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**EMERGENCY MEDICAL  
SERVICES AGENCY**

**CALIFORNIA TAHOE EMERGENCY SERVICES**

**OPERATIONS AUTHORITY**

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**REPORT ON ACCOUNTING CONTROLS**

**AND PROCEDURES**

**June 30, 2010**

**ROBERT  
W.  
JOHNSON**

**An Accountancy Corporation  
Certified Public Accountant**

6234 BIRDCAGE STREET • CITRUS HEIGHTS, CA 95610-5949 • (916) 723-2555

March 21, 2011

To the Board of Directors  
California Tahoe Emergency Services  
Operations Authority  
South Lake Tahoe, California

We have audited the financial statements of California Tahoe Emergency Services Operations Authority as of and for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In planning and performing our audit of the financial statements of California Tahoe Emergency Services Operations Authority as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered California Tahoe Emergency Services Operations Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures but not for the purpose of expressing our opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we have enclosed other recommendations for your consideration.

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

Sincerely,

*Robert W. Johnson, An Accountancy Corporation*

Robert W. Johnson, An Accountancy Corporation

1. Operating Statistics:

<u>Statement of Income</u>	<u>6-30-10</u>	<u>6-30-09</u>	<u>6-30-08</u>
Operating revenues	\$2,249,524	\$2,263,919	\$1,897,246
Operating expenses	<u>1,955,429</u>	<u>2,028,791</u>	<u>1,621,717</u>
Operating income (loss)	294,095	235,128	275,529
Non-operating items	<u>1,123</u>	<u>864</u>	<u>823</u>
Net income (loss)	\$ <u>295,218</u>	\$ <u>235,992</u>	\$ <u>276,352</u>
Cash	<u>\$1,425,667</u>	<u>\$ 958,470</u>	<u>\$ 975,556</u>

2. Prior Year Recommendations:

(a) Accounting Oversight:

Recommendation

Bring internal accounting up-to-date. Current internal financial statements are necessary for Board review and to permit future financial audits.

Follow Up

The Authority has contracted with a local accounting firm to produce quarterly, internal financial statements; the books have been brought up-to-date.

2. Prior Year Recommendations, continued:

(b) Executive Director:

Recommendation

Recommend the Board review the "independent contractor" status of the Executive Director's compensation. If the Board of Directors provides supervision or direction to the Executive Director, then an employee/employer relationship may exist under current regulations. This employee status would probably provide more security (from liability) to the Authority.

Follow Up

The Board is following up with the City attorney.

(c) Policies:

Recommendation

Establish written policies ASAP.

Written policies protect the JPA and ensure that employees follow the dictates of the Board of Directors.

Examples of financial policies include:

- fraud policy
- investment policy
- retention of records
- use of electronic equipment
- fixed assets policy
- equity reserve policy

Follow Up

The policies have been completed except for the fraud policy.

2. Prior Year Recommendations, continued:

(d) Investment Income:

Recommendation

Make an effort for higher yield cash investments (e.g. money market, certificate of deposit, etc.).

Follow Up

The Authority is still considering investment options.

(e) Board Minutes:

Recommendation

Executive Director would sign as "submitted"; President would sign as "approved."

Follow Up

Will be done in the future.