

**EMERGENCY MEDICAL SERVICE, A TRUST
OKMULGEE, OKLAHOMA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS**

Years Ended July 31, 2012 and 2011

**EMERGENCY MEDICAL SERVICE, A TRUST
OKMULGEE, OKLAHOMA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR EMERGENCY MEDICAL SERVICE, A TRUST (the "Trust") FINANCIAL STATEMENTS

Our discussion and analysis of the Trust's financial performance provides an overview of the Trust's financial activities for the year ended July 31, 2012. Please read it in conjunction with the Trust's financial statements.

FINANCIAL HIGHLIGHTS

- The Trust's total assets decreased by \$51,259 or 6% during the year ended July 31, 2012, from \$807,358 at July 31, 2011 to \$756,099 at July 31, 2012.
- Total operating revenue increased by \$126,334 or 3% for the year ended July 31, 2012, from \$3,704,647 for the year ended July 31, 2011 to \$3,830,981 for the year ended July 31, 2012.
- Total operating expenses increased by \$185,112 or 5% for the year ended July 31, 2012, from \$3,643,443 for the year ended July 31, 2011 to \$3,828,555 for the year ended July 31, 2012.
- Total non-operating revenue (expense) was a net non-operating expense of \$4,860 for the year ended July 31, 2012 compared to net non-operating revenue of \$606 for the year ended July 31, 2011.

USING THIS ANNUAL REPORT

The following summarizes the content of the Trust's financial statements:

- Management's Discussion and Analysis
- Financial Statements, including the Statements of Net Assets on page 3, the Statements of Revenue, Expenses, and Changes in Net Assets on page 4, and the Statements of Cash Flows on page 5.
- Notes to Financial Statements.

The primary focus of the Trust's financial statements is on the Trust as a whole. This perspective allows the user to address relevant questions, broaden a basis for comparison and enhance the Trust's accountability.

ENTITY WIDE FINANCIAL STATEMENTS

The Trust engages only in business-type activities. The financial statements are designed to be corporate-like in that all business-type activities are consolidated to a total for the entire entity. The Trust's major business activity is providing ambulance service for Okmulgee County.

STATEMENTS OF NET ASSETS

The following table reflects the condensed Statements of Net Assets compared to the previous fiscal year.

	<u>2012</u>	<u>2011</u>
Current assets	\$ 374,668	\$ 391,250
Capital assets	<u>381,431</u>	<u>416,108</u>
Total Assets	<u>\$ 756,099</u>	<u>\$ 807,358</u>
Current liabilities	\$ 70,998	\$ 125,289
Net assets:		
Unrestricted	303,670	265,961
Invested in capital assets, net of related debt	<u>381,431</u>	<u>416,108</u>
Total Liabilities and Net Assets	<u>\$ 756,099</u>	<u>\$ 807,358</u>

For more detailed information, see page 3 for the statements of net assets.

MAJOR FACTORS AFFECTING THE STATEMENTS OF NET ASSETS

The net change for current assets can be attributed primarily to a decrease in cash from repairs and refurbishments made to vehicles and an increase in net accounts receivable. The net change in capital assets can be attributed primarily to the refurbishments of vehicles that extended their useful lives, net of current year depreciation expense. The net change in current liabilities can be attributed primarily to a decrease in accounts payable – trade and a decrease in accrued expenses which is primarily related to the accrual for payroll and related expenses.

CHANGE IN UNRESTRICTED NET ASSETS

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets at the beginning of the year	\$ 265,961	\$ 259,149
Change in Unrestricted Net Assets	<u>37,709</u>	<u>6,812</u>
Unrestricted Net Assets at the end of the year	<u>\$ 303,670</u>	<u>\$ 265,961</u>

While the results of operations are a significant measure of the Trust's activities, the analysis of the change in unrestricted net assets provides a clearer assessment of the change in the Trust's financial well-being.

