

Cleora Emergency Medical Services District Trust

Cleora, Oklahoma

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

DAVID CLANIN CPA PLLC

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Cleora Emergency Medical Services District Trust
Board Officials
June 30, 2021

Board of Trustees

Chairman	Gary Smiley
Secretary/Trustee	Lois Godkins
Treasurer	Lee Ehrhardt
Trustee	Judy Florida
Trustee	Helen Thomas
Trustee	Judy Hall
Trustee	Jack Luginbuel

Cleora Emergency Medical Services District Trust
Table of Contents

Independent Auditor’s Report	1-2
Report Required by <i>Government Auditing Standards</i>:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Basic Financial Statements:	
Statement of Net Position – Modified Cash Basis	5
Statement of Revenues, Expenditures and Changes in Net Position – Modified Cash Basis	6
Statement of Cash Flows – Modified Cash Basis	7
Notes to the Basic Financial Statements	8-13

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Cleora Emergency Medical Services District Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the Cleora Emergency Medical Services District Trust, special revenue fund, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Cleora Emergency Medical Services District Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund activities of the Cleora Emergency Medical Services District Trust, as of June 30, 2021, in accordance with a modified cash basis of accounting.

Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28 2021, on our consideration of 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 controls 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* in considering Cleora Emergency Medical Services District Trust's internal control over financial reporting and compliance.

Handwritten signature of David Chan in black ink, followed by the text "CPA PLLC" in a similar handwritten style.

December 28, 2021

Report Required by *Government Auditing Standards*

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**INDEPENDENT AUDITOR'S 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***

To the Board of Trustees
Cleora Emergency Medical Services District Trust

We have audited 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, the financial statements of the enterprise fund of the Cleora Emergency Medical Services District Trust, Cleora, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise Cleora Emergency Medical Services District Trust's financial statements, and have issued our report thereon dated December 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cleora Emergency Medical Services District Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cleora Emergency Medical Services District Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Cleora Emergency Medical Services District Trust's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cleora Emergency Medical Services District Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cleora Emergency Medical Services District Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 CPA PLLC

December 28, 2021

Basic Financial Statements

Cleora Emergency Medical Services District Trust
Statement of Net Position – Modified Cash Basis
June 30, 2021

Assets

Current Assets	
Cash	\$ 199,757.17
Investments	108,044.23
Total Current Assets	<u>307,801.40</u>
Noncurrent Assets	
Capital Assets:	
Capital Assets, not being depreciated	56,606.74
Capital Assets, net of accumulated depreciation	169,651.37
Total Capital Assets	<u>226,258.11</u>
Restricted Assets:	
Cash	11,528.72
Total noncurrent assets	<u>237,786.83</u>
Total Assets	<u>545,588.23</u>

Liabilities

Current Liabilities	
Note Payable-Current	21,345.85
Noncurrent Liabilities	
Note Payable	37,265.81
Total liabilities	<u>58,611.66</u>

Net Position

Net investment in capital assets	167,646.45
Restricted	11,528.72
Unrestricted	<u>307,801.40</u>
Total Net Position	<u>\$ 486,976.57</u>

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

Cleora Emergency Medical Services District Trust
Statement of Revenues, Expenditures, and Changes in Net Position –
Modified Cash Basis
For the Year Ended June 30, 2021

Operating Revenues

Tax Levy Income	\$ 181,409.12
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Operating Expenses

Insurance	2,056.00
Operation and Maintenance	80,640.00
Maintenance and Repairs	1,745.92
Depreciation	10,082.10
Total Operating Expenses	94,524.02

Operating Income

	86,885.10
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Non-Operating Revenues (Expenses)

Interest Income	2,380.55
Donations	120.00
Interest Expense	(3,138.54)
Total Non Operating Revenues (Expenses)	(637.99)

Change in Net Position	86,247.11
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Total net position, beginning	400,729.46
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Total net position, ending	\$ 486,976.57
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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 – Modified Cash Basis
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Cash Inflows:

Tax Levy Income	\$ 181,409.12
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Cash Outflows:

Payments for Goods and Services	84,441.92
Net Cash Provided by Operating Activities	96,967.20

Cash Flows from Noncapital Financing Activities

Grants and Other Income	120.00
	120.00

Cash Flows from Capital and Related Financing Activities

Principal Paid on Capital Debt	(28,754.82)
Interest Paid on Capital Debt	(3,138.54)
Net Cash Used by Capital and Related Financing Activities	(31,893.36)

Net Cash Inflow from All Activities	65,193.84
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Cash, Cash Equivalents and Restricted Cash, Beginning of Year	146,092.05
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 211,285.89

Unrestricted	\$ 199,757.17
Restricted	11,528.72
	11,528.72

Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 211,285.89
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Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income	\$ 86,885.10
Depreciation	10,082.10
Net Cash Provided by Operations	\$ 96,967.20

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, 2021

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, Cleora, 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 Trust's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this report.

