072)
FUND BALANCES, BEGINNING OF YEAR	40,420,315	1,156,708	41,577,023	41,854,095
FUND BALANCES, END OF YEAR	\$ 38,991,477	1,156,708	40,148,185	41,577,023

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 Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,428,838)

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	2,528,078
Depreciation expense	(1,772,782)

Leasehold improvements paid for by lessees are not recorded in the
Governmental Funds. However, in the Statement of Activities these
transactions represent increases to capital asset values and a capital
contribution revenue

138,987

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.

483,232

To record as a revenue the net change in compensated absences in the
Statement of Activities.

(110,313)

Revenues that are measurable but not available are recorded as unavailable
revenue under the modified accrual basis of accounting.

251,179

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.

(442,966)

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.

(56,192)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (409,615)

See accompanying notes to basic financial statements.

(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 (U.S. 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 District's accounting policies are described below.

(a) Reporting Entity

The accompanying financial statements include the District and Prospect One Corporation (Prospect One). 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. Prospect One 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 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 Prospect One 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.

(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 District 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 governmental 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.

(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 Securities and Exchange Commission (SEC)-registered securities exchanges or National Association of Securities Dealers Automated Quotations System (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.

(1) Summary of Significant Accounting Policies (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs 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 County of Los Angeles (County) Assessor 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.
- *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.

(1) Summary of Significant Accounting Policies (Continued)

- *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.

(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 estimated acquisition value if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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.

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

(1) **Summary of Significant Accounting Policies (Continued)**

<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). The District estimates the amount of compensated absences to be used within one year by averaging compensated absences used over the past five years. As of June 30, 2020, the balance of vacation leave is \$440,374.

(k) **Long-Term Obligations**

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

(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 Statement of Net Position has two items that qualify for reporting in this category: Pension Related and Other Postemployment Benefits (OPEB) Related Deferred Outflows.

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 Statement of Net Position has two items that qualify for reporting in this category: Pension Related and OPEB Related Deferred Outflows.

(1) Summary of Significant Accounting Policies (Continued)

(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 California Public Employees Retirement System (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, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

(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.

U.S. GAAP requires that the reported results must pertain to liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

(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).

(1) Summary of Significant Accounting Policies (Continued)

- *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* – this 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.
- *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 of Directors.

(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.

(1) Summary of Significant Accounting Policies (Continued)

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

(q) Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, 2019 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, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$26,553,151
Restricted cash and investments - pension	<u>2,607,113</u>
Total cash and investments	<u>\$29,160,264</u>

Cash and investments as of June 30, 2020 consist of the following:

Petty cash	\$ 2,900
Deposits with financial institutions	684,792
Investments	<u>28,472,572</u>
Total cash and investments	<u>\$29,160,264</u>

(2) Cash and Investments (Continued)

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

The table below 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>
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.

(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:

Investment Type	Totals	Remaining maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
U.S Treasury bonds	\$ 10,708,906	-	5,139,335	5,569,571
Medium term notes	6,297,777	1,806,611	1,473,927	3,017,239
Certificates of deposit	3,055,374	2,019,725	1,035,649	-
Supra-national agency bonds/notes	717,541	717,541	-	-
Asset-backed security/collateralized mortgage obligation	1,377,512	-	469,367	908,145
CAMP	2,500,820	2,500,820	-	-
Federal agency bond/notes	502,722	-	-	502,722
LAIF	84,169	84,169	-	-
Municipal bonds/notes	124,979	-	-	124,979.00
Federal agency collateralized mortgage obligation	495,659	91,435	133,651	270,573
Held by Trust:				
PARS pooled trust - pension	2,607,113	2,607,113	-	-
Totals	<u>\$ 28,472,572</u>	<u>9,827,414</u>	<u>8,251,929</u>	<u>10,393,229</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.

(2) Cash and Investments (Continued)

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End				
			AAA	AA	A	BBB	Not Rated
U.S. Treasury bonds	\$10,708,906	n/a	\$ -	10,708,906	-	-	-
Medium term notes	6,297,777	A	-	775,871	4,734,499	787,407	-
Certificate of deposit	3,055,374	A	-	517,147	2,538,227	-	-
Supra-national agency bonds/notes	717,541	AA	717,541	-	-	-	-
Asset-backed security/collateralized mortgage obligations	1,377,512	AA	1,377,512	-	-	-	-
CAMP	2,500,820	n/a	2,500,820	-	-	-	-
Federal agency bonds/notes	502,722	n/a	-	502,722	-	-	-
LAIF	84,169	n/a	-	-	-	-	84,169
Municipal bonds/notes	124,979	n/a	-	-	124,979	-	-
Federal agency collateralized mortgage obligations	495,659	n/a	-	495,659	-	-	-
Held by trust:							
PARS pooled trust - pension	<u>2,607,113</u>	n/a	<u>2,607,113</u>	-	-	-	-
Total	<u>\$28,472,572</u>		<u>\$7,202,986</u>	<u>13,000,305</u>	<u>7,397,705</u>	<u>787,407</u>	<u>84,169</u>

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.

As of June 30, 2020, the District has a custodial credit risk exposure of \$23,280,470 because the securities were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

(2) Cash and Investments (Continued)

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 (r), 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, 2020, fair value approximated cost and had an average maturity of less than 60 days.

Cash and Investments – OPEB and Pension Trusts

The District pre-funds the District's pension plans and OPEB health plan through tax qualified irrevocable trusts, organized under Internal Revenue Code Section 115. Pension and OPEB trust fund assets are held on behalf of the District by the Public Agency Retirement Services (PARS). The District provides investment direction and determines the amount and timing of disbursements for PARS trust fund assets. Those guidelines are as follows:

Risk tolerance:	Moderate.
Risk management:	The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.
Investment objective:	To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.

(2) Cash and Investments (Continued)

Strategic ranges: OPEB
 0% – 10% Cash
 40% – 60% Fixed income
 40% – 60% Equity

Pension
 0% – 10% Cash
 45% – 65% Fixed income
 30% – 50% Equity

Fair Value Measurement

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value Hierarchy				Fair Value
	N/A	Level 1	Level 2	Level 3	
U.S. Treasury bonds	\$ -	10,708,906	-	-	10,708,906
Medium term notes	-	-	6,297,777	-	6,297,777
Certificates of deposit	-	-	3,055,374	-	3,055,374
Supra-national agency bonds/notes	-	-	717,541	-	717,541
Asset-backed security/collateralized mortgage obligations	-	-	1,377,512	-	1,377,512
CAMP	2,500,820	-	-	-	2,500,820
Federal agency bonds/notes	-	-	502,722	-	502,722
LAIF	84,169	-	-	-	84,169
Municipal bonds/notes	-	-	124,979	-	124,979
Federal agency collateralized mortgage obligations	-	-	495,659	-	495,659
Held by trust:					
PARS pooled trust - pension	2,607,113	-	-	-	2,607,113
Total investments	<u>\$ 5,192,102</u>	<u>10,708,906</u>	<u>12,571,564</u>	<u>-</u>	<u>28,472,572</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(3) **Operating Leases as Lessor**

South Bay Family Healthcare Center

The District entered into a lease agreement dated January 7, 2009 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 June 30, 2020, the monthly base rent has increased to \$13,372.

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 June 30, 2020, the monthly base rent has increased to \$33,588.

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 June 30, 2020, 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, effective January 1, 2013, increased the monthly base rent to \$6,022, and will increase base rent annually by 3% each remaining year of the lease. As of June 30, 2020, the monthly base rent has increased to \$7,040.

(3) Operating Leases as Lessor (Continued)

Beach District Surgery Center, LP

The District 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 was for a term of five years that commenced on March 1, 2005, and the monthly lease payment was \$36,036. The lease term has been extended through February 28, 2025, and the base rent has increased to \$43,799. The base rent is 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 Avenue, Redondo Beach. 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. As of June 30, 2020, the base rent increased to \$75,441 per month.

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, capped at an increase of three percent per year, on a non-cumulative basis. As of June 30, 2020, the base rent increased to \$28,833 per month.

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, 2020, the monthly base rent has increased to \$15,070.

(3) Operating Leases as Lessor (Continued)

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. 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 five percent per year. As of June 30, 2020, the monthly base rent has increased to \$1,507.

