

BROADMOOR POLICE PROTECTION DISTRICT

**Financial Statements and Independent Auditor's Reports for the
Fiscal Year Ended June 30, 2022**

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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 Broadmoor Police Protection District (the district) as of June 30, 2022 and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadmoor Police Protection District as of June 30, 2022, 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 9 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 9 and MD&A of this report (Page 9). 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 Broadmoor Police Protection District's conditions or events, considered in the aggregate, that raise substantial doubt about Broadmoor Police Protection 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 Broadmoor Police Protection 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 Broadmoor Police Protection 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.

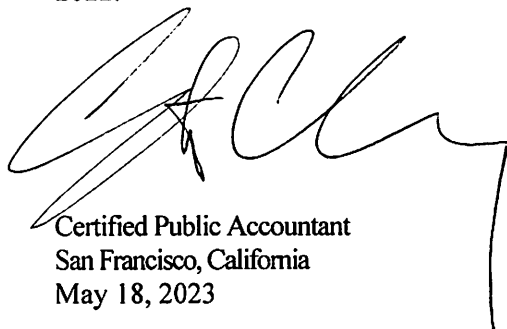
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information (MD&A) is presented on pages 4 to 9 for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

I have previously audited Broadmoor Police Protection District's June 30, 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 26, 2022.



Certified Public Accountant
San Francisco, California
May 18, 2023

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, 2022 and 2021. I encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 10-17) and the accompanying notes to financial statements (pages 18-32).

Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$(1,262,011) (net position). Of this amount, there is \$(1,642,394) in unrestricted net position. At June 30, 2021, liabilities of the District exceeded its assets at the close of the fiscal year by \$(1,149,931). Of this amount, there is a deficit of \$(1,547,240) in net investment in capital assets.
- The District's total net position decreased by \$(112,080) for 2022 and decreased by \$(258,069) for 2021. The change for 2022 and 2021 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 \$804,862 a net decrease of \$(299,544) in comparison with June 30, 2021. As of close of the fiscal year ending June 30, 2021, 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, 2020.
- The District's total long-term liabilities decreased by \$1,402,544 during 2022 and increased by \$249,737 in 2021. The major changes were due to an increase in net pension liability for 2022 and 2021.

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 (GAAP) can be found on pages 10-12 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 13 & 15 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 18-32 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 \$1,262,011 at the close of the fiscal year and \$1,149,931 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

	2022	2021
Assets:		
Current and other assets	\$ 1,014,558	\$ 1,334,177
Capital assets	380,383	397,309
Total assets	1,394,941	1,731,486
Deferred outflows	838,832	678,942
Liabilities:		
Long-term liabilities outstanding	1,918,984	3,301,465
Liabilities due within one year	209,696	229,759
Total liabilities	2,128,680	3,531,224
Deferred Inflows	1,367,104	29,135
Net position:		
Invested in capital assets, net of related debt	380,383	397,309
Unassigned	(1,642,394)	(1,547,240)
Total net position	\$ (1,262,011)	\$ (1,149,931)

The balance of the unrestricted net position is negative \$(1,262,011) for 2022 and \$(1,149,931) for 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities - Governmental activities decreased the District's fund balance by \$299,554 for 2022 and increased by \$13,829 for 2021. This increase is a result of net income in the governmental activities.

Statement of Activities

Revenues:	<u>2022</u>	<u>2021</u>
Program revenues:		
Public safety - fire protection	\$ 914,100	\$ 45,761
General revenues:		
Property taxes	2,317,450	2,708,371
Investment income and other	8,764	278,893
Total revenues	<u>3,240,314</u>	<u>3,033,025</u>
Expenses:		
Public safety - fire protection	<u>3,352,394</u>	<u>3,291,094</u>
Change in net position	<u>(112,080)</u>	<u>(258,069)</u>
Net assets - beginning of the year	<u>(1,149,931)</u>	<u>(891,862)</u>
Net position - end of the year	<u><u>\$ (1,262,011)</u></u>	<u><u>\$ (1,149,931)</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 \$804,862, a net decrease of \$299,554 in comparison with the prior year. As of June 30, 2021, 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.

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, 2022 and 2021, unreserved fund balance of the general fund was \$804,862 and \$1,104,416, 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 22.85% and 29.4% percent of total general fund expenditures which were \$3,521,984 and \$3,024,684 for June 30, 2022 and 2021, 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, 2022 and 2021, amounts to \$380,383 and \$397,309 (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 23 and Note 4 on pages 24-25 of this report.

