

# Beach Cities Health District Annual Comprehensive Financial Report

Fiscal Year ended June 30, 2025

Prepared by: Finance Department



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bchd.org

## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## INTRODUCTION SECTION

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## Our Vision

**A healthy beach community.**

## Our Mission

**To optimize health for our Beach Cities community through innovative and inclusive programs, partnerships and spaces.**

## Our Core Values

### Compassion

Seeks to connect with others in their life circumstance; demonstrates “perspective-taking” abilities; promotes self-esteem and self-advocacy skills in others; demonstrates a caring attitude toward others; validates people’s needs.

### Integrity

Is genuine and transparent when dealing with others; values honesty; is honorable and ethical; holds oneself accountable to the same standard of performance at all times (even if no one is watching); acts on beliefs and values that promote a commitment to health and wellness.

### Accountability

Takes responsibility for actions and decisions; proactively seeks solutions and resolves problems; fosters a safe and clean environment; utilizes evidence-based standards, metrics, and benchmarks; is truthful when dealing with the public and co-workers.

### Excellence

Motivates others to model healthy behaviors in the community; learns from mistakes and values the experience; strives for continuous performance improvement; harvests resources; embraces change, decision-making and calculated risk-taking.

# Letter of Transmittal

December 5, 2025

## 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 Annual Comprehensive Financial Report (ACFR) of the Beach Cities Health District (BCHD or "the District") for the fiscal year ending June 30, 2025.

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 additional information about the ACFR, the District, and its programs and 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 Annual Comprehensive 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, budget information and health priorities.
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, audited, provides additional information deemed relevant to the audience of the audit for the District.
4. The statistical section, unaudited, includes detailed financial and jurisdictional demographic information, generally presented on a multi-year basis, as a context to required information for understanding the district's overall financial health.

The District Financial Statements for fiscal year ending June 30, 2025, had no audit findings nor internal control deficiencies to report. The Independent Audit Report expresses an "Unqualified Opinion."

The District performs the annual financial statement audit in accordance with the District's Bylaws and is committed to sound fiscal policies, responsible management, and transparency throughout the organization. The audited Financial Statements and Bylaws, plus other up-to-date information about programs and services, budgets, policies, transparency, etc., can be found on the District website at [BCHD.org](http://BCHD.org).

**Profile of the Government.** Beach Cities Health District was formed in 1955 under California State's Local Hospital District Law (later renamed the Local Health Care District law), as a public health government agency serving approximately 125,000 residents of Hermosa Beach (16%), Manhattan Beach (28%), and Redondo Beach (56%), in Los Angeles County.

BCHD is a Special District funded by Property Taxes (30%), User Fees (13%), investments in owned long-term assets (33%) and intangible investments and other revenue sources (25%). Special districts are a form of local government created by a local community to meet a specific need. Healthcare Districts provide community-based healthcare programs and services to residents throughout the state in response to health care needs in their district.

At its inception, the District served as a general acute care hospital (South Bay Hospital). Since 1994, the District has cost-effectively promoted public health and general welfare and is now one of the largest preventive health agencies in the nation. Since 2005, the District has critically analyzed community health needs and collected health data from various sources like the California Healthy Kids Survey, Gallup-Sharecare Well-Being Index (WBI), Los Angeles County Health Survey, U.S. Census Bureau, etc. and has established Health Priorities. Using the Health Priorities as guide- posts, the District provides health and wellness programs that promote aging in the home, healthy lifestyles, physical fitness, and social-emotional well-being. The District offers an extensive range of dynamic, innovative preventive health services and facilities to promote health in every lifespan—from toddlers and children to families, adults, and older adults.

The District has an elected, at-large five (5) member Board that manages governance with monthly board meetings, several committees (Finance, Policy, Community Heath, Properties, and Strategic Planning Committees) comprised of two board members and citizens from the three Beach Cities and a framework of policies.

**Reporting Entity.** This Annual Comprehensive 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 accounts for all its inflows of funding sources and outflows for operating its programs and services and capital investment expenditures, including its assets and liabilities.

POC is a Special Revenue Fund, a non-profit 501.c.4 legal entity, consolidated with the District's reporting entity, and its Board is comprised of the five 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.

**Strategic and Service Efforts and Accomplishments.** In the 2024-25 fiscal year, the Beach Cities Health District (BCHD) team accomplished many things for our community and completed some organizational strategic changes for long-term success and sustainability.

To set the stage for the next three to six year, the District completed the triennial [Community Health Report](#), the [BCHD Six-Year Strategic Plan](#), and reorganized its operational framework into five core functions, realigning the previous four functions and added Grant Funded Services as a core function. Adding Grant Funded Services as a core function reflects the changes in the District funding sources that have shifted to more reliance on grants because of reduced income from rental income related to leases.

For the 4<sup>th</sup> consecutive year after the Pandemic, the District was able to improve net operating income by reducing operating expenses, establishing new funding sources, like grants, and reorganizing programs and services. While some programs were cut, the District has responded to Community needs, and increased services, such as in Mental Health.

We continued our focus on mental health in the community, as we saw allcove Beach Cities youth mental health center embark on its third year of providing health services for young people ages 12-25, including mental and physical health, supported education and employment, substance use, peer and family support, and life skills and wellness. Through November 2025, allcove Beach Cities has enrolled 1,814 young people in one of its service streams with 15,181 visits by young people. Those enrolled were 55% from the Beach Cities. The District staff has set-up a metrics website to track attendance and services provided at [Metrics Dashboard - Beach Cities Health District](#).



Our Care Management Program helps older adults and adults with disabilities in the Beach Cities that need extra support to remain safe and independent at home by addressing challenges such as caregiving, isolation, mobility, transportation and access to healthcare. Through in-home visits, our social workers develop personalized care plans and connect residents with essential resources and services to help them live well in their own homes. In 2024-25, the care management program helped 439 clients, did 1,846 visits, took 7,223 calls and provided 456 senior exercise classes.



The annual Beach Cities Volunteer day drew more than 100 volunteers – representing community groups, clubs, BCHD Garden Angels, staff, school parents and students – rolled up their sleeves to support elementary school gardens in both Redondo Beach and Hermosa Beach. Volunteers harvested, cleaned, planted, weeded, assembled composters, and spread bark. Together, they helped prepare 11 LiveWell Kids school gardens for the start of the 2025–26 school year.



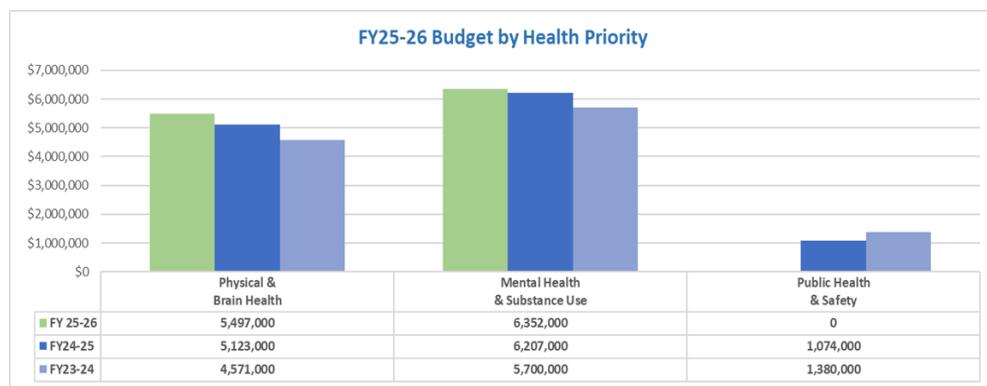
The 2024-25 marked the third year the BCHD's volunteers have surpassed \$1 million in value of services in a single year. While the number of volunteers saw a slight drop in this fiscal year, activity/hours delivered by our 1,275 volunteers increased by 7.8%. The value of volunteer time totaled \$1.275 million.



For more exciting updates on successes and accomplishments in 2024-25 visit the [Community Impact](#) web page.

**District Services.** The Beach Cities Health District mission “A healthy beach community” is executed around four strategic areas with specific objectives: [BCHD 2025 -2031 Strategic Plan](#)

BCHD's programs and services are designed around strategically developed Health Priorities. The 2025-2028 Health Priorities and three-year budget trend shows a post-COVID shift toward Mental Health and Substance Use Services, reflecting an increased focus on mental health in public health initiatives.



Every three years, BCHD assesses the overall health of the Beach Cities using a variety of data sources to prepare a Community Health Report. The 2025-2028 report guides our strategic planning process by identifying 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. [BCHD Community Health Report 2025-2028](#)

**Priority Based Budgeting (PBB) and Service Delivery** Is a process used to understand community values and budget accordingly, while providing flexibility to meet the changing needs of the community.

By implementing Priority Based Budgeting (PBB) methodology, the District can identify expenditures by Health Priority. The PBB methodology identifies health priorities and costs by each District program and service, which are then scored

and prioritized based on agreed-upon attributes to drive future budgeting and strategic development of the District. Together with input from the Board, Staff and Community members, the following attributes were identified:

- Health Priority Alignment – *Which Health Priority aligns and how closely?*
- Gap in Service – *Are there other similar services easily accessible in the community?*
- Level of Services – *What are the staffing requirements?*
- Reach – *How many community members benefit from this service?*
- Value – *What is the impact measured by an agreed-upon method, like a Gallup Survey?*
- Efficiency – *What is the cost per person reached?*

All programs and services are then scored on a scale of 0-100 arranged in 4 Quartiles to develop a visual aid to review, analyze and make decisions about resource allocation.



The annual budget executes the strategic objectives (i.e., programs and services, by people and partnerships, in a transparent way and fiscally responsibly leveraging District's assets and infrastructure) that are tied to the Health Priorities to achieve the District's vision.

Below is the PBB in action for the Fiscal 2025-2026 Budget.

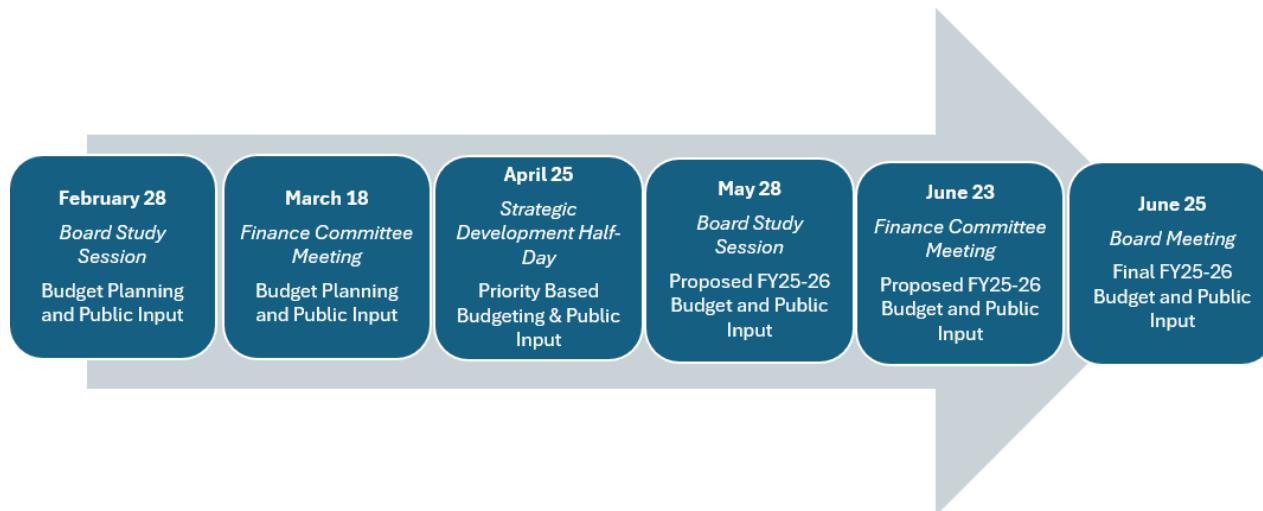
▲ = Program delivery increase      ▶ = No significant change      ▾ = Program delivery decreases      ✕ = Program eliminated

1 <sup>st</sup> Quartile			2 <sup>nd</sup> Quartile			3 <sup>rd</sup> Quartile			4 <sup>th</sup> Quartile		
Program	Score	Impact	Program	Score	Impact	Program	Score	Impact	Program	Score	Impact
Substance Use-adult	90.00	▶	Aging Services-Health & Wellness Education	78.33	▶	Information & Referrals	70.00	▶	Outdoor Programs	63.33	▶
Volunteer Support Programs	88.33	▼	Care Management	78.33	▶	HP/Comm Volunteer Programs	70.00	▶	Community Work Well Programs	63.33	✖
allcove Beach Cities	86.67	▲	Moms and Social Connection	76.67	▶	Free Fitness Programs	70.00	▶	Restaurants/ Grocery Stores	63.33	▶
Internship Program	86.67	▶	CHF Fee Based Services	76.67	▶	Parent Engagement Programs	70.00	▶	Camps	63.33	▶
Research Coordination	83.33	▲	Holiday Gift Bags	75.00	▶	Social Work Internship Program	68.33	▶	Yoga	63.33	▶
Youth Advisory Council	81.67	▶	Partner Development	75.00	▲	Beach Cities Volunteer Day	68.33	▶	CHF Membership & Group Exercise Classes	60.00	▶
Health Promotions General	81.67	▼	Mental Health & Happiness	75.00	▶	LiveWell Kids	68.33	▶	Personal Training	60.00	▶
Legislative Advocacy	81.67	▲	Partnership for Youth Coalition	73.33	▶	School Gardens/ Doccents/Garden Angels	68.33	▶	Pilates	55.00	▶
Community Workshops and Training	81.67	▼	In-Home Support Volunteer Programs	71.67	▶	Built Environment	68.33	▲	APlex Membership & Drop-In Play	53.33	▶
Social-Emotional Health at Schools	80.00	▶	Contract Services - Youth	71.67	▼	Public Health Response	66.67	▶	Health & Wellness at Schools	50.00	✖
Government Affairs/ Community Liaison	80.00	▲				BCHD WorkWell Programs	65.00	▶	Partner & PDO	45.00	▲

Delivery of the programs and services are organized around functional areas: Administrative and Direct Operating Support, Life Span Services, Grant Funded Services and Health & Fitness Operations.



**Governance of Financial Information, Budget Process and Legal Level of Budgetary Control.** To ensure a robust and transparent budget process, the Districts holds several public meetings.



District management is responsible for creating an annual budget, establishing and maintaining an internal control framework that is designed to prevent fraud and protect the District's assets by 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 safeguards assets and provides reasonable assurance of proper recording of financial transactions.

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

The District maintains budgetary, financial, and operating controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. The legal level of budgetary control, the level that expenditures cannot legally exceed budgeted expenditures, is established annually by resolution by the Board. The FY25-26 budget was approved June 25, 2025, with Resolution #604 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 line-item expenditures and/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. Due to its small, allocated percent of Property Taxes, the District is not subject to State of California GANN Limits, a constitutional spending cap approved by voters via Proposition 4 in 1979.

The Board reviews and updates District policies regularly and has established a specific reserve policy to ensure preservation of the District. The Principal Preservation policy ([BCHD Financial Reserve Policy](#)) establishes a Committed

Fund Balance adopted by resolution #541 for investments in long-term assets that will ensure future funding for the District's programs and services.

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 [BCHD 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.

To manage the District's future liabilities for the California Public Employees' Retirement System (CalPERS) Pension and Other Post-Employment Benefits (OPEB), a Section 115 Trust has been established. As of June 30, 2025, the combined value of the Trust is \$4,215,000, with an annual return of 10.13% for the Pension Trust and 10.68% for the OPEB Trust, resulting in a net remaining CalPERS liability of \$1,186,000.

The District's investment portfolio is managed by PFM Assets Management; in addition, the District maintains two short-term investment accounts, LAIF (a California Local Agency Investment Fund) and CAMP (California Asset Management Program). On June 30, 2025, the combined balance of investments in securities were \$14,495,000. Due to the increased expenditure in Capital Investments, the District is closely monitoring liquidity and is therefore managing the investment portfolio based on cash flow needs rather than a benchmark.

The District's investment in the Healthy Living Campus (HLC) redevelopment project ([BCHD Healthy Living Campus](#)) has reduced cash and the investment portfolio. Since June 30, 2016, total cash and investment has decreased from \$28,016,000 to \$18,178,000 as of June 30, 2024, and to \$18,755,000 as June 30, 2025. The Healthy Living Campus predevelopment costs since FY15-16 stand at \$12.7 million and are estimated to provide cash funding around \$2-2.5 million annually. This will replace the incoming funds from the District's largest income-producing asset, the 514 N. Prospect Ave. building, originally a hospital and now a medical office building. The building has reached the end of its useful life and is scheduled to be demolished in 2027 due to seismic vulnerabilities and rising maintenance costs.

**The District Economic Condition and Outlook** Despite facing volatile national political, socio-and economic trends, the District has been able to maintain a balanced budget and build some operating surpluses to prepare for future funding gaps. It achieved this by reducing expenses, securing new and diversified funding, and benefiting from the Southern California's resilient economy and the local strong property tax base. Persistent inflation, combined with lingering effects of past interest rate hikes and new trade tariffs, has made it difficult to control expenditures. However, the District long-term major challenge is its income-producing aging infrastructure and more reliance on grant funding.

With the assistance of its investment portfolio advisors, PFM Asset Management LLC, the District is closely monitoring and adjusting to current global, national, and state economic trends.

2024 was a strong economic year in many ways. The Consumer Price Index (CPI) cooled from 3.4% in December 2023 to 2.9% in December 2024, unemployment remained low hovering around 4%, the Federal Reserve began cutting interest rates and Consumer Spending increased across all 50 states per the Bureau of Labor Statistics (BLS) and the Bureau of Economic Analysis (BEA). This has contributed to maintaining steadily increasing operating revenues from User Fees and Partnerships since Pre-Covid results.

In light of the expected decrease in the Federal Funds rate and the ongoing steepening of the yield curve, the District is strategically managing its investment portfolio. This involves reinvesting maturing long-term notes into shorter-term investments while remaining optimistic about the completion of its development plans.

In addition, with potentially lower interest rates, the Real Estate market house prices will remain strong. Although HdL Coren & Cone forecasts moderate real estate growth over the next five years (from an average of 5% to 4%), this projection may be conservative. The recent fires in the Southern California coastal areas like Malibu and Pacific Palisades have driven

a significant number of residents to relocate to the South Bay, with many resettling in the Beach Cities. This influx may boost the District's property tax revenue beyond current five-year forecasts provided by HdL Coren & Cone:

Dist Wide Value Change	2025-26	2026-27	2027-28	2028-29	2029-30	5 year
<i>District Net Taxable Value</i>	<i>\$59,701,118,391</i>	<i>\$62,063,514,686</i>	<i>\$64,583,040,888</i>	<i>\$67,410,546,790</i>	<i>\$70,363,978,495</i>	<i>15%</i>
<i>Value change Year over Year</i>	<i>5%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>
<i>Prior Year Value Change</i>	<i>3%</i>	<i>4%</i>	<i>5%</i>	<i>5%</i>	<i>n/a</i>	<i>5%</i>
<b>Dist Wide Value Change</b>	<b>2024-25</b>					
<i>District Net Taxable Value</i>	<i>\$56,742,494,174</i>					

With signs of borrowing cost and inflation easing, the District is continuing to plan for the long-term and will continue its focus on ensuring funding for the District's programs and services for the next 60 years.

**Independent Audit.** The accounting firm of Davis Farr, LLP was reelected by management and approved by the Board in June 2024 as the District independent auditor for a new five-year audit period. FY24-25 was the first of the five-year engagement.

[The auditor's report](#) on the basic financial statements is included in the financial section of this report.

**Financial Reporting Recognition and 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 the "District Transparency Certificate of Excellence" from the Special District Leadership Foundation, recognizing management and Board commitment to accountability and transparency ([BCHD Transparency](#)).

The District was recognized by the Little Hoover Commission (an independent California state oversight agency) as a potential model for other healthcare districts to leverage investments in its capital assets to provide important preventive healthcare programs and services at mostly no cost to the community, which continues to be the strategy of the District. [Little Hoover Commission - Beach Cities: Is This a Future of Healthcare Districts](#)

**Acknowledgments.** Preparation of this report could not have been 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 BCHD Board of Directors in planning and conducting the financial operations of the Beach Cities Health District, preparation and the results of this report and the financial statements presented herein would not have been possible.

Respectfully,



Ms. Monica Suua, CPA, CIA  
Chief Financial Officer

# DISTRICT OFFICIALS

## Board of Directors



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

**President**  
Elected: 11/22  
Term Expires: 12/26



**Jane Ann Diehl**

**President Pro-Tem**  
Elected: 11/24  
Term Expires: 12/28



**Noel Lee Chun, M.D., QME**

**Secretary/Treasurer**  
Elected: 11/22  
Term Expires: 12/26



**Vanessa Poster**

**Board Member**  
Elected: 11/20  
Term Expires: 12/28



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

**Board Member**  
Elected: 11/20  
Term Expires: 12/28

## District Executive Leadership



**Tom Bakaly**  
Chief Executive Officer



**William Kim, M.D.**  
Chief Medical Officer



**Kerianne Lawson**  
Chief Programs Officer



**Cristan Mueller**  
Chief Health Operations & Communications Officer



**Ali Steward**  
Chief Partnership Officer



**Monica Suua, CPA**  
Chief Financial Officer



**Megan Vixie, MPA**  
Chief Engagement Officer

## Finance Department

**Yuliya Pigrish**, Controller

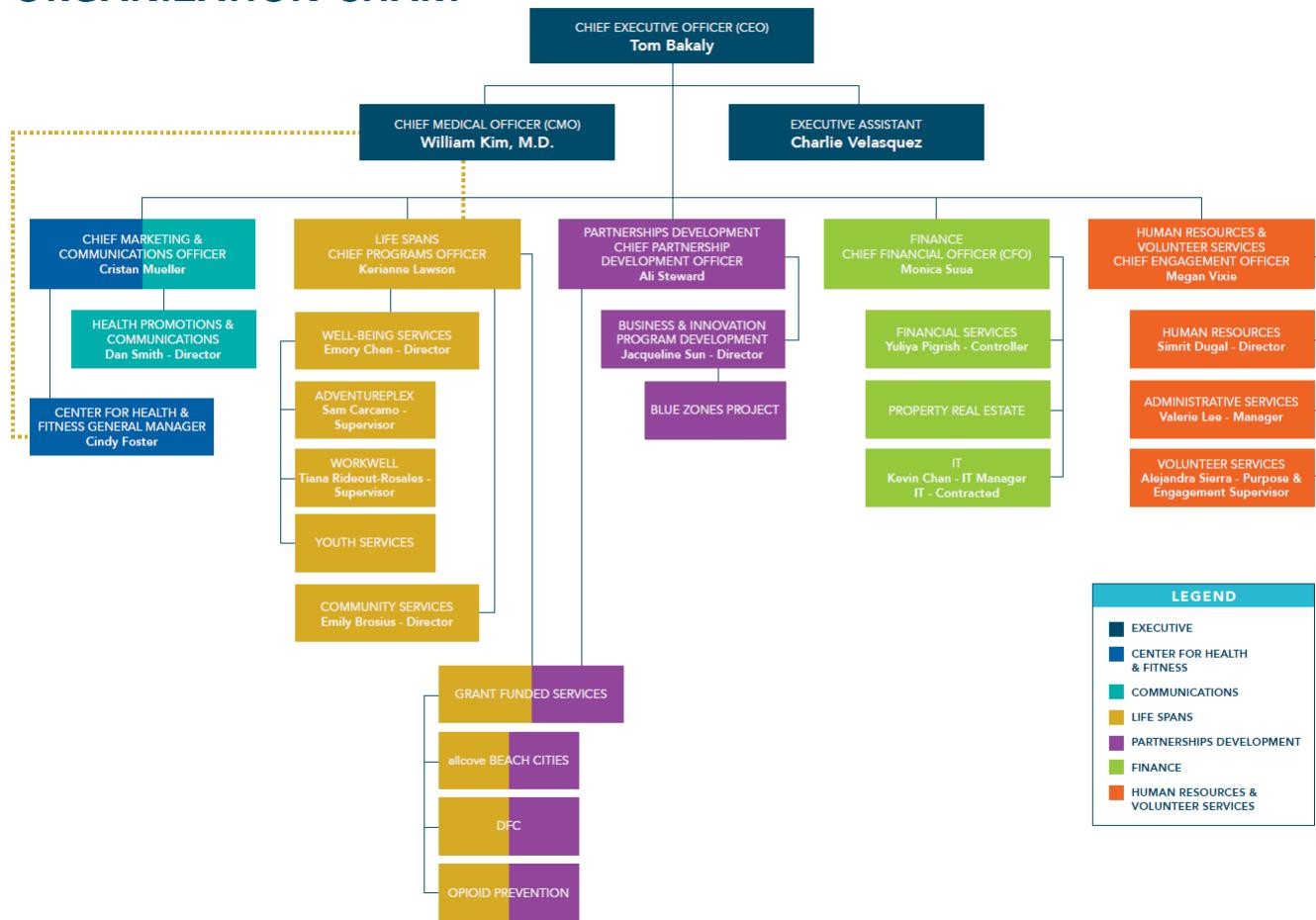
**Cindy Sheu**, Senior Accountant

**Jamie Fresques**, Senior Staff Accountant

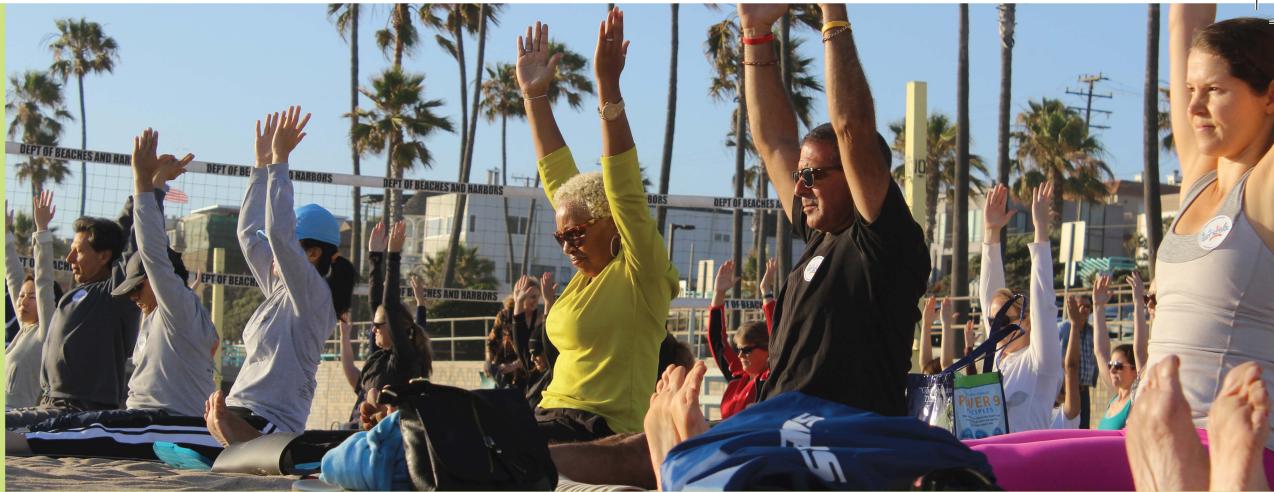
**Anni Bolsajian**, Finance Technician

# BEACH CITIES HEALTH DISTRICT

## ORGANIZATION CHART



LEGEND	
■	EXECUTIVE
■	CENTER FOR HEALTH & FITNESS
■	COMMUNICATIONS
■	LIFE SPANS
■	PARTNERSHIPS DEVELOPMENT
■	FINANCE
■	HUMAN RESOURCES & VOLUNTEER SERVICES



## 2025-2028 Health Priorities & Objectives

The following are Beach Cities Health District's 2025-2028 Health Priorities and Objectives presented in rank order starting with the most critical.