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 on July 1, 2016. Per the lease agreement, the base rent for the lease is \$3,264 per month payable on the 1st day each month following the commencement date of the lease. As of June 30, 2020, the monthly base rent has increased to \$3,392.

Leaps and Bounds Child Development Center

The District entered into a lease agreement dated May 18, 2006, with Leap and Bound Child Development Center, LLC, to lease the 2-story building consisting of approximately 6,200 square feet situated on approximately 15,808 square feet of land including parking area located at 601 South Pacific Coast Highway, Redondo Beach. The lease is for a term of 10 years, with one 10-year option to extend, and commenced on May 18, 2006. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$12,400 per month and is increased annually at the rate of 2% annually. As of June 30, 2020, the monthly base has increased to \$15,698 per month.

Beach District Surgery Center

The District entered into a lease agreement dated January 25, 2005, with Beach District Surgery Center, LP, to lease the first floor consisting of approximately 13,104 square feet located at 514 N. Prospect Avenue, Suite 100, Redondo Beach. The lease was for a term of 5 years and commenced on March 1, 2005. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$36,036 per month payable on the 1st day each month following the commencement date of the lease. The lease has been extended through February 28, 2025. As of June 30, 2020, the base rent has increased to \$43,800 per month.

(3) Operating Leases as Lessor (Continued)

Community Psychiatry Management, LLC

The District entered into a temporary medical office space agreement dated November 11, 2019, with Community Psychiatry Management, LLC, for temporary use of medical office space of approximately 3,717 square feet located at 514 N. Prospect Avenue, 3rd floor, Redondo Beach. Community Psychiatry Management, LLC is to remit a license fee of \$11,000 each month to the District until the lease agreement is finalized. The District entered into a lease agreement for a term of 4 years on February 1, 2020. The base rent for the lease was a total of \$11,039 per month payable on the 1st day each month following the commencement date of the lease.

(4) Notes Receivable

As of June 30, 2020, the District's net investment in notes receivable was:

Ducot note – unpaid balance	\$ 4,368,392
Ducot note – unamortized purchase discount	<u>(1,650,002)</u>
Net investment in notes receivable	2,718,390
Note – Beach Cities Child Development Center	30,454
Note – South Bay Family Health Care	<u>237,882</u>
Total net investment in notes receivable	<u><u>\$ 2,986,726</u></u>

Ducot

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.

As of June 30, 2020, the note had an unpaid balance of \$4,368,392 and a remaining unamortized purchase discount of \$1,650,002, resulting in the reporting of a note receivable at a net cost of \$2,718,390.

(4) Notes Receivable (Continued)

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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	1,066,330	91,329	1,157,659
2025	<u>565,657</u>	<u>13,172</u>	<u>578,829</u>
Totals	<u>\$4,368,392</u>	<u>841,073</u>	<u>5,209,465</u>

Beach Cities Child Development Center

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.

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, 2020, the note has a balance of \$30,454. Principal and interest to be received on the note are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$ 30,454	625	31,079
Totals	<u>\$ 30,454</u>	<u>625</u>	<u>31,079</u>

(4) Notes Receivable (Continued)

South Bay Family Health Care

On May 15, 2020, the District executed a leasehold improvement agreement and a revolving credit agreement with South Bay Family Health Care (SBFHC) for the premises located at 2114 Artesia Boulevard, Redondo Beach. Pursuant to the agreements, the lessee agreed 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 \$600,000 to be used by the lessee to make certain improvements to the premises.

The District has advanced \$237,882 of the improvement loan amount to the lessee pursuant to the revolving credit agreement. Upon completion of the improvements, the District will make a replacement term loan to SBFHC, with no new funds advanced, in an amount equal to the principal amount of all revolving loans made and outstanding as of such date plus any accrued but unpaid interest. The term loan will be payable in full upon the earlier of the last day of the extended term of the lease or upon early termination of the lease.

The outstanding amount under the term note bears interest equal to 5% per year, based on a 360-day year. Prepayments are accepted at any time; however, payments are not due until the term loan is executed. The outstanding balance of principal and interest at June 30, 2020 is \$237,882.

(5) Capital Assets

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2020 were as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets not being depreciated:				
Land	\$ 4,401,926	-	-	4,401,926
Construction in progress	<u>2,691,433</u>	<u>2,067,480</u>	<u>(18,955)</u>	<u>4,739,958</u>
Total capital assets not being depreciated	<u>7,093,359</u>	<u>2,067,480</u>	<u>(18,955)</u>	<u>9,141,884</u>
Capital assets being depreciated:				
Buildings and improvements	47,742,400	118,330	-	47,860,730
Equipment, furniture and fixtures	<u>1,269,681</u>	<u>500,210</u>	<u>-</u>	<u>1,769,891</u>
Total capital assets being depreciated	<u>49,012,081</u>	<u>618,540</u>	<u>-</u>	<u>49,630,621</u>
Less accumulated depreciation for:				
Buildings and improvements	(29,778,631)	(1,601,338)	-	(31,379,969)
Equipment, furniture and fixtures	<u>(943,467)</u>	<u>(171,444)</u>	<u>-</u>	<u>(1,114,911)</u>
Total accumulated depreciation	<u>(30,722,098)</u>	<u>(1,772,782)</u>	<u>-</u>	<u>(32,494,880)</u>
Capital assets being depreciated, net	<u>18,289,983</u>	<u>(1,154,242)</u>	<u>-</u>	<u>17,135,741</u>
Capital assets, net	<u>\$25,383,342</u>	<u>913,238</u>	<u>(18,955)</u>	<u>26,277,625</u>

Depreciation expense was charged to Preventive Health Services in the amount of \$1,772,782.

(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. (Sunrise). The entity owns and operates an 80-unit assisted living community in Hermosa Beach. Sunrise 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.

(6) Investments in Limited Partnerships

As of June 30, 2020, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in Sunrise was \$10,343,383. Financial statements may be obtained by sending a written request to Sunrise Senior Living, LLC, 7902 Westpark Drive, McLean, Virginia 22102.

Beach District Surgery Center, LLC

In August 2004, the District executed an agreement to enter into a partnership with Beach District Surgery Center, LLC (BDSC) and contributed \$52,500 to acquire a 5% limited partnership interest. BDSC is currently leasing a surgical space in the District's building located at 514 N. Prospect Avenue, Redondo Beach. The partnership is managed by BDSC and additional information regarding the partnership can be obtained by contacting the District. As of June 30, 2020, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in BDSC was \$42,558. Financial statements may be obtained by sending a written request to Beach District Surgery Center, LLC, 514 N. Prospect Avenue, Suite 100, Redondo Beach, California 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, 2020:

	Balance as of July 1, 2019	Additions	Deletions	Balance as of June 30, 2020	Due Within One Year
Capital leases payable	\$ 3,200,264	-	(483,232)	2,717,032	523,028
Compensated absences payable	330,061	342,669	(232,356)	440,374	162,798
Total	<u>\$ 3,530,325</u>	<u>342,669</u>	<u>(715,588)</u>	<u>3,157,406</u>	<u>685,826</u>

Capital Leases Payable

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 was \$7,509,201, which was recorded as a capital lease payable for the acquisition of the parking facilities.

During the year ended June 30, 2020, the District paid principal of \$483,232. The outstanding balance was \$2,717,032 as of June 30, 2020. The following is a summary of future minimum lease payment requirements:

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(7) **Long-Term Liabilities (Continued)**

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 523,028	196,972	720,000
2022	566,102	153,898	720,000
2023	612,723	107,277	720,000
2024	663,184	56,816	720,000
2025	<u>351,995</u>	<u>5,675</u>	<u>357,670</u>
Totals	<u>\$2,717,032</u>	<u>520,638</u>	<u>3,237,670</u>

(8) **Operating Leases as Lessee**

The District entered into an operating lease agreement with the Redondo Beach Unified School District to lease 6,954 square feet located at 1200 Del Amo Street, Redondo Beach to serve as its administrative offices. 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>Principal</u>
2021	\$ 67,760
2022	70,256
2023	70,256
2024	72,764
2025	72,764
2026-2030	<u>307,760</u>
Totals	<u>\$661,560</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 PEPR Miscellaneous Employee Pension Plans, cost-sharing multiple employers defined benefit pension plans administered by CalPERS.

