

MAYES EMERGENCY SERVICES TRUST AUTHORITY

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

MAYES EMERGENCY SERVICES TRUST AUTHORITY
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MAYES EMERGENCY SERVICES TRUST AUTHORITY
BOARD OF DIRECTORS

Brent Crittenden	Chairman
Larry Williams	Vice-Chairman
Leon Blankenship	Treasurer/Secretary
Kaye Baldrige	Member
Trent Peper	Member
Jason Joice	Member
Steve Hall	Member
Sherman Weaver	Member
Don Berger	Member
Jamie Starling	Member
Rob Foreman	Member
Rick Langkamp	Ambulance Director

*Violet F. Kirkendall CPA, PC
Certified Public Accountant
323 W. 1st St.
Claremore, OK 74017
(918) 341-1930*

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the business-type activities of the Mayes Emergency Services Trust Authority of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America; this includes 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. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. The 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.

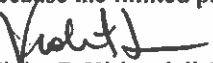
Opinions

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 Mayes Emergency Services Trust Authority, as of December 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 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.


Violet F. Kirkendall CPA, PC
June 15, 2015

OUR DISCUSSION AND ANALYSIS OF MAYES EMERGENCY SERVICES TRUST AUTHORITY'S FINANCIAL PERFORMANCE PROVIDES AN OVERVIEW OF THE AUTHORITY'S FINANCIAL ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014. PLEASE REVIEW IT IN CONJUNCTION WITH THE TRANSMITTAL LETTER AND AUTHORITY'S BASIC FINANCIAL STATEMENTS, WHICH BEGIN ON PAGE 8.

FINANCIAL HIGHLIGHTS

1. MESTA BOARD gave an annual Christmas Bonus to all employees
2. We received as a donation the property located at 20 E old hwy 20 commonly known as Granny's
3. We got a Pro QA upgrade software for the MESTA dispatch system
4. We gave scholarships to current employees Keara Jones
5. Sold a 2006 Ford F-450 Cab and Chassis
6. Terminated the dispatch contract with Pafford.
7. Purchased six stair chairs
8. Purchased 8 Life Pak 15's from Physio Control
9. Purchased six new power cots
10. Donated the ems box off of old unit 60 to the OHP
11. Received the new Frazier medium duty that was ordered in 2013
12. Installed CNG on unit 40
13. New EMS protocols went into effect on March 1, 2014
14. Purchased a new repeater system for the MESTA tower site at Salina
15. Acknowledged the termination of the dispatch contract with Mayes County to provide 911 services
16. MESTA board member positions, Trent Peper and Chuck Ward were reappointed for district one and district 3. Matt Penderson was appointed by District two Commissioner Yoder to replace Kevin Dodson
17. Layed off three dispatchers with the termination of the dispatch contract with the county
18. Changed and separated out the 911 building from the MESTA lease agreement.
19. Purchased and installed an 800 radio for Unit 50

USING THIS ANNUAL REPORT

This annual report consists of two parts; Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the Financial Statements.

Required Financial Statements

The Financial Statements of Mayes Emergency Services Trust Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Assets includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets.

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

This statement measures the success of the Authority's operations over the past year and can be used to determine profitability, credit worthiness and whether the Authority has successfully recovered all of its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?" "for what was cash used?" and "what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off as a result of the year's activities?". The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets report information about the Authority and about its activities in a way that helps answer this question. These statements report the net assets of the Authority and the changes in them. You can think of the Authority's net assets-the differences between assets and liabilities-as one way to measure financial health or financial position. Over time, increases or decreases in the net assets are one indicator of whether its financial health is improving or deteriorating.

The Authority's total Net Assets at the end of the fiscal year were \$3,166,822, a decrease from prior year of approximately \$ 55,591 or 1.7%. Our analysis below focuses on the Authority's Net Assets (Table 1) and the Authority's Change in Net Assets (Table 2) during the year.

TABLE 1

	<u>12/31/2014</u>	<u>12/31/2013</u>
Current and other assets	\$ 2,127,816	\$ 2,718,657
Capital assets (net)	<u>1,219,167</u>	<u>752,677</u>
Total Assets	<u>3,346,983</u>	<u>3,471,334</u>
Current liabilities	<u>180,161</u>	<u>248,916</u>
Total Liabilities	<u>180,161</u>	<u>248,916</u>
Net Assets		
Invested in Capital Assets	1,219,167	752,677
Unrestricted	<u>1,947,655</u>	<u>2,469,741</u>
Total Net Assets	<u>\$ 3,166,822</u>	<u>\$ 3,222,418</u>

As the above table indicates, current assets decreased by \$590,841 or approximately 21.7%. Capital assets increased by \$466,490 or approximately 62.0%. Current liabilities decreased by \$68,755 or approximately 27.6%.

