

BROADMOOR POLICE PROTECTION DISTRICT

**Annual Financial Report and Independent Auditor's Report for the
Year ended June 30, 2017**

BROADMOOR POLICE PROTECTION DISTRICT

Basic Financial Statements
and Required Supplementary Information
for the Fiscal Year Ended June 30, 2017

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BROADMOOR POLICE PROTECTION DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2017

NAME

TITLE

Joseph Sheridan

President

Michael Connolly

Treasurer

Ralph Hutchens

Secretary

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Broadmoor Police Protection District
Broadmoor, California

I have audited the accompanying financial statements of the governmental activities and each major fund of the Broadmoor Police Protection District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Broadmoor Police Protection District as of June 30, 2017, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

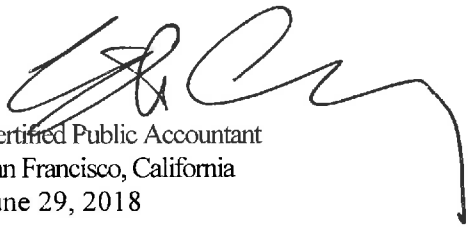
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, post-employment benefits and budgetary comparison information on page 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 29, 2018, on my consideration of the BPPD's internal control over financial reporting and on my tests or its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BPPD's internal control over financial reporting and compliance.



Certified Public Accountant
San Francisco, California
June 29, 2018

MANAGEMENTS DISCUSSION AND ANALYSIS

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016
(Required Supplementary Information)**

This discussion and analysis of the Broadmoor Police Protection Districts fiscal performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2017 and 2016. Please review it in conjunction with the transmittal letter and the basic financial statements, which begin on page number 9.

FINANCIAL HIGHLIGHTS

From the Statement of Net position

- Total net position for the years ended June 30, 2017 and 2016 are \$167,749 and \$216,560, respectively. This is a 22.54% increase.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations for the years ended June 30, 2017 and 2016 are \$(233,880) and \$(384,790), respectively.

From the Governmental Fund Financial Statements

- Our General Fund balance decreased by \$92,946 for fiscal year ended June 30, 2017.
- Property tax revenues (including special tax revenue for police services) for fiscal years ended June 30, 2017 and 2016 were \$1,857,678 and \$1,792,554, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: government-wide financial statements, governmental funds financial statements, and notes to the financial statements. Required supplementary information in addition to the basic financial statements is also presented.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016
(Required Supplementary Information)**

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. There are two government-wide financial statements—the Statements of Net Position and the Statements of Activities and Changes in Net Position.

The Statements of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position, may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Activities presents information showing how the District's net position changed during the fiscal year. Accrual of revenue and expenses are taken into account regardless of when cash is received or paid.

As in a private-sector business, capital assets are depreciated, debt service is not a source of revenue, and compensated absences are expensed in the period earned.

Governmental funds 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. The major differences between fund financial statements and government-wide financial statements are in the way debt proceeds, capital outlay, and compensated absences are recorded. Reconciliations between the two types of financial statements are found on page 7 using the adjustment column.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules and a PERS schedule of funding progress.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016**
(Required Supplementary Information)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$167,749 as of June 30, 2017 and \$215,560 as of June 30, 2016. These numbers are comprised of two components:

	2017	2016
Investment in capital assets, net of debt	\$ 401,629	\$ 601,350
Unrestricted assets	(233,880)	(384,790)
Total net position	<u>\$ 167,749</u>	<u>\$ 215,560</u>

Investment in capital assets consists of fixed assets less any related debt that is still outstanding.

Unrestricted assets are used to finance day-to-day operations, including debt service.

GOVERNMENTAL FUNDS ANALYSIS

The District's largest source of revenue is derived from property tax allocations. In 1978 the voters passed Proposition 13 and removed the ability of local agencies to set their own property taxes. The 1% maximum property tax rate is fixed by Article XIII A, § 1(a) of the California Constitution. The Legislature adopted statutes ("AB 8") that tell county auditor-controllers how to allocate the resulting revenues. This is unrestricted revenue and can be used for all District business.