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenue and expenses for the current and previous fiscal year. As stated before, the Trust engages only in business-type activities.

	<u>2012</u>	<u>2011</u>
Operating revenue:		
Emergency service fees	\$ 3,462,987	\$ 3,325,118
Membership fees from communities served	<u>367,994</u>	<u>379,529</u>
Total operating revenue	3,830,981	3,704,647
Operating expenses	(3,828,555)	(3,643,443)
Loss on disposition of capital assets	-	(5,825)
Interest income	<u>606</u>	<u>965</u>
Change in Net Assets	<u>\$ 3,032</u>	<u>\$ 56,344</u>

MAJOR FACTORS AFFECTING THE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Revenue increased \$126,334 or 3%, primarily due to an increase in total service runs in 2012 over 2011. Additionally, there was an increase in the percentage of emergency runs to total runs in 2012 as compared to 2011 and emergency runs receive a higher service fee. Total runs increased by approximately 2% and the percentage of emergency runs to total runs increased 5% from 82% for 2011 to 87% for 2012.

Operating expenses increased \$179,737, or 5%, primarily due to an increase of \$83,172 in bad debt expense and an increase of \$85,259 in salaries and payroll taxes, both of which are largely related to the increase in revenue discussed above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of July 31, 2012, the Trust had \$381,431 invested in a variety of capital assets and no related debt, as reflected in the following schedule, which represents an increase of \$34,677 from the end of last year.

	<u>2012</u>	<u>2011</u>
Land	\$ 15,700	\$ 15,700
Buildings and improvements	443,917	422,167
Vehicles	461,008	455,331
Furniture and equipment	<u>178,164</u>	<u>164,150</u>
Total cost of assets	1,098,789	1,057,348
Accumulated depreciation	<u>717,358</u>	<u>641,240</u>
Net capital assets	<u>\$ 381,431</u>	<u>\$ 416,108</u>

The following summarizes the changes in capital assets:

CHANGE IN CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 416,108	\$ 395,179
Additions to capital assets	41,441	97,269
Loss on disposition of capital assets	-	(5,825)
Depreciation	<u>(76,118)</u>	<u>(70,515)</u>
Balance, end of year	<u>\$ 381,431</u>	<u>\$ 416,108</u>

Current year additions primarily relate to equipment purchases and capitalized repairs to the building in Okmulgee, OK.

ECONOMIC FACTORS

Significant economic factors affecting the Trust are as follows:

- Allowable Medicare Rates
- Personnel Costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Irma Walker, Executive Director, 918-756-8563. Specific requests may be submitted to Irma Walker, Executive Director, Box 1056, Okmulgee, Oklahoma 74447.



Independent Auditors' Report

The Board of Directors
Emergency Medical Service, A Trust
Okmulgee, Oklahoma

We have audited the accompanying statements of net assets of Emergency Medical Service, A Trust (the "Trust"), as of July 31, 2012 and 2011, and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emergency Medical Service, A Trust, as of July 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years 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 April 12, 2013 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Board of Directors
Emergency Medical Service, A Trust

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Santa Joseph & Co." The signature is written in dark ink and is positioned to the right of the main text block.

Tulsa, Oklahoma
April 12, 2013

EMERGENCY MEDICAL SERVICE - A TRUST

STATEMENTS OF NET ASSETS

<u>July 31,</u>	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets:		
Cash	\$ 66,642	\$ 130,190
Certificates of deposit	85,133	84,699
Accounts receivable, less allowance for doubtful accounts of \$354,139 and \$346,173 in 2012 and 2011	183,276	132,239
Supplies and other assets	<u>39,617</u>	<u>44,122</u>
Total Current Assets	<u>374,668</u>	<u>391,250</u>
Property and Equipment, at cost:		
Land	15,700	15,700
Buildings and improvements	443,917	422,167
Vehicles	461,008	455,331
Furniture and equipment	<u>178,164</u>	<u>164,150</u>
	1,098,789	1,057,348
Less accumulated depreciation	<u>717,358</u>	<u>641,240</u>
Net Property and Equipment	<u>381,431</u>	<u>416,108</u>
	<u>\$ 756,099</u>	<u>\$ 807,358</u>

The accompanying notes are an integral part of the financial statements.

