

BROADMOOR POLICE PROTECTION DISTRICT

**Financial Statements and Independent Auditor's Reports for the
Fiscal Year Ended June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the governmental activities, and general fund of Broadmoor Police Protection District (the "District") as of June 30, 2023 and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special District. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the district and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 10 to the financial statements, the District has suffered recurring significant loss in last several years, has a net deficiency in net assets, and has stated that substantial doubt exists about the District's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 10 and MD&A of this report (Page 7). The financial statements do not include any adjustments that might result from the outcome of this uncertainty. My opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

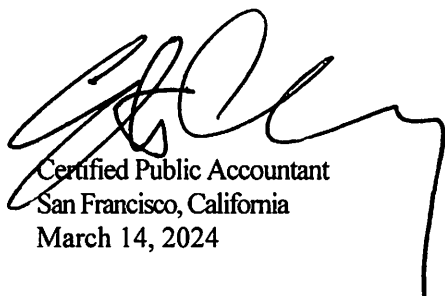
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information as listed in the table of contents, 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
March 14, 2024

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following discussion and analysis of the section of the Broadmoor Police Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ending June 30, 2023. This information is presented in conjunction with the audited financial statements.

FINANCIAL HIGHLIGHTS

- As of June 30, 2023, liabilities of the District exceeded its assets by \$2,234,272 (net position). Of this amount, \$2,682,838 (unrestricted net position) may be used to meet the District's ongoing obligations to the citizens that the District serves.
- The District's total net position decreased by \$972,261.
- As of, June 30, 2023 the District's general fund reported an ending fund balance of \$444,818, a decrease of \$(360,044) when compared with prior year.
- As of June 30, 2023, the District's capital project fund reported an ending fund balance of \$349,005, a decrease of \$(31,378) when compared with the prior year.
- As of June 30, 2023, unassigned fund balance for the governmental funds was \$444,818.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The financial section of this report consists of four parts: Government-wide financial statements, fund financial statements, the notes to the financial statements, and required supplementary information.

The government-wide financial statements are the statement of net position and the statement of activities, which are prepared using the economic resource measurement focus and the accrual basis of accounting. These statements provide both long-term and short-term information about the District's overall financial status. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of whether cash is received or paid. The two government-wide statements report the District's net position and how they have 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 financial position. Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE ANNUAL FINANCIAL REPORT (Continued)

The fund financial statements are the balance sheet and statement of revenues, expenditures and changes in fund balance, and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fund financial statements keep track of specific sources of funding and spending for particular purposes. The District used only general fund. The fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Changes in fund balance are reported if they will have an effect on the near-term cash flow of the District.

The notes provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements.

The required supplementary information presents the District's progress in funding its obligations to provide other post employee benefits as well as the District's budgetary comparison schedules.

NET POSITION

The Statement of Net Position presents the financial position of the District on a full accrual basis and provides information about the nature and amount of resources and obligations at year-end. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The following table summarizes the Statement of Net Position for the fiscal years ending June 30, 2023 and June 30, 2022:

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NET POSITION (Continued)

STATEMENT OF NET POSITION

ASSETS	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 623,554	\$ 1,014,558
Capital assets	<u>349,005</u>	<u>380,383</u>
Total assets	<u>972,559</u>	<u>1,394,941</u>
 Deferred outflows	 <u>1,911,779</u>	 <u>838,832</u>
 LIABILITIES		
Accounts payable and other accruals	802,114	1,918,984
Liabilities due within one year	<u>-</u>	<u>209,696</u>
Total liabilities	<u>802,114</u>	<u>2,128,680</u>
 Pension liability	 <u>3,891,546</u>	 <u>-</u>
 Deferred Inflows	 <u>424,950</u>	 <u>1,367,104</u>
 NET POSITION		
Net investment in capital assets	448,566	380,383
Unrestricted	<u>(2,682,838)</u>	<u>(1,642,394)</u>
 Total net position	 <u><u>\$ (2,234,272)</u></u>	 <u><u>\$ (1,262,011)</u></u>

This table summarizes the net position of the District and reflects the net position decrease of \$972,261 to \$2,234,272 in fiscal year 2023 and from \$1,262,011 in fiscal year 2022. The largest portion of the decrease is due to high legal fee and insurance expenses during fiscal year 2023.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGES IN NET POSITION

The Statement of Net Position is a snapshot that shows assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at a specific point in time. The Statements of Activities provides information on the nature and source of these assets and liabilities represented on the Statement of Net Position. This statement shows that expenses exceeded revenue by \$972,261 for fiscal year 2023. Ending net negative position totaled \$2,234,272 as of June 30, 2023. This is a 56% increase net loss compared to June 30, 2022.

