

**AUDIT REPORT
BRYAN COUNTY
AMBULANCE AUTHORITY
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

June 11, 2003

TO THE BOARD OF DIRECTORS OF THE
BRYAN COUNTY AMBULANCE AUTHORITY

Transmitted herewith is the audit of the Bryan County Ambulance Authority for the fiscal year ended June 30, 2002. The audit was conducted in accordance with *Government Auditing Standards*.

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 Bryan County Ambulance Authority.

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 black ink that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**BRYAN COUNTY
AMBULANCE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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**BRYAN COUNTY
AMBULANCE AUTHORITY
BOARD MEMBERS
JUNE 30, 2002**

CHAIRMAN

Gary Forbis

VICE-CHAIRMAN

Vernon Anderson

MEMBERS

Larry Snider

Phillip McCarley

Don Morris

ADMINISTRATOR

Joe Barrett



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
BRYAN COUNTY AMBULANCE AUTHORITY

We have audited the accompanying financial statements of the Bryan County Ambulance Authority, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Ambulance Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

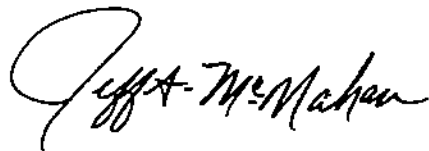
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

As explained in Note 1(F), the financial statements referred to above do not include the general fixed assets account group which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Bryan County Ambulance Authority, 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 April 14, 2003, on our consideration of the Bryan County Ambulance Authority'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 that reads "Jeff A. McMahen". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN
State Auditor and Inspector

April 14, 2003

Financial Statements

**BRYAN COUNTY AMBULANCE AUTHORITY
BALANCE SHEET
JUNE 30, 2002**

	<u>Governmental Fund Type</u>
	<u>General Fund</u>
<u>ASSETS</u>	
Cash and equivalents	\$ 1,158,787
Accounts receivable (net of allowance for doubtful accounts)	58,265
Interest receivable	1,204
Ad valorem taxes receivable	<u>5,812</u>
 Total assets	 <u>\$ 1,224,068</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Accounts payable	<u>\$ 36,889</u>
 Total liabilities	 <u>36,889</u>
Fund balances:	
Unreserved:	
Undesignated	<u>1,187,179</u>
 Total fund balance	 <u>1,187,179</u>
 Total liabilities and fund balance	 <u>\$ 1,224,068</u>

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

**BRYAN COUNTY AMBULANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Type
	General Fund
Revenues:	
Ad valorem taxes	\$ 354,916
Charges for services	780,767
Subscriptions	5,817
Miscellaneous revenues	42,702
Total revenues	1,184,202
Expenditures:	
Current operating:	
Personal services	696,137
Maintenance and operations	339,176
Capital outlay	3,233
Total expenditures	1,038,546
Excess of revenues over (under) expenditures	145,656
Beginning fund balance	1,041,523
Ending fund balance	\$ 1,187,179

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

BRYAN COUNTY AMBULANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning fund balance, budgetary basis	\$ 946,144	\$ 990,623	\$ 44,479
Revenues:			
Ad valorem taxes	323,615	354,923	31,308
Charges for services	637,789	765,697	127,908
Interest revenue	33,934	33,587	(347)
Subscriptions	5,382	5,817	435
Miscellaneous revenues	11,489	9,797	(1,692)
Total revenues, budgetary basis	<u>1,012,209</u>	<u>1,169,821</u>	<u>157,612</u>
Expenditures:			
Current operating:			
Personal services	918,264	696,137	222,127
Maintenance and operations	405,089	339,176	65,913
Capital outlay	635,000	3,233	631,767
Total expenditures, budgetary basis	<u>1,958,353</u>	<u>1,038,546</u>	<u>919,807</u>
Excess of revenues and beginning fund balances over (under) expenditures	<u>\$ -</u>	<u>1,121,898</u>	<u>\$ 1,121,898</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance			
Add: Ad valorem tax receivable		5,812	
Interest revenue		1,204	
Accounts receivable (net of allowance for doubtful accounts)		<u>58,265</u>	
Ending fund balance		<u>\$ 1,187,179</u>	

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

Notes to the Financial Statements

BRYAN COUNTY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

1. Summary of Significant Accounting Policies

The financial statements of the Bryan County Ambulance Authority (Authority) 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 (GASB) 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 Authority is a governmental entity organized under the laws of the State of Oklahoma, and is not subject to federal or state income taxes. The service was created to provide ambulance service to all of the citizens.

