

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended June 30, 2021

Prepared by: Finance Department



BEACH CITIES HEALTH DISTRICT

Annual Comprehensive Financial Report

Year ended June 30, 2021



514 N. Prospect Avenue
Redondo Beach, California 90277

Prepared by:
Finance Department

INTRODUCTORY SECTION



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INTRODUCTORY SECTION

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December 22, 2021

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 of the Beach Cities Health District (BCHD or “the District”) for the fiscal year ended June 30, 2021. 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 Comprehensive Annual Financial Report, 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 Comprehensive Annual Financial Report 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, health priorities, public health programs and services, COVID-19 Relief Efforts “Accomplishments & Successes” and FY20-21 Budget Information.
- 2) The financial statement section, audited, includes the independent auditor’s report, management’s discussion & analysis (MD&A), basic financial statements and related financial statement notes.
- 3) Required supplemental information, also audited, are additional information deemed relevant to the audience of the audit for 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.

These Financial Statements and prior years’, plus other up-to-date information about programs and services, budgets, policies, transparency, etc. can be found on the District website:

<https://www.bchd.org/>

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Service Efforts and Accomplishments. In Fiscal 2020-21, the District continued its COVID-19 emergency response activities to address and fill unmet immediate health needs in the Community, like COVID-19 testing and vaccinations to support its vision of “A Healthy Beach Community”

In mid-March of 2020, the District quickly pivoted and responded to the COVID-19 emergency and set up an Emergency Operations Center meeting needs based on 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.

In the past year and a half, the District responded 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](#). At the same time, it pivoted 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. The COVID-19 emergency responses, programs and health services and residents reached during the emergency are also illustrated starting on page xxii as COVID-19 Relief Efforts “Accomplishments & Successes”

Because of the effects of the prolonged COVID-19 emergency, especially on incoming funding, the District had to adjust the FY20-21 Budget. Therefore, in December 2020, the

TOTAL BCHD	FY20-21 BUDGET			
	Dec-20	Jun-20	Var.	%
TOTAL REVENUES	\$12,208,000	\$14,596,000	(\$2,388,000)	(16.%)
TOTAL EXPENSES	\$13,676,000	\$14,264,000	\$588,000	4%
OPERATING INCOME	(\$1,468,000)	\$332,000	(\$1,800,000)	(542.%)
<u>Sources of Funds for COVID-19 Response</u>				
* FY20-21: Covid-19 FEMA - Estimate 75%	649,000	0	649,000	
* FY19-20: Covid-19 FEMA - Estimate 75%	519,000	0	519,000	
ADJUSTED OPERATING INCOME	(\$300,000)	\$332,000	(\$632,000)	(190.%)
FY20-21 Covid-19 Assigned Fund Balance	300,000	0	300,000	
BALANCED OPERATING BUDGET	\$0	\$332,000	(\$332,000)	(100.%)

**) The District is submitting COVID-19 costs for reimbursements to FEMA that will determine eligibility.*

While not a certainty, the District is estimating to receive reimbursements from FEMA for eligible expenditures as noted above. As of June 30, 2021, and included in the Financial Statements presented herein, the District has received \$309,000 of the \$1,168,000.

With the adjusted FY20-21 budget, the District was able to execute its COVID-19 emergency objectives, certain pivoted priority health programs and services and long-term financial strategies within the [adopted financial budget](#).

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

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

The General Fund accounts for all District programs and services that are 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. Health and Fitness operations pivoted to virtual programming with a limited opening in April 2021. All possible with support from Volunteers Services, Health Promotions, IT, and back-office services, like HR, Finance and Executive Offices.

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, except for minor bank fees.

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.

Beach Cities Health District is a special district. Special districts are a form of local government created by a local community to meet a specific need. Healthcare Districts are a type of special district and public entities that provide community-based health care services to residents throughout the state.

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. In August 2017, Report #239, 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?"

In September 2021, the Beach Cities Health District was named the Healthcare District of the year by The Association of California Healthcare Districts (ACHD) who announced:

“This year’s recipients are incredibly dedicated to their employees and communities. During these challenging times in health care, they continue to provide unwavering support and leadership,” said Cathy Martin, CEO of ACHD. “We are honored to celebrate these healthcare districts who have been serving on the frontlines of the pandemic, while also maintaining their commitment to provide access to health and wellness services in their communities.”

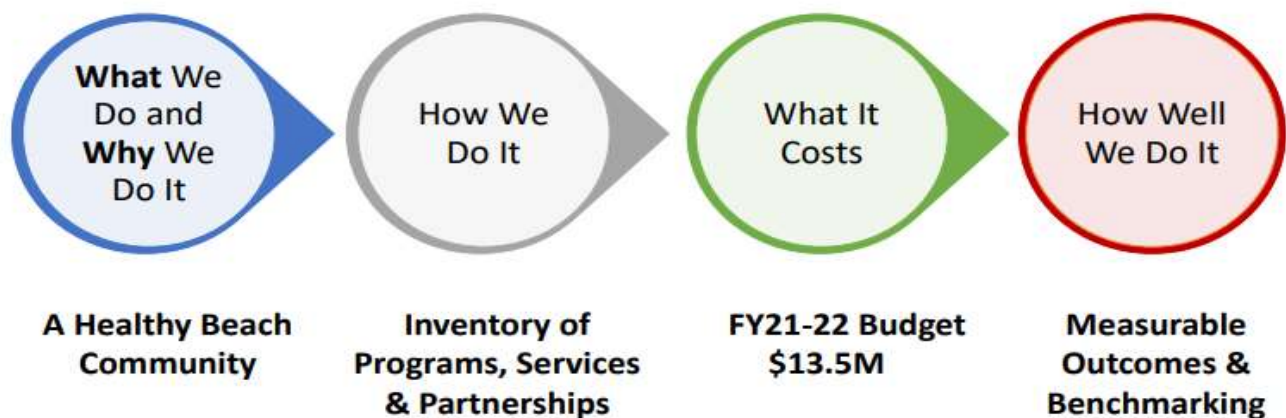
[ACHD Press release for Award](#)

District Services. The Beach Cities Health District services are based on the strategically developed Health Priorities page xv (2019-2022 Nutrition & Exercise, Social-Emotional Health, Substance Use and Cognitive Health) reviewed and approved every three years.



Effective with the FY21-22 budget, the District implemented a Priority Based Budgeting (PBB) methodology that identifies health priorities and costs by each District program and service that are then scored and prioritized based on agreed-upon attributes to drive future budgeting and strategic development of the District.

Priority Based Budgeting is a process used to understand community values, and **budget** accordingly to those values, while providing flexibility in order to meet the changing needs of the community.



Annually, the District staff work collaboratively with involvement from the Board, Community and BCHD Staff incorporating every aspect of the District.



The annual budget then executes the strategic plan (i.e., programs, services, capital investments, etc.) that is tied to the Health Priorities to achieve the District's vision of "a healthy beach community."

Delivery is organized around functional areas: Life Span Services, Health and Fitness Operations, Property Management and Support services (page xvi).

Life Spans Operations	Health & Fitness Operations	Property Operations
Youth Services	AdventurePlex	514 Prospect Ave.
Blue Zones Project & Work Well	Center for Health & Fitness	Notes Receivable
Community Services		Off-Campus

The **Life Span Services Department** consists of the Youth, Adult and Older Adult Services, plus the Well-Being Services, based on the [Blue Zones](#) concepts and theories that spans all age groups.

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The [Youth Services department](#) provides School Health Services with a variety of physical, mental and social health programs for children and youth within the beach cities school setting. These include health education for elementary students; life skills and substance abuse education for middle school 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 100 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. The District is in its second year of administering and operating the Drug Free Communities grant program and services that continues its work with the Partnership for Youth Coalition.

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. The contract delivery has been delayed and operations is estimated to now begin around June 2022 timeframe.

[Older Adult 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 [Well-Being programs](#), including Blue Zones and WorkWell 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.

Since 2005, the District has critically analyzed community health needs and health data collected by various sources like the California Healthy Kids Survey, Gallup-Sharecare Well-Being Index (WBI), Los Angeles County Health Survey, U.S. Census Bureau, etc. illustrated in the [District Health Report](#) updated every three years. The next Health Report will be published in February 2022.

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 closed mid-March 2020 due to the COVID-19 Pandemic and national, state, and local health department officers' orders and continued to remain closed until April 2021 when a staged limited capacity facility and Youth Camps were able to open and will continue until orders are completely 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. All executed with COVID-19 safety protocols in accordance with the LA County Health orders.

The **Property Management Department** provides around 35% of the District funding through leasing activities. The District owns approximately 262,000 sq. ft. of rental property. The District owns five properties, three lots in and around the District rented each to a different tenant, the AdventurePlex Youth facility and then the main campus that occupies around eight to ten tenants. With the District oversight, the main campus on 514 Prospect Av. Redondo Beach is 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 accounted for in the Finance department. As of June 30, 2021, the Treasury investment portfolio has a value of \$19.8 million, a reduction of \$5.0 million from June 30, 2020, of \$25.9 million. Funds have reduced mainly due to the investments into the Healthy Living Campus replacing the aging 1960's main Campus building but also due to the liquidity requirements during the COVID-19 pandemic. The District uses a 3rd party Asset Management group to actively manage the investment 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 – until COVID-19 low inflation and continued low interest rates, improved property tax values, generally low unemployment rates, recovering economic spending and increased employee salaries and benefits costs. During the beginning of Covid-19 Pandemic inflation rates remain low but have started to increase and interest rates have dropped even lower, while property tax values also remain strong but are expected to level out. However, 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 that will and already have caused a reduction of incoming funds for the District public health programs and services, management is working on redeveloping the land. Consistent with its mission of providing health services and mandate to fill gaps where services lack, management is planning an 11-acre concept referred to as the [Healthy Living Campus](#) 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. In the past year, the District Board, as the Lead Agency, certified the [Environmental Impact Report](#) (EIR) and approved a project concept that is currently being prepared to be presented to apply for applicable permits, like a Conditional Use Permit (CUP) from the City of Redondo Beach that is needed to start construction.

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

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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 FY20-21 budget was approved June 24, 2020, with Resolution #558 (adjusted December 16, 2020) 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 \$3,000,000 to the Pension and OPEB 115 Trust accounts combined with a value of \$3,990,000 as of June 30, 2021, combined.

The District's \$19,838,000 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). On June 30, 2021, short-term investments with maturities of six months or less, in the two accounts combined were \$237,000.

The District investment in the Healthy Living Campus redevelopment has materially decreased cash and the investment portfolio. Total cash and investment decreased by \$4,522,000 from \$29,160,000 to \$24,638,000 on June 30, 2020, and 2021, respectively. The Healthy Living Campus stabilized net

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incoming cash funding is estimated around \$2.5 million annually and will replace the incoming funds from the 514 N. Prospect building and allow the District to replenish and in the future 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 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](#). Since 2018, the District has also achieved "District Transparency Certificate of Excellence" from the Special District Leadership Foundation recognizing management and Board commitment to accountability and transparency.

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

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

Respectfully,

Monica Suua

Ms. Monica Suua, CPA, CIA
Chief Financial Officer

DISTRICT OFFICIALS

Board of Directors

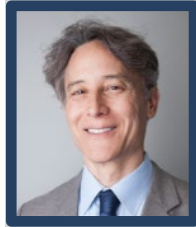


Jane Ann Diehl

President

Appointed in Lieu of
Election 11/14
Elected: 11/16, 11/20

Term Expires: 12/24

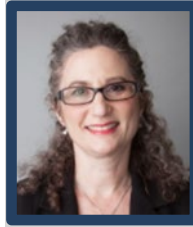


**Noel Lee Chun
M.D., Q.M.E.**

President Pro Tem

Appointed in Lieu of
Election 11/10
Elected: 11/06, 11/14,
11/18

Term Expires: 12/22

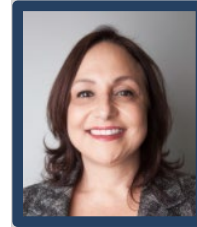


Vanessa I. Poster

Treasurer / Secretary

Appointed in Lieu of
Election 11/12
Elected: 11/96, 11/00,
11/04, 11/08, 11/16,
11/20

Term Expires: 12/24

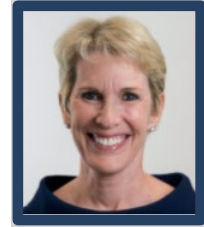


**Michelle Anne Bholat
M.D. MPH**

Board Member

Elected: 11/14, 11/18

Term Expires: 12/22



**Martha B. Koo
M.D.**

Board Member

Elected: 11/20

Term Expires: 12/24

District Executive Leadership



Tom Bakaly, Chief Executive Officer



William Kim, M.D., Chief Medical Advisor



Leslie Dickey, Executive Director of Real Estate



Cristan Higa, Chief Health Operations & Communications Officer



Kerianne Lawson, Chief Programs Officer



Monica Suua, Chief Financial Officer

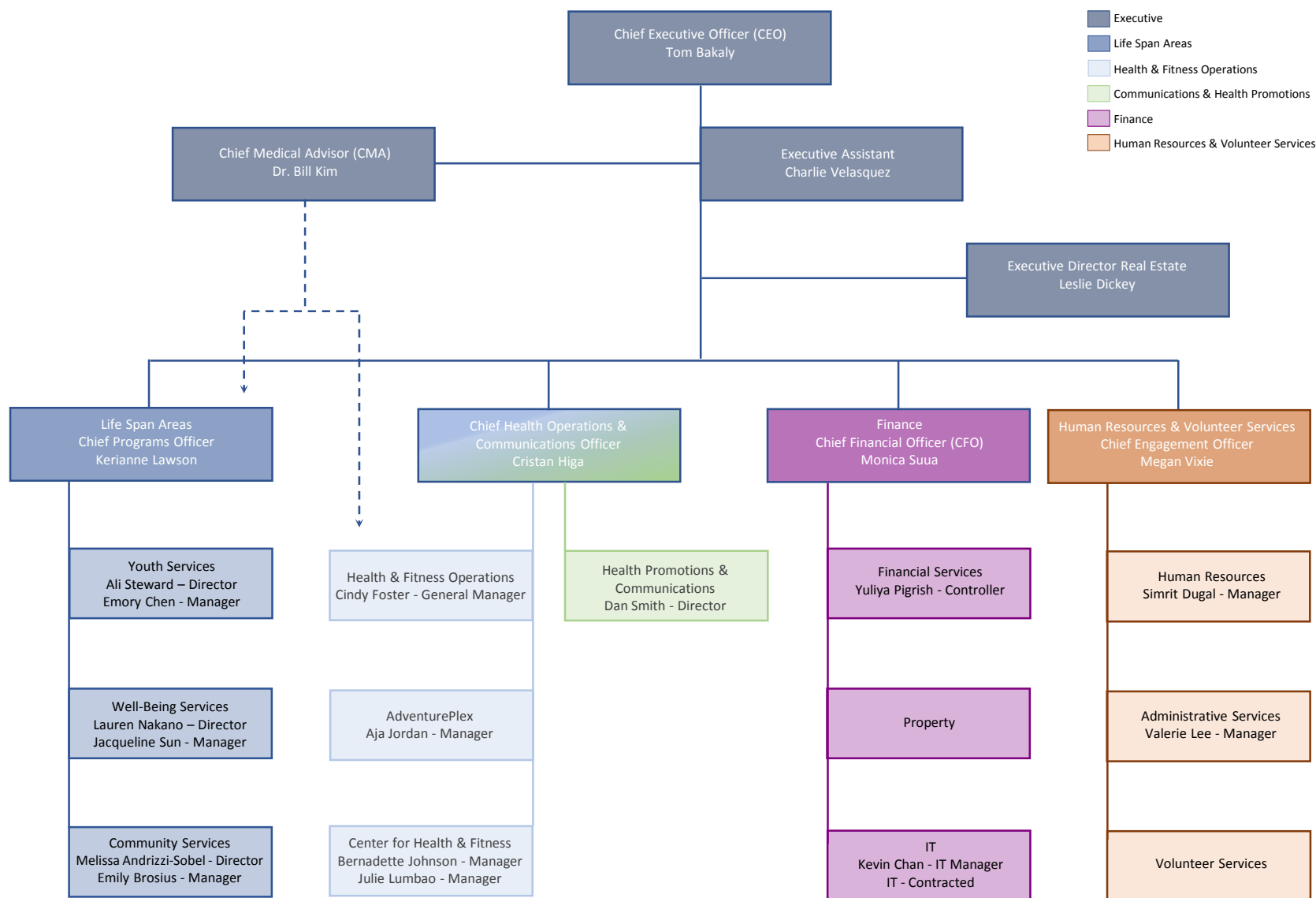


Megan Vixie, Chief Engagement Officer

Finance Department

Yuliya Pigrish, Controller
Cindy Sheu, Senior Accountant
Jamie Fresques, Staff Accountant
Jessica Rodriguez, Finance Technician
DeeAnn Davis, Accounting Assistant

Organization Chart





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

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



Social-Emotional Health

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



Substance Use

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



Cognitive Health

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

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• 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

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

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

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

COVID RELIEF EFFORTS - March 2020 – June 2021

Among the accomplishments from the onset of COVID-19 to July 2021:



BCHD's COVID-19 vaccine efforts included **43 clinics**, with **15,590 doses** administered.



BCHD's COVID-19 testing site was in operation **401 days**, administering **155,684 tests**.



8 South Bay school districts utilized the Symptom Assessment Tool, presented by Children's Hospital Los Angeles and BCHD, with **356,860 total uses** of the screener for students and staff to safely access campus.



6,029 vaccine doses were administered to 12-18 year olds during 14 school vaccine clinics. More than **5,000 vaccine doses** were also administered to educators.



61 homebound clients ages 22-105 received at least one dose of vaccine.



2,616 errands were completed for those safer at home and needing assistance during COVID-19.



4,712 meals were delivered to Beach Cities residents.



More than **500 individuals volunteered** their time on behalf of BCHD.

Contributions & Successes:

The following information provides our efforts and results of those efforts through the COVID-19 pandemic. Much of this information was provided to the board, volunteers, staff and community partners at our Ohana Luau event in July, 2021.

