

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

<u>NAME</u>	<u>TITLE</u>
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)

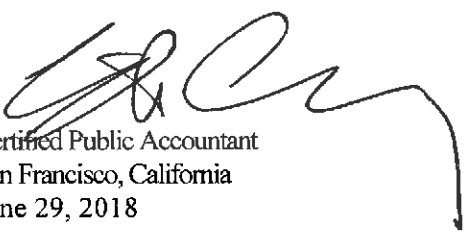
Other Matters

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	\$ 167,749	\$ 215,560

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>

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

**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:

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

The cash and investments by fund is as follows:

General Fund	\$ 1,487,836
Total General Fund	\$ 1,487,836

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
	1,340,062	-	22,890	1,317,172
Accumulated Depreciation				
Vehicles & equipment	588,870	36,991	9,919	615,942
Building & Improvements	149,842	149,759	-	299,601
	738,712	186,750	-	915,543
Capital assets net of depreciation	\$ 601,350			\$ 401,629

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)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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 <u>6.65%</u>	Current Discount Rate <u>7.65%</u>	1% Increase <u>8.65%</u>
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	\$ 123,623

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	97,043	-	97,043
Restricted for:			
None	-	-	-
Subtotal	-	-	-
Committed to:			
None	-	-	-
Subtotal	-	-	-
Assigned to:			
CalPERS additional contribution	466,980	-	466,980
Subtotal	466,980	-	466,980
Unassigned	870,320	-	870,320
Total	\$ 1,434,343	\$ -	\$ 1,434,343

**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 camp 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

	<u>General Fund Budget</u>	<u>General Fund Actual</u>	<u>2017 Variance with Final Budget Favorable (Unfavorable)</u>
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	<u>2,326,069</u>	<u>2,318,503</u>	<u>7,566</u>
Fixed Assets-Equipment	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Expenditures	<u>2,371,069</u>	<u>2,318,503</u>	<u>52,566</u>
Excess of Revenues over (under) Expenditures	<u>\$ (73,433)</u>	<u>\$ 137,939</u>	<u>\$ 211,372</u>

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.

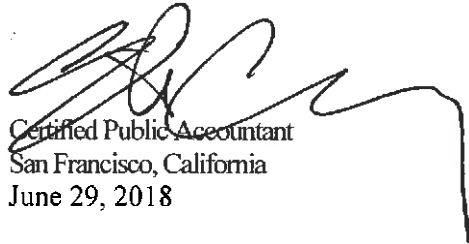
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. 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

BROADMOOR POLICE PROTECTION DISTRICT

**Annual Financial Report and Independent Auditor's Report for the
Year ended June 30, 2018**

BROADMOOR POLICE PROTECTION DISTRICT

Basic Financial Statements
and Required Supplementary Information
for the Fiscal Year Ended June 30, 2018

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BROADMOOR POLICE PROTECTION DISTRICT

POLICE COMMISSIONERS

JUNE 30, 2018

NAME

TITLE

Sylvia Koh

President

James Kochanski

Treasurer

Ralph Hutchens

Secretary

INDEPENDENT AUDITOR'S REPORT

Police Commissioners
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, 2018, 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 District as of June 30, 2018, 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)

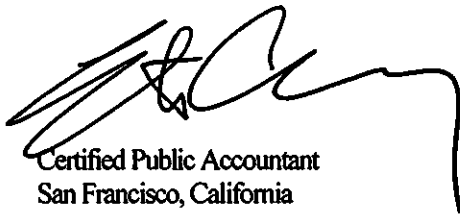
Other Matters

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 25, 2019, on my consideration of the District'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 District's internal control over financial reporting and compliance.



Certified Public Accountant
San Francisco, California
June 25, 2019

MANAGEMENTS DISCUSSION AND ANALYSIS

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017
(Required Supplementary Information)**

This discussion and analysis of the District's fiscal performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2018 and 2017. Please review it in conjunction with the transmittal letter and the basic financial statements, which begins on page 9.

FINANCIAL HIGHLIGHTS

From the Statement of Net position

- Total net position for the years ended June 30, 2018 and 2017 are \$(71,511) and \$167,749, respectively. This is a 142.63% decrease.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations for the years ended June 30, 2018 and 2017 are \$(449,701), and \$(233,880), respectively.

From the Governmental Fund Financial Statements

- Our General Fund balance decreased by \$65,256 for fiscal year ended June 30, 2018.
- Property tax revenues (including special tax revenue for police services) for fiscal years ended June 30, 2018 and 2017 were \$1,951,708 and \$1,857,678, 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, 2018 AND 2017
(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 9-10 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 CalPERS pension schedule of funding progress.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017
(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 \$(71,511) as of June 30, 2018 and \$167,749 as of June 30, 2017. These numbers are comprised of two components:

	2018	2017
Investment in capital assets, net of debt	\$ 378,190	\$ 401,629
Unrestricted assets	(449,701)	(233,880)
Total net position	\$ (71,511)	\$ 167,749

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-controller's 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 (ERAF rebate) for the years ended June 30, 2018 and 2017 are \$302,068 and \$267,015, respectively.

The largest expenditure of the District is salary and benefits, including CalPERS pension 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 \$179,010 in 2018 and \$123,623 in 2017.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017
(Required Supplementary Information)**

COMMENTS ON BUDGET COMPARISONS

Actual revenues exceeded budgeted revenues by \$400,904 in 2018 and \$158,806 in 2017.

Actual expenditures were more than final budgeted expenditures by \$501,240 in 2018 and \$52,566 less in 2017. The four major components were salary and benefits of \$(383,027), professional contract services of \$(72,633), insurance of \$(62,500) and school crossing guard program of \$(55,108) in 2018.

These four differences netted together equal a negative variance of \$573,268 in 2018.

HISTORY AND ECONOMIC FACTORS

On September 7, 1948, a petition was filed with the County Clerk of San Mateo County (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 County Sheriff's Office. These services were headquartered some 30 - 40 minutes driving time away (before the advent of interstate freeways). The District was established by 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 District had a history of very lean budgets.

In 1997, the 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, 2018 AND 2017
(Required Supplementary Information)**

HISTORY AND ECONOMIC FACTORS (Continued)

In 1998, the 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 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 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 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 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 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 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, 2018 AND 2017
(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 Michael Connolly, 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, 2018**

	General Fund	Capital Project	Total	Adjustment See Note (3, 8 & 12)	Statement of Net Position
Assets					
Cash and investments (Note 2)	\$ 1,525,619	\$ -	\$ 1,525,619	\$ -	\$ 1,525,619
Receivables	115,096	-	115,096	-	115,096
Prepaid	150,704	-	150,704	-	150,704
Capital Assets (Note 3)					
Building	-	-	-	361,122	361,122
Building improvements	-	-	-	84,957	84,957
Equipment	-	-	-	832,964	832,964
Accumulated depreciation	-	-	-	(900,853)	(900,853)
Total Capital Asset	-	-	-	378,190	378,190
Total Assets	\$ 1,791,419	\$ -	\$ 1,791,419	\$ 378,190	\$ 2,169,609
Deferred Outflows of Resources-Deferred pensions (Note 4)	-	-	-	1,178,959	1,178,959
Liabilities					
Accounts payable	\$ 154,017	\$ -	\$ 154,017	\$ -	\$ 154,017
Accrued liabilities	268,315	-	268,315	-	268,315
Long term net pension liability-Safety plan	-	-	-	2,906,715	2,906,715
Long term net pension liability-Miscellaneous	-	-	-	20,647	20,647
Total Liabilities	422,332	-	422,332	2,927,362	3,349,694
Deferred Inflows of Resources-Deferred pensions (Note 4)	-	-	-	70,385	70,385
Fund Balances/Net Position (Note 6)					
Fund balances					
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	1,369,087	-	1,369,087	(1,369,087)	-
Total Liabilities and Fund Balances	\$ 1,791,419	\$ -	\$ 1,791,419		
Net Position					
Capital assets				378,190	378,190
Restricted				-	-
Unrestricted				(449,701)	(449,701)
Total Net Position				\$ (71,511)	\$ (71,511)

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

**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, 2018**

	General Fund	Adjustment	2018 Statement of Activities
EXPENDITURES/EXPENSES:			
Current expenditures/expenses:			
Salary and Benefits			
Salary-Officers	\$ 396,504	\$ -	\$ 396,504
Salary-Officers (Without benefit)	857,550	-	857,550
Salary-Admin	81,101	-	81,101
Salary-Overtime	33,265	-	33,265
Medical Insurance	118,005	-	118,005
Pension expense	515,608	-	515,608
Payroll Tax Expense	113,045	-	113,045
PERS Contribution-District	104,695	-	104,695
Workers Compensation	13,239	-	13,239
Total Salary and Benefits	2,233,012	-	2,233,012
Clothing & Uniforms	5,346	-	5,346
Other Household Expenses	1,670	-	1,670
Other Office Expenses	18,328	-	18,328
Memberships	3,503	-	3,503
Fuel & Lubrication	16,886	-	16,886
Auto Maintenance	21,591	-	21,591
Equipment Maintenance	4,221	-	4,221
Utilities	29,695	-	29,695
Professional Contract Services	220,765	-	220,765
Other Professional Services	120,209	-	120,209
Insurance	113,942	-	113,942
Training	3,386	-	3,386
Other Expenses	5,215	-	5,215
School Crossing Guard Program	55,108	-	55,108
Depreciation	46,443	-	46,443
Total	666,308	-	666,308
Capital outlay:			
Equipment and Furniture	-	-	-
Buildings and Improvements	-	-	-
Future Capital Outlay	-	-	-
Total Expenditures	2,899,320	-	2,899,320
GENERAL REVENUES:			
Property Taxes-Secured	1,236,172	-	1,236,172
Property Taxes-Unsecured	64,325	-	64,325
Trust Fund	4,867	-	4,867
Special Assessments	651,210	-	651,210
Charges for Services	37,151	-	37,151
Investment Income	20,316	-	20,316
Other Income	343,949	-	343,949
ERAF Rebate	302,068	-	302,068
Total Revenues	2,660,058	-	2,660,058
Change In Net Position	(239,261)	-	(239,261)
Fund Balance/Net Position, Beginning of year	167,749	-	167,749
Prior Period Adjustment	-	-	-
Fund Balances/Net Position, End of year	\$ (71,511)	\$ -	\$ (71,511)

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

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of District is presented to assist in understanding the District'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 District was formed to provide police protection services and parks and recreation services. The accounts of the District 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

Government-wide Financial Statements

The District'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 District 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 District'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, 2018**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the District. 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 District had no major funds in the fiscal years ended June 30, 2018 and 2017.

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 District, are intergovernmental revenues, investment earnings and charges for services. Expenditures are generally recognized when incurred under the modified accrual basis of accounting.

The District has only two funds in fiscal years 2018 and 2017, the General Fund and Capital Project Fund.

General Fund—the General Fund is the operating fund of the District. 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. Custodianship of the District's accounts and records are vested with the Treasurer of the 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, 2018**

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 District 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 Police Commissioners a preliminary operating budget. During the month of June, the General Manager/Chief of Police submits to the Police Commissioners 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 Fund. 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, 2018**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting pronouncements

Effective July 1, 2003, the District 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

District employees are entitled to certain compensated absences based on their length of employment. Payable for compensated absences are \$179,010 and \$123,623 at June 30, 2018 and 2017, respectively.

Fund equity reservations and designations

Reservations and designations of the ending fund balance indicate portions of fund balance not appropriate 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, 2018**

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. 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, 2018**

NOTE 2— CASH AND INVESTMENTS (Continued)

A summary of the District’s cash and investments at June 30, 2018 is as follows:

	Carrying Value	Market Value
<u>Governmental Funds (District Fund)</u>		
<u>Category 1:</u>		
Cash in Checking Accounts	\$ 28,038	\$ 28,038
	28,038	28,038
<u>Uncategorized:</u>		
County Treasury	1,497,581	1,497,581
Total Governmental Fund (District Fund)	\$ 1,525,619	\$ 1,525,619

The cash and investments by fund is as follows:

General Fund	\$ 1,525,619
Total General Fund	\$ 1,525,619

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, 2018**

NOTE 3—CAPITAL ASSETS

The District'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 District 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 capital assets follows:

	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/18</u>
Depreciable assets				
Vehicles & equipment	\$ 871,093	\$ 23,004	\$ 61,133	\$ 832,964
Building & improvements	446,079	-	-	446,079
	<u>1,317,172</u>	<u>23,004</u>	<u>61,133</u>	<u>1,279,042</u>
Accumulated Depreciation				
Vehicles & equipment	615,942	32,604	61,133	587,413
Building & Improvements	299,601	13,839	-	313,440
	<u>915,543</u>	<u>46,443</u>	<u>61,133</u>	<u>900,853</u>
Capital assets, net of depreciation	<u>\$ 401,629</u>			<u>\$ 378,190</u>

The current depreciation expense of \$46,443 was charged to Statement of Activities as depreciation expense adjustment.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

NOTE 4— DEFINED BENEFIT PENSION PLAN

CalPERS 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 participates in a two-tiered retirement funding system.

