Emergency Medical Services Authority

Report to the Board of Trustees
October 13, 2010

PRELIMINARY DRAFT - FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE

McGladrey

October 13, 2010

Board of Trustees
Emergency Medical Services Authority
1417 North Lansing Avenue
Tulsa, Oklahoma 74106-5906

Attention: Dr. James Griffin, Chairman

We are pleased to present this report related to our audit of the financial statements and compliance of the Emergency Medical Services Authority (the Authority) for the year ended June 30, 2010. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial and compliance reporting process.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Emergency Medical Services Authority.

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Required Communications

Auditing guidance require the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications:

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States, and provisions of OMB Circular A-133 and OMB's Compliance Supplement, has been described to you in our arrangement letter dated June 14, 2010.
Accounting Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. In the current year, the Authority adopted the following Governmental Accounting Standards Board (GASB) Statements: • GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. This Statement had no effect to the financial statements. • GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. This Statement had no effect to the financial statements.

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	• GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.* This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. This Statement had no effect to the financial statements.
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Alternative Treatments Discussed with Management We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."
Audit Adjustments	Audit adjustments recorded by the Authority are attached with the representation letter included with Exhibit A.
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.

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Area	Comments
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Accounting Pronouncements	Please refer to representation letter in Exhibit A for new accounting pronouncements that have been recently issued that may affect the Authority's financial reporting in future periods.
Letter Communicating Significant Deficiencies	We have separately communicated the significant deficiencies and noncompliance identified during our audit of the financial statements and major awards, as required by the Government Auditing Standards and OMB Circular A-133, and this communication is included within the Authority's compliance report for the year ended June 30, 2010.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the Authority are attached as Exhibit A.

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Emergency Medical Services Authority

Summary of Accounting Estimates
Year Ended June 30, 2010

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority's June 30, 2010 financial statements:

Area	Accounting Policy	Estimation Process	Comments
Depreciable Life of Capital Assets	The depreciable life of capital assets is set at the estimated useful life of the related asset.	The determination is made at the time the asset is placed into service and involves various judgments and assumptions, estimated useful life and prior experience.	We believe the estimates and processes used by the Authority are reasonable.
Allowance for Doubtful Accounts	The allowance for doubtful accounts is based on management's estimate of the collectability of identified receivables, as well as aging of customer accounts.	The allowance is adjusted as information and specific accounts becomes available. The Authority also compares current allowance amounts to prior-year collection or write-off experience.	We tested the underlying information supporting this allowance, including the most recent aging reports and collection experience. We concluded that management's allowance methodology is appropriate and the allowance is reasonable.
Allowance for Contractual Adjustments	The allowance for contractual adjustments is based on third-party payor contracts, analysis of historical trends and other factors.	The contractual allowances are adjusted as information about third-party payor contracts becomes available, as changes in contracts occur and as payment terms are known.	We tested the underlying information supporting this allowance, including the most recent accounts receivable reports by payor and write-off experience. We concluded that management's allowance methodology is reasonable.

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Summary of Uncorrected Misstatements
Year Ended June 30, 2010

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of financial position, results of operations, and cash flows and to the related financial statement disclosures. Following is a summary of those differences:

	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Assets	Revenue	Expense
Description:					
Carryover impact from previous years	$ -	$ -	$ -	$ -	$ -
Current misstatement, known errors:					
Adjust for unrecorded liabilities for grant expenditures	-	(34,292)	-	-	34,292
Adjust for unrecorded grant receivable and revenue	34,292	-	-	(34,292)	-
Subtotal	$ 34,292	$ (34,292)	-	$ (34,292)	$ 34,292
Effect of current year passed adjustments on net assets			-		
Total			$ -		

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Exhibit A – Material Written Communications Between Management and Our Firm

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McGladrey & Pullen

Certified Public Accountants

McGladrey & Pullen, LLP
4801 Main St., Ste. 400, Kansas City, MO 64112-2543
O 816.753.3000 **F** 816.751.1890
www.mcgladrey.com

June 14, 2010

To the Board of Trustees
Emergency Medical Services Authority
1417 North Lansing Avenue
Tulsa, Oklahoma 74106-5906

Attention: Kent Torrence, Chief Financial Officer

This letter is to explain our understanding of the arrangements for the services we are to perform for the Emergency Medical Services Authority (EMSA), a joint venture of the City of Tulsa, Oklahoma and City of Oklahoma City, Oklahoma, for the year ending June 30, 2010. We ask that you either confirm or amend this understanding.

Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures, including review of the audit documentation of your previous auditors (accountants). We will notify you promptly if we become aware of anything during our acceptance procedures or the review of audit documentation that results in our not being able to continue this engagement.

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Audit Services

We will perform an audit of EMSA's basic financial statements as of and for the year ending June 30, 2010.

We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the governing board are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will also perform the audit of the EMSA as of June 30, 2010 so as to satisfy the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular No. A-133.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and "Government Auditing Standards" issued by the Comptroller General of the United States ;the provisions of the Single Audit Act, OMB Circular A-133, and OMB's Compliance Supplement. Those standards, circulars, supplements, or guides require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that is immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect us to provide reasonable assurance of detecting abuse.

An audit of financial statements also includes obtaining an understanding of the EMSA and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the board any significant deficiencies or material weaknesses that become known to us during the course of the audit.

We will also communicate to the board *(a)* any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, *(b)* any illegal acts, violations of provisions of contracts or grant agreements, and abuse that come to our attention (unless they are clearly inconsequential), *(c)* should any arise, any disagreements with management and other serious difficulties encountered in performing the audit, and *(d)* various matters related to the EMSA's accounting policies and financial statements.

In addition to our reports on the EMSA's financial statements, we will also issue the following reports or types of reports:

- A report on the fairness of the presentation of the EMSA's schedule of expenditures of federal awards for the year ending June 30, 2010.
- Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program.
- A schedule of findings and questioned costs.

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The funds that you have told us are maintained by the EMSA and that are to be included as part of our audit are listed in the prior year audit report.

The federal financial assistance programs that you have told us that the EMSA participates in and that are to be included as part of the single audit are listed in the prior year schedule of expenditures of federal awards.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

Emergency Medical Services Authority's Responsibilities

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the EMSA complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the EMSA involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the EMSA received in communications from employees, former employees, analysts, regulators, or others.

Management is also responsible for *(a)* making us aware of significant vendor relationships where the vendor is responsible for program compliance, *(b)* following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and *(c)* report distribution including submitting the reporting packages.

The board is responsible for informing us of its views about the risks of fraud within the EMSA and its knowledge of any fraud or suspected fraud affecting the EMSA.

The EMSA agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the EMSA agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering. We may conclude that we are not otherwise associated with the proposed offering and that our association with the proposed offering is not necessary, providing the EMSA agrees to clearly indicate that we are not associated with the contents of the official statement. The EMSA agrees that the following disclosure will be prominently displayed in the official statement:

> *McGladrey & Pullen, LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey & Pullen, LLP, also has not performed any procedures relating to this official statement.*

Our association with an official statement is a matter for which separate arrangements will be necessary. The EMSA agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the EMSA seeks such consent, we will be under no obligation to grant such consent or approval.

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Emergency Medical Services Authority's Records and Assistance

If circumstances arise relating to the condition of your records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the EMSA's books and records. The EMSA will determine that all such data, if necessary, will be so reflected. Accordingly, the EMSA will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by EMSA personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with the EMSA's management. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, drafting the financial statements, etc.) you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may provide financial information you have provided to us in connection with this engagement to RSM McGladrey Inc. for purposes of creating benchmarking data to be used by McGladrey & Pullen, LLP and RSM McGladrey Inc. professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

Other Terms of our Engagement

Our fees for the audit services described above are $33,000 for the financial audit and $6,500 for the Single Audit. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, the EMSA agrees it will compensate McGladrey & Pullen, LLP for any additional costs incurred as a result of the EMSA's employment of a partner or professional employee of McGladrey & Pullen, LLP.

In the event we are requested or authorized by the EMSA or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the EMSA, EMSA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The working papers for this engagement are the property of McGladrey & Pullen, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of McGladrey & Pullen, LLP audit personnel and at a location designated by our Firm.

We will propose adjusting journal entries and draft the financial statements.

The two overarching principles of the independence standards of the "Government Auditing Standards" issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of

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the works, and therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, the EMSA agrees to the following:

- Kent Torrence, Chief Financial Officer will be accountable and responsible for overseeing the proposal of adjusting journal entries and draft financial statements.
- The EMSA will establish and monitor the performance of the adjusting journal entries and draft financial statements to ensure that they meet management's objectives.
- The EMSA will make any decisions that involve management functions related to the adjusting journal entries and draft financial statements and accepts full responsibility for such decisions.
- The EMSA will evaluate the adequacy of services performed and any findings that result.