The District's collection of Special Tax Revenue, another large source of revenue, is restricted to police activities. The current rate was established in 2005 after receiving voter approval in 2000.

Education revenue augmentation fund for (ERAF rebate) for the years ended June 30, 2017 and 2016 are \$267,015 and \$267,490, respectively.

The largest expenditure of the District is salary and benefits, including PERS contributions. These are governed by current Memorandum of Understanding agreements negotiated between the District and represented employees.

The other area of expenditures of significance is for services and supplies. That would include items such as vehicle maintenance, including the purchase of gasoline. This is the support structure for the police department.

Reserved funds:

Reserved for compensated absences payable \$123,623 in 2017 and \$6,292 in 2016.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016
(Required Supplementary Information)**

COMMENTS ON BUDGET COMPARISONS

Actual revenues exceeded budgeted revenues by \$158,806 in 2017 and (\$88,778) in 2016.

Actual expenditures were less than final budgeted expenditures by \$52,566 in 2017 and \$254,485 less in 2016. The four major components were salary and benefits of \$35,200 in 2017, other office expenses of \$20,062, fuel and lubrication of \$19,170 and professional contract services of (\$52,497) in 2017.

These four differences netted together equal a positive variance of \$21,935 in 2017.

HISTORY AND ECONOMIC FACTORS

On September 7, 1948, a petition was filed with the County Clerk of San Mateo County by citizens of Broadmoor "praying and petitioning" that they be allowed to create a municipal police department which became known as the "Broadmoor Police Protection District". At that particular time the only law enforcement agency charged with the protection of life and property in the unincorporated Broadmoor/Colma area was the San Mateo County Sheriff's Office. These services were headquartered some 30 - 40 minutes driving time away (before the advent of interstate freeways). The Broadmoor Police Protection District was established by San Mateo County Board of Supervisors Resolution #3792 on December 21, 1948. Three Commissioners were appointed to the Board until an election could be held in April of 1949. A summary of the reason for the establishment of the District was delivered as follows:

"A local law enforcement agency is needed to supplement the existing county law enforcement officers in order to adequately protect the lives of the over 5,000 inhabitants of this area."

In 1978, Proposition 13 was passed by California voters resulting in the implementation of AB 8 which set the formula used in property tax allocation for local government. The formula was based on prior years' budgets and the Broadmoor Police Protection District had a history of very lean budgets.

In 1997, the Board of Police Commissioners for the District approved Resolution 1996/1997 - 04, setting into motion a proposal for a special tax and a special election for the special tax. The special tax rate was not to exceed the amounts stated on the assessment schedule for each respective year through Fiscal Year 2001-2002. The original amount of the tax was \$195 per year for single family residential, \$195 per year for multiple unit residential, \$690 per year for commercial and industrial property and \$110 per year for un-improved property.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016
(Required Supplementary Information)**

HISTORY AND ECONOMIC FACTORS (Continued)

In 1998, the Board of Police Commissioners for the District approved Resolution 1997/1998 - 03, setting the rates pursuant to the provisions set forth in Resolution 1996/1997 - 04. The special tax was \$190 per year for single family residential, \$190 per year for multiple unit residential, \$490 per year for commercial and industrial property and \$85 per year for un-improved property.

In 2000, the Board of Police Commissioners for the District approved Resolution 1999/2000 - 09 requesting the electorate approve a proposal for a special tax and a special election for the special tax. This resolution repealed Resolution 1996/1997 - 04 and imposed a new special tax rate which is to be annually reviewed by the Board to determine if such tax should either be decreased or increased. Any annual increase the Board may fix shall not exceed 5% of the qualified special tax in effect at the time of the annual review. The special tax was \$297 per year for single family residential, \$297 per year for multiple unit residential, \$249 per year for residential board or care facility (per bed), \$645 per year for commercial and industrial property and \$99 per year for un-improved property.

In 2001, the Board of Police Commissioners for the District approved Resolution 2001/2002 - 02, setting the rates pursuant to the provisions set forth in Resolution 1999/2000 - 09. The special tax was \$308 per year for single family residential, \$308 per year for multiple unit residential, \$259 per year for residential board or care facility (per bed), \$675 per year for commercial and industrial property and \$101 per year for un-improved property.