2012

2011

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable - trade

\$ 30,826

\$ 52,139

Accrued expenses

38,279

71,257

Deferred revenue

1,893

1,893

Total Current Liabilities

70,998

125,289

Total Liabilities

70,998

125,289

Net Assets:

Unrestricted

303,670

265,961

Invested in capital assets, net of related debt

381,431

416,108

Total Net Assets

685,101

682,069

\$ 756,099

\$ 807,358

EMERGENCY MEDICAL SERVICE - A TRUST
STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS

<i>Years ended July 31,</i>	2012	2011
Operating Revenue:		
Ambulance service fees	\$ 3,462,987	\$ 3,325,118
Membership fees from communities served	<u>367,994</u>	<u>379,529</u>
Total Operating Revenue	<u>3,830,981</u>	<u>3,704,647</u>
Operating Expenses:		
Bad debts	1,907,776	1,824,604
Salaries and payroll taxes	1,265,794	1,180,535
Insurance	260,355	244,779
Vehicle expense	96,311	94,356
Medical supplies and oxygen	64,770	57,260
Depreciation	76,118	70,515
Utilities and telephone	40,715	41,829
Professional services	37,492	35,524
Station and office supplies	19,150	16,345
Repairs and maintenance	21,016	26,062
Uniforms	10,741	12,591
Equipment rental	2,932	15,351
Contributions to employee benefit plan	14,118	12,115
Administrative - other	6,000	6,000
Miscellaneous	3,956	3,945
Interest expense	-	334
Other taxes	<u>1,311</u>	<u>1,298</u>
Total Operating Expenses	<u>3,828,555</u>	<u>3,643,443</u>
Operating Income	<u>2,426</u>	<u>61,204</u>
Non-operating Revenue (Expense):		
Loss on disposition of capital assets	-	(5,825)
Interest income	<u>606</u>	<u>965</u>
Total Non-operating Revenue (Expenses)	<u>606</u>	<u>(4,860)</u>
Change in Net Assets	3,032	56,344
Net Assets, beginning of year	<u>682,069</u>	<u>625,725</u>
Net Assets, end of year	<u><u>\$ 685,101</u></u>	<u><u>\$ 682,069</u></u>

The accompanying notes are an integral part of the financial statements.

EMERGENCY MEDICAL SERVICE - A TRUST

STATEMENTS OF CASH FLOWS

<i>July 31,</i>	2012	2011
Cash Flows From Operating Activities:		
Cash received from service fees	\$ 1,504,174	\$ 1,565,117
Cash received from membership fees	367,994	379,529
Cash payments to employees for services	(1,298,772)	(1,182,360)
Cash payments for goods or services	<u>(595,675)</u>	<u>(560,559)</u>
Net Cash Provided by (used in) Operating Activities	<u>(22,279)</u>	<u>201,727</u>
Cash Flows From Capital and Related Financing Activities:		
Additions to property and equipment	(41,441)	(97,269)
Principal payments on note payable	<u>-</u>	<u>(28,603)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(41,441)</u>	<u>(125,872)</u>
Cash Flows From Investing Activities:		
Purchases of certificates of deposit	-	(7,748)
Interest received on investments	<u>172</u>	<u>965</u>
Net Cash Provided by (Used in) Investing Activities	<u>172</u>	<u>(6,783)</u>
Increase (Decrease) in Cash	(63,548)	69,072
Cash, beginning of year	<u>130,190</u>	<u>61,118</u>
Cash, end of year	<u><u>\$ 66,642</u></u>	<u><u>\$ 130,190</u></u>

The accompanying notes are an integral part of the financial statements.