### **Mental Health & Substance Use**

1. Decrease anxiety, depression and suicidal ideation
2. Reduce substance use (e.g. alcohol, cannabis, nicotine) across the lifespan
3. Increase community education for mental health and substance use prevention and access to early intervention services
4. Increase social connectedness to address loneliness and social isolation
5. Enhance stress resilience, positive coping strategies and mental well-being



### **Physical Health**

6. Promote habits and practices to increase restful and restorative sleep
7. Improve health and quality of life for people with dementia, including Alzheimer's disease, and their caregivers
8. Maintain healthy eating habits and low percentage of residents who are obese or overweight
9. Improve biking and walking safety
10. Maintain high levels of physical exercise participation



*Live Well, Health Matters.*

**RESOLUTION NO.595**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE BEACH CITIES HEALTH DISTRICT  
ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE FISCAL YEAR 2024 – 2025**

WHEREAS, a preliminary budget for Fiscal Year 2024-25, July 1, 2024 to June 30, 2025, 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 2024-25.

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

1. That the budget document which is on file with the Secretary to the Board, a summary of which is attached hereto as "Exhibit A," be and is adopted as the operating and capital budget for the District for FY 2024-25.

2. That the amounts designated in the final FY 2024-25 operating and capital budget are hereby appropriated and may be expended by the departments or funds for which they are designated, and such appropriation shall not be increased except as provided herein. Capital budget appropriation is authorized to completion of project, not limited to spending within fiscal years.

3. That the following controls are hereby placed on the use and transfer of budgeted funds:

(a) The Chief Executive Officer is responsible for keeping expenditures within budget allocations for positions, salaries, operational 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 THIS 26<sup>th</sup> DAY OF JUNE 2024.

*Martha B. Koo, M.D.*  
Martha B. Koo, M.D., President  
Board of Directors  
Beach Cities Health District

ATTEST:

*Jane Ann Diehl*  
Jane Ann Diehl, Secretary / Treasurer  
Board of Directors  
Beach Cities Health District

## EXHIBIT A

**Beach Cities Health District**  
**District Total Rollup**  
**Budget 2024-25**

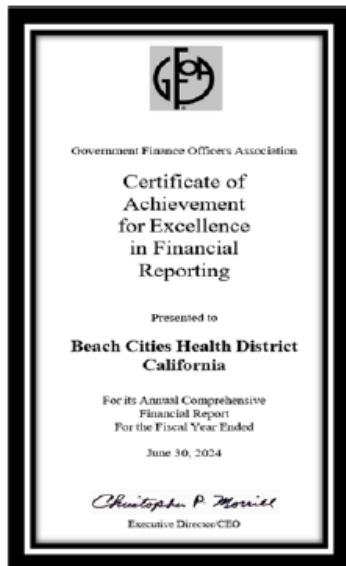
	Budget FY24-25	Budget FY23-24	\$ Variance	%	Budget FY22-23	Budget FY21-22	
Property Tax Revenue	5,162,800	5,002,800	160,000	3%	4,750,560	4,499,541	
Lease Revenue	3,838,158	4,162,409	(324,251)	-8%	3,881,416	3,838,806	
Tenant BOE Reimbursements	949,508	861,854	87,654	10%	883,605	787,805	
Interest Revenue	211,675	344,930	(133,255)	-39%	497,561	677,328	
Limited Partnership Revenue	1,935,000	1,735,000	200,000	12%	1,825,000	1,898,874	
User Fees Revenue	2,180,185	1,789,467	390,718	22%	1,700,680	1,331,778	
Grant revenue	1,707,716	855,600	852,116	100%	985,412	274,815	
Other Revenue	161,100	155,516	5,584	4%	326,500	225,000	
<b>TOTAL REVENUE</b>	<b>16,146,142</b>	<b>14,907,576</b>	<b>1,238,566</b>	<b>8%</b>	<b>14,850,734</b>	<b>13,533,947</b>	
Payroll	8,070,390	7,395,834	(674,556)	-9%	7,274,256	6,837,703	
Program Costs	166,582	175,206	8,624	5%	137,499	144,468	
Human Resources Related	180,905	184,592	3,687	2%	202,389	186,192	
Information Systems	309,355	324,651	15,296	5%	305,568	325,091	
Community Relations	351,374	387,245	35,871	9%	489,928	483,839	
Facilities Expenses	2,037,875	1,883,572	(154,303)	-8%	1,593,999	1,440,139	
Professional Services	2,535,641	1,916,092	(619,549)	-32%	2,156,780	1,568,384	
Interest and Other	927,385	1,267,884	340,499	27%	1,171,249	1,100,564	
Funds & Grants	1,048,635	1,372,500	323,865	24%	1,519,066	1,447,558	
<b>TOTAL OPERATING EXPENSES</b>	<b>15,628,142</b>	<b>14,907,576</b>	<b>(720,566)</b>	<b>-4.8%</b>	<b>#</b>	<b>14,850,734</b>	<b>13,533,947</b>
<b>BCHD OPERATING SURPLUS / (Deficit)</b>	<b>518,000</b>	<b>-</b>	<b>518,000</b>	<b>0%</b>	<b>-</b>	<b>-</b>	
Capital Investment Expenditures	(3,521,198)	(1,647,000)	(1,874,198)	114%			
<b>FUND CASH BALANCE CHANGE</b>	<b>(3,003,198)</b>	<b>(1,647,000)</b>	<b>(1,356,198)</b>	<b>-82%</b>			
Non-Cash NR Amortization	(382,324)	(500,000)	117,676	-24%			
<b>FUND BALANCE CHANGE</b>	<b>(3,385,522)</b>	<b>(2,147,000)</b>	<b>(1,238,522)</b>	<b>-58%</b>			

## GFOA Achievement for Excellence in Financial Reporting

Government Finance Officers Association of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2024. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

This award is valid for a period of one year only. We believe our current reporting continues to conform to program requirements, and we are submitting it to the Government Finance Officers Association to determine eligibility for another award.

Beach Cities Health District aspires to continually provide the highest quality reporting while exhibiting full transparency.



Beach Cities Health District is honored to have been awarded the Excellence in Financial Reporting Award for our FY 23-24 Reporting.



The Government Finance Officers Association of  
the United States and Canada

*presents this*

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

*to*

**Finance Department**  
Beach Cities Health District, California



*The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morill*

Date: 5/30/2025



bchd.org

## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## FINANCIAL SECTION

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**Davis Farr LLP**  
 18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612  
 Main: 949.474.2020 | Fax: 949.263.5520

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
 Beach Cities Health District Redondo Beach, California

Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Beach Cities Health District (the "District"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2025, 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.

### *Basis for 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, 2025, 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. 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 13.3%, 18.2%, and 13.9%, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Emphasis of Matter*

As described further in Note 1 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101 Compensated Absences. Our opinion is not modified with respect to this matter.

The financial statements for the year ended June 30, 2025 reflect a prior period adjustment as described further in Note 12 to the financial statements. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

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

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### 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 is the responsibility of management and, 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.

#### *Report on Summarized Comparative Information*

We have previously audited the District's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2024. In our opinion, the summarized comparative

information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Other Information*

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2025 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 the effectiveness of 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 the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Farr LLP".

Irvine, California December 5, 2025

## Beach Cities Health District

### Management's Discussion & Analysis

#### For the fiscal year ended June 30, 2025

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, 2025. Readers are encouraged to read this information alongside the District's audited financial statements that follow.

### Financial Highlights

In FY24-25, the District continued to successfully operate all of its programs and services including allcove Beach Cities youth mental health center along with the Health and Fitness Operations and the property operations returning to normal business levels after the pandemic. Total operating revenues increased by 9% while operating expenses decreased by 2% compared to FY23-24.

	TOTALS		
	FY24-25	FY23-24	Variance
<b>TOTAL REVENUES</b>	<b>16,612,000</b>	<b>15,261,000</b>	<b>1,351,000</b> 9%
<b>TOTAL EXPENSES</b>	<b>(15,030,000)</b>	<b>(14,803,000)</b>	<b>(227,000)</b> -2%
<b>DISTRICT OPERATING CASH</b>	<b>1,582,000</b>	<b>458,000</b>	<b>1,124,000</b> 245%

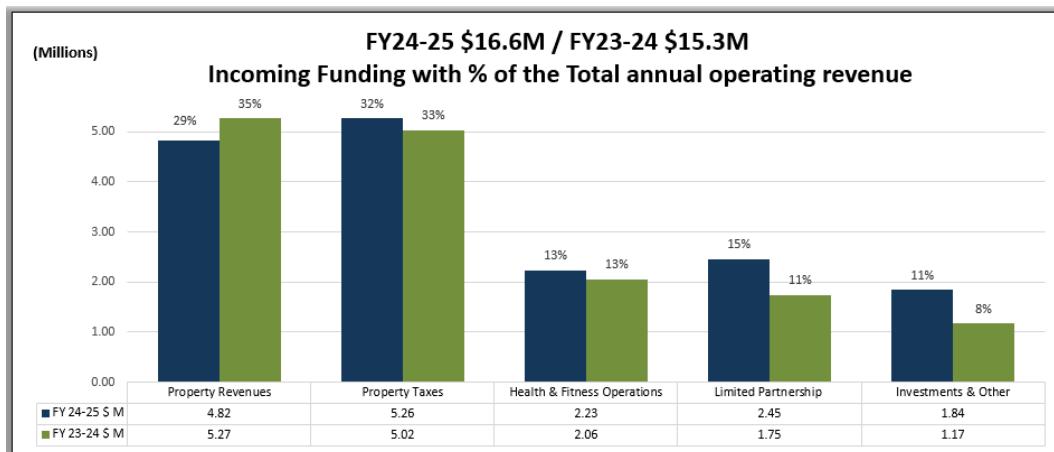
The incoming funds of \$16.6M increased by \$1.35M primarily due to the increase in the allcove Beach Cities operational grant, joint venture partnership revenues that exceeded expectations recovering after the pandemic, Health & Fitness Program Income, and property tax revenue that were offset with a decrease in the property revenues due to expiration of the parking lot lease receivable and difficulties in bringing new tenants due to the age of the building as shown on the table below:

	Variance compared to FY23-24	
	Amount	%
allcove revenue	543,000	74.4%
Limited Partnership	706,000	40.5%
Health & Fitness Operations Revenues	176,000	8.5%
Property Tax	240,000	4.8%
Property Revenues	(455,000)	-10.0%
Other (grants, donations, interest)	141,000	10.0%
<b>Total Variance:</b>	<b>1,351,000</b>	

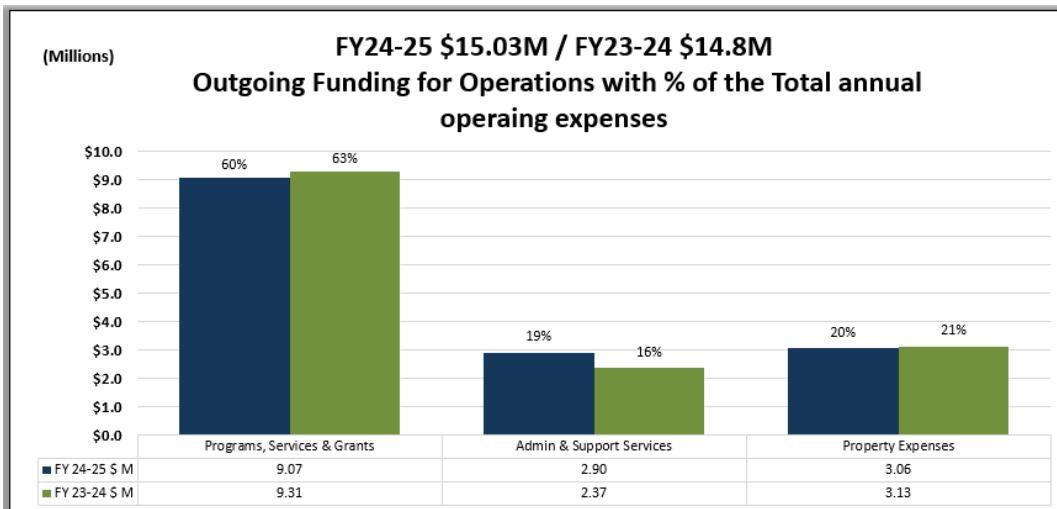
District's investments in long-term assets, like real property and joint venture partnerships, allow it to maintain its unique funding model, where generally over 70% of incoming funds are from other sources than property taxes, like tenant rental income and limited partnerships. Income from other sources rather than property taxes increased from 67% to 68% recovering from COVID-19 consequences.

The District cash operating funding sources totaling \$16.6 M in FY24-25 and \$15.3M in FY23-24 illustrated on the next table are before interest earnings for Restricted Cash, non-cash unrealized gains, amortization of the District Notes Receivable,

revenue from capital grants and affects from the GASB 87 and GASB 96 totaling \$1,002,000 and \$2,125,000 for FY24-25 and FY23-24 respectively. Adding back the restricted cash and non-cash items and capital grant revenues illustrated in the Fund Financial Statements, the total Revenues in FY24-25 are \$17,614,000 and in FY23-24 are \$17,386,000



Outgoing funds for operations and property management increased slightly by \$0.2M, or 1.5%, from \$14.8M to \$15.03M. Most of the increases in expenditures are due to the elections in FY24-25 and increases in expenditures at Health & Fitness Operations that are tied with the demand for the services that bring additional Health & Fitness Operations Program revenues.



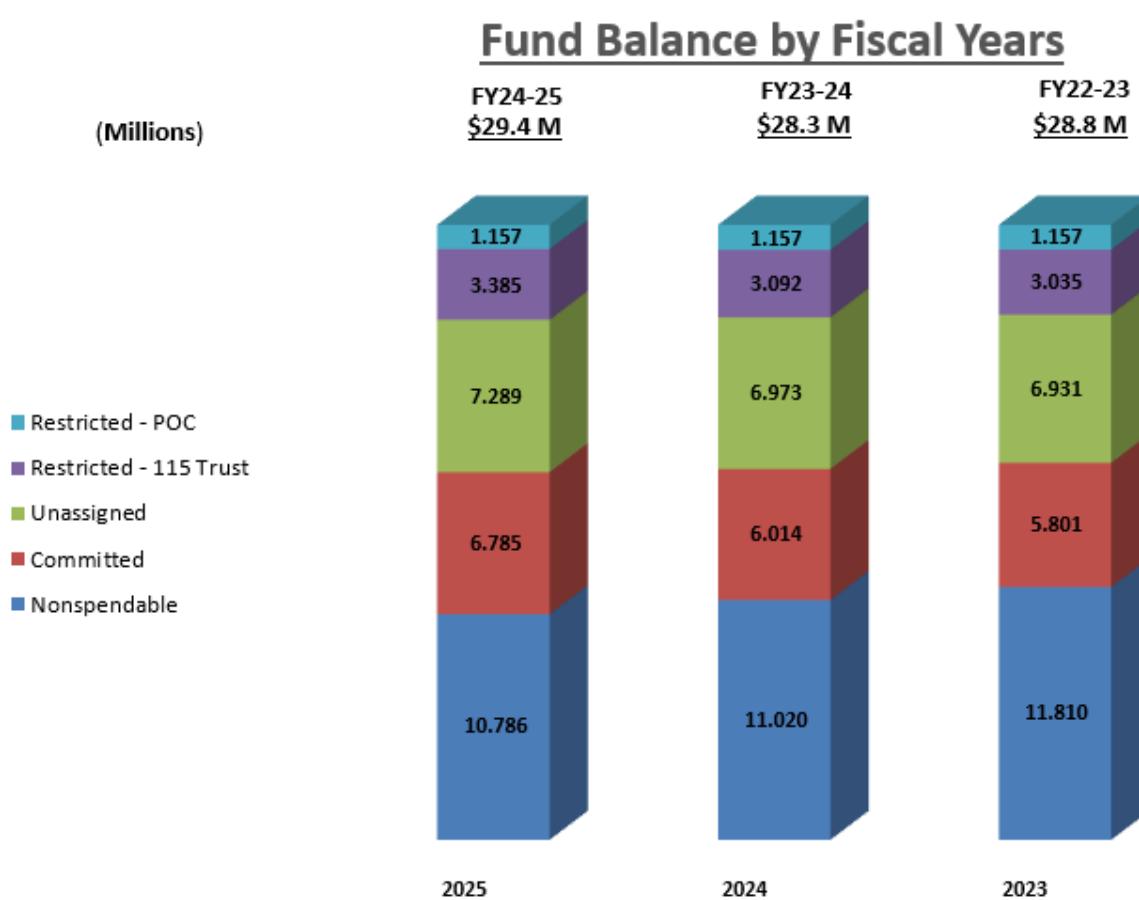
In FY24-25, the District Fund Balance increased by \$1.15 million primarily due to the strong increases in incoming funds, and completion of the Bike Path project early in the fiscal year that was a multi-year project and reduced spending on HLC capital project that subsequently led to the total decreased spending in capital expenditures. While total Capital Expenditures were \$1.3M, \$0.3M was funded by grants off-set in revenues.

The resulting District Fund Balance changed as follows:

- Total BCHD Fund Balance \$29.4 million, increased by \$1,146,000
- Nonspendable Fund Balance \$10.8 million, decreased by \$234,000

- Prepaid items are \$415,000, increased by \$155,000
- Note receivable is \$271,000, amortized by \$420,000
- Investment in limited partnerships is \$10.1 million, increased by \$31,000
- Available Fund Balance \$14.1 million, increased by \$1,087,000
  - Committed is \$6.8 million, increased by \$771,000
  - Unassigned is \$7.3 million, increased by \$316,000
- Restricted (for medical building purposes) Fund Balance \$1.2 million, no change
- Restricted (for 115 Pension Trust) Fund Balance \$3.4 million, increased by \$293,000

As noted above, and illustrated in the graph below, the major increase is in Committed Fund which in turn offset the Nonspendable Fund Balance by amortizing Notes Receivable that expired in FY24-25. The Committed Fund Balance was established by the District Board to ensure the District can maintain its investments in Real Properties. The Committed Fund Balance is the remaining funds after deducting Non-spendable and Restricted Funds, and Unassigned funds to cover 50% of the current fiscal year operating expenses.



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 reviewed above that depicts current financial resources to a long-term economic resource measurement basis adding capital assets and long-term liabilities to the balance sheet resulting in a Net Position (total assets less total liabilities).

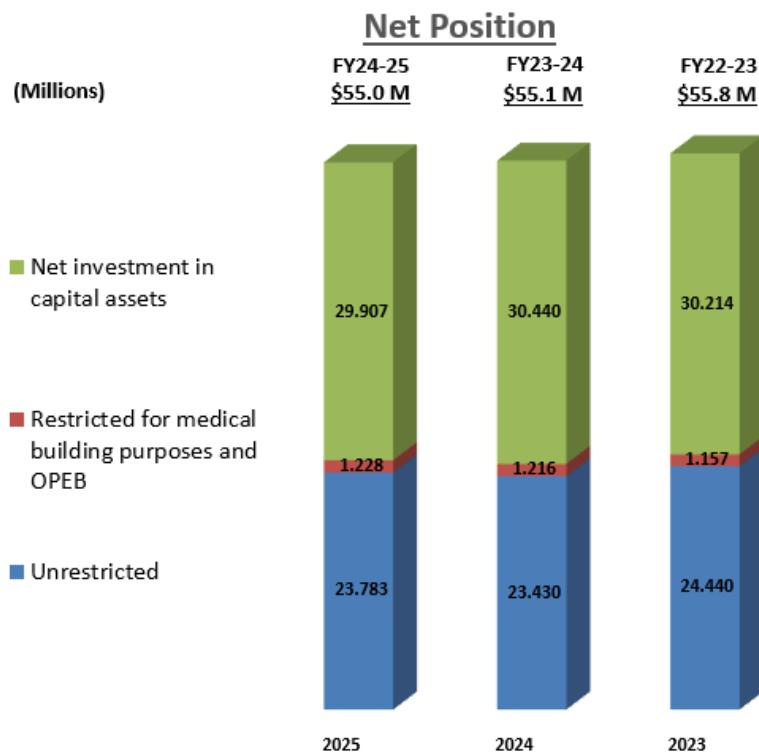
The FY24-25 total Government-wide District Assets are \$75,612,000, compared to prior year's balance of:

\$73,576,000. A net increase of \$2,036,000 was primarily due to the increase in the Cash and Investments (\$1,038,000) and addition of Leased and Construction in Progress (CIP) non-depreciable Capital assets (\$1,025,000).

The FY24-25 total Government-wide District Liabilities are \$9,319,000, compared to prior year balance of \$7,467,000. A net increase of \$1,852,000 was primarily due to an increase in the short- and long-term Capital lease payable of \$1,509,000.

Net Position is further affected by Deferred Outflows and Inflows of Resources reported as addition and reduction of Net Position, respectively. Due to the GASB 87 that was implemented three years ago, there is a decrease of \$151,000 in Lease Related balance to Deferred Inflows of Resources reducing Net Position which offsets Lease Receivable in Assets. Net Pension and Other Post-Employment Benefits (OPEB) Inflows and Outflows change in the District's Deferred Resources for Assets and Liabilities combined increased Net Position by \$116,000.

- Total Net Position of \$54.9 million decreased by \$168,000.
  - Net investment in capital assets of \$29.9 million decreased by \$533,000 (net of additions, deletions, depreciation, and capital lease debt) due to the increase in Capital Lease Payable.
  - Restricted for OPEB of \$71,000 increased by \$12,000
  - Restricted Fund for medical building of \$1.2 million had no change.
  - Unrestricted funds of \$23.8 million increased by \$353,000 as follows
- Increase in Unrestricted Net Position \$1,467,000:
  - 1,331,000 – Cash and Investments increase
  - 117,000 – GASB 87 Lease Receivable increase
  - 19,000 – Pension Liability decrease
- Decrease in Unrestricted Net Position (\$1,114,000):
  - 449,000 – Net current and other assets decrease
  - 353,000 – Net Deferred Outflows and Inflows
  - 312,000 – Net current and other liabilities increase



## Overview of the Financial Statements

The MD&A is intended to serve as an introduction to and an overview of the Beach Cities Health District's financial activities and position and the resulting financial statements. The District's Annual Comprehensive Financial Report (ACFR) packet is composed 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. The statistical section with Financial Trends, Demographics, etc., provide a more in-depth understanding of the District's financial position.

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 like private-sector businesses. The Government-wide Financial Statements can be found starting on [page 44](#) on 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 in accordance with generally accepted accounting principles (GAAP), with the difference between assets and liabilities reported as Net Position. Over time, increases or decreases in Net Position (i.e., Equity or Net Assets) 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) require consolidated joint venture investment, land, and capital assets to be measured on a historical cost basis. In other words, while current and other assets are valued at market, joint venture, capital assets and land are valued at cost.

The Statement of Activities is like a profit and loss statement in the private sector showing how the District's Net Position changed during the most recent fiscal year. Changes in Net Position are reported on a full accrual basis in accordance with GAAP. Therefore, certain revenues and expenses are reported in the Government-wide Financial Statements as

receivables and accrued liabilities for revenues earned and expenses incurred but not yet received and or paid at fiscal-year end and will result in inflows and outflows of cash in the future. Further, rather than reporting capital investments as expenditures like in the Fund Financials, Net Position reflects capital investments as assets, and the Statement of Activities records depreciation expense over the life of the assets.

[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 at large by the residents of the Beach Cities. The Fund Financial Statements can be found [here](#) and a comparison of the actual and budget revenues, expenditures and changes in Fund Balance can be found [here](#).

Governmental funds account for the same functions and operations as 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. Therefore, the accounting in the Fund Financial Statements is on a modified accrual basis that recognizes all assets current and long-term, except Capital Investments, but only current and short-term liabilities. Liabilities longer than one year are not recognized and instead, their related expenditures are only recorded when paid.

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 identify deferred outflows and inflows of resources. Deferred outflows and inflows are non-available assets and liabilities designated for future consumption (i.e., future expenses) and receipts of resources (i.e., future revenues).