Date	Activity	Result to Date:
Jan 29, 2020	BCHD launched https://www.bchd.org/coronavirus page on the BCHD website in order to provide accurate and updated information around this new pandemic. The page would evolve and grow into 16 additional pages	501,486 views have been received
Mar 16, 2020	First Health & Fitness Operations virtual exercise video released via YouTube to encourage exercise from home.	145 videos resulted in over 36,163 views

Continued..

Date	Activity	Result to Date:
Mar 16, 2020	BCHD's Community Services care management team began telephonic support for all current and newly referred care management clients to assess their overall well-being and provide social and emotional connection. Support Line volunteers also contributed to additional calls to clients.	13,281 calls made to clients 7,160 calls have been received
Mar 25, 2020	BCHD's Community Services continues the errand assistance program for community members needing support during COVID-19	2,616 errands completed by staff and volunteers
Apr 1, 2020	BCHD's first CHF virtual live exercise classes and personal/small group training launch	33,062+ attendees have take place thus far
Apr 3, 2020	BCHD partners with the Los Angeles County Department of Health, Los Angeles County Fire Department and Providence Little Company of Mary to open a drive-thru COVID-19 testing site located at the South Bay Galleria. In June 2020, BCHD moves drive-thru COVID-19 testing site from South Bay Galleria to BCHD campus. Site is now staffed exclusively by BCHD staff.	The testing site stayed open 401 days resulting in 155,684 tests completed. The BCHD campus site closed in June 2021
Apr 28, 2020	BCHD State of COVID-19 data dashboard launches, tracking cases, deaths, hospitalization, test positivity and more metrics and trends in the County and in the Beach Cities.	Link to COVID 19 data dashboard
May 6, 2020	BCHD adopts Grants and Emergency Disaster Relief policy to support community with COVID-19 response and recovery.	\$36,723 funds and donations were raised
May 6, 2020	BCHD transitioned all Mindfulness Drop-in for Blue Zones Project (BZP) programming to a virtual platform and others followed (Blue Zones Project Social Hour, Blue Zones Project Cooking Show, Moais, Mental Health and Happiness workshops, and weekly Happiness Chats)	all recorded programs available via the website
May 14, 2020	BCHD reactivated volunteer engagement by convening programs virtually (e.g., Restaurant Ambassadors, Power9 Committee, Livability Committee, CAPS).	14,366 hours contributed to existing BCHD volunteer programs
May 15, 2020	BCHD's Community Services implemented the meal delivery program to assist those community members with prepackaged nutritious meals for the week.	4,712 meals have been delivered
June 1, 2020	BCHD takes over call-back program for those who tested positive for COVID-19 at our testing site.	8,800 calls made by volunteers
June 30, 2020	BCHD's Safe in the South Bay Program was launched for participating businesses and restaurants. The program builds consumer confidence in business recovery efforts and supports local businesses with reopening protocols	172 pledges have been secured

Date	Activity	Result to Date:
Aug 26, 2020	BCHD's Youth Services, 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.	Six school Districts throughout Los Angeles (Redondo Beach, Hermosa Beach, Hawthorne, Palos Verdes, Torrance, and Santa Monica-Malibu) utilized the tool for school reopening
Oct 19, 2020	BCHD facilitates launch of Safe in the South Bay Individual Pledge to invite individuals to commit to doing their part to slow the spread of COVID-19 by following infection control best practices and caring for their body, mind, and community.	220 businesses and 100+ individuals so far took the SITSB pledge
Oct 27, 2020	BCHD Mobile Flu Strike Team administered flu vaccines to vulnerable, homebound individuals in the Beach Cities and also partnered with cities to deliver flu clinics.	227 flu vaccines were administered
Dec 10, 2020	BCHD launched COVID-19 Vaccine page on the BCHD website.	27,395 views have been received
Mar 1, 2021	<p>BCHD announces a partnership with Los Angeles County Department of Health and 11 local school districts to administer Pfizer vaccines for teachers. This includes clinics at AdventurePlex and mobile clinics at participating schools.</p> <p>The AdventurePlex site opens to the public on April 17th. Mobile clinics were also established for homebound seniors.</p>	<p>44 clinics operated and 15,590 doses were completed</p> <p>5,000+ doses were administered to educators</p> <p>6,029 doses were administered to 12-18 year olds</p> <p>61 clients were vaccinated in their homes through mobile clinics</p>
Mar 24, 2021	BCHD partners with South Bay Family Health Care to administer the Moderna vaccine at the 514 Prospect campus	3,727 total doses were administered
Apr 1, 2021	BCHD's Center for Health & Fitness slowly reopens in-person services and launches outdoor fitness area on May 1st.	945 members have returned (as of 9/13/21) 1,600+ attendees participate in outdoor fitness classes
Jun 21, 2021	BCHD's AdventurePlex launches summer camp under strict COVID guidelines	1,725 campers attended throughout the summer and no COVID exposures occurred (updated 9/13/21)

*Previously Blue Zones Project (BZP), now WellBeing Services.

*Moai: From Okinawa, Japan, where a group of people meeting for a common purpose / activity. Bchd.org/moai



Volunteer Hours Donated March 2020 – June 2021

Below is a list of each volunteer program/area and the hours that were contributed during our COVID Relief Efforts:

Volunteer Role	Hours Donated
AdventurePlex Volunteer	68.5
BCHD Administrative Volunteer	189.75
BCHD Advisory Committees (Community Health, Finance, Properties, Strategic Planning)	207.5
BCHD Board Member	1164.5
BCHD Campus Greeter	123
BCHD CAPS Crocheting Program	2455
BCHD Healthy Minds Initiative Volunteer	175
BCHD Student Internships	3653.67
Blue Zones Project Livability Committee Member	212.5
Blue Zones Project Power 9 Committee	552.5
Blue Zones Project Purpose Convener	61.5
Blue Zones Project Restaurant Ambassador	228.5
Center for Health & Fitness Front Desk	202.5
Communications Event Ambassador & Volunteer	64
Community Services Brain Buddy	109.67
Community Services Conversation Companion	551.15
Community Services Errand Volunteer	1222.65
Community Services Holiday Gift Bags	244.78
Community Services MoveWell Volunteer	100.35
Community Services Support Line	163.75
COVID Care Navigator	954.82
COVID Errand Assistance & Meal Delivery	895.85
COVID Testing Site Volunteer	2995.1
COVID Vaccine Site Volunteer	4922.6
Volunteer Services Purpose Connector	222.5
Volunteer Services Spotlight Writer	12.25
Volunteer Services Volunteer Advisory Council	243
Youth Services LiveWell Kids Garden Angel	588.25
Youth Services Parent Advisory Council	95
Youth Services School Health Assessment Volunteer	12.5
Youth Services Student Mental Health Task Force	230.25
Youth Services Walking School Bus Volunteer	64
Youth Services Youth Advisory Council	1147.75
Grand Total	24134.64

Community Partnerships through March 2020 – June 2021

BCHD collaborated with the following partners throughout the COVID-19 emergency:

- **Alert South Bay**- Liaison for COVID-19 community surveys, regional Joint Information Center
- **LA County OES Operational Area G** - 28 agencies collaborating throughout the emergency
- **California Coronavirus Testing Task Force**
- **Children's Hospital of Los Angeles**- Liaison for symptom assessment tool used by local schools, provided nursing staff to support on-site vaccination clinics at area schools
- **City of El Segundo**- Elected Officials and Chamber of Commerce
- **City of Hermosa Beach**- Elected Officials, Chamber of Commerce and Senior Department
- **City of Manhattan Beach**- Elected Officials, Chamber of Commerce and Senior Department
- **City of Redondo Beach**- Elected Officials, Chamber of Commerce and Senior Department
- **City of Torrance**- Elected Officials and Chamber of Commerce
- **Federal Emergency Management Agency (FEMA)**- Liaison for Request for Public Assistance
- **Harbor College Nursing Program**- Liaison for COVID-19 Testing Site
- **Hermosa Beach City School District**- Superintendent and Staff
- **South Bay Joint Information Center (JIC)**- Liaison for communication and messaging
- **Los Angeles County Department of Public Health and Health Services**- Liaison for COVID-19 Testing Site
- **Los Angeles County Fire Department**- Liaison for COVID-19 Testing Site
- **Manhattan Beach Fire Department**- Chief Knabe- Liaison for Vaccination Site, fire personnel serving as vaccinators at vaccination clinics
- **Manhattan Beach Unified School District**- Superintendent and Staff
- **Mount St. Mary's University Nursing Program**- provided student nurses and faculty to support COVID testing site and vaccination clinics
- **Palos Verdes Peninsula Chamber of Commerce**
- **Providence Little Company of Mary Hospital**- Liaison for COVID-19 Testing Site
- **Redondo Beach Fire Department**- Chief Isaac Yang- Liaison for Vaccination Site, Jason May- Liaison for DOC, fire personnel serving as vaccinators at vaccination clinics
- **Salvation Army**- Liaison for senior food donations, COVID-19 testing, and flu vaccinations
- **South Bay Galleria**- Liaison for COVID-19 Testing Site
- **South Bay Family Health Center** – Partners to run a vaccination site with BCHD at 514 N. Prospect Ave., Redondo Beach, CA 90277
- **South Bay Pharmacy** – Partners with BCHD to assist with distributing the pharmacy's vaccine allocation
- **Torrance Memorial Hospital**- Liaison for DOC Chief Medical Advisor
- **UCLA Health**—liaison for COVID-19 testing
- **USC Schwarzenegger Institute**-Liaison for seroprevalence research
- **Youth Advisory Council**- Liaison for COVID-19 health & safety campaign

RESOLUTION NO. 563

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BEACH CITIES HEALTH DISTRICT
ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2021-2022**

WHEREAS, a preliminary budget for Fiscal Year 2021-11, July 1, 2021 to June 30, 2022, 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 the Board of Directors of the Beach Cities Health District has examined the preliminary budget for Fiscal Year 2021.22.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE 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 2021-22.

2. That the amounts designated in the final FY 2021-22 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 the budget allocations for positions, salaries, operational expenditures, 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 this resolution shall become effective on the date of adoption date.

PASSED, APPROVED, AND ADOPTED ON THIS 23rd DAY OF JUNE 2021.


Jane Ann Diehl, President
Board of Directors
Beach Cities Health District

ATTEST:



Neel Lee Chun, M.D., Q.M.E. President Pro Tem
Board of Directors
Beach Cities Health District

EXHIBIT A

Beach Cities Health District District Total Rollup Budget 2021-22

	Budget FY21-22	Adjusted Budget FY20-21	\$ Variance	%
Property Tax Revenue	4,499,541	4,179,531	320,010	8%
Lease Revenue	3,838,806	4,176,829	(338,023)	-8%
Tenant BOE Reimbursements	787,805	962,374	(174,569)	-18%
Interest Revenue	677,328	838,751	(161,423)	-19%
Limited Partnership Revenue	1,898,874	1,670,562	228,312	14%
User Fees Revenue	1,331,778	182,885	1,148,893	628%
Grant revenue	274,815	1,340,315	(1,065,500)	-79%
Other Revenue	225,000	25,000	200,000	800%
TOTAL REVENUE	13,533,947	13,376,247	157,700	1%
Payroll	6,837,703	6,462,429	(375,274)	-6%
Program Costs	144,468	188,279	43,811	23%
Human Resources Related	186,192	214,984	28,792	13%
Information Systems	325,091	225,298	(99,793)	-44%
Community Relations	483,839	503,678	19,839	4%
Facilities Expenses	1,440,139	1,354,918	(85,220)	-6%
Professional Services	1,568,394	2,029,542	461,148	23%
Interest and Other	1,100,564	1,141,438	40,874	4%
Funds & Grants	1,447,558	1,555,009	107,451	7%
TOTAL OPERATING EXPENSES	13,533,947	13,675,575	141,628	1.0%
BCHD OPERATING SURPLUS / (Deficit)	-	(299,328)	299,328	-100%
FY19-20 COVID-19 Assigned Fund		300,000		
FUND CASH OPERATING BALANCE CHANGE	-	672	(672)	100%
Capital Investment Expenditures	(7,500,000)	(3,208,000)	(4,292,000)	134%
FUND CASH BALANCE CHANGE	(7,500,000)	(3,207,328)	(4,292,672)	-134%
Non-Cash NR Amortization	(543,566)	(474,308)	(69,258)	15%
FUND BALANCE CHANGE	(8,043,566)	(3,681,636)	(4,361,930)	-118%
New - Capital Expenditures	200,000	458,000		
New - Healthy Living Campus	8,500,000	2,500,000		
TOTAL CAPITAL INVESTMENT BUDGET	8,700,000	2,958,000		



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**Beach Cities Health District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

BCHD FY20-21

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Sunrise Beach Cities Assisted Living, L.P., which represents 15.59%, 17.82%, and 8.49%, 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, 2021, 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 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 17, 2021 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 solely 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.

Davis Farr LLP

Irvine, California
December 17, 2021

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, 2021. Readers are encouraged to read this information alongside the District's audited financial statements that follow.

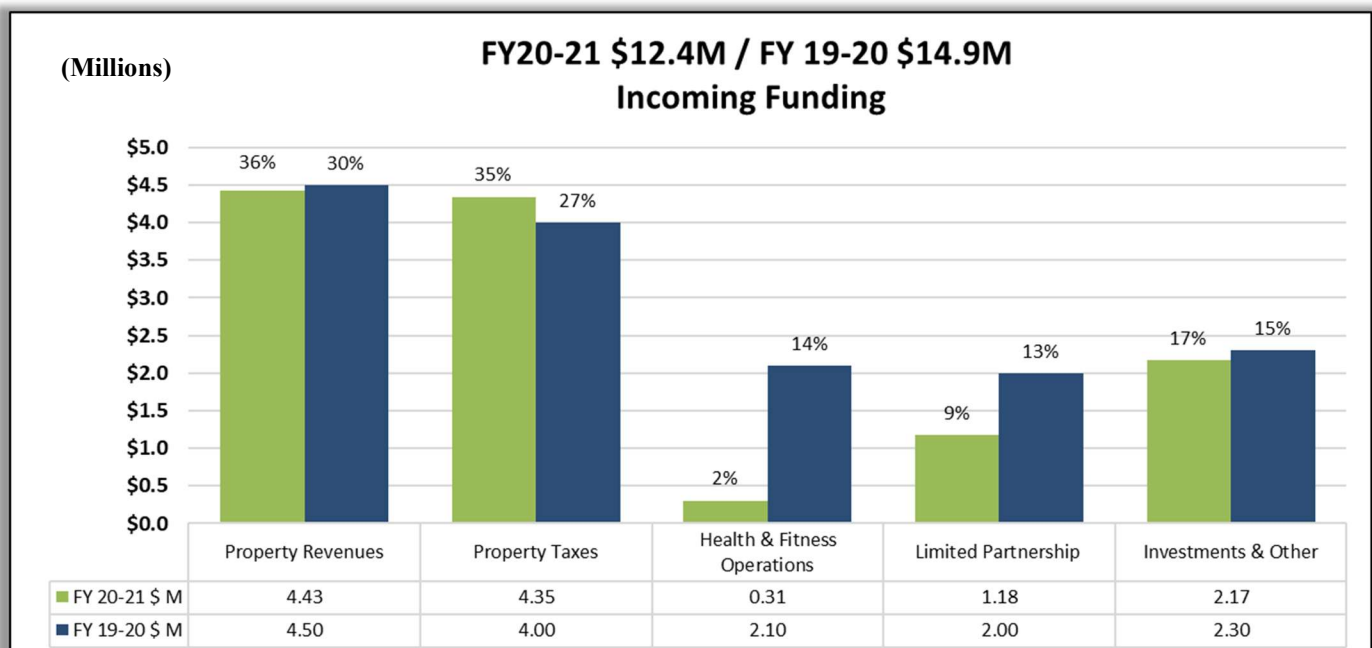
Financial Highlights

The entire fiscal year 2020-2021, District programs and services were primarily devoted to the COVID-19 emergency response efforts that were organized in accordance with the Nation's Standardized Emergency Management System (EMS) and the National Incident Management System (NIMS) to address the following prioritized identified in the disasters:

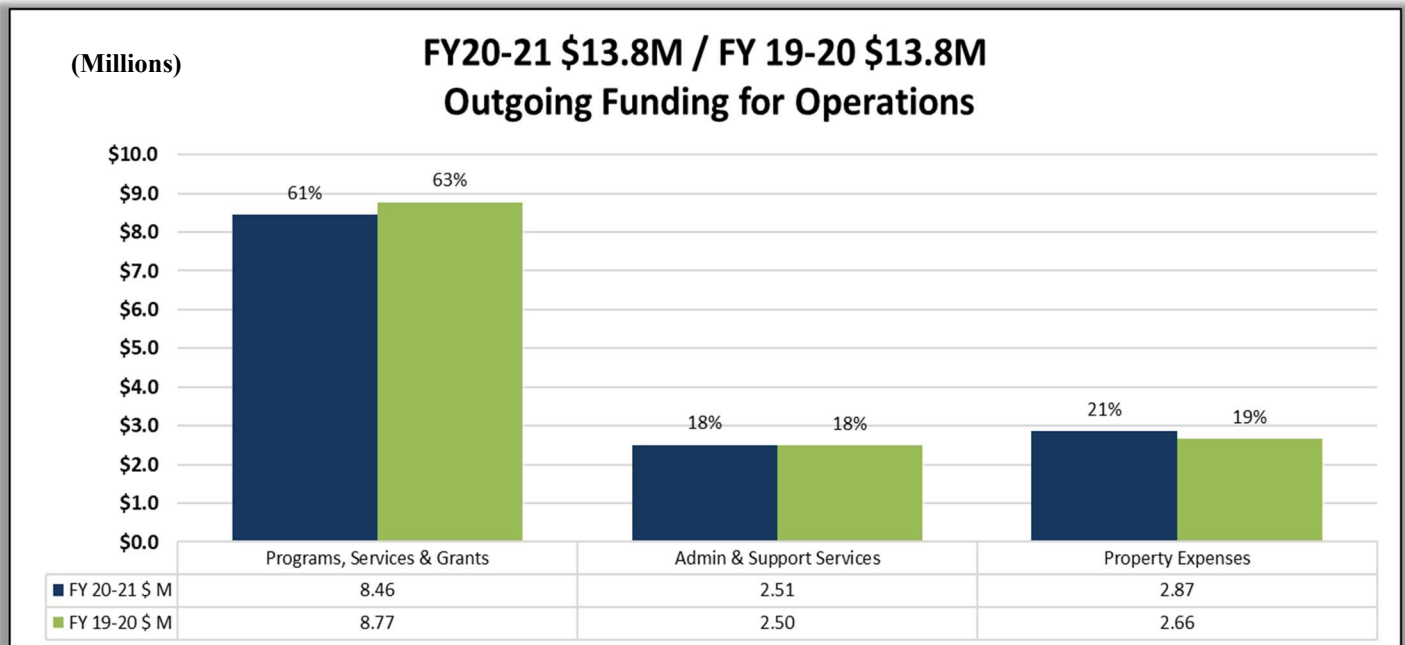
- Maintain a COVID-19 diagnostic testing site and pursue immunity testing research
- Support at-risk older adults in the community
- Provide healthy adults an opportunity to be of use to the community
- Continue to disseminate timely and accurate information to the community
- Provide health and well-being tips, tools and virtual classes
- Recovery planning and implementation for BCHD operations and the community.

