EMERGENCY MEDICAL SERVICE, A TRUST
OKMULGEE, OKLAHOMA

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS

Years Ended July 31, 2011 and 2010

EMERGENCY MEDICAL SERVICE, A TRUST
OKMULGEE, OKLAHOMA
CONTENTS

	Page
Management's Discussion and Analysis	
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Net Assets	3
Statements of Revenue, Expenses and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Other Report:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	10-11

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Our discussion and analysis of the Trust's financial performance provides an overview of the Trust's financial activities for the year ended July 31, 2011. Please read it in conjunction with the Trust's financial statements.

FINANCIAL HIGHLIGHTS

- The Trust's total assets increased by $44,838 or 5.9% during the year ended July 31, 2011 from $762,520 at July 31, 2010 to $807,358 at July 31, 2011.

- Total operating revenue increased by $18,955 or 0.5% for the year ended July 31, 2011, from $3,685,692 for the year ended July 31, 2010 to $3,704,647 for the year ended July 31, 2011.

- Total operating expenses of the Trust increased by $92,330 or 2.6% for the year ended July 31, 2011, from $3,551,113 for the year ended July 31, 2010 to $3,643,443 for the year ended July 31, 2011.

- Total non-operating revenue (expenses) decreased by $5,665 for the year ended July 31, 2011, from $805 for the year ended July 31, 2010 to $(4,860) for the year ended July 31, 2011.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis

- Financial Statements, including the Statements of Net Assets on page 3, the Statements of Revenue, Expenses, and Changes in Net Assets on page 4, and the Statements of Cash Flows on page 5.

- Notes to Financial Statements.

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

ENTITY WIDE FINANCIAL STATEMENTS

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

STATEMENTS OF NET ASSETS

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

	2011	2010
Current and other assets	**$391,250**	$367,341
Capital assets	**416,108**	395,179
Total Assets	**$807,358**	$762,520
Current liabilities	**$125,289**	$136,795
Net assets:		
Unrestricted	**265,961**	259,149
Invested in capital assets, net of related debt	**416,108**	366,576
Total Liabilities and Net Assets	**$807,358**	$762,520

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

MAJOR FACTORS AFFECTING THE STATEMENTS OF NET ASSETS

The net change for current and other assets can be attributed primarily to favorable operations, resulting in an increase in cash and certificates of deposit. The net change in capital assets can be attributed primarily to refurbishments of vehicles that extended their useful lives, net of current year depreciation expense. The net change in liabilities can be attributed primarily to principal payments on the entity's note payable, partially offset by an increase in accounts payable.

CHANGE IN UNRESTRICTED NET ASSETS

Unrestricted Net Assets at the beginning of the year	$ 259,149
Change in Unrestricted Net Assets	6,812
Unrestricted Net Assets at the end of the year	$ 265,961

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

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

	2011	2010
Operating revenue:		
Emergency service fees	**$ 3,325,118**	$ 3,299,396
Membership fees from communities served	**379,529**	386,296
Total operating revenue	**3,704,647**	3,685,692
Operating expenses	**(3,643,443)**	(3,551,113)
Loss on disposition of capital assets	**(5,825)**	-
Interest income	**965**	805
Change in Net Assets	**$ 56,344**	$ 135,384

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

Revenue increased $18,955, primarily due to an increase in fees charged per run for emergency ambulance service. The emergency rate increased by 8% during fiscal year 2011, while the non-emergency rate did not change.

Operating expenses increased $92,330, primarily due to a $70,964 increase in insurance expenses, largely related to a significant increase in employee health insurance premiums and a general increase in other insurance premiums. Vehicle-related expenses, including repairs and maintenance and depreciation, also increased.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of July 31, 2011, the Trust had $416,108 invested in a variety of capital assets and $0 in related debt, as reflected in the following schedule, which represents an increase of $20,929 from the end of last year.

	2011	2010
Land	$ 15,700	$ 15,700
Buildings and improvements	422,167	422,167
Vehicles	455,331	523,559
Furniture and equipment	164,150	178,603
Total cost of assets	1,057,348	1,140,029
Accumulated depreciation	641,240	744,850
Net capital assets	416,108	395,179
Related debt	-	(28,603)
Net assets invested in capital assets net of related debt	$ 416,108	$ 366,576

The following summarizes the changes in capital assets:

CHANGE IN CAPITAL ASSETS

Balance, beginning of year	$ 395,179
Additions to capital assets	97,269
Loss on disposition of capital assets	(5,825)
Depreciation	(70,515)
Balance, end of year	$ 416,108

Current year additions primarily relate to vehicle purchases.

DEBT OUTSTANDING

As of July 31, 2010, debt consisted of two notes payable totaling $28,603, which was secured by vehicles. This debt was retired during 2011.