A Tier 1 (Classic) CalPERS employee is required to contribute 9% of his/her annual covered salary. The District has historically paid this tax deferred contribution required of Classic employees on their behalves and for their accounts. Effective January 1, 2018 the District pays 4% and the Classic employee pays 5% which totals the 9% employee contribution.

In addition, for Tier 1 (Classic) CalPERS employees, The District is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS’ Board of Administration. The contribution requirements for the plan members are established by State statute. For the fiscal year ending June 30, 2018, the District’s contribution rate is 19.723% and a flat UAL of \$263,331.

Although PEPRA has been effective of hires as of January 01, 2013, The District’s first Tier 2 (PEPRA) CalPERS employee was hired in October 2015. A PEPRA employee is required to pay his/her own officer’s portion contribution. The District will not pick up any of that portion. For the year ending June 30, 2018, the PEPRA employee’s contribution remains at 11.5%, but The District’s contribution rate is 11.99%. There will be no UAL contribution.

A Classic employee’s defined benefit is calculated using 3% at 50 years of age formula. A PEPRA employee’s defined benefit is calculated using a 2.7% at 57 years of age formula.

Actuarial Assumptions

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension - The net pension liability at June 30, 2018 is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The total pension liabilities in the June 30, 2016 actuarial valuation was based on the following actuarial methods and assumptions:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

- Actuarial method – Entry Age Normal
- Discount Rate/Rate of Return – 7.15%, 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, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

Change of assumptions - The discount rate decreased from 7.65% to 7.15% for the June 30, 2017 measurement date.

Discount rate – The discount rate used to measure the total pension liability at June 30, 2017 and 2016 measurement date was 7.15% and 7.65%, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The test revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make the required contributions as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows 'as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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 one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Safety/Misc District's proportionate share of the net pension			
plan liability-safety	\$ 4,314,378	\$ 2,906,715	\$ 1,756,021
plan liability-Misc	\$ 28,138	\$ 20,647	\$ 14,444

Schedule of the District's proportionate share of the Net Pension Liability:

	SAFETY FY 2017-2018	MISC FY 2017-2018
District's proportion of the net pension liability (asset)	0.02931%	0.00021%
District's proportionate share of the net pension liability (asset)	\$ 2,906,715	\$ 20,647
District's covered-employee payroll (measurement year as of FY 2016-17)	\$ 649,120	\$ 28,932
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	447.79%	71.36%
Plan Fiduciary net position as a percentage of the total pension liability	73.31%	73.31%
Proportionate share of the aggregate employer contribution	\$ 246,884	\$ 1,279

CALPERS – Schedule of District contributions

	FY 2017-2018	FY2017-2018
Contractually required contribution (CRC)	\$ 345,976	\$ 19,067
Contributions in relation to the CRC	(345,976)	(19,067)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 427,134	\$ 81,101
Contribution as a percentage of covered-employee payroll	81.00%	23.51%

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$515,608. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 365,043	\$ -
Change in assumptions	428,374	32,865
Difference between expected and actual experience	29,399	7,922
Net differences between projected and actual earnings on plan investments	93,421	-
Change in employer's proportion	26,360	28,926
Difference between the employer's contributions and the employer's proportionate share of contributions	236,362	672
	\$ 1,178,959	\$ 70,385

Other Amount reported as deferred outflows of resources related contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as estimated pension expenses for the next four years as follows:

2019	\$ 119,755
2020	274,672
2021	170,648
2022	54,668
	\$ 510,407

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

NOTE 5—COMPENSATED ABSENCES

Amounts due to employees for compensated absences as of June 30, 2018 were as follows:

Vacation	\$ 49,913
Total compensated absences	\$ 49,913

NOTE 6—FUND BALANCES

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” was issued in February 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, 2018 were as follows:

	General Fund	Capital Project Fund	Total
Nonspendable:			
Prepaid expenses	\$ 150,704	\$ -	\$ 150,704
Subtotal	150,704	-	150,704
Restricted for:			
None	-	-	-
Subtotal	-	-	-
Committed to:			
None	422,332	-	422,332
Subtotal	-	-	-
Assigned to:			
CalPERS additional contribution	-	-	-
Subtotal	-	-	-
Unassigned	796,051	-	796,051
Total	\$ 1,369,087	\$ -	\$ 1,369,087

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2018**

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’ compensation 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 \$13,239 for fiscal 2018 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, 2018**

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, 2018
Cost of capital assets	\$ 1,279,042
Accumulated depreciation	(900,853)
Net capital assets	\$ 378,189
Deferred outflows of resources	\$ 1,178,959
Deferred inflows of resources	(70,385)
Net pension liability-Safety	(2,906,715)
Net pension liability-Miscellaneous	(20,647)
Net difference	\$ (1,440,599)

NOTE 9—LEASE COMMITMENT

On August 1, 2003, the District entered into agreement as a lessee with Thomas A. Dailey, Trustee, R. Yvonne Dailey, Ray P. Mathews, Robert J. Dailey, Muir Station Associates from the 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, 2018**

**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, 2018</u>
Capital outlay	\$ -
Depreciation expense	(46,443)
PERS contribution	<u>104,695</u>
 Net difference	 <u><u>\$ 58,252</u></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 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 District. The Teeter Plan authorizes the auditor-controller of the District to allocate 100% of the secured property tax billed but not yet paid. The 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, 2018**

NOTE 12 – SUBSEQUENT EVENTS

At the time of the audit, the District has evaluated all subsequent events through June 25, 2019, the date the financial statements were available to be issued and determined that there is no material impact from the subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2018**

Schedule of the District's proportionate share of the Net Pension Liability:

Last 10 Fiscal Years*:	Safety <u>FY 2017-18</u>	Misc <u>FY 2017-18</u>
Plan's proportion of the net pension liability	0.02931%	0.00021%
Plan's proportionate share of the net pension liability	2,906,715	20,647
Plan's covered employee payroll (measurement year as of FY 2016-17)	649,120	28,932
Plan's proportionate share of the net pension liability as a percentage of its covered-employee payroll	447.79%	71.36%
Plan's Fiduciary net position as a percentage of the total pension liability	73.31%	73.31%
Plan's proportionate share of aggregate employer contributions	246,884	1,279

CALPERS – Schedule of District contributions

Last 10 Fiscal Years*:	<u>FY 2018</u>	<u>FY 2017</u>
Actuarially determined contribution	\$ 19,067	\$ 81,673
Total actual contributions	<u>(19,067)</u>	<u>(81,673)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Plan's covered-employee payroll	\$ 81,101	\$ 28,932
Contribution as a percentage of covered employee payroll	23.51%	282.29%

**Amounts presented above were determined as of 6/30/2017. 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, 2018**

	<u>General Fund Budget</u>	<u>General Fund Actual</u>	2018 Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Total Revenues	\$ 2,259,155	\$ 2,660,058	\$ 400,903
 Expenses:			
Salary and Benefits	1,845,240	2,233,012	(387,772)
Clothing & Uniforms	5,000	5,346	(346)
Other Household Expenses	3,000	1,670	1,330
Other Office Expenses	35,000	18,328	16,672
Memberships	9,125	3,503	5,622
Legal Notice	-	-	-
Fuel & Lubrication	25,000	16,886	8,114
Radio Equipment Maintenance	-	-	-
Other General Maintenance	-	-	-
General Maintenance of Structure	28,500	25,812	2,688
Utilities	42,936	29,695	13,241
Transportation and Travel	-	-	-
Professional Contract Services	148,132	220,765	(72,633)
Other Professional Services	69,300	120,209	(50,909)
Other Insurance	51,442	113,942	(62,500)
Contingencies	40,000	-	40,000
School Crossing Guard Program	-	55,108	(55,108)
Training	-	3,386	(3,386)
Depreciation	-	46,443	(46,443)
Other Expenses	90,660	5,215	85,445
Operating Expenditures	<u>2,393,335</u>	<u>2,899,320</u>	<u>(505,985)</u>
Fixed Assets-Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,393,335</u>	<u>2,899,320</u>	<u>(505,985)</u>
 Excess of Revenues over (under) Expenditures	<u>\$ (134,180)</u>	<u>\$ (239,262)</u>	<u>\$ (105,082)</u>

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*

Police Commissioners
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 governmental activities of Broadmoor Police Protection District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the District's basic financial statements and have issued my report thereon date June 25, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District'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 the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District'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.

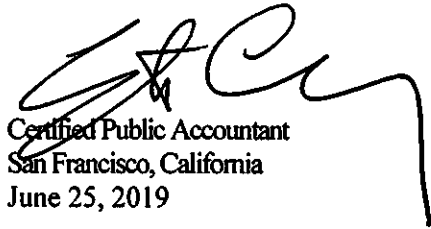
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given 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 the 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 the District's internal control and compliance. According, this communication is not suitable for any other purpose.



Certified Public Accountant
San Francisco, California
June 25, 2019

**BROADMOOR POLICE PROTECTION DISTRICT
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2018**

None

**BROADMOOR POLICE PROTECTION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

None

BROADMOOR POLICE PROTECTION DISTRICT

**Annual Financial Report and Independent Auditor's Report for the
Fiscal Year ended June 30, 2019**

BROADMOOR POLICE PROTECTION DISTRICT

Basic Financial Statements
and Required Supplementary Information
for the Fiscal Year Ended June 30, 2019

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BROADMOOR POLICE PROTECTION DISTRICT

POLICE COMMISSIONERS

JUNE 30, 2019

<u>NAME</u>	<u>TITLE</u>
Sylvia Koh	President
James Kochanski	Treasurer
Ralph Hutchens	Secretary

INDEPENDENT AUDITOR'S REPORT

Police Commissioners
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, 2019, 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 District as of June 30, 2019, 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)

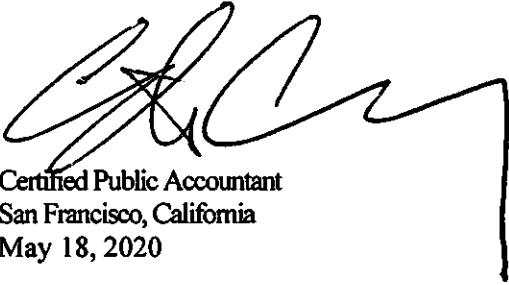
Other Matters

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 May 18, 2020, on my consideration of the District'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 District's internal control over financial reporting and compliance.



Certified Public Accountant
San Francisco, California
May 18, 2020

MANAGEMENTS DISCUSSION AND ANALYSIS

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018
(Required Supplementary Information)**

This discussion and analysis of the District's fiscal performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2019 and 2018. Please review it in conjunction with the transmittal letter and the basic financial statements, which begins on page 9.

FINANCIAL HIGHLIGHTS

From the Statement of Net Position

- Total net position for the years ended June 30, 2019 and 2018 are \$(422,250) and \$(71,511), respectively. This is a 490% decrease.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations for the years ended June 30, 2019 and 2018 are \$(779,759) and \$(449,701), respectively.

From the Governmental Fund Financial Statements

- Our General Fund balance decreased by \$(350,740) for fiscal year ended June 30, 2019.
- Property tax revenues (including special tax revenue for police services) for fiscal years ended June 30, 2019 and 2018 were \$2,450,760 and \$1,951,708, 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, 2019 AND 2018
(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 9-10 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 CalPERS pension schedule of funding progress.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018
(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 \$(422,250) as of June 30, 2019 and \$(71,511) as of June 30, 2018. These numbers are comprised of two components:

	2019	2018
Investment in capital assets, net of debt	\$ 357,509	\$ 378,190
Unrestricted assets	(779,759)	(449,701)
Total net position	\$ (422,250)	\$ (71,511)

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-controller's 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, 2019 and 2018 are \$395,540 and \$302,068, respectively.