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

TABLE 2

	<u>12/31/2014</u>	<u>12/31/2013</u>
Total Operating Revenues	\$ 2,030,621	\$ 2,154,991
Depreciation	180,058	135,955
Personnel Expenses	2,158,834	2,227,459
Maintenance and Operations	<u>887,304</u>	<u>788,632</u>
Total Operating Expenses	<u>3,226,196</u>	<u>3,152,046</u>
Sales Tax	1,134,210	965,450
Grants and Contributions (net)	(1,183)	23,900
Other Non-Operating Revenues(Expenses)	<u>6,951</u>	<u>21,294</u>
Total Other Revenues (Expenses)	<u>1,139,978</u>	<u>1,010,644</u>
Total Increases	(55,597)	13,589
Net Assets, Beginning of Year	3,222,418	3,208,829
Net Assets, End of Year	<u>\$ 3,166,821</u>	<u>\$ 3,222,418</u>

The Authority's primary source of revenue is charges for services. During the current year, the Authority's Operating Revenues decreased by \$124,370 or approximately 5.8%. The Authority's population is largely made up of senior citizens. The patient/customer breakdown is about 80% Medicare/Medicaid insured. The national collection rate for Medicaid has been below 24%.

CAPITAL ASSETS AND BAD DEBT ADMINISTRATION

Capital Assets

As of December 31, 2014, the Authority had \$1,219,167 (net of accumulated depreciation) invested in capital assets, including the buildings, ambulances, equipment, and satellite stations. The amount represents a net increase (including additions, deletions and depreciation of \$ 466,490. These changes are presented in detail in Note III of the financial statements.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The new healthcare system and its impact on our ambulance service and collections could start to take effect in 2014. MESTA will be looking for any ill effects that this new system could cause. The major healthcare changes are set for 2014 and beyond but we are not sure what effects they will have on collections.

Mayes County has taken over the 911 center from MESTA. MESTA should realize a reduction in overall operating expenses due to this change.

Sales tax revenue is on the increase in Mayes County. The economy in our area is rebounding. The Mid America Industrial Park has a new administrator. All these factors could potentially cause significant change in Mayes County and MESTA.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money that it receives. If you have any questions about this report or need additional financial information, contact the Board of Trustees at Mayes Emergency Services Trust Authority, 4 Redden Street, Pryor, OK 74361

STATEMENT OF NET ASSETS
December 31,

	2014	2013
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,029,860	\$ 1,541,611
Accounts receivable - net of allowances	814,951	960,791
Due from other governments	212,973	165,333
Prepaid insurance	70,032	50,922
Total Current Assets	2,127,816	2,718,657
Non Current Assets:		
Capital Assets	1,219,167	752,677
Total Non- Current Assets	1,219,167	752,677
Total Assets	3,346,983	3,471,334
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	99,736	72,455
Accrued payroll	12,859	69,007
Payroll tax liabilities	1,486	6,215
Employee benefits	66,080	101,239
Total Current Liabilities	180,161	248,916
Net Assets		
Invested in Capital Assets, net of related debt	1,219,167	752,677
Unrestricted	1,947,655	2,469,741
Total Net Assets	3,166,822	3,222,418

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

MAYES EMERGENCY SERVICES TRUST AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
 December 31,

	2014	2013
Operating Revenues		
Ambulance service fees, net of charity, bad debt, and capitation	\$ 1,955,820	\$ 1,890,274
911 operation and mapping fees	30,000	180,000
Other income	44,801	84,717
Total Operating Revenue	2,030,621	2,154,991
Operating Expense		
Advertising	982	724
Ambulance fuel	136,770	150,442
Bank charges	736	546
Billing and outside services	147,788	151,302
Biohazard waste	1,655	1,341
Condolence expense	783	1,519
Depreciation	180,058	135,955
Dispatch	9,603	1,143
Dues and fees	3,804	725
Employee benefits	199,466	166,344
Insurance and bond	142,731	138,276
Mileage	2,540	1,895
Office expense	6,460	7,287
Other expense	490	603
Payroll tax expense	131,988	138,650
Professional expenses	80,663	37,821
Rent	9,331	7,200
Retirement	149,936	180,567
Repairs and maintenance-vehicles	92,837	83,103
Repairs and maintenance-other	25,123	16,692
Search and rescue	406	483
Safety and materials	50	933
Supplies	171,611	131,726
Telephone	15,084	17,264
Uniforms	10,662	11,520
Utilities	27,195	26,087
Wages	1,677,444	1,741,898
Total Operating Expense	3,226,196	3,152,046
Total Change in Operating Revenues and Expenses	(1,195,575)	(997,055)
Non Operating Revenue (Expense)		
Interest income	2,940	4,823
Gain/(Loss) on sale of asset	4,011	-
Sales tax revenues	1,134,210	965,450
Insurance Proceeds	-	16,471
Grants received	4,240	23,900
Grant disbursements	(5,423)	-
Total Non Operating Revenue (Expenses)	1,139,978	1,010,644
Change in Net Assets	(55,597)	13,589
Net Assets, beginning of year	3,222,418	3,208,829
Net Assets, end of year	\$ 3,166,821	\$ 3,222,418

