

*Mayes Emergency Services Trust Authority*  
Pryor, Oklahoma

Independent Auditor's Report  
and Financial Statements

December 31, 2011

*Mayes Emergency Services Trust Authority*

Pryor, Oklahoma  
December 31, 2011

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*Mayes Emergency Services Trust Authority*

Board of Trustees  
December 31, 2011

Chairman	Murray Underwood
Vice-Chairman	Kevin Dodson
Treasurer/Secretary	Leon Blankenship
Member	Kaye Baldrige
Member	Harriett Dunham
Member	Brent Crittenden
Member	Steve Hall
Member	Chuck Ward
Member	Trent Peper
Member	Jamie Starling
Member	Rob Foreman
Ambulance Director	Rick Langkamp

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

*Certified Public Accountants*

*405 W. Claremore St.  
Claremore, OK 74017  
(918) 342-5474*

*Independent Auditor's Report*

June 7, 2012

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, 2011, 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, 2011, 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 June 7, 2012 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*

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

June 7, 2012

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, 2011, which comprise the Authority's basic financial statements and have issued our report thereon dated June 7, 2012. 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

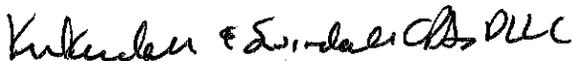
In planning and performing our audit, we considered the *Mayes Emergency Services Trust Authority* internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and to not provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider 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

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, 2011. PLEASE REVIEW IT IN CONJUNCTION WITH THE TRANSMITTAL LETTER AND AUTHORITY'S BASIC FINANCIAL STATEMENTS, WHICH BEGIN ON PAGE 8.

## FINANCIAL HIGHLIGHTS

1. Purchased new station and built a new bay for the new Station 5. Expanded Station 5 to a 24 hour truck. Total investment in Station 5 is \$116,970 including land, building, improvements, and fixtures.
2. Took delivery and put into service two new Frazer International Ambulances. The total cost of these two ambulances was \$358,900.
3. The following Board of Director appointments were made: Trent Peper (replacing Sherman Weaver) and Chuck Ward (replacing ML Standeford). Leon Blankenship replaces ML Standeford as Treasurer.
4. Renewed health insurance contract with United Health Services to include family insurance options for our employees.
5. Lost monthly dispatching contract with GRDA Lake Patrol.
6. Surplus Unit 40 and sold for \$11,000.
7. Began upgrading our radios to the new 12.5 mhz federal standard.
8. Drilled a well at Station 3 to ensure a constant water supply.
9. Increased our fully stocked ambulance units from five units to six by purchasing various medical equipment.
10. Gave a Christmas bonus to all employees.

## 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 \$3,097,303, an increase from prior year of approximately \$ 162,469 or 5.5%: 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>12/31/2011</u>	<u>12/31/2010</u>
Current and other assets	\$ 2,494,103	\$ 2,499,920
Capital assets (net)	<u>867,033</u>	<u>591,864</u>
Total Assets	<u>3,361,136</u>	<u>3,091,784</u>
Current liabilities	<u>263,833</u>	<u>156,950</u>
Total Liabilities	<u>263,833</u>	<u>156,950</u>
Net Assets		
Invested in Capital Assets	867,033	591,864
Unrestricted	<u>2,230,270</u>	<u>2,342,970</u>
Total Net Assets	<u>\$ 3,097,303</u>	<u>\$ 2,934,834</u>

As the above table indicates, current assets decreased by \$5,817 or approximately 0.2%. Capital assets increase by \$275,169 or approximately 46.5% primarily due to the purchase of two new Frazer ambulances and the acquisition of the property for station 5 near Langley. Current liabilities increased by \$106,833 or approximately 68.1% primarily due to an increase in payroll and related liabilities.

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

TABLE 2

	<u>12/31/2011</u>	<u>12/31/2010</u>
Total Operating Revenues	\$ 2,337,138	\$ 2,265,697
Depreciation	201,016	187,210
Personnel Expenses	2,054,530	1,713,619
Maintenance and Operations	<u>751,786</u>	<u>827,744</u>
Total Operating Expenses	<u>3,007,332</u>	<u>2,728,573</u>
Sales Tax	812,354	799,469
Grants and Contributions	680	15,653
Other Non-Operating Revenues(Expenses)	<u>19,628</u>	<u>11,123</u>
Total Other Revenues (Expenses)	<u>832,662</u>	<u>826,245</u>
Total Increases	162,468	363,369
Net Assets, Beginning of Year	2,934,835	2,571,466
Net Assets, End of Year	<u>\$ 3,097,303</u>	<u>\$ 2,934,835</u>

The Authority's primary source of revenue is charges for services. During the current year, the Authority's Operating Revenues increased by \$71,441 or approximately 3.2%. 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 25%.

#### CAPITAL ASSETS AND BAD DEBT ADMINISTRATION

##### Capital Assets

As of December 31, 2011, the Authority had \$867,033 (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 \$ 275,169. 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**

In 2012, the Authority plans to expand the number of fully stocked ambulance units from 6 to 8 by purchasing various medical equipment. Also plan to renegotiate our outside billing contract and to increase collection efforts on dormant claims by looking into using a second collection company. As always, there are uncertainties as to what is going to happen with Medicare payments, Medicaid payments, and sales tax collections.