The largest expenditure of the District is salary and benefits, including CalPERS pension 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 \$165,185 in 2019 and \$179,010 in 2018.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018
(Required Supplementary Information)**

COMMENTS ON BUDGET COMPARISONS

Actual revenues exceeded budgeted revenues by \$334,141 in 2019 and \$400,904 in 2018.

Actual expenditures were more than final budgeted expenditures by \$667,631 in 2019 and \$501,240 less in 2018. The four major components were salary and benefits of \$458,991 professional contract services of \$50,833, professional services of \$102,851 and insurance of \$49,716 in 2019.

These four differences netted together equal a negative variance of \$662,391 in 2019.

HISTORY AND ECONOMIC FACTORS

On September 7, 1948, a petition was filed with the County Clerk of San Mateo County (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 County Sheriff's Office. These services were headquartered some 30 - 40 minutes driving time away (before the advent of interstate freeways). The District was established by 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 District had a history of very lean budgets.

In 1997, the 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, 2019 AND 2018
(Required Supplementary Information)**

HISTORY AND ECONOMIC FACTORS (Continued)

In 1998, the 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 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 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 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 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 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 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, 2019 AND 2018
(Required Supplementary Information)**

HISTORY AND ECONOMIC FACTORS (Continued)

In 2019, the Police Commissioners for the District approved Resolution 2018/2019 - 02, setting the rates at the maximum allowed based on Resolution 1999/2000 – 09. The special tax was \$419 per year for single family residential, \$419 per year for multiple unit residential, \$348 per year for residential board or care facility (per bed), \$912 per year for commercial and industrial property and \$136 per year for unimproved property.

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 Michael Connolly, 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, 2019**

	General Fund	Total	Adjustment See Note (3, 8 & 12)	Statement of Net Position
Assets				
Cash and investments (Note 2)	\$ 1,367,943	\$ 1,367,943	\$ -	\$ 1,367,943
Receivables	71,243	71,243	-	71,243
Prepaid	136,129	136,129	-	136,129
Capital Assets (Note 3)				
Building	-	-	361,122	361,122
Building improvements	-	-	84,957	84,957
Equipment	-	-	861,423	861,423
Accumulated depreciation	-	-	(949,993)	(949,993)
Total Capital Asset	<u>-</u>	<u>-</u>	<u>357,509</u>	<u>357,509</u>
Total Assets	<u>\$ 1,575,315</u>	<u>\$ 1,575,315</u>	<u>\$ 357,509</u>	<u>\$ 1,932,824</u>
Deferred Outflows of Resources-Deferred pensions (Note 4)	-	-	866,343	866,343
Liabilities				
Accounts payable	\$ 104,295	\$ 104,295	-	\$ 104,295
Accrued liabilities	165,185	165,185	-	165,185
Long term net pension liability-Safety plan	-	-	2,875,464	2,875,464
Long term net pension liability-Miscellaneous	-	-	20,324	20,324
Total Liabilities	<u>269,480</u>	<u>269,480</u>	<u>2,895,788</u>	<u>3,165,268</u>
Deferred Inflows of Resources-Deferred pensions (Note 4)	-	-	56,149	56,149
Fund Balances/Net Position (Note 6)				
Fund balances				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>1,305,835</u>	<u>1,305,835</u>	<u>(1,305,835)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,575,315</u>	<u>\$ 1,575,315</u>		
Net Position				
Capital assets			357,509	357,509
Restricted			-	-
Unrestricted			(779,759)	(779,759)
Total Net Position			<u>\$ (422,250)</u>	<u>\$ (422,250)</u>

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

**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, 2019**

	General Fund	Adjustment	2019 Statement of Activities
EXPENDITURES/EXPENSES:			
Current expenditures/expenses:			
Salary and Benefits			
Salary-Officers	\$ 532,187	\$ -	\$ 532,187
Salary-Officers (Without benefit)	633,426	-	633,426
Salary-Admin	81,146	-	81,146
Salary-Overtime	110,952	-	110,952
Medical Insurance	167,110	-	167,110
Pension Expense	603,300	-	603,300
State Disability Insurance	1,943	-	1,943
Payroll Tax Expense	79,550	-	79,550
PERS Contribution-District	84,795	-	84,795
Workers Compensation	-	-	-
Total Salary and Benefits	<u>2,294,409</u>	<u>-</u>	<u>2,294,409</u>
Training	9,426	-	9,426
Clothing & Uniforms	7,838	-	7,838
Household Expenses	786	-	786
Office Expenses	43,245	-	43,245
Memberships	6,695	-	6,695
Fuel & Lubrication	21,626	-	21,626
Auto Maintenance	28,783	-	28,783
Equipment Maintenance	22,456	-	22,456
Utilities	34,066	-	34,066
Professional Contract Services	210,465	-	210,465
Professional Services	194,551	-	194,551
Insurance	144,716	-	144,716
Contingencies	15	-	15
School Crossing Guard Program	50,658	-	50,658
Program Expense	30,174	-	30,174
Miscellaneous Expenses	9,232	-	9,232
Depreciation	49,140	-	49,140
Total	<u>863,872</u>	<u>-</u>	<u>863,872</u>
Capital outlay:			
Equipment and Furniture	-	-	-
Buildings and Improvements	-	-	-
Future Capital Outlay	-	-	-
Total Expenditures	<u>3,158,281</u>	<u>-</u>	<u>3,158,281</u>
GENERAL REVENUES:			
Property Taxes-Secured	1,339,099	-	1,339,099
Property Taxes-Unsecured	64,911	-	64,911
Trust Fund	7,286	-	7,286
Special Assessments	651,210	-	651,210
Grants	150,784	-	150,784
Charges for Services	48,762	-	48,762
Investment Income	29,480	-	29,480
Other Income	120,469	-	120,469
ERAF Rebate	395,540	-	395,540
Total Revenues	<u>2,807,541</u>	<u>-</u>	<u>2,807,541</u>
Change In Net Position	<u>(350,740)</u>	<u>-</u>	<u>(350,740)</u>
Fund Balance/Net Position, Beginning of year	<u>(71,511)</u>	<u>-</u>	<u>(71,511)</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances/Net Position, End of year	<u>\$ (422,250)</u>	<u>\$ -</u>	<u>\$ (422,250)</u>

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

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of District is presented to assist in understanding the District'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 District was formed to provide police protection services and parks and recreation services. The accounts of the District 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

Government-wide Financial Statements

The District'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 District 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 District'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, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the District. 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 District had no major funds in the fiscal years ended June 30, 2019 and 2018.

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 District, are intergovernmental revenues, investment earnings and charges for services. Expenditures are generally recognized when incurred under the modified accrual basis of accounting.

The District has only one fund in fiscal years 2019 and 2018, General Fund—the General Fund is the operating fund of the District. 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. Custodianship of the District's accounts and records are vested with the Treasurer of the 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 trial balance for the period then ended.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

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 District 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 Police Commissioners a preliminary operating budget. During the month of June, the General Manager/Chief of Police submits to the Police Commissioners 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 Fund. 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, 2019**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting pronouncements

Effective July 1, 2003, the District 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

District employees are entitled to certain compensated absences based on their length of employment. Payable for compensated absences are \$165,185 and \$179,010 at June 30, 2019 and 2018, respectively.

Fund equity reservations and designations

Reservations and designations of the ending fund balance indicate portions of fund balance not appropriate 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, 2019**

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.

NOTE 2— CASH AND INVESTMENTS

The District maintains most of its cash in the County. 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, 2019**

NOTE 2— CASH AND INVESTMENTS (Continued)

A summary of the District’s cash and investments at June 30, 2019 is as follows:

	Carrying Value	Market Value
<u>Governmental Funds (District Fund)</u>		
<u>Category 1:</u>		
Cash in Checking Accounts	\$ 14,100	\$ 14,100
	14,100	14,100
<u>Uncategorized:</u>		
County Treasury	1,353,843	1,353,843
Total Governmental Fund (District Fund)	\$ 1,367,943	\$ 1,367,943

The cash and investments by fund is as follows:

General Fund	\$ 1,367,943
Total General Fund	\$ 1,367,943

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.

NOTE 3—CAPITAL ASSETS

The District’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.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 3—CAPITAL ASSETS (Continued)

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 District 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 capital assets follows:

	Balance 6/30/18	Additions	Retirements	Balance 6/30/19
Depreciable assets				
Vehicles & equipment	\$ 832,964	\$ 28,457	\$ -	\$ 864,421
Building & improvements	446,079	-	-	446,079
	1,279,043	28,457	-	1,307,500
Accumulated Depreciation				
Vehicles & equipment	587,413	38,417	-	625,830
Building & improvements	313,440	10,725	-	324,165
	900,853	49,142	-	949,995
Capital assets net of depreciation	\$ 378,190			\$ 357,509

The current depreciation expense of \$49,140 was charged to Statement of Activities as depreciation expense adjustment.

NOTE 4— DEFINED BENEFIT PENSION PLAN

Public Employees Retirement System

Plan Description: Based on PERS eligibility criteria all qualified permanent and probationary employees are eligible to participate in the District's following cost-sharing multiple employer defined benefit pension plans (Plans):

- District Miscellaneous (Tier 1)
- District Miscellaneous (Tier 2 & PEPRA)
- District Safety (Tier 1)
- District Safety (Tier 2 & PEPRA)

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	District Miscellaneous		
	Prior to August 1, 2012	8/1/2012- 12/31/2012 (or "Classic")	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensations	2.0% to 2.5%	1.091% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	19.176%	8.005%	6.25%
	District Safety		
	Prior to January 1, 2012	On or after January 1, 2012 (or "Classic")	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensations	3%	2.4 to 3%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	34.595%	20.774%	11.5%

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

The District’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors four rate plans (two miscellaneous and two safety).

Contributions - Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

	Total Miscellaneous
Employer Contributions	\$ 5,469
	Total Safety
Employer Contributions	\$ 331,025

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 20,324
Safety	2,875,464
Total Net Pension Liability	\$ 2,895,788

The District’s net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

<u>District Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.00021%
Proportion - June 30, 2018	0.00021%
Change - Increase (Decrease)	0.0%
<u>District Safety Plan</u>	<u>Safety</u>
Proportion - June 30, 2017	0.02931%
Proportion - June 30, 2018	0.02984%
Change - Increase (Decrease)	0.00053%

For the year ended June 30, 2019, the District recognized pension expense of \$603,330. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 336,494	\$ -
Differences between actual and expected experience	62,564	500
Changes in assumptions	284,450	38,633
Net differences between projected and actual earnings on plan investments	19,568	-
Change in proportions and differences between actual contributions and proportionate share of contributions	835	16,824
	<u>162,432</u>	<u>192</u>
Total	<u>\$ 866,343</u>	<u>\$ 56,149</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

<u>Year Ended June 30</u>	
2020	\$ 348,394
2021	212,528
2022	(67,122)
2023	<u>19,733</u>
Total	<u>\$ 513,533</u>

Actuarial Assumptions - For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Project Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

Change in Assumptions - In 2018, the accounting discount rate is same as 2017 – 7.15%.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 4— DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assets Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.90%	5.38%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.92%
Liquidity	1%	0.00%	(0.92)%
Total	<u>100%</u>		

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 4—DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as 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 or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	29,463	4,329,309
Current Discount Rate	7.15%	7.15%
Net Pension Liability	20,324	2,875,464
1% Increase	8.15%	8.15%
Net Pension Liability	12,779	1,654,299

Pension Plan Fiduciary Net Position – Detail information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 5—COMPENSATED ABSENCES

Amounts due to employees for compensated absences as of June 30, 2019 were as follows:

Vacation	<u>\$ 165,185</u>
Total compensated absences	<u><u>\$ 165,185</u></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, 2019 were as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 6—FUND BALANCES (Continued)

	General Fund	Capital Project Fund	Total
Nonspendable:			
Prepaid expenses	\$ 136,129	\$ -	\$ 136,129
Subtotal	<u>136,129</u>	<u>-</u>	<u>136,129</u>
Restricted for:			
None	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Committed to:			
None	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:			
CalPERS additional contribution	183,841	-	183,841
Subtotal	<u>183,841</u>	<u>-</u>	<u>183,841</u>
Unassigned	<u>985,865</u>	<u>-</u>	<u>985,865</u>
Total	<u>\$ 1,305,835</u>	<u>\$ -</u>	<u>\$ 1,305,835</u>

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.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 7—RISK MANAGMENT

Special District Risk Management District

The District is a member of the Golden State Risk Management Authority (GSRMA). GSRMA was organized to provide workers' compensation 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 \$144,176 for fiscal 2019 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.