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

MAYES EMERGENCY SERVICES TRUST AUTHORITY
STATEMENT OF CASH FLOWS
December 31,

	2014	2013
Cash Flows from Operating Activities		
Payments received from customers	\$ 2,176,461	\$ 2,257,842
Payments for salaries and benefits	(2,254,870)	(2,203,084)
Payments to suppliers for goods and services	(879,133)	(776,550)
Net Cash Flows from Operating Activities	(957,542)	(721,792)
Net Cash Provided by (Used for) Non Capital Financing Activities		
Grants received	4,240	23,900
Grant disbursements	(5,423)	-
Sales tax received	1,086,570	955,965
Net Cash Provided by (Used for) Non Capital Financing Activities	1,085,387	979,865
Net Cash Provided by (Used for) Capital and Related Financing Activities		
Purchases of capital assets	(646,548)	(147,537)
Insurance Proceeds	-	16,471
Cash received on sale of capital assets	4,011	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(642,537)	(131,066)
Net Cash Provided by (Used for) from Investing Activities		
Interest income	2,940	4,823
Net Cash Provided by (Used for) from Investing Activities	2,940	4,823
Net Increase (Decrease) in Cash and Cash Equivalents	(511,752)	131,830
Cash and Cash Equivalents, beginning of year	1,541,612	1,409,782
Cash and Cash Equivalents, end of year	\$ 1,029,860	\$ 1,541,612
Cash Flows form Operating Activities		
Operating income (loss)	\$ (1,195,575)	\$ (997,055)
Depreciation	180,058	135,955
Increase/Decrease in operating assets		
(Increase)/Decrease in accounts receivable	145,840	102,851
(Increase)/Decrease in prepaid insurance	(19,110)	448
Increase/(Decrease) in accrued payroll expense	(96,036)	24,375
Increase/(Decrease) in accounts payable	27,281	11,634
Net Cash Provided by (Used In) Operating Activities	\$ (957,542)	\$ (721,792)

Note 1 – Nature of the Organization

Mayes Emergency Services Trust Authority, Pryor, Oklahoma (the Authority) was created by a declaration of Trust dated January 21, 1986, under the provision of Title 60, Oklahoma statutes 1981, sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The trust was created for the purpose of promoting, financing, and developing ambulatory facilities and services including emergency medical health care facilities and services for the benefit of Mayes County, Oklahoma. The Authority is exempt from federal and state income taxes.

Note 2 – Significant Accounting Policies

Reporting Entity

The Authority 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 Authority 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 Authority's financial statements.

Basis of Presentation

The Authority's basic financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The Authority has elected under GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that use Proprietary Fund Accounting", to apply all applicable GASB pronouncements as well as any applicable Financial Accounting Standards Board, or any Account Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements.

The Authority adopted the provisions of GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" in fiscal year 2005. Statement 34 established 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.

The adoption of Statement 34 had no effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets and the inclusion of a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and result of operations.

The Authority'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.

Note 2 – Significant Accounting Policies -Continued

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 non-operating 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 Authority's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority 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.

Fair Value of Financial Instruments

The Authority's financial statements include cash and investments. The Authority'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 Assets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Accounts Receivable

Accounts receivable consists primarily of charges for ambulance services earned at year-end and not yet received. Management has established a provision for uncollectible accounts based on a historical collection rate of approximately 23.5%.

Capital Assets

Capital assets are carried at historical cost. Donated capital assets are reported at fair market value as of the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets 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.

Note 2 – Significant Accounting Policies –Continued

Due from other Governments

Mayes County presently levies a sales tax on taxable sales within the County, a portion of which is designated for use by Mayes Emergency Services Trust Authority. The sales tax is collected by the Oklahoma Tax Commission and remitted to the County in the month following receipt by the Oklahoma Tax Commission. The County remits a portion to the Authority in the same month it receives it from the Oklahoma Tax Commission. Therefore, sales tax collected by the State in December and January (which represent sales for November and December) and received by the County in January and February have been accrued.

Prepaid Insurance

Prepaid insurance represents the unexpired premiums paid on policies as of yearend.

Restricted Cash

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. This account is comprised of an account established for the receipt of donations designated for condolences.