As an essential health service provider, in March 2020, the District pivoted its ongoing health programs and services to fill the gaps in emergency health needs in the community. By June 30, 2021, the District had administered 155,000 COVID-19 tests and 15,000 vaccinations. It delivered over 4,000 meals and 2,000 errands for at-risk District residents that were safer at home and needing assistance. It engaged over 500 volunteers, called, and received over 20,000 resident phone calls and saw over 33,000 people attend virtual classes.

Incoming funds of \$12.4M were reduced by \$2.5M. District's investments in long-term assets, like Real Property and Joint Partnerships, allows it to maintain its unique funding model, where generally over 70% of incoming funds are from other sources than property taxes, like tenant rental income and limited partnerships. Income from other sources was reduced from 73% to 65% mainly due to effects from COVID-19 on Income from Limited Partnership and Health and Fitness Operations.



Outgoing funds for operations are equal to prior fiscal year. The District's direct COVID-19 expenditures are \$3.0M with the majority in Programs, Services and Grant expenditures, offset with the reduction in expenditures from the closure of the Health & Fitness operations. Property expenditures also increased due to COVID-19 required security at the District's facilities during the administration of testing and vaccination operations for crowd guidance and control, plus continued increased maintenance requirements.



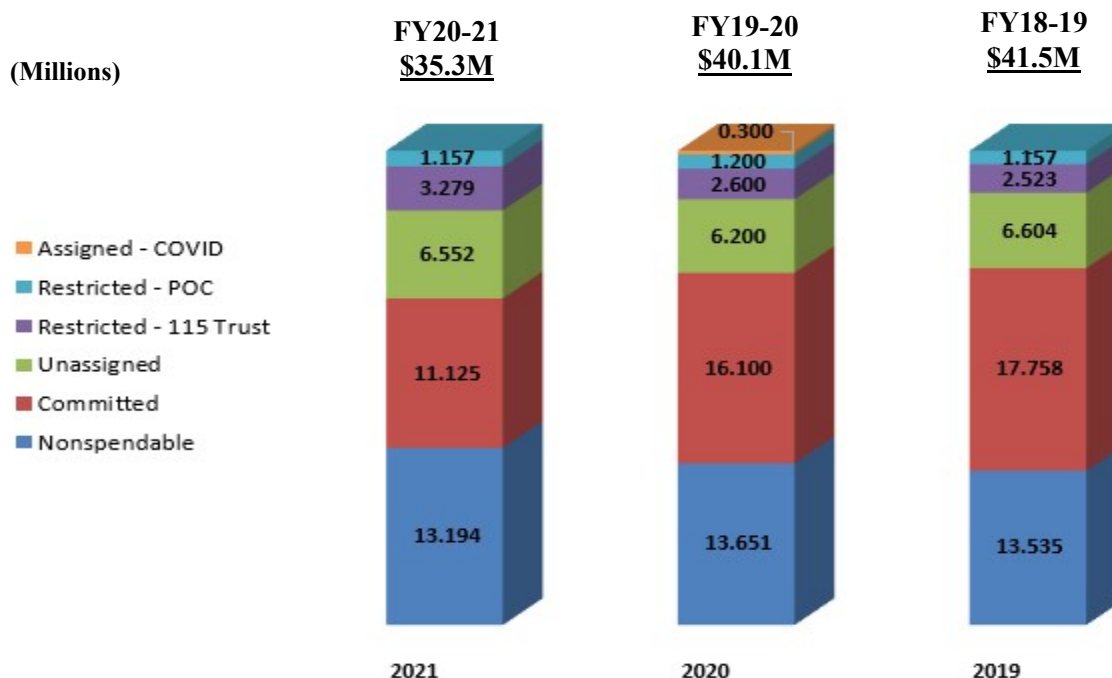
To ensure the District is able to maintain its funding from investments in Real Properties, in fiscal 2016-17, the Board adopted a resolution to maintain a Committed Fund balance to be used for investments in long-term capital assets that will ensure future preservation of BCHD Fund Balance and Net Position 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 FY20-21, the District Fund Balance decreased by \$4.5 million due to \$3.5 million continued investments in fixed assets of which \$2.9 million was for the Healthy Living Campus and \$0.2M for a Bike Path development funded by a LA County Metro Grant. The remaining reduction in Fund Balance is due to decrease in revenues caused by COVID-19, and \$600K Unrealized Losses in the District Investment Portfolio.

The resulting District Fund Balance changed as follows:

- Total BCHD Fund Balance \$35.3 million decreased by \$4,892,000
- Nonspendable Fund Balance \$13.1 million decreased by \$507,000
 - Prepaid items are \$95,000, decreased by \$184,000
 - Note receivable is \$2.7 million, amortized by \$330,000
 - Investment in limited partnerships is \$10.4 million, increase by \$7,000
- Available Fund Balance \$17.7 million decreased by \$5,056,000:
 - Committed is \$11.1 million, decreased by \$5,062,000
 - Unassigned is \$6.5 million, increased by \$306,000
 - Assigned is \$0.0, decrease by \$300,000
- Restricted (for medical building purposes) Fund Balance \$1.2 million, no change
- Restricted (for 115 Pension Trust) Fund Balance \$3.3 million, increase by \$671,000

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.

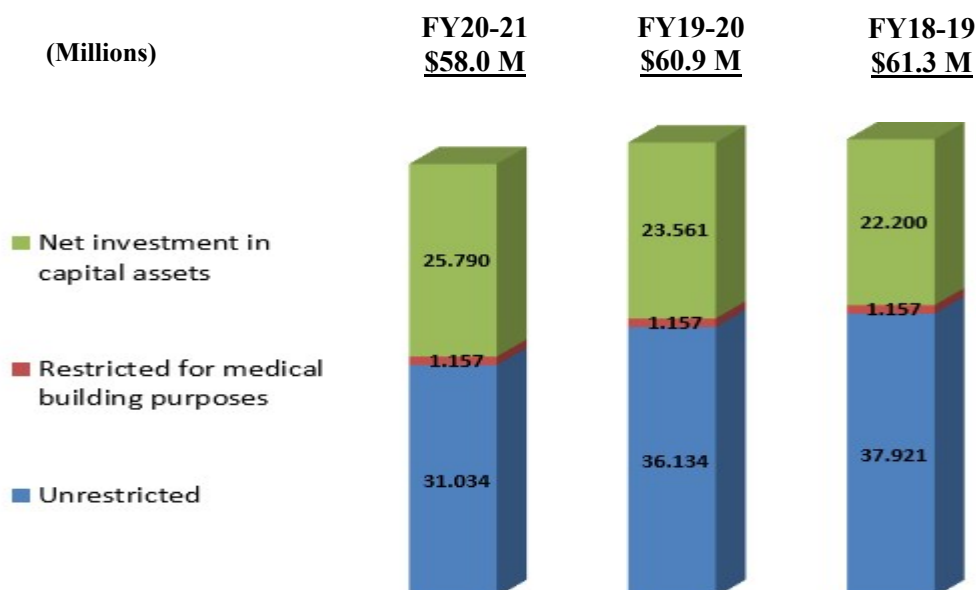
FY20-21 total Government-wide District Assets are \$66,255,000, compared to prior year balance of \$69,558,000. A net decrease of \$3,303,000 is mainly due to a reduction in cash from greater expenditures and reduced revenues due to COVID-19.

FY20-21 total Government-wide District Liabilities are \$8,451,000, compared to prior year balance of \$8,753,000. A net decrease of \$302,000 was mainly due to a decrease in the Long-Term Capital Lease liability.

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 for Assets and Liabilities combined increased Net Position by \$82,000.

- Total Net Position of \$58.0 million decreased by \$2,920,000.
 - Net investment in capital assets of \$25.8 million increased by \$2,230,000 (net of additions, deletions, depreciation, and capital lease debt) due to continued investment in long-term assets, like the Healthy Living Campus.
 - Restricted Fund for medical building of \$1.2 million had no change, and
 - Unrestricted funds \$31.0 million decreased by \$5,150,000.
 - \$5,623,000 decrease net in cash, investments, and other assets
 - \$58,000 decrease in net OPEB Assets (Districts has a \$58,000 overfunding)
 - \$167,000 decrease in net current and other liabilities,
 - \$282,000 decrease in net Pension Liability (net of \$671,000 increase in Pension 115 Trust cash account)
 - \$82,000 net Deferred Outflows and Inflows increase to Net Position

Net Position



Overview of the Financial Statements

The MD&A is intended to serve as an introduction to and overview of the Beach Cities Health District's financial activities and position and the resulting financial statements. The District's annual financial statement packet is comprised of: 1) An Introductory Section of the District; 2) the Financial Section with the Government-wide financial statements, Government Fund financial statements, with a reconciliation of the Government Fund financial statements to the Government-wide financial statements, and notes to the financial statements; 3) the Required Supplemental Information (RSI) section accompanying the basic audited financial statements; and 4) a Statistical Section with Financial Trends, Demographics, etc. to provide a more in depth understanding of the District financial position. See Table of Contents on pages i-ii.

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 23-24 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 finance-related legal project and purpose requirements and budgetary controls adopted and reviewed by the District's Board of Directors elected by the residents of the Beach Cities. The Fund Financial Statements can be found on pages 25-28 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 Government-wide and Fund Financial Statements clearer and more useful, effective June 30, 2013, GASB 63 started requiring governments to explicitly identifying deferred outflows and inflows of resources. Deferred outflows and inflows are non-available assets and liabilities designated for future consumption (i.e., future expense) and receipts of resources (i.e., future revenues). This concept applies to the District's obligation as a participant in the State of California Retirement program called CalPERS.

To facilitate the comparison between the governmental *fund balance* and government-wide *net position*, the financial statements herein include a reconciliation between the two on page 26. In addition, to provide a comparison between the *net change of activities in government fund balance* and the *net change in government-wide net position* activities, the financial statements herein also include a reconciliation between the two on page 28.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the balances and activities presented in both the government-wide and government fund financial statements. The notes to the financial statements can be found on pages 29-62.

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 64-69.

Government-wide Financial Analysis

Net position, assets less liabilities, similar to owner's equity, can over time serve 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 23-24.

The District's Net Position with assets plus deferred outflows of \$67.2M exceeds liabilities and deferred inflows of \$9.2M resulting by \$58M reduced from \$60.9M for the fiscal year ended June 30, 2021, and 2020, respectively. Net Position in FY20-21 decreased by \$2.9M mainly due to reduced incoming funds, including unrealized losses in the Investment Portfolio and Federal Emergency Management Agency (FEMA) eligible COVID-19 expenditures not yet funded that followed FY19-20 decrease by \$0.4 million due to the changes in Deferred Outflows and Inflows of a combined decrease in Net Position of \$3.3 million over two years. FY18-19 Net Position had an increase of \$1.9M to \$61.3M mainly due to prior period adjustment of Net Receivable from LT Capital Lease, plus increased unrealized and realized gains.

\$58M Net Position decreased by \$2.9M in District Assets and Liabilities as summarized and illustrated below.

- **Total assets of \$66.3 million decreased by \$3.3M:**
 - Current and other assets decreased by \$5M
 - Cash, Restricted Cash, and Investments decreased by \$4,523,000
 - Accounts Receivables and Amortization of Notes Receivable decreased \$252,000
 - Prepaid Items decreased by \$184,000
 - Net OPEB Assets decreased by \$58,000
 - Investment in Limited Partnership increased by \$7,000
 - Capital assets of \$28M, increased by \$1.7M:
 - Construction-in-Progress (CIP) increased by \$2,530,000, net of completions.
 - New and completed Capital investments increased by \$579,000, net of deletions, and
 - Less accumulated depreciation (AD) of \$1,403,000, net of AD for removed assets.
- **Total liabilities of \$8.5 million decreased by \$0.3M:**
 - Current and Other Liabilities due within one year decreased by \$109,000
 - Long-term liabilities decreased by \$193,000
- **Net deferred outflows and inflows of \$0.2M of resources, decreased by \$82,000**
 - Pension Inflows/Outflows assets increased by net \$18,000
 - OPEB Inflows/Outflows assets increased by \$64,000

**Summary Statement of Net Position
(\$ Millions)**

	Governmental Activities			
	2021	2020	Inc / (Dec)	2019
<u>Assets</u>				
Current and other assets	\$ 38.3	\$ 43.3	\$ (5.0)	\$ 43.5
Capital assets	28.0	26.3	1.7	25.4
Total assets	66.3	69.6	(3.3)	68.9
<u>Deferred Outflows of Resources</u>				
Pension and OPEB Contributions	0.9	0.9	(0.0)	1.6
Total Assets & Deferred Outflows	67.2	70.5	(3.3)	70.5
<u>Liabilities</u>				
Current and Other due within one year	3.3	3.4	(0.1)	2.6
Long-term liabilities	5.2	5.4	(0.2)	6.2
Total liabilities	8.5	8.8	(0.3)	8.8
<u>Deferred Inflows of Resources</u>				
Pension and OPEB Contributions	0.7	0.8	(0.1)	0.4
<u>Net Position</u>				
Net investment in capital assets	25.8	23.6	2.2	22.2
Restricted	1.2	1.2	(0.0)	1.2
Unrestricted	31.0	36.1	(5.1)	37.9
Total Net Position	\$ 58.0	\$ 60.9	\$ (2.9)	\$ 61.3
Total Liabilities, Deferred Inflows & Net Position	67.2	70.5	(3.3)	70.5

One of the underlying reasons the District Net Position is trending down is that incoming funds from tenants in the 1960's hospital building, the District major income producing asset, are starting to decline and maintenance costs are increasing due to major improvements needed to the old infrastructure.

A significant portion of the District's Net Position, \$25.8 (44.5%), \$23.6 million (38.7%) and \$22.2 (36.2%) for the current and past two years, 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 main increase is the ongoing redevelopment of the 514 N. Prospect Ave. 1960's old hospital building. Total investments in Construction in Progress (CIP) is \$7.2M of the "Net investment in capital assets."

The District leverages these capital assets to provide public 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. For more information see section "Capital Assets and Debt Administration" below, plus Note 5 and 7, for capital asset and long-term debt activities, respectively, in the Notes to Basic Financial Statements section starting on page 29.

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, \$31.1M for the current year, \$36.1M and \$37.9M for the past two years, is used to meet the District's ongoing public 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, notes receivables and investment in limited partnerships.

The Statement of Activities illustrates the Government-wide presentation of revenues and expenses on a full accrual basis in accordance with GAAP. FY20-21 and FY19-20, total revenues are \$12.6 million and \$15.2 million, respectively. The net variance between FY19-20 and FY18-19 is a marginal reduction of \$0.1M with increases in Investment earnings and Property tax income making up for most of the losses in revenues from Program revenue and Income from limited partnership due to the effects from COVID-19 in the last quarter of FY19-20.

The decrease between FY20-21 and FY19-20 was \$2.6M. The main driver of the reduction in revenues was the economic effects from COVID-19 for having to close the Health & Fitness operations for basically the entire year and the resulting loss in Charges for services, effects on the Senior Living operations of the District's joint venture partner and unrealized losses in District's investment portfolio.

Offsetting some of the downfall in revenues was \$308,000 of FEMA reimbursements for eligible COVID-19 emergency response expenditures. Another \$859,000 has been submitted to FEMA for FY20-21 COVID-19 emergency expenditures but were not approved nor received in time for the closing of FY20-21, and any such funds will be accounted for in FY21-22. Additionally, the District received \$170,000 of Property improvement grants, \$160,000 is from a larger grant received from LA County, Measure M, of \$1.8M to build a local bike-path of which \$1.6M is remaining. Plus, the District has a full year of operating its \$125,000 annual federal Drug Free Community grant program through 09/2024 from the Department of Health and Human Services accounted for \$89,000 of the remaining \$0.6M, \$568,000, increase in Capital Grants & Contributions compared to FY20-21.

The District Lease income was also affected by COVID-19 and non-renewal of leases. The District lost one of the tenants early in the year, a Childcare facility, that was not able to survive the many months of closures or reduced capacity required due to COVID-19. One other tenant whose lease ran out in April 2021 did not renew. The loss of the two tenants, was offset by a full year of one new tenant, and the other tenants' rent escalations per contractual agreement. The District is anticipating further losses in lease income due to non-renewals and are working to mitigate these by finding new temporary tenants or programs that can provide

funding until a new facility is built as planned by the [Healthy Living Campus](#) project.

Property taxes saw an 8.8% increase year-over-year. Property taxes have seen a 75% increase in the past 10 years and is anticipated to continue growing while most likely at a slower rate. In addition, the District did a one-time administrative move of \$100,000 from its 115 Trust OPEB (Other Post-Employment Benefits) portfolio to the 115 Trust Pension investment portfolio accounted for as Other Revenue and resulted in the \$0.1M positive variance compared to FY19-20.