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, 2019
Cost of capital assets	\$ 1,307,502
Accumulated depreciation	(949,993)
Net capital assets	\$ 357,509
Deferred outflows of resources	\$ 866,343
Deferred inflows of resources	(56,149)
Net pension liability-Safety	(2,875,464)
Net pension liability-Miscellaneous	(20,324)
Net difference	\$ (2,085,594)

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 9—LEASE COMMITMENT

On August 1, 2003, the District entered into agreement as a lessee with Thomas A. Dailey, Trustee, R. Yvonne Dailey, Ray P. Mathews, Robert J. Dailey, Muir Station Associates from the 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.

<u>Differences</u>	<u>Year Ended June 30, 2019</u>
Capital outlay	\$ -
Depreciation expense	(49,140)
PERS contribution	<u>84,795</u>
Net difference	<u>\$ 35,655</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 District assesses properties, bills, and collects property taxes as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2019**

NOTE 11—PROPERTY TAX LEVY, COLLECTION, AND MAXIMUM RATES (Continued)

	<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 District. The Teeter Plan authorizes the auditor-controller of the District to allocate 100% of the secured property tax billed but not yet paid. The County 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.

NOTE 12 – POST EMPLOYMENT BENEFIT OBLIGATIONS

The District does not provide any post-employment benefits such as retiree medical.

NOTE 13 – UNCERTAINTY

The going concern basis assumes BPD will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business under GASB 34. During the year ended June 30, 2019, the entity had a net loss of \$350,740, negative cash flow from operations activities loss of \$(129,218). Given the agency maintained \$1,367,943 operating cash balance as of June 30, 2019, management believes that it will have sufficient capital to operate over the next 12 months. This is third years of consecutive net loss of \$350,740 for 2019, 2018 is \$239,261, and 2017 is \$48,811.

NOTE 14 – SUBSEQUENT EVENTS

At the time of the audit, the District has evaluated all subsequent events through May 18, 2020, the date the financial statements were available to be issued and determined that there is no material impact from the subsequent events.

REQUIRED SUPPLEMENTARY AND SUPPLEMENTARY INFORMATION

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2019**

Schedule of the District's Proportionate Share of the Net Pension Liability

	<u>District Safety</u>	<u>District Miscellaneous</u>
	Total	Total
Fiscal year	2018-19	2018-19
Measurement period	2017-18	2017-18
District's proportion of the net pension liability (asset)	0.02984%	0.00021%
District's proportionate share of the net pension liability (asset)	\$ 2,875,464	\$ 20,324
District's covered payroll (Measurement Year)	\$ 427,134	\$ 81,101
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	673.20%	25.06%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%
Proportionate share of aggregate employer contributions	\$ 323,597	\$ 1,799

Schedule of the District's Contribution

District Safety		
Fiscal Year Ended	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 331,025	\$ 345,976
(CRC) Contributions in relations to the CRC	<u>(331,025)</u>	<u>(345,976)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered payroll	\$ 524,247	\$ 427,134
Contributions as a percentage of covered payroll	63.14%	81.00%
District Miscellaneous		
Fiscal Year Ended	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 5,469	\$ 19,067
(CRC) Contributions in relations to the CRC	<u>(5,469)</u>	<u>(19,067)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered payroll	\$ 89,086	\$ 81,101
Contributions as a percentage of covered payroll	6.14%	23.51%

**BROADMOOR POLICE PROTECTION DISTRICT
SUPPLEMENTARY INFORMATION
GENERAL FUND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019
Cash flows from Operating Activities:	
Change in Net Position	\$ (350,740)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Depreciation Expenses	49,140
(Increase) Decrease in Operating Activities	
Receivable	43,853
Prepaid	14,575
Deferred Outflows of Resources-Deferred Pensions	312,616
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(49,722)
Accrued Liabilities	(103,130)
Long term net pension liability-Safety plan	(31,251)
Long term net pension liability-Miscellaneous	(323)
Deferred Inflows of Resources-Deferred Pensions	(14,236)
Net Cash Provided (Used) by Operating Activities	(129,218)
Cash Flows from Investing Activities	
Purchase of furniture and equipment	(28,458)
Net Cash (Used) by Investing Activities	(28,458)
Net Increase (Decrease) in Cash	(157,676)
Cash, at Beginning of Year	1,525,619
Cash and Cash Equivalents, at End of Year	\$ 1,367,943

The accompanying notes are an integral part of the financial state

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund Budget</u>	<u>General Fund Actual</u>	2019 Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Total Revenues	\$ 2,473,400	\$ 2,807,541	\$ 334,141
Expenses:			
Salary and Benefits	1,835,418	2,294,409	(458,991)
Training	-	9,426	(9,426)
Clothing & Uniforms	15,000	7,838	7,162
Household Expenses	1,500	786	714
Office Expenses	60,000	43,245	16,755
Memberships	8,080	6,695	1,385
Fuel & Lubrication	25,000	21,626	3,374
Radio Equipment Maintenance	9,000	28,783	(19,783)
Other General Maintenance	20,000	22,456	(2,456)
General Maintenance of Structure	7,000	-	7,000
Utilities	40,320	34,066	6,254
Transportation and Travel	15,000	-	15,000
Professional Contract Services	159,632	210,465	(50,833)
Professional Services	91,700	194,551	(102,851)
Insurance	95,000	144,716	(49,716)
Small Equipment	60,000	-	60,000
Contingencies	-	15	(15)
School Crossing Guard Program	48,000	50,658	(2,658)
Program Expense	-	30,174	(30,174)
Miscellaneous Expense	-	9,232	(9,232)
Depreciation	-	49,140	(49,140)
	<u>2,490,650</u>	<u>3,158,281</u>	<u>(667,631)</u>
Operating Expenditures			
Fixed Assets-Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,490,650</u>	<u>3,158,281</u>	<u>(667,631)</u>
Excess of Revenues over (under) Expenditures	<u>\$ (17,250)</u>	<u>\$ (350,740)</u>	<u>\$ (333,490)</u>

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*

Police Commissioners
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 governmental activities of Broadmoor Police Protection District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the District's basic financial statements and have issued my report thereon date May 18, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District'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 the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District'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.

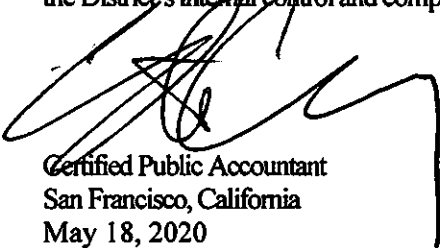
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. 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 the *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 the District's internal control and compliance. According, this communication is not suitable for any other purpose.



Certified Public Accountant
San Francisco, California
May 18, 2020

**BROADMOOR POLICE PROTECTION DISTRICT
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2019**

None

**BROADMOOR POLICE PROTECTION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

None

BROADMOOR POLICE PROTECTION DISTRICT

**Financial Statements and Independent Auditor's Report for the
Fiscal Year ended June 30, 2020**

BROADMOOR POLICE PROTECTION DISTRICT

Basic Financial Statements
and Required Supplementary Information
for the Fiscal Year Ended June 30, 2020

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BROADMOOR POLICE PROTECTION DISTRICT

POLICE COMMISSIONERS

JUNE 30, 2020

<u>NAME</u>	<u>TITLE</u>
Marie Brizuela	Secretary
James Kucharszky	Chairman
Ralph Hutchens	Treasurer

INDEPENDENT AUDITOR'S REPORT

Police Commissioners
Broadmoor Police Protection District
Broadmoor, California

Report on the Financial Statement

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT (Continued)

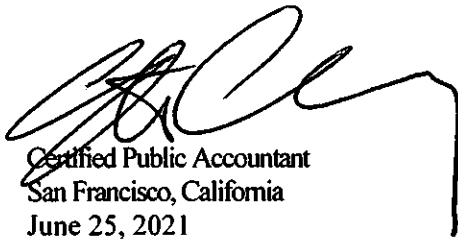
Other Matters

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 25, 2021, on my consideration of the District'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 District's internal control over financial reporting and compliance.



Certified Public Accountant
San Francisco, California
June 25, 2021

MANAGEMENTS DISCUSSION AND ANALYSIS

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**
(Required Supplementary Information)

Management's Discussion and Analysis (MD&A) offers readers of Broadmoor Police Protection District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2020. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

From the Statement of Net Position

- Total net position for the years ended June 30, 2020 and 2019 are \$(891,862) and \$(422,250), respectively. This is a 111% decrease.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations for the years ended June 30, 2020 and 2019 are \$(1,293,043) and \$(779,759), respectively.

From the Governmental Fund Financial Statements

- Our General Fund balance decreased by \$267,762 for fiscal year ended June 30, 2020.
- Property tax revenues (including special tax revenue for police services) for fiscal years ended June 30, 2020 and 2019 were \$2,609,470 and \$2,450,760, respectively.

OVERVIEW OF THE 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, 2020 AND 2019
(Required Supplementary Information)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

This annual report consists of three parts - management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as public safety services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as property taxes abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

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.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

(Required Supplementary Information)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 9-10 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 CalPERS pension schedule of funding progress.

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 \$(891,862) as of June 30, 2020 and \$(422,250) as of June 30, 2019. These numbers are comprised of two components:

	2020	2019
Investment in capital assets, net of debt	\$ 401,181	\$ 357,509
Unrestricted assets	(1,293,043)	(779,759)
Total net position	\$ (891,862)	\$ (422,250)

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.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

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-controller's 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, 2020 and 2019 are \$420,737 and \$395,540, respectively.

The largest expenditure of the District is salary and benefits, including CalPERS pension 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 \$139,943 in 2020 and \$165,185 in 2019.

COMMENTS ON BUDGET COMPARISONS

Actual revenues exceeded budgeted revenues by \$177,422 in 2020 and \$334,141 in 2019.

Actual expenditures were more than final budgeted expenditures by \$918,641 in 2020 and \$667,631 less in 2019. The four major components were salary and benefits of \$639,933 professional contract services of \$63,510, professional services of \$(13,628) and insurance of \$158,251 in 2020.