Debt Administration

At the end of the fiscal year the District had total long-term obligations of \$1,918,984 for 2022 and \$3,301,465 for 2021 in net pension liability. During the fiscal year, the District's long-term debt decreased by \$1,382,481 for 2022.

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, 2022.

- 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.
- Salaries and benefit costs expected for the upcoming fiscal year.
- Increases or decreases in services and supplies based on anticipated costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Going Concern Information

There are certain conditions significantly impacting the financial position of the District, which are highlighted below:

Over the past few years, there has been a steady increase in legal fees paid for litigations against the District, which directly correlated with a significant increase in general liability insurance costs. At this time, there is no known date for resolution, thus these payments will continue into the upcoming fiscal year.

Another factor affecting the District's cash flow are the regular and arrears pension contributions made for full-time officers and administrative personnel to ensure their retirement benefits are accurate.

Since these amounts were not anticipated in prior years adopted budgets, the District's reserves were used to cover the unforeseen costs. As a result, cash balances available to pay for the day-to-day operations has negativity impacted future liquidity of the District.

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, 2022**

	2022
ASSETS	
Cash and investments	\$ 779,573
Accounts receivable, government agency	77,032
Prepaid	157,953
Total current assets	1,014,558
Capital assets (net of accumulated depreciation):	
Building and improvements	380,383
Vehicles and equipment	-
Total capital assets	380,383
Total assets	\$ 1,394,941
Deferred Outflows of Resources Related to Pension	838,832
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ 61,920
Compensated absences	147,776
Total current liabilities	209,696
Long-term liabilities:	
Net pension liability - safety plan	1,919,011
Net pension liability - miscellaneous plan	(27)
Total long term liabilities	1,918,984
Total liabilities	\$ 2,128,680
Deferred Inflows of Resources Related to Pension	1,367,104
NET POSITION	
Net investment in capital assets (Note 4)	380,383
Unassigned	(1,642,394)
Total net position	\$ (1,262,011)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	2022
Expenses	
Public safety - police protection	
Salaries and employee benefits	\$ 1,982,504
Services and supplies	1,335,081
Depreciation	34,809
Total program expenses	3,352,394
 Program Revenues	
Intergovernmental revenue	580,782
Other	113,022
Grants	161,285
Charges for services and miscellaneous	24,763
Gain or (Losses) from sale of assets	34,248
Total program revenues	914,100
Net program revenues (expenses)	(2,438,294)
 General Revenues	
Property taxes	2,317,450
Investment earnings	8,764
Total general revenues	2,326,214
 Change in net position	(112,080)
 Net position, beginning of year	(1,149,931)
 Net position, end of year	\$ (1,262,011)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022
Cash flows from Operating Activities:	
Change in Net Position	\$ (112,080)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Depreciation Expenses	34,809
(Increase) Decrease in Operating Activates	
Receivable	(50,883)
Prepaid	(28,965)
Deferred Outflows of Resources-Deferred Pensions	(159,890)
Increase (Decrease) in Operating Liabilities	
Accounts payable and accrued expenses	(30,557)
Compensated absences	10,494
Long term net pension liability-Safety plan	(1,358,175)
Long term net pension liability-Miscellaneous	(24,306)
Deferred Inflows of Resources-Deferred Pensions	1,337,969
Net Cash Used by Operating Activities	(381,584)
 Cash Flows from Investing Activities	
Proceed from sale of capital assets	(17,883)
Net Cash Provided by Investing Activities	(17,883)
 Net Decrease in Cash	(399,467)
 Cash, at Beginning of Year	1,179,040
 Cash and Cash Equivalents, at End of Year	\$ 779,573

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
BALANCE SHEET
GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022
ASSETS	
Cash and investments	\$ 779,573
Accounts receivable	77,032
Prepaid	157,953
TOTAL ASSETS	\$ 1,014,558
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 209,696
Total liabilities	209,696
 Fund balance	
Nonspendable	-
Committed	-
Unassigned	804,862
Total fund balances	804,862
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 1,014,558

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, 2022**

	2022
Fund balances - total government funds	\$ 804,862
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.	380,383
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	-
Compensated absences	-
Net pension liability	(1,918,984)
Deferred inflows	(1,367,104)
Deferred outflows	838,832
Net position of governmental activities	\$ (1,262,011)

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, 2022**

	2022
Revenues:	
Property taxes	\$ 2,317,450
Investment earnings	8,764
Intergovernmental revenue	580,782
Proceed from sale of capital assets	16,364
Charges for services and miscellaneous	299,070
Total revenues	3,222,430
Expenditures:	
Current:	
Salaries and employee benefits	2,186,905
Services and supplies	1,335,079
Total expenditures	3,521,984
Net change in fund balances	(299,554)
Fund balance, beginning of year	1,104,416
Fund balance, end of year	\$ 804,862