Claim Resolution

Emergency Medical Services Authority and McGladrey & Pullen, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGladrey & Pullen, LLP or the date of this arrangement letter if no report has been issued.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report and applicable letter of comment is attached.

If this letter defines the arrangements as the EMSA understands them, please sign and date the enclosed copy and return it to us.

McGladrey & Pullen, LLP

Mia Frommelt

Mia Frommelt, Partner

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Confirmed on behalf of the Emergency Medical Services Authority:

Kent Torrence

Kent Torrence

June 22, 2010

To the Partners of McGladrey & Pullen, LLP
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of McGladrey & Pullen, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2007. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

Engagement Performance

Comment – The firm has followed two different methodologies for supporting a low control risk assessment for certain relevant assertions for significant account balances. Substantially all audits in a niche industry practice are performed using one methodology, while the rest of the firm uses the methodology in the firm's commercial audit manual. The alternative niche practice allowed for lower testing requirements than the standard approach in the manual. The support for the alternative approach for sampling is not documented in the manual, however, no departures from generally accepted auditing standards were noted.

Recommendation – We believe the alternative approach should be reconsidered. Any approved alternative methodology should be appropriately documented in the audit manual.

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BKD, LLP

November 30, 2007

Wells Fargo Center 1700 Lincoln Street, Suite 1400 Denver, CO 80203-4514
303 861-4545 Fax 303 832-5705
bkd.com

Beyond Your Numbers

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Partners of McGladrey & Pullen, LLP
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of McGladrey & Pullen, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2007. The Firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us, since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the Firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the Firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the Firm. Our responsibility is to express an opinion on the design of the system, and the Firm's compliance with that system based on our review.

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Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of McGladrey & Pullen, LLP in effect for the year ended April 30, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the Firm with reasonable assurance of complying with applicable professional standards.

* * *

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

BKD, LLP

November 30, 2007

Wells Fargo Center 1700 Lincoln Street, Suite 1400 Denver, CO 80203-4514
303 861-4545 Fax 303 832-5705

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Attachment to the Peer Review Report of McGladrey & Pullen, LLP
Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objectives of evaluating the following:

- Whether the reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

- Whether the reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm's accounting and auditing practice applicable to SEC issuers.

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Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of McGladrey & Pullen, LLP, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the Government Auditing Standards, audits performed under FDICIA, multi-office audits, and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.

McGladrey & Pullen
Certified Public Accountants

November 30, 2007

Center for Public Company Audit Firms Peer Review Committee
C/o American Institute of Certified Public Accountants
Practice Monitoring Department
220 Leigh Farm Road
Durham, NC 27707

Ladies and Gentlemen:

This letter represents our response to the letter of comments issued in connection with our firm's peer review for the year ended April 30, 2007 and should be read in conjunction with that letter. Implementation of the actions set out in this letter will be monitored in connection with our annual inspection program.

Prior to January 31, 2008, the Firm's National Office of Audit and Accounting will reconsider the methods used for testing key controls in this niche industry and either conform the methodology to the methodology specified in the commercial audit manual or document the basis for any approved alternative methodology in the respective industry manual.

McGladrey & Pullen, LLP

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October 13, 2010

McGladrey & Pullen, LLP
4801 Main Street
Suite 400
Kansas City, Missouri 64112

In connection with your audit of the basic financial statements of the Emergency Medical Services Authority (the Authority) as of and for the years ended June 30, 2010 and 2009, we confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of October 13, 2010 the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.

2. We are a joint venture having as participants the following listed organizations, each of which retains an ongoing financial interest or an ongoing financial responsibility, as these terms are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.

    - City of Tulsa, Oklahoma
    - City of Oklahoma City, Oklahoma

3. We have identified for you all of our funds and identifiable business-type activities.

4. We have properly classified all funds and activities.

5. We are responsible for compliance with laws and regulations applicable to the Authority including adopting, approving and amending budgets.

6. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.

7. We have made available to you:

    a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.

    b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.

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c. All communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:

i. Statutory, regulatory or contractual provisions or requirements.

ii. Financial reporting practices that could have a material effect on the financial statements.

8. We have no knowledge of fraud or suspected fraud affecting the entity involving:

a. Management,

b. Employees who have significant roles in the internal control, or

c. Others where the fraud could have a material effect on the financial statements.

9. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, short sellers or others.