These four differences netted together equal a negative variance of \$848,066 in 2020.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**
(Required Supplementary Information)

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-I: Condensed Statement of Net Position

Assets:	2020	2019	Change
Current assets	\$ 1,307,553	\$ 1,575,315	\$ (267,762)
Capital assets, net	401,181	357,509	43,672
Total assets	1,708,734	1,932,824	(224,090)
Deferred outflows of resources	779,952	866,343	(86,391)
Liabilities:			
Current liabilities	216,966	269,480	(52,514)
Non-current liabilities	3,063,521	2,895,788	167,733
Total liabilities	3,280,487	3,165,268	115,219
Deferred inflows of resources	100,061	56,149	43,912
Net position:			
Net investment in capital assets	401,181	357,509	43,672
Unrestricted	(1,293,043)	(779,759)	(513,284)
Total net position	\$ (891,862)	\$ (422,250)	\$ (469,612)

At the end of fiscal year 2020, the District shows a negative balance overall for its net position of \$891,862. The decrease mainly due to increase salary expenditures and insurance expenditure.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30,2020</u>	<u>June 30,2019</u>	<u>Change</u>
Program revenues	\$ 38,814	\$ 48,762	\$ (9,948)
Expenses	<u>(3,403,646)</u>	<u>(3,158,280)</u>	<u>(245,365)</u>
Net program expense	(3,364,832)	(3,109,519)	(255,313)
General revenues	<u>2,910,541</u>	<u>2,758,779</u>	<u>151,762</u>
Change in net position	(454,291)	(350,740)	(103,551)
Net position:			
Beginning of year before prior adj.	<u>(422,250)</u>	<u>(71,511)</u>	<u>(350,739)</u>
End of year before prior adj.	<u>(876,541)</u>	<u>(422,251)</u>	<u>(454,290)</u>
Beginning of year after prior adj.	<u>(15,320)</u>	<u>-</u>	<u>(15,320)</u>
End of year after prior adj.	<u>\$ (891,861)</u>	<u>\$ (422,251)</u>	<u>\$ (469,610)</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased its net position by \$469,610.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses (continued)

Table A-3: Total Revenues

Program revenues:

Special assessments:

Public safety	\$ -	\$ -	\$ -
Measure "G" public safety	-	-	-
Recreation	-	-	-
Charges for services	38,814	48,762	(9,948)
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Other revenue	-	-	-
Total program revenues	<u>38,814</u>	<u>48,762</u>	<u>(9,948)</u>

General revenues:

Property taxes	1,504,604	1,404,010	100,594
Trust Fund	8,408	7,286	1,122
Special Assessment	684,129	651,210	32,919
Grants	107,948	150,784	(42,836)
Investment Income	26,638	29,480	(2,842)
Other Income	149,154	120,469	28,685
REAF Rebate	420,737	395,540	25,197
Forfeited Funds	8,923	-	8,923
Total general revenues	<u>2,910,541</u>	<u>2,758,779</u>	<u>151,762</u>
Total revenues	<u>\$ 2,949,355</u>	<u>\$ 2,807,541</u>	<u>\$ 141,814</u>

Total revenues from all sources increase \$141,814 or 5.05%, from \$2,807,541 to \$2,949,355, from the prior year, primarily due to an increase in \$100,594 from receiving secured and unsecured property taxes.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Table A-4: Total Expenses

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
Expenses:			
Salaries and wages	\$ 1,521,182	\$ 1,357,711	\$ 163,471
Employee benefits	973,957	936,698	37,259
Training	9,794	9,426	368
Clothing and Uniforms	12,729	7,838	4,891
Household Expenses	738	786	(48)
Office Expenses	47,292	43,245	4,047
Membership	19,050	6,695	12,355
Fuel and Lubrication	23,675	21,626	2,049
Auto and Maintenance	56,577	28,783	27,794
Equipment Maintenance	17,346	22,456	(5,110)
Utilities	33,985	34,066	(81)
Professional Contract Services	231,142	210,465	20,677
Professional Services	78,072	194,551	(116,479)
Insurance	278,251	144,716	133,535
Contingencies	5,753	15	5,738
School Crossing Guard Program	39,779	50,658	(10,879)
Program Expense	-	30,174	(30,174)
Miscellaneous Expense	12,463	9,232	3,231
Depreciations	41,861	49,140	(7,279)
	<hr/>	<hr/>	<hr/>
Total Expenses:	\$ 3,403,646	\$ 3,158,281	\$ 245,365

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

HISTORY AND ECONOMIC FACTORS

On September 7, 1948, a petition was filed with the County Clerk of San Mateo County (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 County Sheriff's Office. These services were headquartered some 30 - 40 minutes driving time away (before the advent of interstate freeways). The District was established by 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 District had a history of very lean budgets.

In 1997, the 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.

In 1998, the 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 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 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.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(Required Supplementary Information)**

HISTORY AND ECONOMIC FACTORS (Continued)

In 2002, the 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 unimproved property.

In 2003, the 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 unimproved property.

In 2004, the 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 unimproved property.

In 2005, the 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 unimproved property.

In 2019, the Police Commissioners for the District approved Resolution 2018/2019 - 02, setting the rates at the maximum allowed based on Resolution 1999/2000 - 09. The special tax was \$419 per year for single family residential, \$419 per year for multiple unit residential, \$348 per year for residential board or care facility (per bed), \$912 per year for commercial and industrial property and \$136 per year for unimproved property.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Global Pandemic

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019
(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 District's Interim Chief Patrick Tobin.

FINANCIAL STATEMENTS

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Total</u>	<u>Adjustment See Note (8 & 12)</u>	<u>Statement of Net Position</u>
Assets				
Cash and investments (Note 2)	\$ 1,204,430	\$ 1,204,430		\$ 1,204,430
Receivables	14,117	14,117	-	14,117
Prepaid	89,006	89,006	-	89,006
Capital Assets (Note 3)				
Building	-	-	361,122	361,122
Building improvements	-	-	84,957	84,957
Equipment	-	-	946,956	946,956
Accumulated depreciation	-	-	(991,854)	(991,854)
Total Capital Asset	<u>-</u>	<u>-</u>	<u>401,181</u>	<u>401,181</u>
Total Assets	<u>\$ 1,307,553</u>	<u>\$ 1,307,553</u>	<u>\$ 401,181</u>	<u>\$ 1,708,734</u>
Deferred Outflows of Resources-Deferred pensions (Note 4)	-	-	779,952	779,952
Liabilities				
Accounts payable	\$ 39,544	\$ 39,544		\$ 39,544
Accrued liabilities	177,422	177,422		177,422
Long term net pension liability-Safety plan	-	-	3,043,281	3,043,281
Long term net pension liability-Miscellaneous	-	-	20,240	20,240
Total Liabilities	<u>216,966</u>	<u>216,966</u>	<u>3,063,521</u>	<u>3,280,487</u>
Deferred Inflows of Resources-Deferred pensions (Note 4)	-	-	100,061	100,061
Fund Balances/Net Position (Note 6)				
Fund balances				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	177,442	177,442	(177,442)	-
Unassigned	913,145	913,145	(913,145)	-
Total Fund Balances	<u>1,090,587</u>	<u>1,090,587</u>	<u>(1,090,587)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,307,553</u>	<u>\$ 1,307,553</u>		
Net Position				
Capital assets			401,181	401,181
Restricted			-	-
Unrestricted			(1,293,043)	(1,293,043)
Total Net Position			<u>\$ (891,862)</u>	<u>\$ (891,862)</u>

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

**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, 2020**

	General Fund	Adjustment	2020 Statement of Activities
EXPENDITURES/EXPENSES:			
Current expenditures/expenses:			
Salary and Benefits			
Salary-Officers	\$ 834,618	\$ -	\$ 834,618
Salary-Officers (Without benefit)	606,705	-	606,705
Salary-Admin	10,731	-	10,731
Salary-Overtime	69,128	-	69,128
Medical Insurance	116,394	-	116,394
Pension Expense	-	682,820	682,820
State Disability Insurance	15,323	-	15,323
Payroll Tax Expense	40,306	-	40,306
PERS Contribution-District	503,898	(384,784)	119,114
Workers Compensation	-	-	-
Total Salary and Benefits	<u>2,197,103</u>	<u>298,036</u>	<u>2,495,139</u>
Training	9,794	-	9,794
Clothing & Uniforms	12,729	-	12,729
Household Expenses	738	-	738
Office Expenses	47,292	-	47,292
Memberships	19,050	-	19,050
Fuel & Lubrication	23,675	-	23,675
Auto Maintenance	56,577	-	56,577
Equipment Maintenance	17,346	-	17,346
Utilities	33,985	-	33,985
Professional Contract Services	231,142	-	231,142
Professional Services	78,072	-	78,072
Insurance	278,251	-	278,251
Contingencies	5,753	-	5,753
School Crossing Guard Program	39,779	-	39,779
Miscellaneous Expenses	12,463	-	12,463
Depreciation	-	41,861	41,861
Total	<u>866,646</u>	<u>41,861</u>	<u>908,507</u>
Capital outlay:			
Equipment and Furniture	85,533	(85,533)	-
Future Capital Outlay	85,533	(85,533)	-
Total Expenditures	<u>3,149,282</u>	<u>254,364</u>	<u>3,403,646</u>
GENERAL REVENUES:			
Property Taxes-Secured	1,435,692	-	1,435,692
Property Taxes-Unsecured	68,912	-	68,912
Trust Fund	8,408	-	8,408
Special Assessments	684,129	-	684,129
Grants	107,948	-	107,948
Charges for Services	38,814	-	38,814
Investment Income	26,638	-	26,638
Other Income	149,154	-	149,154
ERAF Rebate	420,737	-	420,737
Forfeited Funds	8,923	-	8,923
Total Revenues	<u>2,949,355</u>	<u>-</u>	<u>2,949,355</u>
Change In Net Position	<u>(199,927)</u>	<u>(254,364)</u>	<u>(454,291)</u>
Fund Balance/Net Position, Beginning of year	<u>(422,250)</u>	<u>-</u>	<u>(422,250)</u>
Prior Period Adjustment (Note 7)	<u>1,712,764</u>	<u>-</u>	<u>1,712,764</u>
Fund Balance/Net Position, Beginning Balance after Prior Period Adjustment	<u>1,290,514</u>	<u>(1,728,085)</u>	<u>(437,571)</u>
Fund Balances/Net Position, End of year	<u>\$ 1,090,587</u>	<u>\$ (1,982,449)</u>	<u>\$ (891,862)</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Funds

The District was formed to provide police protection services and parks and recreation services. The accounts of the District 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.

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

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

Government-wide Financial Statements

The District'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 District 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 District'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.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the District. 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 District had no major funds in the fiscal years ended June 30, 2020 and 2019.

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 District, are intergovernmental revenues, investment earnings and charges for services. Expenditures are generally recognized when incurred under the modified accrual basis of accounting.

The District has only one fund in fiscal years 2020 and 2019, General Fund—the General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Custodianship of the District's accounts and records are vested with the Treasurer of the 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 trial balance for the period then ended.

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.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Budgets and budgetary accounting

The District 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 Police Commissioners a preliminary operating budget. During the month of June, the General Manager/Chief of Police submits to the Police Commissioners 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.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund. All appropriations lapse at fiscal year-end.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 - Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 - Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Vehicles</u>
Buildings and improvements	10-30 years
Machinery and equipment	5-10 years
Furniture and office equipment	6 years
Vehicles	5 years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

5. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30,2018

Measurement Date June 30,2019

Measurement Period July 1,2018 to June 30, 2019

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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

7. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. There is no OPEB offer to the district's officer and administrative staffs.

8. Net Position

Net position is classified into three components: investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

- **Net investment in capital assets** - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of assigned, and then unassigned, as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenditures during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain amounts presented in the statement of net position and the statement of activities in the comparative prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported change in net position or change in fund balance.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 2— CASH AND INVESTMENTS

The District maintains most of its cash in the County (San Mateo County). 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.

A summary of the District’s cash and investments at June 30, 2020 is as follows:

	Carrying Value	Market Value
<u>Governmental Funds (District Fund)</u>		
<u>Category 1:</u>		
Cash on Demand	\$ 4,046	\$ 4,046
	4,046	4,046
<u>Uncategorized:</u>		
County Treasury with San Mateo County	1,200,384	1,200,384
Total Governmental Fund (District Fund)	\$ 1,204,430	\$ 1,204,430

The cash and investments by fund is as follows:

General Fund	\$ 1,204,430
Total General Fund	\$ 1,204,430

Demand Deposits

At June 30, 2020, the carrying amount of the District's demand deposits was \$4,046 and the financial institutions balances totaled \$4,046.

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020

NOTE 2— CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

San Mateo County Treasury Pool

The District is a voluntary participant in the San Mateo County Treasury Pool (Pool) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Mateo County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the San Mateo County Treasurer.

The San Mateo County Treasury Pool is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. For financial reporting purposes, the District considers the funds held in the Pool as cash equivalents due to their highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2020, the District held \$1,200,384 in the Pool.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 2— CASH AND INVESTMENTS (Continued)

The District is a voluntary participant in LAIF. The fair value of the District’s investment in this pool is reported at an amount 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 the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2020, the county invested approximately 1 to 1.25% of its investment pool in LAIF which is approximately \$75 million.

NOTE 3—CAPITAL ASSETS

The District’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 District 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 capital assets follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 3—CAPITAL ASSETS (Continued)

	<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/20</u>
Depreciable assets				
Vehicles & equipment	\$ 861,423	\$ 85,533	\$ -	\$ 946,956
Building & improvements	446,079	-	-	446,079
	<u>1,307,502</u>	<u>85,533</u>	<u>-</u>	<u>1,393,035</u>
Accumulated Depreciation				
Vehicles & equipment	625,830	28,230	-	654,060
Building & Improvements	324,165	13,629	-	337,794
	<u>949,995</u>	<u>41,859</u>	<u>-</u>	<u>991,854</u>
Capital assets net of depreciation	<u>\$ 357,507</u>			<u>\$ 401,181</u>

The current depreciation expense of \$41,859 was charged to Statement of Activities as depreciation expense adjustment.