FY20-21 and FY19-20 total expenses are \$15.5 million and \$15.6 million, respectively. The net savings is due to closure of Health & Fitness operations and the District facilities resulting in less operating expenditures. The savings offset the \$237,000 November 2020 election costs and emergency expenses due to COVID-19.

Prior year, FY19-20 versus FY18-19, revenues were affected by COVID-19 onset that closed the nation down in mid-March 2020, which immediately affected the Charges for services from Health & Fitness Operations and the Income for the Senior Living partner. The \$0.8M increase in expenses was caused by \$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.

On a Government-wide basis FY20-21 expenses exceeded revenues resulting in a reduction in Net Position of \$2.9M, compared to prior year decrease in net position of \$0.4M that was also affected by COVID.

Summary Statement of Activities
(\$ Millions)

	Governmental Activities			
	2021	2020	Inc / (Dec)	2019
<u>Revenues</u>				
Program Revenues				
Charges for services	\$ 0.3	\$ 2.1	\$ (1.8)	\$ 2.8
Lease	4.6	4.7	(0.1)	4.8
Capital Grants & Contributions	0.7	0.1	0.6	0.0
General Revenues				
Property taxes	4.3	4.0	0.3	3.8
Income from Limited Partnership	1.2	2.0	(0.8)	2.1
Investment earnings	1.3	2.2	(0.9)	1.7
Other revenue	0.2	0.1	0.1	0.1
Total Revenues	12.6	15.2	(2.6)	15.3
<u>Expenses</u>				
Preventative Health Services	15.3	15.4	(0.1)	14.5
Interest on long-term debt	0.2	0.2	(0.0)	0.3
Total Expenses	15.5	15.6	(0.1)	14.8
Excess (deficiency) of revenues over expenses	\$ (2.9)	\$ (0.4)	\$ (2.5)	\$ 0.5
Net position, beginning of year,	60.9	61.3	(0.4)	60.8
Net position, end of year	\$ 58.0	\$ 60.9	\$ (2.9)	\$ 61.3

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 Net Position and 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 decreases, which was fully utilized in FY20-21 and therefore resulting in zero balance as of June 30, 2021.
- 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, 2021, the District's governmental summary fund balances are as follows:

Governmental Funds (\$ Millions)				
Fund Balances				
	2021	2020	Inc / (Dec)	2019
Nonspendable:				
Prepaid items	0.1	0.3	(0.2)	0.1
Note receivable	2.7	3.0	(0.3)	3.2
Investment in limited partnerships	10.4	10.4	0.0	10.2
	<u>13.2</u>	<u>13.7</u>	<u>(0.5)</u>	<u>13.5</u>
Committed:				
Capital investment	11.1	16.1	(5.0)	17.8
Restricted for 115 Trust - Pension	3.3	2.6	0.7	2.5
Restricted for medical building purpose	1.2	1.2	(0.0)	1.2
Assigned - COVID 19	0.0	0.3	(0.3)	0.0
Unassigned	6.5	6.2	0.3	6.6
Total Fund Balances	\$ 35.3	\$ 40.1	\$ (4.8)	\$ 41.6

FY20-21 total Fund Balance of \$35.3M compared to prior year decreased by \$4.8M due to Capital investment expenditures in long-term assets for \$3,500,000, plus Unrealized Losses of \$0.6M and COVID-19 FEMA eligible expenditures of \$0.8M awaiting approval of funding from FEMA. Prior year, FY19-20 total Fund Balance of \$40.1 million compared to prior year decreased by \$1.5 million due to Capital investment expenditures in long-term assets for \$2,528,000. 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 FY20-21, \$11.1 million (31.5%) is Committed Fund balance to be available for future capital investments in long-term assets compared to, in FY19-20, \$16.1M (40.2%). In FY18-19 the Committed Fund balance was \$17.8M (42.7%). In FY17-18 when the Committed Fund balance was established it was \$20.7M (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 FY20-21, \$6.5 million (18.5%) compared to FY19-20, \$6.2 million (15.5%), 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, or the balance of the total fund balance and the mix of balances change, the unassigned dollar balance will also increase or decrease alongside. In FY18-19 Unassigned Fund balance was \$6.6 million (15.9%) while operating expenditures were similar to current year, total Fund Balance has decreased and the mix in Fund Balance has changed where Unassigned is growing as compared to the total of the other fund balances.

In FY20-21, \$4.4 million (12.6%) compared to FY19-20, \$3.8 million (9.4%), are Restricted Fund Balances per resolutions by the Board. The District has transferred \$2.5 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 \$3.3 million (9.3% of total fund balance). In addition, the District maintains \$1.2 million (3.3%) for medical building purposes, unchanged from prior year Restricted Fund balance of \$1.2 million (3.0%). Total Restricted Fund balance in FY18-19, first year with the 115 Trust balance and combined with the restricted funds for medical building purpose equaled \$3.7 million (8.9%) combined.

Last year for the year ended June 30, 2020, the Board approved in the FY20-21 Budget Resolution No. 558, an 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 fell below adopted FY20-21 budget, which it did and the District utilized the entire \$300,000, plus had to make a [Budget Adjustment](#) as well to manage the full year of COVID-19 emergency response efforts and economic impacts resulting in reduced incoming funds.

The remainder of the Fund Balance, Non-Spendable items, in FY20-21, are \$13.2 million (37.4%) compared to, in FY19-20, \$13.7 million (34.1%), as follows:

- a) \$10.4 million are invested in limited partnerships which did not change,
- b) \$0.1 million are pre-paid items which decreased by \$184,000 due completion of the 2114 Artesia tenant improvement that funding had been pre-paid by a grant.
- c) \$2.7 million are Notes Receivables that decreased by \$331,000 per amortization schedule.

Non-spendable Fund Balances, in FY18-19, were combined \$13.5 million (32.6%)

General Fund. The General Fund is the only operating fund of the District and the only fund with activities. At the end of the current fiscal year, the General Fund balance is \$34.1 million compared to \$38.9 million prior year, a decrease of \$4.8 million. The FY19-20 General Fund balance decreased by \$1.4 million compared to FY18-19 \$40.4 million balance.

In FY20-21, the General Fund operating results due to COVID-19 were a deficit of \$672,000 before capital

expenditures of \$2.5 million and \$0.7 million in debt service. Generally, the District's objective is to maintain an Operating Surplus to set-aside funds for maintaining long-term assets that generate over 70% of District funding for public programs and services.

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 expenditures of \$0.7 million, resulting a \$0.3 million decrease in General Fund balance before prior period correction of a positive \$1.4 million netting to the restated FY18-19 increase in ending General Fund balance of \$1.1 million. 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 FY20-21, FY19-20, and FY18-19, Committed and Assigned/Unassigned fund balances are 102%, 139% and 155% 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 public programs and services, and the District will be able to meet a minimum 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 essentially no activity in the Special Revenue fund in the current fiscal year except for a \$5.00 bank fee.

Fund balance in the Special Revenue Fund is \$1.2 million of cash and investments restricted for medical building activities.

General Fund FY2020-21 Budgetary Highlights versus Actual FY2019-20

June 2020, the Board of Directors approved a balanced budget for the fiscal year 2020-2021 that forecasted an operating fund surplus, before capital expenditures, of \$333,000 backed-up by the \$300,000 Assigned Fund Balance for continued COVID-19 emergency response activities. However, as the COVID-19 national emergency sustained and response activities like testing, vaccinations, public health communication, etc. had to be maintained, the District's original budget could not be sustained. Therefore, in December 2020, the District Board approved an [adjusted budget](#) for FY20-21.

The adjusted FY20-21 budget allowed the District to continue its COVID-19 emergency response and maintain commitments to address the current health need in the Community and at the same time maintain the highest priority health programs and services, like the Juvenile Diversion and Beach Cities Partnership for Youth Coalition, and Health funding for Seniors and continued grant support to the District Schools and Cities.

See [page 68](#) for "Final" FY20-21 budgeted "Net Changes In Fund Balance" of <\$6,399,000> adding back capital investments of \$4,932,000 (including carry-over capital commitments from prior years), resulting in an operating deficit of <\$1,467,000> before any FEMA reimbursements for COVID-19 emergency response activities and application of the \$300,000 Assigned Fund balance.

The District final budgeted FY20-21 operating revenues of \$12,208,000 were reduced by 18% or \$2,701,000 compared to actual FY19-20 of \$14,910,000. Property taxes increased by 5%, continuing to show steady growth, especially due to the strong local real estate market. The Program income budget was decreased by 91% due to the continued closure of the Health & Fitness facilities as directed by LA County Health

department. The Limited Partnerships revenues were decreased by 17% due to anticipated affects from COVID-19 at the District's Partner Senior Living facility and Financing and Rental income was anticipate to continue strong with a budgeted increase of 14%. Other Revenues were increased by 83% due to an anticipated full year of the California State Drug Free Communities grant, plus COVID-19 donations received from District residents during the year to support the most vulnerable in the Community. Because the District does not Budget for Unrealized or Realized Gains/Losses, and actual FY19-20 included \$784,000 of Unrealized/Realized Gains plus a higher Portfolio balance, Investment earnings budget was reduced by 62%.

The District final budgeted operating expenditures of \$13,676,000, excluding capital expenditures, were decreased by \$135,000 or 1% compared to prior year FY19-20 actual expenses. Due to the District's mission, A Healthy Beach Community, and responsibility as a Health District, the District pivoted most of its regular public health programs and services to COVID-19 response activities most of which are eligible for FEMA reimbursements. While most Health and Fitness Operations variable staff did not have work, many participated in the COVID-19 response efforts. The District was also able to keep all permanent staff but did not award any wage increases and no added staff except for an IT Manager needed to support immediate technical infrastructure needs at the District.

Due to the closure of Health and Fitness Operations, the District FY20-21 budgeted Salaries were lowered by 1% as compared to actual FY19-20 Salaries and related expenses. This was possible as well because the Los Angeles (LA) County minimum wage last mandated increase was required by July 1, 2020 (adjusted by the District January 1, 2020.) and is currently staying stable at \$15.00 per hour. The LA County minimum wage has consistently been growing since 2018 from \$12.00 to \$15.00 effective in 2020.

Keeping wages, general operating and facilities expenditures below prior year actuals allowed the District to increase expenditures to address the COVID-19 Health programs and Community relations emergency health need and at the same time cover the increase in Board election costs that occur every other year which was increased to \$200,000 in the FY20-21 budget from FY18-19 actual costs of \$187,000 a 7% increase to cover higher election costs during a presidential general election year compared to elections during an off-year or mid-term cycle.

In FY20-21, the Capital expenditures budget of \$4,932,000 increased by \$2,404,000 compared to FY18-19 expenditures, mainly due to additional development costs for the Healthy Living Campus (HLC). While the District was mostly focusing on the ongoing COVID-19 emergency response, the Healthy Living Campus development that addresses the District's future funding was moved forward by the District project team, Executive Real Estate Director, environmental, architect and financial consulting groups.

General Fund FY2020-21 Fiscal Year Actual Performance Highlights Compared to Budget

The District's current year actual fiscal change in Fund Balance is <\$4,892,000> compared to a budgeted negative net change of <\$6,399,000>, a positive variance of \$1,507,000 (Page 68). Most of the difference is due to ongoing Capital Investment projects positive variance of 1,432,000 of which \$1,322,00 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 \$12,418,000 compared to the budget of \$12,208,000 were favorable by \$210,000 or 2% as follows:

- Financing and rental income are \$4,425,000, \$713,000 below budget:
 - \$474,000 due to Notes Receivable budgeted based on cash-basis versus actuals recorded inclusive of non-cash amortization of Note discount (reducing value of cash received),
 - \$367,000 is for the Note Interest income budgeted under Financing and rental income,
 - resulting in a \$128,000 improvement over budget due to a new tenant only budgeted for half a year, plus higher Building Operating Expenditures (BOE) collection higher than budget.

- Property taxes of \$4,348,000 collected exceeded budget by \$166,000 (4%),
- Program income of \$306,000 from the Health and Fitness operations were up by \$123,000 due a phased opening of the Center for Health and Fitness gym, including collection of outdoor gym class fees and ability to run outdoor Camps for youth in the spring and summer by end of the fiscal year not budgeted.
- Income from Limited Partnerships of \$1,175,000 was down \$495,000 due to continued effects on partner Senior Living operations from COVID-19,
- Investment earnings of \$1,338,000 were favorable by \$499,000 due to
 - \$367,000 amortization of Notes Receivable budgeted in Finance and rental income,
 - Interest in the Investment Portfolios unfavorable to budget by \$102,000
 - Unbudgeted Net Gains of \$234,000 for Unrealized/Realized Gains and Losses in the investment portfolio and earnings from the 115 Pension Trust, and
- Other sources of \$828,000 were favorable to budget by \$630,000 due to FEMA grant reimbursement of \$309,000, LA County Measure-M Bike Path Grant of \$160,000, \$104,000 of 115 Trust OPEB Funds transferred to the 115 Trust Pension Fund and timing of cash receipts from Drug Free Communities grant all not budgeted.

Actual total expenditures of \$17,310,000 compared to the budget of \$18,608,000 are favorable to budget by \$1,268,000 mainly due to capital investments moved to future years. Excluding capital expenditures, the District's actual operating expenditures are \$13,810,000, \$134,000 unfavorable to the budgeted operating expenditures of \$13,676,000. Savings are in Human resources, Information Systems and General and administrative expenditures, plus printing and mailing materials as such expenditures, like training, recruiting, employee wellness, IT upgrades, etc. were held back due to the District ramped up work in the Community especially in administrating vaccinations. Expense overages in Professional Services, Facilities and Community relations mainly due to COVID-19 activities such Clinical assistance, Legal reviews and Security requirements for testing and vaccinations activities and more outreach through social media and partnerships for District health programs, etc.

General Fund FY2020-21 Actual Performance Highlights Compared to FY2019-20 Actual

In FY20-21, actual expenditures exceeded actual revenues resulting in the Fund Balance decrease of \$4,892,000 compared to FY19-20 decrease of \$1,429,000. (FY18-19 Fund Balance decreased by \$277,000.)

Total District's FY20-21 revenue inflows of \$12.4 million decreased \$2,492,000 or 17% compared to FY19-20 that decreased \$562,000 or 4% with changes in the sources of inflowing funds as follows: (FY18-19 revenues increased 12% or \$1,615,000.)

- Financing and rental income of \$4.4M decreased by \$80,000 compared to prior year decreased of \$486,000.
 - Current year decrease is from losing two tenants, one earlier and one later in the fiscal year. One, the Childcare Center, was due to the economic strains from COVID-19 and the other was a nonrenewal of an expiring lease and moving to another location most of this loss offset by one new tenant and annual contractual lease increases for all other tenants.
 - Prior year decrease was because (1) collections of building operating expenditures reimbursements from tenants in arrears and (2) amortization of Notes Receivable reclassified to interest in investment earnings.
- Property taxes \$4.3M increased by \$341,000 (9%) compared to prior year increase of \$201,000 (5%) that in turn had increased by \$201,000 (6%) from that previous year. District's property tax base is continuing to remain strong.
- Program income \$0.3M from the Health and Fitness operations decreased by \$1,768,000 due to COVID-19 LA County mandates for closures and social distancing for the entire year. Prior year had also decreased, \$735,000, due to closure of the facilities in effect in mid-March required to slow the spread of the COVID-19 Pandemic. The year before, that is before the Pandemic, the Health & Fitness operations

had seen an increase of \$137,000 due to the Medical Fitness Association (MFA) accreditation from resulting in increased Personal Training sessions and new programming, like Toddler Town, at the Youth Center (Adventure Plex).

- Income from Limited Partnerships \$1.2M decreased by \$827,000 and \$69,000, respectively for current and prior year mainly due to effects on the Senior Living operations managed by Sunrise Senior Living, LLC from COVID-19. Income from Limited Partnerships is 90% from the District's 80% ownership in the Sunrise Senior Living Joint Venture where the income can significantly vary year to year due to changes in occupancy from unanticipated larger move outs, competition, management turnover, and such events like the current Pandemic. District other Joint Venture Partner is a 5% ownership with South Bay Surgery Center that also rents space at the District main Campus on 514 N. Prospect Ave. in Redondo Beach.
- Investment earnings \$1.3M decreased by \$887,000 compared to an increase by \$524,000 in prior year, and an increase of \$1,145,000 in the year before that. Increases have been due to the strong National financial markets and the District's addition of the 115 Pension Trust Fund that can invest in instruments with greater earning powers than those governed by the state of CA Investment policy.
- Other revenues and intergovernmental revenues \$0.8M increased by \$720,000, while prior year had a marginal increase of \$2,000. In the past year and a half, the District has been able to secure local, state, and federal grants benefiting the Community, like a 5-year \$125,000 annual Federal grant addressing substance use for Youth, Drug Free Communities Grant, a LA County Metro grant voter approved Measure-M for developing a local bike path and finally, the \$720,000 includes \$309,000 of reimbursements from FEMA for COVID-19 emergency response activities.

Generally, over 70% of incoming funds are from other sources than property taxes, like tenant rental income and limited partnerships. In FY20-21, income from other sources was reduced from 73% to 65% mainly due to effects from COVID-19 on Income from Limited Partnership and Health and Fitness Operations.

The amount financed by taxpayers through property taxes in the current fiscal year FY20-21 was \$4.3M (35%), FY19-20 was \$4.0 million (27%) and FY18-19 \$3.8M (25%) of total revenues.

While the Property Tax base continue to be strong and increase, the trend to also increase as a percent of total revenue is something the District is working on reversing with the redevelopment of the old Hospital building on 514 N. Prospect Ave., and reaching out to partnerships and local, state and federal jurisdictions for potential health programming grants, like the grant to address substance abuse and building of a bike path, to ensure the District residents get as much return on their tax dollars as possible.