(9) Defined Benefit Pension Plan (Continued)

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, 2017 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.

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, 2020, 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 are 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 CalPERS' annual actuarial valuation process. The actuarially determined rate 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 contribution 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, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

(9) Defined Benefit Pension Plan (Continued)

Actuarial cost method	Entry age normal in accordance with GASB 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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.

(9) Defined Benefit Pension Plan (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 – 10 ²	Real Return Years 11+ ³
Global Equity	50.0 %	4.80 %	5.98 %
Fixed Income	28.0	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% 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.

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

(9) **Defined Benefit Pension Plan (Continued)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (MD)	\$ 14,276,403	11,717,027	2,559,376
Balance at: 6/30/2019 (MD)	15,520,354	12,633,443	2,886,911
Net Changes during 2018-19	1,243,951	916,416	327,535

The District's proportionate share of the net pension liability as of June 30, 2018 and 2019 (Measurement Date) was as follows:

	Miscellaneous
Proportion - June 30, 2018 (MD)	0.06791%
Proportion - June 30, 2019 (MD)	0.07209%
Change - Increase (Decrease)	0.00418%

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	\$ 4,974,446	2,886,911	1,163,798

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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 and are to be recognized in future pension expense.

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

(9) Defined Benefit Pension Plan (Continued)

Difference between projected and actual earnings on pension plan investments	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 period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (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

For the measurement period ending June 30, 2019 (the measurement date), the District recognized pension expense of \$783,865 for the Plan.

As of June 30, 2020, the District reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 137,661	48,800
Differences between Expected and Actual Experience	200,508	15,535
Differences between Projected and Actual Investment Earnings	-	50,472
Differences between Employer's Contributions and Proportionate Share of Contributions	-	272,887
Change in Employer's Proportion	230,533	-
Pension Contributions Made Subsequent to Measurement Date	340,900	-
Totals	\$ 909,602	387,694

The \$272,887 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 \$340,900 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, 2021.

(9) Defined Benefit Pension Plan (Continued)

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
2020	\$ 208,554
2021	(43,941)
2022	6,196
2023	10,199
Total	\$ 181,008

(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.

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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(11) Other Postemployment Benefits (OPEB)

Plan Description

The District provides health care benefits for retired employees and their beneficiaries through an agent-multiple employer defined retiree healthcare plan. The Other Postemployment Benefits Plan (the Plan) is administered by CalPERS.

In 2019, the District established a trust with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for the District's OPEB plan under Section 115 of the Internal Revenue Code. Contributions to the OPEB Trust and earnings on those contributions are irrevocable.

The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. Copies of PARS's annual financial report may be obtained from its executive office at 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

The District's OPEB Plan does not issue a separate financial report.

Benefit's provided

For all covered employees, the District contributes the actual cost of insurance up to the legally required Public Employees Medical & Hospital Care Act (PEMHCA) minimum contribution (\$139 per year in 2020). Benefits vary by hire date, employment status and employment classification and continue to the surviving spouses.

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, 2019 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	69
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	<u>13</u>
Total	<u>87</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2019, the District's cash contributions were \$7,871 in benefit payments, an estimated implied subsidy of \$2,179, and trust contributions of 633,813 resulting in total payments of \$643,863.

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

OPEB Liability

The District's OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	6.25%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Healthcare Trend Rate	Non-Medicare: 7.25% for 2021 decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 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, Fiduciary Net Position, and Net OPEB Liability (Asset)

The changes in the OPEB Liability, Fiduciary Net Position, and Net OPEB Liability (Asset) for the HC Plan are as follows:

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 737,375	\$ -	\$ 737,375
Changes recognized for the measurement period:			
Service cost	90,951	-	90,951
Interest	31,862	-	31,862
Actual vs. expected experience	(203,672)	-	(203,672)
Changes of assumptions	(178,341)	-	(178,341)
Contributions - employer	-	643,863	(643,863)
Net investment income	-	536	(536)
Benefit payments	(10,050)	(10,050)	-
Administrative expense	-	(603)	603
Net Changes	(269,250)	633,746	(902,996)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 468,125	\$ 633,746	\$ (165,621)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Net OPEB Asset 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, 2020:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Asset	\$ (90,908)	\$ (165,621)	\$ (226,205)

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

The following presents the Net OPEB Asset 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, 2020:

	1% Decrease	Current Healthcare Trend	1% Increase
Net OPEB Asset	\$ (238,665)	\$ (165,621)	\$ (71,350)

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.

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

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) (11.4 Years at June 30, 2019)

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$65,944. As of June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	185,806
Changes of Assumptions	-	261,228
Net difference between projected and actual earnings on plan investments	11,290	-
Employer Contributions Made Subsequent to Measurement Date	9,752	-
Totals	\$ 21,042	447,034

The \$9,752 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the OPEB Liability during the fiscal year ending June 30, 2020. 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
2023	(42,823)
2024	(42,823)
2025	(45,646)
Thereafter	(218,806)
Total	\$ (350,098)

(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.

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.

(12) Risk Management (Continued)

Property and Earthquake Insurance

The coverage of this insurance includes all risk of direct physical loss or damage including 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, \$3,500,000 earthquake and flood limit but only for locations 9, 12 & 13 of the Alliant Property Schedule and \$100,000,000 of boiler and machinery loss limit per occurrence. The primary terrorism limit is shared by all of the insured per the Public Entity Property Insurance Program (PEPIP). The deductible amounts per occurrence are \$25,000 for all risk, 5% per unit of insurance subject to \$100,000 minimum for Earthquake, \$250,000 for Flood in Zones A & V, \$100,000 for Flood in zones other than A & V, \$25,000 for boiler and machinery, and \$25,000 for primary terrorism.

Required Supplemental Information

	Measurement Date					
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's proportion of the net pension liability (asset)	0.0291%	0.0566%	0.0637%	0.0675%	0.0679%	0.0721%
Plan's proportionate share of the net pension liability (asset)	\$ 1,806,648	\$ 1,552,792	\$ 2,212,946	\$ 2,659,667	\$ 2,559,376	\$ 2,886,911
Plan's covered payroll	\$ 3,370,822	\$ 3,443,030	\$ 3,666,056	\$ 3,865,015	\$ 3,948,862	\$ 4,213,339
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%	64.8130%	68.5184%
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%	21.8432%	22.8513%
Plan's proportionate share of aggregate employer contributions	\$ 221,150	\$ 312,865	\$ 338,198	\$ 385,083	\$ 446,314	\$ 523,480

* 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.

	Fiscal Year					
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Actuarially determined contribution	\$ 284,802	246,826	269,230	271,274	298,759	340,900
Contributions in relation to the actuarially determined contribution	<u>(284,802)</u>	<u>(246,826)</u>	<u>(269,230)</u>	<u>(271,274)</u>	<u>(298,759)</u>	<u>(340,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$3,443,030	3,666,056	3,865,015	3,948,862	4,213,339	4,654,874
Contributions as a percentage of covered payroll	8.27%	6.73%	6.97%	6.87%	7.09%	7.32%

* 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.

	Measurement Period		
	2016-2017	2017-2018	2018-2019
Total OPEB liability:			
Service cost	\$ 109,329	\$ 94,484	\$ 90,951
Interest on the total OPEB liability	21,440	27,131	31,862
Actual and expected experience difference	-	-	(203,672)
Changes in assumptions	(93,266)	(38,141)	(178,341)
Changes in benefit terms	-	-	-
Benefit payments	<u>(15,287)</u>	<u>(18,926)</u>	<u>(10,050)</u>
Net change in total OPEB liability	22,216	64,548	(269,250)
Total OPEB liability - beginning	<u>650,611</u>	<u>672,827</u>	<u>737,375</u>
Total OPEB liability - ending	<u>\$ 672,827</u>	<u>\$ 737,375</u>	<u>\$ 468,125</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ -	\$ -	\$ 643,863
Net investment income	-	-	536
Benefit payments	-	-	(10,050)
Administrative expense	<u>-</u>	<u>-</u>	<u>(603)</u>
Net change in plan fiduciary net position	-	-	633,746
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,746</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$ 672,827</u>	<u>\$ 737,375</u>	<u>\$ (165,621)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	135.38%
Covered employee payroll	\$ 3,865,015	\$ 3,948,380	\$ 5,608,266
OPEB liability as a percentage of covered employee payroll	17.41%	18.68%	8.35%

* 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 3.58 percent to 3.87 for the measurement period ended June 30, 2018, and to 6.25 percent for the measurement period June 30, 2019.