NOTE 4—ACCRUED LIABILITIES

Accrued liabilities consist of accrued vacation and accrued wages.

Balances for the year ended June 30, 2020, were as follows:

	<u>2020</u>
Accrued wage	\$ 72,994
Accrued vacation	66,948
	<u>\$ 139,942</u>

NOTE 5— NET PENSION PLAN LIABILITY AND PENSION PLAN

Public Employees Retirement System

Plan Description: Based on PERS eligibility criteria all qualified permanent and probationary employees are eligible to participate in the District's following cost-sharing multiple employer defined benefit pension plans (Plans):

- District Miscellaneous (Tier 1)
- District Miscellaneous (Tier 2 & PEPR)
- District Safety (Tier 1)
- District Safety (Tier 2 & PEPR)

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 5— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	District Miscellaneous		
	Prior to August 1, 2012	8/1/2012- 12/31/2012 (or "Classic")	On or after January 1, 2013 ("PERPA")
Hire date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensations	2.0% to 2.5%	1.091% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	19.176%	8.005%	6.25%
	District Safety		
	Prior to January 1, 2012	On or after January 1, 2012 (or "Classic")	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensations	3%	2.4 to 3%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	34.595%	20.774%	11.5%

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 5— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

The District’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors four rate plans (two miscellaneous and two safety).

Contributions - Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Total Miscellaneous
Employer Contributions	\$ 6,063
	Total Safety
Employer Contributions	\$ 378,721

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 20,240
Safety	3,043,281
Total Net Pension Liability	\$ 3,063,521

The District’s net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 5— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

<u>District Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2018	0.00021%
Proportion - June 30, 2019	0.00020%
Change - Increase (Decrease)	0.00001%
<u>District Safety Plan</u>	<u>Safety</u>
Proportion - June 30, 2018	0.02984%
Proportion - June 30, 2019	0.02970%
Change - Increase (Decrease)	0.00014%

For the year ended June 30, 2020, the District recognized pension expense of \$682,820. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 378,721	\$ -
Differences between actual and expected experience	124,739	24,343
Changes in assumptions	198,699	-
Net differences between projected and actual earnings on plan investments	-	41,866
Change in proportions and differences between actual contributions and proportionate share of contributions	298	14,484
	<u>43,042</u>	<u>16,866</u>
Total	<u>\$ 745,499</u>	<u>\$ 97,559</u>

<u>Year Ended June 30</u>	
2021	\$ 246,466
2022	(12,653)
2023	27,260
2024	<u>8,146</u>
Total	<u>\$ 269,219</u>

Actuarial Assumptions - For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 5— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Project Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%

- (1) Net of pension plan investment expenses, including inflation.
(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

Change in Assumptions - In 2019, the accounting discount rate is same as 2018 – 7.15%.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2018-19 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments 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.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 5— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Public Employees Retirement System (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assets Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.90%	5.38%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.92%
Liquidity	1%	0.00%	(0.92)%
Total	<u>100%</u>		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as 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 or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	29,463	4,329,309
Current Discount Rate	7.15%	7.15%
Net Pension Liability	20,324	2,875,464
1% Increase	8.15%	8.15%
Net Pension Liability	12,779	1,654,299

Pension Plan Fiduciary Net Position – Detail information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 6—UNRESTRICTED NET POSITION (DEFICIT)

As of June 30, 2020, the District had an unrestricted net position deficit of (\$891,862). The unrestricted net position deficit resulted from the reporting of the District's net pension liability and the related deferred inflows of resources - deferred amounts related to net pension liability per GASB No. 68. At June 30, 2020, the District's net pension liability amounted to \$3,063,521 and the related deferred inflows of resources related to net pension liability amounted to \$100,061, which totals \$3,163,582.

NOTE 7—PRIOR PERIOD ADJUSTMENT – FUND BALANCE RE-STATEMENTS

A detailed schedule of adjustments to fund balance and net position at June 30, 2019, was as follows:

Description	General Fund
Fund balance - June 30, 2019, as stated	\$ (422,250)
Prior period adjustment to fund balance	
Net General Fund Balance	1,712,764
Fund balance - June 30, 2019, as restated	\$ 1,290,514

Combined GAAP fund balances was used in fund column in fiscal year 2019.

Description	Net Position
Fund balance - June 30, 2019, as stated	\$ (422,250)
Prior period adjustment to fund balance	
Pension Payment	(15,321)
Fund balance - June 30, 2019, as restated	\$ 437,571

Pension liability payment due and payable in the current fiscal period and accordingly did not reported as part of net position.

NOTE 8—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, 2020 were as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENT
 JUNE 30, 2020**

NOTE 8—FUND BALANCES (Continued)

	General Fund
Assigned to:	
Accrued Liability	\$ 177,422
Subtotal	177,422
Unassigned	913,145
Total	\$ 1,090,567

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.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 9—RISK MANAGMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Golden State Risk Management Authority (GSRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the GSRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

A. Equity	GSRMA
B. Purpose	To pool member contributions and realize the advantages of self-insurance As of
C. Participants	June 30, 2020 - 294 member agencies
D. Governing board	Seven representatives employed by members
E. District payment for FY 2020:	
Property/Liability policy	\$ 174,973
Workers' compensation policy	\$ 159,019
Auto	\$ 1,620
F. Condensed financial information	June 30, 2020

Statement of net position:	June 30, 2020
Total assets	<u>\$ 26,823,859</u>
Total liabilities	<u>17,214,764</u>
Net position	<u><u>\$ 9,609,095</u></u>
 Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 22,745,712
Total expenses	<u>(20,677,767)</u>
Change in net position	2,067,945
Beginning - net position	<u>7,541,150</u>
Ending - net position	<u><u>\$ 9,609,095</u></u>
G. Member agencies share of year-end financial position	Not Calculated

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 9—RISK MANAGEMENT (Continued)

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2020, 2019, and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2020, 2019, and 2018.

NOTE 10—COMMITMENTS AND CONTINGENCIES

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 11—CURRENT AND SUBSEQUENT EVENTS

Global Pandemic

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENT
JUNE 30, 2020**

NOTE 12—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, 2020
Cost of capital assets	\$ 1,393,035
Accumulated depreciation	(991,854)
Net capital assets	\$ 401,181
Deferred outflows of resources	\$ 779,952
Deferred inflows of resources	(100,061)
Net pension liability-Safety	(3,043,281)
Net pension liability-Miscellaneous	(20,240)
Net difference	\$ (2,383,630)

NOTE 13—LEASE COMMITMENT

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

NOTE 14—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, 2020**

**NOTE 14—EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND OPERATING STATEMENT AND THE STATEMENT OF ACTIVITIES (Continued)**

<u>Differences</u>	<u>Year Ended June 30, 2020</u>
Capital outlay	\$ -
Depreciation expense	(41,861)
PERS contribution	<u>119,114</u>
Net difference	<u>\$ 77,253</u>

NOTE 15—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 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 District. The Teeter Plan authorizes the auditor-controller of the District to allocate 100% of the secured property tax billed but not yet paid. The County 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, 2020**

NOTE 16 – UNCERTAINTY

The going concern basis assumes BPD will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business under GASB 34. During the year ended June 30, 2020, the entity had a net loss of \$454,291, negative cash flow from operations activities loss of \$(62,658). Given the agency maintained \$1,204,430 operating cash balance as of June 30, 2020, management believes that it will have sufficient capital to operate over the next 12 months. This is third years of consecutive net loss of \$454,291 for 2020, 2019 is \$350,740, and 2018 is \$239,261.

NOTE 17 – SUBSEQUENT EVENTS

At the time of the audit, the District has evaluated all subsequent events through June 25, 2021, the date the financial statements were available to be issued and determined that there is no material impact from the subsequent events.

REQUIRED SUPPLEMENTARY AND SUPPLEMENTARY INFORMATION

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2020**

Schedule of the District's Proportionate Share of the Net Pension Liability

	<u>District Safety</u>	<u>District Miscellaneous</u>
	Total	Total
Fiscal year	2019-2020	2019-2020
Measurement period	2018-2019	2017-2018
District's proportion of the net pension liability (asset)	0.02970%	0.00020%
District's proportionate share of the net pension liability (asset)	\$ 3,043,281	\$ 20,240
District's covered payroll (Measurement Year)	524,247	89,086
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	580.50%	22.72%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%
Proportionate share of aggregate employer contributions	\$ 353,915	\$ 4,229

Schedule of the District's Contribution

District Safety		
Fiscal Year Ended	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 378,721	\$ 331,025
(CRC) Contributions in relations to the CRC	<u>(378,721)</u>	<u>(331,025)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered payroll	\$ 721,201	\$ 524,247
Contributions as a percentage of covered payroll	52.51%	63.14%
District Miscellaneous		
Fiscal Year Ended	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 6,063	\$ 5,469
(CRC) Contributions in relations to the CRC	<u>(6,063)</u>	<u>(5,469)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered payroll	\$ 122,458	\$ 89,086
Contributions as a percentage of covered payroll	4.95%	6.14%

**BROADMOOR POLICE PROTECTION DISTRICT
SUPPLEMENTARY INFORMATION
GENERAL FUND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020
Cash flows from Operating Activities:	
Change in Net Position	\$ (454,291)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Depreciation Expenses	41,861
(Increase) Decrease in Operating Activites	
Receivable	57,126
Prepaid	47,123
Deferred Outflows of Resources-Deferred Pensions	86,391
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(64,751)
Accrued Liabilities	12,237
Long term net pension liability-Safety plan	167,817
Long term net pension liability-Miscellaneous	(84)
Deferred Inflows of Resources-Deferred Pensions	43,912
Prior period adjustment	1,712,764
Net Cash Provided (Used) by Operating Activities	1,650,105
Cash Flows from Investing Activities	
Purchase of furniture and equipment	(85,533)
Net Cash (Used) by Investing Activities	(85,533)
Net Increase (Decrease) in Cash	1,564,572
Cash, at Beginning of Year	1,367,943
Cash and Cash Equivalents, at End of Year	\$ 2,932,515

The accompanying notes are an integral part of the financial state

**BROADMOOR POLICE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund Budget</u>	<u>General Fund Actual</u>	2020 Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Total Revenues	<u>\$ 2,626,600</u>	<u>\$ 2,949,355</u>	<u>\$ 322,755</u>
Expenses:			
Salary and Benefits	1,855,206	2,197,103	(341,897)
Training	-	9,794	(9,794)
Clothing & Uniforms	10,000	12,729	(2,729)
Household Expenses	1,500	738	762
Office Expenses	60,000	47,292	12,708
Memberships	8,227	19,050	(10,823)
Fuel & Lubrication	25,000	23,675	1,325
Radio Equipment Maintenance	8,000	17,346	(9,346)
Other General Maintenance	25,000	56,577	(31,577)
General Maintenance of Structure	7,000	-	7,000
Utilities	42,412	33,985	8,427
Transportation and Travel	12,000	-	12,000
Professional Contract Services	167,632	231,142	(63,510)
Professional Services	91,700	78,072	13,628
Insurance	120,000	278,251	(158,251)
Small Equipment	45,000	-	45,000
Contingencies	-	5,753	(5,753)
School Crossing Guard Program	50,000	39,779	10,221
Miscellaneous Expense	-	12,463	(12,463)
Depreciation	-	-	-
Operating Expenditures	<u>2,528,677</u>	<u>3,063,749</u>	<u>(535,072)</u>
Fixed Assets-Equipment	<u>-</u>	<u>85,533</u>	<u>(85,533)</u>
Total Expenditures	<u>2,528,677</u>	<u>3,149,282</u>	<u>(620,605)</u>
Excess of Revenues over (under) Expenditures	<u>\$ 97,923</u>	<u>\$ (199,927)</u>	<u>\$ (297,850)</u>

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

**BROADMOOR POLICE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2020**

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Miscellaneous Plan's Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0%	0	0	0%	0%
June 30, 2015	0 %	0	0	0%	0%
June 30, 2016	0.03004%	2,599,090	635,023	409.29%	74.06%
June 30, 2017	0.02931%	2,906,715	649,120	447.79%	71.31%
June 30, 2018	0.02984%	2,875,646	427,134	673.20%	75.26%
June 30, 2019	0.02970%	3,043,281	524,247	580.50%	75.26%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

*Fiscal) year 2016 was the first measurement date year of implementation; therefore, only four years are shown.