This concept applies to both sets of Financial Statements pending nature of future obligation or recourse available. For example, the District's obligation as a participant in the State of California Retirement program, CalPERS affect only the Government-wide balance sheet, while, effective as of FY21-22, GASB 87 was implemented requiring the recognition of long-term lease receivables and obligations affecting both Government-wide and Fund Financial Statements. Effective as of FY22-23 the District implemented GASB 96 Subscription-Based Information Technology Arrangements (SBITA). SBITAs accounted for in a similar manner to leases under [GASB 87](#) to recognize the subscription asset and a related subscription liability on financial statements.

In FY24-25 the District implemented GASB Statement No. 101- Compensated Absences (Issued 2022), only affecting the Government-wide Financial Statements, which required the District to recognize a liability for sick leave for \$167,000 in addition to existing PTO liabilities and subsequently restate a beginning balance for the Statement of Net Activities. Under this standard, compensated absences are recorded when the leave is earned and is expected to be used or paid, rather than when it is taken.

To facilitate the comparison between the governmental fund balance and governmental-wide net position, the financial statements herein include a [reconciliation](#) between the two. 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 these two on [page 49](#).

[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.

[Required supplementary information](#) – The MD&A and certain other information 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.

## Government-wide Financial Statement Analysis

The Statement of Net position, all current, short-term, and long-term assets less all liabilities serve to provide indication of overall financial position, keeping in mind the accounting rules requiring historical cost basis for certain long-term assets. See Government-wide Financial Statements on [pages 47-50](#).

The District's Net Position in FY24-25 with assets plus deferred outflows of \$77.1M exceeds liabilities and deferred inflows of \$22.2M resulting in the Net position of \$54.9M, which is reduced from \$55.1M for the prior fiscal year ended June 30, 2024. The decrease in the net position was mainly due to the decrease in Net investment in capital assets and in Lease-related Inflows of Resources due to recently implemented GASB 87 regulation (note 3).

Net Position of \$54.9M decreased by \$0.2M as summarized and illustrated below.

- **Total assets of \$75.6 million increased by \$2.0M (Net Position Increase):**

- Current and other assets increased by \$1.0M
  - Cash, Restricted Cash, and Investments increased by \$1,331,000
  - Receivables and Amortization of Notes Receivable decreased \$634,000
  - Prepaid Items increased by \$155,000
  - Lease Receivable increased by \$117,000
  - Net OPEB Assets increased by \$12,000
  - Investment in Limited Partnership increased by \$31,000
- Capital assets of \$32.2M increased by \$1.0M:
  - Construction-in-Progress (CIP) increased by \$627,000, net of completions.
  - New and completed Capital investments increased by \$2,601,000, net of deletions, including SBITAs from GASB 96 implementation and Leased assets from GASB 87.
  - Less accumulated depreciation (AD) of \$2,203,000, net of AD for removed assets.

- **Total liabilities of \$9.3 million increased by \$1.8M (Net Position Decrease):**

- Current and Other Liabilities due within one year increased by \$184,000
- Long-term liabilities increased by \$1,667,000 (\$1,501,000 increase in Capital Lease payable due to a new five-year lease for CHF facility and \$185,000 increase in Compensated absences due to the implementation of GASB 101, offset with a \$19,000 decrease due to Pension Liability).

- **Net deferred outflows and inflows of \$11.4M of resources, decreased by \$0.4M (Net Position Decrease):**

- Pension Inflows/Outflows decreased by net \$521,000
- OPEB Inflows/Outflows increased by net \$17,000
- Lease Related increased by \$151,000

Summary Statement of Net Position (\$ Millions)						
	Governmental Activities					
	2025	2024	Inc / (Dec)	2023		
<b>Assets</b>						
Current and other assets	\$ 43.4	\$ 42.5	\$ 1.0	\$ 44.7		
Capital assets	32.2	31.1	1.0	31.6		
Total assets	75.6	73.6	2.0	76.3		
<b>Deferred Outflows of Resources</b>						
Pension and OPEB Contributions	1.5	2.1	(0.6)	2.2		
<b>Total Assets &amp; Deferred Outflows</b>	<b>77.1</b>	<b>75.7</b>	<b>1.4</b>	<b>78.5</b>		
<b>Liabilities</b>						
Current and Other due within one year	2.4	2.2	0.2	2.7		
Long-term liabilities	6.9	5.3	1.7	5.1		
Total liabilities	9.3	7.5	1.9	7.8		
<b>Deferred Inflows of Resources</b>						
Lease related	12.1	12.2	(0.2)	14.1		
Pension and OPEB Contributions	0.8	1.0	(0.1)	0.9		
<b>Net Position</b>						
Net investment in capital assets	29.9	30.4	(0.5)	30.2		
Restricted	1.2	1.2	0.0	1.2		
Unrestricted	23.8	23.4	0.4	24.4		
<b>Total Net Position</b>	<b>\$ 54.9</b>	<b>\$ 55.1</b>	<b>\$ (0.2)</b>	<b>\$ 55.8</b>		
<b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	<b>77.1</b>	<b>75.7</b>	<b>1.4</b>	<b>78.5</b>		

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, have been declining, and maintenance costs are increasing due to major improvements needed to address the old infrastructure.

A significant portion of the District's Net Position, \$29.9M (54.5%), \$30.4M (55.3%) and \$30.2M (54.1%) 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 investment in the ongoing redevelopment of the 514 N. Prospect Avenue 1960's old hospital building in Construction in Progress (CIP) is \$13M 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" further in the report, plus [Notes 5](#) and [7](#), for capital asset and long- term debt activities, respectively, in the Notes to Basic Financial Statements section

Besides the investments in capital assets, \$1.15 million represents 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 combined with \$0.07M in Restricted for OPEB. Therefore, the remaining balance of unrestricted net assets, \$23.8M for the current year, \$23.4M and \$24.4M 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.

**Total Revenues** for FY24-25 and FY23-24 are \$17.6 million and \$17.4 million, respectively, an increase of \$0.2M. The increase in revenues was primarily driven by an additional \$0.7M from the joint venture with Sunrise Senior Living which fully recovered after the pandemic, offset by lower capital grant reimbursements due to the completion of the bike path project. The District did not receive any reimbursements from FEMA for COVID-19 response in FY23-24 and FY24-25. The District has received \$2,889,106 in reimbursements for COVID's response at the end of FY24-25. The District has confirmed the final reimbursement of \$115,016 to be received in FY25-26: \$79,889 for administrative expenses, along with \$35,150 for vaccination related retention as shown in the table below.

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	Total		FY25-26	Final Total Received
DOC/Admin	232,678	63,507	101,531	-	397,717		79,866	477,583	
Meals	16,340	154,382	-		170,722			170,722	
Testing		566,683	88,195		654,877		-	654,877	
Vaccinations	59,500	-	279,353		338,853		35,150	374,003	
<b>Total FEMA</b>	<b>308,518</b>	<b>784,572</b>	<b>469,079</b>	<b>-</b>	<b>1,562,169</b>		<b>115,016</b>	<b>1,677,185</b>	
Schools		176,000			176,000			176,000	
ACHD		1,130,937			1,130,937			1,130,937	
CalVax		20,000			20,000			20,000	
<b>Total</b>	<b>-</b>	<b>1,326,937</b>	<b>-</b>	<b>-</b>	<b>1,326,937</b>		<b>-</b>	<b>1,326,937</b>	
<b>Grand Total</b>	<b>308,518</b>	<b>2,111,509</b>	<b>469,079</b>	<b>-</b>	<b>2,889,106</b>		<b>115,016</b>	<b>3,004,122</b>	

Also, with required GASB 87 adjustments, in FY24-25 the District had to re-class \$717,000 to Interest Revenue and reduce Lease Revenue accounts by \$449,000, resulting in a net \$268,000 favorable adjustment to Net Position compared to the net improvement of \$225,000 in FY23-24. GASB 87 adjustments related to lease payable had no effect on the net position. In FY24-25 the District had no adjustment related to GASB 96.

Investment earnings totaled \$1.2 million in FY24-25, a decrease of \$0.2 million from \$1.4 million in FY23-24. The negative variance was primarily due to the expiration of the note receivable from Ducot reducing the net position by \$262,000, partially offset by higher interest income from the District's growing investment portfolio, supported by improving financial market conditions that improved the net position by \$87,000. The District recorded \$0.5 million in unrealized gains in FY24-25, the same amount recognized in FY23-24. These gains resulted from favorable cost-to-market valuation adjustments driven by improved stock market performance and declining inflation throughout the fiscal year.

Property taxes saw a 5.0% increase year-over-year. Property taxes have seen a 67% increase in the past 10 years and are expected to continue growing while most likely at a slower rate.

**Total expenses** for FY24-25 and FY23-24 are \$17.5 million and \$18.2 million, respectively, a decrease of

\$0.7M mainly due to the transfer (Capital Contribution) to the City of Redondo Beach of the constructed Bike path valued at 1.1M (or 55% of the total asset) that was built by the District on the City's land in FY23-24. In FY24-25 the District did not transfer any Capital assets and did not have any losses on a disposal of assets. Additionally, \$0.2M is due to an increase in depreciation. All other expenses had minor fluctuations offsetting each other in respective categories.

Thus, on a Government-wide basis FY24-25 expenses exceeded revenues by a \$1,000 a minor reduction in Net Position before the \$167,000 GASB 101 Restatement to July 1, 2024 balance resulting in a \$168,000 reduction of net position, compared to the prior year's decrease in net position of \$725,000.

**Summary Statement of Activities**  
(\$ Millions)

	<b>Governmental Activities</b>			
	<b>2025</b>	<b>2024</b>	<b>Inc / (Dec)</b>	<b>2023</b>
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 2.2	\$ 2.1	\$ 0.2	\$ 1.6
Lease	4.5	4.5	0.0	4.2
Capital Grants & Contributions	1.7	2.7	(1.0)	2.0
General Revenues				
Property taxes	5.3	5.0	0.2	4.8
Income from Limited Partnership	2.5	1.8	0.7	1.6
Investment earnings	1.2	1.4	(0.2)	0.8
Other revenue	-	-	0.0	0.4
<b>Total Revenues</b>	<b>17.4</b>	<b>17.4</b>	<b>(0.0)</b>	<b>15.3</b>
<b>Expenses</b>				
Preventative Health Services	17.4	17.0	0.4	16.5
Capital Contribution	(0.0)	1.1	(1.1)	-
Interest on long-term debt	0.1	0.1	(0.0)	0.1
<b>Total Expenses</b>	<b>17.4</b>	<b>18.2</b>	<b>(0.7)</b>	<b>16.6</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (0.0)</b>	<b>\$ (0.8)</b>	<b>\$ 0.8</b>	<b>\$ (1.3)</b>
Net position, beginning of year	55.1	55.8	(0.8)	57.1
Restatement - implementation of GASB 101	(0.2)			
<b>Net position, end of year</b>	<b>\$ 54.9</b>	<b>\$ 55.1</b>	<b>\$ (0.2)</b>	<b>\$ 55.8</b>

The FY24-25 Net Position declined by 71% less than in FY23-24 primarily due to the operating surplus. The District continues to experience a decline of rental income and increased Property management costs at the aging 514 N. Prospect Avenue building. The District anticipates FY25-26 to be further negatively affected by the aging Hospital building. Therefore, the District is strategically investing in long-term income producing assets and in operational resources to continue to apply for more grant opportunities in the preventative health industry in both the private and public arena and pursue fundraising opportunities.

#### Governmental Funds Financial Statement 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 to ensure delivery of uninterrupted programs and services.

The net fund balances are near-term available funds for the Board and staff to manage and protect. The District has the following fund balances:

- Non-spendable – Are assets tied to intangible assets like prepaid items, notes receivable and investments in partnerships.
- Committed – For FY16-17, 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.

- Unassigned –The District's net resources available for ongoing operations at the end of the fiscal year and with the implementation of Resolution #541 established to remain at 50% of the closed fiscal year operating expenditures.
- 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 was set up to offset the unfunded pension liability.

As of June 30, 2025, the District's governmental summary fund balances are as follows:

Governmental Funds (\$ Millions)				
	Fund Balances			
	2025	2024	Inc / (Dec)	2023
Nonspendable:				
Prepaid items	0.4	0.3	0.2	0.1
Note receivable	0.3	0.7	(0.4)	1.4
Investment in limited partnership:	10.1	10.1	0.0	10.2
Sub-total Nonspendable	<b>10.8</b>	<b>11.0</b>	<b>(0.2)</b>	<b>11.8</b>
Committed:				
Capital investment	6.8	6.0	0.8	5.8
Restricted for 115 Trust - Pension	3.4	3.1	0.3	3.0
Restricted for medical building purpose	1.2	1.2	0.0	1.2
Unassigned	7.3	7.0	0.3	6.9
<b>Total Fund Balances</b>	<b>\$ 29.4</b>	<b>\$ 28.3</b>	<b>\$ 1.1</b>	<b>28.8</b>

The FY24-25 total Fund Balance of \$29.4M compared to the prior year increased by \$1.1M primarily due to surplus in revenues increasing the Committed and Unassigned Fund Balance offset with the reduction in the Notes Receivable. FY23-24 total Fund Balance of \$28.3M compared to FY22-23 decreased by \$0.5M due to the reduction of \$736,000 in the Notes Receivable. In FY 22-23 total Fund Balance of \$28.8M compared to FY21-22 decreased by \$3.3M due to the Capital Investment expenditures in long-term assets for \$3,909,000 that were reimbursed through the grants revenues by \$695,000 plus reduction in the Notes receivable.

In FY24-25 the Committed Fund balance of \$6.8M (23.1%) is to be available for future capital investments in long-term assets compared to \$6.0M (21.3%) in FY23-24. In FY22-23 the Committed Fund balance was \$5.8M (20.2%). The increase in the Committed Fund balance will be used to investment in its long-term capital projects to produce future funding sources for the District programs and services.

In FY24-25, the Unassigned Fund Balance is \$7.3M (24.8%) compared to \$7.0M (24.7%) in FY23-24 being funds available for operating expenditures, which the Board has directed by Resolution to be maintained at 50% of the District's Operating cost. That is, as operating expenditures change, increase or decrease, the unassigned dollar balance will also increase or decrease alongside. In FY22-23, the Unassigned Fund balance was \$6.9M (24.1%) resulting from the lower operating expenditures compared to the most recent two years.

In FY24-25, Restricted Fund Balances are \$4.5M (15.4%) compared to \$4.3M (15.0%) in FY23-24. These are fund balances restricted per Board resolutions. In 2019, the District transferred \$2.5M into a 115 Pension Trust to manage the then \$2.9M Pension liability. By FY20-21, the 115 Trust balance had grown to \$3.3M, but due to losses in the investment market decreased to \$2.8M in FY21-22 since then it recovered and continued to grow through FY22-23 and FY23-24 and has now regained value and is \$3.4M (11.5% of total fund balance) at the end of FY24-25. Like the 115 Trust, the District CalPERS Pension Liability fluctuates with the values in the market. Therefore, the District is using long-term actuarial modelling with CalPERS anticipated discount rates to estimate future Pension Liability growth to help manage the 115 Trust balance requirements.

In addition, the District maintains \$1.2M (3.9%) for medical building purposes, unchanged from prior year Restricted Fund balance of \$1.2M (4.1%) but has a slightly lower percentage to the Fund Balance. The total Restricted Fund balances combined were \$4.2M (14.6%) in FY22-23 and \$4.0M (12.5%) in FY21-22.

The remainder of the Fund Balance, Non-Spendable items, in FY24-25, are \$10.8M (36.7%) compared to \$11.0M (39.0 %) in FY23-24 are as follows:

- a. \$10.1M is invested in limited partnerships, a slight increase of \$31,000 from last FY23-24
- b. \$0.4M is pre-paid items, an increase of \$155,000.
- c. \$0.3M is Notes Receivables that decreased by \$420,000 per amortization schedule.

Non-spendable Fund Balances, in FY22-23 were \$11.8 million (41.1%) combined.

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 \$28.2M compared to \$27.1M in the prior year, an increase of \$1.1M. The FY23-24 General Fund balance decreased by \$0.5M compared to \$27.6M in FY22-23.

In FY24-25, the General Fund operating results had a surplus of \$2,972,000 (FY23-24 \$3,370,000) including \$294,000 in revenues for reimbursements for capital grant expenditures and \$268,000 favorable adjustment for GASB 87, before capital expenditures of \$3.3 million (net of Other Financial Resources-Lease payable) and \$0.5 million in debt service and before Other finance services of 1.9M that in-turn offsets Lease payable in Capital Outlay.

The District's objective is to maintain an Operating Surplus to set aside funds for maintaining long-term assets that generate about 70% of District funding for public programs and services. While during the years' of the COVID-19 Pandemic and volatile market conditions this was not possible, the District recovered beginning in years FY22-23 and FY23-24 fully returning back to the normal operations in FY24-25 since its strategy for obtaining grants and keeping the old Hospital building expenses to only necessary improvements until it will be vacated in March of 2027 per the Board's direction has been successful.

As a measure of the District's liquidity, available funds for FY24-25, FY23-24, and FY22-23, Committed and Assigned/Unassigned fund balances are 76%, 73% and 68% of General Fund expenditures (operating, capital, and debt service expenditures). The District is expecting the liquidity measure to decrease as the District's operating expenditures increase and further investments are being made in long-term assets utilizing the Committed Fund Balance. The continued investment in long-term assets is to ensure continued funding will exist for the District public programs and services in the future, and that the District will be able to meet the minimum liquidity measure of at least 50% of Operating Expenditures 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.

Fund balance in the Special Revenue Fund is \$1.2 million of cash and investments restricted for medical building activities; there were no activities in FY24-25.

#### **General Fund FY2024-25 Actual Performance Highlights Compared to FY2023-24 Actual**

In FY24-25, actual revenues exceeded actual expenditures resulting in the Fund Balance increase of \$1,146,000, compared to FY23-24 decrease of \$477,000. (FY22-23 Fund Balance decreased by \$3,297,000.)

Total District's FY24-25 revenue inflows of \$17.6 million increased by \$0.2M or 1% compared to FY23-24 reviewed below. FY23-24 revenues increased by \$2.1M or 13% with and in FY22-23 revenues increased by \$2.0M or 15% mostly due to collecting revenues from capital grants and operational grants.

- Financing and rental income of \$4.6M increased by the amount of \$167,000 compared to prior year:
  - The positive difference of \$187,000 came from securing a new tenant and annual increases in tenants leases throughout FY24-25 in 514 Building compared to prior year.
  - The increased cost to operate the 514 building (old hospital building) resulted in \$527K annual reconciliation of BOE collected in FY24-25 for FY23-24 expenses which was \$16K less than the \$543K collected in FY23-24 for FY22-23 expenses.
- Property taxes of \$5.3M increased by \$240,000 (5%) compared to prior fiscal year. In FY23-24 the increase was \$272,000 (6%), and in prior fiscal year it had increased by \$274,000 (6%) from the preceding year. The district's property tax base is continuing to remain strong.
- Program income is \$2.2M from the Health and Fitness operations continued to grow and increased by \$177,000 as facilities have fully re-opened and recovered after the pandemic. In FY23-24 the revenues increased by \$472,000 compared to FY22-23 and in FY22-23 revenues increased by \$400,000 compared to FY21-22. FY21-22 revenues increased by \$880,000 compared to FY20-21 after partially reopening the facilities from mandated federal and state closures in that year. The District expects further program revenues growth in FY25-26 that would potentially exceed the pre-pandemic level.
- Income from Limited Partnerships is 14% to the total revenues generated by the District's 80% ownership in the Sunrise Senior Living Joint Venture and a 5% ownership with South Bay Surgery Center that also rents space at the District main Campus on 514 N. Prospect Avenue in Redondo Beach. Income from Limited Partnerships of \$2.4M continued to grow after an ease of the restrictions after the pandemic and increased by \$706,000 (\$685,000 generated by Sunrise) compared to the prior year. In FY23-24 revenues made a strong recovery after the pandemic increasing by \$127,000. FY22-23 revenues increased by \$234,000 compared to FY21-22 after a significant drop in revenues in FY20-21 and FY19-20 due to effects from COVID-19 on the Senior Living operations, managed by Sunrise Senior Living, LLC. This income could potentially significantly fluctuate from year to year due to changes in occupancy from unanticipated larger move outs, competition, management turnover, and such events like a pandemic. The District received \$27K income from South Bay Surgery Center joint venture in FY24-25, \$5K in FY23-24 and no revenues in FY22-23 as it has been struggling to recover after the pandemic.
- Investment earnings of \$1.2M decreased by \$175,000 due to the expiration of the Note Receivable from Ducot compared to FY23-24 which had an increase of \$0.6M compared to FY22-23. FY22-23 had an increase of \$1.3M to a prior fiscal year after a decrease of \$887,000 in FY20-21 compared to the respective prior years. Decreases have been due to the unstable national financial markets which had continued a strong recovery in FY24-25 after taking a hit in prior years. The District's addition of the 115 Pension Trust Fund allows investments in instruments with greater earning powers than those governed by the state of CA Investment policy. In FY24-25 the 115 Pension Trust Fund grown by \$293,000 net of expenses.
- Other revenues and intergovernmental revenues of \$1.9M decreased by \$888,000, while prior year had a increase of \$412,000. In the past four years, the District has been able to secure local, state, and federal multi-year program and services grants benefiting the Community, like a 5-year \$625,000 Federal Drug Free Communities (DFC) Grant addressing substance use for Youth, 4-year \$2M allcove Youth Wellness Grant along with 0.5M expansion grant, a \$1.7M multi-year LA County Metro grant voter approved Measure-M for developing a local bike path which was completed in December of 2023 and the District collected \$1.2M in reimbursements. Also, the District received grants based on events like reimbursement from FEMA for COVID-19 efforts and County Mental Health Awareness Month Community Grant in prior years. The reduction in Other revenues and intergovernmental revenues was primarily due to a completion of the bike path capital project majority of which was reimbursed through LA County Metro grant bringing additional intergovernmental revenues in prior years.

Generally, over 70% of incoming funds are from other sources than property taxes, like tenant rental income and limited partnerships. In FY24-25, income from other sources decreased from 71% to 70% remaining within the desired margin.

The amount financed by taxpayers through property taxes in the current fiscal year FY24-25 was \$5.3M (30%), FY23-24 was \$5.0M (29%) and FY22-23 was \$4.8M (31%) of total revenues.

While the Property Tax base continues to be strong and increase annually, 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 Avenue, 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 service in return on their tax dollars as possible.

Total District's FY24-25 expenditure outflows of \$18.4 million increased by \$573,000 or 3% compared to FY23-24 expenditure outflows of \$17.9 million that decreased by \$756,000 or 4% compared to FY22-23 \$18.6 million:

- Salaries and related expenses of \$7.7M increased by \$298,000 compared to \$7.4M in FY23-24 primarily due to an average of 3% merit increase for staff and an increase of \$80K in CalPERS unfunded liability payment. In FY24-25 The District had all open positions on soft freeze, replacing only essential positions.
- Health programs expenditures of \$0.9M recognized savings of \$351,000 compared with FY23-24, in addition to \$182,000 in savings compared to FY22-23 due to the recovery after the pandemic when more seniors needed in-home assistance and more actual assistance needed through the District income qualified Health Fund during COVID-19. Also, due to the changes in Medi-Cal program in FY23-24, the District was able to continue to transfer more seniors to Medi-Cal Programs instead of using District resources in FY24-25 leading to \$137,000 in savings for the District. In FY24-25 per the Board's direction to provide direct services rather than the grants to schools and community, the District was able to save \$66K on grants for schools providing direct services through allcove Youth Mental health center and another \$68K from Redondo Beach Fire and Policy department grants proving services through Work Well programs.
- Professional Fees of \$2.6M increased by \$523,000 from FY23-24 of \$2.1M primarily due:
  - To the net of \$173,000 between \$297,000 in the Election expenses in FY24-25, and \$124,000 Gallup survey expense in FY23-24.
  - \$150,000 in Local Hazard Mitigation Plan grant from FEMA that was offset with the respective reimbursement revenue.
  - \$200,000 in legal and outside services due to the legal consulting and engineering services for restructuring District's aging campus.
- Facility management expenses increased by \$82,000 compared to last fiscal year due to the increased costs to maintain the District's aging campus.
- Capital investments of \$3.3M were increased by \$275,000 from FY23-24 followed by a \$850,000 decrease compared to a prior year that derived from reduced investment in Healthy Living Campus with the completion of the pre-development costs, completing of the bike path project and completing a District website redevelopment project in FY24-25. Please see [Capital Assets and Debt Administration section](#) of the report for more details.

Revenues, expenditures, Healthy Living Campus investments, revenue and debt capacity trends can be further reviewed in the [Statistical section](#) of the Report.

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				
	2025	2024	Inc / (Dec)	2023
<b>Revenues</b>				
Leasing Revenue	4.6	4.4	0.2	4.2
Property Taxes	5.3	5.0	0.2	4.8
Program Income	2.2	2.1	0.2	1.6
Limited Partnership	2.4	1.7	0.7	1.6
Investment Earnings	1.2	1.4	(0.2)	0.8
Other/Intergovernmental Income	1.9	2.8	(0.9)	2.3
<b>Total Revenues</b>	<b>17.6</b>	<b>17.4</b>	<b>0.2</b>	<b>15.3</b>
<b>Expenditures</b>				
Current				
Salaries & related	7.7	7.5	(0.3)	6.8
Health programs & grants	0.9	1.3	0.4	1.4
Professional Fees	2.6	2.1	(0.5)	2.2
Facilities Management	1.8	1.7	(0.1)	1.9
Community Relations	0.3	0.3	(0.0)	0.5
General & Administrative	0.6	0.6	0.0	0.5
Human Resources	0.2	0.2	(0.0)	0.2
Information Systems	0.3	0.2	(0.1)	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	3.3	3.1	(0.3)	3.9
Debt Service				
Principal Retirement	0.5	0.8	0.3	0.7
Interest and other fiscal	0.1	0.1	0.0	0.1
<b>Total Expenditures</b>	<b>18.4</b>	<b>17.9</b>	<b>(0.6)</b>	<b>18.6</b>
Excess of revenues over (under) expenditures	(0.8)	(0.5)	(0.4)	(3.3)
Other finance resources	1.9	0.0	1.9	0.0
	<b>1.1</b>	<b>(0.5)</b>	<b>1.6</b>	<b>(3.3)</b>
<b>Beginning Fund Balance</b>	28.3	28.8	(0.5)	32.1
Prior period adjustment	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 29.4</b>	<b>\$ 28.3</b>	<b>\$ 1.1</b>	<b>\$ 28.8</b>

### General Fund FY24-25 Actual Versus Budget

The District's FY24-25 Final Budget is a negative \$4,385,500 net change in Fund Balance; operating revenues and expenditures are balanced with a net surplus of \$518,000, and the negative change is due to capital investment expenditures. The Final budget included an additional \$1,000,000 for CHF relocation that was approved by the Board in November of 2024.