In 2002, the Board of Police Commissioners for the District approved Resolution 2002/2003 - 02, setting the rates at the maximum allowed based on Resolution 1999/2000 - 09. The special tax was \$323 per year for single family residential, \$323 per year for multiple unit residential, \$271 per year for residential board or care facility (per bed), \$708 per year for commercial and industrial property and \$106 per year for un-improved property.

In 2003, the Board of Police Commissioners for the District approved Resolution 2003/2004 - 02, setting the rates at the maximum allowed based on Resolution 1999/2000 - 09. The special tax was \$339 per year for single family residential, \$339 per year for multiple unit residential, \$284 per year for residential board or care facility (per bed), \$743 per year for commercial and industrial property and \$111 per year for un-improved property.

In 2004, the Board of Police Commissioners for the District approved Resolution 2004/2005 - 02, setting the rates at the maximum allowed based on Resolution 1999/2000 - 09. The special tax was \$353 per year for single family residential, \$353 per year for multiple unit residential, \$295 per year for residential board or care facility (per bed), \$773 per year for commercial and industrial property and \$115 per year for un-improved property.

In 2005, the Board of Police Commissioners for the District approved Resolution 2005/2006 - 02, setting the rates at the maximum allowed based on Resolution 1999/2000 - 09. The special tax was \$364 per year for single family residential, \$364 per year for multiple unit residential, \$304 per year for residential board or care facility (per bed), \$796 per year for commercial and industrial property and \$118 per year for un-improved property.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016
(Required Supplementary Information)**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Art Stellini, District Manager/Chief of Police.

FINANCIAL STATEMENTS

BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Project	Total	Adjustment See Note (3, 8 & 12)	Statement of Net Position
Assets					
Cash and investments (Note 2)	\$ 1,487,836	\$ -	\$ 1,487,836	\$ -	\$ 1,487,836
Receivables	124,358	-	124,358	-	124,358
Prepaid	97,043	-	97,043	-	97,043
Capital Assets (Note 3)					
Building	-	-	-	361,122	361,122
Building improvements	-	-	-	84,957	84,957
Equipment	-	-	-	871,093	871,093
Accumulated depreciation	-	-	-	(915,543)	(915,543)
Total Capital Asset	-	-	-	401,629	401,629
Total Assets	<u>\$ 1,709,237</u>	<u>\$ -</u>	<u>\$ 1,709,237</u>	<u>\$ 1,486,904</u>	<u>\$ 3,196,141</u>
Deferred Outflows of Resources-Deferred pensions (Note 12)	-	-	-	1,085,275	1,085,275
Liabilities					
Accounts payable	\$ 57,016	\$ -	\$ 57,016	\$ -	\$ 57,016
Accrued liabilities	217,878	-	217,878	-	217,878
Long term net pension liability-Safety plan	-	-	-	2,599,090	2,599,090
Long term net pension liability-Miscellaneous	-	-	-	18,763	18,763
Total Liabilities	<u>274,894</u>	<u>-</u>	<u>274,894</u>	<u>2,617,853</u>	<u>2,892,747</u>
Deferred Inflows of Resources-Deferred pensions (Note 12)	-	-	-	135,645	135,645
Fund Balances/Net Position					
Fund balances					
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,434,343</u>	<u>-</u>	<u>1,434,343</u>	<u>(1,434,343)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,709,237</u>	<u>\$ -</u>	<u>\$ 1,709,237</u>		
Net Position					
Capital assets				401,629	401,629
Restricted				-	-
Unrestricted				(233,880)	(233,880)
Total Net Position				<u>\$ 167,749</u>	<u>\$ 167,749</u>