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.

	Fiscal Year		
	2017-2018	2018-2019	2019-2020
Actuarially Determined Contribution (ADC)	\$ 130,769	\$ 121,615	\$ 122,813
Contributions in relation to the ADC	(18,926)	(643,863)	(9,752)
Contribution deficiency (excess)	<u>\$ 111,843</u>	<u>\$ (522,248)</u>	<u>\$ 113,061</u>
Covered employee payroll	\$ 3,948,862	\$ 3,948,380	\$ 5,608,266
Contributions as a percentage of covered employee payroll	0.48%	16.31%	0.17%

* 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 2020 were from the June 30, 2019 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	6.25%
Healthcare cost-trend rates	Non-Medicare: 7.25% for 2021 decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

*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

Year ended June 30, 2020
(with comparative data for prior year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REVENUES:					
Financing and rental income related to lease	\$ 4,812,639	4,812,639	4,505,686	(306,953)	4,992,027
Property taxes	3,930,505	3,930,505	3,994,702	64,197	3,793,278
Program income	2,994,398	2,994,398	2,073,958	(920,440)	2,809,085
Income from limited partnership	2,162,000	2,162,000	2,002,771	(159,229)	2,071,315
Investment earnings	965,861	965,861	2,224,613	1,258,752	1,700,327
Other revenue	177,300	177,300	6,401	(170,899)	38,907
Intergovernmental	-	-	101,555	101,555	66,644
TOTAL REVENUES	15,042,703	15,042,703	14,909,686	(133,017)	15,471,583
EXPENDITURES:					
Current:					
Salaries and related expenses	6,966,678	6,966,678	6,497,462	469,216	6,827,699
Health programs	1,494,600	1,494,600	1,384,088	110,512	1,367,437
Professional fees	1,809,203	2,009,203	2,191,562	(182,359)	1,745,219
Facilities management	1,518,199	1,518,199	1,557,559	(39,360)	1,599,239
Community relations	567,524	567,524	546,574	20,950	786,681
General and administrative	459,278	459,278	426,512	32,766	398,781
Human resources	283,561	283,561	193,862	89,699	212,553
Information services	205,495	205,495	194,186	11,309	172,013
Cost of goods sold	27,850	27,850	25,281	2,569	28,875
Other	72,000	72,000	73,360	(1,360)	69,792
Capital outlay	4,634,112	4,634,112	2,528,078	2,106,034	1,820,366
Debt service:					-
Principal retirement	483,232	483,232	483,232	-	446,463
Interest and other fiscal charges	236,768	236,768	236,768	-	273,537
TOTAL EXPENDITURES	18,758,500	18,958,500	16,338,524	2,619,976	15,748,655
NET CHANGES IN FUND BALANCE	(3,715,797)	(3,915,797)	(1,428,838)	2,486,959	(277,072)
FUND BALANCE AT BEGINNING OF YEAR	40,420,315	40,420,315	40,420,315	-	40,697,387
FUND BALANCE AT END OF YEAR	\$ 36,704,518	36,504,518	38,991,477	2,486,959	40,420,315

(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: None.

Employers should refer to CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, which may be accessed on the CalPERS website at www.calpers.ca.gov, to obtain the required supplementary information for proper financial reporting.

Summary of Actuarial Methods and Assumptions

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 public agency valuations.

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.250%
Inflation	2.65%
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 2.0% until Purchasing Power Protection Allowance flow on Purchasing Power applies, 2.50% 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.

(2) Budgetary Information (Continued)

The following are expenditures exceeded appropriations in the General Fund for the year ended June 30, 2020:

	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Expenditures in Excess of Appropriation</u>
General Fund:			
Professional fees	\$ 1,809,203	2,191,562	(382,359)
Facilities management	1,518,199	1,540,092	(21,893)
Other	<u>72,000</u>	<u>73,360</u>	<u>(1,360)</u>
Total expenditures	<u>\$ 3,399,402</u>	<u>3,805,014</u>	<u>(405,612)</u>

Statistical Section

BCHD FY19-20 Comprehensive annual financial report

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the required information says about the districts overall financial health.

1. **Financial Trends:**

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These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

2. **Demographic and Economic Information:**

These schedules present information to help the reader understand the environment which the District's services take place.

3. **Operating and Other:**

These schedules contain information about the District's operations.

4. **Revenue Capacity:**

These schedules contain information to help the reader assess revenue factors for the year.

5. **Debt Capacity:**

These schedules present information to help the reader assess the District's outstanding debt.

BCHD FY19-20 Comprehensive annual financial report



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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues											
Financing and Rental Income ¹	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	4,766,430	4,756,865
Property Taxes	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	3,793,278	3,994,702
Program Revenues	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	2,809,085	2,073,958
Income from Limited Partnerships	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	2,071,315	2,002,771
Earnings on Investment	2,651,449	2,032,734	1,854,308	1,037,688	1,235,885	917,677	1,301,865	619,756	555,677	1,700,327	2,224,613
Other Income	194,278	143,759	133,951	239,430	170,706	110,180	75,955	26,113	68,292	105,551	246,943
Total Revenues	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	15,245,986	15,299,852
Expenses											
Government Activities											
Salaries & related	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	6,397,769	7,106,933
Health Programs	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	1,367,437	1,384,088
Professional Fees	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	1,745,219	2,191,562
Facilities Management ¹	528,665	592,614	458,825	333,023	558,702	1,457,267	1,627,570	1,502,474	1,530,223	1,577,812	1,557,559
Community Relations	322,529	259,174	197,270	321,082	538,505	748,104	538,321	695,570	556,361	786,681	546,574
G & A Miscellaneous	597,704	594,454	650,302	742,973	457,203	299,102	352,838	276,885	315,722	398,781	426,512
Human Resources	143,746	131,924	160,070	184,585	194,802	281,259	255,180	275,356	181,568	212,553	193,862
Information Systems	77,812	108,083	130,722	112,203	166,911	118,294	157,465	148,804	146,959	172,013	194,186
Cost of Goods Sold	148,077	147,862	124,192	137,891	117,052	47,843	32,958	35,655	34,840	28,875	25,281
Other	45,694	65,453	54,383	51,895	45,471	58,475	59,445	59,160	71,784	69,792	73,360
Interest Cost	500,993	482,956	470,530	450,756	419,436	394,683	367,891	338,893	307,507	273,537	236,768
Total Activity Expenses	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	13,030,469	13,936,685
Net Operating Income/<Loss> bf Depreciation	1,383,915	58,776	(12,414)	107,095	1,344,732	914,164	2,205,975	1,548,633	1,526,961	2,215,517	1,363,167
Depreciation on Fixed Assets	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	1,725,828	1,772,782
Net Capital Assets Written-Off								176,595			
Changes in Net Position	(453,258)	(1,767,472)	(1,850,024)	(1,659,449)	(428,651)	(997,002)	251,258	(435,055)	(635,635)	489,689	(409,615)