ECONOMIC FACTORS

Significant economic factors affecting the Trust are as follows:

- Allowable Medicare Rates
- Personnel Costs

FINANCIAL CONTACT

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

Independent Auditors' Report

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

We have audited the accompanying statements of net assets of Emergency Medical Service, A Trust, as of July 31, 2011 and 2010, and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emergency Medical Service, A Trust, as of July 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2011 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Board of Directors
Emergency Medical Service, A Trust

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

Tulsa, Oklahoma
March 16, 2012

EMERGENCY MEDICAL SERVICE - A TRUST

STATEMENTS OF NET ASSETS

July 31,	**2011**	2010
ASSETS		
Current Assets:		
Cash	**$ 130,190**	$ 61,118
Certificates of deposit	**84,699**	76,951
Accounts receivable, less allowance for doubtful accounts of $346,173 and $324,162 in 2011 and 2010	**132,239**	196,842
Prepaid expenses	**44,122**	32,430
Total Current Assets	**391,250**	367,341
Property and Equipment, at cost:		
Land	**15,700**	15,700
Buildings and improvements	**422,167**	422,167
Vehicles	**455,331**	523,559
Furniture and equipment	**164,150**	178,603
	1,057,348	1,140,029
Less accumulated depreciation	**641,240**	744,850
Net Property and Equipment	**416,108**	395,179
	$ 807,358	$ 762,520

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

	2011	2010
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Notes payable - current portion	**$ -**	$ 28,603
Accounts payable - trade	**52,139**	33,667
Accrued expenses	**71,257**	72,632
Deferred revenue	**1,893**	1,893
Total Current Liabilities	**125,289**	136,795
Total Liabilities	**125,289**	136,795
Net Assets:		
Unrestricted	**265,961**	259,149
Invested in capital assets, net of related debt	**416,108**	366,576
Total Net Assets	**682,069**	625,725
	$ 807,358	$ 762,520

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

Years Ended July 31,	**2011**	2010
Operating Revenue:		
Ambulance service fees	**$ 3,325,118**	$ 3,299,396
Membership fees from communities served	**379,529**	386,296
Total Operating Revenue	**3,704,647**	3,685,692
Operating Expenses:		
Bad debts	**1,824,604**	1,831,226
Salaries and payroll taxes	**1,180,535**	1,181,179
Insurance	**244,779**	173,815
Vehicle expense	**94,356**	77,039
Medical supplies and oxygen	**57,260**	64,401
Depreciation	**70,515**	61,677
Utilities and telephone	**41,829**	43,516
Professional services	**35,524**	39,727
Station and office supplies	**16,345**	17,396
Repairs and maintenance	**26,062**	15,475
Uniforms	**12,591**	12,511
Equipment rental	**15,351**	11,575
Contributions to employee benefit plan	**12,115**	7,780
Administrative - other	**6,000**	6,000
Miscellaneous	**3,945**	3,388
Interest expense	**334**	3,078
Other taxes	**1,298**	1,330
Total Operating Expenses	**3,643,443**	3,551,113
Operating Income	**61,204**	134,579
Nonoperating Revenue (Expense):		
Loss on disposition of capital assets	**(5,825)**	-
Interest income	**965**	805
Total Nonoperating Revenue (Expenses)	**(4,860)**	805
Change in Net Assets	**56,344**	135,384
Net Assets, beginning of year	**625,725**	490,341
Net Assets, end of year	**$ 682,069**	$ 625,725

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

EMERGENCY MEDICAL SERVICE - A TRUST

STATEMENTS OF CASH FLOWS

Years Ended July 31,	**2011**	2010
Cash Flows From Operating Activities:		
Cash received from service fees	**$ 1,565,117**	$ 1,445,931
Cash received from membership fees	**379,529**	386,296
Cash payments to employees for services	**(1,182,360)**	(1,200,461)
Cash payments for goods or services	**(560,559)**	(474,082)
Net Cash Provided by Operating Activities	**201,727**	157,684
Cash Flows From Capital and Related Financing Activities:		
Additions to property and equipment	**(97,269)**	(42,708)
Principal payments on note payable	**(28,603)**	(59,279)
Net Cash Used in Capital and Related Financing Activities	**(125,872)**	(101,987)
Cash Flows From Non-Capital Financing Activities:		
Principal payments on note payable	**-**	(20,000)
Net Cash Used in Non-Capital Financing Activities	**-**	(20,000)
Cash Flows From Investing Activities:		
Purchases of certificates of deposit	**(7,748)**	(1,608)
Interest received on investments	**965**	805
Net Cash Used in Investing Activities	**(6,783)**	(803)
Increase in Cash	**69,072**	34,894
Cash, beginning of year	**61,118**	26,224
Cash, end of year	**$ 130,190**	$ 61,118

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

Years Ended July 31,	**2011**	2010
Cash Flows From Operating Activities:		
Operating income	$ 61,204	$ 134,579
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	70,515	61,677
Changes in operating assets and liabilities:		
Accounts receivable	64,603	(22,239)
Prepaid expenses	(11,692)	(4,234)
Accounts payable	18,472	7,183
Accrued expenses and deferred revenue	(1,375)	(19,282)
Net Cash Provided by Operating Activities	$ 201,727	$ 157,684

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Accounts Receivable: Accounts receivable consists of amounts due from customers for emergency ambulance services provided. Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment upon receipt of the invoice. Accounts receivable are stated at the amount billed (less allowance for doubtful accounts) and are written off by management when they are deemed uncollectible. As of July 31, 2011 and 2010, the Trust has established an allowance for doubtful accounts based on management's best estimate of amounts that will not be collected.