11. We have informed you of all significant deficiencies, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.

12. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

13. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

14. The following have been properly recorded and/or disclosed in the financial statements:

a. Related-party transactions, including those with joint ventures in which the Authority has an interest as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.

b. Line of credit or similar arrangements.

c. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.

d. The fair value of investments.

e. All leases and material amounts of rental obligations under long-term leases.

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f. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position No. 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.

g. Deposits and investment securities category of custodial credit risk.

h. Restrictions on cash balances for grant advances.

i. Pension obligations.

j. Risk financing activities.

15. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts.

16. There are no:

a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.

c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.

d. Guarantees, whether written or oral, under which the Government is contingently liable.

e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.

f. Agreements to repurchase assets previously sold.

g. Security agreements in effect under the Uniform Commercial Code.

h. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.

i. Liabilities which are subordinated in any way to any other actual or possible liabilities.

j. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.

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k. Debt issue provisions.

l. Authorized but unissued bonds and/or notes.

m. The following GASB pronouncements have been issued, but which we have not yet adopted and are not disclosed in the financials since the new standards are not expected to impact the Authority's financial statements:

i. GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* issued January 2010, will be effective for EMSA beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. GASB 57 amends GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

ii. GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for EMSA beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

n. Special and extraordinary items.

o. Arbitrage rebate liabilities.

p. Impairment of capital assets.

q. Obsolete, damaged or excess inventories to their estimated net realizable values.

r. Investments, intangibles, and other assets which have permanently declined in value.

s. Uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2010 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2010.

t. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.

u. Material loss to be sustained as a result of purchase commitments.

v. Environmental cleanup obligations.

w. Postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2010.

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17. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.

18. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private that is not disclosed in the financial statement.

19. We have satisfactory title to all owned assets.

20. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

21. Net asset components invested in capital assets, net of related debt; restricted; and unrestricted and fund balances are properly classified and, when applicable, approved.

22. Expenses or expenditures have been appropriately classified.

23. Revenues are appropriately classified.

24. Capital assets, including infrastructure assets, are properly capitalized, reported and depreciated.

25. Supplementary information is properly measured and presented.

26. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which are included in the summarized schedule of posted adjustments and will post all adjustments accordingly. These adjustments are attached as Appendix A. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.

27. In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

    a. We are responsible for:

        i. Compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Authority.

        ii. Establishing and maintaining effective internal control over financial reporting.

    b. We have identified and disclosed to you:

        i. All laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

        ii. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

    c. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that has been reported.

    d. We have a process to track the status of audit findings and recommendations.

PRELIMINARY DRAFT - FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE

e. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.

f. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report.

g. We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

h. We have reviewed, approved, and take full responsibility for all accrual adjustments and an acknowledgement of the auditor's role in the preparation of the adjustments.

28. In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* we confirm:

a. We are responsible for complying, and have complied, with the requirements of Circular A-133, except for the instance of noncompliance noted in the compliance report.

b. We are responsible for the schedule of expenditures of federal awards and we have prepared the schedule in accordance with Circular A-133 section 310.b. We have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance. We further acknowledge that:

i. The methods of measurement or presentation have not changed from those used in the prior period.

ii. We are responsible for understanding and complying with the compliance requirements related to the preparation of the schedule.

c. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the Authority is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.

d. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of the Authority's federal programs and have complied, in all material respects, with those requirements.

e. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

f. We have provided you with our interpretations of any compliance requirements that have varying interpretations.

g. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies or pass-through entities related to federal programs.

PRELIMINARY DRAFT - FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE

h. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.

i. We have charged costs to federal awards in accordance with applicable cost principles.

j. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

l. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

m. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.

n. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

o. We have accurately completed the appropriate sections of the data collection form.

p. We are not aware of any known noncompliance occurring subsequent to the period for which compliance is audited.

q. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent of the date as of which compliance is audited.