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, 2022**

	2022
Net change in fund balance - governmental funds	\$ (299,554)
<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	-
	(34,809)
Gain from sale of capital assets	17,884
Change in current year deferred inflows and outflows	(1,178,082)
Change in current year pension liability	1,382,481
<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	\$ (112,080)

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund Budget</u>	<u>General Fund Actual</u>	2022 Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Property Taxes	\$ 1,450,200	\$ 1,601,244	\$ 151,044
Special Assessments	682,500	716,207	33,707
Grant Revenue	125,000	161,285	36,285
Interest Income	5,000	8,764	3,764
Charge for Services	25,000	24,763	(237)
Receipts - Trust Fund	7,000	14,000	7,000
Other Insurance	3,000	113,022	110,022
ERAF Rebate	555,000	566,781	11,781
Gain or (Loss) of Asset Sale	-	16,364	16,364
Total Revenues	<u>\$ 2,852,700</u>	<u>\$ 3,222,430</u>	<u>\$ 369,730</u>
Expenses:			
Salary and Benefits	1,833,560	2,186,905	(353,345)
Training	-	21,891	(21,891)
Clothing & Uniforms	25,000	10,380	14,620
Household Expenses	7,000	-	7,000
Office Expenses	50,000	26,195	23,805
Memberships	16,718	28,096	(11,378)
Fuel & Lubrication	25,000	39,843	(14,843)
Radio Equipment Maintenance	10,000	1,800	8,200
Other General Maintenance	25,000	14,214	10,786
General Maintenance of Structure	5,000	-	5,000
Utilities	34,372	27,116	7,256
Transportation and Travel	15,000	9,365	5,635
Professional Contract Services	197,371	370,234	(172,863)
Professional Services	113,000	198,327	(85,327)
Insurance	325,000	478,216	(153,216)
Small Equipment	60,000	60,942	(942)
School Crossing Guard Program	55,000	39,476	15,524
Miscellaneous Expense	-	8,984	(8,984)
Depreciation	-	-	-
Operating Expenditures	<u>2,797,021</u>	<u>3,521,984</u>	<u>(724,963)</u>
Fixed Assets-Equipment	-	-	-
Total Expenditures	<u>2,797,021</u>	<u>3,521,984</u>	<u>(724,963)</u>
Excess of Revenues over (under) Expenditures	<u>\$ 55,679</u>	<u>\$ (299,554)</u>	<u>\$ (355,233)</u>

See accompanying notes to financial statements

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022**

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	\$ 779,573
Total Cash and cash equivalents	\$ 779,573

Cash and investments at June 30, 2022, are reported at fair value and consisted of the following:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Description</u>	<u>Balance</u>
Demand deposits with financial institutions	\$ 15,890
Deposits with San Mateo County Treasury Pool	763,683
Total Cash and cash equivalents	\$ 779,573

Demand Deposits

At June 30, 2022, the carrying amount of the District's demand deposits was \$15,890 and the financial institutions balances totaled \$15,890.

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, 2022, the District held \$763,683 in the Pool.

BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2019

Measurement Date June 30, 2021

Measurement Period July 1, 2020 to June 30, 2021

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, 2022

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, 2022; 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 \$716,207 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, 2022**

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:

Asset	Years
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, 2022**

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, 2022 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable at June 30, 2022 is \$84,032 and \$26,149 in 2021.

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, 2022**

NOTE 4— CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	2022 Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 445,813	\$ -	\$ -	\$ 445,813
Vehicles & equipments	908,531	-	-	908,531
Total capital assets, being depreciated	<u>1,354,344</u>	<u>-</u>	<u>-</u>	<u>1,354,344</u>
Less accumulated depreciation for:				
Buildings and improvements	348,488	-	-	348,488
Vehicles & equipments	609,489	-	-	609,489
Total accumulated depreciation	<u>957,977</u>	<u>-</u>	<u>-</u>	<u>957,977</u>
Capital assets, net	<u>\$ 396,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,367</u>

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

Governmental activities:

Public safety - police protection	<u>\$ 34,809</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 is as follows:

	Beginning Balance	Additions	Reductions	2022 Ending Balance	Due Within One Year
Accrued liabilities	\$ 137,282	\$ 10,495	\$ -	\$ 147,777	\$ 147,777
Net pension liability	3,301,465	-	1,382,481	1,918,984	-
Total long-term liabilities	<u>\$ 3,438,747</u>	<u>\$ 258,184</u>	<u>\$ 1,382,481</u>	<u>\$ 2,066,761</u>	<u>\$ 147,777</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

