



Cal Tahoe Emergency Services Operations Authority

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South Lake Tahoe, CA 96150
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EXECUTIVE DIRECTOR
RYAN WAGONER

BOARD OF DIRECTORS
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February 7, 2018

To Whom It May Concern,

Per contractual agreement, for each annual audit, a copy of the audit, together with any findings of deficiencies and recommended corrective action from the auditor, shall be submitted to the Health Services Department no later than March 31st of each year. Health Services Department shall forward the audit documents to the County Auditor-Controller and to the Board of Supervisors for receipt and filing. In the event corrective action is necessary, CAL TAHOE shall, simultaneously with the submission of the audit documents, submit its corrective plan to correct any and all existing deficiencies, and to implement action to protect against future such deficiencies. Within forty-five (45) days of submission of the audit documents and CAL TAHOE's corrective plan to Health Services Department, COUNTY will notify CAL TAHOE if further CAL TAHOE action to implement corrective action is required. If COUNTY remains unsatisfied with the audit and/or corrective plan, in addition to any other action allowed by law, COUNTY reserves the right to perform its own audit of CAL TAHOE's books and records for that time period to be paid from CSA No. 3 funds. CAL TAHOE shall fully cooperate with any COUNTY audit.

A deficiency in internal control exists when the design or operation of a control does not allow management for employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. During the audit of the 2015-2016 fiscal year, the following deficiency was identified:

"The JPA's Executive Officer and contract accountant should coordinate at year-end to identify entries necessary to close the books and properly report the JPA's financial activity in the general ledger."

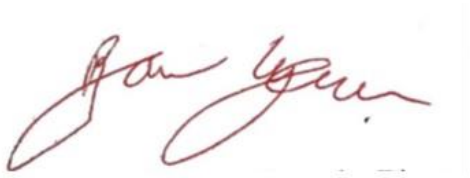
The following adjustments will be incorporated to address and correct this deficiency.

- Invoices for work performed before year-end that are paid after year-end will be reported as accounts payable and expenditures. Contract expenditures will be reviewed to ensure the invoice for June services were expensed prior to year-end, including the invoice for Lake Valley Fire Protection District payroll, dispatch costs, administration fees, telephone fees and other reimbursements. Legal fees paid after year-end will be accrued if the attorney incurred the hours prior to year-end. During the fiscal year ending June 30, 2017, payroll costs for the period extending past year-end will be prorated based on the number of days in the pay period before year-end versus after year-end and accrued payroll will be recorded.
- Invoices paid before year-end for future period expenses will be reported as prepaid expenditures, such as insurance and workers' compensation.

- The general ledger will be reconciled to the Bank of the West account balance used for amounts committed for future ambulance purchases and reclassifying entries will be posted for current activity, including interest income earned. Approvals of changes in the committed fund balance are to be approved with Board Resolutions to provide documentation of approved changes.
- Audit adjustments will be posted in the general ledger and fund balance accounts will be reconciled to the prior year audited financial statements to ensure adjustments have been properly posted.
- The capital asset detail list will be updated for additions and disposals at year-end and depreciation expense and the gain or loss on sale of capital assets will be recorded in the general ledger.
- Any amounts withheld from contract service area #3 revenue will be reclassified to the related expense account so the contract service revenue agrees to the amount approved by the County.

Should you have any questions or require additional information please contact me.

Respectfully,



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