July 31,

2012

2011

Cash Flows From Operating Activities:

Operating income	\$ 2,426	\$ 61,204
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	76,118	70,515
Changes in operating assets and liabilities:		
Accounts receivable	(51,037)	64,603
Supplies and other assets	4,505	(11,692)
Accounts payable - trade	(21,313)	18,472
Accrued expenses and deferred revenue	<u>(32,978)</u>	<u>(1,375)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (22,279)</u>	<u>\$ 201,727</u>

EMERGENCY MEDICAL SERVICE, A TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Emergency Medical Service, A Trust, (the "Trust") is a public trust as defined under Oklahoma statutes and operates an ambulance service in Okmulgee County, Oklahoma, serving primarily the residents of the communities of Okmulgee, Henryetta, Beggs, Morris, Dewar, Schuller and Preston.

Basis of Accounting: The Trust presents its activities in a proprietary fund category. The measurement focus of proprietary activities is on the determination of net income, financial position, and cash flows. As a result, the Trust uses the accrual method of accounting, whereby revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The Trust complies with generally accepted accounting principles in the United States of America (GAAP). The Trust applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Trust applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The Trust distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses result from providing ambulance service to residents of Okmulgee County, Oklahoma. Operating revenue consists of emergency service fees and membership fees collected from residents, and operating expenses consist of expenses associated with operating the ambulance service. All other revenue and expenses are reported as non-operating revenue and expenses.

Property and Equipment: Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Expenditures for repairs and maintenance are charged to expense as incurred, whereas, major improvements are capitalized.

Revenue: In addition to fees collected from customers for services provided, the Trust has contracts with each community serviced, under which the community assesses additional fees to its residents. These fees are \$3.50 per month and are included on each water bill generated monthly. The fees are collected by the communities and remitted to the Trust monthly, and are reflected as membership fees from communities served in the accompanying financial statements.

Income Taxes: The Trust is exempt from federal income taxes under the Internal Revenue Code. Therefore, no provision for income taxes is included in these financial statements.

EMERGENCY MEDICAL SERVICE, A TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2012 AND 2011

Accounts Receivable: Accounts receivable consists of amounts due from customers for emergency ambulance services provided. Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment upon receipt of the invoice. Accounts receivable are stated at the amount billed (less allowance for doubtful accounts) and are written off by management when they are deemed uncollectible. As of July 31, 2012 and 2011, the Trust has established an allowance for doubtful accounts based on management's best estimate of amounts that will not be collected.

Deferred Revenue: Deferred revenue consists of voluntary membership fees received annually in advance from individuals outside of the city limits of the communities served.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Trust or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated as of April 12, 2013, the date the financial statements were available to be issued.

2. CASH AND CERTIFICATES OF DEPOSIT

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less. There were no cash equivalents as of July 31, 2012 and 2011.

The Trust's policy is to invest primarily in certificates of deposit. Certificates of deposit are stated at cost, which approximates fair value. The certificates of deposit mature within one year of the statement of net assets date. All certificates of deposit are held at financial institutions in accounts which are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of July 31, 2012 and 2011.

Cash is held at a financial institution in accounts which are fully insured by the FDIC as of July 31, 2012 and 2011.

EMERGENCY MEDICAL SERVICE, A TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2012 AND 2011

3. PROPERTY AND EQUIPMENT

Activity in property and equipment for the years ended July 31, 2012 and 2011 is as follows:

	<u>7/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>7/31/2012</u>
Okmulgee Building	\$ 295,698	21,750	-	\$ 317,448
Henryetta Building	72,568	-	-	72,568
Beggs Building	53,901	-	-	53,901
Vehicles	455,331	5,677	-	461,008
Furniture and Fixtures	<u>164,150</u>	<u>14,014</u>	<u>-</u>	<u>178,164</u>
Total Depreciable Assets	<u>1,041,648</u>	<u>41,441</u>	<u>-</u>	<u>1,083,089</u>
Less Accumulated Depreciation for:				
Okmulgee Building	199,364	3,823	-	203,187
Henryetta Building	43,844	1,961	-	45,805
Beggs Building	29,475	1,607	-	31,082
Vehicles	243,262	57,885	-	301,147
Furniture and Fixtures	<u>125,295</u>	<u>10,842</u>	<u>-</u>	<u>136,137</u>
Total Accumulated Depreciation	<u>641,240</u>	<u>76,118</u>	<u>-</u>	<u>717,358</u>
Land	<u>15,700</u>	<u>-</u>	<u>-</u>	<u>15,700</u>
Net Property and Equipment	<u>\$ 416,108</u>	<u>(34,667)</u>	<u>-</u>	<u>\$ 381,431</u>
	<u>7/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>7/31/2011</u>
Okmulgee Building	\$ 295,698	\$ -	\$ -	\$ 295,698
Henryetta Building	72,568	-	-	72,568
Beggs Building	53,901	-	-	53,901
Vehicles	523,559	87,212	(155,440)	455,331
Furniture and Fixtures	<u>178,603</u>	<u>10,057</u>	<u>(24,510)</u>	<u>164,150</u>
Total Depreciable Assets	<u>1,124,329</u>	<u>97,269</u>	<u>(179,950)</u>	<u>1,041,648</u>
Less Accumulated Depreciation for:				
Okmulgee Building	195,445	3,919	-	199,364
Henryetta Building	41,884	1,960	-	43,844
Beggs Building	27,868	1,607	-	29,475
Vehicles	344,396	54,306	(155,440)	243,262
Furniture and Fixtures	<u>135,257</u>	<u>8,723</u>	<u>(18,685)</u>	<u>125,295</u>
Total Accumulated Depreciation	<u>744,850</u>	<u>70,515</u>	<u>(174,125)</u>	<u>641,240</u>
Land	<u>15,700</u>	<u>-</u>	<u>-</u>	<u>15,700</u>
Net Property and Equipment	<u>\$ 395,179</u>	<u>\$ 26,754</u>	<u>\$ (5,825)</u>	<u>\$ 416,108</u>

EMERGENCY MEDICAL SERVICE, A TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2012 AND 2011

4. RETIREMENT PLAN

The Trust has a defined contribution plan which covers substantially all employees. Participants may make contributions up to the maximum salary reduction contribution amount as determined annually by the Internal Revenue Service. The Trust makes contributions equal to 2% of the participant's compensation for the year. Participants are fully vested in their contributions and the employer contributions plus actual earnings thereon. Trust contributions were \$14,118 and \$12,115 for the years ended July 31, 2012 and 2011, respectively.

5. REVENUE CONCENTRATION

The Trust receives a significant portion of its revenue for providing ambulance services from Medicare.

6. CONTINGENCIES

The Trust is exposed to certain risks related to providing ambulance service. Any significant losses are covered by commercial insurance up to the coverage limits. There have been no significant reductions in insurance coverage and settlement amounts have not significantly exceeded insurance coverage for 2012 and 2011.

7. SUBSEQUENT EVENT

In November 2012, the Trust entered into a note payable with a bank for approximately \$82,000. The funds of the note payable were used to purchase a new ambulance and the note is payable in monthly installments of \$2,376 and bears interest at a rate of 2.40%. The borrowings are collateralized by a certificate of deposit.

OTHER REPORT



Independent Auditors' 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

The Board of Directors
Emergency Medical Service, A Trust
Okmulgee, Oklahoma

We have audited the financial statements of Emergency Medical Service, A Trust, (the "Trust") as of and for the year ended July 31, 2012, and have issued our report thereon dated April 12, 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 the audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the 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 combination of significant 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Directors, management, and the office of the Oklahoma State Auditor and Inspector and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Santa Incirif Co." The signature is written in dark ink and is positioned to the right of the disclaimer text.

April 12, 2013