

**BROADMOOR POLICE PROTECTION DISTRICT**

Report to the Board of Directors  
Results of the Fiscal Year 2017 Audit

June 29, 2018

Board of Directors  
Broadmoor Police Protection District  
Broadmoor, California

I have audited the financial statements of the Broadmoor Police Protection District (BPPD) for the year ended June 30, 2017, and have issued my report thereon. In planning and performing my audit, I considered BPPD's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not to provide assurance on internal control. This letter summarized comments under professional standards regarding my engagement and suggestions regarding opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report on the financial statements.

**I. The Auditor's Responsibility for Detecting Fraud**

As stated in my engagement letter dated January 10, 2017, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

**II. Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Broadmoor Police Protection District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the Fiscal Year. I noted no transactions entered into by BPPD during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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#### **III. Accounting Estimates**

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. The most sensitive estimates affecting the financial statements were:

- Depreciation estimates for capital assets, including depreciation methods and useful lives assigned to depreciable property

During my audit, I evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### **IV. Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on BPPD's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in my judgment, indicate matters that could have a significant effect on BPPD's financial reporting process.

- I also proposed other audit adjustments, which already shared with your management –see attached

#### **V. Disagreements with Management**

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

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#### **VI. 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 governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants during fiscal year 2017.

#### **VII. Issues Discussed Prior to Retention of Independent Auditors**

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

#### **VIII. Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing my audit except the information was taken a lot longer may due to part time accountant working on weekend. L&C have suggested contracted accountant or consultant (CPA preference) should put in more hours in order to prepare timely reconciliations and financial information to management.

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**IX. PRIOR YEAR RECOMMENDATIONS**

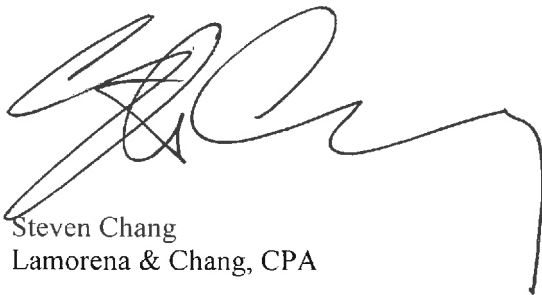
See management letter for fiscal year ended 2017

**X. CURRENT YEAR RECOMMENDATIONS**

None for fiscal year ended 2017

This information is intended solely for the information and use of the Board of Directors, management, and governmental agencies as required, and should not be used by any other parties for any purpose.

Very Truly Yours,



Steven Chang  
Lamorena & Chang, CPA