See notes to the required supplementary information.

**BROADMOOR POLICE PROTECTION DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2020**

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2014	\$ 0	\$ (0)		\$ 0	0%
June 30, 2015	0	(0)		0	0%
June 30, 2016	0	(0)		27,034	0%
June 30, 2017	81,673	(81,673)		28,932	282.29%
June 30, 2018	19,067	(19,067)		81,101	23.51%
June 30, 2019	5,469	(5,469)		89,086	6.14%
June 30, 2020	6,063	(6,063)		122,458	4.95%

Notes to Schedule

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2012	Entry Age	Market Value	2.75%	7.65%
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%

Amortization Method Level percentage of payroll, closed
Salary Increases Depending on age, service, and type of employment
Investment Rate of Return Net of pension plan investment expense, including inflation
Retirement Age 50 years (3.0%@50), 52 years (2.7%@57)
Mortality Mortality assumptions are based on mortality rates resulting from the
most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2017 was the first measurement date year of implementation; therefore, only four years are shown

See notes to the required supplementary information

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1—PURPOSE OF SCHEDULE

Budgetary Comparison Schedules

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District prepares and submits an operating budget to the Commissioners no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Commissioners must approve all supplemental appropriations to the budget and transfers between major accounts.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

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*

Police Commissioners
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 governmental activities of Broadmoor Police Protection District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise the District's basic financial statements and have issued my report thereon date June 25, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District'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 the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District'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.

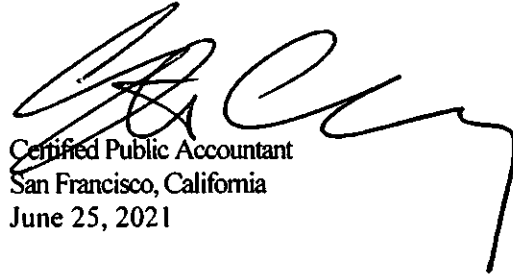
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. 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 the *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 the District's internal control and compliance. According, this communication is not suitable for any other purpose.



Certified Public Accountant
San Francisco, California
June 25, 2021

BROADMOOR POLICE PROTECTION DISTRICT

**Financial Statements and Independent Auditor's Reports for the
Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Broadmoor Police Protection District
Broadmoor, California

I have audited the accompanying financial statements of the governmental activities and the general fund of Broadmoor Police Protection District (a District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

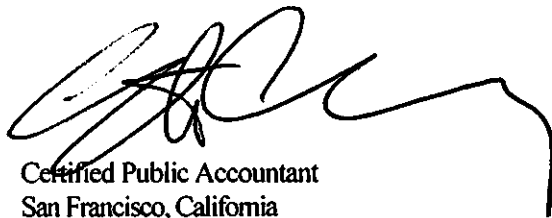
Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Broadmoor Police Protection District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and schedules of CalPERS on pages 30-32, and roster of board members on page 34 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 inquiries 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.



Certified Public Accountant
San Francisco, California
June 26, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Broadmoor Police Protection District (District) I offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2021 and 2020. I encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 8-14) and the accompanying notes to financial statements (pages 15-29).

Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$(1,149,931) (net position). Of this amount, there is \$(1,547,240) in unrestricted net position. At June 30, 2020, liabilities of the District exceeded its assets at the close of the fiscal year by \$(1,569,979). Of this amount, there is a deficit of \$(22,739) in net investment in capital assets.
- The District's total net position decreased by \$(258,069) for 2021 and decreased by \$(454,291) for 2020. The change for 2021 and 2020 are primarily due to program expenses exceeding general and program revenues.
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$1,104,416 a net increase of \$13,829 in comparison with June 30, 2021. As of close of the fiscal year ending June 30, 2020, the District's governmental funds reported an ending fund balance of \$1,090,587, a net decrease of \$(199,927) in comparison with June 30, 2019.
- The District's total long-term liabilities increased by \$237,944 during 2021 and increased by \$167,733 in 2020. The major changes were due to an increase in net pension liability for 2021 and 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements themselves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 8-9 of this report.

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 governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include police protection services in the district boundaries. The district adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10-14 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the basic financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 15-29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liability exceeded asset by \$1,799,738 at the close of the fiscal year and \$1,571,753 for the prior year.

A large portion of the district's net position (64 and 85 percent) reflects its investment in capital assets (e.g. buildings and improvements and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net Position

	2021	2020
Assets:		
Current and other assets	\$ 1,334,177	\$ 1,307,553
Capital assets	397,309	401,181
Total assets	1,731,486	1,708,734
Deferred outflows	678,942	779,952
Liabilities:		
Long-term liabilities outstanding	3,301,465	3,063,521
Liabilities due within one year	229,759	216,966
Total liabilities	3,531,224	3,280,487
Deferred Inflows	29,135	100,061
Net position:		
Invested in capital assets, net of related debt	397,309	401,181
Unassigned	(1,547,240)	(1,293,043)
Total net position	\$ (1,149,931)	\$ (891,862)

The balance of the unrestricted net position is negative \$(1,149,931) for 2021 and \$(891,862) for 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities - Governmental activities increased the Districts net position by \$13,829 for 2021 and decreased by \$199,927 for 2020. This increase is a result of net income in the governmental activities.

Statement of Activities

Revenues:	<u>2021</u>	<u>2020</u>
Program revenues:		
Public safety - fire protection	\$ 45,761	\$ 38,814
General revenues:		
Property taxes	2,708,371	2,609,470
Investment income and other	<u>278,893</u>	<u>301,071</u>
Total revenues	<u>3,033,025</u>	<u>2,949,355</u>
Expenses:		
Public safety - fire protection	<u>3,291,094</u>	<u>3,403,648</u>
Change in net position	<u>(258,069)</u>	<u>(454,293)</u>
Net assets - beginning of the year	<u>(891,862)</u>	<u>(422,250)</u>
Prior period adjustment	<u>-</u>	<u>1,712,764</u>
Net position, beginning of year restated	<u>(891,862)</u>	<u>(437,571)</u>
Net position - end of the year	<u><u>\$ (1,149,931)</u></u>	<u><u>\$ (891,864)</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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 financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported ending fund balances of \$1,104,416, a net increase of \$13,829 in comparison with the prior year. As of June 30, 2020, the District's governmental funds reported ending fund balances of \$1,090,587, a net decrease of \$199,927 in comparison with the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds, continued

The general fund is the only operating fund of the District. At the end of June 30, 2021 and 2020, unreserved fund balance of the general fund was \$1,104,416 and \$1,090,587, respectively.

As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 29.4% and 26.8% percent of total general fund expenditures which were \$3,024,684 and \$3,149,282 for June 30, 2021 and 2020, respectively.

General Fund Budgetary Highlights

The only material difference between the original budget and the final amended budget is a change for increased property tax revenue and salaries, and a decrease in supply expenses.

Capital Assets

Capital assets - The District's investment in capital assets, as of June 30, 2021 and 2020, amounts to \$397,309 and \$401,181 (net of accumulated depreciation), respectively. This investment in capital assets includes equipment, buildings and improvements.

Additional information on the District's capital assets can be found on Note 1 on page 20 and Note 4 on pages 21-22 of this report.

Debt Administration

At the end of the fiscal year the District had total long-term obligations of \$3,301,465 for 2021 and \$3,063,521 for 2020 in net pension liability. During the fiscal year, the District's long-term debt increased by \$237,944 for 2021.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the fiscal year ending June 30, 2021.

- Property tax revenues - the county anticipates no change in tax collection levels. The budget is adjusted accordingly
- Amount of intergovernmental revenue anticipated based on contracts.
- Equipment purchases planned for fiscal year.

Request for Information

The 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 the Broadmoor Police Protection District, 388 88th Street, Broadmoor, California.

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	2021
ASSETS	
Cash and investments	\$ 1,179,040
Accounts receivable, government agency	26,149
Prepaid	128,988
Total current assets	1,334,177
 Capital assets (net of accumulated depreciation):	
Building and improvements	397,309
Vehicles and equipment	-
Total capital assets	397,309
 Total assets	 \$ 1,731,486
 Deferred Outflows of Resources Related to Pension	 678,942
 LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ 92,477
Compensated absences	137,282
Total current liabilities	229,759
 Long-term liabilities:	
Net pension liability - safety plan	3,277,186
Net pension liability - miscellaneous plan	24,279
Total long term liabilities	3,301,465
 Total liabilities	 \$ 3,531,224
 Deferred Inflows of Resources Related to Pension	 29,135
 NET POSITION	
Net investment in capital assets (Note 5)	397,309
Unassigned	(1,547,240)
Total net position	\$ (1,149,931)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	2021
Expenses	
Public safety - police protection	
Salaries and employee benefits	\$ 2,317,270
Services and supplies	920,274
Depreciation	53,550
Total program expenses	3,291,094
 Program Revenues	
Intergovernmental revenue	171,054
Charges for services and miscellaneous	45,761
Total program revenues	216,815
Net program revenues (expenses)	(3,074,279)
 General Revenues	
Property taxes	2,803,567
Investment earnings	12,643
Total general revenues	2,816,210
 Change in net position	(258,069)
 Net position, beginning of year	(891,862)
 Net position, end of year	\$ (1,149,931)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
BALANCE SHEET
GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021
ASSETS	
Cash and investments	\$ 1,179,040
Accounts receivable	26,149
Prepaid	128,988
TOTAL ASSETS	\$ 1,334,177
 LIABILITIES and FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 229,761
Total liabilities	229,761
 Fund balance	
Nonspendable	-
Committed	-
Assigned	137,282
Unassigned	967,134
Total fund balances	1,104,416
 TOTAL LIABILITIES and FUND BALANCE	 \$ 1,334,177

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	2021
Fund balances - total government funds	\$ 1,104,416
<p>Amount reported for governmental activities in the statement of net assets is different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	397,311
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
Compensated absences	-
Net pension liability	(3,301,465)
Deferred inflows	(29,135)
Deferred outflows	678,942
Net position of governmental activities	\$ (1,149,931)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	2021
Revenues:	
Property taxes	\$ 2,708,371
Investment earnings	12,643
Intergovernmental revenue	171,054
Charges for services and miscellaneous	146,445
Total revenues	3,038,513
 Expenditures:	
Current:	
Salaries and employee benefits	2,049,242
Services and supplies	920,274
Capital expenditure	55,168
Total expenditures	3,024,684
 Net change in fund balances	13,829
 Fund balance, beginning of year	1,090,587
 Fund balance, end of year	\$ 1,104,416

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	2021
Net change in fund balance - governmental funds	\$ 13,829
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	55,169
Current year depreciation	(53,550)
Governmental funds report debt service payments as expenditures, however, those expenditures are not included in the statement of activities, but rather as a change in the statement of financial position	-
Change in current year deferred inflows and outflows	(268,028)
Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(5,489)
	(5,489)
Change in net position of governmental activities	\$ (258,069)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Actual	Variance Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Revenues				
Property taxes	\$ 2,768,100	\$ 2,768,100	\$ 2,708,371	(59,729)
Investment earnings	15,000	15,000	12,643	(2,357)
Intergovernmental revenue	-	-	171,054	171,054
Miscellaneous revenue	28,000	28,000	146,445	118,445
Total revenues	<u>2,811,100</u>	<u>2,811,100</u>	<u>3,038,513</u>	<u>227,413</u>
Expenditures				
Current:				
Salaries and employee benefits	1,964,576	1,964,576	2,049,242	(84,666)
Services and supplies	728,410	728,410	920,274	(191,864)
Capital outlay	-	-	55,168	(55,168)
Total expenditures	<u>2,692,986</u>	<u>2,692,986</u>	<u>3,024,684</u>	<u>(331,698)</u>
Net change in fund balance	<u>118,114</u>	<u>118,114</u>	<u>13,829</u>	<u>104,285</u>
Fund balance, beginning of year	-	-	1,090,587	(1,090,587)
Fund balance, end of year	<u>\$ 118,114</u>	<u>\$ 118,114</u>	<u>\$ 1,104,416</u>	<u>\$ (986,302)</u>

See accompanying notes to financial statements

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

Introduction

The District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

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 charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and grants and contributions that are restricted to meeting 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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the 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. Under this method, revenues are recognized when measurable and available. Taxes, interest, and charges for services are accrued when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments are recorded only when payment is due.

