

*Mayes Emergency Services Trust Authority*  
Pryor, Oklahoma

Independent Auditor's Report  
and Financial Statements

December 31, 2010

*Mayes Emergency Services Trust Authority*

Board of Trustees

December 31, 2010

Chairman	Murray Underwood
Vice-Chairman	Kevin Dodson
Treasurer/Secretary	M. L. Standeford
Member	Kaye Baldrige
Member	Leon Blankenship
Member	Harriett Dunham
Member	Steve Hall
Member	Brent Crittenden
Member	Sherman Weaver
Member	Jamie Starling
Member	Rob Foreman
Ambulance Director	Rick Langkamp

*Mayes Emergency Services Trust Authority*

Pryor, Oklahoma  
December 31, 2010

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***Kirkendall & Swindell CPAs, PLLC***

*Certified Public Accountants*

*405 W. Claremore St.*

*Claremore, OK 74017*

*(918) 342-5474*

*Independent Auditor's Report*

August 31, 2011

Board of Directors  
Mayes Emergency Services Trust Authority

We have audited the accompanying financial statements of *Mayes Emergency Services Trust Authority* as of and for the year ended December 31, 2010, which comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of *Mayes Emergency Services Trust Authority's* management. Our responsibility is to express an opinion on these financial statements based on our audit.

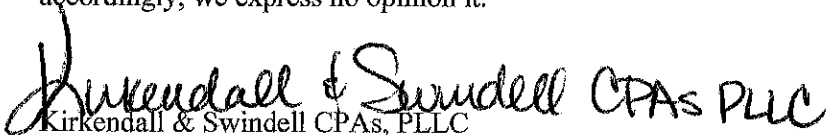
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of *Mayes Emergency Services Trust Authority* as of December 31, 2010, and the changes in financial position and its cash flows 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 August 31, 2011 on our consideration of the *Mayes Emergency Services Trust Authority* internal control over financial reporting and our tests of 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 5 are not a required part of the basic financial statements but are required by the 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements taken as a whole. The introductory section is presented for purposes of additional analysis, and is not a required part of the basic financial statements of *Mayes Emergency Services Trust Authority*. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

  
Kirkendall & Swindell CPAs, PLLC  
Certified Public Accountants

**Kirkendall & Swindell CPAs, PLLC**

*Certified Public Accountant*

405 W. Claremore St.

Claremore, OK 74017

(918) 342-5474

Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit  
of Financial Statements Performed in Accordance with Government Auditing Standards

August 31, 2011

Board of Directors  
Mayes Emergency Services Trust Authority  
Pryor, Oklahoma

We have audited the financial statements of the business-type activities of the *Mayes Emergency Services Trust Authority* as of and for the year ended December 31, 2010, which comprise the Authority's basic financial statements and have issued our report thereon dated August 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 *Mayes Emergency Services Trust Authority* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be significant deficiencies. A control deficiency 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 on a timely basis misstatements or noncompliance with applicable requirements of a governmental entity. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that (a) a material misstatement of the entity's financial statements, or (b) noncompliance with applicable governmental entities, that is more than inconsequential will not be prevented or detected.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the *Mayes Emergency Services Trust Authority* financial statements are free of material misstatement, we performed tests of the 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 that are required to be reported under *Government Auditing Standards*.

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

Sincerely,



Kirkendall & Swindell CPAs, PLLC  
Certified Public Accountants

**Mayes Emergency Services Trust Authority**  
Management Discussion & Analysis  
For the Year Ended December 31, 2010

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, 2010. Please review it in conjunction with the transmittal letter and Authority's basic financial statements, which begin on Page 7.

**FINANCIAL HIGHLIGHTS**

1. MESTA received a Mapping Grant in the amount of \$38,000 from the State Health Department to be used to audit the 911 maps for the nine area counties.
2. Opened Strang Ambulance twelve- hour, seven-day-a-week truck, housed at the Strang Fire Department.
3. Developed a county-wide search and rescue team with law enforcement and fire department employees. MESTA has four members.
4. Received a donation from the GRDA and the OOWA to purchase two search and rescue dogs.
5. Initiated an EMS Chaplaincy program for our internal employees and will expand to the public after further training.
6. Went into contract for payment with BC/BS of Oklahoma
7. Drilled a well at the Locust Grove Station so we could return ambulance service to Locust Grove.
8. Approved the purchase of two new Frazer International Ambulances.
9. The following Board of Director appointments were made: Appointed Jamie Starling to the Board of Directors representing Locust Grove; Appointed Rob Foreman to the Board of Directors representing District Three Commissioner; Appointed Sherman Weaver to the Board of Directors; He was replaced by Trent Peper representing District One Commissioner.