Actual net change in Fund Balance is a surplus of \$1,145,500 compared to the budgeted net change of negative \$3,385,500 resulting in a \$4,351,000 favorable net change in Fund Balance versus budget.

Total actual revenues of \$17,614,00 are \$1,850,000 favorable versus total revenue budget of \$15,764,000, primarily due to \$517,000 favorable variance to the budget in joint ventures revenues, \$756,000 in unrealized gains in the investment portfolio that were combined with financing and rental income related to lease receivable, favorable adjustments of \$295,000 from capital grants that are netted with capital expenditures on the District's operational P&L, \$268,000 for GASB 87 that are not budgeted for.

Total actual operating, debt service and capital investment expenditures of \$16,468,000 (netted with proceeds from lease payable from Other financing sources) were \$3,681,000 favorable versus total expenditure budget of \$19,149,000. The favorable variance is mostly deriving from a favorable capital outlay variance of \$3,194,000 from leased assets of \$1,967,000 that's offset with the revenues from Other Financing sources combined with CHF relocation, Healthy Living Campus and allcove Beach Cities construction investments remaining budgets and deferred building infrastructure contingencies. All other savings are netted to \$487,000 mostly due to the delayed expenses for grants.

The favorable \$1,850,000 revenue variance and favorable \$3,681,000 expenditure variance combined, resulted in a positive \$5,531,000 favorable net Change in the actual Fund Balance compared to FY24-25 budget.

FY24-25 budget and actual variances and comparative data for prior year, FY23-24 can be reviewed in the [Required Supplemental Section](#).

### **Capital Asset and Debt Administration**

The District's gross investment in real property and capital assets, [Note 5](#), as of June 30, 2025 is

\$4.4 million in Land, \$14.0 million in Construction in Progress and \$56.0 million in Buildings and FF&E totaling \$74.4M at historical cost, which are being depreciated at a current rate of \$2.3 million per year.

Prior year June 30, 2024, was \$71.2 million, a net \$3.2 million increase. \$0.6 million in CIP net of deletions, \$0.5M investment in the new youth mental health facility, allcove Beach Cities, and while reduced, \$0.2M in the Healthy Living Campus redevelopment project, plus \$0.6M for completed Projects, like IT cloud-based project, School Sheds for LiveWell Kids, new workstations, etc.. Plus, due to GASB 87 there is leased assets addition of \$1,968,000.

Net depreciable capital assets after depreciation are \$13.8 million, an increase of \$0.4 million from \$13.4 million.

Total FY24-25 net capital investments including CIP (Construction in Progress), land, buildings, furniture, fixtures, equipment, and building improvements are \$32.2 million all measured at historical cost, an increase of \$1.0 million as follows:

- \$0.6 million in Construction In Process
- \$0.1 million in Buildings and improvements
- \$0.6 million in Building and Equipment, Furniture and Fixtures
- \$2.0 million in Leased assets
- <\$2.2> million in Depreciation expense net of deletions.

Net Capital asset additions of \$3,336,000 for the year:

▪ Leased assets - Five years 510 3rd Floor Building Lease	1,968,000
▪ CIP - allcove-Youth Wellness Center	476,000
▪ CIP - Healthy Living Campus	213,000
▪ CIP - Center for Health and Fitness Relocation	1,000
▪ CIP - IT Infrastructure: Full Azure deployment	9,000
▪ 514 Prospect Avenue Building Improvements	220,000
▪ BCHD Website	199,000
▪ 1701 Marine Avenue (APLEX) Building Improvements	162,000
▪ IT Infrastructure: Workstations & Server	25,000
▪ CHF spin bikes & stair master	32,000
▪ Security cameras replacement	21,000
▪ School Sheds for LiveWell Kids	10,000

Inception to date, June 30, 2025, the District has invested \$12,692,000 in the Healthy Living Campus, that is planned to replace the existing 60-year-old Hospital building at 514 Prospect Avenue, Redondo Beach that will continue to sustain the inflow of funds of District's mostly free health programs and services available for residents of the Beach Cities.

Further information can be found in the [Statistical section 1. Financial Trends, Government-wide Capital Assets](#) and on the District website [BCHD Healthy Living Campus](#) Statistical section herein.

The District's principal debt on leases is \$0 as of June 30, 2025. ([Debt Capacity](#)) In FY24-25, the District paid down the remaining principal of \$358,000 for the Prospect South Bay Parking.

The District had a reciprocal Notes Receivable with a principal balance of \$566,000 as of June 30, 2025, that services the debt has provided additional funding for the District. The remaining cash payment was \$566,000, yielding to positive incoming cash funds of \$208,000 through December 31, 2024. Both the Notes Payable and Receivable were fully amortized on December 31, 2024.

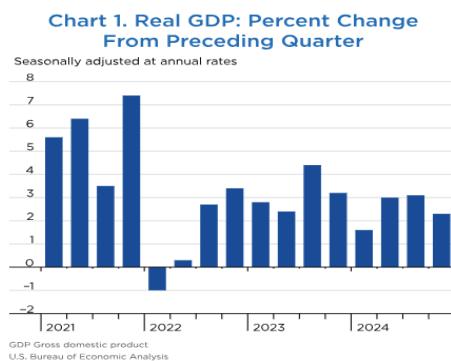
The Venice Family Clinic (former the South Bay Family Health Care) note receivable principal balance as of June 2025 was \$271,000 earning 5% interest annual interest for capital improvements completed in 2019. The annual cash inflow from the note receivable is \$53,000. The Venice Family Clinic note receivable will be fully amortized on June 30, 2031.

### **Economic Outlook**

The District, like other organizations, is influenced by global, national, and state economic trends, as well as fluctuations in financial markets. However, due to its diverse sources of funding and the strong local economy in Southern California, it has managed to minimize budget deficits caused by broader economic conditions. While factors such as inflation, federal and state economic policies (like interest rate hikes and bond market activity), have posed challenges in managing costs and reducing investment returns, the District's primary long-term issue remains its aging infrastructure that generates income.

2024 was a strong economic year in many ways, Consumer Price Index (CPI) cooled from 3.4% in December 2023 to 2.9% in December 2024, unemployment remained low hovering around 4%, the Federal Reserve began cutting interest rates and Consumer Spending increased across all 50 states per the Bureau of Labor Statistics (BLS) and the Bureau of Economic Analysis (BEA). This contributed to maintaining steadily increasing operating revenues from User Fees and Partnerships since Pre-Covid results.

Real gross domestic product (GDP) increased at an annual rate of 2.3% in the fourth quarter of 2024, according to the “second” estimate of the National Income and Product Accounts (chart 1 from [SCB, GDP & the Economy, March 2025](#)). With the second estimate, real GDP growth increased at the same rate as the “advance” estimate issued in January. In the third quarter, real GDP increased 3.1%.



With the assistance of its investment portfolio advisors, PFM Asset Management LLC, the District is closely monitoring and adjusting to current global, national, and state economic trends.

Their June 30, 2025, quarter-end market themes included:

[Treasury yields whipsawed by tariff announcements in Q2](#)

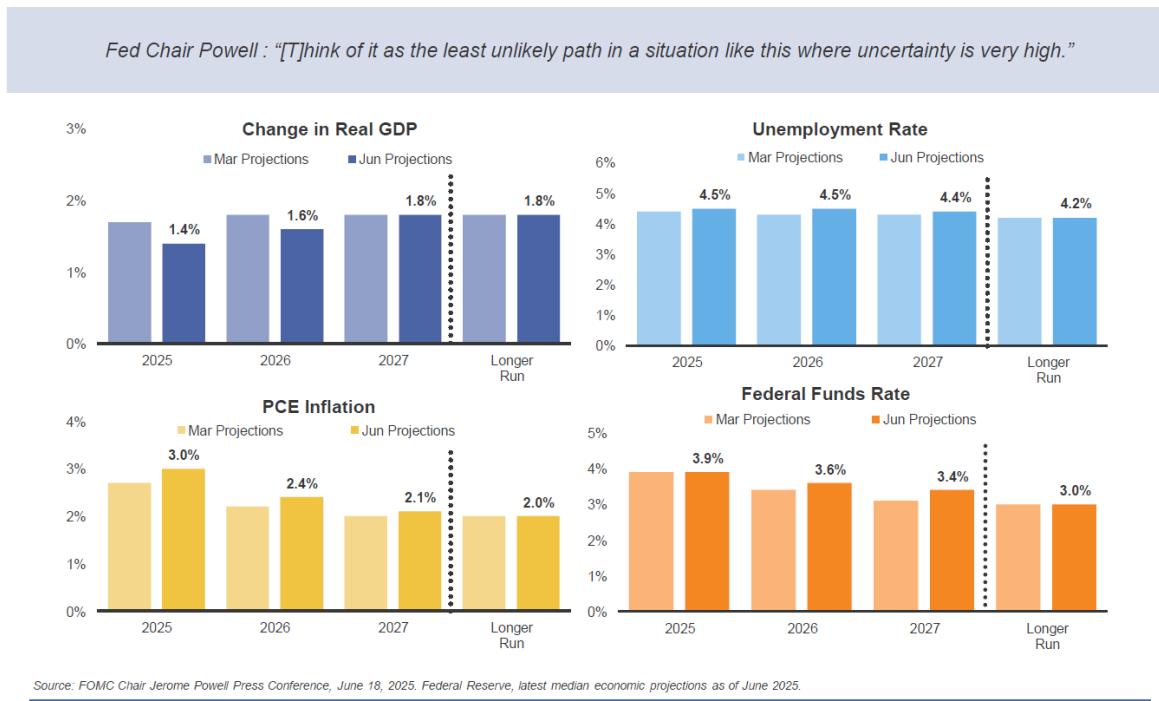
- Concerns over the budget bill, debt ceiling, and monetary policy added to volatility.
- The yield curve continued to steepen between 2 years and 10 years.
- Credit spreads widened sharply following tariff fears but tightened to levels near historic tights by quarter end.

#### U.S. economy is resilient but showing signs of cooling

- Headline employment data belies underlying weakening
- Inflation remained rangebound but does not yet reflect the full impact of tariffs
- Fiscal policy uncertainty and volatile tariff rollouts weigh on consumer sentiment

In addition to Inflation (PCE, Personal Consumption Expenditures illustrated below), Unemployment Rate and the Federal Funds Rate, GDP (Gross Domestic Product) is another macroeconomic factor indicating national and local economic health. Below is the investment portfolio advisor's report on expectations for the next three years.

#### Fed's Updated Summary of Economic Projections



Over the last four fiscal years, the District's financial strength weakened, with reductions observed in its Fund Balance, Net Position, and Cash and Investment balances. However, FY24-25 marked a reversal of this trend, showing an improvement in overall financial health. This was achieved despite facing significant external economic pressures, including high inflation and fluctuating financial markets. Contributing factors to the FY24-25 recovery include awarded COVID-19 relief funds and changes in accounting standards (GASB 87 & 96):

#### Governmental Fund Basis

- FY24-25 – \$29M
- FY23-24 – \$28M
- FY22-23 – \$29M
- FY21-22 – \$32M

## GAAP Basis / Net Position / Equity / Principal

- FY24-25 – \$55M
- FY23-24 – \$55M
- FY22-23 – \$56M
- FY21-22 – \$57M

## Cash and Investments

- FY24-25 – \$15.4M / 115 Pension & OPEB Trust \$4.2M
- FY23-24 – \$14.3M / 115 Pension & OPEB Trust \$3.8M
- FY22-23 – \$13.6M / 115 Pension & OPEB Trust \$3.7M
- FY21-22 – \$17.7M / 115 Pension & OPEB Trust \$3.4M

The most accessible financial resource is the District's Investment Portfolio, which has declined mainly due to the \$12.7M investment in the [Healthy Living Development](#). Therefore, the District has changed its strategy with the PFM Asset Management team from managing its portfolio on a cash flow needs basis instead of a benchmark driven strategy, and liquidity is the primary objective.

As the District will continue facing economic challenges, progress on realizing the redevelopment plans is critical for the District. Being awarded the \$6.3M grant from the California Department of Health Care Services in May 2022 to build a youth wellness center, will allow the District to begin the Healthy Living Campus ([Healthy Living Campus](#)) redevelopment plan. The new allcove Beach Cities youth mental health facility is planned to be completed in 2026, when the plan is to begin construction of the remaining elements of the Healthy Living Campus.

The District remains committed to its community and residents, providing essential health services where gaps exist through a variety of facilities, events, programs, and initiatives.

Key ongoing services and activities include:

- Mental Health Support for Youth: Staff continue to provide mental health programming for youth in schools and at allcove Beach Cities, a youth wellness center housed at the District campus.
- Workshops and Training: The District executes Mental Health First Aid workshops for the community.
- Elderly Support: The District deploys social workers to conduct home visits and provide support for the elderly.
- Community Assistance: The District runs a general Help Line and delivers services to at-risk residents through the Community Services Help Fund.
- Public Health Information: The website's "[Community Health Topics - Beach Cities Health District](#)" section is continuously updated with the most recent public health announcements.
- Community Engagement: The District communicates and engages meaningfully with residents through volunteer opportunities, virtual meetings, activities, newsletters, and social media.

Together with its Board of Directors and input from the Community, the District will continue to review priorities to ensure a balanced budget, sound financial stewardship and delivery of its Programs and Service.

**BEACH CITIES HEALTH DISTRICT**

## Statement of Net Position

As of June 30, 2025  
(with comparative data for prior year)

	Governmental Activities	
	2025	2024
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 15,369,968	14,331,878
Restricted cash and investments - pension (note 2)	3,385,098	3,092,304
Accounts receivable - net	397,436	603,197
Interest receivable	16,693	28,709
Taxes receivable	121,049	116,798
Prepaid items	415,217	260,065
Lease receivable (note 3)	13,305,318	13,188,736
Notes receivable - net (note 4)	271,375	691,544
Investment in limited partnerships (note 6)	10,099,282	10,068,776
Net OPEB asset (note 10)	70,903	58,865
Capital assets not being depreciated (note 5)	18,387,131	17,760,214
Capital assets - net of accumulated depreciation (note 5)	<u>13,772,851</u>	<u>13,375,220</u>
<b>TOTAL ASSETS</b>	<u>75,612,321</u>	<u>73,576,306</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related (note 8)	1,488,567	2,088,411
OPEB related (note 10)	<u>35,335</u>	<u>55,506</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,523,902</u>	<u>2,143,917</u>
<b>LIABILITIES</b>		
Accounts payable	483,040	365,683
Accrued liabilities	220,871	202,090
Accrued payroll	217,595	191,676
Subscription-based IT payable	-	23,621
Deposits	184,252	177,137
Unearned service fees	549,558	562,449
Noncurrent liabilities:		
Due within one year:		
Leases payable (note 7)	395,891	388,298
Compensated absences payable (note 7)	332,712	288,837
Due in more than one year:		
Leases payable (note 7)	1,808,249	307,133
Compensated absences payable (note 7)	484,691	299,312
Net pension liability (note 8)	<u>4,642,237</u>	<u>4,661,165</u>
<b>TOTAL LIABILITIES</b>	<u>9,319,096</u>	<u>7,467,401</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease related (note 3)	12,053,300	12,204,468
Pension related (note 8)	464,750	544,118
OPEB related (note 10)	<u>381,560</u>	<u>418,730</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>12,899,610</u>	<u>13,167,316</u>
<b>NET POSITION</b>		
Net investment in capital assets	29,906,545	30,440,003
Restricted for OPEB	70,903	58,865
Restricted for medical building purposes	1,156,703	1,156,703
Unrestricted	<u>23,783,366</u>	<u>23,429,935</u>
<b>TOTAL NET POSITION</b>	<u>\$ 54,917,517</u>	<u>55,085,506</u>

## BEACH CITIES HEALTH DISTRICT

## Statement of Activities

Year ended June 30, 2025  
(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	2025
Primary government:						2024
Preventive health services	\$ 17,396,020	6,674,827	1,706,803	-	(9,014,390)	(7,784,319)
Capital contribution to local government	4,450	-	-	-	(4,450)	(1,097,143)
Interest on long-term debt	62,936	-	-	-	(62,936)	(76,199)
Total	<u>\$ 17,463,406</u>	<u>6,674,827</u>	<u>1,706,803</u>	<u>-</u>	<u>(9,081,776)</u>	<u>(8,957,661)</u>
General revenues:						
Property taxes					5,263,694	5,024,156
Income from limited partnerships					2,452,090	1,745,655
Earnings (losses) on investments					1,199,416	1,373,655
Other income					165,611	88,742
Total general revenues					<u>9,080,811</u>	<u>8,232,208</u>
Change in net position					(965)	(725,453)
Net position, beginning of year, as previously reported					55,085,506	55,810,959
Restatement - implementation of GASB 101 (note 12)					(167,024)	-
Net position, beginning of year, as restated					<u>54,918,482</u>	<u>-</u>
Net position, end of year					<u>\$ 54,917,517</u>	<u>55,085,506</u>

**BEACH CITIES HEALTH DISTRICT**

Governmental Funds

## Balance Sheet

As of June 30, 2025  
(with comparative data for prior year)

	General Fund	Prospect One Fund	2025	Totals
				2024
<b>ASSETS</b>				
Cash and investments (note 2)	\$ 14,213,265	1,156,703	15,369,968	14,331,878
Restricted cash and investments - pension	3,385,098	-	3,385,098	3,092,304
Account receivable - net	397,436	-	397,436	603,197
Interest receivable	16,693	-	16,693	28,709
Leases receivable (note 3)	13,305,318	-	13,305,318	13,188,736
Notes receivable - net investment (note 4)	271,375	-	271,375	691,544
Taxes receivable	121,049	-	121,049	116,798
Prepaid items	415,217	-	415,217	260,065
Investment in limited partnerships (note 6)	10,099,282	-	10,099,282	10,068,776
<b>TOTAL ASSETS</b>	<b>42,224,733</b>	<b>1,156,703</b>	<b>43,381,436</b>	<b>42,382,007</b>
<b>LIABILITIES</b>				
Accounts payable	483,040	-	483,040	365,683
Accrued expenses	220,871	-	220,871	202,090
Accrued payroll	217,595	-	217,595	191,676
Deposits	184,252	-	184,252	177,137
Unearned service fees	549,558	-	549,558	562,449
<b>TOTAL LIABILITIES</b>	<b>1,655,316</b>	<b>-</b>	<b>1,655,316</b>	<b>1,499,035</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	271,375	-	271,375	422,579
Lease Related (note 3)	12,053,300	-	12,053,300	12,204,468
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,324,675</b>	<b>-</b>	<b>12,324,675</b>	<b>12,627,047</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	415,217	-	415,217	260,065
Note receivable	271,375	-	271,375	691,544
Investment in limited partnerships	10,099,282	-	10,099,282	10,068,776
Committed:				
Capital investment	6,784,562	-	6,784,562	6,013,709
Restricted:				
Pension trust	3,385,098	-	3,385,098	3,092,304
Medical building	-	1,156,703	1,156,703	1,156,703
Unassigned	7,289,208	-	7,289,208	6,972,824
<b>TOTAL FUND BALANCES</b>	<b>28,244,742</b>	<b>1,156,703</b>	<b>29,401,445</b>	<b>28,255,925</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 42,224,733</b>	<b>1,156,703</b>	<b>43,381,436</b>	<b>42,382,007</b>

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

As of June 30, 2025

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 29,401,445

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. 271,375

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:

Leases payable (2,204,140)  
Compensated absences (817,403)

Net pension and OPEB Asset 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 8 and 10).

Deferred outflows - pension related 1,488,567  
Deferred inflows - pension related (464,750)  
Net pension liability (4,642,237)  
Deferred outflows - OPEB 35,335  
Deferred Inflows - OPEB (381,560)  
Net OPEB Asset 70,903Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental funds. 32,159,982NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 54,917,517

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, 2025  
(with comparative data for prior year)

	General Fund	Prospect One Fund	Totals	
			2025	2024
<b>REVENUES</b>				
Financing and rental income related to leases	\$ 4,593,038	-	4,593,038	4,425,992
Property taxes	5,263,694	-	5,263,694	5,024,156
Program income	2,232,993	-	2,232,993	2,056,373
Income from limited partnership	2,452,090	-	2,452,090	1,745,655
Investment earnings (loss)	1,199,416	-	1,199,416	1,373,655
Other revenues	165,611	-	165,611	88,742
Intergovernmental	1,706,803	-	1,706,803	2,671,737
<b>TOTAL REVENUES</b>	<b>17,613,645</b>	<b>-</b>	<b>17,613,645</b>	<b>17,386,310</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and related expenses	7,748,708	-	7,748,708	7,450,990
Health programs	906,802	-	906,802	1,257,859
Professional fees	2,647,930	-	2,647,930	2,120,218
Facilities management	1,825,307	-	1,825,307	1,743,748
Community relations	337,159	-	337,159	326,138
General and administrative	557,554	-	557,554	562,116
Human resources	197,553	-	197,553	187,537
Information services	290,237	-	290,237	229,134
Cost of goods sold	8,586	-	8,586	6,119
Other	58,579	-	58,579	61,788
Capital outlay	3,335,483	-	3,335,483	3,060,005
Debt service:				
Principal retirement	459,144	-	459,144	781,312
Interest and other fiscal charges	62,936	-	62,936	76,199
<b>TOTAL EXPENDITURES</b>	<b>18,435,978</b>	<b>-</b>	<b>18,435,978</b>	<b>17,863,163</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(822,333)</b>	<b>-</b>	<b>(822,333)</b>	<b>(476,853)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from lease payable	1,967,853	-	1,967,853	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>1,967,853</b>	<b>-</b>	<b>1,967,853</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,145,520</b>	<b>-</b>	<b>1,145,520</b>	<b>(476,853)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>27,099,222</b>	<b>1,156,703</b>	<b>28,255,925</b>	<b>28,732,778</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 28,244,742</b>	<b>1,156,703</b>	<b>29,401,445</b>	<b>28,255,925</b>

**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, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,145,520
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.	1,028,998
The net effect of various transactions involving capital assets.	(4,450)
Loss on sales of assets	(4,450)
The issuance of long-term debt provides current financial resources in the governmental funds, but issuance of debt increases the long-term liabilities in the Statement of Net Position, while the repayment of long-term liabilities consumes the current financial resources of governmental funds.	
Lease issued	(1,508,709)
Subscription principal	23,621
To record the net change in compensated absences in the Statement of Activities.	(62,230)
Revenues that are measurable but not available are recorded as unavailable revenue under the modified accrual basis of accounting.	(151,204)
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.	(501,548)
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.	29,037
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (965)

See accompanying notes to basic financial statements.

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

Year ended June 30, 2025

**(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
Subscription assets	2 – 4

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

**(j) Leases**

The District is a lessee for leases of parking and office space. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the basic financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised. In those situations, the lease is amortized over the useful life of the underlying asset.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

## **BEACH CITIES HEALTH DISTRICT**

### Notes to the Basic Financial Statements

(Continued)

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

(k) Compensated Absences

The District implemented GASB Implementation Statement No. 101 for accounting and reporting of compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave (compensated absences). The District's compensated absences balance consists of 100% unused vacation time, the estimated amount of sick time that is more likely than not to be used within the year, and applicable payroll taxes. As of June 30, 2025, the balance of compensated absences is \$817,403.

(l) Long-Term Obligations

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

(m) Deferred Outflows/Inflows of Resources

When applicable, the Statement of Net Assets and Balance Sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, are not recognized as an expense or expenditure until that time. The Statement of Net Assets 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 assets) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time. The District has four 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 Assets has three items that qualify for reporting in this category: Pension Related, OPEB Related, and Lease Related Deferred Inflows.

## **BEACH CITIES HEALTH DISTRICT**

### Notes to the Basic Financial Statements

(Continued)

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

##### **(n) 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, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

##### **(o) 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, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

##### **(p) 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.

#### **(q) 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.

(r) 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.

(s) Prior Year Data

Selected information from the prior year 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, 2024 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, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 15,369,968
Restricted cash and investments - pension	<u>3,385,098</u>
 Total cash and investments	 <u>\$ 18,755,066</u>

Cash and investments as of June 30, 2025 consist of the following:

Petty cash	\$ 1,400
Deposits with financial institutions	873,500
Investments	<u>17,880,166</u>
 Total cash and investments	 <u>\$ 18,755,066</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	\$ 4,083,538	-	4,083,538	-
Medium term notes	930,853	299,686	631,167	-
Asset-backed security	66,374	-	66,374	-
CAMP	8,160,884	8,160,884	-	-
Federal agency bond/notes	919,769	919,769	-	-
LAIF	39,289	39,289	-	-
Municipal bonds/notes	294,361	294,361	-	-
Held by Trust:				-
PARS pooled trust - pension	3,385,098	3,385,098	-	-
<b>Totals</b>	<b>\$17,880,166</b>	<b>13,099,087</b>	<b>4,781,079</b>	<b>-</b>

##### 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	Exempt from Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
U.S. Treasury bonds	\$ 4,083,538	N/A	\$4,083,538	\$ -	\$ -	\$ -	\$ -
Medium term notes	930,853	A	-	-	369,075	561,778	-
Asset-backed security	66,374	AA	-	66,374	-	-	-
CAMP	8,160,884	N/A	-	-	-	-	8,160,884
Federal agency bonds/notes	919,769	AA	-	-	919,769	-	-
LAIF	39,289	N/A	-	-	-	-	39,289
Municipal bonds/notes	294,361	A	-	-	294,361	-	-
Held by trust:	-	-	-	-	-	-	-
PARS pooled trust - pension	<u>3,385,098</u>	N/A	<u>-</u>	<u>3,385,098</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,880,166</u>		<u>\$4,083,538</u>	<u>\$ 3,451,472</u>	<u>1,583,205</u>	<u>561,778</u>	<u>8,200,173</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, 2025, the District has a custodial credit risk exposure of \$17,880,166 because the securities were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

#### Investment in State Investment Pool

The District is a voluntary participant in Local Agency Investment Fund (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.