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, 2022, 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, 2022 is \$432,155. For fiscal year 2022, GSRMA increased the risk pool premium of Broadmoor Police Protection District from \$335,936 to \$432,155 increase (28.6% 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 & PEPRA)
- District Safety (Tier 1)
- District Safety (Tier 2 & PEPRA)

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, 2022, are summarized as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022**

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, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

	2022
	Total Miscellaneous
Employer Contributions	\$ 7,461
	Total Safety
Employer Contributions	\$ 593,424

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	2022
	Proportionate Share of Net Pension Liability
Miscellaneous	\$ (27)
Safety	1,919,011
	\$ 1,918,984

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 was as follows:

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

<u>District Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2020	0.03012%
Proportion - June 30, 2021	0.0%
Change - Decrease	0.03012%
<u>District Safety Plan</u>	<u>Safety</u>
Proportion - June 30, 2020	0.00022%
Proportion - June 30, 2021	0.05466%
Change - Increase	0.05444%

For the year ended June 30, 2022, the District recognized pension expense of \$178,035. At June 30, 2022, 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	\$ 382,437	\$ -
Changes in assumptions	-	-
Differences between actual and expected experience	327,858	-
Net differences between projected and actual earnings on plan investments	24	1,142,180
Change in proportions and differences between actual contributions and proportionate share of contributions	115,558	3,067
	12,955	221,857
Total	<u>\$ 838,832</u>	<u>\$ 1,367,104</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>
2023	\$ 151,223
2024	187,229
2025	257,952
2026	314,305
Total	<u>\$ 910,709</u>

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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, 2022**

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	6.15%	6.15%
Net Pension Liability (Asset)	25,014	3,672,496
Current Discount Rate	7.15%	7.15%
Net Pension Liability (Asset)	(27)	1,919,011
1% Increase	8.15%	8.15%
Net Pension Liability (Asset)	(20,729)	478,740

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, 2022, the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**BROADMOOR POLICE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, there are total of two litigations still pending and they are as follow:

Both cases are still pending but legal counsel is not able to give estimate for any potential loss as of May 10, 2023 financial statement date and these cases are as follow:

- During fiscal year 2021, Broadmoor Police Protection District had filed a claim against several of their former employee for certain fraudulent transactions on its CALPER's Retirement Account. CalPERS is currently handling the case and San Mateo County is also victim in this case.
- Several former employees filed a wrongful termination lawsuit against Broadmoor Police Protection District during fiscal year 2021.

NOTE 9 – UNCERTAINTY

The going concern basis assumes 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, 2022, the entity had a net loss of \$112,080 from net assets change. Given the agency maintained only \$779,573 operating cash balance as of June 30, 2022, management believes that it may not sufficient capital to operate over the next 12 months. This is third years of consecutive net loss of \$112,080 for 2022, 2021 is \$258,072, and 2020 is \$454,291.

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 10—SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 18, 2023, 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.

The two cases pending litigation after June 30, 2021 (see Note 9 above) have a potential liability payment of \$750,000 as of June 26, 2022 estimated from attorney. This liability is not reflected as part of June 30, 2022 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, 2022**

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

	<u>District Safety</u>	<u>District Miscellaneous</u>
	Total	Total
Fiscal year	2021-2022	2021-2022
Measurement period	2020-2021	2020-2021
District's proportion of the net pension liability (asset)	0.03548%	0.00000%
District's proportionate share of the net pension liability (asset)	\$ 1,919,011	\$ (27)
District's covered payroll (Measurement Year)	1,381,604	89,086
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	138.90%	0.03%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	88.29%	88.29%
Proportionate share of aggregate employer contributions	\$ 593,424	\$ 7,461

Schedule of the District's Contribution

District Safety	
Fiscal Year Ended	<u>2022</u>
Contractually required contribution (actuarially determined)	\$ 376,119
(CRC) Contributions in relations to the CRC	<u>(376,119)</u>
Contribution deficiency (excess)	<u>-</u>
Covered payroll	\$ 1,382,537
Contributions as a percentage of covered payroll	27,20%
District Miscellaneous	
Fiscal Year Ended	<u>2022</u>
Contractually required contribution (actuarially determined)	\$ 6,318
(CRC) Contributions in relations to the CRC	<u>(6,318)</u>
Contribution deficiency (excess)	<u>-</u>
Covered payroll	\$ 44,213
Contributions as a percentage of covered payroll	14,29%

**BROADMOOR POLICE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022**

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, 2022**

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, 2022**

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, 2022**

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