Total District's FY20-21 expenditure outflows of \$17.2 million increased \$972,000 or 6% compared to FY19-20 million expenditure outflows of \$16.3 million that increased by \$590,000 or 4% with changes in the main categories of expenses as follows: (FY18-19 \$15.7M expenses had increased by \$1,879,000 or 13.5%)

- Salaries and related expenses \$6.4M decreased by \$71,000 and \$330,000, respectively by current and prior year, due to the COVID-19 closure requirement of Health and Fitness operations, holding permanent staffing levels and wages stable with no material increases. The year before, FY18-19, 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.
- Health programs \$1.5M increased by \$156,000 compared to prior year due to more seniors needing in-home assistance and more actual assistance needed through the District income qualified Health Fund. In the past children and relatives were available to assist their senior family members but during COVID-19 those recourses were not as available, and the District has stepped in to cover the need. Prior years the direct Health programs costs had stayed consistently around \$1.4M.
- Professional Fees \$2.2M stayed consistent with prior year, prior year had seen an increase 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. The same type of Professional Fess continued in FY20-21.

- Community relations increased by \$133,000 due to COVID-19 public health communications and outreach and being an election year, while prior year had decreased by \$240,000 mainly due to not being an election year and savings from pivoting programs to virtual and closing the Health and Fitness Operations due to the COVID-19 Pandemic. The current year cost of elections was \$237,000 as compared to in FY18-19 that was \$187,000.
- Other operating expenditures combined, including, support Services (G&A, HR, etc.) and Facilities management expenditures, decreased by \$208,000 compared to prior year increase of \$85,000 mainly due to almost an entire year of closure of the District facilities during COVID-19, less recruiting requirements, employees working on a distance and not being able to participate in trainings, etc.
- Capital investments increased by \$972,000 followed by prior year increase of \$708,000 and the year before that increase of \$380,000 from major capital improvements required for the 514 Prospect building, new equipment at the Health and Fitness facilities but mainly investments in the Healthy Living Campus.

Revenue and expenditures trends can be further viewed in the Statistical section of the Report, pages 72-90.

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				
	2021	2020	Inc / (Dec)	2019
Revenues				
Leasing Revenue	4.4	4.5	(0.1)	5.0
Property Taxes	4.3	4.0	0.3	3.8
Program Income	0.3	2.1	(1.8)	2.8
Limited Partnership	1.2	2.0	(0.8)	2.1
Investment Earnings	1.3	2.2	(0.9)	1.7
Other	0.8	0.1	0.7	0.1
Total Revenues	12.3	14.9	(2.6)	15.5
Expenditures				
Current				
Salaries & related	6.4	6.5	0.1	6.8
Health programs & grants	1.5	1.4	(0.1)	1.4
Professional Fees	2.2	2.2	0.0	1.7
Facilities Management	1.5	1.6	0.1	1.6
Community Relations	0.7	0.5	(0.2)	0.8
General & Administrative	0.4	0.4	0.0	0.4
Human Resources	0.1	0.2	0.1	0.2
Information Systems	0.2	0.2	0.0	0.2
Cost of Goods Sold	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.0	0.1
Capital Outlay	3.5	2.5	(1.0)	1.8
Debt Service				
Interest and other fiscal	0.5	0.5	0.0	0.4
Principal Retirement	0.2	0.2	0.0	0.3
Total Expenditures	17.2	16.3	(1.0)	15.7
Excess of revenues over (under) expenditures	(4.9)	(1.4)	(3.5)	(0.2)
Other finance resources	0.0	0.0	0.0	0.0
	(4.9)	(1.4)	(3.5)	(0.2)
Beginning Fund Balance	40.2	41.6	(1.4)	40.4
Prior period adjustment	-	-	-	1.4
Ending Fund Balance	\$ 35.3	\$ 40.2	\$ (4.9)	\$ 41.6

Capital Asset and Debt Administration

The District's gross investment in real property and capital assets, page 48 (Note 5), as of June 30, 2021, is \$61.9M at historical cost; \$4.4 million in Land, \$7.3 million in Construction in Progress and \$50.2 million in Buildings and FF&E, which are being depreciated at a current rate of \$1.8 million per year.

Prior year June 30, 2020 was \$58.7 million a net \$3.1 million increase, \$2.5 million in CIP net of completed Projects, like the 2114 Artesia Blvd interior and exterior tenant improvements, plus new fire control systems, new workstations, etc. making up the \$0.6 million for new and completed capital investment projects.

Net depreciable capital assets after depreciation are \$16.3 million a reduction of \$0.8 million from \$17.1 million as actual Depreciation expense exceeds added capital investments.

Total net capital investments include CIP (Construction in Progress), land, buildings, furniture, fixtures, equipment, and buildings and building improvements are \$28.0 million all measured at historical cost. In FY20-21 the District added \$1.7 million, net:

- \$2.5 million in Construction In Process,
- \$0.6 million in Building and Equipment, Furniture and Fixtures offset by
- <\$1.4> million in Depreciation expense net of deletions, resulting in the
- \$1.7 million increase in Capital Assets

Net Capital asset additions of \$3,500,000 for the year:

• CIP - Healthy Living Campus	2,865,000
• CIP - Bike Path	167,000
• CIP - Contract Management Software	22,000
• CIP - Youth Wellness Center	4,000
• 2114 Artesia Blvd Tenant Improvement	231,000
• 514 Prospect Avenue Building Improvements	124,000
• IT Infrastructure: Workstations & Server	61,000
• 514 Center for Excellence-Asset Activation	26,000

Inception to date, June 30, 2021, the District has invested \$6,976,000 in the Healthy Living Campus, that is planned to replace the existing 60-year-old Hospital building at 514 Prospect Ave., Redondo Beach that in FY20-21 and FY19-20 provided \$3,537,000 (28%) and \$3,681,000 (25%) of incoming funds or net funds of \$1,757,000 and \$2,200,000, respectively, for operations of District's mostly free health programs and services available for residents of the Beach Cities. 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.

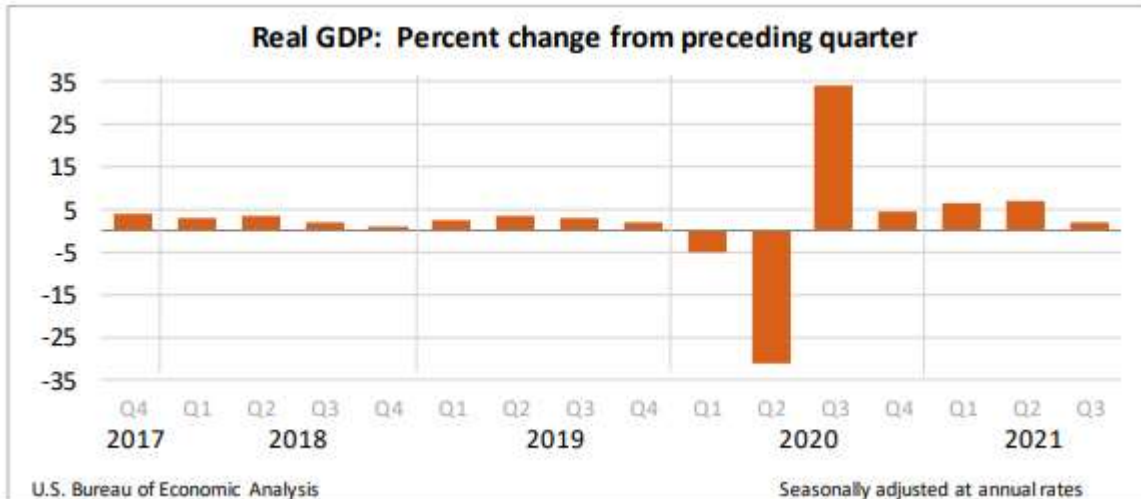
Further information can be found in the Statistical section 1. Financial Trends, Government-wide Capital Assets (Page 74) and on the District website <https://www.bchdcampus.org/> and the Statistical section herein.

The District's principal debt on Capital Leases is \$2,194,000 as of June 30, 2021 (See note 7 and Statistical Section 5. Debt Capacity) In FY20-21, the District paid down the principal by \$523,000 from \$2,717,000 for the Prospect South Bay Parking. The annual Prospect South Bay Parking lease payment is \$720,000 inclusive of both principal and interest.

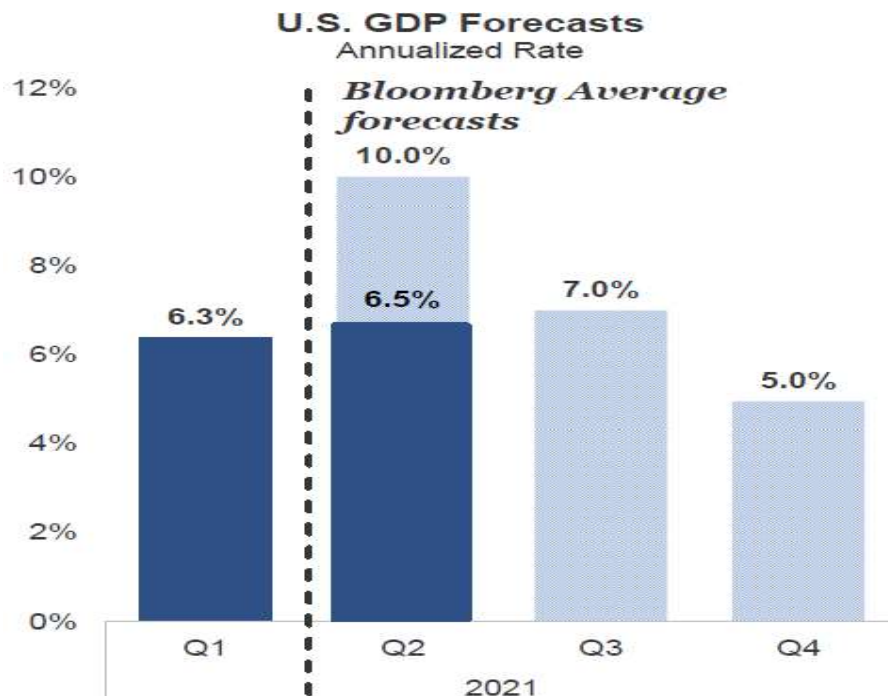
The District has a reciprocal Notes Receivable with a balance of \$3,527,000 as of June 30, 2021 (See note 4) that services the debt and provides additional funding for the District for an annual cash payment of \$1,158,000, yielding annual positive incoming cash funds of \$438,000. Both the Notes Payable and Receivable will be fully amortized on December 31, 2024.

Economic Outlook

The US economy has had positive GDP change for years. See table below produced by [Bureau of Economic Analysis](#), November 24, 2021, except for the first two quarters of the global COVID-19 pandemic that almost closed the entire global, national, and local economies.



As of June 30, 2021, the GDP forecasts were generally higher around 5-7% for the remainder of 2021. For example, Bloomberg forecasted 7% and 5%, for Q3 and Q4, respectively.



However, with prolonged social distancing and isolations measure in place, new COVID-19 variants resulting in a slow opening in the County continued pressures on the economy remains, like higher gas prices, up-creep in inflation, supply chain pressures, etc. Therefore, while Q2 growth remained strong at 6.7%, Q3 dropped to 2.1% and Q4 is forecasted to end around 3.8%, resulting in annual rate GDP of around 4.9% per www.tradingeconomics.com estimates.) The Conference Board (www.conference-board.org), on December 15, is forecasting that the economy will grow by 3.5% and 2.9% year-over-year in 2022 and 2023, respectively. Jobs have redounded since its high of 14.8% unemployment rate in April of 2020, with a low unemployment rate of 4.2% as of November 2021, which is expected to continue around 5% in 2022 and 4.3% in 2022% (per www.tradingeconomics.com estimates.)

While economic indicators are cautiously optimistic, there continues to be a very high uncertainty of future

economic conditions. Will the increase in prices slow? Will the job market continue to be strong? This will create difficulties with retaining staff and keeping up with the market wage rates at the same time as prices on expenditures for products and services increase as well. It is most likely not true any-longer, as in the past few years that while the District saw increase in demand for its programs and services, the low inflation rates allowed for steady expansion along with steady revenue gains.

Not only is the District faced with difficult economic times, but also threats to its incoming funding sources; first, the immediate slow recovery ability during continued COVID-19 restrictions for its Health & Fitness facilities and joint venture partners that used to provide around 20% and 15% of incoming funds but reached a low 2% and 9%, respectively in FY20-21; and second its aging long-term asset that are in need of major capital improvements to maintain tenants at current market rates. Therefore, the recent approval on November 17, 2021, by the District Board for a Phase I project is a milestone to start the local jurisdiction permitting process, etc. to hopefully be able to break ground in mid-to-late 2023 for a building that will replace the current 60-year-old hospital building. (See [announcement:](#))

The District remains committed to its Community and residents to provide essential health services where gaps exist, like continuing Covid-19 testing and vaccinations as needed in the Community, especially to the Youth and Elderly, providing assistance through the #256 Heal Line, delivering services to at risk-residents through its Social workers and Community Services Help Fund, and continuously update 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 on applying for grants to be reimbursed by FEMA, California Special District Association (CSDA), Association of California Healthcare Districts (ACHD), State and Local Jurisdictions, etc. to fund the activities that combat threat to public health. Together with its Board of Directors, the District will continue to review priorities and adjust programs and services and make budget adjustments as needed, which had to be done for this current fiscal year.

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, 2021
(with comparative data for prior year)

	Governmental Activities	
	2021	2020
ASSETS		
Cash and investments (note 2)	\$ 21,358,968	26,553,151
Restricted cash and investments - pension (note 2)	3,278,536	2,607,113
Accounts receivable - net	170,580	129,779
Interest receivable	47,821	79,110
Taxes receivable	163,115	93,971
Prepaid items	94,514	278,745
Notes receivable - net (note 4)	2,656,135	2,986,726
Investment in limited partnerships (note 6)	10,393,272	10,385,941
Net OPEB asset (note 11)	107,302	165,621
Capital assets not being depreciated (note 5)	11,672,378	9,141,884
Capital assets - net of accumulated depreciation (note 5)	<u>16,311,917</u>	<u>17,135,741</u>
TOTAL ASSETS	<u>66,254,538</u>	<u>69,557,782</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (note 9)	890,442	909,602
OPEB related (note 11)	<u>39,003</u>	<u>21,042</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>929,445</u>	<u>930,644</u>
LIABILITIES		
Accounts payable	1,468,935	1,623,352
Accrued liabilities	138,073	310,870
Accrued payroll	390,896	354,121
Deposits	183,909	192,825
Unearned service fees	303,071	227,411
Noncurrent liabilities:		
Due within one year:		
Capital leases payable (note 7)	566,102	523,028
Compensated absences payable (note 7)	234,696	162,798
Due in more than one year:		
Capital leases payable (note 7)	1,627,902	2,194,004
Compensated absences payable (note 7)	261,925	277,576
Net pension liability (note 9)	<u>3,275,728</u>	<u>2,886,911</u>
TOTAL LIABILITIES	<u>8,451,237</u>	<u>8,752,896</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (note 9)	350,420	387,694
OPEB related (note 11)	<u>401,388</u>	<u>447,034</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>751,808</u>	<u>834,728</u>
NET POSITION		
Net investment in capital assets	25,790,291	23,560,593
Restricted for medical building purposes	1,156,703	1,156,708
Unrestricted	<u>31,033,944</u>	<u>36,183,501</u>
TOTAL NET POSITION	<u>\$ 57,980,938</u>	<u>60,900,802</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Statement of Activities

Year ended June 30, 2021
(with comparative data for prior year)

Functions	Expenses	Program Revenues			Governmental Activities	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Net (Expense) Revenue and Change in Net Position	
					2021	2020
Primary government:						
Preventive health services	\$ 15,318,174	4,895,411	669,836	-	(9,752,927)	(8,502,889)
Interest on long-term debt	<u>196,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,972)</u>	<u>(236,768)</u>
Total	<u>\$ 15,515,146</u>	<u>4,895,411</u>	<u>669,836</u>	<u>-</u>	<u>(9,949,899)</u>	<u>(8,739,657)</u>
General revenues:						
Property taxes					4,345,848	3,994,702
Income from limited partnerships					1,175,456	2,002,771
Earnings on investments					1,337,999	2,224,613
Other income					<u>170,732</u>	<u>107,956</u>
Total general revenues					<u>7,030,035</u>	<u>8,330,042</u>
Change in net position					(2,919,864)	(409,615)
Net position, beginning of year					<u>60,900,802</u>	<u>61,310,417</u>
Net position, end of year					<u>\$ 57,980,938</u>	<u>60,900,802</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Governmental Funds

Balance Sheet

As of June 30, 2021

(with comparative data for prior year)

	General Fund	Prospect One Fund	Totals	
			2021	2020
<u>ASSETS</u>				
Cash and investments (note 2)	\$ 20,202,265	1,156,703	21,358,968	26,553,151
Restricted cash and investments - pension	3,278,536	-	3,278,536	2,607,113
Account receivable - net	163,046	-	163,046	126,730
Interest receivable	47,821	-	47,821	79,110
Notes receivable - net investment (note 4)	2,656,135	-	2,656,135	2,986,726
Taxes receivable	163,115	-	163,115	93,971
Pass through grants receivable	7,534	-	7,534	3,049
Prepaid items	94,514	-	94,514	278,745
Investment in limited partnerships (note 6)	<u>10,393,272</u>	<u>-</u>	<u>10,393,272</u>	<u>10,385,941</u>
TOTAL ASSETS	\$ 37,006,238	1,156,703	38,162,941	43,114,536
<u>LIABILITIES</u>				
Accounts payable	\$ 1,468,935	-	1,468,935	1,623,352
Accrued expenses	138,073	-	138,073	310,870
Accrued payroll	390,896	-	390,896	354,121
Deposits	183,909	-	183,909	192,825
Unearned service fees	<u>303,071</u>	<u>-</u>	<u>303,071</u>	<u>227,411</u>
TOTAL LIABILITIES	2,484,884	-	2,484,884	2,708,579
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>421,979</u>	<u>-</u>	<u>421,979</u>	<u>257,772</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	421,979	-	421,979	257,772
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid items	94,514	-	94,514	278,745
Note receivable	2,656,135	-	2,656,135	2,986,726
Investment in limited partnerships	10,393,272	-	10,393,272	10,385,941
Committed:				
Capital investment	11,125,415	-	11,125,415	16,187,729
Restricted:				
Pension trust	3,278,536	-	3,278,536	2,607,113
Medical building	-	1,156,703	1,156,703	1,156,708
Assigned	-	-	-	300,000
Unassigned	<u>6,551,504</u>	<u>-</u>	<u>6,551,504</u>	<u>6,245,223</u>
TOTAL FUND BALANCES	34,099,375	1,156,703	35,256,078	40,148,185
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 37,006,238	1,156,703	38,162,941	43,114,536

