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Board of Directors  
Airborne Law Enforcement Services  
City of Costa Mesa, California

### SUMMARY OF AUDIT RESULTS

We have audited the financial statements of the Airborne Law Enforcement Services (“ABLE”) for the year ended June 30, 2009, and have issued our report thereon dated December 11, 2009. Professional standards require that we provide you with the following information related to our audit.

#### *Our Responsibilities under U.S. Generally Accepted Auditing Standards*

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the ABLE. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the ABLE’s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### *Scope and Timing of the Audit*

Audit fieldwork was substantially completed in September 2009. Significant risks of material misstatement addressed by our auditing procedures included:

- Fraud risk for cash receipts and cash disbursements: We identified key internal controls and perform tests of those controls to determine if they are operating effectively to reduce the risk of significant error or misstatement.
- Risk of material fraud or misstatement associated with investments: We compared recorded investments to investment statements to test the proper existence, valuation, ownership, and classification of recorded investments.

- Risk of improper revenue recognition: We tested material accrued revenues for collectability and meeting applicable revenue recognition criteria.
- Risk of improper classification of expenditures: We tested expenditures for proper fund assignment, proper support, approval, and cut-off.
- Risk of error associated with identifying capital asset additions and deletions: We tested the internal controls of the City to properly identify and record capital asset additions and deletions.

### **Significant Audit Findings**

We have not noted any deficiencies in internal control that we consider to be material weaknesses.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by ABLE are described in note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by ABLE during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Examples of significant judgments and estimates reflected in the ABLE's financial reporting process include:

- Judgments concerning which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets.
- Estimates involving revenues and expenses to be accrued as of year end.

### **Significant Difficulties Encountered in Performing the Audit**

We encountered no difficulties in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Corrected and uncorrected adjustments detected as a result of audit procedures included adjustments to revenue and deferred revenue.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated December 11, 2009.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the ABLE's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the ABLE's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of ABLE and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*