## **BEACH CITIES HEALTH DISTRICT**

### Notes to the Basic Financial Statements

(Continued)

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

##### Investment in California Asset Management Program (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, 2025, 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.
Strategic ranges:	<p><u>OPEB</u></p> <p>0% – 10% Cash</p> <p>40% – 60% Fixed income</p> <p>40% – 60% Equity</p> <p><u>Pension</u></p> <p>0% – 10% Cash</p> <p>45% – 65% Fixed income</p> <p>30% – 50% Equity</p>

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

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

##### Fair Value Measurement

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2025:

Investment Type	Fair Value Hierarchy					Fair Value
	N/A	Level 1	Level 2	Level 3		
U.S. Treasury bonds	\$ -	4,083,537	-	-	-	4,083,537
Medium term notes	-	-	930,853	-	-	930,853
Asset-backed security	-	-	66,374	-	-	66,374
CAMP	8,160,884	-	-	-	-	8,160,884
Federal agency bonds/notes	-	-	919,770	-	-	919,770
LAIF	39,289	-	-	-	-	39,289
Municipal bonds/notes	-	-	294,361	-	-	294,361
Held by trust:						
PARS pooled trust - pension	3,385,098	-	-	-	-	3,385,098
Total investments	<u>\$ 11,585,271</u>	<u>4,083,537</u>	<u>2,211,358</u>	<u>-</u>	<u>-</u>	<u>17,880,166</u>

#### **(3) Leases Revenue and Receivables**

##### *Leases subject to GASB 87 – Leases Receivable:*

##### South Bay Family Healthcare Center

The District entered into a lease agreement dated June 29, 2009 with South Bay Family Healthcare Center to lease a medical and office building at 2114 Artesia Boulevard, Redondo Beach. The lease began in July 2009 and will end in June 30, 2030. The monthly base rent is \$15,502 and is adjusted by 3% each year. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$152,982 in lease revenue and \$42,374 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$878,177 and deferred inflows of resources in the amount of \$764,912.

##### 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 will end on February 29, 2048. The monthly base rent is \$25,667. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$170,652 in lease revenue and \$211,245 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$4,172,116 and deferred inflows of resources in the amount of \$3,868,063.

## **BEACH CITIES HEALTH DISTRICT**

### Notes to the Basic Financial Statements

(Continued)

**(3) Leases Revenue and Receivables (Continued)**

**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 and will end on June 30, 2031. The monthly base rent was \$82,400 for FY 2024/25. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$766,008 in lease revenue and \$277,425 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$5,175,968 and deferred inflows of resources in the amount of \$4,596,038.

**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 and will end on May 17, 2026. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$17,332 per month for FY 2024/25 and is increased annually at the rate of 2% annually. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$179,796 in lease revenue and \$15,575 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$206,501 and deferred inflows of resources in the amount of \$179,795.

**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 five years and commenced on March 1, 2005 and will end on February 28, 2025. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$46,435 per month for FY 2024/25. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$446,430 in lease revenue and \$42,370 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$783,373 and deferred inflows of resources in the amount of \$724,293.

**Prospect One**

The District entered into a lease agreement dated June 1, 1998 with Prospect One Corporation for the use of certain parking facilities. The lease commenced on June 1, 1998 and will end on May 31, 2030. The base rent for the lease to the District was a total of \$16,667 per month for FY 2024/25. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$161,770 in lease revenue and \$47,667 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$870,189 and deferred inflows of resources in the amount of \$795,370.

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### (3) Leases Revenue and Receivables (Continued)

##### Kaiser Foundation Health Plan, Inc.

The District entered into a lease agreement dated March 7, 2023 with Kaiser Foundation Health Plan, Inc. for the use of physical therapy services. The lease commenced on March 7, 2023 and will end on December 31, 2024. The base rent for the lease to the District was a total of \$9,731 per month for FY 2024/25. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$118,519 in lease revenue and \$11,778 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$182,598 and deferred inflows of resources in the amount of \$161,067.

##### 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 \$29,698 per month. The base rents are adjusted by the change in the consumer price index on the first day of the 10<sup>th</sup> month following the commencement of the lease, and as of each 12<sup>th</sup> 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, 2025, the base rent was \$32,448 per month. As of June 30, 2025, the District's receivable for lease payments is \$662,099 and deferred inflows of resources in the amount of \$620,037.

##### Omnilore

The District entered into a lease agreement dated August 1, 2016, with Omnilore, to lease L8 (Lower Level) approximately 1,280 square feet at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of three years and commenced on August 1, 2021. Per the lease agreement, the base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$1,600 per month payable on the 1<sup>st</sup> day each month following the commencement date of the lease. As of June 30, 2025, the monthly base rent was \$1,600. As of June 30, 2025, the District's receivable for lease payments is \$27,693 and deferred inflows of resources in the amount of \$25,833.

##### 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, 3<sup>rd</sup> floor, Redondo Beach. The District entered into a lease agreement for a term of four years on February 1, 2020. The base rent for the lease was a total of \$12,913 per month payable on the 1<sup>st</sup> day each month following the commencement date of the lease. The base rent is to decrease four percent per year. As of June 30, 2025, the monthly base rent has decreased to \$10,841. As of June 30, 2025, the District's receivable for lease payments is \$171,489 and deferred inflows of resources in the amount of \$159,446.

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(3) Leases Revenue and Receivables (Continued)**

##### Creative Life Mapping

The District entered into a lease agreement dated August 31, 2023, with Creative Life Mapping, a sole proprietor, to lease an office space consisting of approximately 295 square feet including a Storage Unit (Suit #L5) on the Lower Level of the Building located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 4 months, 1 year, with no option to extend, and commenced on November 1, 2023, and will end on February 28, 2025. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$1,206 per month for FY 2024/25. Rent will not escalate and will remain fixed through the Lease. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$14,472 in lease revenue and \$1,401 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$20,873 and deferred inflows of resources in the amount of \$18,984.

##### Taking Time

The District entered into a lease agreement dated July 26, 2023, with Taking Time: South Bay, to lease an office space consisting of approximately 295 square feet including a Storage Unit (Suit #L6) on the Lower Level of the Building located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 6 months, 1 year, with no option to extend, and commenced on September 1, 2023, and will end on February 28, 2025. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$2,500 per month for FY 2024/25. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$28,343 in lease revenue and \$2,895 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$45,000 and deferred inflows of resources in the amount of \$39,117.

##### Redondo Beach Chamber of Commerce

The District entered into a lease agreement dated July 3, 2023, with Redondo Beach Chamber of Commerce to lease an office space consisting of approximately 1,660 square and Reception (Suite #301) on the third floor of the Building located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 6 months, 1 year, with no option to extend, and commenced on September 1, 2023, and will end on February 28, 2025. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$2,300 per month for FY 2024/25. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$27,600 in lease revenue and \$2,671 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$32,936 and deferred inflows of resources in the amount of \$29,011.

##### Shakespeare by the Sea

The District entered into a lease agreement dated February 20, 2024, with Shakespeare by the Sea to lease Suit L1 of a building consisting of approximately 8,198 square plus 6,414 exterior square feet described as a floor plan attached to the "Premises" located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 8 months, 2 years, with an option to extend if an agreement between Landlord and Tenant continue, and commenced on

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(3) Leases Revenue and Receivables (Continued)**

May 1, 2024, and will end on December 31, 2026. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$2,000 per month for FY 2024/25. Rent will not escalate and will remain fixed through the Lease. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$20,000 in lease revenue and \$2,322 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$34,613 and deferred inflows of resources in the amount of \$32,800.

#### Flying Lion Inc.

The District entered into a lease agreement dated March 22, 2024, with Flying Lion Inc. to lease Suit #105 of a building consisting of approximately 385 square feet, plus a floor plan attached to the "Premises" located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 8 months, 2 years, with an option to extend if an agreement between Landlord and Tenant

continue, and commenced on May 1, 2024, and will end on December 31, 2026. The base rent for the lease and reimbursement to the District for common area operating expenses was a total of \$1,500 per month for FY 2024/25 and is increased annually at a rate of 3%. A discount rate of 5.00% is used to calculate the net present value of the lease receivable. The District recognized \$18,090 in lease revenue and \$1,801 in interest revenue during FY 2024/25 related to this lease. As of June 30, 2025, the District's receivable for lease payments is \$27,089 and deferred inflows of resources in the amount of \$24,910.

#### Graziano

The District entered into a lease agreement dated February 1, 2018, with Lisa Graziano to lease 306 square feet located at 514 N. Prospect Avenue, Redondo Beach. The lease is for a term of 10 years and commenced in April 2012. The base rents are adjusted by the change in the consumer price index on the first day of the 10<sup>th</sup> month following the commencement of the lease, and as of each 12<sup>th</sup> 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, 2025, the base rent was \$844 per month. As of June 30, 2025, the District's receivable for lease payments is \$14,604 and deferred inflows of resources in the amount of \$13,624.

#### **(4) Notes Receivable**

As of June 30, 2025, the District's net investment in notes receivable was:

Note – South Bay Family Health Care	<u>\$ 271,375</u>
Total net investment in notes receivable	<u>\$ 271,375</u>

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

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

##### Venice Family Clinic (Formerly known as Southbay Family Health Care)

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.

The outstanding amount under the term note bears interest equal to 5%. Monthly payments are due through June 30, 2031; unless the parties agree to extend the lease beyond June 30, 2031. As of June 30, 2025, the note has a balance of \$271,375. Principal and interest to be received on the note are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$ 39,780	12,665	52,445
2027	41,816	10,630	52,446
2028	43,955	8,491	52,446
2029	46,204	6,242	52,446
2030	48,568	3,878	52,446
2031	<u>51,052</u>	<u>1,393</u>	<u>52,445</u>
<b>Totals</b>	<b><u>\$ 271,375</u></b>	<b><u>43,299</u></b>	<b><u>314,674</u></b>

## 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, 2025 were as follows:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets not being depreciated:				
Land	\$ 4,401,926	-	-	4,401,926
Construction in progress	<u>13,358,288</u>	<u>699,280</u>	<u>(72,363)</u>	<u>13,985,205</u>
Total capital assets not being depreciated	<u>17,760,214</u>	<u>699,280</u>	<u>(72,363)</u>	<u>18,387,131</u>
Capital assets being depreciated:				
Buildings and improvements	48,738,800	70,596	-	48,809,396
Equipment, furniture and fixtures	2,975,679	670,285	(107,719)	3,538,245
Bike Path	929,056	-	-	929,056
Subscription-based IT assets	276,559	-	-	276,559
Leased assets	<u>507,768</u>	<u>1,967,853</u>	<u>-</u>	<u>2,475,621</u>
Total capital assets being depreciated	<u>53,427,862</u>	<u>2,708,734</u>	<u>(107,719)</u>	<u>56,028,877</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(37,966,518)	(1,662,902)	-	(39,629,420)
Equipment, furniture and fixtures	(1,621,618)	(448,855)	103,093	(1,967,380)
Bike Path*	(117,230)	(18,807)	-	(136,037)
Subscription-based IT assets	(168,068)	(71,979)	-	(240,047)
Leased assets	<u>(179,208)</u>	<u>(103,934)</u>	<u>-</u>	<u>(283,142)</u>
Total accumulated depreciation and amortization	<u>(40,052,642)</u>	<u>(2,306,477)</u>	<u>103,093</u>	<u>(42,256,026)</u>
Capital assets being depreciated, net	<u>13,375,220</u>	<u>402,257</u>	<u>(4,626)</u>	<u>13,772,851</u>
Capital assets, net	<u>\$ 31,135,434</u>	<u>1,101,537</u>	<u>(76,989)</u>	<u>32,159,982</u>

Depreciation and amortization expense was charged to Preventive Health Services in the amount of \$2,306,477.

#### **(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 (Continued)**

As of June 30, 2025, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in Sunrise was \$10,064,783. 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, 2025, after allocation of partnership income (loss) and distributions from the partnership to the District, the investment in BDSC was \$34,499. 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, 2025:

	Balance as of June 30, 2024*	Additions	Deletions	Balance as of June 30, 2025	Due Within One Year
Leases payable	\$ 695,431	1,967,853	(459,144)	2,204,140	395,891
Compensated absences payable	<u>755,173</u>	<u>62,230</u>	<u>-</u>	<u>817,403</u>	<u>332,712</u>
<b>Total</b>	<b>\$ 1,450,604</b>	<b>2,030,083</b>	<b>(459,144)</b>	<b>3,021,543</b>	<b>728,603</b>

\*Beginning balance restated to reflect reclassification due to the implementation of GASB 101. In addition, the change in compensated liability is presented as a net change under GASB 101.

##### Leases Payable

The District entered into an operating lease agreement with Prospect South Bay Ltd. to lease 14,085 square feet located at 510 North Prospect Avenue, Redondo Beach to serve as the District's Health and Fitness Center. The lease is for a term of 61 months commencing May 2025, and the monthly lease payment is \$35,213 due at the first of each month. The base rent will be adjusted by a factor of 2% annually on the anniversary of the rent date. The lease expires May 31, 2030. The following is a summary of future minimum payment requirements:

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

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

Fiscal Year <u>Ended June 30,</u>	Principal	Interest	Total
2026	\$ 335,879	88,086	423,965
2027	361,738	70,706	432,444
2028	389,093	52,000	441,093
2029	418,027	31,888	449,915
2030	<u>408,979</u>	<u>10,294</u>	<u>419,273</u>
<b>Totals</b>	<b>\$ 1,913,716</b>	<b>252,974</b>	<b>2,166,690</b>

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:

Fiscal Year <u>Ended June 30,</u>	Principal	Interest	Total
2026	\$ 60,012	14,006	74,018
2027	64,381	10,891	75,272
2028	69,362	7,578	76,940
2029	57,929	3,970	61,899
2030	<u>38,740</u>	<u>564</u>	<u>39,304</u>
<b>Totals</b>	<b>\$ 290,424</b>	<b>37,009</b>	<b>327,433</b>

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(8) Defined Benefit Pension Plan**

##### Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employers defined benefit pension plans administered by CalPERS.

Benefit provisions under the Plans are established by State statute and Local Government resolution. A full description of the pension plan benefit provisions, assumptions (for funding purposes but not accounting purposes), and membership information is listed in the June 30, 2023 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, 2025, are summarized as follows:

	<u>Miscellaneous</u>	<u>PEPRA</u>
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
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	6.93%	7.75%
Required employer contribution rates	10.66%	7.68%

##### 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.

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(8) Defined Benefit Pension Plan (Continued)**

##### Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2023 valuation was used to determine the June 30, 2025 total pension liability, based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Actuarial Cost Method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study from November 2021 that can be found on the CalPERS website.

##### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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)

#### **(8) 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global Equity – Cap-weighted	30.0 %	4.54 %
Global Equity – Non-Cap-weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	2.27
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real Assets	15.0	3.21
Leverage	(5.0)	(0.59)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

#### Allocation of Net Pension Liability and Pension Expense to Individual Employers

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

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(8) Defined Benefit Pension Plan (Continued)**

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2023 (MD)	\$ 21,771,964	17,110,799	4,661,165
Balance at: 6/30/2024 (MD)	23,608,365	18,966,128	4,642,237
Net Changes during 2023-24	1,836,401	1,855,329	(18,928)

The District's proportionate share of the net pension liability as of June 30, 2023 and 2024 (Measurement Date) was as follows:

	Miscellaneous
Proportion – June 30, 2023 (MD)	0.09322%
Proportion – June 30, 2024 (MD)	0.09598%
Change – Increase (Decrease)	0.00276%

#### 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 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.90 percent) or one percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's net pension liability	\$ 7,827,960	4,642,237	2,019,920

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(8) Defined Benefit Pension Plan (Continued)**

##### *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:

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

The EARSL for PERF C for the measurement period ending June 30, 2024 is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (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, 2024 (the measurement date), the District recognized pension expense of \$954,843 for the Plan.

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(8) Defined Benefit Pension Plan (Continued)**

As of June 30, 2025, 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	\$ 119,315	-
Differences between Expected and Actual Experience	401,364	15,661
Differences between Projected and Actual Investment Earnings	267,248	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	449,089
Change in Employer's Proportion	247,344	-
Pension Contributions Made Subsequent to Measurement Date	453,296	-
<b>Totals</b>	<b>\$ 1,488,567</b>	<b>464,750</b>

The \$449,089 deferred inflows of resources are derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. The employer's pension expense is adjusted for the amortization of this additional deferral. This item is required to be amortized over the plan's Expected Average Remaining Service Lives (EARSL). The \$453,296 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, 2026.

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
2026	\$ 179,769
2027	511,746
2028	(29,410)
2029	(91,584)
2030	-
Thereafter	-
<b>Total</b>	<b><u>\$ 570,521</u></b>

#### **(9) Deferred Compensation Plan**

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

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(9) Deferred Compensation Plan (Continued)**

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

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

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

#### **(10) 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. 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 five years of service.

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(10) Other Post-Employment Benefits (OPEB) (Continued)**

##### *Employees Covered*

As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	79
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to, but not yet receiving benefits	<u>13</u>
<b>Total</b>	<u>98</u>

##### *Contributions*

The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2024, the District's cash contributions were \$11,088 in benefit payments, an estimated implied subsidy of \$8,927 resulting in total payments of \$20,015.

##### *OPEB Liability*

The District's OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation dated June 30, 2023 that was used to determine the June 30, 2025 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Discount Rate	5.75%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	5.75%
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Healthcare Trend Rate	Non-Medicare: 8.50% for 2025 decreasing to an ultimate rate of 3.45% in 2076 and later years Medicare (Non-Kaiser): 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years Medicare (Kaiser): 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(10) Other Post-Employment Benefits (OPEB) (Continued)**

##### Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 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.

	Target Allocation PARS-Balanced	Expected Real Rate of Return
Asset Class Component		
Global Equity	60%	4.56%
Fixed Income	35%	0.78%
Cash	5%	(0.50%)
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		5.75%

##### 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:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024 <i>(Measurement Date June 30, 2023)</i>	\$ 608,990	\$ 667,855	\$ (58,865)
Changes recognized for the measurement period:			
Service cost	56,315	-	56,315
Interest	37,680	-	37,680
Actual vs. expected experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	20,198	(20,198)
Net investment income	-	87,753	(87,753)
Benefit payments	(20,015)	(20,015)	-
Administrative expense	-	(1,918)	1,918
Net Changes	73,980	86,018	(12,038)
Balance at June 30, 2025 <i>(Measurement Date June 30, 2024)</i>	\$ 682,970	\$ 753,873	\$ (70,903)

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(10) Other Post-Employment Benefits (OPEB) (Continued)**

##### *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, 2024:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability (Asset)	\$ 34,066	\$ (70,903)	\$ (156,728)

##### *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, 2024:

	1% Decrease	Current Healthcare Trend	1% Increase
Net OPEB Liability (Asset)	\$ (182,187)	\$ (70,903)	\$ 73,366

##### *Recognition of Deferred Outflows and Deferred Inflows of Resources*

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (12.1 Years at June 30, 2023)

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(10) Other Post-Employment Benefits (OPEB) (Continued)**

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

For the fiscal year ended June 30, 2025, the District recognized a net OPEB income of \$7,944. As of June 30, 2025, 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	\$ 14,242	190,247
Changes of Assumptions	- - - - 21,093	168,647 22,666 - -
Net difference between projected and actual earnings on plan investments		
Employer Contributions Made Subsequent to Measurement Date		
<b>Totals</b>	<b>\$ 35,335</b>	<b>381,560</b>

The \$21,093 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the OPEB Liability during the fiscal year ending June 30, 2026. 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
2026	\$ (69,902)
2027	(44,679)
2028	(71,060)
2029	(58,644)
2030	(45,942)
Thereafter	(77,091)
<b>Total</b>	<b><u>\$ (367,318)</u></b>

#### **(11) Risk Management**

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

## BEACH CITIES HEALTH DISTRICT

### Notes to the Basic Financial Statements

(Continued)

#### **(11) Risk Management (Continued)**

##### General Liability Insurance

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

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

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

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

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

##### Property and Earthquake Insurance

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.

**BEACH CITIES HEALTH DISTRICT**

## Notes to the Basic Financial Statements

(Continued)

**(12) Prior Period Adjustment**

The District implemented GASB Statement No. 101: Compensated Absences during the fiscal year ended June 30, 2025. This adjustment recognized vacation, administrative and sick leave and includes salary-related payments, such as applicable payroll taxes, that have not been used but are more likely than not to be used or settled in the future.

Net position, beginning of year, as previously reported	\$ 55,085,506
Restatement - implementation of GASB 101	<u>(167,024)</u>
Net position, beginning of year, as restated	<u>\$ 54,918,482</u>



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## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## REQUIRED SUPPLEMENTAL INFORMATION

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**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, 2025

(With comparative information for the last 10 years)

	Measurement Date									
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Plan's proportion of the net pension liability (asset)	0.0566%	0.0637%	0.0675%	0.0679%	0.0721%	0.0777%	0.6950%	0.0882%	0.0932%	0.0960%
Plan's proportionate share of the net pension liability (asset)	\$ 1,552,792	\$ 2,212,946	\$ 2,659,667	\$ 2,559,376	\$ 2,886,911	\$ 3,275,728	\$ 1,319,472	\$ 4,125,037	\$ 4,661,165	\$ 4,642,237
Plan's covered payroll	\$ 3,443,030	\$ 3,666,056	\$ 3,865,015	\$ 3,948,862	\$ 4,213,339	\$ 4,654,874	\$ 4,622,497	\$ 4,640,323	\$ 4,947,249	\$ 5,265,177
Plan's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.0996%	60.3631%	68.8139%	64.8130%	68.5184%	70.3720%	28.5446%	88.8955%	94.2173%	88.1687%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's proportionate share total pension liability	80.4073%	79.2817%	26.1326%	21.8432%	22.8513%	24.7944%	7.9578%	25.8450%	27.2411%	24.4765%

**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, 2025**

(With comparative information for the last 10 years)

	Measurement Date									
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Plan's proportion of the net pension liability (asset)	0.0566%	0.0637%	0.0675%	0.0679%	0.0721%	0.0777%	0.6950%	0.0882%	0.0932%	0.0960%
Plan's proportionate share of the net pension liability (asset)	\$ 1,552,792	\$ 2,212,946	\$ 2,659,667	\$ 2,559,376	\$ 2,886,911	\$ 3,275,728	\$ 1,319,472	\$ 4,125,037	\$ 4,661,165	\$ 4,642,237
Plan's covered payroll	\$ 3,443,030	\$ 3,666,056	\$ 3,865,015	\$ 3,948,862	\$ 4,213,339	\$ 4,654,874	\$ 4,622,497	\$ 4,640,323	\$ 4,947,249	\$ 5,265,177
Plan's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.0996%	60.3631%	68.8139%	64.8130%	68.5184%	70.3720%	28.5446%	88.8955%	94.2173%	88.1687%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's proportionate share total pension liability	80.4073%	79.2817%	26.1326%	21.8432%	22.8513%	24.7944%	7.9578%	25.8450%	27.2411%	24.4765%

## 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, 2025

(With comparative information for the last 10 years) \*

	Measurement Period							
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Total OPEB liability:								
Service cost	\$ 109,329	\$ 94,484	\$ 90,951	\$ 51,789	\$ 53,343	\$ 49,910	\$ 51,283	\$ 56,315
Interest on the total OPEB liability	21,440	27,131	31,862	32,192	36,833	37,654	41,629	37,680
Actual and expected experience difference			(203,672)		21,274		(112,157)	
Changes in assumptions	(93,266)	(38,141)	(178,341)		(26,805)		(33,938)	
Changes in benefit terms								
Benefit payments	(15,287)	(18,926)	(10,050)	(9,684)	(12,858)	(18,550)	(21,050)	(20,015)
Net change in total OPEB liability	22,216	64,548	(269,250)	74,297	71,787	69,014	(74,233)	73,980
Total OPEB liability - beginning	<u>650,611</u>	<u>672,827</u>	<u>737,375</u>	<u>468,125</u>	<u>542,422</u>	<u>614,209</u>	<u>683,223</u>	<u>608,990</u>
Total OPEB liability - ending	<u><u>\$ 672,827</u></u>	<u><u>\$ 737,375</u></u>	<u><u>\$ 468,125</u></u>	<u><u>\$ 542,422</u></u>	<u><u>\$ 614,209</u></u>	<u><u>\$ 683,223</u></u>	<u><u>\$ 608,990</u></u>	<u><u>\$ 682,970</u></u>
Plan Fiduciary Net Position								
Contribution - employer	\$ -	\$ -	\$ 643,863	\$ 9,752	\$ 12,944	\$ 18,683	\$ 21,234	\$ 20,198
Transfers to pension trust	-	-	-	-	(100,000)	-	-	-
Net investment income	-	-	536	17,569	163,539	(97,917)	57,535	87,753
Benefit payments	-	-	(10,050)	(9,684)	(12,858)	(18,550)	(21,050)	(20,015)
Administrative expense	-	-	(603)	(1,659)	(1,788)	(1,881)	(1,760)	(1,918)
Net change in plan fiduciary net position	-	-	633,746	15,978	61,837	(99,665)	55,959	86,018
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>633,746</u>	<u>649,724</u>	<u>649,724</u>	<u>711,561</u>	<u>611,896</u>	<u>667,855</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 633,746</u></u>	<u><u>\$ 649,724</u></u>	<u><u>\$ 711,561</u></u>	<u><u>\$ 611,896</u></u>	<u><u>\$ 667,855</u></u>	<u><u>\$ 753,873</u></u>
Net OPEB liability (asset) - ending (a)-(b)	<u><u>\$ 672,827</u></u>	<u><u>\$ 737,375</u></u>	<u><u>\$ (165,621)</u></u>	<u><u>\$ (107,302)</u></u>	<u><u>\$ (97,352)</u></u>	<u><u>\$ 71,327</u></u>	<u><u>\$ (58,865)</u></u>	<u><u>\$ (70,903)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	135.38%	119.78%	115.85%	89.56%	109.67%	110.38%
Covered-employee payroll	\$ 3,865,015	\$ 3,948,380	\$ 5,608,266	\$ 5,906,109	\$ 5,770,423	\$ 5,708,768	\$ 6,267,486	\$ 6,446,841
Net OPEB liability as a percentage of covered employee payroll	17.41%	18.68%	-2.95%	-1.82%	-1.69%	1.25%	-0.94%	-1.10%

\* The fiscal year ended June 30, 2017 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 medical trend rates and PEMHCA minimum increase have been updated as of June 30, 2024 measurement date. For non-Medicare, rates changed to 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Non-Kaiser) - 7.50% for 2025; Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076. PEMCHA minimum increase updated to 3.50% annually.