**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. 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 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?"

**Mayes Emergency Services Trust Authority**  
**Management Discussion & Analysis (Continued)**  
**For the Year Ended December 31, 2010**

**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 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 \$2,934,834.02, a decrease from prior year of approximately \$488,718 or 14.3%. 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

	12/31/2010	12/31/2009
Current and other assets	\$ 2,499,919.63	\$ 2,071,966.20
Capital assets (net)	591,863.92	573,256.95
Total Assets	\$ 3,091,783.55	\$ 2,645,223.15
Current liabilities	\$ 156,949.53	\$ 73,757.45
Long term liabilities	0	0
Total Liabilities	\$ 156,949.53	\$ 73,757.45
Net Assets		
Invested in Capital Assets	\$ 591,863.92	\$ 573,256.95
Restricted	196,876.98	193,079.07
Unrestricted	2,146,093.12	1,805,129.68
Total Net Assets	\$ 2,934,834.02	\$ 2,571,465.70

(Note: 12/31/09 Current Assets and Net Assets reflect the effect of the \$852,086.15 prior period adjustment)

As the above table indicates, current assets decreased by \$424,133 or approximately 14% primarily due to a decrease accounts receivable of \$725,826 offset by an increase in cash of \$300,723. Capital assets increased by \$18,607 due to purchases of fixed assets totaling \$205,817 offset by depreciation expense of \$187,210. Current liabilities increased due to an increase in accrued payroll and payroll related expenses.

**Mayes Emergency Services Trust Authority**  
**Management Discussion & Analysis (Continued)**  
**For the Year Ended December 31, 2010**

TABLE 2

	<u>12/31/2010</u>	<u>12/31/2009</u>
Total Operating Revenues	\$ 2,265,696.99	\$ 2,150,355.07 *
Depreciation	(187,210.40)	(191,612.60)
Salaries and Benefits	(1,713,619.42)	(1,224,986.36)
Other Operating Expenses	(827,743.99)	(852,087.23)
Sales Tax	799,469.16	811,860.06
Grants and Contributions	15,653.03	111,500.00
Other Non-Operating Revenues (Expenses)	<u>11,122.95</u>	<u>20,105.11</u>
Total Increases	363,368.32	825,134.05
Net Assets, Beginning of Year	<u>2,571,465.70</u>	<u>1,746,331.65</u>
Net Assets, End of Year	<u>\$ 2,934,834.02</u>	<u>\$ 2,571,465.70</u>

\*Note: 12/31/09 Revenues are reflected net of the \$852,086.15 prior period adjustment

The Authority's primary source of revenue is charges for services. During the current year, The Authority's Operating Revenues decreased by approximately \$736,744 or 24.5%. The Authority's population is largely made up of senior citizens. Our patient/customer breakdown is about 80% Medicare/Medicaid insured. The national collection rate for Medicaid has been below 25%. During the year, the Authority wrote off \$1,616,081 mostly due to disallowance by Medicare/Medicaid and Indian Health Services payment refusals. The bad debt expense increased \$573,955 or approximately 55% in the current year. Insurance companies and non-payment by the patient do make up a small percentage of these write-offs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2010, the Authority had \$591,834 (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 \$18,607. These changes are presented in detail in Note III of the financial statements.



*Mayes Emergency Services Trust Authority*  
Management Discussion & Analysis (Continued)  
For the Year Ended December 31, 2010

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In 2011, the Authority plans to open a new fire station, Station #5, south of Langley.

Also during 2011, the Authority plans to purchase two new Frazer International Ambulances.

Additionally, in 2011, the Authority plans to begin offering family health insurance to its employees.

**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 it receives. If you have 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.

*Mayes Emergency Services Trust Authority*  
Statement of Net Assets  
December 31, 2010

Assets

*Current Assets:*

Cash and cash equivalents	\$ 1,276,554.39
Accounts receivable – net of Allowance for Doubtful Accounts	842,110.00
Due from other governments	136,062.97
Prepaid Insurance	48,315.29
Total Current Assets	<u>\$ 2,303,042.65</u>

*Restricted Assets:*

Cash and cash equivalents	196,876.98
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*Capital Assets:*

Property and Equipment, net of Accumulated Depreciation	591,863.92
Total Assets	<u>\$ 3,091,783.55</u>

Liabilities and Net Assets

*Current Liabilities:*

Accounts payable	73,961.35
Accrued payroll	58,439.95
Payroll tax liabilities	5,671.70
Employee retirement payable	18,876.53
Total Current Liabilities	<u>\$ 156,949.53</u>