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, 2021

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 35,256,078
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.	421,979
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	(2,194,004)
Compensated absences	(496,621)
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	890,442
Deferred inflows - pension related	(350,420)
Net pension liability	(3,275,728)
Deferred outflows - OPEB	39,003
Deferred Inflows - OPEB	(401,388)
Net OPEB asset	107,302
Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental funds.	<u>27,984,295</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 57,980,938</u>

See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021
(with comparative data for prior year)

	General Fund	Prospect One Fund	Totals	
			2021	2020
REVENUES				
Financing and rental income related to leases	\$ 4,425,228	-	4,425,228	4,505,686
Property taxes	4,345,848	-	4,345,848	3,994,702
Program income	305,976	-	305,976	2,073,958
Income from limited partnership	1,175,456	-	1,175,456	2,002,771
Investment earnings	1,337,999	-	1,337,999	2,224,613
Other revenues	170,732	-	170,732	6,401
Intergovernmental	669,836	-	669,836	101,555
TOTAL REVENUES	<u>12,431,075</u>	<u>-</u>	<u>12,431,075</u>	<u>14,909,686</u>
EXPENDITURES				
Current:				
Salaries and related expenses	6,426,756	-	6,426,756	6,497,462
Health programs	1,539,620	-	1,539,620	1,384,088
Professional fees	2,181,469	-	2,181,469	2,191,562
Facilities management	1,454,836	-	1,454,836	1,557,559
Community relations	679,739	-	679,739	546,574
General and administrative	386,927	-	386,927	426,512
Human resources	142,338	-	142,338	193,862
Information services	192,759	-	192,759	194,186
Cost of goods sold	2,826	-	2,826	25,281
Other	95,732	5	95,737	73,360
Capital outlay	3,500,175	-	3,500,175	2,528,078
Debt service:				
Principal retirement	523,028	-	523,028	483,232
Interest and other fiscal charges	196,972	-	196,972	236,768
TOTAL EXPENDITURES	<u>17,323,177</u>	<u>5</u>	<u>17,323,182</u>	<u>16,338,524</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,892,102)</u>	<u>(5)</u>	<u>(4,892,107)</u>	<u>(1,428,838)</u>
NET CHANGES IN FUND BALANCES	(4,892,102)	(5)	(4,892,107)	(1,428,838)
FUND BALANCES, BEGINNING OF YEAR	<u>38,991,477</u>	<u>1,156,708</u>	<u>40,148,185</u>	<u>41,577,023</u>
FUND BALANCES, END OF YEAR	<u>\$ 34,099,375</u>	<u>1,156,703</u>	<u>35,256,078</u>	<u>40,148,185</u>

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

Year ended June 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (4,892,107)

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	3,500,175
Depreciation expense	(1,777,244)

Loss on disposal of capital assets	(16,261)
------------------------------------	----------

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

-

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.	523,028
---	---------

To record as a revenue the net change in compensated absences in the Statement of Activities.	(56,247)
---	----------

Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.	164,207
--	---------

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.	(370,703)
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Other postemployment benefits (OPEB) included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>5,288</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,919,864)</u>
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See accompanying notes to basic financial statements.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the 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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

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

(e) Cash and Investments

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

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from 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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(i) Capital Assets

Capital assets, which include land, buildings and improvements, furniture and fixtures, and machinery and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. The capitalization policy of the District is to capitalize all capital assets with a cost of \$5,000 or more. Such capital assets are recorded at historical cost 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:

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2021, the balance of vacation leave is \$496,621.

(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 Inflows.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	June 30, 2019 to June 30, 2020

(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, 2020
Measurement Period (MP)	June 30, 2019 to June 30, 2020

(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).

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2020 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, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$21,358,968
Restricted cash and investments - pension	<u>3,278,536</u>
Total cash and investments	<u>\$24,637,504</u>

Cash and investments as of June 30, 2021 consist of the following:

Petty cash	\$ 2,900
Deposits with financial institutions	1,281,588
Investments	<u>23,353,016</u>
Total cash and investments	<u>\$24,637,504</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

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

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

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(2) **Cash and Investments (Continued)**

Disclosures Relating to Interest Rate Risk

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

Investment Type	Totals	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
U.S Treasury bonds	\$ 8,029,044	-	7,710,239	318,805
Medium term notes	4,607,564	-	4,078,442	529,122
Certificates of deposit	1,420,994	254,752	1,166,242	-
Supra-national agency bonds/notes	348,894	348,894	-	-
Asset-backed security/collateralized mortgage obligation	1,462,680	-	1,072,603	390,077
CAMP	151,757	151,757	-	-
Federal agency bond/notes	2,718,251	-	1,806,224	912,027
LAIF	84,882	84,882	-	-
Municipal bonds/notes	863,128	-	520,707	342,421
Federal agency collateralized mortgage obligation	387,286	3,179	384,107	-
Held by Trust:				
PARS pooled trust - pension	3,278,536	3,278,536	-	-
Totals	\$ 23,353,016	4,122,000	16,738,564	2,492,452

Disclosures Relating to Credit Risk

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

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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	\$ 8,029,044	n/a	\$ -	8,029,044	-	-	-
Medium term notes	4,607,564	A	-	893,602	3,021,372	692,590	-
Certificate of deposit	1,420,994	A	-	511,312	909,682	-	-
Supra-national agency bonds/notes	348,894	AA	348,894	-	-	-	-
Asset-backed security/collateralized mortgage obligations	1,462,680	AA	1,462,680	-	-	-	-
CAMP	151,757	n/a	151,757	-	-	-	-
Federal agency bonds/notes	2,718,251	n/a	-	2,718,251	-	-	-
LAIF	84,882	n/a	-	-	-	-	84,882
Municipal bonds/notes	863,128	n/a	-	-	863,128	-	-
Federal agency collateralized mortgage obligations	387,286	n/a	-	387,286	-	-	-
Held by trust:							
PARS pooled trust - pension	3,278,536	n/a	3,278,536	-	-	-	-
Total	<u>\$ 23,353,016</u>		<u>\$5,241,867</u>	<u>12,539,495</u>	<u>4,794,182</u>	<u>692,590</u>	<u>84,882</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, 2021, the District has a custodial credit risk exposure of \$19,949,282 because the securities were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2021, 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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2021:

Investment Type	Fair Value Hierarchy				Fair Value
	N/A	Level 1	Level 2	Level 3	
U.S. Treasury bonds	\$ -	8,029,044	-	-	8,029,044
Medium term notes	-	-	4,607,564	-	4,607,564
Certificates of deposit	-	-	1,420,994	-	1,420,994
Supra-national agency bonds/notes	-	-	348,894	-	348,894
Asset-backed security/collateralized mortgage obligations	-	-	1,462,680	-	1,462,680
CAMP	151,757	-	-	-	151,757
Federal agency bonds/notes	-	-	2,718,251	-	2,718,251
LAIF	84,882	-	-	-	84,882
Municipal bonds/notes	-	-	863,128	-	863,128
Federal agency collateralized mortgage obligations	-	-	387,286	-	387,286
Held by trust:					
PARS pooled trust - pension	3,278,536	-	-	-	3,278,536
Total investments	<u>\$ 3,515,175</u>	<u>8,029,044</u>	<u>11,808,797</u>	<u>-</u>	<u>23,353,016</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 annually by the Consumer Price Index (CPI). As of June 30, 2021, the monthly base rent was \$13,374.

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, 2021, the monthly base rent has increased to \$25,667.

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, 2021, the monthly base rent has increased to \$7,243.

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, 2021, the base rent increased to \$75,441 per month.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(3) Operating Leases as Lessor (Continued)

The Regents of the University of California

The District entered into a lease agreement dated April 1, 2012, with The Regents of the University of California, c/o University of California, Los Angeles Real Estate, to lease 8,708 square feet located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 10 years and commenced in April 2012. At the start of the lease agreement, the base rent for both the lease and a reimbursement to the District for common area operating expenses was a total of \$24,382 per month. The base rents are adjusted by the change in the consumer price index on the first day of the 10th month following the commencement of the lease, and as of each 12th month thereafter during the term of the lease, capped at an increase of three percent per year, on a non-cumulative basis. As of June 30, 2021, the base rent increased to \$29,698 per month.

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, 2021, the monthly base rent has increased to \$1,657.

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, 2021, the monthly base rent has increased to \$3,520.

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, 2021, the monthly base has increased to \$16,012 per month.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(3) Operating Leases as Lessor (Continued)

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, 2021, the base rent has increased to \$43,800 per month.

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. The base rent is to increase four percent per year. As of June 30, 2021, the monthly base rent has increased to \$11,481.

(4) Notes Receivable

As of June 30, 2021, the District's net investment in notes receivable was:

Ducot note – unpaid balance	\$ 3,527,416
Ducot note – unamortized purchase discount	<u>(1,283,335)</u>
Net investment in notes receivable	2,244,081
Note – South Bay Family Health Care	<u>412,054</u>
Total net investment in notes receivable	<u>\$ 2,656,135</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(4) **Notes Receivable (Continued)**

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, 2021, the note had an unpaid balance of \$3,527,416 and a remaining unamortized purchase discount of \$1,283,335, resulting in the reporting of a note receivable at a net cost of \$2,244,081.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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>\$ 3,527,416</u>	<u>524,390</u>	<u>4,051,806</u>

Southbay Family Housing

On May 15, 2021, the District executed a standard industrial/commercial single tenant lease agreement and a revolving credit agreement with Beach Cities Child Development Center for the premises located at 2114 Artesia Boulevard, 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 up to \$420,000 to be used by the lessee to make improvements to the premises.

The District advanced \$412,054 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 credit agreement (which has been cancelled) by executing a term promissory note with an initial principal balance of \$412,054, dated July 1, 2021.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(4) **Notes Receivable (Continued)**

The outstanding amount under the term note bears interest equal to 5%. Monthly payments are due through June 30, 2030; unless the parties agree to extend the lease beyond June 30, 2030. As of June 30, 2021, the note has a balance of \$412,054.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 32,583	19,863	52,446
2023	34,250	18,196	52,446
2024	36,002	16,443	52,445
2025	37,844	14,601	52,445
2026	39,780	12,665	52,445
2027 - 2030	<u>231,595</u>	<u>30,635</u>	<u>262,230</u>
Totals	<u>\$ 412,054</u>	<u>112,403</u>	<u>524,457</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(5) **Capital Assets**

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2021 were as follows:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets not being depreciated:				
Land	\$ 4,401,926	-	-	4,401,926
Construction in progress	<u>4,739,958</u>	<u>3,058,458</u>	<u>(527,964)</u>	<u>7,270,452</u>
Total capital assets not being depreciated	<u>9,141,884</u>	<u>3,058,458</u>	<u>(527,964)</u>	<u>11,672,378</u>
Capital assets being depreciated:				
Buildings and improvements	47,860,730	883,276	-	48,744,006
Equipment, furniture and fixtures	<u>1,769,891</u>	<u>86,406</u>	<u>(390,446)</u>	<u>1,465,851</u>
Total capital assets being depreciated	<u>49,630,621</u>	<u>969,682</u>	<u>(390,446)</u>	<u>50,209,857</u>
Less accumulated depreciation for:				
Buildings and improvements	(31,379,969)	(1,597,157)	-	(32,977,126)
Equipment, furniture and fixtures	<u>(1,114,911)</u>	<u>(180,087)</u>	<u>374,184</u>	<u>(920,814)</u>
Total accumulated depreciation	<u>(32,494,880)</u>	<u>(1,777,244)</u>	<u>374,184</u>	<u>(33,897,940)</u>
Capital assets being depreciated, net	<u>17,135,741</u>	<u>(807,562)</u>	<u>(16,262)</u>	<u>16,311,917</u>
Capital assets, net	<u>\$26,277,625</u>	<u>2,250,896</u>	<u>(544,226)</u>	<u>27,984,295</u>

Depreciation expense was charged to Preventive Health Services in the amount of \$1,777,244.

(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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(6) **Investments in Limited Partnerships**

As of June 30, 2021, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in Sunrise was \$10,329,925. 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, 2021, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in BDSC was \$63,347. 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, 2021:

	Balance as of June 30, 2020	Additions	Deletions	Balance as of June 30, 2021	Due Within One Year
Capital leases payable	\$ 2,717,032	-	(523,028)	2,194,004	566,102
Compensated absences payable	440,374	359,229	(302,982)	496,621	234,696
Total	<u>\$ 3,157,406</u>	<u>359,229</u>	<u>(826,010)</u>	<u>2,690,625</u>	<u>800,798</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, 2021, the District paid principal of \$523,028. The outstanding balance was \$2,194,004 as of June 30, 2021. 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>
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>\$2,194,004</u>	<u>323,666</u>	<u>2,517,670</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>Annual Payment</u>
2022	\$70,256
2023	70,256
2024	72,764
2025	72,764
2026	75,272
2027-2030	<u>232,488</u>
Total	<u>\$593,800</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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2019 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, 2021, 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	6.918%	6.750%
Required employer contribution rates	9.281%	7.732%

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, 2019 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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. Preretirement 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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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 ACFR, 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:

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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: 6/30/2019 (MD)	\$ 15,520,354	12,633,443	2,886,911
Balance at: 6/30/2020 (MD)	16,487,270	13,211,542	3,275,728
Net Changes during 2019-20	966,916	578,099	388,817

The District's proportionate share of the net pension liability as of June 30, 2019 and 2020 (Measurement Date) was as follows:

	Miscellaneous
Proportion - June 30, 2019 (MD)	0.07209%
Proportion - June 30, 2020 (MD)	0.07766%
Change - Increase (Decrease)	0.00557%

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	\$ 5,469,781	3,275,728	1,462,850

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:

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(9) Defined Benefit Pension Plan (Continued)

Net 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 (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARS� for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (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, 2020 (the measurement date), the District recognized pension expense of \$739,079 for the Plan.

As of June 30, 2021, 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	\$ -	23,364
Differences between Expected and Actual Experience	168,808	-
Differences between Projected and Actual Investment Earnings	97,311	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	327,056
Change in Employer's Proportion	255,947	-
Pension Contributions Made Subsequent to Measurement Date	368,376	-
Totals	\$ 890,442	350,420

The \$327,056 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 (EARS�). The \$368,376 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, 2022.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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
2022	\$ 5,105
2023	58,878
2024	60,990
2025	<u>46,673</u>
Total	<u>\$ 171,646</u>

(10) **Deferred Compensation Plan**

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

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, 2020 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	75
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	<u>12</u>
Total	<u>92</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2020, the District's cash contributions were \$8,250 in benefit payments, an estimated implied subsidy of \$1,434 resulting in total payments of \$643,863.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

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

OPEB Liability

The District's OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2021 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:

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 468,125	\$ 633,746	\$ (165,621)
Changes recognized for the measurement period:			
Service cost	51,789	-	51,789
Interest	32,192	-	32,192
Actual vs. expected experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	9,752	(9,752)
Net investment income	-	17,569	(17,569)
Benefit payments	(9,684)	(9,684)	-
Administrative expense	-	(1,659)	1,659
Net Changes	74,297	15,978	58,319
Balance at June 30, 2021 (Measurement Date June 30, 2020)	\$ 542,422	\$ 649,724	\$ (107,302)

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, 2021:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Asset	\$ (20,563)	\$ (107,302)	\$ (177,523)

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, 2021:

	1% Decrease	Current Healthcare Trend	1% Increase
Net OPEB Asset	\$ (196,598)	\$ (107,302)	\$ 8,936

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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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, 2021, the District recognized OPEB expense of \$7,656. As of June 30, 2021, 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	\$ -	167,940
Changes of Assumptions	-	233,448
Net difference between projected and actual earnings on plan investments	26,059	-
Employer Contributions Made Subsequent to Measurement Date	12,944	-
Totals	\$ 39,003	401,388

The \$12,944 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the OPEB Liability during the fiscal year ending June 30, 2022. 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
2022	\$ (38,425)
2023	(38,425)
2024	(38,425)
2025	(41,248)
2026	(45,646)
Thereafter	(173,160)
Total	<u>\$ (375,329)</u>

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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.