The following table summarizes the Statement of Activities for the fiscal years ending June 30, 2023 and June 30, 2022:

STATEMENT OF ACTIVITIES

REVENUES	<u>2023</u>	<u>2022</u>
General Revenues		
Property taxes	\$ 2,480,328	\$ 2,317,450
Other revenues	829,624	922,864
Total Revenues	<u>3,309,952</u>	<u>3,240,314</u>
 EXPENSES		
Public safety-police protection operation	<u>4,282,213</u>	<u>3,352,394</u>
Total Expenses	<u>4,282,213</u>	<u>3,352,394</u>
 Change in net position	<u>(972,261)</u>	<u>(112,080)</u>
 Net assets - beginning	<u>(1,262,011)</u>	<u>(1,149,931)</u>
 Net position - ending	<u>\$ (2,234,272)</u>	<u>\$ (1,262,011)</u>

Total revenues increased by \$69,638 or 2.14% during the fiscal year 2023 compared to 2022, totaling \$3,240,314. Property tax revenue increased in fiscal year 2023 compared to 2022 by \$162,873 or 7%. Total expenditures increased by \$929,819 or 27.73% to \$4,282,213 in 2023.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS

The District's investment in capital assets, net of accumulated depreciation, as of June 30, 2023 and 2022 was \$31,372 and \$34,809 respectively.

CAPITAL ASSETS

	2023	2022
Building and improvements	\$ 445,813	\$ 445,813
Equipment and furniture	649,056	751,074
Subtotal	1,094,869	1,196,887
 Less accumulated depreciation	 745,857	 816,503
 Total net capital assets	 \$ 349,012	 \$ 380,384

Additional information about the District's capital assets can be found in Note 4 in the Notes to the Basic Financial Statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues were higher than budget by \$304,952, largely due to property tax revenues in excess of budget by \$251,698.

Total expenses were above budget by \$3,267,792. Items significantly below budget were \$75,922 for insurance anticipated and \$713,654 for legal services that could not be completed during the fiscal year. Items significantly exceeding budget were salary \$306,489 and legal fee of \$280,613.

General fund: The general fund's revenue is derived from County of San Mateo property taxes, which are used to run daily operations of the District.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor affecting expenditures in the District's fiscal year 2022-23 budget is the insurance premium and legal fees.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances for the Broadmoor Police Protection District. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Broadmoor Police Protection District, 388 88th Street, Broadmoor, CA 94015.

**BROADMOOR POLICE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GOVERNMENTAL FUNDS ANALYSIS

The District's largest source of revenue is derived from property tax which divided into secured and unsecured category. The District's collection of special assessments take another large source of revenue, is restricted to police protection activities.

The largest expenditure of the District is salary, insurance premium and legal fees. The other area of expenditures of significance is for services and supplies. That would include items such as vehicle maintenance. These items support the operation of the police district.

COMMENTS ON BUDGET COMPARISONS

Actual revenues exceeded budgeted revenues by \$304,952.

Actual total expenditures under the budgeted expenditures by \$402,204.

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 Mr. Michael P. Connolly Interim Police Chief.

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	2023
ASSETS	
Cash and investments	\$ 426,012
Accounts receivable, government agency	55,309
Prepaid	142,233
Total current assets	623,554
 Capital assets (net of accumulated depreciation):	
Building and improvements & equipment	349,005
Total capital assets	349,005
 Total assets	\$ 972,559
 Deferred Outflows of Resources Related to Pension	1,911,779
 LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ 802,114
Total current liabilities	802,114
 Long-term liabilities:	
Net pension liability - safety plan	3,864,489
Net pension liability - miscellaneous plan	5,701
Total long-term liabilities	3,870,190
 Total liabilities	\$ 4,672,304
 Deferred Inflows of Resources Related to Pension	424,950
 NET POSITION	
Net investment in capital assets (Note 4)	448,566
Unassigned	(2,682,838)
Total net position	\$ (2,234,272)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Expenses	<u>2023</u>
Public safety - police protection	
Salaries and wages	\$ 1,407,316
Employee benefits	760,247
Materials and supplies	2,083,278
Depreciation	31,372
Total general expenses	<u>4,282,213</u>
 Other Revenues	
Other state revenue	518,749
Special assessment	754,630
Grants & contributions	165,300
Charges for services and miscellaneous	134,423
Gain or (Losses) from sale of assets	4,325
Total other revenues	<u>1,577,427</u>
 Net other revenues (expenses)	<u>(2,704,786)</u>
 General Revenues	
Property taxes	1,725,698
Investment earnings	6,827
Total general revenues	<u>1,732,525</u>
 Change in net position	<u>(972,261)</u>
 Net position, beginning of year	<u>(1,262,011)</u>
 Net position, end of year	<u>\$ (2,234,272)</u>

