

**Financial Statements and Reports of
Independent Certified Public Accountant
Cleora Emergency Medical
Services District Trust
Afton, Oklahoma
June 30, 2012**

**TURNER & ASSOCIATES, PLC
Certified Public Accountants
P.O. Box 378
Vinita, OK 74301
(918) 256-6788**

Cleora Emergency Medical Services District Trust
Board of Trustees
June 30, 2012

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Frank Colburn	Vice-Chairman
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Helen Thomas	Trustee
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Jack Luginbuel	Trustee

Cleora Emergency Medical Services District Trust
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Cleora Emergency Medical Services District Trust
Afton, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Cleora Emergency Medical Services District Trust, as of and for the year ended June 30, 2012, which collectively comprise the Trust's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cleora Emergency Medical Services District Trust, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013, on our consideration of the Cleora Emergency Medical Services District Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

TURNER & ASSOCIATES, PLC

Vinita, Oklahoma
March 19, 2013

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Trustees
Cleora Emergency Medical Services District Trust
Claremore, Oklahoma

We have audited the financial statements of the business-type activities of the Cleora Emergency Medical Services District Trust, as of and for the year ended June 30, 2012, which collectively comprise the Trust's basic financial statements and have issued our report thereon dated March 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cleora Emergency Medical Services District Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cleora Emergency Medical Services District Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cleora Emergency Medical Services District Trust'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 a 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 of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses in internal control over financial reporting.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cleora Emergency Medical Services District Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, and the Oklahoma State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

TURNER & Associates, PLLC

Vinita, Oklahoma
March 19, 2013

Cleora Emergency Medical Services District Trust
Management Discussion & Analysis (Unaudited)
June 30, 2012

This section of the annual financial report for the Cleora Emergency Medical Services District Trust's (CEMSA) (the "Trust") presents analysis of the Trust's financial performance during the fiscal year ended June 30, 2012.

In November 2004, as authorized by Section 9c, Article 10 of the Oklahoma Constitution, the registered and qualified voters within the Cleora School District approved and authorized an annual recurring tax levy of three (3) mills on the dollar of the assessed valuation of all taxable property within the Cleora School District, which tax levy is for the purpose of providing funds for the formation, support, organization, operation and maintenance of an EMS District to be named and known as the Cleora Emergency Medical Service District.

In June 2005, a public trust, Cleora Emergency Medical Services District Trust, was created and established under the provisions of Title 60, Oklahoma Statutes 1981, Section 176 to 180.4 inclusive as amended and supplemented by the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. Seven district trustees were named and were signature to the Trust Indenture.

In May 2006, a contract was entered into by and between the Cleora Emergency Medical Service District (the "District") and CEMSA. Under Section 1 of this contract, "Use and Provision of Tax Levy Proceeds", the District agreed to remit, or cause to be remitted, any and all proceeds of the Tax Levy to the Trust. The Trust agreed to receive the proceeds of the Tax Levy and to utilize such revenues without limitation to service any indebtedness of the Trust created or incurred for the District and to carry out the operations of the Emergency Medical Service for the residents of the Cleora School District and surrounding areas.

The Trust has no employees. The Trust was without a provider from December 2010 to October 2011 when the Trust, along with Craig County and the City of Vinita, negotiated a new joint operating agreement with Mercy Regional EMS ("Provider") to provide ambulance services for the Trust, Craig County and the City of Vinita. The joint operating agreement expires June 30, 2013, but can be extended upon the agreement of the four parties. The Trust's portion of monthly operating costs is \$6,720.

**Cleora Emergency Medical Services District Trust
Management Discussion & Analysis (Unaudited)
June 30, 2012**

All legal documents from which the above information was obtained are on file with the County Clerk and Attorney General and are therefore, public records.

This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2012

- The Trust's net assets increased by approximately \$12,600 or 4% from approximately \$294,600 to approximately \$307,200.
- Operating revenues increased approximately \$3,600 or 4% from the previous fiscal year.
- Property and equipment, net decreased approximately \$65,800 or 17%.
- Operating expenses increased approximately \$24,300 from approximately \$51,600 to approximately \$75,900 or 47%.
- Non-operating revenues (expense), net increased approximately \$4,000 or 28% from approximately \$14,400 to approximately \$18,400.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Trust report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Assets include information on the Trust's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Trust creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Assets identify the Trust's revenues and expenses for the fiscal year ended June 30, 2012. This statement provides information on the Trust's operations over the past fiscal year and can be used to determine whether the Trust has recovered all of its actual and projected costs. The third financial statement is the Statements of Cash Flows. This statement provides information on the Trust's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the source and use of cash and the change in the cash and cash equivalents balance for each of the last fiscal year.