BEACH CITIES HEALTH DISTRICT

Notes to the Basic Financial Statements

(Continued)

(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.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTAL INFORMATION

BEACH CITIES HEALTH DISTRICT

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

Year Ended June 30, 2021

(With comparative information for the last 10 years) *

	Measurement Date						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's proportion of the net pension liability (asset)	0.0291%	0.0566%	0.0637%	0.0675%	0.0679%	0.0721%	0.0777%
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	\$ 3,275,728
Plan's covered payroll	\$ 3,370,822	\$ 3,443,030	\$ 3,666,056	\$ 3,865,015	\$ 3,948,862	\$ 4,213,339	\$ 4,654,874
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%	70.3720%
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%	24.7944%
Plan's proportionate share of aggregate employer contributions	\$ 221,150	\$ 312,865	\$ 338,198	\$ 385,083	\$ 446,314	\$ 523,480	\$ 590,287

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

BEACH CITIES HEALTH DISTRICT

Schedule of Pension Plan Contributions

Year Ended June 30, 2021

(With comparative information for the last 10 years) *

	Fiscal Year						
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2018-2019	2019-2020
Actuarially determined contribution	\$ 284,802	246,826	269,230	271,274	298,759	340,900	368,376
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>	<u>(368,376)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	4,622,497
Contributions as a percentage of covered payroll	8.27%	6.73%	6.97%	6.87%	7.09%	7.32%	7.97%

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

BEACH CITIES HEALTH DISTRICT

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

Year Ended June 30, 2021

(With comparative information for the last 10 years) *

	Measurement Period			
	2016-2017	2017-2018	2018-2019	2019-2020
Total OPEB liability:				
Service cost	\$ 109,329	\$ 94,484	\$ 90,951	\$ 51,789
Interest on the total OPEB liability	21,440	27,131	31,862	32,192
Actual and expected experience difference	-	-	(203,672)	-
Changes in assumptions	(93,266)	(38,141)	(178,341)	-
Changes in benefit terms	-	-	-	-
Benefit payments	(15,287)	(18,926)	(10,050)	(9,684)
	<u>22,216</u>	<u>64,548</u>	<u>(269,250)</u>	<u>74,297</u>
Net change in total OPEB liability				
Total OPEB liability - beginning	650,611	672,827	737,375	468,125
	<u>672,827</u>	<u>737,375</u>	<u>468,125</u>	<u>542,422</u>
Total OPEB liability - ending				
Plan Fiduciary Net Position				
Contribution - employer	\$ -	\$ -	\$ 643,863	\$ 9,752
Net investment income	-	-	536	17,569
Benefit payments	-	-	(10,050)	(9,684)
Administrative expense	-	-	(603)	(1,659)
	<u>-</u>	<u>-</u>	<u>633,746</u>	<u>15,978</u>
Net change in plan fiduciary net position				
Plan fiduciary net position - beginning	-	-	-	633,746
	<u>-</u>	<u>-</u>	<u>633,746</u>	<u>649,724</u>
Plan fiduciary net position - ending (b)				
Net OPEB liability (asset) - ending (a)-(b)	<u>672,827</u>	<u>737,375</u>	<u>(165,621)</u>	<u>(107,302)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	135.38%	119.78%
Covered-employee payroll	\$ 3,948,862	\$ 3,948,380	\$ 5,608,266	\$ 5,906,109
OPEB liability as a percentage of covered-employee payroll	17.04%	18.68%	8.35%	9.18%

* 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 and June 30, 2020.

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.

Contributions to OPEB plan are not based on a measure of payroll.

BEACH CITIES HEALTH DISTRICT

Schedule of OPEB Plan Contributions

Year Ended June 30, 2021

(With comparative information for the last 10 years) *

	Fiscal Year			
	2017-2018	2018-2019	2019-2020	2020-2021
Actuarially Determined Contribution (ADC)	\$ 130,769	\$ 121,615	\$ 122,813	\$ 83,981
Contributions in relation to the ADC	(18,926)	(643,863)	(9,752)	(12,944)
Contribution deficiency (excess)	<u>\$ 111,843</u>	<u>\$ (522,248)</u>	<u>\$ 113,061</u>	<u>\$ 71,037</u>
Covered-employee payroll	\$ 3,948,862	\$ 3,948,380	\$ 5,608,266	\$ 5,906,109
Contributions as a percentage of covered-employee payroll	0.48%	16.31%	0.17%	0.22%

* 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 2021 were from the June 30, 2020 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, 2021
(with comparative data for prior year)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2020 Actual
REVENUES:					
Financing and rental income related to lease	\$ 5,125,203	5,139,203	4,425,228	(713,975)	4,505,686
Property taxes	4,179,531	4,179,531	4,345,848	166,317	3,994,702
Program income	2,233,885	182,885	305,976	123,091	2,073,958
Income from limited partnership	2,081,562	1,670,562	1,175,456	(495,106)	2,002,771
Investment earnings	798,751	838,751	1,337,999	499,248	2,224,613
Other revenue	177,315	197,315	170,732	(26,583)	6,401
Intergovernmental	-	-	669,836	669,836	101,555
TOTAL REVENUES	14,596,247	12,208,247	12,431,075	222,828	14,909,686
EXPENDITURES:					
Current:					
Salaries and related expenses	6,948,609	6,462,429	6,426,756	35,673	6,497,462
Health programs	1,455,009	1,555,009	1,539,620	15,389	1,384,088
Professional fees	2,042,556	2,029,542	2,181,469	(151,927)	2,191,562
Facilities management	1,501,829	1,354,918	1,454,836	(99,918)	1,557,559
Community relations	512,678	503,678	679,739	(176,061)	546,574
General and administrative	208,752	188,279	386,927	(198,648)	426,512
Human resources	238,397	214,984	142,338	72,646	193,862
Information services	225,298	225,298	192,759	32,539	194,186
Cost of goods sold	28,009	-	2,826	(2,826)	25,281
Other	366,838	405,838	95,732	310,106	73,360
Capital outlay	4,932,103	4,932,103	3,500,175	1,431,928	2,528,078
Debt service:					
Principal retirement	523,028	523,028	523,028	0	483,232
Interest and other fiscal charges	212,572	212,572	196,972	15,600	236,768
TOTAL EXPENDITURES	19,195,678	18,607,678	17,323,177	1,284,501	16,338,524
NET CHANGES IN FUND BALANCE	(4,599,431)	(6,399,431)	(4,892,102)	1,507,329	(1,428,838)
FUND BALANCE AT BEGINNING OF YEAR	38,991,477	38,991,477	38,991,477	-	40,420,315
FUND BALANCE AT END OF YEAR	\$ 34,392,046	32,592,046	34,099,375	1,507,329	38,991,477

BEACH CITIES HEALTH DISTRICT

Notes to the Required Supplementary Information

Year ended June 30, 2021

(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, 2020, 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 2020-21 were from the June 30, 2018 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.50%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Lessor of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

Subsequent Events: The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and noninvestment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2018. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the

BEACH CITIES HEALTH DISTRICT

Notes to Required Supplementary Information

Year ended June 30, 2021

(Continued)

life expectancy of plan members and projected cash flow needs to the plan. The impact of this has been reflected in the current valuation results.

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2018 and may reflect additional discretionary payments made by the employer through April 30, 2019. Changes in the value of assets subsequent to that date are not reflected.

Investment returns below the assumed rate of return will increase the required contribution, while investment returns above the assumed rate of return will decrease the required contribution.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2019. Any subsequent changes or actions are not reflected.

(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.

The following are expenditures exceeded appropriations in the General Fund for the year ended June 30, 2021:

	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Expenditures in Excess of Appropriation</u>
General Fund:			
Health programs	\$ 1,455,000	1,539,620	(84,620)
Professional fees	2,042,500	2,181,469	(138,969)
Community relations	512,800	679,739	(166,939)
Other	<u>62,000</u>	<u>95,732</u>	<u>(33,732)</u>
Total expenditures	<u>\$ 4,072,300</u>	<u>4,496,560</u>	<u>(424,260)</u>

STATISTICAL SECTION

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

1. Financial Trends:

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 FY20-21

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL TRENDS

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues											
Financing and Rental Income ¹	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	4,589,435
Property Taxes	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	4,345,848
Program Revenues	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	305,976
Income from Limited Partnerships	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	1,175,456
Earnings on Investment	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	1,337,999
Other Income	143,759	133,951	239,430	170,706	110,180	75,955	26,113	68,292	105,551	246,943	840,568
Total Revenues	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	12,595,282
Expenses											
Government Activities											
Salaries & related	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	6,792,171
Health Programs	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	1,595,867
Professional Fees	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	2,181,469
Facilities Management ¹	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	1,454,836
Community Relations	259,174	197,270	321,082	538,505	748,104	538,321	695,570	556,361	786,681	546,574	679,739
G & A Miscellaneous	594,454	650,302	742,973	457,203	299,102	352,838	276,885	315,722	398,781	426,512	386,927
Human Resources	131,924	160,070	184,585	194,802	281,259	255,180	275,356	181,568	212,553	193,862	142,338
Information Systems	108,083	130,722	112,203	166,911	118,294	157,465	148,804	146,959	172,013	194,186	192,759
Cost of Goods Sold	147,862	124,192	137,891	117,052	47,843	32,958	35,655	34,840	28,875	25,281	2,826
Other	65,453	54,383	51,895	45,471	58,475	59,445	59,160	71,784	69,792	73,360	111,998
Interest Cost	482,956	470,530	450,756	419,436	394,683	367,891	338,893	307,507	273,537	236,768	196,972
Total Activity Expenses	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	13,737,902
Net Operating Income/<Loss> bf Depreciation	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	(1,142,620)
Depreciation on Fixed Assets	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	1,777,244
Net Capital Assets Written-Off								176,595			
Changes in Net Position	(1,767,472)	(1,850,024)	(1,659,449)	(428,651)	(997,002)	251,258	(435,055)	(635,635)	489,689	(409,615)	(2,919,864)

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	Cost Basis	Accumulated Depreciation as of 06/30/2020	FY20-21 Depreciation Amount	Book Value as of 06/30/2021
BUILDING					
	2114 Artesia Building Improvements	1,136,938	788,773	36,675	311,490
	512 Building	4,057,716	2,367,557	135,257	1,554,902
	514 Building - Power Plant	3,340,841	2,348,670	115,887	876,283
	514 Building Improvements	5,714,051	2,284,691	305,248	3,124,112
	514 Center for Excellence-Asset Activation	95,090	32,381	4,967	57,742
	514 N Prospect Avenue-North Tower	10,167,125	6,974,350	350,591	2,842,184
	514 N Prospect Avenue-South Tower	11,127,681	9,358,324	194,934	1,574,423
	520 N. Prospect Avenue	3,456,200	2,015,226	115,364	1,325,611
	601 S. Pacific Coast Highway	1,724,928	622,194	35,459	1,067,275
	Adventure Plex Capital Projects	5,470,544	3,390,666	184,168	1,895,709
	Center for Health and Fitness - Improvements	1,375,150	784,793	68,108	522,249
	Energy and Power Solutions	175,520	111,576	8,673	55,270
	Office Building Improvements and upgrades	716,539	210,015	31,531	474,993
	Parking lot upgrade	89,152	48,395	4,207	36,551
	Sidewalk Renovation	91,325	53,910	6,088	31,327
BUILDING Total		48,738,800	31,391,520	1,597,157	15,750,123
FF&E					
	514 Building - Power Plant	47,797	27,458	1,912	18,427
	514 Building Improvements	36,560	20,068	3,039	13,453
	514 Center for Excellence-Asset Activation	137,135	14,109	22,969	100,057
	Adventure Plex Capital Projects	137,146	87,269	16,257	33,621
	Care Mgt Software	26,558	7,789	6,676	12,092
	Center for Health and Fitness - Improvements	341,864	65,152	67,013	209,698
	Copiers	6,671	4,774	1,334	563
	Credit Card Processor Machines	3,950	162	790	2,998
	CSI Software	82,213	82,046	167	-
	Great Plains Project Tracking Software	13,765	2,180	2,753	8,832
	IT Server and IT Automation	93,695	43,224	9,431	41,039
	IT Workstations	116,161	34,163	19,217	62,781
	Liability Waiver Hardware and Software	6,039	3,078	2,013	948
	Metaviewer - Data Management SW	51,600	16,340	5,120	30,140
	Office Building Improvements and upgrades	185,091	174,142	4,491	6,458
	Phone Equipment	98,431	98,431	-	-
	Presentation Equipment	28,868	21,990	5,494	1,384
	SAS Software	8,024	2,675	2,675	2,675
	Security Cameras	31,418	8,824	6,284	16,311
	Website Development	18,073	14,141	3,615	317
FF&E Total		1,471,056	728,015	181,248	561,793
Grand Total		50,209,856	32,119,536	1,778,405	16,311,916

Healthy Living Campus Investment

Beach Cities Health District, a healthcare district focused on preventive health, 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, since 2017 we've been dedicated 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. A Master Plan has emerged from this iterative, community-driven process to create an innovative Healthy Living Campus anchored in Health, Livability and Community.

This once-in-a-generation project is our 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.

The Healthy Living Campus is on the District's Redondo Beach property at 514 North Prospect Avenue. When completed, the 11-acre site will be a hub of well-being that serves and connects Beach Cities residents – ranging from children and families to adults and older adults – with abundant health and wellness services, programs and facilities.

Healthy Living Campus	Total ITD Budget Jun 2021	Total Budget FY21-22	Total District Budget Pre-Construction	Actuals As of June, 2021	Budget Remaining
Architecture	1,768,000	2,750,000	4,518,000	1,572,619	2,945,381
Pre-construction Fees (Special Costs) (Engineering fees, Cost Estimator, etc.)	387,000	400,000	787,000	375,101	411,899
Feasibility, including EIR Study (EIR Consultant, MDS, etc.)	1,573,000	820,000	2,393,000	1,386,417	1,006,583
Legal	768,000	1,000,000	1,768,000	920,232	847,768
Communications	611,000	200,000	811,000	567,546	243,454
Financial: Cain Brothers - PACE & RCFE	438,000	1,800,000	2,238,000	336,373	1,901,627
Project Management Support	1,955,000	530,000	2,485,000	1,817,739	667,261
Contingency	50,000		50,000		50,000
PACE Equity Contribution		1,000,000	1,000,000		1,000,000
Soft Costs	\$ 7,550,000	\$ 8,500,000	\$ 16,050,000	\$ 6,976,028	\$ 9,073,972

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	2020-21
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	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	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	36,183,501
	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	60,900,802
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	(1,142,620)
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)	(1,777,244)
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)	(2,919,864)
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)	(2,919,864)
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	2,229,698
Restricted	-	-	-	-	1,206,766	(5)	-	(50,053)	-	-	-	(5)
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)	(5,149,557)
	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)	(2,919,864)
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	25,790,291
Restricted	-	-	-	-	1,206,766	1,206,761	1,206,761	1,156,708	1,156,708	1,156,708	1,156,708	1,156,703
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	31,033,944
	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	57,980,938

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.

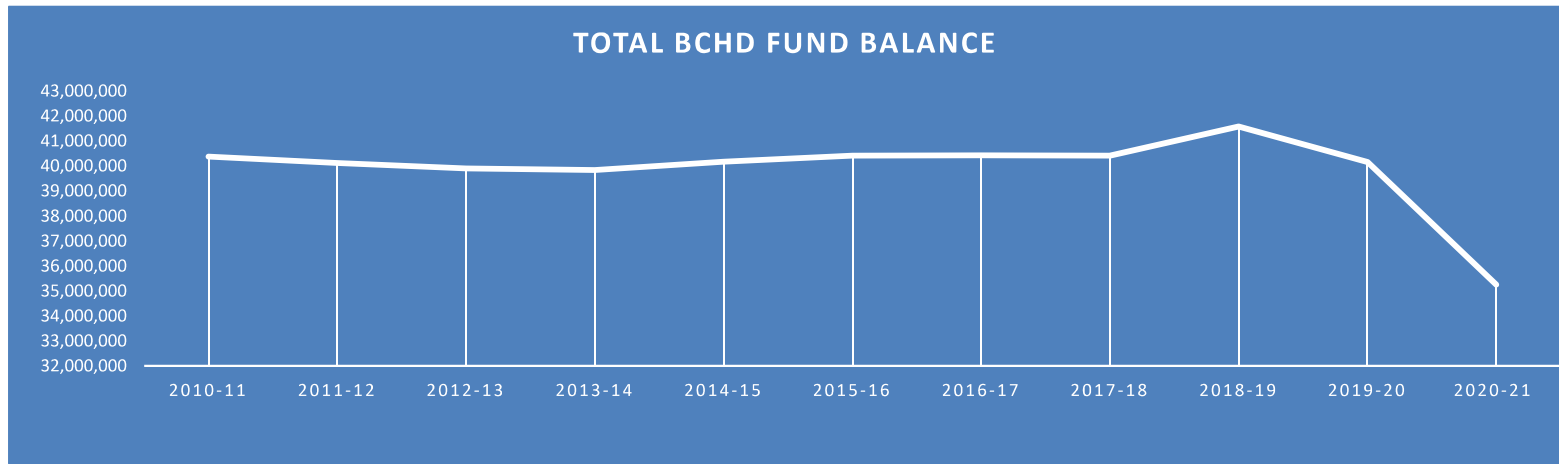
Beach Cities Health District
Fund Financial Statements
Statement of Revenues, Expenditures and Change in Fund Balance
Current and Prior Ten Years

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues											
Financing and Rental Income ¹	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	4,425,228
Property Taxes	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	4,345,848
Program Income	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	305,976
Income from Limited Partnership	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	1,175,456
Investment Earnings	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	1,337,999
Other Revenue	143,759	133,951	239,430	170,706	110,180	75,955	26,251	68,292	105,551	107,956	840,568
Total Revenues	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	12,431,075
Expenditures											
Salaries & related	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	6,426,756
Health Programs	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	1,539,620
Professional Fees	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	2,181,469
Facilities Management ¹	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	1,454,836
Community Relations	259,174	197,270	321,082	538,505	748,104	538,321	695,570	556,361	786,681	546,574	679,739
General & Administrative	357,410	393,737	465,278	483,255	389,897	428,946	342,506	372,449	398,781	426,512	386,927
Human Resources	131,924	160,070	184,585	194,802	281,259	255,180	275,356	181,568	212,553	193,862	142,338
Information Systems	108,083	130,722	112,203	166,911	118,294	157,465	148,804	146,959	172,013	194,186	192,759
Cost of Goods Sold	147,862	124,192	137,891	117,052	47,843	32,958	35,655	34,840	28,875	25,281	2,826
Other	65,453	54,383	51,895	45,471	58,475	59,445	59,085	71,784	69,792	73,360	95,737
Principal Retirement	237,043	266,715	292,957	300,564	325,317	352,109	381,107	412,493	446,463	483,232	523,028
Interest & Other Fiscal charges	482,956	470,530	450,756	419,436	394,683	367,891	338,893	307,507	273,537	236,768	196,972
Total Expenditures	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	13,823,007
Contribution to Fund Balance from Opeartions	92,249	11,099	126,077	901,773	901,641	1,592,576	844,506	1,427,753	1,543,294	1,099,240	-1,391,932
<i>Debt Service as a percentage of Non capital Expenditures</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>	<i>5%</i>
Capital Investments	404,297	371,137	278,386	964,399	573,916	1,344,677	837,317	1,440,938	1,820,366	2,528,078	3,500,175
Excess (deficiency) of Revenue over (under)	(312,048)	(360,038)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)	(4,892,107)
Expenditures											
Other Financing Sources											
Proceeds from Capital Lease	-	98,431	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(312,048)	(261,607)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)	(4,892,107)

