



CERTIFIED PUBLIC ACCOUNTANTS

6740 N. West Avenue, Suite 103 ➤ Fresno, California 93711 ➤ (559) 449-1040

Anthony J. Mastro, CPA
Joseph P. Mastro, CPA

January 14, 2009

Board of Directors
Sierra Ambulance Service, Inc.
P.O. Box 2307
Oakhurst, CA 93644

We have audited the financial statements of Sierra Ambulance Service, Inc., for the year ended June 30, 2008, and have issued our report thereon dated January 14, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 25, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit for the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Sierra Ambulance Service, Inc., 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 2008. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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:

Management's estimate of the allocation of costs between program and supporting services. The estimates are based on management's evaluation of the circumstances and amount of time the Organization's staff spends in the particular activity. We evaluated the key factors and assumptions used to develop the estimates and determined they were reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible accounts receivable-patient fees. Management's estimate is based on historical experience and has used 14% of the outstanding balance.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter date January 14, 2009.

Management 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 principles to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

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

Very truly yours,

Mastro & Associates



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January 14, 2009

To the Audit Committee and General Manager of
Sierra Ambulance Service, Inc:

In planning and performing our audit of the financial statements of Sierra Ambulance Service, Inc., as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Sierra Ambulance Service, Inc.,'s internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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 certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the designed or operation of 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 organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be a significant deficiency in internal control.

Write off of Receivables:

Condition:

In our discussions with the General Manager, we identified an internal control deficiency relating to the write-off of accounts receivable.

We noted that an accounts receivable could be collected and misappropriated by the bookkeeper. This could be perpetrated because of a lack of segregation of duties in the cash receipts area.

The bookkeeper picks up the mail (including cash receipts) and enters the cash receipts into the accounting records. The bookkeeper also records the write-off or bad debts after three letters are sent. When the write-off occurs, the receivable is sent for collections to the collection agency. If the receivable had actually been collected and misappropriated the bookkeeper could leave that receivable off the list submitted to the collection agency.

Recommendation:

We recommend that the General Manager obtain a list of actual write-offs, reconcile the list to the write-off expense account and compare the list to the collection report prepared by the collection agency.

This communication is intended solely for the information and use of management, Audit Committee and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Mastro & Associates
Fresno, California