Cleora Emergency Medical Services District Trust
Management Discussion & Analysis (Unaudited)
June 30, 2012

FINANCIAL ANALYSIS OF THE TRUST

The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets provide an indication of the Trust's financial condition and also indicate that the financial condition of the Trust improved during the last fiscal year. The Trust's net assets reflect the difference between assets and liabilities. An increase in net assets over time typically indicates an improvement in financial condition.

Table 1
Condensed Statements of Net Assets

	June 30		Dollar Change	Percent Change
	2012	2011		
Cash and Cash equivalents	\$ 229,100	\$ 192,662	\$ 36,438	19%
Note Receivable-Mercy	34,540	-	34,540	100%
Property and equipment, net	317,204	382,990	(65,786)	-17%
Restricted Cash	4,439	3,460	979	28%
Other Assets	61	127	(66)	-52%
Total assets	<u>\$ 585,344</u>	<u>\$ 579,239</u>	<u>\$ 6,105</u>	1%
Current liabilities	\$ 278,171	\$ 11,954	\$ 266,217	2227%
Long-term liabilities	\$ -	\$ 272,679	(272,679)	-100%
Net assets	<u>307,173</u>	<u>294,606</u>	<u>12,567</u>	4%
Total liabilities and net assets	<u>\$ 585,344</u>	<u>\$ 579,239</u>	<u>\$ 6,105</u>	1%

June 30, 2012 compared to June 30, 2011

As the above table indicates, current assets increased by approximately \$36,400 as a result of an increase in cash primarily as a result of the decrease in operator costs under the new contract in October 2011. Property and equipment decreased approximately \$65,800 due to the current year depreciation and the sale of the ambulances for a \$45,000 note receivable. Restricted assets increased approximately \$1,000 as the Trust deposited cash with its insurance company that can be used to pay its deductible, if necessary.

Current liabilities increased significantly primarily due to the note payable maturing on June 30, 2013, therefore, making the entire balance current.

Long-term debt decreased approximately \$272,200 related to the classification of the note payable as current.

Cleora Emergency Medical Services District Trust
Management Discussion & Analysis (Unaudited)
June 30, 2012

The Statements of Revenues, Expenses and Changes in Net Assets identify the various revenue and expense items which affect the change in net assets.

Table II
Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>June 30</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>Change</u>
Operating revenues	\$ 106,886	\$ 103,256	\$ 3,630	4%
Operating expenses	<u>75,882</u>	<u>51,599</u>	<u>24,283</u>	47%
Operating income	31,004	51,657	(20,653)	-40%
Non-operating income (expense),	<u>(18,437)</u>	<u>(14,448)</u>	<u>(3,989)</u>	28%
Change in net assets	<u><u>\$ 12,567</u></u>	<u><u>\$ 37,209</u></u>	<u><u>\$ (24,642)</u></u>	-66%

June 30, 2012 compared to June 30, 2011

As the information in Table II indicates, operating revenues increased approximately 4%. The increase in the seventh year tax levy is related to a continued increase in the tax base in the Cleora School District. The operating revenue of approximately \$106,900 represent the amount of taxes receivable by the Trust based on collections by the Counties.

The total of operating expenses increased significantly from fiscal 2011 to fiscal 2012 primarily due to the fact that the Trust did not have an operator from December 2010 through the end of fiscal 2011. Thus the operator expenses paid by the Trust were down in fiscal 2011. In October 2011, the Trust entered into a new operator contract and therefore operator expenses increased in fiscal 2012.

Non-operating revenues (expenses) went from a net expense of approximately \$14,400 to net expense of approximately \$18,400, mainly due to the \$4,000 loss on sale of the ambulances to the new operator in October 2011.

**Cleora Emergency Medical Services District Trust
Management Discussion & Analysis (Unaudited)
June 30, 2010**

CAPITAL ASSETS

The Trust's has an investment in property and equipment, before depreciation, of approximately \$374,000. The investment consists primarily of land obtained through a donation in 2005, the construction of the ambulance facility of approximately \$315,000 and furniture and equipment of approximately \$2,000. A summary of property and equipment for the past fiscal year can be found at Note II to the financial statements.

In October 2011, the Trust sold its two ambulances to Mercy Regional EMS for a \$45,000 two year note receivable with interest at 5%.