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 CONTRIBUTIONS**

**Year Ended June 30, 2025**

	Fiscal Year							
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Actuarially Determined Contribution (ADC)	\$ 130,769	\$ 121,615	\$ 122,813	\$ 58,805	\$ 60,906	\$ 55,557	\$ 57,373	\$ 55,027
Contributions in relation to the ADC	(18,926)	(643,863)	(9,752)	(12,944)	(18,683)	(21,234)	(20,198)	(21,093)
Contribution deficiency (excess)	\$ 111,843	\$ (522,248)	\$ 113,061	\$ 45,861	\$ 42,223	\$ 34,323	\$ 37,175	\$ 33,934
Covered-employee payroll	\$ 3,948,380	\$ 5,608,266	\$ 5,906,109	\$ 5,770,423	\$ 5,708,768	\$ 6,198,359	\$ 6,267,486	\$ 6,446,841
Contributions as a percentage of covered-employee payroll	0.48%	11.48%	0.17%	0.22%	0.33%	0.34%	0.32%	0.33%

\* 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 2025 were from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, Level % of pay
Amortization Method/Period	Level % of pay
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	2.75% per annum, in aggregate
Investment Rate of Return	5.75%
Healthcare cost-trend rates	- Non-Medicare: 8.50% for 2025 decreasing to an ultimate rate of 3.45% in 2076 and later years - Medicare: 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 and later years CalPERS 2000-2019 Experience Study
Mortality, Retirement, Disability, Termination	
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

\*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, 2025  
(with comparative data for prior year)

	Original Budget	Final Budget	2025 Actual	Variance with Final Budget Positive (Negative)	2024 Actual
<b>REVENUES:</b>					
Financing and rental income related to lease	\$ 4,405,342	4,405,342	4,593,038	187,696	4,425,992
Property taxes	5,162,800	5,162,800	5,263,694	100,894	5,024,156
Program income	2,180,185	2,180,185	2,232,993	52,808	2,056,373
Income from limited partnership	1,935,000	1,935,000	2,452,090	517,090	1,745,655
Investment earnings	211,675	211,675	1,199,416	987,741	1,373,655
Other revenue	161,100	161,100	165,611	4,511	88,742
Intergovernmental	1,707,716	1,707,716	1,706,803	(913)	2,671,737
<b>TOTAL REVENUES</b>	<b>15,763,818</b>	<b>15,763,818</b>	<b>17,613,645</b>	<b>1,849,827</b>	<b>17,386,310</b>
<b>EXPENDITURES:</b>					
Current:					
Salaries and related expenses	8,070,390	8,070,390	7,748,708	321,682	7,450,990
Health programs	1,048,635	1,048,635	906,802	141,833	1,257,859
Professional fees	2,535,642	2,535,642	2,647,930	(112,288)	2,120,218
Facilities management	2,037,870	2,037,870	1,825,307	212,563	1,743,748
Community relations	351,371	351,371	337,159	14,212	326,138
General and administrative	628,571	628,571	557,554	71,017	562,116
Human resources	180,905	180,905	197,553	(16,648)	187,537
Information services	309,355	309,355	290,237	19,118	229,134
Cost of goods sold	5,796	5,796	8,586	(2,790)	6,119
Other	78,000	78,000	58,579	19,421	61,788
Capital outlay	3,521,198	4,521,198	3,335,479	1,185,719	3,060,005
Debt service:					
Principal retirement	351,997	351,997	459,144	(107,147)	781,312
Interest and other fiscal charges	29,610	29,610	62,936	(33,326)	76,199
<b>TOTAL EXPENDITURES</b>	<b>19,149,340</b>	<b>20,149,340</b>	<b>18,435,974</b>	<b>1,713,366</b>	<b>17,863,163</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,385,522)</b>	<b>(4,385,522)</b>	<b>(822,329)</b>	<b>3,563,193</b>	<b>(476,853)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from lease payable	-	-	1,967,853	1,967,853	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>-</b>	<b>-</b>	<b>1,967,853</b>	<b>1,967,853</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(3,385,522)</b>	<b>(4,385,522)</b>	<b>1,145,524</b>	<b>5,531,046</b>	<b>(476,853)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>27,099,222</b>	<b>27,099,222</b>	<b>27,099,222</b>	<b>-</b>	<b>27,576,075</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 23,713,700</b>	<b>22,713,700</b>	<b>28,244,746</b>	<b>5,531,046</b>	<b>27,099,222</b>

## BEACH CITIES HEALTH DISTRICT

### Notes to the Required Supplementary Information

Year ended June 30, 2025

#### **(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 such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amount to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2024. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's differences between expected and actual experience.

**Changes of Assumptions:** There were no assumption changes in 2024. Effective with the June 30, 2023 valuation date (June 30, 2024 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the expected long-term rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Employers should refer to CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2024, which may be accessed on the CalPERS website at [www.calpers.ca.gov](http://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 2024-25 were from the June 30, 2023 public agency valuations.

## BEACH CITIES HEALTH DISTRICT

### Notes to Required Supplementary Information

Year ended June 30, 2025

(Continued)

#### **(1) Pension Information (Continued)**

Actuarial Cost Method	Entry Age Actuarial Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	6.90% (net of investment and administrative expenses) Varies by date established and source.
Amortization Method	May be level dollar or level percent of pay and may include direct rate smoothing.
Assets Valuation Method	Market value of assets
Inflation	2.30%
Salary Growth	Varies by category, entry age, and duration of service
Payroll Growth	2.80%

#### **(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 that exceeded appropriations in the General Fund for the year ended June 30, 2025:

	Final Appropriation	Expenditures	Expenditures in Excess of Appropriation
<b>General Fund:</b>			
Salaries and related expenses	\$ 8,070,390	7,748,708	321,682
Professional fees	<u>2,535,642</u>	<u>2,647,930</u>	<u>(112,288)</u>
<b>Total expenditures</b>	<b>\$ 10,606,032</b>	<b>10,396,638</b>	<b>209,394</b>

## STATISTICAL SECTION

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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.org

## BCHD FY24-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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### FINANCIAL TRENDS

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Revenues</b>												
Financing and Rental Income <sup>1</sup>	2,657,864	4,076,146	4,116,447	4,394,800	4,649,091	4,766,430	4,756,865	4,589,435	4,296,858	4,201,238	4,476,889	4,441,834
Property Taxes	2,874,045	2,960,181	3,145,703	3,355,324	3,591,891	3,793,278	3,994,702	4,345,848	4,478,036	4,751,854	5,024,156	5,263,694
Program Revenues	2,806,501	2,376,262	2,572,774	2,702,307	2,671,695	2,809,085	2,073,958	305,976	1,186,035	1,584,269	2,056,373	2,232,993
Income from Limited Partnerships	2,134,248	1,919,408	2,083,332	2,001,129	2,473,590	2,071,315	2,002,771	1,175,456	1,384,062	1,618,389	1,745,655	2,452,090
Earnings on Investment	1,235,885	917,677	1,301,865	619,756	555,677	1,700,327	2,224,613	1,337,999	(532,478)	795,602	1,373,655	1,199,416
Operating and capital grants and contributions												
	170,706	110,180	75,955	26,113	68,292	105,551	246,943	840,568	2,476,691	2,348,450	2,760,479	1,872,414
<b>Total Revenues</b>	<b>11,879,249</b>	<b>12,359,854</b>	<b>13,296,076</b>	<b>13,099,429</b>	<b>14,010,236</b>	<b>15,245,986</b>	<b>15,299,852</b>	<b>12,595,282</b>	<b>13,289,204</b>	<b>15,299,802</b>	<b>17,437,207</b>	<b>17,462,441</b>
<b>Expenses</b>												
Government Activities												
Salaries & related	5,493,593	5,420,574	5,079,186	5,510,905	6,294,225	6,397,769	7,106,933	6,792,171	6,004,111	7,437,376	8,022,706	8,283,449
Grants and projects	1,309,116	1,345,957	1,269,788	1,362,201	1,430,245	1,367,437	1,384,088	1,595,867	1,535,537	1,440,055	1,257,859	906,802
Professional Fees	1,233,726	1,274,132	1,349,459	1,344,893	1,613,841	1,745,219	2,191,562	2,181,469	1,613,190	2,190,355	2,120,218	2,647,930
Facilities Management <sup>1</sup>	558,702	1,457,267	1,627,570	1,502,474	1,530,223	1,577,812	1,557,559	1,454,836	1,505,279	1,867,551	1,743,748	1,825,307
Community Relations	538,505	748,104	538,321	695,570	556,361	786,681	546,574	679,739	364,334	546,031	326,138	337,159
G & A Miscellaneous	457,203	299,102	352,838	276,885	315,722	398,781	426,512	386,927	460,320	500,422	562,116	557,554
Human Resources	194,802	281,259	255,180	275,356	181,568	212,553	193,862	142,338	149,521	198,092	187,537	197,553
Information Systems	166,911	118,294	157,465	148,804	146,959	172,013	194,186	192,759	250,840	209,562	229,134	290,237
Cost of Goods Sold	117,052	47,843	32,958	35,655	34,840	28,875	25,281	2,826	6,624	8,067	6,119	8,586
Other	45,471	58,475	59,445	59,160	71,784	69,792	73,360	111,998	104,636	(73,984)	61,788	34,966
Interest Cost	419,436	394,683	367,891	338,893	307,507	273,537	236,768	196,972	197,443	187,649	76,199	62,936
<b>Total Activity Expenses</b>	<b>10,534,517</b>	<b>11,445,690</b>	<b>11,090,101</b>	<b>11,550,796</b>	<b>12,483,275</b>	<b>13,030,469</b>	<b>13,936,685</b>	<b>13,737,902</b>	<b>12,191,835</b>	<b>14,511,176</b>	<b>14,593,562</b>	<b>15,152,479</b>
<b>Net Operating Income/(&lt;Loss&gt; b/f Depreciat</b>	<b>1,344,732</b>	<b>914,164</b>	<b>2,205,975</b>	<b>1,548,633</b>	<b>1,526,961</b>	<b>2,215,517</b>	<b>1,363,167</b>	<b>(1,142,620)</b>	<b>1,097,369</b>	<b>788,626</b>	<b>2,843,645</b>	<b>2,309,962</b>
Depreciation	1,773,383	1,911,166	1,954,717	1,983,688	1,986,001	1,725,828	1,772,782	1,777,244	1,920,796	2,117,793	2,471,955	2,306,477
Net Capital Assets Written-Off						176,595			17,386		1,097,143	4,450
<b>Changes in Net Position</b>	<b>(428,651)</b>	<b>(997,002)</b>	<b>251,258</b>	<b>(435,055)</b>	<b>(635,635)</b>	<b>489,689</b>	<b>(409,615)</b>	<b>(2,919,864)</b>	<b>(840,813)</b>	<b>(1,329,167)</b>	<b>(725,453)</b>	<b>(965)</b>

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

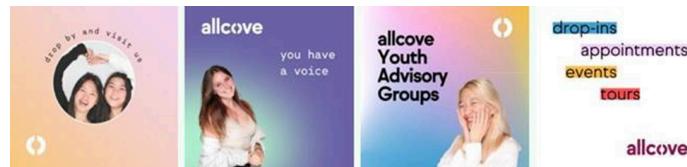
Project	Cost Basis	Accumulated Depreciation as of 06/30/2024*	FY24-25 Depreciation Amount	Book Value as of 06/30/2025
<b>BUILDING</b>				
2114 Artesia Building Improvements	1,136,938	935,575	36,675	164,688
512 Building	4,057,716	2,908,957	135,257	1,013,503
514 Building - Power Plant	3,388,638	2,847,648	117,799	423,191
514 Building Improvements	5,698,273	3,522,054	309,325	1,866,894
514 Center for Excellence-Asset Activation	95,090	52,261	4,967	37,862
514 N Prospect Avenue-North Tower	10,167,125	8,377,672	350,591	1,438,862
514 N Prospect Avenue-South Tower	11,127,681	10,138,593	194,934	794,154
520 N. Prospect Avenue	3,456,200	2,476,997	115,364	863,839
601 S. Pacific Coast Highway	1,724,928	902,082	81,402	741,444
Adventure Plex - Building	5,470,544	4,134,047	186,234	1,150,263
Center for Health and Fitness - Building	1,375,150	1,056,340	67,751	251,059
Del Amo Office Building Upgrades	735,943	358,860	40,813	336,270
Energy and Power Solutions	175,520	146,560	8,762	20,197
Parking Lot Upgrade	89,152	65,846	4,411	18,895
Sidewalk Renovation	91,325	78,280	6,088	6,957
<b>BUILDING Total</b>	<b>48,790,223</b>	<b>38,001,771</b>	<b>1,660,373</b>	<b>9,128,079</b>
<b>FF&amp;E</b>				
514 Building Improvements FF&E	615,996	76,275	87,057	452,664
514 Center for Excellence-Asset Activation FF&E	119,162	107,826	9,904	1,432
Adventure Plex FF&E	345,746	146,273	22,045	177,429
allocove Youth Wellness Center	797,932	237,437	145,287	415,208
BCHD Cloud Based Project	38,108	8,356	1,959	27,793
BCHD Website	198,671	-	24,026	174,645
Center for Health and Fitness - FF&E	440,297	335,850	26,786	77,661
Contract Management Software	22,995	11,145	4,599	7,251
CSI Software	72,065	72,065	-	-
Del Amo - HVAC	91,095	42,157	18,219	30,719
Del Amo Server (Labor & Hardware)	1,400	77	1,323	-
DelAmo Office Building Improvements and Upgrades	367,688	207,876	35,984	123,828
Great Plains Project Tracking Software	13,765	13,195	570	-
IT Server and IT Automation	68,717	31,883	9,857	26,978
Metaviewer - Data Management SW	51,600	51,600	-	-
IT Network Refresh	9,676	4,569	3,225	1,881
PBB Budget Software	9,805	2,399	1,961	5,445
PC Live Video Conferencing HW (Granicus/Rooms)	16,294	7,649	3,259	5,386
Prospero Budget Software	55,722	27,374	11,144	17,203
School Sheds for LiveWell Kids	22,709	1,632	2,803	18,273
Security Cameras	21,089	-	1,722	19,367
Server upgrade (firewall, Meraki: Switches Break-ft:	23,401	8,530	4,734	10,137
VoIP Phones	12,351	6,485	2,469	3,397
Workstations (Desktop, Laptops) Refresh	141,133	82,618	32,452	26,063
<b>FF&amp;E Total</b>	<b>3,557,418</b>	<b>1,483,272</b>	<b>451,384</b>	<b>1,622,761</b>
<b>BIKE PATH</b>				
Bike Path project	2,064,568	155,081	94,507	1,814,981
Transfer to City of Redondo Beach 55%	(1,135,512)	(37,850)	(75,701)	(1,021,961)
<b>BIKE PATH Total</b>	<b>929,056</b>	<b>117,231</b>	<b>18,807</b>	<b>793,020</b>
<b>LEASED ASSETS - GASB 87</b>				
1200 Del Amo Lease	507,768	179,208	39,414	289,146
510 Prospect - 3rd Floor Lease	1,967,853	-	64,520	1,903,333
<b>Leased Assets Total</b>	<b>2,475,621</b>	<b>179,208</b>	<b>103,934</b>	<b>2,192,479</b>
<b>SBITA - GASB 96</b>				
Prospero Budget Software	23,918	13,945	4,784	5,190
Multi-Year PRR SW - Metrics & Data Mgt.	20,001	2,210	6,667	11,124
KnowBe4, Inc.	15,339	6,648	3,068	5,623
Daxco	112,301	89,841	22,460	-
PBB Budget SW	105,000	55,425	35,000	14,575
<b>SBITA Total</b>	<b>276,559</b>	<b>168,068</b>	<b>71,979</b>	<b>36,512</b>
<b>Grand Total</b>	<b>56,028,877</b>	<b>39,949,550</b>	<b>2,306,476</b>	<b>13,772,851</b>

*Not including deletions*

### Capital Assets

# Summary of Multi-Year Capital Projects

## Allcove



The California Department of Health Care Services' (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP) is a statewide program that supports behavioral health infrastructure projects, providing new opportunities to address gaps in mental health services. In December, Governor Gavin Newsom announced \$480.5 million in awards for 54 projects to improve California's behavioral health infrastructure for children and youth, with Los Angeles County set to receive \$122.4 million for 13 county projects, including allcove Beach Cities.

Beach Cities Health District (BCHD) has been awarded \$6,336,702 in grant funding for new construction of allcove Beach Cities, a youth wellness center in Redondo Beach, serving young people ages 12-25 in the county's Service Planning Area (SPA) 8.

The allcove Beach Cities permanent building is estimated to cost between \$7.3 - \$7.6 million and will be funded by this \$6,336,702 grant, remaining federal funds of about \$500,000 previously awarded, plus the 10% District match requirement of \$532,498 and any additional funding needed will be funded through BCHD's capital investment fund balance. Through FY24-25 the District accumulated \$458,920 of its match with \$73,579 budgeted for FY25-26. This grant brings the total amount of state and federal monies raised for allcove Beach Cities to \$9.3 million as shown below:

allcove Beach Cities	Budget
CONSTRUCTION	\$ 5,892,200
DESIGN AND PS&E	532,000
DIRECT OWNER	655,000
FF&E	290,000
<b>TOTAL - Minimum Building Requirements</b>	<b>\$ 7,369,200</b>
Grant Funding - State	(6,336,702)
Grant Funding - Federal	(500,000)
<b>District Match</b>	<b>(532,498)</b>
<b>TOTAL - Funding Sources</b>	<b>\$ (7,369,200)</b>
LEED & WELL - SILVER	410,000
LEED & WELL - PLATINUM	1,200,000
<b>TOTAL - MAX SUSTAINABILITY</b>	<b>\$ 1,200,000</b>
<b>Other Sustainability Grant Funding</b>	<b>\$ (1,200,000)</b>
<b>TOTAL - District Cost</b>	<b>\$ (532,498)</b>

allcove Beach Cities opened Jan. 21, 2023, in a temporary location on the BCHD Campus in Redondo Beach, offering mental and physical health services, education and employment assistance, peer and family support, and substance use prevention programs for young people ages 12- 25 in the greater 25 in the greater South Bay. Since opening, more than 1,000 young people have accessed programs and services.

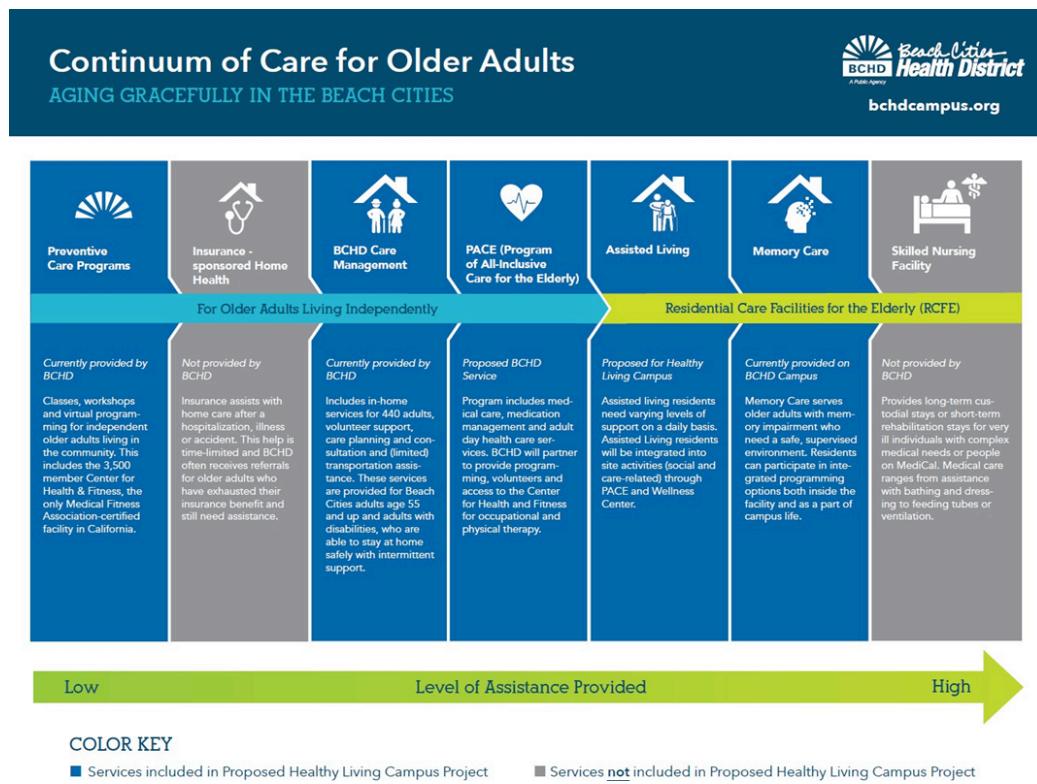
Plans call for the new, permanent location for allcove Beach Cities to be at the southwest corner of Beryl Street and Flagler Lane, part BCHD's Healthy Living Campus master plan. The 9,400 square foot, two- story allcove center will be the first building constructed as part of the Campus revitalization, with vehicle access to the energy-efficient center available

exclusively via Beryl Street, a change made in response to neighbors' concerns about traffic in the adjacent Torrance neighborhood.

This grant is part of the \$2.2 billion BHCIP funding provided by the Legislature and the Governor, which was authorized in the fiscal year 2021-22 budget to construct, acquire and expand behavioral health facilities and community-based care options, as well as invest in mobile crisis infrastructure. BHCIP is part of a broader commitment by the California Health & Human Services Agency (CalHHS) to improve the state's behavioral health and long-term care continuum infrastructure.

### Healthy Living Campus

Beach Cities Health District (BCHD) 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.



Here are some updates regarding the Healthy Living Campus project:

- In May, 2023, BCHD was awarded \$6.3 million in grant funding from the California Department of Health Care Services' (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP). This statewide program supports behavioral health infrastructure projects, providing new opportunities to address gaps in mental health services. This grant is specifically for new construction of allcove Beach Cities, a youth wellness center in Redondo Beach, serving young people ages 12-25 in the county's Service Planning Area (SPA) 8, and comes through the BHCIP Round 4: Children and Youth grants.
- A new, permanent location for allcove Beach Cities is planned for the southwest corner of Beryl Street and Flagler Lane, part of BCHD's Healthy Living Campus plan. The 9,400 square foot, two-story allcove center will be the first

building constructed as part of the Campus revitalization. If funds are not raised, BCHD is considering placing allcove at the AdventurePlex location in Manhattan Beach. Fundraising efforts to date have generated approximately 56% of the required funding for construction.

- The BCHD Board voted to place a \$30 million general obligation bond on the Nov. 5, 2024 ballot that would have provided funds for allcove construction and demolition of the former South Bay Hospital building. It was not approved by voters.
- PMB, who was selected by the BCHD Board of Directors as the developer for the proposed Healthy Living Campus, opted out of the project following a lengthy due diligence process. As a result, in June 2025, the Board approved a Request for Expression of Interest process to identify developers and ideas to revitalize the Campus.

A thorough environmental impact review process was undertaken by BCHD beginning in June, 2019. Despite delays caused by the COVID-19 pandemic, a comprehensive, 1,778-page Environmental Impact Report (EIR) was certified by a 5-0 vote of the BCHD Board of Directors in September 2021. The certified Final EIR has not been challenged, and a peer review commissioned by the City of Redondo Beach agrees with the overall findings of the Final EIR.

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Planning for the Healthy Living Campus project has been a multi-year endeavor. The proposed project has undergone revisions based on community feedback and input from expert structural and financial consultants. More information is available at [www.bchdcampus.org](http://www.bchdcampus.org).

Healthy Living Campus PRE-CONSTRUCTION	Total ITD Budget June 2024	Budget Re-class	Total District Budget Pre- Construction	Actuals as of June 2025	Budget FY25-26
DESIGN AND PS&E	1,899,000	5,600	1,904,600	1,894,600	10,000
LEGAL	2,834,000	343,000	3,177,000	2,955,045	221,955
FINANCIAL SERVICES and FINANCIAL ADVISOR FEES	2,302,000	(539,000)	1,763,000	1,211,133	551,867
DIRECT OWNER	6,797,000	43,700	6,840,700	6,631,044	209,656
RESERVE	33,700	-	33,700	-	33,700
	<b>\$ 13,865,700</b>	<b>\$ (146,700)</b>	<b>\$ 13,719,000</b>	<b>\$ 12,691,822</b>	<b>\$ 1,027,178</b>

#### CHF Relocation/Construction



In April, the BCHD Board of Directors unanimously approved a motion for the Center for Health & Fitness (CHF) to sign a lease agreement to move the fitness center from the 514 N. Prospect Ave. building – which is slated to be demolished in early 2027 – to the 510 N. Prospect Ave. building, which has an expected lifespan through 2055.