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023
Cash flows from Operating Activities:	
Change in Net Position	\$ (972,261)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Depreciation expenses	31,372
(Increase) Decrease in Operating Activates	
Receivable	21,723
Prepaid	15,720
Deferred Outflows of Resources-Deferred Pensions	(1,072,947)
Increase (Decrease) in Operating Liabilities	
Accounts payable and accrued expenses	740,200
Compensated absences	(147,776)
Long term net pension liability-Safety plan	1,945,478
Long term net pension liability-Miscellaneous	5,728
Deferred Inflows of Resources-Deferred Pensions	(942,154)
Net Cash Used by Operating Activities	(374,917)
Cash Flows from Investing Activities	
Proceed from sale of capital assets	-
Net Cash Provided by Investing Activities	-
Net Decrease in Cash	(374,917)
Cash, at Beginning of Year	779,573
Cash and Cash Equivalents, at End of Year	\$ 404,656

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (GENERAL FUND)
FOR THE YEAR ENDED JUNE 30, 2023**

	2023
ASSETS	
Cash and investments	\$ 426,012
Accounts receivable	55,309
Prepaid	142,233
TOTAL ASSETS	\$ 623,554
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 178,736
Total liabilities	178,736
 Fund balance	
Nonspendable	-
Committed	-
Unassigned	444,818
Total fund balances	444,818
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 623,554

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, 2023**

	2023
Fund balances - total government funds	\$ 444,818
Amount reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	349,005
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	-
Accrued payable	(623,378)
Net pension liability	(3,891,546)
Deferred inflows	(424,950)
Deferred outflows	1,911,779
Net position of governmental activities	\$ (2,234,272)

See accompanying notes to financial statements

BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (GENERAL FUND)
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 1,725,698	\$ 1,725,698
Investment earnings	6,827	6,827
Other state revenue	518,749	518,749
Grants and contribution	165,300	165,300
Special assessments	754,630	754,630
Proceed from sale of capital assets	4,325	4,325
Charges for services and miscellaneous	134,423	134,423
	3,309,952	3,309,952
EXPENDITURES		
Current expenditures/expenses:		
Officer & administrative salaries and related expenses	2,210,102	2,210,102
Clothing and uniforms	8,101	8,101
Fuel & maintenance expenses	81,616	81,616
Insurance expense	637,132	637,132
Professional expenses	559,773	559,773
Training expenses	13,166	13,166
Office expense and supplies	48,343	48,343
Building utilities/services	60,988	60,988
Memberships	14,107	14,107
Miscellaneous expenses	7,606	7,606
Community service activities	27,082	27,082
Capital expenditure- equipments	1,980	1,980
	3,669,996	3,669,996
	(360,044)	(360,044)
Fund Balance, beginning of year	804,862	804,862
FUND BALANCE, END OF YEAR	\$ 444,818	\$ 444,818

