

**AUDIT REPORT
BINGER-ONEY
EMERGENCY MEDICAL SERVICE
FOR THE YEAR ENDED
JUNE 30, 2001**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

CLIFTON H. SCOTT
State Auditor and Inspector

2300 N. Lincoln Blvd.
100 State Capitol
Oklahoma City, OK 73105-4896
405/521-3495

October 18, 2002

TO THE CITIZENS OF
BINGER-ONEY EMERGENCY MEDICAL SERVICE

Transmitted herewith is the audit of Binger-Oney Emergency Medical Service, for the fiscal year ended June 30, 2001. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our audit.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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**BINGER-ONEY EMERGENCY MEDICAL SERVICE
BOARD MEMBERS
JUNE 30, 2001**

DIRECTOR

Ricky Stewart

PRESIDENT

Keith Gardner

SECRETARY/TREASURER

Linda Pledger

MEMBERS

Keith Jones

Jimmy Raines

Richard Johnson



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR
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State Auditor and Inspector

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Independent Auditor's Report

TO THE BOARD OF DIRECTORS
OF THE BINGER-ONEY EMERGENCY MEDICAL SERVICE

We have audited the accompanying financial statements of the Binger-Oney Emergency Medical Service as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These financial statements are the responsibility of the Emergency Medical Service. Our responsibility is to express an opinion on these financial statements based on our audit.

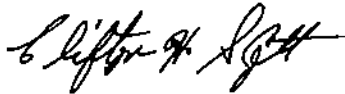
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and 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 Binger-Oney Emergency Medical Service, as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Binger-Oney Emergency Medical Service will continue as a going concern. As discussed in Note 4 to the financial statements, the Emergency Medical Service has not contracted for services since December 31, 2000, and no services have been provided since that time. Management's plans in regard to this matter are also described at Note 4.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2002, on our consideration of Binger-Oney Emergency Medical Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifton H. Scott". The signature is written in a cursive style with a prominent initial "C".

CLIFTON H. SCOTT
State Auditor and Inspector

May 24, 2002

Financial Statements

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
BALANCE SHEET
JUNE 30, 2001**

	GOVERNMENTAL FUND TYPE
	<u>GENERAL</u>
ASSETS:	
Cash and investments	\$ 23,951
Ad valorem taxes receivable	18,344
Total assets	<u>\$ 42,295</u>
LIABILITIES AND FUND BALANCE:	
Fund balance:	
Unreserved:	
Undesignated	42,295
Total fund balance	<u>42,295</u>
Total liabilities and fund balance	<u>\$ 42,295</u>

The notes to the financial statements are an integral part of this statement.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

		<u>GOVERNMENTAL FUND TYPE</u>
		<u>GENERAL FUND</u>
Revenues:		
Ad valorem taxes	\$	27,175
Miscellaneous revenues		<u>1,783</u>
Total revenues		<u>28,958</u>
 Expenditures:		
Maintenance and operations		<u>16,903</u>
Total expenditures		<u>16,903</u>
Excess revenue over expenditures		12,055
Beginning fund balance		<u>30,240</u>
Ending fund balance	\$	<u>42,295</u>

The notes to the financial statements are an integral part of this statement.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 28,320	\$ 29,520	\$ 1,200
Revenues:			
Ad valorem taxes	24,548	9,551	(14,997)
Miscellaneous revenues	1,335	1,783	448
Total revenue, budgetary basis	<u>25,883</u>	<u>11,334</u>	<u>(14,549)</u>
Expenditures:			
Maintenance and operations	54,203	16,903	37,300
Total expenditures, budgetary basis	<u>54,203</u>	<u>16,903</u>	<u>37,300</u>
Excess of revenues and beginning fund balances over expenditures, budgetary basis	\$ <u>-</u>	23,951	\$ <u>23,951</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance			
Add: Ad valorem receivable		18,344	
Ending fund balance		\$ <u>42,295</u>	

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. Summary of Significant Accounting Policies

The financial statements of the Binger-Oney Emergency Medical Service (EMS) are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. Reporting Entity

The EMS is a governmental entity organized under the laws of the State of Oklahoma, and is not subject to federal or state income taxes. The EMS was created to provide ambulance service to all of the citizens.

The accompanying financial statements include all EMS funds, functions, and activities over which the EMS Board exercises significant influence. Significant influence or accountability is based primarily on the oversight exercised by the EMS Board. The EMS has no component units.

B. Basis of Presentation - Fund Accounting

Governmental entities use funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregation of transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds are used to account for all or most of an EMS's general activities. The general fund is used to account for all activities of the EMS not accounted for in some other fund.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The modified accrual basis of accounting is used for governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The EMS considers property taxes as available if collected within 60 days after year-end. Expenditures are recorded when incurred, and the related fund liability is expected to be paid from available spendable resources.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

Summary of Significant Accounting Policies (continued)

Those revenues susceptible to accrual are property taxes.

D. Budgetary Policies and Procedures

The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures as adjusted for supplemental appropriations and approved transfers between budget categories.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund. At the end of the year, unencumbered appropriations are lapsed. There were no encumbered appropriations at June 30, 2001.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget-and-Actual - General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with maturity date within three months of the date acquired by the EMS.

All funds were fully invested as of June 30, 2001. State statutes authorize the governmental entity to invest in obligations of the U.S. Treasury, certificates of deposit, or savings accounts of banks, savings and loans, and trust companies if secured by acceptable collateral where the collateral has been deposited with a trustee or custodian bank.