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

Capital Assets

Audit Group	Project		FY19-20 Depreciation Amount	Book Value as of 06/30/2020
	2114 Artesia Building Improvements	1,136,938	751,997	348,165
	512 Building	4,057,716	2,231,929	1,690,159
	514 Building - Power Plant	3,340,841	2,232,466	992,170
	514 Building Improvements	5,598,742	1,980,930	3,316,658
	514 Center for Excellence-Asset Activation	95,090	27,419	62,709
	514 N Prospect Avenue-North Tower	10,167,125	6,622,799	3,192,775
	514 N Prospect Avenue-South Tower	11,127,681	9,162,857	1,769,357
	520 N. Prospect Avenue	3,456,200	1,899,546	1,440,974
	601 S. Pacific Coast Highway	976,303	590,614	354,110
	Adventure Plex Capital Projects	5,470,544	3,202,046	2,081,944
	Center for Health and Fitness - Improvements	1,375,150	717,214	590,000
	Energy and Power Solutions	175,520	102,701	64,033
	Office Building Improvements and upgrades	705,858	163,542	503,377
	Parking lot upgrade	80,492	44,635	31,868
	Sidewalk Renovation	91,325	47,805	37,416
BUILDING Total		47,855,524	29,778,498	16,475,715
	514 Building - Power Plant - FF&E	47,797	25,541	20,339
	514 Center for Excellence-Asset Activation	111,435	212	97,340
	515 Building Improvements	32,137	12,588	16,492
	Adventure Plex Capital Projects	148,382	79,834	49,877
	Care Mgt Software	26,558	1,095	18,768
	Center for Health and Fitness - Improvements & Equipment	793,295	456,402	276,966
	Copiers	36,338	33,103	1,897
	Credit Card Processor Machines	3,950	-	3,788
	Great Plains Project Tracking Software	13,765	-	11,585
	IT Server	52,189	28,935	17,211
	IT Workstations	118,124	46,108	54,718
	Liability Waver Hardware and Software	6,039	1,060	2,961
	Metaviewer - Data Management SW	51,600	792	40,460
	Microsoft Licenses	8,080	7,903	-
	Office Building Improvements and upgrades FF&E	188,525	170,287	8,870
	Presentation Equipment	28,868	16,201	6,877
	SAS Software	8,024	-	5,349
	Security Cameras	31,418	2,523	22,594
	Website Development	68,573	61,017	3,931
FF&E Total		1,775,096	943,600	660,025
Grand Total:		49,630,621	30,722,098	17,135,741

Healthy Living Campus Investment

Beach Cities Health District, one of the leading preventive health agencies in the nation, is working with the community to reimagine our aging, former hospital site to better reflect our mission and meet the current health needs of Hermosa Beach, Manhattan Beach and Redondo Beach residents. In pursuit of this vision, we've dedicated the past 18 months to collecting feedback from the community, consulting with experts and publicly vetting numerous designs and concepts for the 11-acre site with our board of directors. From this iterative, community-driven process has emerged a master plan to create an innovative Healthy Living Campus anchored in Health, Livability and Community.

This once-in-a-generation project is our community's unique opportunity to chart the future of health in the Beach Cities by purposefully building an intergenerational, vibrant campus where people can engage in healthy behaviors, form meaningful connections and be well ... for many generations to come.

Healthy Living Campus	Jul 2015 - Jun 2020 Budget	FY 20-21 Budget	Total Budget	Actual As of June 2020	Budget Remaining
Architecture	1,100,000	350,000	1,450,000	897,913	552,087
Pre-construction Fees (Engineering fees, Cost Estimator, etc.)	1,094,000	20,000	1,114,000	344,241	769,759
Feasibility, including EIR Study (EIR Consultant, MDS, etc.)	686,000	300,000	986,000	609,347	376,653
Communications, Legal & Financial	730,000	1,330,000	2,060,000	932,404	1,127,596
Project Management & Contingency	1,440,000	500,000	1,940,000	1,398,380	541,620
	\$ 5,050,000	\$ 2,500,000	\$ 7,550,000	\$ 4,182,284	\$ 3,367,716

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 ¹	2018-19 ²	2019-20
Beginning Net Position											
Net Investment in Capital Assets	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	22,183,078
Restricted	-	-	-	-	-	1,206,766	1,206,761	1,206,761	1,156,708	1,156,708	1,156,708
Unrestricted	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	37,970,631
	74,407,160	74,614,098	72,913,331	71,063,307	63,985,541	61,469,258	60,472,256	60,723,514	60,288,459	59,373,076	61,310,417
Change in Net Position - By Function											
Operating Income / <Loss>	1,383,915	58,776	(12,414)	107,095	1,344,732	914,164	2,205,975	1,548,633	1,526,961	2,215,517	1,363,167
Depreciation/Write-Off of Capital	(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)	(1,725,828)	(1,772,782)
Current Year Income / <Loss>	(453,258)	(1,767,472)	(1,850,024)	(1,659,449)	(428,651)	(997,002)	251,258	(435,055)	(635,635)	489,689	(409,615)
Prior Period Audit Restatements	660,196	66,705	-	(5,418,317)	(2,087,632)				(279,748)	1,447,652	
	206,938	(1,700,767)	(1,850,024)	(7,077,766)	(2,516,283)	(997,002)	251,258	(435,055)	(915,383)	1,937,341	(409,615)
Change in Net Position - By Type											
Net Investment in Capital Assets	(869,140)	(1,184,909)	(1,298,189)	(1,195,201)	(482,367)	(920,519)	(181,822)	(699,718)	(252,438)	562,428	1,377,515
Restricted	-	-	-	-	1,206,766	(5)	-	(50,053)	-	-	-
Unrestricted	1,076,078	(515,858)	(551,835)	(5,882,565)	(3,240,682)	(76,478)	433,080	314,716	(662,945)	1,374,913	(1,787,130)
	206,938	(1,700,767)	(1,850,024)	(7,077,766)	(2,516,283)	(997,002)	251,258	(435,055)	(915,383)	1,937,341	(409,615)
Ending Net Position											
Net Investment in Capital Assets	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	22,183,078	23,560,593
Restricted	-	-	-	-	1,206,766	1,206,761	1,206,761	1,156,708	1,156,708	1,156,708	1,156,708
Unrestricted	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	37,970,631	36,183,501
	74,614,098	72,913,331	71,063,307	63,985,541	61,469,258	60,472,256	60,723,514	60,288,459	59,373,076	61,310,417	60,900,802

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

2) During the year ended June 30, 2019, the District corrected an error associated with the prior amortization of the Ducot notes receivable discount.

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues											
Financing and Rental Income ¹	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	4,992,027	4,505,686
Property Taxes	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	3,793,278	3,994,702
Program Income	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	2,809,085	2,073,958
Income from Limited Partnership	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	2,071,315	2,002,771
Investment Earnings	2,651,449	2,032,734	1,854,308	1,037,688	1,235,885	917,677	1,301,865	619,756	555,677	1,700,327	2,224,613
Other Revenue	194,278	143,759	133,951	239,430	170,706	110,180	75,955	26,251	68,292	105,551	107,956
Total Revenues	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	15,471,583	14,909,686
Expenditures											
Salaries & related	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	6,827,699	6,497,462
Health Programs	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	1,367,437	1,384,088
Professional Fees	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	1,745,219	2,191,562
Facilities Management ¹	528,665	592,614	458,825	333,023	558,702	1,457,267	1,627,570	1,502,474	1,530,223	1,599,239	1,557,559
Community Relations	322,529	259,174	197,270	321,082	538,505	748,104	538,321	695,570	556,361	786,681	546,574
General & Administrative	378,696	357,410	393,737	465,278	483,255	389,897	428,946	342,506	372,449	398,781	426,512
Human Resources	143,746	131,924	160,070	184,585	194,802	281,259	255,180	275,356	181,568	212,553	193,862
Information Systems	77,812	108,083	130,722	112,203	166,911	118,294	157,465	148,804	146,959	172,013	194,186
Cost of Goods Sold	148,077	147,862	124,192	137,891	117,052	47,843	32,958	35,655	34,840	28,875	25,281
Other	45,694	65,453	54,383	51,895	45,471	58,475	59,445	59,085	71,784	69,792	73,360
Principal Retirement	219,008	237,043	266,715	292,957	300,564	325,317	352,109	381,107	412,493	446,463	483,232
Interest & Other Fiscal charges	500,993	482,956	470,530	450,756	419,436	394,683	367,891	338,893	307,507	273,537	236,768
Total Expenditures	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	13,928,289	13,810,446
Contribution to Fund Balance from Opeartions	1,416,588	92,249	11,099	126,077	901,773	901,641	1,592,576	844,506	1,427,753	1,543,294	1,099,240
<i>Debt Service as a percentage of Non capital Expenditures</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>	<i>5%</i>
Capital Investments	768,895	404,297	371,137	278,386	964,399	573,916	1,344,677	837,317	1,440,938	1,820,366	2,528,078
Excess (deficiency) of Revenue over (under)	647,693	(312,048)	(360,038)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)
Expenditures											
Other Financing Sources											
Proceeds from Capital Lease	-	-	98,431	-	-	-	-	-	-	-	-
Net Change in Fund Balances	647,693	(312,048)	(261,607)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)