LONG-TERM DEBT

As of June 30, 2012, the Trust had a long-term note payable with an outstanding balance of approximately \$272,700. The loan bears interest at 5.69% and requires payments in monthly installments of \$2,173.54 through June 2013, when unpaid principal and interest are due. The note is collateralized by the donated land and the ambulance facility. The Trust anticipates refinancing the loan in the fourth quarter of fiscal 2013.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

Under the operating contract entered into in October 2011, the Provider is responsible for all the day-to-day operating costs related to operating the ambulance. The Trust, along with Craig County and the City of Vinita, will be required to enter into an extension of the existing operating agreement with the Provider before June 30, 2013 or contract with a new provider at that time. Under the existing agreement, the Trust retains a portion of the ongoing tax levy income to cover its operating costs, service its debt obligations and to provide for the replacement of infrastructure as it became necessary, with monthly payments for the Provider's services of \$6,720.

The Trust, located in the Cleora School District, which incorporates a portion of Delaware and Craig Counties in Oklahoma, anticipates that the tax base will only increase in the future and will be sufficient for the Trust to meet its short-term and long-term obligations.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Trust's citizens, investors and other interested parties an overview of the Trust's financial operations and financial condition. Should the reader have any questions regarding the information included in this report or wish to request additional financial information, please contact the Trust at 32922 Pebble Beach, Afton, OK 74331.

Cleora Emergency Medical Services District Trust
Statement of Net Position
June 30, 2012

Assets

Current Assets

Cash	\$ 229,100.20
Note Receivable-Mercy	34,539.69
Total Current Assets	<u>263,639.89</u>

Noncurrent Assets

Capital Assets:

Capital Assets, not being depreciated	57,043.25
Capital Assets, net of accumulated depreciation	<u>260,161.19</u>
Total Capital Assets	317,204.44

Restricted Assets:

Cash	4,439.02
Other Assets	<u>60.63</u>
Total noncurrent assets	<u>321,704.09</u>

Total Assets	<u>585,343.98</u>
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Liabilities

Current Liabilities

Accounts Payable	3,340.33
Accrued Expenses	1,541.05
Contingent Consideration	611.00
Note Payable - Current Portion	<u>272,678.76</u>
Total liabilities	<u>278,171.14</u>

Net Position

Net investment in capital assets	44,525.68
Restricted	4,439.02
Unrestricted	<u>258,208.14</u>

Total Net Position	<u>\$ 307,172.84</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Cleora Emergency Medical Services District Trust
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2012

Operating Revenues

Tax Levy Income	\$ 106,885.39
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Operating Expenses

Auditing and Accounting	4,500.00
Advertising	62.45
Insurance	1,592.00
Operation and Maintenance	52,105.33
Utilities	629.65
Miscellaneous	21.36
Supplies	138.28
Depreciation and Amortization	16,832.84
Total Operating Expenses	75,881.91

Operating Income

	31,003.48
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Non-Operating Revenues (Expenses)

Donations	69.14
Interest Income	1,384.95
Gain (Loss) on sale of assets	(4,057.05)
Interest Expense	(15,834.03)
Total Non Operating Revenues (Expenses)	(18,436.99)

Change in Net Position	12,566.49
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Total net position, beginning	294,606.35
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Total net position, ending	\$ 307,172.84
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Cleora Emergency Medical Services District Trust
Statement of Cash Flows
For the Year Ended June 30, 2012

Cash Flows from Operating Activities

Cash Inflows:

Tax Levy Income	\$ 106,885.39
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Cash Outflows:

Payments for Goods and Services	55,262.09
Net Cash Provided (Used) by Operating Activities	51,623.30

Cash Flows from Noncapital Financing Activities

Donations and Other Income	1,454.09
	1,454.09

Cash Flows from Capital and Related Financing Activities

Principal Paid on Capital Debt	(10,248.45)
Interest Paid on Capital Debt	(15,834.03)
Payments received on Note Receivable	10,422.08
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,660.40)

Net Cash Inflow (Outflow) from All Activities	37,416.99
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Cash, Cash Equivalents and Restricted Cash, Beginning of Year	196,122.23
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 233,539.22

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by Operating Activities:**

Operating Income	\$ 31,003.48
Depreciation	16,832.84
Increase (Decrease) in:	
Accounts Payable	3,077.67
Estimated Levy Payable	98.31
Contingent Consideration	611.00
Net Cash Provided (Used) by Operations	\$ 51,623.30

The accompanying Notes to the Financial Statements are an integral part of this statement.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2012

The following notes to the financial statements are an integral part of Cleora Emergency Medical Services District Trust's financial statements.