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Beginning 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
Change in Fund Balance											
Operating Income	92,249	11,099	126,077	901,773	901,641	1,592,576	844,506	1,427,753	1,543,294	1,099,240	(1,391,932)
Capital Outlay	(404,297)	(371,137)	(278,386)	(964,399)	(573,916)	(1,344,677)	(837,317)	(1,440,938)	(1,820,366)	(2,528,078)	(3,500,175)
	(312,048)	(360,038)	(152,309)	(62,626)	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)	(4,892,107)
Proceeds from Capital Lease	-	98,431	-	-	-	-	-	-	-	-	-
Restatements per audit	66,705	-	(62,637)	-	-	-	-	-	1,447,652	-	-
	(245,343)	(261,607)	(214,946)	(62,626)	327,725	247,899	7,189	(13,185)	1,170,580	(1,428,838)	(4,892,107)
General Fund											
Reserved	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-	-
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	13,143,921
Committed	-	-	-	-	-	-	20,813,451	20,701,868	17,758,194	16,187,729	11,125,415
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	6,551,504
	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	30,820,839
Special Revenue Funds											
Restricted for medical building purposes	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	1,156,703
Restricted for 115 Trust - Pension									2,522,893	2,607,113	3,278,536
Ending BCHD Fund Balance	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	35,256,078



- 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 FY20-21

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEMOGRAPHICS AND ECONOMIC INFORMATION

Beach Cities*
Demographic Statistics
Last Ten Years

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)	
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	35,991	124,311	60,087	62,224	86,192	69,501	8,639,739	4.0%	2.2%	2.6%	2.9%
2020	67,423	19,539	35,500	122,462	62,528	65,094	96,343	74,655	9,142,401	4.0%	2.2%	3.4%	3.2%

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

Sources: 1) Hermosa, Manhattan and Redondo Beach Annual Financial Statements
 2) U.S. Census Bureau

Beach Cities*
Principal Employers
2020

Employer	Employees	Percentage of
1 Northrop Grumman	9,816	14.82%
2 Redondo Beach Unified School District	915	1.38%
3 Skechers USA, Inc.	893	1.35%
4 Manhattan Beach Unified School District	888	1.34%
5 Target Corporation	745	1.13%
6 Kinecta Federal Credit Union	663	1.00%
7 City of Redondo	505	0.76%
8 City of Manhattan Beach	309	0.47%
9 Albertsons Companies	316	0.48%
10 Cheesecake Factory	313	0.47%
11 United States Postal Service	291	0.44%
12 Marriott MB	246	0.37%
13 DHL	225	0.34%
14 Macy's	409	0.62%
15 24 hour fitness	158	0.24%
16 Ralph's Grocery	200	0.30%
17 Frontier	198	0.30%
18 H T Grill	174	0.26%
19 City of Hermosa	189	0.29%
20 Bristol Farms	155	0.23%
All Others	48,608	73.41%
Total	66,216	100.00%

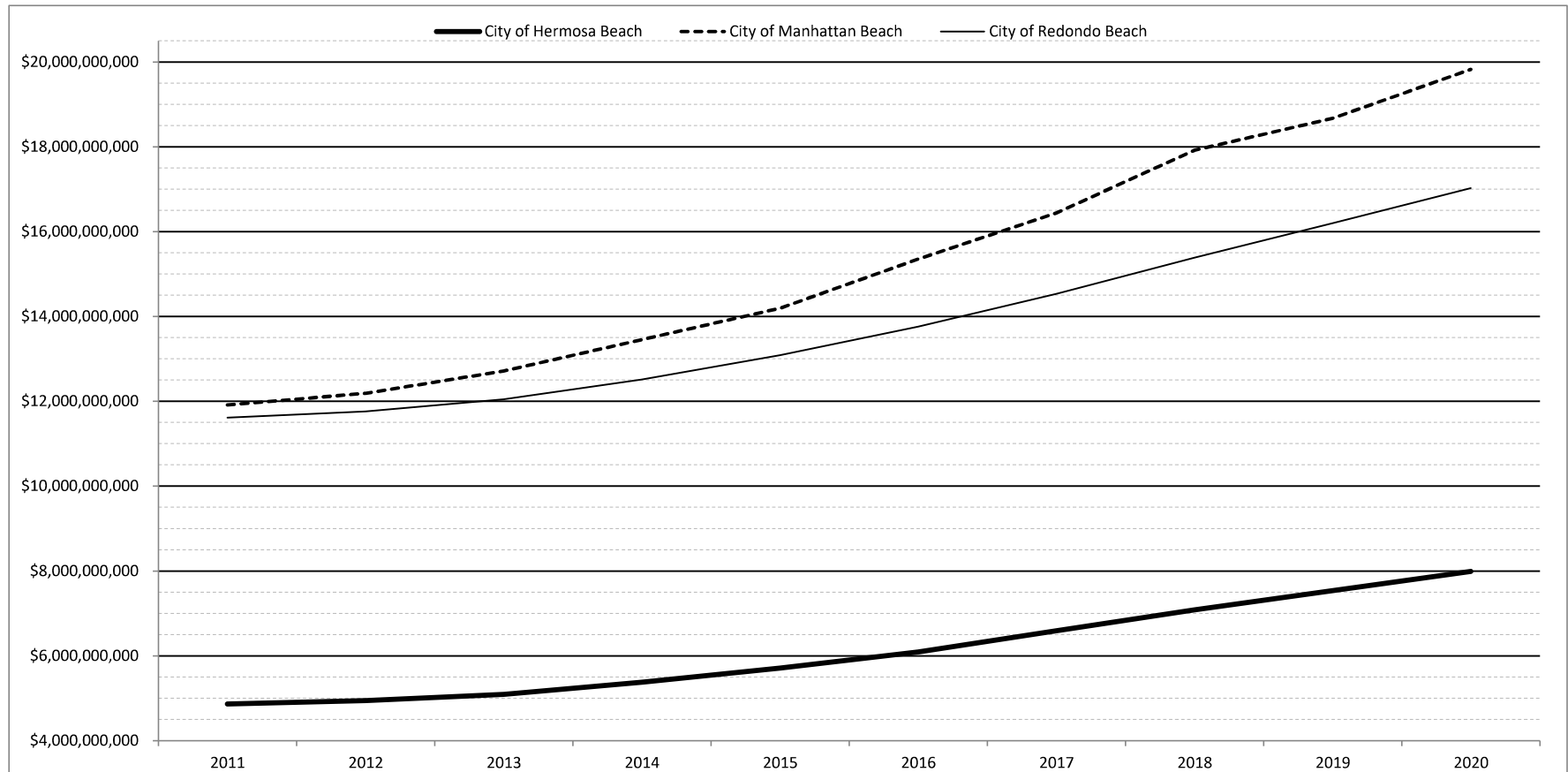
* Beach Cities - includes Cities of Redondo Beach, Hermosa Beach, and Manhattan Beach.

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

Beach Cities Health District
Assessed Value and Estimated Actual Value of Taxable Property
Current and Prior Ten Years

Total Taxable Assessed Value

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City of Hermosa Beach	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	7,989,293,000
City of Manhattan Beach	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	19,822,800,094
City of Redondo Beach	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	17,022,645,724
Total	\$ 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	\$ 44,834,738,818
Percentage Increase	1.17%	1.78%	3.32%	4.99%	5.28%	6.68%	6.73%	7.50%	5.02%	5.70%
BCHD Property Tax Collected	\$ 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	\$ 4,345,848
BCHD Effective Property Tax %	0.008802%	0.009465%	0.009626%	0.009444%	0.009533%	0.009531%	0.009560%	0.009392%	0.009418%	0.009693%



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

NOTE: In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City of Hermosa Beach Residents - Total	1.037907%	1.037488%	1.040540%	1.038968%	1.035651%	1.036693%	1.04137%	1.06494%	1.05167%	1.06475%
City of Hermosa Beach *	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
Hermosa Beach Unified School District	0.018067	0.016904	0.018550	0.017970	0.014729	0.015746	0.014928	0.040245	0.025942	0.039696
El Camino community College District	0.016140	0.016884	0.018490	0.017498	0.017422	0.017447	0.022942	0.021199	0.022229	0.021555
Metro Water District	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
City of Redondo Beach Residents - Total	1.0896%	1.1067%	1.1036%	1.1134%	1.1178%	1.1127%	1.1172%	1.1110%	1.1066%	1.1093%
City of Redondo Beach *	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	0.1882%	0.1858%	0.1875%	0.1578%	0.1580%	0.1581%	0.1583%	0.15871%	0.15883%	0.16317%
Redevelopment Agency	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
Flood Control	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
El Camino Community College District	0.016140	0.016880	0.018490	0.017500	0.017420	0.017450	0.022940	0.021200	0.022230	0.021550
Redondo Beach Unified School District	0.069770	0.086100	0.081620	0.092420	0.096890	0.091740	0.090790	0.086300	0.080860	0.084280
City of Manhattan Beach Residents - Total	1.14884%	1.11970%	1.15891%	1.16402%	1.09278%	1.08753%	1.09412%	1.11931%	1.11857%	1.11721%
City of Manhattan Beach *	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	0.1562%	0.1593%	0.1595%	0.1601%	0.1606%	0.1613%	0.1619%	0.1625%	0.1629%	0.1633%
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
Colleges & School Districts	0.145140	0.116000	0.155410	0.1605200	0.0892800	0.0840300	0.0906200	0.1158100	0.1150700	0.1137100
Metro Water District	0.003700	0.003700	0.003500	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000
Flood Control District	0.000000	0.000000	0.000000	0.0000000	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 FY20-21

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OPERATING AND OTHER

Beach Cities Health District

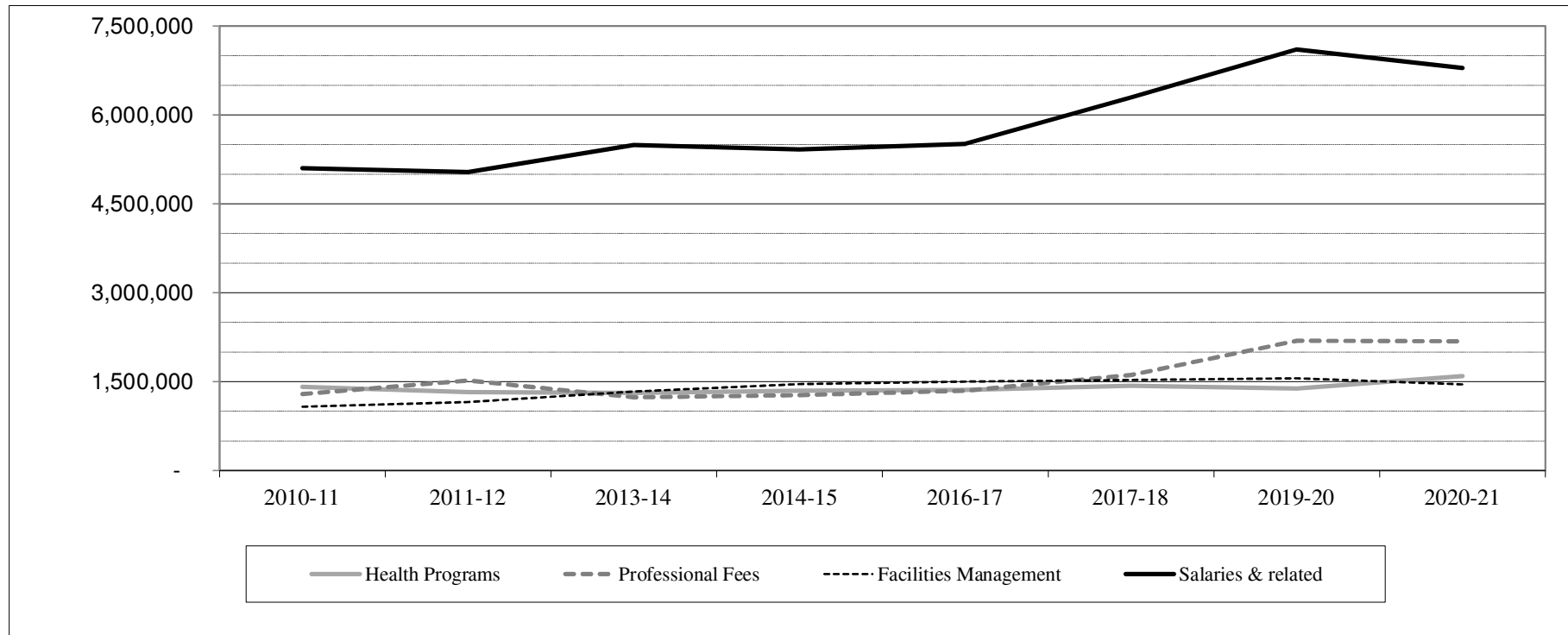
FTE Personnel Summary by Department

Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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	3.5
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	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	4.8
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	11.4
<u>Direct Operating Support</u>														
Information Systems	1.0	-	-	-	-	-	-	-	-	0.2	0.2	0.7	0.2	1.4
Volunteer Department	-	-	-	-	-	-	-	-	-	2.5	2.7	2.5	2.5	2.4
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	5.6
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	9.3
<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	2.0
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	8.2
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	5.0
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	9.7
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	24.8
<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	18.5
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	17.0
Medical Fitness Exercise													0.6	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	36.1
<u>Business Development and Innovation</u>														
	-	-	-	-	-	-	-	-	-	-	-	-	0.3	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	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	82.4
<u>Real Estate - Capital</u>														
										0.8	1.5	1.0	1.0	1.9
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	84.30

Source: BCHD Annual Budget

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

Fiscal Year	General Fund											Total
	Salaries & related	Health Programs	Professional Fees	Community Relations	Facilities Management	General & Administrative	Human Resources	Information Systems	Cost of Goods Sold	Other	Interest Cost	
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
2020-21	6,792,171	1,595,867	2,181,469	679,739	1,454,836	386,927	142,338	192,759	2,826	111,998	196,972	13,737,902



Source: Audited Financial Statements

BCHD FY20-21

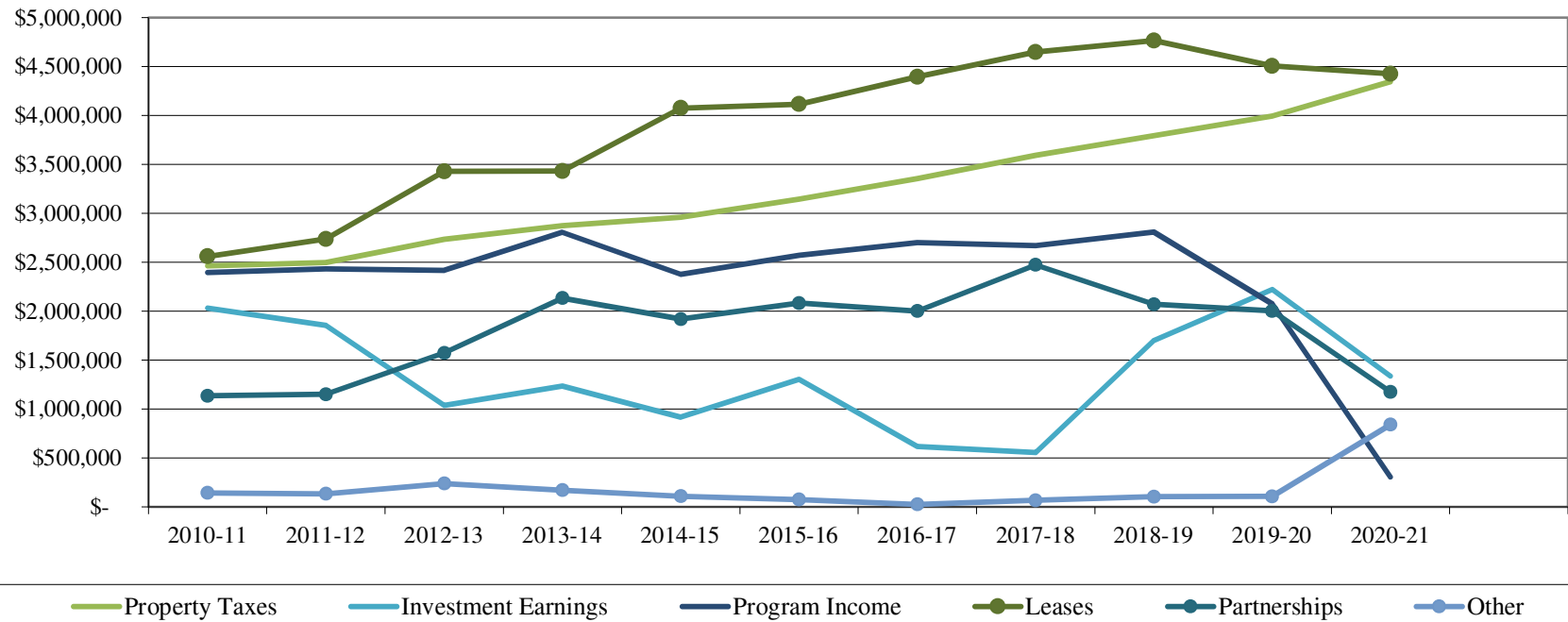
COMPREHENSIVE ANNUAL FINANCIAL REPORT

REVENUE CAPACITY

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

TREND BY FUNDING SOURCE

Fiscal Year	Property Taxes	Investment Earnings	Program Income	Leases	Partnerships	Other	Total
2003-04	1,614,950	451,307	2,605,934	2,250,696	778,833	2,066	7,711,286
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
2020-21	4,345,848	1,337,999	305,976	4,425,228	1,175,456	840,568	12,431,075



Source: Audited Financial Statements

BCHD FY20-21

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DEBT CAPACITY



Beach Cities Health District

Live Well. Health Matters.

DUCOT CAPITAL LEASE LIABILITY*					
Due Date	Monthly Payment	Applied to Principal	Applied to Interest	Amortization Balance Check	Total Annual Payment
30-Jun-21				2,194,004.88	
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
30-Jun-26		-	-	-	-
		\$ 2,194,005	\$ 325,995		\$ 2,520,000

* This is the District's only outstanding Debt