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Adjustment	2017 Statement of Activities
EXPENDITURES/EXPENSES:			
Current expenditures/expenses:			
Salary and Benefits			
Salary-Officers	\$ 568,493	\$ -	\$ 568,493
Salary-Officers (Without benefit)	566,488	-	566,488
Salary-Admin	74,800	-	74,800
Salary-Overtime	86,271	-	86,271
Medical Insurance	149,922	-	149,922
Payroll Tax Expense	54,560	-	54,560
PERS Contribution-District	482,651	(243,856)	238,795
Total Salary and Benefits	<u>1,983,185</u>	<u>(243,856)</u>	<u>1,739,329</u>
Clothing & Uniforms	19,519	-	19,519
Other Household Expenses	993	-	993
Other Office Expenses	34,938	-	34,938
Memberships	3,833	-	3,833
Fuel & Lubrication	20,290	-	20,290
Auto Maintenance	22,996	-	22,996
Equipment Maintenance	5,418	-	5,418
Utilities	30,141	-	30,141
Professional Contract Services	200,193	-	200,193
Other Professional Services	65,652	-	65,652
Insurance	93,838	-	93,838
Training	3,423	-	3,423
Other Expenses	25,531	-	25,531
School Crossing Guard Program	44,955	-	44,955
Supplies	7,454	-	7,454
Depreciation	-	186,750	186,750
Total	<u>579,174</u>	<u>186,750</u>	<u>765,924</u>
Capital outlay:			
Equipment and Furniture	-	-	-
Buildings and Improvements	-	-	-
Future Capital Outlay	-	-	-
Total Expenditures	<u>2,562,359</u>	<u>(57,106)</u>	<u>2,505,253</u>
GENERAL REVENUES:			
Property Taxes-Secured	1,179,196	-	1,179,196
Property Taxes-Unsecured	57,630	-	57,630
Trust Fund	6,305	-	6,305
Special Assessments	620,852	-	620,852
Charges for Services	32,921	-	32,921
Investment Income	13,471	-	13,471
Other Income	279,052	-	279,052
ERAF Rebate	267,015	-	267,015
Total Revenues	<u>2,456,442</u>	<u>-</u>	<u>2,456,442</u>
Change In Net Position	<u>(105,917)</u>	<u>57,106</u>	<u>(48,811)</u>
Fund Balance/Net Position, Beginning of year	<u>216,560</u>	<u>-</u>	<u>216,560</u>
Fund Balances/Net Position, End of year	<u>\$ 110,643</u>	<u>\$ 57,106</u>	<u>\$ 167,749</u>

The accompanying notes are an integral part of the financial statements.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Broadmoor Police Protection District is presented to assist in understanding the Department's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and description of funds

The Department was formed to provide police protection services and parks and recreation services. The accounts of the Department are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Department also maintains two fiduciary funds: (1) Emergency Preparedness Fund (used for expenses in conjunction with the emergency radio network) and (2) Broadmoor Police Protection District 2004-1 Fund (used to account for special assessment funds, see Note 5).

Government-wide Financial Statements

The Department's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities for the Department accompanied by a total column.

These statements are presented on an economic resources measurement focus and the *accrual basis* of accounting. Accordingly, all of the Department's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenditures identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net position use.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the Department. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds are reported as separate columns in the governmental fund financial statements. No major funds are aggregated and presented in a single column. The Department had no major funds in the fiscal years ended June 30, 2017 and 2016.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Accompanying schedules are presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the *modified accrual basis* of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Department, are intergovernmental revenues, investment earnings and charges for services. Expenditures are generally recognized when incurred under the modified accrual basis of accounting.

The Department has only two funds in fiscal years 2017 and 2016, the General Fund and Capital Project Fund.

General Fund—the General Fund is the operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund.

Account and Records

The District maintains cash receipts journal for recording fees collected at 388 Eighty-Eight Street, Broadmoor, California. The assessment of property, collection of taxes, disbursement of cash, and the maintenance of the general ledger for all funds are provided by the County of San Mateo. Custodianship of the District's accounts and records are vested with the Treasurer of San Mateo County.

The County of San Mateo maintains its financial records on a computer, utilizing a monthly reporting cycle. Every month the Controller issues a computer printout of revenues collected, disbursements by objective, and a trail balance for the period then ended.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Budgets and budgetary accounting

The Department follows these procedures in establishing the budgetary data reflected in basic financial statements:

1. During the month of May, the General Manager/Chief of Police submits to the Board of Directors a preliminary operating budget. During the month of June the General Manager/Chief of Police submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is enacted through a motion to adopt the Budget.
3. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
4. Budgets for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States (US GAAP).