Invest in capital assets, net of related debt	591,863.92
Restricted	196,876.98
Unrestricted	2,146,093.12
Total Net Assets	<u>\$ 2,934,834.02</u>

Total Liabilities and Net Assets	<u>\$ 3,091,783.55</u>
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*The accompanying notes are an integral part of the financial statements.*

*Mayes Emergency Services Trust Authority*  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended December 31, 2010

Changes in Net Assets:	
<i>Operating Revenues:</i>	
Ambulance Service Fees, Net of Charity, Bad Debt, and Capitation	\$ 1,914,517.78
911 Dispatching Fees	180,000.00
Other Income	171,179.21
Total Operating Revenues	\$ <u>2,265,696.99</u>
<i>Operating Expenses:</i>	
Advertising	194.34
Ambulance fuel	91,506.45
Bank charges	581.71
Billing & outside services	177,876.79
Biohazard waste	3,360.00
Condolence expense	1,369.45
Depreciation	187,210.40
Dispatch	4,828.00
Dues	540.00
Employee benefits	150,136.57
Insurance and bond	131,708.13
Mileage	1,945.00
Office expense	9,599.93
Other expenses	5,286.15
Payroll expenses	118,162.44
Professional fees	25,423.06
Rent	11,742.03
Retirement	129,228.99
Repairs and maintenance	67,976.17
Search and Rescue	918.24
Safety and materials	1,197.82
Supplies	98,128.22
Telephone	15,427.25
Temporary employment	15,425.99
Uniforms	13,005.15
Utilities	20,475.12
Wages	1,445,320.41
Total Operating Expenditures	\$ <u>2,728,573.81</u>
Operating Loss	\$ <u>(462,876.82)</u>
Interest Income	11,122.95
Sales tax revenues	799,469.16
Grants and Contributions	15,653.03
Total Non-Operating Revenues (Expenses)	\$ <u>826,245.14</u>
Change in Net Assets	363,368.32
Fund Net Assets - Beginning of year	3,423,551.85
Prior period adjustment	(852,086.15)
Fund Net Assets - End of year	\$ <u><u>2,934,834.02</u></u>

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

**Mayes Emergency Services Trust Authority**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

*Cash Flows from Operating Activities*

Cash inflows:	
Payments received from patients and third-party payors	\$ 2,820,343.93
Other payments received	171,179.21
	<u>2,991,523.14</u>
Cash outflows:	
Payments for salaries and benefits	1,635,366.85
Payments to suppliers for goods and services	824,041.74
	<u>2,459,408.59</u>
Total cash used	\$
Net Cash Provided (Used) by Operating Activities	\$ <u>532,114.55</u>

*Cash Flows from Non-Capital Financing Activities*

Grants Received	15,653.03
Sales Tax Received	799,735.94
	<u>815,388.97</u>
	\$

*Cash Flows from Capital and Related Financing Activities*

Purchase of Fixed Assets	(205,817.37)
Cash Received on Sale of Fixed assets	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ <u>(205,817.37)</u>

*Cash Flows from Investing Activities*

Interest income received	11,122.95
Increase (Decrease) in Cash	\$ 1,152,809.10
Prior period adjustment to accounts receivable	(852,086.15)
Cash, Beginning of Year	1,172,708.42
Cash, End of Year	\$ <u><u>1,473,431.37</u></u>

Adjustments to reconcile change in cash to  
net cash provided by operating activities:

Operating Net Income (Loss)	\$ (462,876.82)
Depreciation	187,210.40
(Increase) decrease in operating assets	
Accounts receivable	725,826.15
Prepaid insurance	(1,237.26)
Increase (decrease) in operating liabilities	
Accrued payroll expenses	78,252.57
Accounts payable	4,939.51
Net cash provided (used) by operating activities	\$ <u><u>532,114.55</u></u>

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

*Mayes Emergency Services Trust Authority*

Notes to Financial Statements

For the Year Ended December 31, 2010

The following notes to the financial statements are an integral part of *Mayes Emergency Services Trust Authority's* financial statements.

**I. Summary of Significant Accounting Policies**

*Mayes Emergency Services Trust Authority*, Pryor, Oklahoma (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.

The accounting policies of the Authority conform to generally accepted accounting principles applicable to governmental units. The Authority complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the Authority 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 Authority has elected not to follow FASB pronouncements issued since that date.

The Authority adopted the provisions of GASB Statement No. 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 results of operations.

**A. Financial 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.

**B. Basis of Presentation**

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.

*Mayes Emergency Services Trust Authority*

Notes to Financial Statements

For the Year Ended December 31, 2010

**I. Summary of Significant Accounting Policies (continued)**

**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 *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. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

**D. Assets, Liabilities and Net Assets**

**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 26.5%.

**Capital Assets**

The fixed assets are recorded at 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.