This will keep the fitness center on the BCHD Campus, requiring just one move of CHF (a prior plan included two moves), and keep the facility near its current location, which has more than 3,000 members. Current plans call for the relocation to take place by early 2027.

With approval of the new lease, the 510 N. Prospect Ave. building will be part of the Healthy Living Campus project, a positive outcome for neighbors on Diamond Street, who had concerns over the loss of green space and impending construction adjacent to their properties.

BCHD plans to open an RFP (Request for Proposals) process to receive new ideas and strategies to implement health-related elements as part of the Healthy Living Campus. Potential components include Residential Care Facilities for the Elderly, Medical Office Space, Urgent Care facilities, and more. Community outreach about the RFP process and Healthy Living Campus planning continues tomorrow morning at our Strategic Development Half-Day meeting at AdventurePlex, which runs from 8:30 a.m. to noon.

An established PACE Provider (Program for All-inclusive Care for the Elderly) has finalized lease negotiations to open a facility in the 510 N. Prospect Ave. building. This will bring a “one-stop shop” for income-qualified older adults in the South Bay and may be an ideal complement to affordable senior housing – if that is a component of the Healthy Living Campus.

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

	2014-15	2015-16	2016-17	2017-18 <sup>1</sup>	2018-19 <sup>2</sup>	2019-20	2020-21	2021-22 <sup>3</sup>	2022-23	2023-24 <sup>4</sup>	2024-25 <sup>5</sup>
<b>Beginning Net Position</b>											
Net Investment in Capital Assets	23,675,147	22,754,628	22,572,806	21,873,088	21,620,650	22,183,078	23,560,593	25,790,291	27,548,720	30,214,396	30,440,003
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	1,156,703	1,156,703	1,156,703
Unrestricted	36,587,345	36,510,867	36,943,947	37,258,663	36,595,718	37,970,631	36,183,501	31,033,944	28,434,703	24,439,860	23,488,800
	<b>61,469,258</b>	<b>60,472,256</b>	<b>60,723,514</b>	<b>60,288,459</b>	<b>59,373,076</b>	<b>61,310,417</b>	<b>60,900,802</b>	<b>57,980,938</b>	<b>57,140,126</b>	<b>55,810,959</b>	<b>55,085,506</b>
<b>Change in Net Position - By Function</b>											
Operating Income / <Loss>	914,164	2,205,975	1,548,633	1,526,961	2,215,517	1,363,167	(1,142,620)	1,097,369	788,626	2,843,645	2,309,962
Depreciation/Write-Off of Capital	(1,911,166)	(1,954,717)	(1,983,688)	(2,162,596)	(1,725,828)	(1,772,782)	(1,777,244)	(1,938,182)	(2,117,793)	(3,569,098)	(2,310,927)
Current Year Income / <Loss>	(997,002)	251,258	(435,055)	(635,635)	489,689	(409,615)	(2,919,864)	(840,813)	(1,329,167)	(725,453)	(965)
Prior Period Audit Restatements				(279,748)	1,447,652						(167,024)
	<b>(997,002)</b>	<b>251,258</b>	<b>(435,055)</b>	<b>(915,383)</b>	<b>1,937,341</b>	<b>(409,615)</b>	<b>(2,919,864)</b>	<b>(840,813)</b>	<b>(1,329,167)</b>	<b>(725,453)</b>	<b>(167,989)</b>
<b>Change in Net Position - By Type</b>											
Net Investment in Capital Assets	(920,519)	(181,822)	(699,718)	(252,438)	562,428	1,377,515	2,229,698	1,758,428	2,665,675	225,607	(533,418)
Restricted	(5)	-	(50,053)	-	-	-	(5)	-	-	-	-
Unrestricted	(76,478)	433,080	314,716	(662,945)	1,374,913	(1,787,130)	(5,149,557)	(2,599,241)	(3,994,843)	(951,060)	365,429
	<b>(997,002)</b>	<b>251,258</b>	<b>(435,055)</b>	<b>(915,383)</b>	<b>1,937,341</b>	<b>(409,615)</b>	<b>(2,919,864)</b>	<b>(840,813)</b>	<b>(1,329,167)</b>	<b>(725,453)</b>	<b>(167,989)</b>
<b>Ending Net Position</b>											
Net Investment in Capital Assets	22,754,628	22,572,806	21,873,088	21,620,650	22,183,078	23,560,593	25,790,291	27,548,720	30,214,396	30,440,003	29,906,585
Restricted	1,206,761	1,206,761	1,156,708	1,156,708	1,156,708	1,156,708	1,156,703	1,156,703	1,156,703	1,156,703	1,156,703
Unrestricted	36,510,867	36,943,947	37,258,663	36,595,718	37,970,631	36,183,501	31,033,944	28,434,703	24,439,860	23,488,800	23,854,229
	<b>60,472,256</b>	<b>60,723,514</b>	<b>60,288,459</b>	<b>59,373,076</b>	<b>61,310,417</b>	<b>60,900,802</b>	<b>57,980,938</b>	<b>57,140,126</b>	<b>55,810,959</b>	<b>55,085,506</b>	<b>54,917,517</b>

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.

3) Beach Cities Health District implemented GASB Statement No. 87 requiring reporting the District's Lease Receivable on the Financial Statements resulting in favorable net \$444,000 retroactive restatement of Net Position

4) Capital contribution of the bike path to a local government - City of Redondo Beach

5) Beginning balance restated to reflect reclassification due to the implementation of GASB 101. In addition, the change in compensated liability is presented as a net change under GASB 101.

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

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Revenues</b>											
Financing and Rental Income <sup>1</sup>	4,479,867	4,244,939	4,353,249	4,495,927	4,992,027	4,505,686	4,425,228	4,324,421	4,223,972	4,425,992	4,593,038
Property Taxes	2,960,181	3,145,703	3,355,324	3,591,891	3,793,278	3,894,702	4,345,848	4,476,036	4,751,854	5,024,156	5,283,694
Program Income	2,376,262	2,572,774	2,702,307	2,671,695	2,809,085	2,073,958	305,976	1,186,035	1,584,269	2,056,373	2,232,993
Income from Limited Partnership	1,919,408	2,083,332	2,01,129	2,473,590	2,071,315	2,002,771	1,175,456	1,384,062	1,618,389	1,745,655	2,452,090
Investment Earnings	917,677	1,301,865	619,756	555,677	1,700,327	2,224,613	1,337,999	-532,478	795,602	1,373,655	1,199,416
Other/Intergovernmental Income	110,180	75,955	26,251	68,292	105,551	107,956	840,568	2,476,691	2,348,450	2,760,479	1,872,414
Total Revenues	12,763,575	13,424,568	13,058,016	13,857,072	15,471,583	14,909,686	12,431,075	13,316,767	15,322,536	17,386,310	17,613,645
<b>Expenditures</b>											
Salaries & related	5,420,574	5,392,860	5,726,966	5,771,049	6,827,699	6,497,462	6,426,756	6,659,069	6,832,167	7,450,990	7,748,708
Health Programs	1,345,957	1,269,788	1,362,201	1,430,245	1,367,437	1,384,088	1,539,620	1,535,537	1,440,055	1,257,859	906,802
Professional Fees	1,274,264	1,349,459	1,344,893	1,613,841	1,745,219	2,191,562	2,181,469	1,613,190	2,190,355	2,120,218	2,647,930
Facilities Management <sup>1</sup>	1,457,267	1,627,570	1,502,474	1,530,223	1,599,239	1,557,559	1,454,836	1,505,279	1,867,551	1,743,748	1,825,307
Community Relations	748,104	538,321	695,570	556,361	788,681	546,574	679,739	364,334	546,031	326,138	337,159
General & Administrative	389,897	428,946	342,506	372,449	398,781	426,512	386,927	460,320	500,422	562,116	557,554
Human Resources	281,259	255,180	275,356	181,568	212,553	193,862	142,338	149,521	198,092	187,537	197,553
Information Systems	118,294	157,465	148,804	146,959	172,013	194,186	192,759	250,840	209,562	229,134	290,237
Cost of Goods Sold	47,843	32,958	35,655	34,840	28,875	25,281	2,826	6,624	8,067	6,119	8,586
Other	58,475	59,445	59,085	71,784	69,792	73,360	95,737	99,635	69,090	61,788	58,579
Principal Retirement	325,317	352,109	381,107	412,493	446,463	483,232	523,028	610,724	720,257	781,312	459,144
Interest & Other Fiscal charges	394,683	367,891	338,893	307,507	273,537	236,768	196,972	197,443	128,310	76,199	62,936
Total Expenditures	11,861,934	11,831,992	12,213,510	12,429,319	13,928,289	13,810,446	13,823,007	13,452,516	14,709,959	14,803,158	15,100,495
<b>Contribution to Fund Balance from Opearations</b>	<b>901,641</b>	<b>1,592,576</b>	<b>844,506</b>	<b>1,427,753</b>	<b>1,543,294</b>	<b>1,099,240</b>	<b>(1,391,932)</b>	<b>(135,749)</b>	<b>612,577</b>	<b>2,583,152</b>	<b>2,513,150</b>
Debt Service as a percentage of Non capital Expenditur	7%	7%	6%	6%	6%	6%	6%	6%	5%	5%	5%
Capital Investments	573,916	1,344,677	837,317	1,440,938	1,820,366	2,528,078	3,500,175	3,090,888	3,909,241	3,060,005	3,335,483
Capital Investments - Leased Assets								507,768			
Excess (deficiency) of Revenue over (under) Expenditures	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)	(4,892,107)	(3,734,405)	(3,296,664)	(476,853)	(822,333)
Other Financing Sources											
Proceeds from Capital Lease	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Lease Payable	-	-	-	-	-	-	-	507,768			1,967,853
Net Change in Fund Balances	327,725	247,899	7,189	(13,185)	(277,072)	(1,428,838)	(4,892,107)	(3,226,637)	(3,296,664)	(476,853)	1,145,520

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

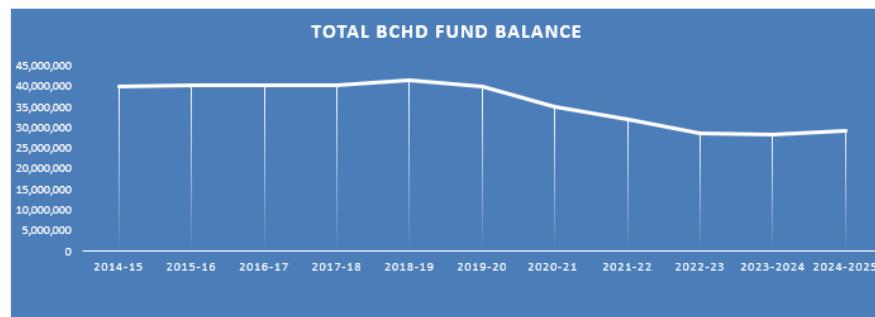
2) Starting FY21-22 Beach Cities Health District implemented GASB Statement No. 87 requiring reporting the District's Lease Payable on the Financial Statements resulting in no change to the Net Position.

    Proceeds from Lease Payable offset Leased Assets in the Capital Investments

3) Starting FY21-22 Beach Cities Health District implemented GASB Statement No. 87 requiring reporting the District's Lease Receivable on the Financial Statements resulting in changes of Net Position by year.

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

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-2024	2024-2025
<b>Beginning BCHD Fund Balance</b>	<b>39,836,815</b>	<b>40,164,540</b>	<b>40,412,439</b>	<b>40,419,628</b>	<b>40,406,443</b>	<b>41,577,023</b>	<b>40,148,185</b>	<b>35,256,078</b>	<b>32,029,442</b>	<b>28,732,778</b>	<b>28,255,925</b>
<b>Change in Fund Balance</b>											
Operating Income	901,641	1,592,576	844,506	1,427,753	1,543,294	1,099,240	(1,391,932)	(135,749)	612,577	2,583,152	2,513,150
Capital Outlay	(573,916)	(1,344,677)	(837,317)	(1,440,938)	(1,820,366)	(2,528,078)	(3,500,175)	(3,090,888)	(3,870,617)	(3,060,005)	(3,335,483)
Proceeds from Capital Lease	-	-	-	-	-	-	-	-	-	-	-
Proceeds from lease payable	-	-	-	-	-	-	-	-	-	-	1,967,853
Restatements per audit	-	-	-	-	1,447,652	-	-	-	(38,624)	-	-
	<b>327,725</b>	<b>247,899</b>	<b>7,189</b>	<b>(13,185)</b>	<b>1,170,580</b>	<b>(1,428,838)</b>	<b>(4,892,107)</b>	<b>(3,226,637)</b>	<b>(3,296,664)</b>	<b>(476,853)</b>	<b>1,145,520</b>
<b>General Fund</b>											
Reserved	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-	-
Nonspendable	13,362,216	13,096,740	12,702,714	12,693,207	13,535,083	13,651,412	13,143,921	12,591,193	11,809,692	11,020,385	10,785,874
Committed	-	-	20,813,451	20,701,868	17,758,194	16,187,729	11,125,415	9,119,958	5,800,531	6,013,709	6,784,562
Unassigned	25,595,563	26,108,938	5,746,755	5,854,660	6,604,145	6,545,223	6,551,504	6,322,174	6,930,696	6,972,824	7,289,208
	<b>38,957,779</b>	<b>39,205,678</b>	<b>39,262,920</b>	<b>39,249,735</b>	<b>37,897,422</b>	<b>36,384,364</b>	<b>30,820,839</b>	<b>28,033,325</b>	<b>24,540,919</b>	<b>24,006,918</b>	<b>24,859,644</b>
<b>Special Revenue Funds</b>											
Restricted for medical building purpos	1,206,761	1,206,761	1,156,708	1,156,708	1,156,708	1,156,708	1,156,703	1,156,703	1,156,703	1,156,703	1,156,703
Restricted for 115 Trust - Pension					2,522,893	2,607,113	3,278,536	2,839,414	3,035,156	3,092,304	3,385,098
<b>Ending BCHD Fund Balance</b>	<b>40,164,540</b>	<b>40,412,439</b>	<b>40,419,628</b>	<b>40,406,443</b>	<b>41,577,023</b>	<b>40,148,185</b>	<b>35,256,078</b>	<b>32,029,442</b>	<b>28,732,778</b>	<b>28,255,925</b>	<b>29,401,445</b>



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.org

## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## DEMOGRAPHICS AND ECONOMIC INFORMATION

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**Demographic Statistics**  
Current and Last Ten Years

Calendar	City of Redondo Beach	Population City of Hermosa Beach	City of Manhattan Beach	Population Beach Cities Total	Per Capita City of Redondo Beach	Personal Income City of Hermosa Beach	City of Manhattan Beach*	Per Capita Beach Cities Personal Income	Total Beach Cities Income (in thousands)	Unemployment Rate City of Redondo Beach	City of Hermosa Beach	City of Manhattan Beach	Beach Cities Unemployment Rate
2014	67,717	19,750	35,633	123,100	49,400	46,530	80,386	58,772	7,234,833	7.7%	3.6%	3.4%	4.9%
2015	68,095	19,772	35,297	123,164	53,521	49,400	82,335	61,752	7,605,623	6.9%	3.1%	2.7%	4.2%
2016	68,844	19,801	35,488	124,133	57,160	53,521	83,689	64,790	8,042,577	5.0%	2.2%	2.1%	3.1%
2017	68,907	19,616	35,991	124,514	60,087	55,624	86,192	67,301	8,379,917	4.7%	1.9%	2.6%	3.1%
2018	68,677	19,673	35,922	124,272	63,913	58,419	89,306	70,546	8,766,893	4.1%	2.2%	3.4%	3.2%
2019	68,473	19,847	35,320	123,570	60,087	62,224	94,473	72,261	8,929,333	4.0%	2.2%	3.2%	3.1%
2020	66,994	19,614	35,058	122,462	62,528	65,094	97,557	85,235	10,438,008	13.6%	10.2%	7.3%	10.4%
2021	66,848	19,451	34,902	121,201	67,466	68,272	94,213	78,514	9,516,016	7.4%	7.0%	5.2%	6.5%
2022	66,972	18,985	34,284	122,241	69,805	68,272	103,591	77,430	9,465,121	6.5%	5.4%	4.8%	5.6%
2023	68,407	18,641	34,195	121,243	73,285	106,731	111,713	96,259	11,670,770	3.9%	3.2%	3.4%	3.5%
2024*	67,939	19,308	34,738	121,985	67,749	106,731	108,762	96,259	11,527,922	3.9%	3.2%	3.4%	3.5%

Source

[Microsoft Word - City of Redondo Beach-Footnotes 2023-1](#)[54-Government-Wide Statements-3.pdf](#)[U.S. Census Bureau QuickFacts](#)

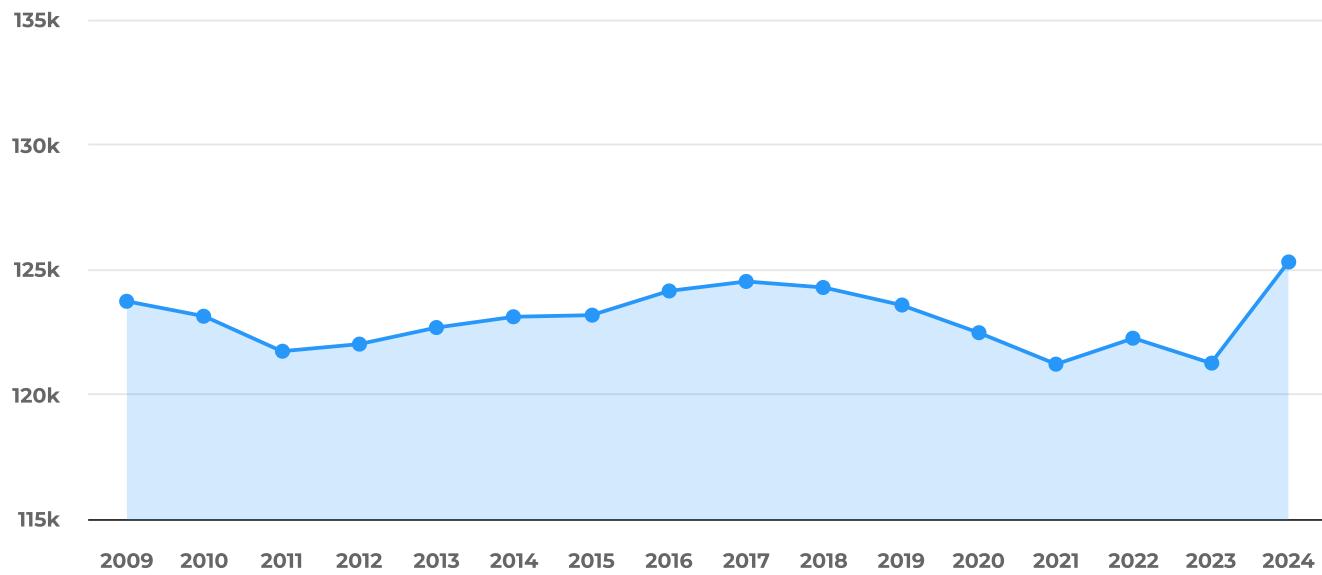
\*Average for 2024 used

## Population



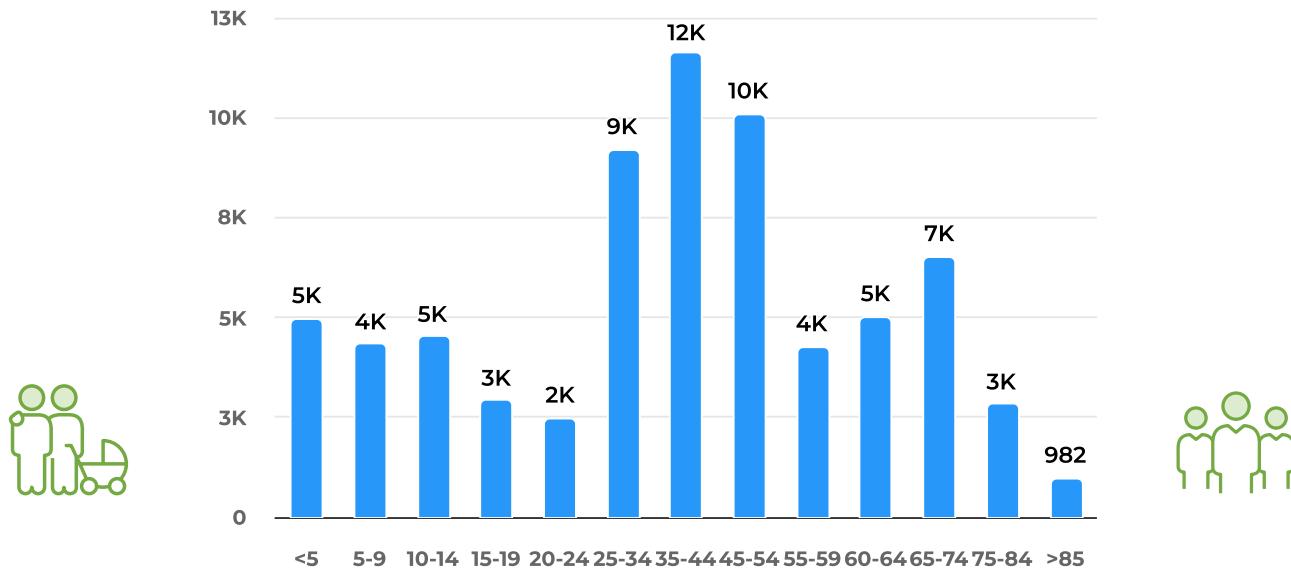
**3.34%**  
vs. 2023

**GROWTH RANK**  
**2 out of 503** Municipalities in California



\* Data Source: Client entered data for year 2024

## POPULATION BY AGE GROUP

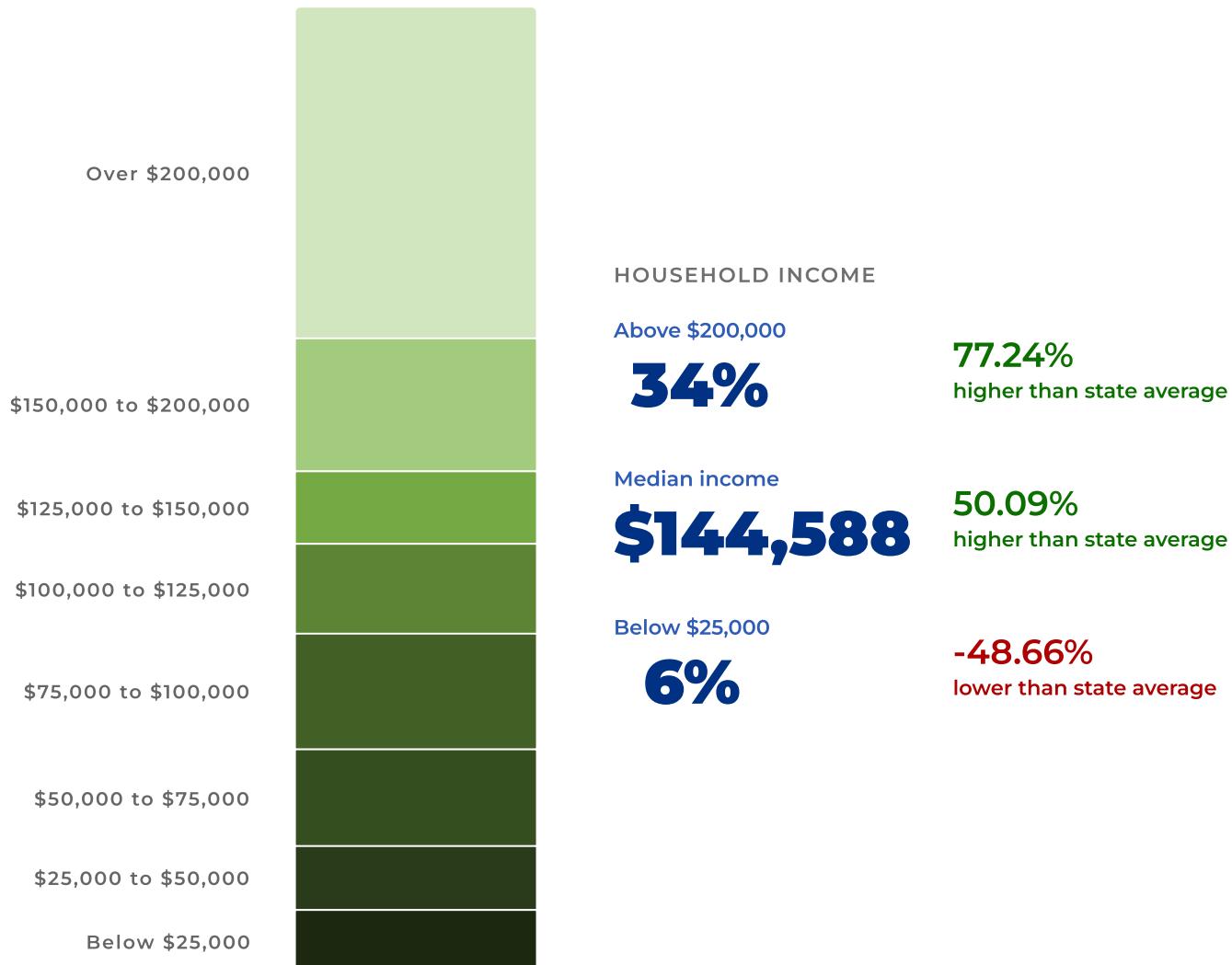


*Aging affects the needs and lifestyle choices of residents. Municipalities must adjust and plan services accordingly.*

*\* Data Source: American Community Survey 5-year estimates*

## Economic

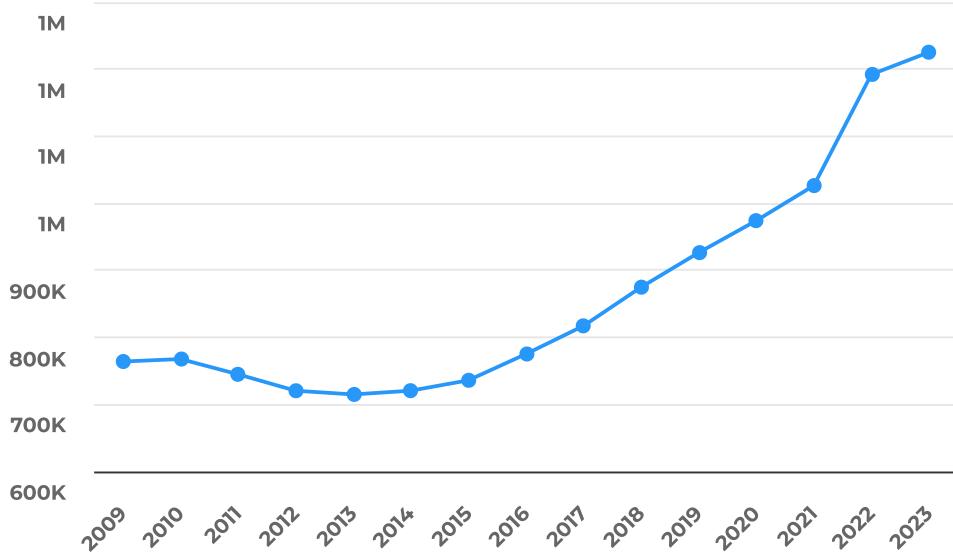
Household income is a key data point in evaluating a community's wealth and spending power. Pay levels and earnings typically vary by geographic regions and should be looked at in context of the overall cost of living.