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General. All appropriations lapse at fiscal year-end.

Cash and investments

Cash includes amounts in demand deposits as well as short-term investments. Investments are carried at market value.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting pronouncements

Effective July 1, 2003, the Department adopted the provisions of GASB No. 34, issued in June 1999; GASB No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* (“GASB No. 37”) issued in June 2001 and GASB No. 38, *Certain Financial Statement Disclosures* (“GASB No. 38”) issued in June 2001.

The Governmental Accounting Standards Board Statement No. 34, “Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments” establishes a new financial reporting model for state and local governments. This new model requires that at a minimum the basic financial statements of a government include: (1) management’s discussion and analysis (MD&A) as a component of required supplementary information (RSI), (2) both government-wide financial statements and fund financial statements, (3) notes to the financial statements and (4) RSI other than MD&A.

Compensated absences

Department employees are entitled to certain compensated absences based on their length of employment. Payable for compensated absences are \$123,623 and \$6,292 at June 30, 2017 and 2016, respectively.

Fund equity reservations and designations

Reservations and designations of the ending fund balance indicate portions of fund balance not appropriable for expenditures or amounts legally segregated for a specific future use.

Statement calculations and use of estimates

Due to rounding, column and row calculations may approximate actual figures. Approximations may result when decimal places are eliminated to present whole numbers.

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

The net position amount is the difference between assets and liabilities. Net position invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2014, the District implemented the following accounting and financial reporting standards:

Future Government Accounting Standards Board Statements

Government Accounting Standards Board Statement No. 71

Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68.

NOTE 2— CASH AND INVESTMENTS

The District maintains most of its cash in the County of San Mateo. Balances are stated at cost, which is approximately market value.

The District maintains cash investment accounts that are available for use by general fund. Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified below according to credit risk:

Category 1—Investments that are insured or registered, or for which securities are held by the District or its agent in the District's name.

Category 2—Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3—Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 2— CASH AND INVESTMENTS (Continued)

A summary of the District's cash and investments at June 30, 2017 is as follows:

	<u>Carrying Value</u>	<u>Market Value</u>
<u>Governmental Funds (District Fund)</u>		
<u>Category 1:</u>		
Cash in Checking Accounts	\$ 27,152	\$ 27,152
	<u>27,152</u>	<u>27,152</u>
<u>Uncategorized:</u>		
County Treasury	<u>1,460,684</u>	<u>1,460,684</u>
Total Governmental Fund (District Fund)	<u><u>\$ 1,487,836</u></u>	<u><u>\$ 1,487,836</u></u>

The cash and investments by fund is as follows:

General Fund	<u>\$ 1,487,836</u>
Total General Fund	<u><u>\$ 1,487,836</u></u>

The District's cash fund in the County Treasury is not categorized by risk category because the District's share is not evidenced by specifically identifiable securities.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 100% of the agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by federal deposit insurance.

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 3—CAPITAL ASSETS

The Department's capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is charged to governmental activities by function.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets.

Depreciation of capital assets in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The Department has assigned the useful lives listed below to capital assets:

Vehicles	5 years
Furniture and fixtures	5 years
Machinery and equipment	5-10 years
Building and improvements	20-40 years

A summary of changes in general fixed assets follows:

	Balance 6/30/16	Additions	Retirements	Balance 6/30/17
Depreciable assets				
Vehicles & equipment	\$ 893,983	\$ -	\$ 22,890	\$ 871,093
Building & improvements	446,079	-	-	446,079
	<u>1,340,062</u>	<u>-</u>	<u>22,890</u>	<u>1,317,172</u>
Accumulated Depreciation				
Vehicles & equipment	588,870	36,991	9,919	615,942
Building & Improvements	149,842	149,759	-	299,601
	<u>738,712</u>	<u>186,750</u>	<u>-</u>	<u>915,543</u>
Capital assets net of depreciation	<u>\$ 601,350</u>			<u>\$ 401,629</u>

The current depreciation expense of \$186,750 was charged to Statement of Activities as depreciation expense adjustment.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 4—DEFINED BENEFIT PENSION PLAN

PERS plan description

The District has a defined benefit pension plan (the “Plan”) which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public District portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board action. CalPERS issues a separate comprehensive annual financial report. Copies of the report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

Funding policy

Effective January 1, 2013, the California Public Employees’ Pension Reform Act (PEPRA) went into effect. Any new CalPERS hires will be covered by this mandate. The District currently did not participate in PEPRA until fiscal year 2017.

