



*Live Well. Health Matters.*

**POLICY TITLE:** PRINCIPAL PRESERVATION  
**POLICY NUMBER:** 6130

**COMMITTEE APPROVAL DATE:** 04/07/2025      **WRITTEN/REVISED BY:** M. SUUA  
**BOARD APPROVAL DATE:** 04/23/2025      **SUPERSEDES:** 11/15/202023

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**Policy:**

**6130** It is the policy of the Board of Directors of the Beach Cities Health District (“District”) to establish guidelines that will ensure that the District maintains an Operating Reserve Balance generated from rent proceeds, taxes and investment income in an amount sufficient to provide sources of funding for operating the District Services focused on preventive health-related services and programs provided to the three beach cities, including the publicly-owned health facilities known as the Center for Health & Fitness and Adventure Plex. In addition, for prudent long-term management of District assets, it is further the policy of the Board of Directors to maintain a Committed Fund Balance to be used for continued capital investments in the District.

**6130.1** In order to accomplish these objectives, the following guidelines shall be implemented.

**Guidelines:**

**6130.2 Protection of Purchasing Power:**

**6130.2.1** Each year, during the budget process for the next fiscal year, staff shall provide the Board of Directors projected revenues and recommended funding levels for grants and programs. The Board is designating fifty percent (50%) of actual operating expenditures updated annually in the final audited Fund Financial Statements for an Operating Reserve. \$2M will be available from the 115 Trust Account and the remaining will be added to the Unrestricted Reserve

**6130.2.2** The remaining District available fund balance shall be designated Committed Fund Balance to be used for prudent long-term protection of District assets to insure continued return on investments.

**6130.3 Profits from Sale of Property & Other Unidentified Sources:**

In the event the District receives income from outside sources relating to the sale of District property and/or equipment; refunds; repayment of loans; etc., it shall be allocated to the Committed Fund Balance.

**6130.4 Replenishment of Committed Fund Balance for Extraordinary Services:**

In the event the District has a need to use Committed Fund Balance to provide extraordinary services including, but not limited to, such items as construction, purchase of property and/or equipment, damages not covered by insurance, emergency funding for grantees, and health emergency, the Board of Directors shall have the discretion at the time of approving the funding of the project/service(s) of determining whether the Committed Fund Balance shall be repaid. The Board shall also determine whether the repayment will include an interest factor and over what period the reserve shall be repaid.