**Mayes Emergency Services Trust Authority**

Notes to Financial Statements

For the Year Ended December 31, 2010

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Assets (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 January and February (which represent sales for November and December) and received by the County in February and March have been accrued and are included under the caption – “Due from other governments”.

**Prepaid Insurance**

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

**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:

- 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.”

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the Organization 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 Organization has not experienced any losses on its cash equivalents.

**Revenues**

In addition to revenues from charges for ambulance services, the Authority receives \$17,000 per month in fees for providing 911 dispatching services. In addition, the Authority receives sales tax of one quarter of one percent (1/4%) on all sales within the county. Ambulance service 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 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.

**Mayes Emergency Services Trust Authority**

Notes to Financial Statements

For the Year Ended December 31, 2010

**I. Summary of Significant Accounting Policies (continued)**

**Compensated Absences**

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave.

**II. 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.

**III. Detail Notes Concerning the Funds**

**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 bank and trust companies; and savings accounts or savings certificates 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 – Deposits.* 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 credit risk. As of December 31, 2010, none of the Authority's investments were exposed to custodial credit risk.

**Changes in Property and Equipment**

The changes in property and equipment for the year ended December 31, 2010 were as follows:

	Balance at <u>1/1/2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclasses</u>	Balance at <u>12/31/2010</u>
Buildings	\$ 155,253.03	\$ 5,440.00	\$ -	\$ -	\$ 160,693.03
Equipment	-	7,575.00	-	-	7,575.00
Furniture/fixtures	8,166.72	-	-	-	8,166.72
Ambulance/vehicles	808,496.74	101,175.00	-	66,031.00	975,702.74
Medical Equipment	285,940.72	79,127.37	-	-	365,068.09
Service Animals	-	12,500.00	-	-	12,500.00
	<u>\$ 1,257,857.21</u>	<u>\$ 205,817.37</u>	<u>\$ -</u>	<u>\$ 66,031.00</u>	<u>\$ 1,529,705.58</u>
Work in progress	66,031.00	-	-	(66,031.00)	0.00
Total Cost	1,323,888.21	<u>205,817.37</u>	<u>-</u>	<u>0.00</u>	1,529,705.58
Less:					
Acc. Depreciation	<u>750,631.26</u>	<u>\$ 187,210.40</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 937,841.66</u>
Net Property, Plant & Equipment	<u>\$ 573,256.95</u>				<u>\$ 591,863.92</u>



*Mayes Emergency Services Trust Authority*  
Notes to Financial Statements  
For the Year Ended December 31, 2010

**III. Detail Notes Concerning the Funds (Continued)**  
**Operating Revenues and Related Bad Debt**

The Authority reports its revenues in accordance with GASB Statement No. 34. Revenues are reported net of discounts and allowances. Governmental health care entities do not report bad debt expense. Therefore, revenues are reported net of contractual and other adjustments in the operating statement.

Gross Ambulance Service Fees	\$ 7,252,467.48
Less: Contractual Adjustments	<u>(3,721,868.53)</u>
Net Ambulance Service Fees (Reported)	\$ 3,530,598.95
Less: Estimated Bad Debt	<u>(1,616,081.17)</u>
Net Ambulance Service Fees	<u>\$ 2,820,343.93</u>

**IV. Other Information**  
**Risk Management**

The Authority 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 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.

**Retirement Plans**

During September of 2009, the Authority discontinued participation in the retirement plan with the Principal Financial Group. Mesta enrolled in the Oklahoma Public Employees Retirement System (OPERS) with participation beginning effective January 1, 2010. Total retirement expenses for the year ending December 31, 2010 were \$129,228.99.

**Economic Dependence**

The Authority's current fee schedule and collection rate for ambulance services is not sufficient to cover its operating expense. For the year ended December 31, 2010, the Authority recognized \$799,469.16 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.

**Commitments and Contingencies**

As of December 31, 2010, the Authority had the following pending potential legal liabilities:

*MESTA v. Integris*, was filed by MAYES EMERGENCY SERVICES TRUST AUTHORITY against Integris for unpaid claims. This legal action could potentially result in a future financial benefit to MAYES EMERGENCY SERVICES TRUST AUTHORITY. This lawsuit was dismissed during the year ending 12/31/10.

*Mayes Emergency Services Trust Authority*  
Schedule of Audit Findings  
For the Year Ended December 31, 2010

**PRIOR YEAR AUDIT FINDINGS**

NONE

**CURRENT YEAR AUDIT FINDINGS**

NONE