Equity Classifications

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

- 1) 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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) 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.
- 3) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt. "

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Authority to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Authority has not experienced any losses on its cash equivalents.

Revenues

In addition to revenues from charges for ambulance services, the Authority received \$15,000 per month in fees for providing 911 dispatching services, which ended March 2014. In addition, the Authority receives sales tax of one quarter of one percent (1/4%) on all sales within the county. Ambulance services fees are stated net of bad debt, charity, and capitation arrangements in accordance with GASB no. 34.

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 certain 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.

Note 2 – Significant Accounting Policies –Continued

Compensated Absences

The Authority's policy regarding vacation and paid time off permit employees to accumulate earned but unused vacation and paid time off leave.

Note 3 – Stewardship, Compliance, and Accountability

Budgetary Information

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Mayes Emergency Services Trust Authority. The use of budgets and monitoring of equity status facilitates the Authority's compliance with legal requirements.

Note 4 – Deposits and Investments

State statutes govern the Authority's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Authority invests entirely in certificates of deposit.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The Authority does not have a deposit policy for custodial risk. As of December 31, 2014, none of the Authority's investments were exposed to custodial credit risk.

Note 5 - Fixed Assets

Fixed asset activity for the years is as follows:

	<u>12/31/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2014</u>
Buildings	\$ 274,669	\$ -	\$ -	\$ 274,669
Equipment	20,642	59,830	-	80,472
Furniture & Fixtures	16,840	-	-	16,840
Ambulance/Vehicles	1,309,491	203,126	(75,745)	1,436,872
Medical Equipment	416,431	412,916	(114,420)	714,927
Service Animals	12,500	-	-	12,500
Total Fixed Assets	<u>2,050,573</u>	<u>675,872</u>	<u>(190,165)</u>	<u>2,536,280</u>
Less Accumulated Depreciation	<u>(1,297,896)</u>	<u>(180,058)</u>	<u>160,841</u>	<u>(1,317,113)</u>
Net Fixed Assets	<u>\$ 752,677</u>	<u>\$ 495,814</u>	<u>\$ (29,324)</u>	<u>\$ 1,219,167</u>

Note 6 – Revenue

	2014	2013
Gross Billings	\$ 8,376,233	\$ 9,321,473
Less: Charity Capitation, Contract Adj.	(4,029,539)	(4,487,015)
Gross Ambulance Service Fees	4,346,694	4,834,458
Less: Estimated Bad Debt	(2,387,874)	(2,944,184)
Net Ambulance Service Fees	<u>\$ 1,958,820</u>	<u>\$ 1,890,274</u>

Note 7 – Risk Management

The Authority is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance for risks of loss. 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.

Note 8 – Retirement Plans

During September of 2009, the Authority discontinued participation in the retirement plan with the Principal Financial Group. The Authority enrolled in the Oklahoma Public Employees Retirement System (OPERS) with participation beginning effective January 1, 2011. Total retirement expense was \$149,936 and \$180,567 for the years ending December 31, 2014 and 2013, respectively.

Note 9 – Economic Dependence

The Authority's current fee schedule and collection rate for ambulance services is not sufficient to cover its operating expense. For the years ended December 31, 2014 and 2013, the Authority recognized \$1,134,210 and \$965,450 respectively in revenue from sales taxes. If the Authority did not receive this sales tax revenue, alternate sources of funding would need to be secured in order to continue to operate.

Note 10 – Commitments and Contingencies

As of December 31, 2014, the Authority had the following pending or overly threatened litigation, pending or threatened actions by regulatory authorities related to environmental matters, claims or assessments:

Rick Langkamp v MESTA The present director for the authority has filed suit against MESTA, two of MESTA's Trustees in their official and individual capacities, as well as the Board of County Commissions and two County Commissions in their individual capacities. In the current status of the case it is in the early stages and it is difficult to make any assessment as to an unfavorable outcome or to provide a range of any potential loss as no information relating to damages has been produced in the litigation.

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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^{ab}

We have audited, in accordance with the 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 business-type activities of the Mayes Emergency Services Trust Authority, as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Mayes Emergency Services Trust Authority's basic financial statements, and have issued our report thereon dated June 15, 2015.

Internal Control over Financial Reporting^e

In planning and performing our audit of the financial statements, we considered the Mayes Emergency Services Trust Authority'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 the Mayes Emergency Services Trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mayes Emergency Services Trust Authority'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 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. 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 the Mayes Emergency Services Trust Authority's financial statements are free from 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*.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Violet F. Kirkendall CPA, PC

Mayes Emergency Services Trust Authority
Schedule of Audit Findings
For the Year Ended December 31, 2014 and 2013

PRIOR YEAR AUDIT FINDINGS

NONE

CURRENT YEAR AUDIT FINDINGS

NONE