## **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

*Mayes Emergency Services Trust Authority*

Statement of Net Assets

December 31, 2011

Assets

*Current Assets:*

Cash and cash equivalents	\$	1,177,571
Accounts receivable – net of allowance for doubtful accounts		1,121,927
Due from other governments		139,585
Prepaid Insurance		55,020
Total Current Assets		<u>2,494,103</u>

*Capital Assets:*

Property and Equipment, net of Accumulated Depreciation		867,033
Total Assets	\$	<u>3,361,136</u>

Liabilities and Net Assets

*Current Liabilities:*

Accounts payable	\$	89,158
Accrued payroll		63,906
Payroll tax liabilities		6,364
Employee retirement payable		60,783
Total Current Liabilities		<u>220,212</u>

Invest in capital assets, net of related debt		867,033
Unrestricted		2,273,891
Total Net Assets		<u>3,140,924</u>

Total Liabilities and Net Assets	\$	<u>3,361,136</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, 2011**

<u>Operating Revenues:</u>	
Ambulance Service Fees, net of charity, bad debt, and capitation	\$ 2,045,025
911 operation and mapping fees	180,000
Other Income	112,294
Total Operating Revenues	<u>2,337,319</u>
<u>Operating Expenses:</u>	
Advertising	965
Ambulance fuel	129,249
Bank charges	624
Billing & outside services	170,772
Biohazard waste	1,942
Condolence expense	1,364
Depreciation	201,016
Dispatch	2,100
Dues	1,062
Employee benefits	180,255
Insurance and bond	131,086
Mileage	2,207
Office expense	6,138
Other expenses	1,103
Payroll expenses	123,108
Professional fees	25,270
Rent	7,275
Retirement	130,123
Repairs and maintenance	85,817
Search and Rescue	3,072
Safety and materials	425
Supplies	123,159
Telephone	18,232
Temporary employment	16,819
Uniforms	18,516
Utilities	21,408
Wages	1,506,604
Total Operating Expenditures	<u>2,963,711</u>
Total Change in Operating Revenues and Expenses	<u>(626,392)</u>
<u>Non Operating Revenue (Expense)</u>	
Interest Income	8,182
Gain (Loss) on sale of asset	11,446
Sales tax revenues	812,354
Grants received	(30,800)
Grants and Contributions	31,300
Total Non Operating Revenues (Expenses)	<u>832,482</u>
Change in Net Assets	206,090
Fund Net Assets - Beginning of year	2,934,834
Fund Net Assets - End of year	<u>\$ 3,140,924</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, 2011

<u>Cash Flows from Operating Activities</u>	
Payments received from customers	\$ 2,057,502
Payments for salaries and benefits	(1,962,845)
Payments to suppliers for goods and services	(743,294)
Net Cash Provided (Used) by Operating Activities	<u>(648,637)</u>
 <u>Cash Flows from Non-Capital Financing Activities</u>	
Grants received (disbursed)	500.00
Sales Tax Received	808,833
Net Cash Provided (Used) by Non Capital Financing Activities	<u>809,333</u>
 <i>Cash Flows from Capital and Related Financing Activities</i>	
Purchase of Fixed Assets	(476,185)
Cash Received on Sale of Fixed assets	11,446
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(464,739)</u>
 <i>Cash Flows from Investing Activities</i>	
Interest income received	8,183
Increase (Decrease) in Cash	(295,860)
Cash, Beginning of Year	1,473,431
Cash, End of Year	<u>\$ 1,177,571</u>
 Adjustments to reconcile change in cash to net cash provided by operating activities:	
Operating Net Income (Loss)	\$ (626,392)
Depreciation	201,016
(Increase) decrease in operating assets	
Accounts receivable	(279,817)
Prepaid insurance	(6,705)
Increase (decrease) in operating liabilities	
Accrued payroll expenses	48,064
Accounts payable	15,197
Net cash provided (used) by operating activities	<u>\$ (648,637)</u>

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

**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 26.5%.

**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 included 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 receives \$15,000 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 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 pto time permit employees to accumulate earned but unused vacation and pto 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, 2011, 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:

	<b>12/31/2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/2011</b>
Buildings	\$ 160,693	\$ 114,291	\$ -	\$ 274,984
Equipment	7,575	-		7,575
Furniture & Fixtures	8,167	2,994		11,161
Ambulance/Vehicles	975,703	358,900	(62,873)	1,271,730
Medical Equipment	365,068	-		365,068
Service Animals	12,500	-		12,500
Total Fixed Assets	1,529,706	476,185	(62,873)	1,943,018
Less Accumulated Depreciation	(937,842)	(201,016)	62,873	(1,075,985)
Net Fixed Assets	\$ 591,864	\$ 275,169	\$ -	\$ 867,033

**Note 6 – Revenue**

	2011	2010
Gross Billings	\$ 7,913,867	\$ 7,252,467
Less: Charity Capitation, Contract Adj.	(3,434,181)	(3,721,868)
Gross Ambulance Service Fees	4,479,686	3,530,599
Less: Estimated Bad Debt	(2,435,344)	(1,616,081)
Net Ambulance Service Fees	\$ 2,044,342	\$ 1,914,518

**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, 2010. Total retirement expense was \$130,123 and \$129,229 for the years ending December 31, 2011 and 2010, 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, 2011 and 2010, the Authority recognized \$812,354 and \$799,469 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, 2011, the Authority had no pending potential legal liabilities.

*Mayes Emergency Services Trust Authority*  
Schedule of Audit Findings  
For the Year Ended December 31, 2011

**PRIOR YEAR AUDIT FINDINGS**

NONE

**CURRENT YEAR AUDIT FINDINGS**

NONE