A. Financial Reporting Entity

When evaluating potential component units, the Trust 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, 2021

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

The accompanying financial statements have been prepared on the modified cash basis of accounting. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net position. The operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position. Depreciation expense is provided for capital assets based upon estimated useful lives.

Financial activity is accounted for on the flow of economic resources measurement focus using the modified cash basis of accounting. Under this method, revenues are recorded when they are received, and expenses are recorded at the time liabilities are paid.

D. Assets, Liabilities, Net Position 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. Investments

Investments are reported at cost. Short-term investments include certificates of deposit with maturity dates of one year or less.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies (continued)

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

3. Fair Value of Financial Instruments

The Trust's financial statements include cash, investments, 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 Statement of Net Position – Modified Cash Basis. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the recent negotiated terms of the long-term debt.

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 Position and displayed in three components:

- a. Net investment in capital assets --- 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 Position --- Consists of Net Position 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 Position --- All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

5. Use of Estimates

The preparation of financial statements in conformity with modified cash basis financial statements 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, 2021

II. Detailed Notes Concerning the Funds

A. Cash and Investments

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. The Trust’s cash deposits are maintained in financial institutions. As of June 30, 2021, none of the Trust’s deposits were exposed to custodial credit risk.

Investment Credit Risk – The Trust’s policy limits its investment choices in accordance with state law as follows:

- a) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b) Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreement with certain limitations.
- d) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administration and debentures issued by the Federal Housing Administration, and in obligations of the National Mortgage Association.
- f) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Interest rate risk – This risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2021

II. Detailed Notes Concerning the Funds (continued)

C. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Land	\$ 56,606.74	\$ -	\$ -	\$ 56,606.74
Buildings	314,961.67	-	-	314,961.67
Furniture & Fixtures	2,023.63	-	-	2,023.63
Equipment	17,550.00	-	-	17,550.00
Total Depreciable Assets	334,535.30	-	-	334,535.30
Accumulated Depreciation	(154,801.83)	(10,082.10)	-	(164,883.93)
	179,733.47	(10,082.10)	-	169,651.37
Total Capital Assets	\$ 236,340.21	\$ (10,082.10)	\$ -	\$ 226,258.11

D. Long-Term Debt

On July 23, 2014, the Trust executed a Promissory Note with a bank in the amount of \$267,756.79 (including loan costs) and paid off the existing loan that matured June 30, 2014. Interest on the new note is 3.58% per annum, with monthly payments of \$1,924.68, through July 23, 2028. The note is collateralized by the Trust's land and the ambulance facility.

Subsequent to the date of the financial statements, in October 2021, the Trust elected to pay the note in full.

Cleora Emergency Medical Services District Trust
Notes to the Financial Statements
For the Year Ended June 30, 2021

II. Detailed Notes Concerning the Funds (continued)

F. 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, 2021:

	Balance June 30, 2020	Proceeds	Payments	Balance June 30, 2021	Due Within One Year
Notes Payable	\$ 87,366.48	\$ -	\$ 28,754.82	\$ 58,611.66	\$ 21,345.85

III. Other Information

A. Economic Dependence

During the fiscal year ended June 30, 2021, the Trust reported operating fee revenues of \$181,409.12 with the remainder of their revenue coming from interest earned on a certificate of deposit. 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

Management has evaluated subsequent events through the date of the auditor's report which is the date the financial statements were available to be issued. Except as described in Note D – Long-Term Debt, management determined no additional information needs to be added to the financial statements.

C. Resource Use Policy

The Trust's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including net positions, are available, the Trust considers restricted amounts to be spent first before any unrestricted amounts are used.

D. Related Party Transactions

The Board for the Trust contains the same Trustees as the Board of the Cleora Emergency Medical Services District, (The District). The two entities are parties to an agreement where the Trust agrees to accept the funds generated by the District's tax levy and to use those funds to provide emergency medical services to the portions of Craig and Delaware counties included in the District's tax base. The amount of funds the Trust received from the District in the current year totaled \$181,409.12.

E. Risk Management

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Trust purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.