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, 2023**

	2023
Net change in fund balance - governmental funds	\$ (360,044)
<p>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.</p>	
Current year depreciation	-
Current year depreciation	(31,372)
Miscellaneous unreconciled item	(1,087)
Change in current year deferred inflows and outflows	130,793
Change in current year pension liability	(1,972,562)
<p>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.</p>	
	-
Change in net position of governmental activities	\$ (2,234,272)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund Budget	General Fund Actual	2023 Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 1,474,000	\$ 1,725,698	\$ 251,698
Special assessments	700,000	754,630	54,630
Grant revenue	150,000	165,300	15,300
Interest income	10,000	6,827	(3,173)
Charge for services	40,000	25,223	(14,777)
Receipts - trust fund	9,000	101,278	92,278
Other	42,000	7,922	(34,078)
ERAF rebate	500,000	518,749	18,749
Miscellaneous	80,000	-	(80,000)
Proceed from sale of capital assets	-	4,325	4,325
Total Revenues	\$ 3,005,000	\$ 3,309,952	\$ 304,952
Expenses:			
Salary, payroll taxes and benefits	1,903,613	2,210,102	(306,489)
Training	-	13,166	(13,166)
Clothing & uniforms	-	8,101	(8,101)
Household expenses	-	3,965	(3,965)
Office expenses	101,175	48,343	52,832
Memberships	14,400	14,107	293
Fuel & lubrication & vehicle maintenance	103,500	81,616	21,884
Utilities	-	57,023	(57,023)
Professional contract services	277,700	558,313	(280,613)
Professional services	154,350	1,460	152,890
Insurance	713,054	637,132	75,922
Small equipment	-	1,980	(1,980)
School crossing guard program	-	27,082	(27,082)
Miscellaneous expense	-	7,606	(7,606)
Operating Expenditures	3,267,792	3,669,996	(402,204)
Fixed Assets-Equipment	-	-	-
Total Expenditures	3,267,792	3,669,996	(402,204)
Excess of Revenues over (under) Expenditures	\$ (262,792)	\$ (360,044)	\$ (97,252)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

Basis of Presentation

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing governmental accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the District's overall government. The District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes and other nonexchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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 by providing a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. A fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's funds, all of which are considered to be major governmental funds, are reported as separate columns in the fund financial statements. The District uses the following funds: (general fund)

Governmental Fund Types

The General Fund is the operating fund of the District and is used to account for all financial resources.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported.

All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Property taxes are recognized as revenue 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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." "Measurable" means knowing or being able to reasonably estimate the amount and "available" means that revenues are collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the District considers special and other taxes to be available if they are collected within 90 days of year-end. The District considers property taxes to be available if they are collected within 60 days of year-end. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, such as vacation and sick leave, which are recognized when due.

Cash and investments include amounts in demand deposits as well as short-term and long-term investments with the county investment pool. Substantially all of the District's cash and investments are held by the County of San Mateo (County) as its fiscal agent. The District's investments are reported at fair value. The fair value represents the amount the District could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. The fair value of investments is obtained by using quotations obtained from independent published sources. The District also maintains a general checking account to facilitate the processing of small transactions.

As permitted by the California Government Code, contracts and agreements, the District is permitted to invest in the County's cash and investment pool, obligations of the U.S. Treasury or its agencies; certificates of deposits; mutual funds invested in U.S. Government securities; and other permitted investments.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarter end balances and is adjusted at fiscal year-end.

Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include amounts due from county, advance on supplemental taxes, and interest receivable.

In the fund financial statements, material receivables in governmental funds include amounts due from county, advance on supplemental taxes, and interest receivable. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

In the government-wide financial statements, capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets, which include land, buildings, rolling stock (vehicles), and equipment/ furniture, are valued at historical cost, or an estimate of historical cost if actual cost is unavailable. Donated capital assets are valued at their estimated fair market value on the date received. Depreciation is computed for financial statement purposes using the straight-line method. The estimated useful lives for these depreciated assets are as follows:

Building and improvements	15 to 40 years
Equipment and furniture	5 to 15 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Property Taxes

Revenue is recognized in the fiscal year for which the tax and assessment are levied. The County levies, bills and collects property taxes and special assessments for the District Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies while retaining related interest and penalties.

Taxes are levied for each fiscal year on taxable real and personal property situated in the County. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence.

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 and Capital Project Fund.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Liabilities

In the government-wide financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities. In the governmental fund financial statements, issuance of new debt is recorded as other financing sources and principal payments as debt service expenditures. There are no issuances of debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

Government-Wide Statements

Net position is the excess of all the District's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constructions, or improvements of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "net investment in capital assets," or "restricted."

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable -Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, granters, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- c. Committed -Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- d. Assigned -Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. Intent is expressed by (a) the District's Board or (b) a body (for example: a budget or finance committee) or (c) official to which the District's Board has delegated the authority to assign amounts to be used for specific purpose.
- e. Unassigned - Amounts representing the residual classification for the general fund, and includes all amounts not contained in the other classifications.

Further detail about the District's fund balance classification is described in Note 9.