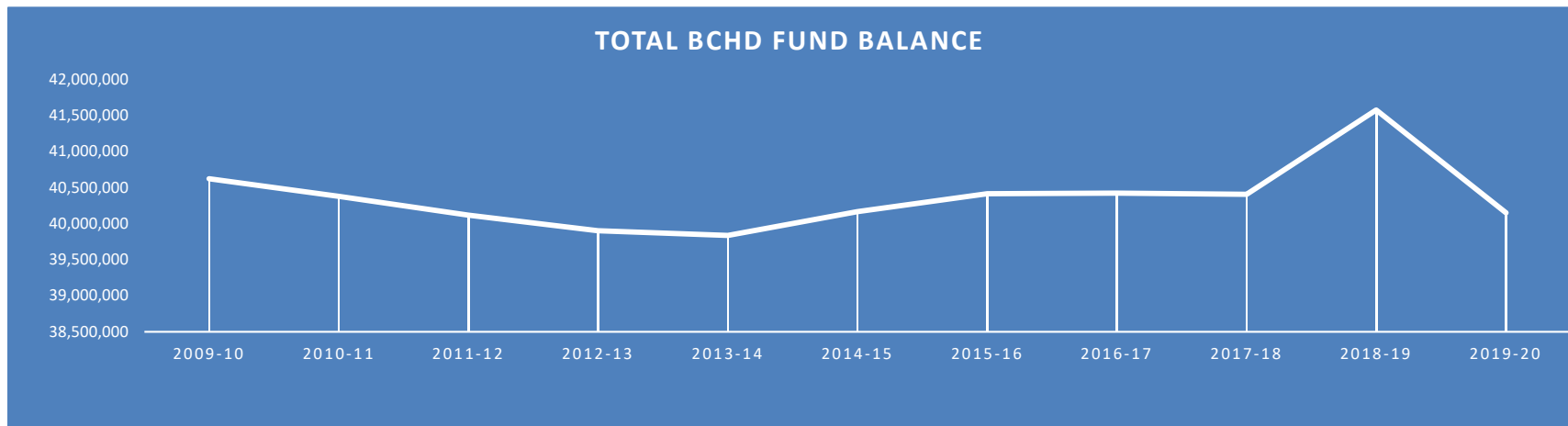
1) Starting FY14-15 BOE (Building Operating Expense) Reimbursements from tenants have been reclassified to revenues from expenses in the Audited Financial Statements

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



Live Well. Health Matters.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Beginning BCHD Fund Balance	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	41,577,023
Change in Fund Balance											
Operating Income	1,416,588	92,249	11,099	126,077	901,773	901,641	1,592,576	844,506	1,427,753	1,543,294	1,099,240
Capital Outlay	(768,895)	(404,297)	(371,137)	(278,386)	(964,399)	(573,916)	(1,344,677)	(837,317)	(1,440,938)	(1,820,366)	(2,528,078)
	647,693	(312,048)	(360,038)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)
Proceeds from Capital Lease	-	-	98,431	-	-	-	-	-	-	-	-
Restatements per audit	660,196	66,705	-	(62,637)	-	-	-	-	-	1,447,652	-
	1,307,889	(245,343)	(261,607)	(214,946)	(62,626)	327,725	247,899	7,189	(13,185)	1,170,580	(1,428,838)
General Fund											
Reserved	13,291,295	-	-	-	-	-	-	-	-	-	-
Unreserved	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	13,535,083	13,651,412
Committed	-	-	-	-	-	-	-	20,813,451	20,701,868	17,758,194	16,187,729
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	6,604,145	6,545,223
	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	37,897,422	36,384,364
Special Revenue Funds											
Restricted for medical building purposes	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	1,156,708	1,156,708
Restricted for 115 Trust - Pension										2,522,893	2,607,113
Ending BCHD Fund Balance	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	41,577,023	40,148,185



- 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 for 2016-17.
- 3) During the year ended June 30, 2019, the District corrected an error associated with the prior amortization of the Ducot notes receivable discount.

BCHD FY19-20 Comprehensive annual financial report



Demographics and Economic Information

Beach Cities*
Demographic Statistics
Last Ten Years



Live Well. Health Matters.

Calendar Year	Population			Population Beach Cities Total (1)	Per Capita 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)	
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	35,991	124,514	60,087	55,624	86,192	67,301	8,379,917	5.0%	1.9%	2.6%	3.2%
2018	68,677	19,673	35,922	124,272	63,913	58,419	89,306	70,546	8,766,893	3.9%	2.2%	3.4%	3.2%
2019**	68,473	19,847	35,922	124,242	63,913	62,224	89,306	71,814	8,922,356	4.0%	2.2%	3.4%	3.2%

* Beach Cities - includes Cities of Redondo Beach, Hermosa Beach, and Manhattan Beach.

** In 2019, 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
2019

Employer	Employees	Percentage of
1 Northrop Grumman	9,816	14.74%
2 Redondo Beach Unified School District	833	1.25%
3 Skechers USA, Inc.	933	1.40%
4 Manhattan Beach Unified School District	764	1.15%
5 Target Corporation	745	1.12%
6 Kinecta Federal Credit Union	659	0.99%
7 City of Redondo	432	0.65%
8 City of Manhattan Beach	306	0.46%
9 Fry's Electronics	316	0.47%
10 United States Postal Service	311	0.47%
11 Trader Joe's	242	0.36%
12 Manhattan Beach Hotel TRS LLC	233	0.35%
13 DHL	272	0.41%
14 Macy's	211	0.32%
15 City of Hermosa	179	0.27%
16 Ralph's Grocery	200	0.30%
17 Frontier	199	0.30%
18 H T Grill	192	0.29%
19 Bristol Farms	155	0.23%
20 Von's Companies	123	0.18%
All Others	41,802	62.79%
Total	66,573	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
Assessed Value and Estimated Actual Value of Taxable Property
Current and Prior Ten Years

