

**AUDIT REPORT  
BINGER-ONEY EMERGENCY MEDICAL SERVICE  
FOR THE YEAR ENDED  
JUNE 30, 2002**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

April 3, 2003

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, 2002. 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 Binger-Oney Emergency Medical Service.

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 "Jeff A. McMAHAN".

JEFF A. McMAHAN  
State Auditor and Inspector

**BINGER-ONEY EMERGENCY MEDICAL SERVICE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**TABLE OF CONTENTS**

Board Members .....	ii
Report of State Auditor and Inspector.....	1
<b>Financial Statements</b>	
Balance Sheet .....	2
Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types .....	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	9
Management Response.....	12

**BINGER-ONEY EMERGENCY MEDICAL SERVICE  
BOARD MEMBERS  
JUNE 30, 2002**

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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

JEFF A. McMAHAN  
State Auditor and Inspector

**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, 2002, 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, 2002, and the results of its operations 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 February 27, 2003, 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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

February 27, 2003

## **Financial Statements**

**BINGER-ONEY EMERGENCY MEDICAL SERVICE  
BALANCE SHEET  
JUNE 30, 2002**

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	GOVERNMENTAL FUND TYPES
	GENERAL
<u>ASSETS</u>	
Cash and investments	\$ 70,106
Ad valorem taxes receivable	475
Total assets	\$ 70,581
<u>LIABILITIES AND FUND BALANCE</u>	
Fund balance:	
Unreserved:	
Undesignated	\$ 70,581
Total fund balance	70,581
Total liabilities and fund balance	\$ 70,581

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, 2002**

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	GOVERNMENTAL FUND TYPES
	GENERAL FUND
Revenues:	
Ad valorem taxes	\$ 28,474
Charges for services	1,036
Total revenues	29,510
Expenditures:	
Maintenance and operations	1,224
Total expenditures	1,224
Excess revenue under expenditures	28,286
Beginning fund balance	42,295
Ending fund balance	\$ 70,581

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, 2002**

	General Fund		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 23,951	\$ 23,951	\$ -
Revenues:			
Ad valorem taxes	25,757	46,343	20,586
Miscellaneous revenues	1,570	1,036	(534)
Total revenue, budgetary basis	<u>27,327</u>	<u>47,379</u>	<u>20,052</u>
Expenditures:			
Maintenance and operations	51,278	1,224	50,054
Total expenditures, budgetary basis	<u>51,278</u>	<u>1,224</u>	<u>50,054</u>
Excess of revenues and beginning fund balances over expenditures, budgetary basis	<u>\$ -</u>	70,106	<u>\$ 70,106</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances			
Add: Ad valorem receivable		475	
Ending fund balance		<u>\$ 70,581</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, 2002**

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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. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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.

Account Groups are not presented because the EMS does not report fixed assets or long-term debt.

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.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

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.

Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services.

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, 2002.

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, 2002. 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.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

**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.

**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 2002.

**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 \$70,106 and the bank balance was \$70,106. 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.

**BINGER-ONEY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

Article X, § 9C of the Oklahoma Constitution authorized the formation of EMS districts and authorized a tax levy not to exceed three (3) mills for the purpose of providing funds to support, organize, operate, and maintain district EMS. County voters approved a three (3) mill levy to support the operations of the EMS. Property taxes are considered currently receivable if collected within 60 days.

The assessed property value as of January 1, 2001, was approximately \$9,444,340, net of homestead exemptions.

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, 2002, were approximately 97 percent of the tax levy.

4. Contract for Services

During the fiscal year, the EMS was unable to obtain a contract to provide ambulance service for the District. Ad valorem taxes were collected during the fiscal year; however, expenses consisted of utilities, phone service, and commercial insurance. There was no ambulance service provided.

5. Subsequent Events

On November 5, 2002, a proposal to provide additional emergency medical service to the citizens of I62, Lookeba-Sickles School District, I61, Hinton School District and I68, Binger-Oney School District passed and the Caddo will start collecting these taxes for the 2003 tax year.

**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

JEFF A. McMAHAN  
State Auditor and Inspector

**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, 2002, and have issued our report thereon dated February 27, 2003. 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 and regulations, 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 staff 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 2001-2 – Bank Reconciliations

Criteria: Bank reconciliations that are not prepared or not timely prepared is an internal control deficiency. Good internal controls also dictate the preparation of checks in duplicate.

Condition: Currently, monthly bank statement reconciliations are not prepared and checks are not issued in duplicate. Additionally, nine copies of checks could not be located for the audit year.

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

#### Finding 2002-1 – Pre-numbered Duplicate Receipts

Criteria: Good internal controls dictate that receipts be issued for all monies received. Furthermore, Title 28 O.S. § 9 requires that all receipts be pre-numbered.

Condition: The EMS does not issue pre-numbered receipts for all monies deposited.

Effect: Poor controls over money received.

Recommendation: We recommend that pre-numbered duplicate receipts be issued for all monies received.

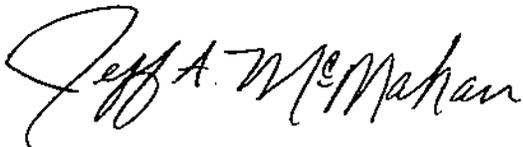
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, of the reportable conditions described above, we consider items 97-2 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 Board of Directors 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,

A handwritten signature in black ink that reads "Jeff A. McMahar". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

February 27, 2003

## **Management Response**

**SUGAR CREEK AMBULANCE SERVICE  
P.O. BOX A  
BINGER, OK 73009**

Jeff A McMahan  
State Auditor and Inspector  
Weatherford District Office  
1401 Lera, Suite 9  
Weatherford, OK 73096

Dear Mr. McMahan,

This letter is to respond to the conditions of your letter dated March 19, 2003. Response to the findings is listed below.

**Finding 97-2 Segregation of Duties**

**Action:** As of March 3, 2003, a new 522 District has been formed. The District is now known as the Sugar Creek Ambulance Service instead of the Binger Oney EMS. We have seven-board member appointed by the Caddo County Commissioners. At the organizational meeting of March 3, 2003 a president, treasurer and three check signers were elected. Two signatures are required on each check. We intend for this action to provide proper segregation of duties.

President	Rosalie Paxton
Vice-President	Charles Kindrick
Treasurer	Christy Johnston (Check Signer)
Board Members	Keith Gardner (Check Signer)
	Jackie Pledger (Check Signer)
	Bill Sparks
	J.C. Carroll

**Finding 2001-2 Bank Reconciliations**

**Action:** The new treasurer of the Sugar Creek Ambulance Service will be preparing monthly bank statement reconciliations. The Sugar Creek Ambulance Service is in the process of obtaining a new Federal ID Number, as soon as this is obtained, we will be ordering new checks in duplicate.

**Finding 2002-1 Pre numbered Duplicate Receipts**

**Action:** Sugar Creek Ambulance Service intends to obtain pre numbered duplicate receipts, which will be used to record all monies received.

I hope the above response will satisfy all the conditions set forth in your above-mentioned letter.

Thank you for your comments and suggestions in this matter.

*Rosalie Paxton*

Rosalie Paxton, President  
Sugar Creek Ambulance Service