Budgets and Budgetary Accounting

The District follows the procedures below in establishing the budgetary data reflected in the basic financial statements:

- a. At the June Board of Directors (Board) meeting, management submits to the Commissioners proposed operating and capital improvement draft budgets for the fiscal year commencing the following July 1. The operating and capital improvement budgets include proposed expenditures and the means of financing them.
- b. The Draft budget is legally enacted through the adoption of a resolution by the Commissioners.
- c. A final operating and capital improvement budget is submitted to the Board at the September Board meeting. The budget is legally enacted through the adoption of a resolution by the Board.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund. The Capital Project Fund is budgeted over the life of the project.
- e. Budgets for the General Fund and the Capital Project Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through March 14, 2024, which is the date the financial statements were issued.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2022, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2023.

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2022 or later and may be applicable to the District. However, the District has not determined the effects, if any, on the financial statements.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The purpose of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement has had no material impact on the District's financial statements for the fiscal year ended June 30, 2023.

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement has had no material impact on the District's financial statements for the fiscal year ended June 30, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement has had no material impact on the District's financial statements for the fiscal year ended June 30, 2023.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

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, 2023 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable at June 30, 2023 is \$55,309 and \$84,032 in 2022.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4— CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 445,813	\$ -	\$ -	\$ 445,813
Vehicles & equipments	751,074	-	102,025	649,049
Total capital assets, being depreciated	<u>1,196,887</u>	<u>-</u>	<u>102,025</u>	<u>1,094,862</u>
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Vehicles & equipments	816,503	31,372	102,018	745,857
Total accumulated depreciation	<u>816,503</u>	<u>31,372</u>	<u>102,018</u>	<u>745,857</u>
Capital assets, net	<u>\$ 380,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,005</u>

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

Governmental activities:

Public safety - police protection	<u>\$ 31,372</u>
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NOTE 5— DETAILED NOTES

Long-term Liabilities

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	2023 Ending Balance	Due Within One Year
Accrued liabilities	\$ 147,777	\$ 600,000	\$ 63,705	\$ 684,072	\$ 684,072
Net pension liability	1,918,984	2,355,026	382,464	3,891,546	-
Total long-term liabilities	<u>\$ 2,066,761</u>	<u>\$ 2,955,026</u>	<u>\$ 446,169</u>	<u>\$ 4,575,618</u>	<u>\$ 684,072</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 also with GSRMA Pool.

Current year premium contribution for fiscal year ended June 30, 2023 is \$637,132.

<u>Type of Coverage</u>	<u>Self-Insured Retention Deductible</u>	<u>Limits</u>
Workers' Compensation	\$ 300,000	\$ 5,000,000
General Liability	\$ 250,000	\$ 1,000,000
Automobile Liability	\$ 250,000	\$ 1,000,000
Crime	\$ 25,000	\$ 10,000,000
Property - All Risk	\$ 5,000	\$ 25,000,000
Property - Boiler & Machinery	\$ 5,000	\$ 25,000,000

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN

Public Employees Retirement System (PERS)

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 STATEMENTS
JUNE 30, 2023**

NOTE 7— NET PENSION PLAN LIABILITY AND PENSION PLAN (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, 2023, 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%

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

	Total Miscellaneous
Employer Contributions	\$ 10,613
	Total Safety
Employer Contributions	\$ 708,892

As of June 30, 2023, 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	\$ 27,057
Safety	3,864,489
Total	\$ 3,891,546

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

District Miscellaneous Plan	Miscellaneous
Proportion - June 30, 2021	0.00000%
Proportion - June 30, 2022	0.00058%
Change - Increase	0.00058%
District Safety Plan	Safety
Proportion - June 30, 2021	0.05486%
Proportion - June 30, 2022	0.05624%
Change - Increase	0.00138%

For the year ended June 30, 2023 (measurement date June 30, 2022), the District recognized pension expense of \$435,604. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (combining both miscellaneous and safety pool:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 478,143	\$ -
Changes in assumptions	392,430	-
Differences between actual and expected experience	160,480	42,329
Net differences between projected and actual earnings on plan investments	615,213	-
Change in employer's proportion	259,871	-
Differences between the employer's contributions and the employer's proportionate share of contributions	5,642	382,621
Total	\$ 1,911,779	\$ 424,950

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

Year Ended June 30	Miscellaneous pool	Safety pool
2024	\$ 2,310	\$ 288,162
2025	1,510	215,922
2026	880	124,606
2027	3,032	372,264
Total	\$ 7,732	\$ 1,000,954