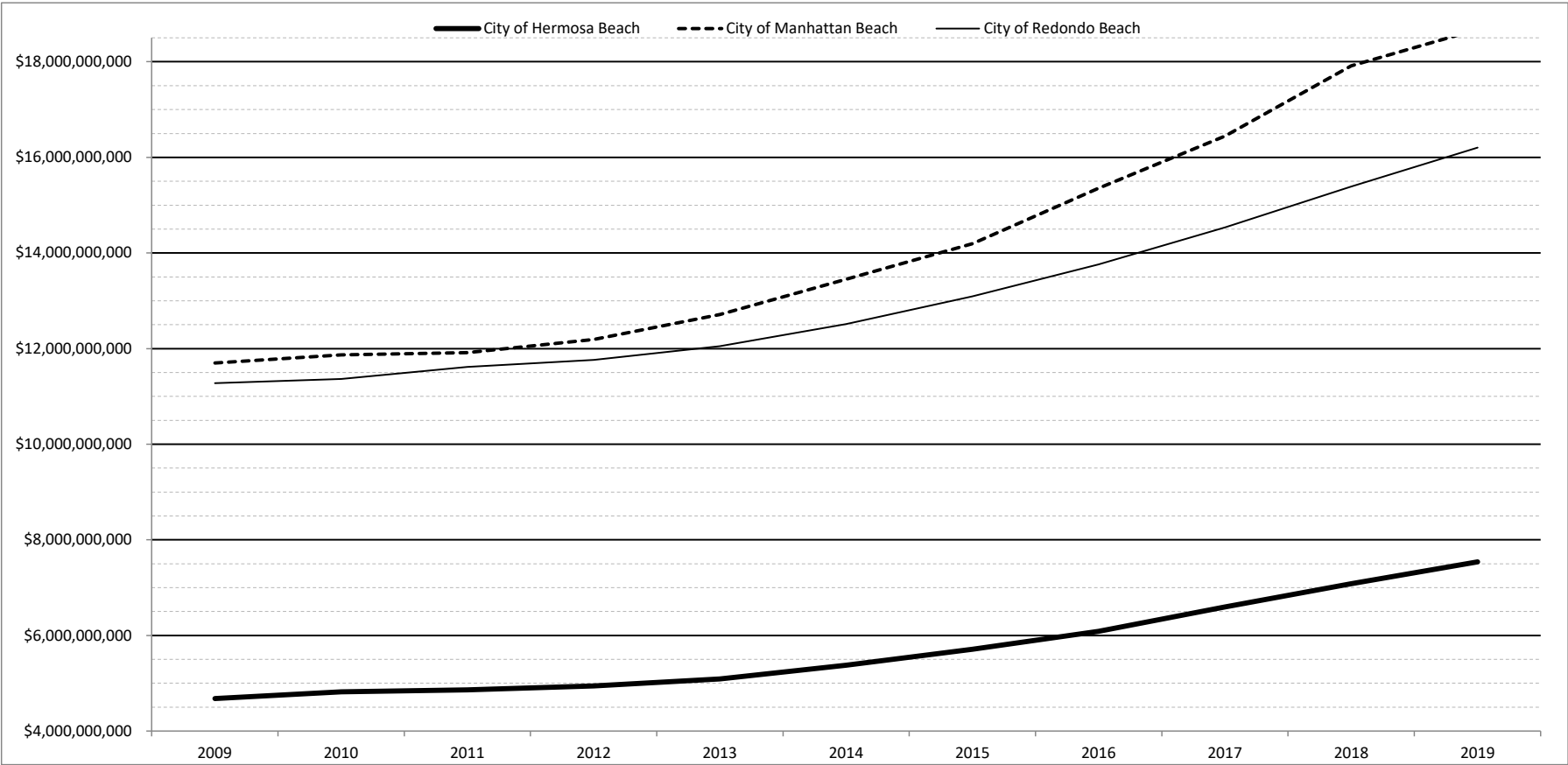


Live Well. Health Matters.

Total Taxable Assessed Value

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Hermosa Beach	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	7,082,716,000	7,540,415,000
City of Manhattan Beach	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	17,917,796,182	18,676,191,358
City of Redondo Beach	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	15,388,290,107	16,200,756,684
Total	\$ 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	\$ 40,388,802,289	\$ 42,417,363,042
Percentage Increase	6.69%	1.46%	1.17%	1.78%	3.32%	4.99%	5.28%	6.68%	6.73%	7.50%	5.02%

BCHD Property Tax Collected	\$ 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	\$ 3,793,278	\$ 3,994,702
BCHD Effective Property Tax %	0.008831%	0.008785%	0.008802%	0.009465%	0.009626%	0.009444%	0.009533%	0.009531%	0.009560%	0.009392%	0.009418%



Source: Comprehensive Annual Financial Reports of City of Hermosa Beach, City of Manhattan Beach, City of Redondo Beach

Beach Cities
Direct and Overlapping Property Tax Rates
Current and Prior Ten Years



Live Well. Health Matters.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Hermosa Beach Residents - Total	1.037724%	1.036418%	1.037907%	1.037488%	1.040540%	1.038968%	1.035651%	1.036693%	1.04137%	1.06494%	1.05167%
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 *	0.000000	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	0.016398	0.017250	0.018067	0.016904	0.018550	0.017970	0.014729	0.015746	0.014928	0.040245	0.025942
El Camino community College District	0.017026	0.014868	0.016140	0.016884	0.018490	0.017498	0.017422	0.017447	0.022942	0.021199	0.022229
Metro Water District	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
City of Redondo Beach Residents - Total	1.0685%	1.0744%	1.0896%	1.1067%	1.1036%	1.1134%	1.1178%	1.1127%	1.1172%	1.1110%	1.1066%
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	0.1861%	0.1877%	0.1882%	0.1858%	0.1875%	0.1578%	0.1580%	0.1581%	0.1583%	0.15871%	0.15883%
Redevelopment Agency	1.004300	1.004300	1.003700	1.003700	-	-	-	-	-	-	-
Overlapping - Redondo Beach Residents											
Los Angeles County *	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Flood Control	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
El Camino Community College District	0.017030	0.014870	0.016140	0.016880	0.018490	0.017500	0.017420	0.017450	0.022940	0.021200	0.022230
Redondo Beach Unified School District	0.047140	0.055190	0.069770	0.086100	0.081620	0.092420	0.096890	0.091740	0.090790	0.086300	0.080860
City of Manhattan Beach Residents - Total	1.12188%	1.11576%	1.14884%	1.11970%	1.15891%	1.16402%	1.09278%	1.08753%	1.09412%	1.11931%	1.11857%
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	0.1586%	0.1584%	0.1562%	0.1593%	0.1595%	0.1601%	0.1606%	0.1613%	0.1619%	0.1625%	0.1629%
Overlapping - Manhattan Beach Residents											
Los Angeles County *	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Colleges & School Districts	0.117580	0.111460	0.145140	0.116000	0.155410	0.1605200	0.0892800	0.0840300	0.0906200	0.1158100	0.1150700
Metro Water District	0.004300	0.004300	0.003700	0.003700	0.003500	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000
Flood Control District	0.000000	0.000000	0.000000	0.000000	0.000000	0.0000000	0.0000000	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

BCHD FY19-20 Comprehensive annual financial report



Operating and Other

Beach Cities Health District



Live Well. Health Matters.

Personnel FTE Summary by Department

Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Administrative Support Services</u>													
Executive Admin Support	4.2	2.0	2.0	2.0	2.0	2.0	2.0	2.2	3.7	3.6	4.2	4.5	3.4
Human Resources	2.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	1.5	2.5	2.7	3.2
Finance Services	4.0	4.0	4.0	4.0	4.0	5.0	4.5	4.5	4.5	4.5	4.7	5.1	5.3
Total	10.2	11.0	11.0	11.0	11.0	12.0	11.5	9.7	11.2	9.6	11.4	12.2	11.8
<u>Direct Operating Support</u>													
Information Systems	1.0	-	-	-	-	-	-	-	-	0.2	0.2	0.7	0.2
Volunteer Department	-	-	-	-	-	-	-	-	-	2.5	2.7	2.5	2.5
Health Promotions	3.0	2.8	3.0	3.0	3.0	3.0	3.0	5.0	5.5	5.6	6.3	6.1	5.9
Total	4.0	2.8	3.0	3.0	3.0	3.0	3.0	5.0	5.5	8.3	9.2	9.3	8.5
<u>Life Span Services</u>													
Life Span Admin Services	5.0	7.0	5.0	5.0	5.0	0.8	0.8	1.0	2.0	3.0	2.0	2.0	1.0
Youth Services	5.0	6.0	6.3	6.3	6.3	7.8	8.1	5.0	5.1	4.8	4.8	5.6	7.0
Blue Zones Project/Work Well	-	-	1.0	1.0	1.0	2.0	6.0	5.0	5.3	4.0	4.0	4.6	5.5
Community Services	8.0	8.0	8.5	8.5	8.5	10.5	10.3	12.3	11.5	10.2	9.9	10.4	10.5
Total	18.0	21.0	20.8	20.8	20.8	21.0	25.2	23.3	23.9	21.9	20.7	22.6	24.0
<u>Health & Fitness Operations</u>													
Adventureplex	20.0	22.0	22.1	22.1	22.1	20.6	21.9	20.0	19.7	23.5	21.2	21.0	20.2
Center for Health & Fitness	19.0	18.0	17.3	17.3	17.3	17.4	16.1	19.0	16.7	17.9	16.8	17.3	18.3
Medical Fitness Exercise													0.6
Total	39.0	40.0	39.4	39.4	39.4	38.0	38.0	39.0	36.3	41.4	38.0	38.3	39.1
<u>Business Development and Innovation</u>													
	-	-	-	-	-	-	-	-	-	-	-	-	0.3
<u>Real Estate - Management</u>													
	8.0	3.0	3.6	3.6	3.0	3.0	3.0	3.0	1.9	1.1	0.5	0.6	0.6
Total Operations Positions	79.2	77.8	77.7	77.7	77.1	77.0	80.7	79.9	78.8	82.3	79.6	82.9	84.2
<u>Real Estate - Capital</u>													
										0.8	1.5	1.0	1.0
Total Positions	79.20	77.80	77.72	77.72	77.12	77.01	80.73	79.92	78.81	83.11	81.13	83.89	85.18

