



April 30, 2008

Board of Directors
Marin Emergency Radio Authority

In planning and performing our audit of the financial statements of the Marin Emergency Radio Authority (MERA) as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered MERA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MERA's internal control. Accordingly, we do not express an opinion on the effectiveness of MERA's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Recently issued auditing standards require us to communicate such matters in writing even though such matters have been communicated previously. We believe that the following deficiencies constitute material weaknesses.

- 1. CONDITION** For the year ended June 30, 2007, MERA maintained its general ledger on the County's "MERIT" accounting system. The general ledger was not maintained using generally accepted accounting principles. For instance, the general ledger did not include balances of capital assets owned by MERA or of bonds and notes payable owed by MERA. Rather, expenditures for capital outlay and debt principal were accounted for as operating expenses. Further, depreciation of capital assets was not included as an expense



RECOMMENDATION MERA should maintain its general ledger to account for all assets, liabilities, revenues and expenses in accordance with generally accepted accounting principles.

MANAGEMENT RESPONSE .

Management will obtain assistance from the Marin County Auditor-Controller's office to ensure that all asset and liability accounts are included in the accounting system. As part of the process, management will consider presenting MERA as a traditional "governmental" fund type rather than as an "enterprise fund" in future financial statements.

2. **CONDITION** MERA maintains financial accounts through its trustee, Bank of New York (BONY). Activity and ending balances of those accounts were not properly recorded in MERA's accounting records (MERIT).

RECOMMENDATION MERA accounting personnel should be notified of financial transactions to be processed from trust accounts held by BONY and timely recorded. Balances recorded in the MERIT system for trust accounts should monthly be reconciled to statements generated by BONY.

MANAGEMENT RESPONSE

Management will obtain assistance from the Marin County Auditor-Controller's office to ensure that transactions are recorded and balances reconciled.

This report is intended solely for the information and use of the board of directors, management, and others within the organization and is not intended to be and should not be used by anyone than these specified parties.

Maier Accountancy