I. Summary of Significant Accounting Policies

Cleora Emergency Medical Services District Trust, Afton, Oklahoma (the Trust) was created by a declaration of Trust dated December 13, 2004, for the purpose of assisting the Beneficiary, the State of Oklahoma, its Governmental Agencies, municipalities and private entities, agencies and citizens in making the most efficient use of all their economic resources and powers in accordance with the needs and benefit of the State of Oklahoma and the Beneficiary in order to lessen the burdens of the Government and to stimulate economic growth and development.

The accounting policies of the Trust conform to generally accepted accounting principles applicable to governmental units. The Trust complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the Trust applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Trust has elected not to follow FASB pronouncements issued since that date.

The Trust reports under the provisions of GASB Statement No. 34 *"Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments"*. Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section, a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components—invested in capital assets, net of related debt; restricted; and unrestricted.

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Cleora Emergency Medical Services District Trust is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the financial statements.

A. Financial Reporting Entity

The Trust complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Trust considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Trust's financial statements.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2012

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

The Trust's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "*economic resources*" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Trust's enterprise fund is tax levy income. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Net Assets and Revenues

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Trust considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

2. Fair Value of Financial Instruments

The Trust's financial statements include cash and long term debt. The Trust's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2012

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Net Assets and Revenues (continued)

3. Capital Assets

Capital assets include property, plant and equipment with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

4. Equity Classifications

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt --- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets --- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets --- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

5. Loan Costs

Costs associated with obtaining long-term debt are capitalized and amortized using the effective interest method.

6. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2012

II. Detailed Notes Concerning the Funds

• **Cash**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. The Trust's cash deposits are maintained in financial institutions. As of June 30, 2012, none of the Trust's deposits were exposed to custodial credit risk.

B. Restricted Assets

The Trust maintains a cash balance with its insurance provider that can be used to pay the Trust's deductible if necessary.

C. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
Land	\$ 57,043.25	\$ -	\$ -	\$ 57,043.25
Buildings	314,961.67	-	-	314,961.67
Vehicles	120,928.00	-	(120,938.00)	-
Furniture & Fixtures	2,023.63	-	-	2,023.63
Total Depreciable Assets	437,913.30	-	(120,938.00)	316,985.30
Accumulated Depreciation	(111,967.05)	(16,766.16)	71,909.18	(56,824.03)
	325,946.25	(16,766.16)	(49,028.82)	260,161.27
Total Capital Assets	\$ 382,989.50	\$ (16,766.16)	\$ (49,028.82)	\$ 317,204.52

D. Accounts Receivable

Accounts receivable of the Cleora Emergency Medical Services District Trust consists of ad valorem tax that is expected to be collected within the months following year end. It is recorded net of allowance for uncollectible in the amount of \$1,239.80, for a net result of \$0.00.

E. Note Receivable

On October 18, 2011 the Trust sold its two ambulances to Mercy Regional for a \$45,000 note receivable at 5% interest. The Trust is to receive \$1,974.21 until November 12, 2013, with a final payment of \$2,362.91 due on December 12, 2013.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2012

II. Detailed Notes Concerning the Funds (continued)

F. Long-Term Debt

The loan with an original balance of \$312,575.93 accrues interest at 5.69% and matures June 30, 2013. Monthly payments under the loan are \$2,173.54. The note is collateralized by the Trust's land and the ambulance facility. Future payments based on the new loan are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	<u>\$ 272,678.80</u>	<u>\$ 13,989.53</u>	<u>\$ 286,668.33</u>

G. Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2012:

	Balance June 30, 2011	Proceeds	Payments	Balance June 30, 2012	Due Within One Year
Notes Payable	<u>\$ 282,972.25</u>	<u>\$ -</u>	<u>\$ 10,248.45</u>	<u>\$ 272,723.80</u>	<u>\$ 272,723.80</u>

III. Other Information

A. Economic Dependence

During the fiscal year ended June 30, 2012, the Trust reported tax levy revenues of \$106,885.39 with the remainder of their revenue coming from fundraisers and donations. If the Trust did not receive these revenues, alternate sources of funding would need to be secured in order to continue to be of service to the community.

B. Subsequent Events

The Trust was without a provider from December 2010 to October 2011, when the Trust, along with Craig County and the City of Vinita, negotiated a new joint operating agreement with Mercy Regional EMS ("Provider") to provide ambulance services for the Trust, Craig County and the City of Vinita. The joint operating agreement was set to expire June 30, 2012, but was extended upon the agreement of the four parties through June 30, 2013. The Trust's portion of the monthly operating costs is \$6,720.