Amounts recorded as program revenues include charges to customers or applicants for goods, services, or privileges provided and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues.

Likewise, general revenues include all taxes.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and investments as of June 30, were classified on the statement of net position as follows:

Description	Balance
Governmental funds:	
Cash and cash equivalents	\$ 1,179,040
Total Cash and cash equivalents	\$ 1,179,040

Cash and investments at June 30, 2021, are reported at fair value and consisted of the following:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Description</u>	<u>Balance</u>
Demand deposits with financial institutions	\$ 12,476
Deposits with San Mateo County Treasury Pool	1,166,564
Total Cash and cash equivalents	\$ 1,179,040

Demand Deposits

At June 30, 2021, the carrying amount of the District's demand deposits was \$12,476 and the financial institutions balances totaled \$12,476.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 governmental unit).

San Mateo County Treasury Pool

The District is a voluntary participant in the San Mateo County Treasury Pool (Pool) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Mateo County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the San Mateo County Treasurer-Tax Collector's office at 555 County Center #1, Redwood City, CA 94063.

The San Mateo County Treasury Pool is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. For financial reporting purposes, the District considers the funds held in the Pool as cash equivalents due to their highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, the District held \$1,166,564 in the Pool.

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30,2018

Measurement Date June 30,2019

Measurement Period July 1,2018 to June 30,2019

Gains and losses related to changes in total pension liability is 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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of assigned, and then unassigned, as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenditures during the reported period. Actual results could differ from those estimates.

Receivables and Payables

Flat charges Receivable - Flat charges collected are apportioned to the District to supplement property taxes collected for operating costs. Not all of the assessments are collected as of June 30, 2021; therefore, the remainder of the uncollected assessments is considered flat charges receivable.

Property Taxes -The County of San Mateo is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July on all taxable property located in the County of San Mateo. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat *1% rate* applied to the 1975/1976 full value, or on one percent of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of two percent per year.

Included within the property tax revenue is \$718,592 in Special Taxes collected. Special Taxes are a type of direct charge applied to each parcel of property within the District for a specific dollar amount and for a specific purpose.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On June 30, 1993, the board of Supervisors adopted the “Teeter” Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the county advances cash to each taxing jurisdiction equal to its current year delinquent property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the county receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

Capital Assets

Capital assets, which include land, buildings and improvements, 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 initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost of purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	10-30
Equipment	5-25

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Only ten percent of unused sick leave for administrative personnel and 30 percent for safety personnel is included in the accrual calculation. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and for retirement.

Net Position

Net position is classified into two components - invested in capital assets and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net accumulated depreciation and net of related debt if any.
- Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

NOTE 2— STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustments which were contingent upon new or additional revenue resources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The Districts budgetary information was amended during the year.

NOTE 3— ACCOUNTS RECEIVABLE

Accounts Receivable represents the outstanding balance for services provided rendered to police protection service clients that haven't paid for services rendered as well as flat charges collected that are apportioned to the District to supplement property taxes collected for operating costs.

Management believes receivables at June 30, 2021 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable at June 30, 2021 is \$26,149 and \$14,117 in 2020.

NOTE 4— CAPITAL ASSETS

Capital asset activity for the year ended June 30 is as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4— CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	2021 Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 446,079	\$ 7,500	\$ 7,766	\$ 445,813
Vehicles & equipments	946,956	16,155	86,093	877,018
Total capital assets, being depreciated	<u>1,393,035</u>	<u>23,655</u>	<u>93,859</u>	<u>1,322,831</u>
Less accumulated depreciation for:				
Buildings and improvements	337,794	10,694	-	348,488
Vehicles & equipments	654,060	(44,571)	-	609,489
Total accumulated depreciation	<u>991,854</u>	<u>(33,877)</u>	<u>-</u>	<u>957,977</u>
Total capital assets, being depreciated, net	<u>1,393,035</u>			<u>1,393,035</u>
Capital assets, net	<u>\$ 401,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,854</u>

Depreciation expense is charged to functions/programs of the Broadmoor Police Protection District government as follows:

Governmental activities:

Public safety - police protection \$ 53,550

NOTE 5— DETAILED NOTES

Long-term Liabilities

Changes in long-term liabilities

Long term liability activity for the year ended June 30 is as follows:

	Beginning Balance	Additions	Reductions	2021 Ending Balance	Due Within One Year
Compensated absences	\$ 177,422	\$ -	\$ 40,140	\$ 137,282	\$ 137,282
Net pension liability	3,043,281	258,184	-	3,301,465	-
Total long-term liabilities	<u>\$ 3,220,703</u>	<u>\$ 258,184</u>	<u>\$ 40,140</u>	<u>\$ 3,438,747</u>	<u>\$ 137,282</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6— OTHER INFORMATION

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; injuries to employees; and natural disasters. The District is a member of the Golden State Risk Management Authority (GSRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the GSRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). As of June 30, 2021, IBNR payable is \$700,000 in one case and there is approximately \$750,000 assessed pending in two cases.

Current year premium contribution for fiscal year ended June 30, 2021 is \$335,936. For fiscal year 2022, GSRMA increased the risk pool premium of Broadmoor Police Protection District to \$487,375 a \$151,439 increase (45% increase) from fiscal year 2021.

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN

Public Employees Retirement System

Plan Description: Based on PERS eligibility criteria all qualified permanent and probationary employees are eligible to participate in the District's following cost-sharing multiple employer defined benefit pension plans (Plans):

- District Miscellaneous (Tier 1)
- District Miscellaneous (Tier 2 & PEPR)
- District Safety (Tier 1)
- District Safety (Tier 2 & PEPR)

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

	District Miscellaneous		
	Prior to August 1, 2012	8/1/2012- 12/31/2012 (or "Classic")	On or after January 1, 2013 ("PERPA")
Hire date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensations	2.0% to 2.5%	1.091% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	19.176%	8.005%	6.25%

	District Safety		
	Prior to January 1, 2012	On or after January 1, 2012 (or "Classic")	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensations	3%	2.4 to 3%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	34.595%	20.774%	11.5%

The District's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors four rate plans (two miscellaneous and two safety).

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	2021
	Total
	Miscellaneous
Employer Contributions	\$ 5,846
	Total Safety
Employer Contributions	\$ 352,140

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	2021
	Proportionate Share
	of Net Pension
	Liability
Miscellaneous	\$ 24,297
Safety	3,277,168
	\$ 3,301,465

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020 was as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

<u>District Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.00020%
Proportion - June 30, 2020	0.03012%
Change - Increase (Decrease)	0.02992%
<u>District Safety Plan</u>	<u>Safety</u>
Proportion - June 30, 2019	0.02970%
Proportion - June 30, 2020	0.00022%
Change - Increase (Decrease)	(0.02948%)

For the year ended June 30, 2021, the District recognized pension expense of \$571,490. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 299,474	\$ -
Changes in assumptions	-	10,916
Differences between actual and expected experience	254,128	-
Net differences between projected and actual earnings on plan investments	71,227	-
Change in proportions and differences between actual contributions and proportionate share of contributions	17,559	6,375
	24,298	10,842
Total	<u>\$ 666,686</u>	<u>\$ 28,133</u>

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

<u>Year Ended June 30</u>	<u>Total</u>
2022	\$ 89,226
2023	126,561
2024	94,523
2025	36,035
Total	<u>\$ 346,345</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Project Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assets Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.90%	5.38%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.92%
Liquidity	1%	0.00%	(0.92)%
Total	100%		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as 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 or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability (Asset)	44,943	4,991,245
Current Discount Rate	7.15%	7.15%
Net Pension Liability (Asset)	24,297	3,277,168
1% Increase	8.15%	8.15%
Net Pension Liability (Asset)	7,237	1,870,606

Pension Plan Fiduciary Net Position – Detail information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8—COMMITMENTS AND CONTINGENCIES

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation and Claims

In the ordinary course of operations, the District is subject to claims and litigation from outside parties.

As of June 30, 2021, there are total of three litigations still pending and they are as follow:

- One case was settled for \$700,000 and it will be covered by District's insurance risk pool in fiscal year 2023.
- Two more cases are still pending but legal counsel is not able to give estimate for any potential loss as of June 26, 2022 financial statement date.

During fiscal year 2021, Broadmoor Police Protection District had filed a claim against one of their former employee for certain fraudulent transactions on its CALPER's Retirement Account. The case is currently being handle by San Mateo County Council and the County is also victim in this case.

NOTE 9 – UNCERTAINTY

The going concern basis assumes BPD will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business under GASB 34. During the year ended June 30, 2021, the entity had a net loss of \$258,072 from net assets change. Given the agency maintained \$1,179,040 operating cash balance as of June 30, 2021, management believes that it will have sufficient capital to operate over the next 12 months. This is third years of consecutive net loss of \$258,072 for 2021, 2020 is \$454,291, and 2019 is \$350,740.

NOTE 10—SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 26, 2022, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the District's operations, financial position, and cash flows.

There are two cases arise as pending litigation after June 30, 2021 and there is potential liability payment of \$750,000 as of June 26, 2022 estimated from attorney. This liability is not reflected as part of June 30, 2021 financial statement. The District risk pool insurance will cover all expenses and its settlement.

REQUIRED SUPPLEMENTARY INFORMATION

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2021**

Schedule of the District's Proportionate Share of the Net Pension Liability

	<u>District Safety</u>	<u>District Miscellaneous</u>
	Total	Total
Fiscal year	2020-2021	2020-2021
Measurement period	2019-2020	2018-2019
District's proportion of the net pension liability (asset)	0.03012%	0.00022%
District's proportionate share of the net pension liability (asset)	\$ 3,277,168	\$ 24,297
District's covered payroll (Measurement Year)	721,201	122,458
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	454.40%	19.84%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	75.10%	75.10%
Proportionate share of aggregate employer contributions	\$ 352,140	\$ 5,846

Schedule of the District's Contribution

District Safety	
Fiscal Year Ended	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 299,474
(CRC) Contributions in relations to the CRC	<u>(299,474)</u>
Contribution deficiency (excess)	<u>-</u>
Covered payroll	\$ 1,381,604
Contributions as a percentage of covered payroll	21.68%
District Miscellaneous	
Fiscal Year Ended	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 3,988
(CRC) Contributions in relations to the CRC	<u>(3,988)</u>
Contribution deficiency (excess)	<u>-</u>
Covered payroll	\$ 89,086
Contributions as a percentage of covered payroll	4.48%

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021**

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Miscellaneous Plan's Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0%	0	0	0%	0%
June 30, 2015	0 %	0	0	0%	0%
June 30, 2016	0.03004%	2,599,090	635,023	409.29%	74.06%
June 30, 2017	0.02931%	2,906,715	649,120	447.79%	71.31%
June 30, 2018	0.02984%	2,875,646	427,134	673.20%	75.26%
June 30, 2019	0.02970%	3,043,281	524,247	580.50%	75.26%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

*Fiscal) year 2016 was the first measurement date year of implementation; therefore, only four years are shown.

See notes to the required supplementary information.

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2021**

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2014	\$ 0	\$ (0)		\$ 0	0%
June 30, 2015	0	(0)		0	0%
June 30, 2016	0	(0)		27,034	0%
June 30, 2017	81,673	(81,673)		28,932	282.29%
June 30, 2018	19,067	(19,067)		81,101	23.51%
June 30, 2019	5,469	(5,469)		89,086	6.14%
June 30, 2020	6,063	(6,063)		122,458	4.95%

Notes to Schedule

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2012	Entry Age	Market Value	2.75%	7.65%
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (3.0% ^{@50}), 52 years (2.7% ^{@57})
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2017 was the first measurement date year of implementation; therefore, only four years are shown

See notes to the required supplementary information

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

**BROADMOOR POLICE PROTECTION DISTRICT
ROSTER OF BOARD MEMBERS
JUNE 30, 2021**

Regular Meetings: The regular meeting of the Board of Directors is held at 7:00 PM at Broadmoor Police Protection District office of each month at the 388 88th Street, Broadmoor, California.

Directors:

James Kucharszky, Chairman

Ralph Hutchens, Treasurer

Marie Brizuela, Secretary