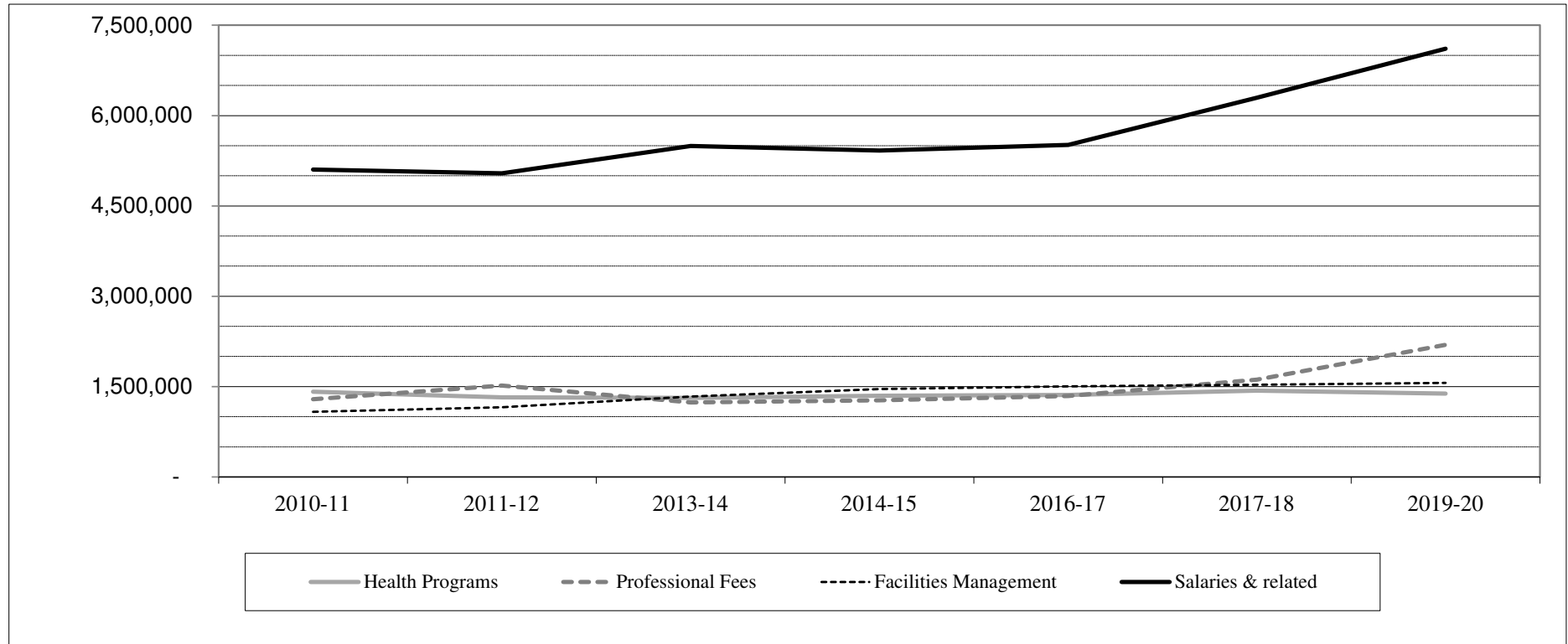
Source: BCHD Annual Budget

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



Live Well. Health Matters.

General Fund												
Fiscal Year	Salaries & related	Health Programs	Professional Fees	Community Relations	Facilities Management	General & Administrative	Human Resources	Information Systems	Cost of Goods Sold	Other	Interest Cost	Total
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	500,993	10,301,874
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	482,956	10,674,505
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	470,530	10,821,956
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	450,756	11,326,831
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	419,436	11,309,343
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	394,683	11,445,690
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	367,891	11,090,101
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	338,893	11,550,796
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	307,507	12,483,275
2018-19	6,397,769	1,367,437	1,745,219	786,681	1,577,812	398,781	212,553	172,013	28,875	69,792	273,537	13,030,469
2019-20	7,106,933	1,384,088	2,191,562	546,574	1,557,559	426,512	193,862	194,186	25,281	73,360	236,768	13,936,685



Source: Audited Financial Statements

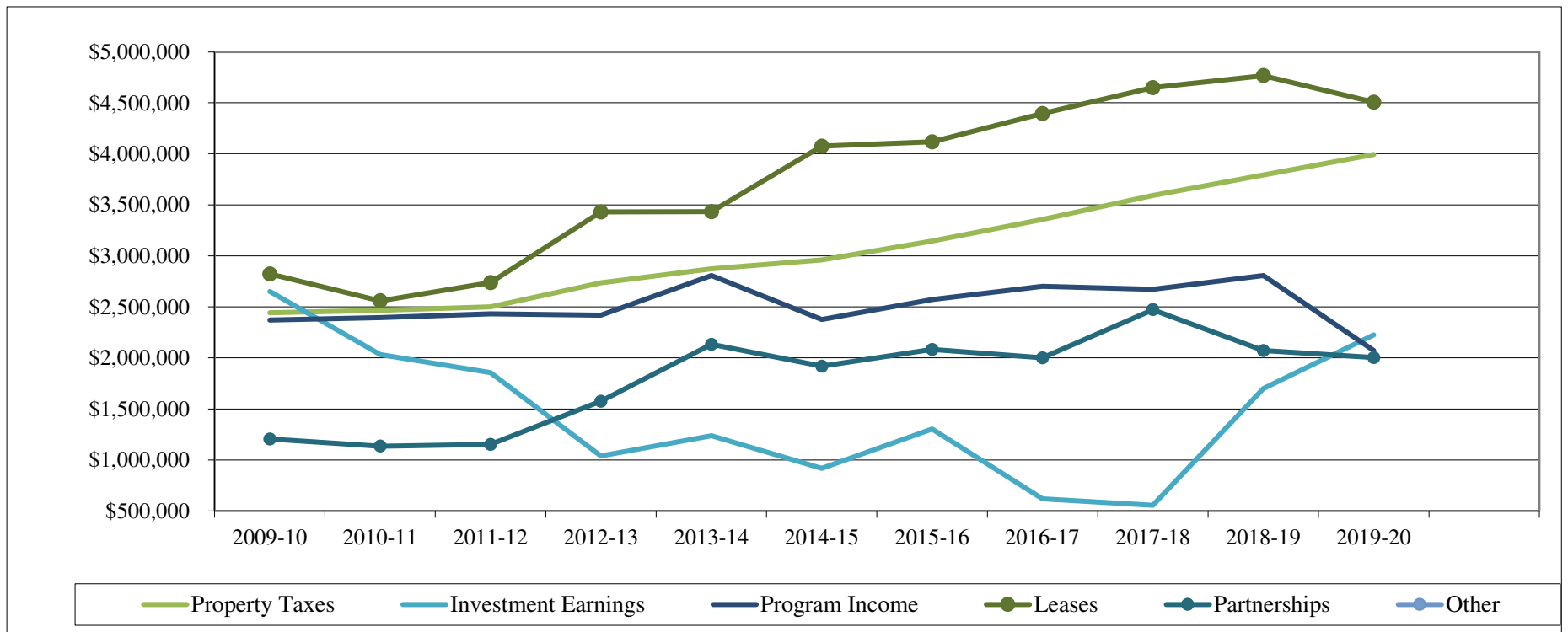
BCHD FY19-20 Comprehensive annual financial report



Revenue Capacity

TREND BY FUNDING SOURCE

Fiscal Year	Property Taxes	Investment Earnings	Program Income	Leases	Partnerships	Other	Total
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
2018-19	3,793,278	1,700,327	2,809,085	4,766,430	2,071,315	105,551	15,245,986
2019-20	3,994,702	2,224,613	2,073,958	4,505,686	2,002,771	107,956	14,909,686



Source: Audited Financial Statements

BCHD FY19-20 Comprehensive annual financial report



DUCOT CAPITAL LEASE LIABILITY *					
Due Date	Monthly Payment	Applied to Principal	Applied to Interest	Amortization Balance Check	Total Annual Payment
30-Jun-20				2,717,032.97	
30-Jun-21		523,028	196,972	2,194,004.88	720,000
30-Jun-22		566,102	153,898	1,627,902.92	720,000
30-Jun-23		612,723	107,277	1,015,179.74	720,000
30-Jun-24		663,184	56,816	351,995.87	720,000
30-Jun-25		351,996	8,004	0.00	360,000
		\$ 2,717,033	\$ 522,967		\$ 3,240,000

**This is the District's only outstanding debt*