No events or transactions have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

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As of and for the year June, 30 2010, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Assets	Revenue	Expense
Description:					
Carryover impact from previous years	$ -	$ -	$ -	$ -	$ -
Current misstatement, known errors:					
Adjust for unrecorded liabilities for grant expenditures	-	(34,292)	-	-	34,292
Adjust for unrecorded grant receivable and revenue	34,292	-	-	(34,292)	-
Subtotal	$ 34,292	$ (34,292)	-	$ (34,292)	$ 34,292
Effect of current year passed adjustments on net assets			-		
Total			$ -		

Emergency Medical Services Authority

H. Stephen Williamson
President and Chief Executive Officer

Kent S. Torrence
Chief Financial Officer

PRELIMINARY DRAFT - FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE

Emergency Medical Services Authority
Adjusting Journal Entries
Appendix A

Entry Number	Account Description	Debit	Credit
1	Grant expenditures	1,927,077	
	Noncapital grants and contributions		(1,927,077)
	To report grant expenditures and revenues in accordance with GAAP.		
2	Contributed capital - equity	6,769,966	
	Noncapital subsidies		(6,769,966)
	To report noncapital contributions as revenue in accordance with GAAP.		
3	Capital contributions to Tulsa Fire Department	125,632	
	Contributed capital - equity		(125,632)
	To record capital contribution as expense in accordance with GAAP.		
4	Restricted cash	175,020	
	Cash and cash equivalents		(175,020)
	To reclass restricted cash for balance on grant funds received in advance and restricted in use.		
5	Grant receivable	175,020	
	Deferred revenue		(175,020)
	To reclass unspent grant proceeds to deferred revenue		

PRELIMINARY DRAFT - FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE

McGladrey

The Board of Trustees
Emergency Medical Services Authority
Tulsa, Oklahoma

In connection with our audit of the financial statements of the Emergency Medical Services Authority (the Authority) as of and for the year ended June 30, 2010, we identified deficiencies in internal control over financial reporting (control deficiencies).

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 and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Segregation of duties: Individuals within the accounting department have incompatible duties in financial statement reporting transaction cycles. Duties in these transactions cycles are not adequately segregated to safeguard the Authority's assets. The Accounting Manager has the ability to initiate a purchase order, approve an invoice for payment, make entries to the general ledger and generate payment. Also, the Western Division Director, Supervisor, Customer Service personnel, and Accounts Receivable clerks have access to payments, can authorize and record discounts and adjustments, can make changes to patient's billing file information, reconcile contractual adjustments to supporting remittance and can suppress statements from being issued to patients. The key compensating controls include management's monthly review of the financial statements as presented to the Board, independent reconciliations of cash, and the CFO's review and manual signature on checks. However, to improve the key compensating controls, we further recommend the Authority separate these responsibilities to reduce the risk of improper financial statement transactions.

Taxable income reporting on employee W-2s**:** The IRS considers employee gifts not of a de minimus amount as taxable income to be reported on employee W-2 records. The Authority currently does not have a policy in place to report gifts as taxable income on employee W-2 records. In order to comply with IRS regulations, we recommend the Authority formally adopt a policy and document all gifts as employee taxable income or for any gift excluded as income, document the IRS regulation allowing the exclusion.

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Information technology: The Authority currently uses shared user accounts for CareTemp employees due to the rotational nature of temporary workers for these positions. Utilizing generic user accounts increases the risk that employee access cannot be properly tracked within the systems. While this risk has been identified and accepted by the Authority, best practice is to have a single user account to employee ratio anywhere possible. The Authority currently has a limited number of network administrators, which by default will have access to both production and development system. This presents an inherit risk as administrators have the ability to modify systems and applications, which will give them the ability to make unauthorized changes. We recommend using some form of segregation of duties where technologically and economical possible. Finally, the Authority has not undergone internal or external vulnerability testing on its network and this increases the risk of network exposure. We recommend these tests be performed on the network to identify any exposure.

Suspension and debarment: The Office of Management and Budget Circular A-133 dictates when a nonfederal entity enters into a contract or purchase order with an entity (vendor), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending $25,000 or more in a year with a vendor. Currently, for vendors who've identified themselves as "sole source provider" of a product, the Authority does not verify they are not suspended or debarred prior to spending funds. We recommend the Authority ensure vendors used have not been suspended or debarred prior to entering into any transactions.

Additionally, we identified suggestions for the Authority not considered to be control deficiencies as follows:

Grant reconciliation: The Authority is reconciling grant expenditures per its records to the Grant Coordinator's records to identify the majority of differences. However, differences were identified during the audit process between the Schedule of Expenditures of Federal Awards (SEFA) as prepared by the Grant Coordinator, and current year financial statements, primarily due to differences in timing of reporting. We recommend the Authority complete quarterly reconciliations between the SEFA and general ledger to ensure all grant expenditures are consistently reported.

This communication is intended solely for the information and use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

Kansas City, Missouri
October 13, 2010

PRELIMINARY DRAFT - FOR REVIEW & DISCUSSION - SUBJECT TO CHANGE