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

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

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

Subsequent Events: Subsequent events have been evaluated as of March 16, 2012, the date the financial statements were available to be issued.

2. CASH AND CERTIFICATES OF DEPOSIT

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less. There were no cash equivalents as of July 31, 2011 and 2010.

The Trust's policy is to invest primarily in certificates of deposit. Certificates of deposit are stated at cost, which approximates fair value. The certificates of deposit mature within one year of the statement of net assets date. All certificates of deposit are held at financial institutions in accounts which are fully insured by the Federal Deposit Insurance Corporation (FDIC) as of July 31, 2011 and 2010.

Cash is held at a financial institution in accounts which are fully insured by the FDIC as of July 31, 2011 and 2010.

3. PROPERTY AND EQUIPMENT

Activity in property and equipment for the years ended July 31, 2011 and 2010 is as follows:

	07/31/10	Increases	Decreases	07/31/11
Okmulgee Building	$ 295,698	$ -	$ -	$ 295,698
Henryetta Building	72,568	-	-	72,568
Beggs Building	53,901	-	-	53,901
Vehicles	523,559	87,212	(155,440)	455,331
Furniture and Fixtures	178,603	10,057	(24,510)	164,150
Total Depreciable Assets	1,124,329	97,269	(179,950)	1,041,648
Less Accumulated Depreciation for:				
Okmulgee Building	195,445	3,919		199,364
Henryetta Building	41,884	1,960		43,844
Beggs Building	27,868	1,607		29,475
Vehicles	344,396	54,306	(155,440)	243,262
Furniture and Fixtures	135,257	8,723	(18,685)	125,295
Total Accumulated Depreciation	744,850	70,515	(174,125)	641,240
Land	15,700	-	-	15,700
Net Property and Equipment	$ 395,179	$ 26,754	$ (5,825)	$ 416,108

	07/31/09	Increases	Decreases	07/31/10
Okmulgee Building	$ 295,698	$ -	$ -	$ 295,698
Henryetta Building	72,568	-	-	72,568
Beggs Building	53,901	-	-	53,901
Vehicles	488,408	35,151	-	523,559
Furniture and Fixtures	171,046	7,557	-	178,603
Total Depreciable Assets	1,081,621	42,708	-	1,124,329
Less Accumulated Depreciation for:				
Okmulgee Building	190,117	5,328		195,445
Henryetta Building	39,924	1,960		41,884
Beggs Building	26,261	1,607		27,868
Vehicles	305,350	39,046		344,396
Furniture and Fixtures	121,521	13,736	-	135,257
Total Accumulated Depreciation	683,173	61,677	-	744,850
Land	15,700	-	-	15,700
Net Property and Equipment	$ 414,148	($18,969)	$ -	$ 395,179

4. NOTES PAYABLE

Notes payable consists of the following as of July 31:

	2011	2010
5.25% note payable to a bank payable in monthly installments of $2,623 with the final installment due March 2011. The note is collateralized by an ambulance.	$ -	$ 20,678
4.25% note payable to a bank payable in monthly installments of $2,544 with the final installment due November 2010. The note is collateralized by a CD.	-	7,925
Notes payable, current	$ -	$28,603

Activity in notes payable is as follows for the years ended July 31, 2011 and 2010:

	2011	2010
Balance, beginning of year	$ 28,603	$107,882
Principal repayments	(28,603)	(79,279)
	$ -	$ 28,603

5. RETIREMENT PLAN

The Trust has a defined contribution plan which covers substantially all employees. Participants may make contributions up to the maximum salary reduction contribution amount as determined annually by the Internal Revenue Service. The Trust makes contributions equal to 2% of the participant's compensation for the year. Participants are fully vested in their contributions and the employer contributions plus actual earnings thereon. Trust contributions were $12,115 and $7,780 for the years ended July 31, 2011 and 2010, respectively.

6. REVENUE CONCENTRATION

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

7. CONTINGENCIES

The Trust is exposed to certain risks related to providing ambulance service. Any significant losses are covered by commercial insurance up to the coverage limits. There have been no significant reductions in insurance coverage and settlement amounts have not significantly exceeded insurance coverage for 2011 and 2010.

OTHER REPORT

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of Emergency Medical Service, A Trust, (the "Trust") as of and for the year ended July 31, 2011, and have issued our report thereon dated March 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing the audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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This report is intended solely for the information and use of the Board of Directors, management, and the office of the Oklahoma State Auditor and Inspector and is not intended to be and should not be used by anyone other than these specified parties.

Fortin Fischbein + Co.

March 16, 2012