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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%	4.80%	5.98%
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%	4.93%
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	5.90%	5.90%
Net Pension Liability (Asset)	58,636	5,865,544
Current Discount Rate	6.90%	6.90%
Net Pension Liability (Asset)	27,057	3,864,489
1% Increase	7.90%	7.90%
Net Pension Liability (Asset)	1,075	2,229,079

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, 2023, the District reported a payable of \$3,891,546 for outstanding amount of contributions to the pension plan required for the fiscal year.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8—COMMITMENTS AND CONTINGENCIES

Litigation and Claims

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

As of June 30, 2023, there are a total of two litigations still pending as follows:

- Wrongful termination lawsuit (2 cases)

NOTE 9 – NET POSITION AND FUND BALANCES

Net Position is on the full accrual basis while Fund Balance is measured on the modified accrual basis.

Net Position

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets

Restricted describes the portion of Net Position, if any, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include amounts restricted by external creditors, grantors, or law or regulations of government.

Unrestricted describes the portion of Net Position which is not restricted to use.

Fund Statement

The government fund financial statements present fund balance based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The 'not in spendable form' criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the district's highest level of decision-making authority. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. Intent is expressed by (a) the District's Board or (b) a body (for example: a budget or finance committee) or (c) official to which the District's Board has delegated the authority to assign amounts to be used for specific purpose.

e. Unassigned - Amounts representing the residual classification for the general fund, and includes all amounts not contained in the other classifications.

	General Fund	Total
Nonspendable:		
Prepaid expenses	\$ -	\$ -
Subtotal	-	-
 Restricted for:		
Subtotal	-	-
 Committed to:		
Subtotal	-	-
 Assigned to:		
Subtotal	-	-
 Unassigned	444,818	444,818
Total	\$ 444,818	\$ 444,818

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 – UNCERTAINTY

The going concern basis assumes the District 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, 2023, the entity had a net loss of \$972,261 from net assets change. Given the agency maintained only \$623,554 current assets as of June 30, 2023, management believes that it may not have sufficient capital to operate over the next 12 months. There are three years of consecutive net losses with \$972,261 in 2023, 2022 in \$112,080, and 2021 in \$258,072.

On top of the net losses for the past several years, the increases in legal and insurance costs play a major factor for the uncertainty due to various lawsuits filed or pending against the District.

NOTE 11—SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 14, 2024, the date the financial statements were available to be issued.

The two cases pending litigation after June 30, 2021 (see Note 8 above) have a potential liability payment of \$600,000 as of February 29, 2024 estimated from attorney. This liability is reflected as part of June 30, 2023 financial statement. The District's risk insurance may cover part of its expenses pending the outcome.

REQUIRED SUPPLEMENTARY INFORMATION

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
JUNE 30, 2023**

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

	<u>District Safety</u>	<u>District Miscellaneous</u>
	Total	Total
Fiscal year	2022-2023	2022-2023
Measurement period	2020-2021	2020-2021
District's proportion of the net pension liability (asset)	0.03346%	0.00023%
District's proportionate share of the net pension liability (asset)	\$ 3,864,489	\$ 27,057
District's covered payroll (Measurement Year)	1,382,537	44,213
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.52%	61.20%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	76.68%	76.68%
Proportionate share of aggregate employer contributions	\$ 708,892	\$ 10,613

Schedule of the District's Contribution

District Safety

Fiscal Year Ended

	<u>2023</u>	<u>2022</u>
Contractually required contribution (actuarially determined)	\$ 472,442	\$ 376,119
(CRC) Contributions in relations to the CRC	(472,442)	(376,119)
Contribution deficiency (excess)	-	-

Covered payroll

\$ 1,201,229 \$ 1,382,537

Contributions as a percentage of covered payroll

39.31% 27,20%

District Miscellaneous

Fiscal Year Ended

	<u>2023</u>	<u>2022</u>
Contractually required contribution (actuarially determined)	\$ 5,701	\$ 6,318
(CRC) Contributions in relations to the CRC	(5,701)	(6,318)
Contribution deficiency (excess)	-	-

Covered payroll

\$ 101,060 \$ 44,213

Contributions as a percentage of covered payroll

5.64% 14,29%

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023**

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, 2023**

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, 2023**

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, 2023**

Regular Meetings: The regular meeting of the Board of Directors is held 7:00 PM monthly at the District office located at 388 88th Street, Daly City, California.

Directors:

James Kucharszky, Chairman

Ralph Hutchens, Treasurer

Marie Brizuela, Secretary