F. General Fixed Assets

General fixed assets are not reported for the EMS as required by generally accepted accounting principles for a governmental entity (GAAP), since the governmental entity does not own fixed assets.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

Summary of Significant Accounting Policies (continued)

G. Risk Management

The EMS 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 EMS continues to carry commercial insurance for these types of risk. Settled claims resulting from these risks are subject to commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the fiscal year 2001.

2. Stewardship, Compliance and Accountability

Budgetary Compliance

On or before June 1 of each year, a budget for each fund, as required by the Board, shall be completed. The budget is approved by fund and object. The EMS Board may approve changes of appropriations within the fund by object. To increase or decrease the budget by fund requires approval by the Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

At year-end the carrying amount of the EMS's deposits was \$23,951, and the bank balance was \$23,951. Of the bank balance, all funds were covered by federal depository insurance.

B. Receivables

The EMS receives ad valorem tax from the County's ad valorem tax collections.

The property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board.

Article X, § 9C of the Oklahoma Constitution authorized the formation of EMS districts and authorized a tax levy not to exceed three mills for the purpose of providing funds to support, organize, operate, and maintain district EMS. County voters approved a (3) mill levy to support the operations of the EMS. Property taxes are considered currently receivable if collected within sixty days.

The assessed property value as of January 1, 2000, was approximately \$9,000,748 net of homestead exemptions.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

Detailed Notes on Account Balances (continued)

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year. Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Tax collections for the year ended June 30, 2001, were approximately 97 percent of the tax levy.

4. Contract for Services

On December 31, 2000, the emergency medical service terminated the contract with Carnegie Hospital to provide ambulance service for the Binger-Oney School District. As of June 30, 2001, no contract for emergency medical service has been obtained. Subsequent to the end of fieldwork, the Caddo County Treasurer has continued to collect assessed ad valorem taxes for the Binger-Oney emergency medical service, but no contract for service has been secured and no service has been provided. The Caddo County Board of Commissioners passed a resolution to submit to a vote of the people on November 5, 2002, a proposition to provide additional emergency medical service to the citizens of I62, Lookeba-Sickles School District, I61, Hinton School District and I168, Binger-Oney School District. The proposal would provide additional ad valorem taxes to fund the operation of expanded services for the emergency medical service.

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
STATE AUDITOR AND INSPECTOR

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100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

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

TO THE OFFICERS OF
BINGER-ONEY EMERGENCY MEDICAL SERVICE

We have audited the financial statements of Binger-Oney Emergency Medical Service as of and for the year ended June 30, 2001, and have issued our report thereon dated May 24, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether Binger-Oney Emergency Medical Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Binger-Oney Emergency Medical Service's 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 assurance 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 reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described below.

Finding 97-2 - Segregation of Duties

Criteria: Good internal controls dictate that the most effective controls lie in management's knowledge of EMS operations and a periodic review of operations.

Condition: The limited number of office personnel within the EMS prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of EMS operations and a periodic review of operations.

Finding 2001-1 – Ad Valorem Tax Deposits

Criteria: Good internal controls dictate adequate records be maintained regarding the receipt of ad valorem tax collected by the County Treasurer of Caddo County.

Condition: Caddo County ad valorem collections for January 31, 2001 through November 30, 2001, totaling \$19,437.33 were not received and deposited by the EMS. The Caddo County Treasurer's records indicated taxes were outstanding. The Caddo County Clerk's records indicated that these checks were mailed to Legacy Bank, Binger, Oklahoma to be deposited into the EMS bank account. The EMS has been unable to locate the checks.

Recommendation: We recommend the EMS draft a letter to the County Clerk and County Treasurer concerning the \$19,437.33 ad valorem tax amount not received by the EMS and request the County Treasurer cancel the prior issued checks from January 31, 2001 through November 30, 2001, and re-issue the \$19,437.33 outstanding ad valorem tax amount due.

Finding 2001-2 – Bank Reconciliations

Criteria: Under Government Auditing Standards (Yellow Book) Section 5.26(g), "evidence of failure to perform tasks that are part of internal control, such as reconciliations not prepared or not timely prepared," is an internal control deficiency. Good internal control also dictates the preparation of checks in duplicate.

Condition: Currently, monthly bank statement reconciliations are not prepared and checks are not issued in duplicate.

Recommendation: We recommend the EMS reconcile bank statements monthly and obtain duplicate checks for issuance to provide proper internal control of revenues received and expenditures made.

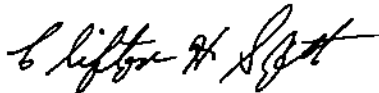
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 97-2, 2001-1, and 2001-2 to be material weaknesses.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

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

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

May 24, 2002

Management Response

**BINGER-ONEY EMERGENCY MEDICAL SERVICE
P.O. BOX A
BINGER, OKLAHOMA 73009**

August 15, 2002

Clifton H. Scott, State Auditor and Inspector
2300 N. Lincoln Blvd.
100 State Capitol
Oklahoma City, Oklahoma 73105-4896

Dear Mr. Scott:

In response to the comments and recommendations that were made following our audit, the Board responds as follows:

Finding 96-1 Segregation of Duties

We do not have enough full time employees to segregate the accounting functions of the service. The Director makes out the deposits and another employee takes the deposit to the bank. The accountant issues all checks. The Director of the service oversees all other accounting functions.


Finding 2001-1 – Ad Valorem Tax Deposits

The County Treasurer cancelled the prior issued checks and issued a new check in the amount of \$19,437.33 to the EMS.

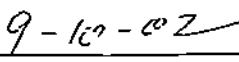
Finding 2001-2 Bank Reconciliations

Monthly bank statements will be reconciled to the EMS records and duplicate checks will be issued.

Sincerely,



EMS Chairman



Date