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS’ Membership Data for all Funds
- The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013.

The long-term expected rate of return on pension plan investments (7.5%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	47.0%	5.71%
Global Fixed Income	19.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	12.0%	6.95%
Real Estate	11.0%	5.13%
Infrastructure and Forestland	3.0%	5.09%
Liquidity	2.0%	(1.05)%

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contribution from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investment, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65%) or 1 percentage point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Safety Plan's Net Pension Liability/(Asset)	\$ 3,846,903	\$ 2,599,090	\$ 1,574,763
Miscellaneous Plan's Net Pension Liability/(Asset)	\$ 24,965	\$ 18,763	\$ 13,636

Detailed information about the pension fund's fiduciary net position is available in the separately issued CALPERS comprehensive annual financial report which may be obtained by contacting PERS.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 5—COMPENSATED ABSENCES

Amounts due to employees for compensated absences as of June 30, 2017 were as follows:

Vacation	\$ 123,623
Total compensated absences	<u>\$ 123,623</u>

NOTE 6—FUND BALANCES

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” was issued in February of 2009. This statement changes the presentation of the fund balance section of the balance sheet. The Statement No. 54 presentation will help to clarify the fund balance amounts of the governmental funds and will aid readers of the financial statements to better understand the different levels of constraints placed on fund balance. Fund Balances for all the major and non-major governmental funds as of June 30, 2017 were as follows:

	General Fund	Capital Project Fund	Total
Nonspendable:			
Prepaid expenses	\$ 97,043	\$ -	\$ 97,043
Subtotal	<u>97,043</u>	<u>-</u>	<u>97,043</u>
Restricted for:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Committed to:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:			
CalPERS additional contribution	<u>466,980</u>	<u>-</u>	<u>466,980</u>
Subtotal	<u>466,980</u>	<u>-</u>	<u>466,980</u>
Unassigned	<u>870,320</u>	<u>-</u>	<u>870,320</u>
Total	<u><u>\$ 1,434,343</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,434,343</u></u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 6—FUND BALANCES (Continued)

Under GASB 54 fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation. It is the District's policy to first use restricted resources, where available.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

NOTE 7—RISK MANAGEMENT

Special District Risk Management District

The District is a member of the Golden State Risk Management Authority (GSRMA). GSRMA was organized to provide workers comp risk sharing pool for public entities in California. The financial results of GSRMA are not included in the accompanying basic financial statements because the District does not have oversight responsibility.

GSRMA provides the District with workers compensation insurance as set forth in the agreement. The annual member contribution was \$96,442 for fiscal 2017 coverage. Members are subject to dividends and/or assessments in accordance with the provisions of the Joint Powers agreement.

The District currently reports all of its risk management activities in its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

**NOTE 8—EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Total fund balance of the District's governmental funds differs from the net position of governmental activities reported in the statement of net position primarily as a result of the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. When capital assets (land, building, and equipment) that are used in governmental activities are purchased or constructed, the costs of those assets are reported as capital outlay expenditures in the governmental fund. However, the statement of net position includes the capital assets, net of accumulated depreciation, among the assets of the District. In addition, compensated absences are accrued on the governmental activities statement of net position but not on the balance sheet since they also have a long-term economic focus.

Differences	Balance June 30, 2017
Cost of capital assets	\$ 1,317,172
Accumulated depreciation	(915,543)
Net capital assets	401,629
Deferred outflows of resources	1,085,275
Deferred inflows of resources	(135,645)
Net pension liability-Safety	(2,599,090)
Net pension liability-Miscellaneous	(18,763)
Net difference	\$ (1,266,594)

NOTE 9—LEASE COMMITMENT

In August 1st, 2003, the District entered into agreement as a lessee to Thomas A. Dailey, Trustee, R. Yvonne Dailey, Ray P. Mathews, Robert J. Dailey, Muir Station Associates from Broadmoor Police Protection District for \$1 per year.