\* Data Source: American Community Survey 5-year estimates

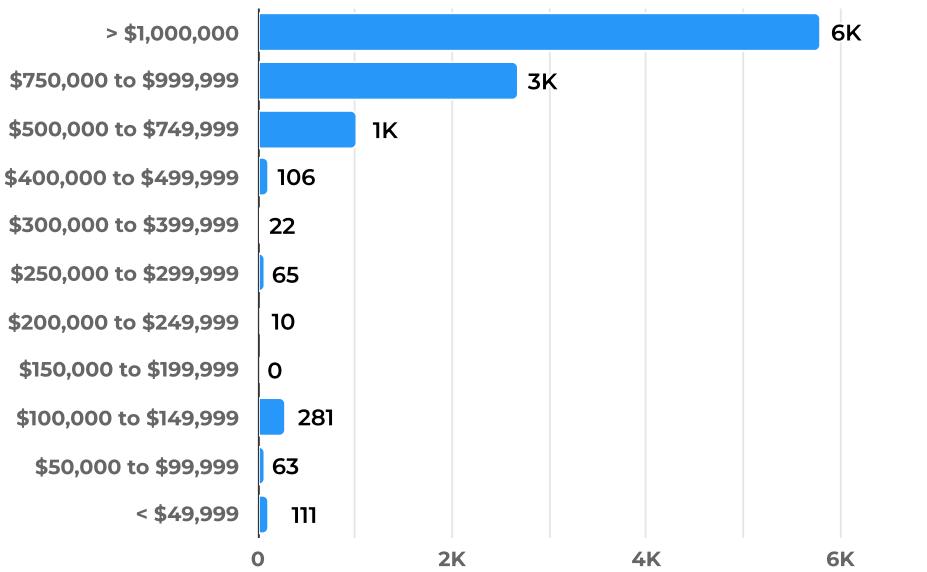
# Housing

2023 MEDIAN HOME VALUE  
 **\$1,225,400**



\* Data Source: 2023 US Census Bureau, American Community Survey. Home value data includes all types of owner-occupied housing.

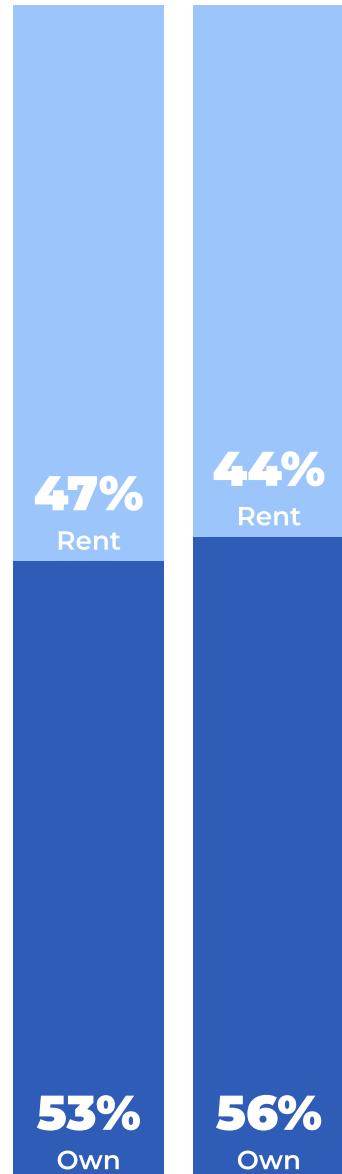
## HOME VALUE DISTRIBUTION



\* Data Source: 2023 US Census Bureau, American Community Survey. Home value data includes all types of owner-occupied housing.

## HOME OWNERS VS RENTERS

Beach Cities Health District State Avg.



\* Data Source: 2023 US Census Bureau, American Community Survey. Home value data includes all types of owner-occupied housing.

**Beach Cities\***  
**Principal Employers**  
**2024**

<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total Employees</b>
Northrop Grumman	11,064	18.29%
Redondo Beach Unified School District	1,027	1.70%
Skechers USA, Inc.	968	1.60%
Skechers Retail Store	709	1.17%
Manhattan Beach Unified School District	622	1.03%
Target Corporation	550	0.91%
Kinecta Federal Credit Union	425	0.70%
City of Redondo	309	0.51%
City of Manhattan Beach	168	0.28%
City of Hermosa	261	0.43%
Cheesecake Factory	261	0.43%
United States Postal Service	206	0.34%
Marriott Manhattan Beach	206	0.34%
Macy's	208	0.34%
Silverado Beach Cities	140	0.23%
Kensington Redondo Beach	130	0.21%
24 Hour Fitness	167	0.28%
Ralph's Grocery	94	0.16%
Hermosa Beach City School District	155	0.26%
Albertsons Companies, Inc. (Vons retail store)	155	0.26%
Other Employers	42,661	70.53%
<b>Total Employees</b>	<b>60,486</b>	<b>100.00%</b>

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

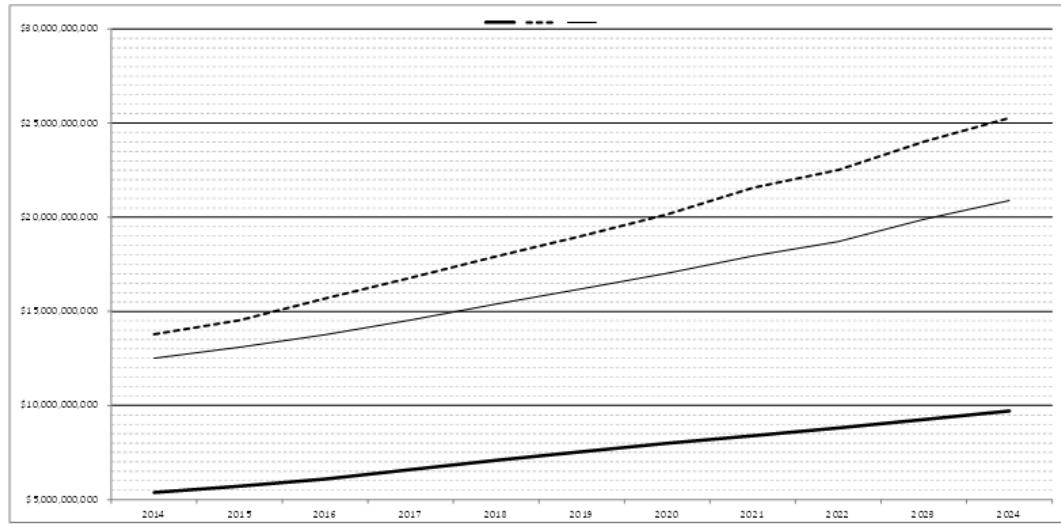
Source: southbaybusiness.org

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City of Hermosa Beach	\$ 5,379,727,000	\$ 5,711,041,000	\$ 6,089,086,000	\$ 6,553,784,000	\$ 7,002,716,000	\$ 7,540,415,000	\$ 7,984,293,000	\$ 8,386,757,650	\$ 8,608,195,533	\$ 9,248,605,309	\$ 9,711,035,575
City of Manhattan Beach	\$ 13,787,087,230	\$ 14,533,155,834	\$ 15,689,242,503	\$ 16,779,703,209	\$ 17,917,798,182	\$ 19,004,276,530	\$ 20,151,789,922	\$ 21,565,100,936	\$ 22,518,210,824	\$ 24,013,229,465	\$ 25,276,929,597
City of Redondo Beach	\$ 12,512,913,143	\$ 13,091,560,729	\$ 13,761,158,329	\$ 14,535,286,607	\$ 15,386,290,107	\$ 16,209,756,684	\$ 17,022,645,724	\$ 17,940,220,547	\$ 18,706,320,474	\$ 19,893,869,570	\$ 20,886,350,049
<b>Total</b>	<b>\$ 31,679,727,373</b>	<b>\$ 33,338,777,563</b>	<b>\$ 35,539,486,832</b>	<b>\$ 37,908,756,816</b>	<b>\$ 40,386,802,289</b>	<b>\$ 42,749,448,214</b>	<b>\$ 45,163,728,646</b>	<b>\$ 47,894,079,133</b>	<b>\$ 50,032,726,831</b>	<b>\$ 53,155,504,344</b>	<b>\$ 55,876,318,220</b>
<b>Percentage Increase</b>	<b>6.11%</b>	<b>5.23%</b>	<b>6.61%</b>	<b>6.67%</b>	<b>6.54%</b>	<b>5.83%</b>	<b>5.66%</b>	<b>6.05%</b>	<b>4.47%</b>	<b>6.24%</b>	<b>5.12%</b>
BCHD Property Tax Collected	\$ 2,960,181	\$ 3,145,703	\$ 3,355,324	\$ 3,591,891	\$ 3,793,278	\$ 3,994,702	\$ 4,345,848	\$ 4,478,036	\$ 4,751,854	\$ 5,024,156	\$ 5,263,694
BCHD Effective Property Tax %	0.009344%	0.009436%	0.009441%	0.009475%	0.009392%	0.009345%	0.009622%	0.009350%	0.009497%	0.009452%	0.009420%



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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024**
<b>City of Hermosa Beach Residents - Total</b>											
City of Hermosa Beach	1.038968%	1.035651%	1.036693%	1.04137%	1.06494%	1.05167%	1.06475%	1.06624%	1.04898%	1.06141%	1.05011%
Overlapping - Hermosa Beach Residents	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Los Angeles County *	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Hermosa Beach Unified School District	0.017970	0.014729	0.015746	0.014928	0.040245	0.025942	0.03696	0.039111	0.025213	0.034923	0.026096
El Camino Community College District	0.017498	0.017422	0.017447	0.022942	0.021199	0.022229	0.021555	0.023624	0.020267	0.022989	0.020515
Metro Water District	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
<b>City of Redondo Beach Residents - Total</b>											
City of Redondo Beach *	1.1134%	1.1178%	1.1127%	1.1172%	1.1110%	1.1066%	1.1093%	1.1114%	1.0778%	1.1036%	1.1107%
City of Redondo direct rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Redevelopment Agency	0.1578%	0.1580%	0.1581%	0.1583%	0.15871%	0.15883%	0.16317%	0.16331%	0.16263%	0.16353%	0.16353%
Overlapping - Redondo Beach Residents	-	-	-	-	-	-	-	-	-	-	-
Los Angeles County *	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Flood Control	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Metropolitan Water District	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
El Camino Community College District	0.017500	0.017420	0.017450	0.022940	0.021200	0.022230	0.021550	0.023620	0.020070	0.022990	0.020496
Redondo Beach Unified School District	0.092420	0.096890	0.091740	0.090790	0.086300	0.088600	0.084280	0.084300	0.087689	0.077110	0.086727
<b>City of Manhattan Beach Residents - Total</b>											
City of Manhattan Beach *	1.16402%	1.09278%	1.08753%	1.09412%	1.11931%	1.11857%	1.11721%	1.11560%	1.11456%	1.11490%	1.11262%
City of Manhattan Beach Direct Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Overlapping - Manhattan Beach Residents	0.1601%	0.1606%	0.1613%	0.1619%	0.1625%	0.1629%	0.1633%	0.1456%	0.1457%	0.1457%	0.1458%
Los Angeles County *	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
Colleges & School Districts	0.1605200	0.0892800	0.0840300	0.0906200	0.1158100	0.1150700	0.1137100	0.1121000	0.1106000	0.1114000	0.1091200
Metro Water District	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000	0.0035000
Flood Control District	0.0000000	0.0000000	0.0000000	0.0000000	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

\*\*2024 data is an average

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



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## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## OPERATING AND OTHER

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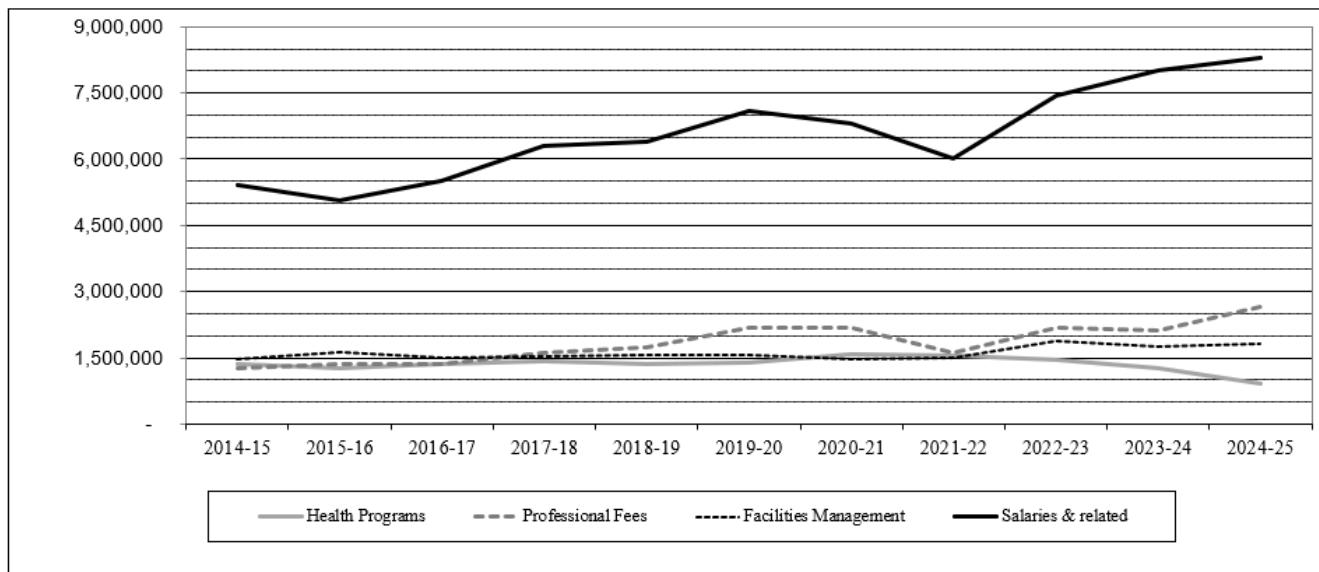
**Beach Cities Health District****FTE Personnel Summary by Department**

Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Administrative Support Services</b>											
Finance Services	4.5	4.5	4.5	4.7	5.1	5.3	4.8	4.7	4.6	4.3	4.0
Human Resources	3.0	3.0	1.5	2.5	2.7	3.2	3.2	3.5	3.5	3.3	3.2
Executive/Admin Support	2.2	3.7	3.6	4.2	4.5	3.4	3.5	3.4	3.4	3.3	2.9
<b>Total</b>	<b>9.7</b>	<b>11.2</b>	<b>9.6</b>	<b>11.4</b>	<b>12.2</b>	<b>11.8</b>	<b>11.4</b>	<b>11.6</b>	<b>11.5</b>	<b>10.9</b>	<b>10.1</b>
<b>Direct Operating Support</b>											
Partnerships and Innovations/Blue Zones	5.0	4.5	3.7	3.1	3.8	4.7	4.5	2.5	4.6	4.5	5.8
Health Promotions and Communications	5.0	5.5	5.6	6.3	6.1	5.9	5.6	6.2	5.2	5.6	5.1
Volunteer Department	-	-	2.5	2.7	2.5	2.5	2.4	2.4	2.2	2.2	2.3
Information Systems	-	-	0.2	0.2	0.7	0.2	1.4	1.1	1.1	1.2	1.2
<b>Total</b>	<b>10.0</b>	<b>10.0</b>	<b>12.0</b>	<b>12.3</b>	<b>13.1</b>	<b>13.2</b>	<b>13.8</b>	<b>12.1</b>	<b>13.3</b>	<b>13.4</b>	<b>14.3</b>
<b>LifeSpan Services</b>											
Admin Services	1.0	2.0	3.0	2.0	2.0	1.0	2.0	1.4	0.2	0.2	0.1
Community Services	12.3	11.5	10.2	9.9	10.4	10.5	9.7	9.5	7.6	7.4	7.3
Well Being Services	5.0	5.1	4.8	4.8	5.6	5.8	7.1	6.2	5.0	5.1	2.4
Work Well Services	-	0.8	0.3	0.9	0.8	0.8	0.5	1.0	0.9	1.1	2.4
Adventureplex	20.0	19.7	23.5	21.2	21.0	20.2	18.5	9.7	10.1	10.9	10.6
<b>Total</b>	<b>38.3</b>	<b>39.1</b>	<b>41.7</b>	<b>38.8</b>	<b>39.7</b>	<b>38.3</b>	<b>37.8</b>	<b>27.9</b>	<b>23.8</b>	<b>24.6</b>	<b>22.9</b>
<b>Grant Funded Services</b>											
allocove grant	-	-	-	-	-	-	-	5.0	7.1	9.2	7.5
DFC grant	-	-	-	-	-	1.2	1.1	0.8	1.2	1.2	1.1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>1.1</b>	<b>5.8</b>	<b>8.3</b>	<b>10.3</b>	<b>8.6</b>
<b>Health &amp; Fitness Operations</b>											
Center for Health & Fitness	19.0	16.7	17.9	16.8	17.3	18.3	17.0	12.9	11.5	11.6	12.9
Medical Fitness Exercise	-	-	-	-	-	0.6	0.6	-	-	-	-
<b>Total</b>	<b>19.0</b>	<b>16.7</b>	<b>17.9</b>	<b>16.8</b>	<b>17.3</b>	<b>18.9</b>	<b>17.6</b>	<b>12.9</b>	<b>11.5</b>	<b>11.6</b>	<b>12.9</b>
<b>Real Estate - Management</b>											
<b>Total Operations Positions</b>	<b>79.9</b>	<b>78.8</b>	<b>82.3</b>	<b>79.6</b>	<b>82.9</b>	<b>84.2</b>	<b>82.4</b>	<b>70.7</b>	<b>68.7</b>	<b>71.3</b>	<b>69.4</b>
<b>Real Estate - Capital</b>											
<b>Total Positions</b>	<b>79.92</b>	<b>78.81</b>	<b>83.11</b>	<b>81.13</b>	<b>83.89</b>	<b>85.18</b>	<b>84.30</b>	<b>71.52</b>	<b>69.58</b>	<b>71.34</b>	<b>69.35</b>

Source: BCHD Annual Budget thru FY25-26

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

Fiscal Year	General Fund										Cost of Goods Sold	Interest Cost	Total
	Salaries & related	Health Programs	Professional Fees	Community Relations	Facilities Management	General & Administrative	Human Resources	Information Systems	Other				
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	
2021-22	6,004,111	1,535,537	1,613,190	364,334	1,505,279	460,320	149,521	250,840	6,624	104,636	197,443	12,191,835	
2022-23	7,437,376	1,440,055	2,190,355	546,031	1,867,551	500,422	198,092	209,562	8,067	(73,984)	187,649	14,511,176	
2023-24	8,022,706	1,257,859	2,120,218	326,138	1,743,748	562,116	187,537	229,134	6,119	61,788	76,199	14,593,562	
2024-25	8,283,449	906,802	2,647,930	337,159	1,825,307	557,554	197,553	290,237	8,586	34,966	62,936	15,152,479	



Source: Audited Financial Statements



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## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## REVENUE CAPACITY

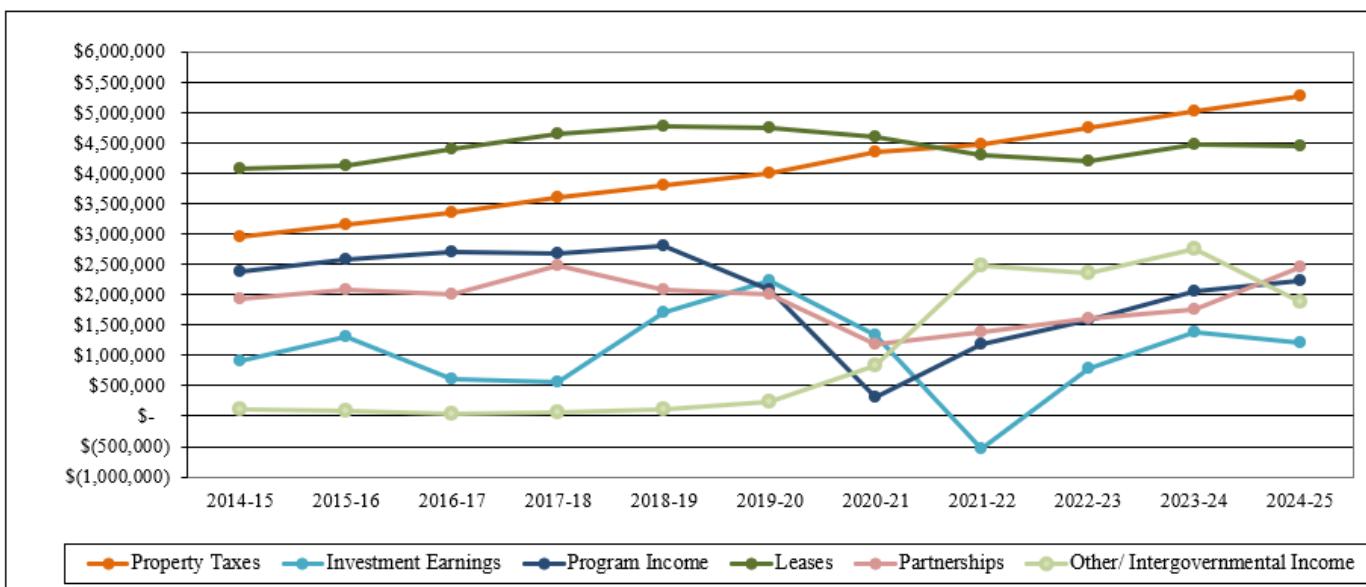
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**Beach Cities Health District**  
**Government-wide Revenues by Function**  
**Current and Prior Ten Years**

**TREND BY FUNDING SOURCE**

Fiscal Year	Property Taxes	Investment Earnings	Program Income	Leases	Partnerships	Other/Intergovernmental Income	Total
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	4,756,865	2,002,771	246,943	15,299,852
2020-21	4,345,848	1,337,999	305,976	4,589,435	1,175,456	840,568	12,595,282
2021-22	4,478,036	(532,478)	1,186,035	4,296,858	1,384,062	2,476,691	13,289,204
2022-23	4,751,854	795,602	1,584,269	4,201,238	1,618,389	2,348,450	15,299,802
2023-24	5,024,156	1,373,655	2,056,373	4,476,889	1,745,655	2,760,479	17,437,207
2024-25	5,263,694	1,199,416	2,232,993	4,441,834	2,452,090	1,872,414	17,462,441





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## BCHD FY24-25

### ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## DEBT CAPACITY

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Live Well. Health Matters.

Ratio of Outstanding Principal Debt by Type by year for the current year and prior 10 years \*\*

Fiscal Year End	Ducot Parking Lease Agreement	Redondo Beach Unified Lease Agreement	510 North Prospect Lease Payable	Total Debt Payment Due within one Year	Total Population*	Debt per Capita
2015	720,000	83,448	0	\$ 803,448	123,164	\$6.52
2016	720,000	85,956	0	\$ 805,956	124,133	\$6.49
2017	720,000	85,956	0	\$ 805,956	124,514	\$6.47
2018	720,000	88,452	0	\$ 808,452	124,272	\$6.51
2019	720,000	88,452	0	\$ 808,452	123,570	\$6.54
2020	720,000	67,760	0	\$ 787,760	122,462	\$6.43
2021	720,000	67,760	0	\$ 787,760	121,201	\$6.50
2022	720,000	70,256	0	\$ 790,256	122,241	\$6.46
2023	720,000	70,256	0	\$ 790,256	121,243	\$6.52
2024	720,000	73,792	0	\$ 793,792	121,985	\$6.51
2025*	357,671	57,963	0	\$ 415,634	121,826	\$3.41
2026*	0	60,012	335,879	\$ 395,891	121,699	\$3.25
	\$7,557,671	\$900,063		\$ 8,793,613	122,693	\$5.97

\* Population for FY 2025 and FY 2026 is an average.

\*\* Note (7) - Due in One year