**NOTE 10—EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND OPERATING STATEMENT AND THE STATEMENT OF ACTIVITIES**

The net change in fund balance for the governmental funds differs from the "change in net position" as a result of the long-term economic focus of the statement of activities versus the current financial resources focus of the general fund. When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as capital outlay expenditures in the general fund. Also, when capital assets are sold, the resources received are reported as proceeds from sale of capital assets in the respective fund. However, in the statement of activities, the cost of those assets purchased or constructed is allocated over their estimated useful lives and reported as depreciation expense. The resources received from the sale of capital assets offset against the net carrying value of the assets sold and reported as a gain or loss in the statement of activities. As a result, the fund balance decreased by the amount of financial resources expended and increased by the amount of financial resources received, whereas net position decreased by the amount of depreciation expense on equipment items during the year and increased (decreased) by the amount of net gain (loss) on disposal of capital assets. In addition, the fund balance is reduced to account for the recording of compensated absences, which has a long-term focus.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

**NOTE 10—EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND OPERATING STATEMENT AND THE STATEMENT OF ACTIVITIES (Continued)**

<u>Differences</u>	<u>Year Ended June 30, 2017</u>
Capital outlay	\$ -
Depreciation expense	(186,750)
PERS contribution	<u>238,795</u>
Net difference	<u>\$ 52,045</u>

NOTE 11—PROPERTY TAX LEVY, COLLECTION, AND MAXIMUM RATES

The States of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless voters have approved an additional amount. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. State Legislature has determined the method of distribution of receipts from a 1% tax levy among counties, cities, school districts and other special districts. Counties, cities and school districts may levy such additional tax as is necessary to provide for voter approved debt service.

The Broadmoor Police Protection District assesses properties, bills, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Tax lien date	January 1	January 1
Assessment roll delivered to County Auditor	No later than July 1	
Due dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on property not secure by liens on real property.

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the “alternate method” of property tax distribution, known as the Teeter Plan, by the Broadmoor Police Protection District. The Teeter Plan authorizes the auditor-controller of the Broadmoor Police Protection District to allocate 100% of the secured property tax billed but not yet paid. The Broadmoor Police Protection District remits tax monies to the District in three installments, as follows: 50% remitted on December 15, 40% remitted on April 15; 10% remitted on June 30.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2017**

NOTE 12 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, the District recognizes deferred outflows of resources as well as deferred inflows of resources. They represent the unamortized portions of changes to net pension liability to be recognized in future periods in a systematic and rational manner. They will be recorded on the Statement of Net Assets.

Deferred outflows of resources is a consumption of net assets. It is similar to a prepaid asset. The District has one item that is reportable as deferred outflows of resources which is related to pensions. The total is \$1,085,275. Any monies contributed to the pension plan made after the measurement date are classified as deferred outflows of resources. The \$344,865 will be recognized as a reduction of the net pension liability in the fiscal year-end June 30, 2017.

Deferred inflows of resources is an acquisition of net assets. The District has one item that is reportable as deferred inflows of resources which is related to pensions. The total is \$135,645. Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned, but are not available to finance expenditures in the current period.

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

<u>Year Ending June 30,</u>	<u>Safety Plan Amount</u>	<u>Miscellaneous Plan Amount</u>
2018	\$ (63,735)	\$ (107)
2019	(72,773)	(176)
2020	(215,781)	(797)
2021	(113,256)	(355)
Total	<u>\$ (465,545)</u>	<u>\$ (1,435)</u>

NOTE 13 – SUBSEQUENT EVENTS

At the time of the audit, BPD has evaluated all subsequent events through June 29, 2018, the date the financial statements were available to be issued, and determined that there is no material impact from the subsequent events.

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2017**

Broadmoor Police Protection District -- Schedule of the District's proportionate share of the Net Pension Liability:

Last 10 Fiscal Years*:	Safety Plan FY 2016-17	Miscellaneous Plan FY 2016-17
Plan's proportion of the net pension liability	0.03004%	0.00022%
Plan's proportionate share of the net pension liability	2,599,090	18,763
Plan's covered-employee payroll (measurement year as of FY 2015-16	635,023	27,034
Plan's proportionate share of the net pension liability as a percentage of its covered-employee payroll	490.29%	69.41%
Plan's Fiduciary net position as a percentage of the total pension liability	74.06%	74.06%
Plan 's proportionate share of aggregate employer contributions	227,819	1,017

CALPERS – Schedule of District contributions

Last 10 Fiscal Years*:	FY 2016-17	FY 2016-17
Actuarially determined contribution	\$ 400,978	\$ 81,673
Total actual contributions	(400,978)	(81,673)
Contribution deficiency (excess)	\$ -	\$ -
Plan's covered-employee payroll	\$ 649,120	\$ 28,932
Contribution as a percentage of covered employee payroll	61.77%	282.29%

**Amounts presented above were determined as of 6/30/2016. Additional years will be presented as they become available.*

BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund Budget	General Fund Actual	2017 Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Total Revenues	\$ 2,297,636	\$ 2,456,442	\$ 158,806
Expenses:			
Salary and Benefits	1,774,529	1,739,329	35,200
Clothing & Uniforms	20,000	19,519	481
Other Household Expenses	5,000	993	4,007
Other Office Expenses	55,000	34,938	20,062
Memberships	5,500	3,833	1,667
Legal Notice	500	-	500
Fuel & Lubrication	40,000	20,290	19,710
Radio Equipment Maintenance	3,160	-	3,160
Other General Maintenance	30,000	28,414	1,586
General Maintenance of Structure	8,500	-	8,500
Utilities	42,684	30,141	12,543
Transportation and Travel	10,000	-	10,000
Professional Contract Services	147,696	200,193	(52,497)
Other Professional Services	52,500	65,652	(13,152)
Other Insurance	91,000	93,838	(2,838)
Contingencies	40,000	-	40,000
School Crossing Guard Program	-	44,955	(44,955)
Supplies	-	7,454	(7,454)
Training	-	3,423	(3,423)
Other Expenses	-	25,531	(25,531)
Operating Expenditures	2,326,069	2,318,503	7,566
Fixed Assets-Equipment	45,000	-	45,000
Total Expenditures	2,371,069	2,318,503	52,566
Excess of Revenues over (under) Expenditures	\$ (73,433)	\$ 137,939	\$ 211,372

The accompanying notes are an integral part of the financial statements.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Broadmoor Police Protection District
Broadmoor, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Broadmoor Police Protection District (BPPD), as of and for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprise the BPPD's basic financial statements and have issued my report thereon date June 29, 2018.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered BPPD's internal control over financial reporting (internal control) to determine procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BPPD's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the BPPD's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

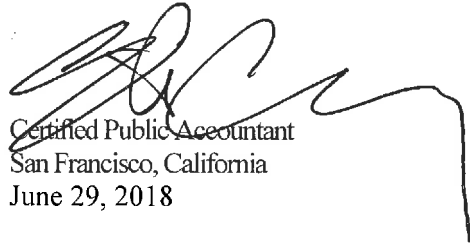
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations during my audit, I did not identify deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Broadmoor Police Protection District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Broadmoor Police Protection District's internal control and compliance. According, this communication is not suitable for any other purpose.



Certified Public Accountant
San Francisco, California
June 29, 2018

**BROADMOOR POLICE PROTECTION DISTRICT
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2017**

2016-1

Credit card purchases were not properly supported with receipts from staffs.

Status: Implemented

**BROADMOOR POLICE PROTECTION DISTRICT
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2017**

2016-2

Accrued liabilities were not properly supported.

Status: Implemented

**BROADMOOR POLICE PROTECTION DISTRICT
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2017**

2016-3

Couple of officer's over-time hour on payroll register was not properly supported.

Status: Implemented

**BROADMOOR POLICE PROTECTION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

None