The accompanying financial statements include all Authority funds, functions, and activities over which the Authority Board exercises significant influence. Significant influence or accountability is based primarily on the oversight exercised by the Authority Board. The Authority does not have any component units.

B. Basis of Presentation – Fund Accounting

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

A governmental fund is used to account for all of the Authority's general activities.

General Fund – The general fund accounts for all revenues and expenditures applicable to the general operations of the Authority.

Account Groups

An account group is not a fund. It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group (GFAAG)

Accounting principles generally accepted in the United States of America require that the fixed assets of a governmental entity be reported in a general fixed assets account group (GFAAG). This account group is not a fund. It does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the Authority's fixed assets and is designed to ensure accountability.

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. The general fund is 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 by all 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 Authority 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. The Authority accrues accounts receivable based on charges for ambulance service. The accrual is based on accounts that have been charged and are receivable at the end of the fiscal year. An allowance for doubtful accounts is recognized based on ambulance charges that have been considered uncollectible by the Board and accounts that are more than one year old. Those revenues susceptible to accrual are property taxes, charges for services, and interest revenue.

D. Budgetary Policies and Procedures

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. Any encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - 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.

BRYAN COUNTY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Summary of Significant Accounting Policies (continued)

E. Cash

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

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. Fixed Assets

The Authority presently maintains some individual records of personal property; however, the Authority does not keep similar records for land, buildings, and improvements. Because the Authority does not maintain detailed records of its land, buildings, and improvements, a statement of general fixed assets, required by accounting principles generally accepted in the United States of America, is not presented on the Combined Balance Sheet – All Fund Types and Account Group.

G. Risk Management

The Authority is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority continues to carry commercial insurance for these types of risk. The Authority carries health and accidental insurance on its employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2002 fiscal year.

H. Compensated Absences

All full-time Bryan County Ambulance Authority employees are entitled to annual leave in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Accrual Rates</u>	<u>Annual Leave</u>
00-02 Years		48 Hours
03-09 Years		96 Hours
10-15 Years		144 Hours
Over 15 Years		192 Hours

Vacation leave shall not be accumulated and must be taken within the year allowed. All full-time Bryan County Ambulance Authority employees shall be entitled to sick leave with pay that is accrued on a monthly basis.

BRYAN COUNTY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Summary of Significant Accounting Policies (continued)

Sick leave shall accumulate at the rate of one day for each calendar month of service to the Authority. Sick leave may be accrued up to a maximum of 60 days. When terminating employment with the Authority, an employee may not collect pay for accrued sick leave.

Management feels that the accumulated cost of compensated absences is not considered material to the financial statements, and no liability has been recorded.

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 Authority 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. Cash

At year-end, the carrying amount of the Authority's deposits was \$1,158,787 and the bank balance was \$1,166,964. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the Authority's agent in the Authority's name.

B. Receivables

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 District, 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. The tax is collected by the County Treasurer and remitted to the Authority.

Article X, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and authorized a tax levy not to exceed three mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. District voters approved a three mill levy to support the operations of the Authority. Property taxes are considered currently receivable if collected within 60 days.

The assessed property value as of January 1, 2001, was approximately \$118,658,733 after deducting homestead exemptions of approximately \$8,333,923.

BRYAN COUNTY AMBULANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

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.

Current year tax collections for the year ended June 30, 2002, were approximately 96.36 percent of the tax levy.

The Authority considers outstanding accounts receivable for ambulance charges to be charges incurred and charged prior to the end of the fiscal year. The allowance for doubtful accounts are those charges considered uncollectible by the Board. Any charges in excess of one year old are written off for financial statements purposes.

C. Employee Savings Plan

The Authority's employees can participate in a SIMPLE (Savings Incentive Match Plan for Employees) IRA (Individual Retirement Account). The Plan is administered by A.G. Edwards and Sons, Inc. Contributions by employees are matched 100% by the Authority up to 3% of total compensation for the year (calendar year). Maximum contributions are set by the Internal Revenue Service on a yearly basis. All contributions under the Plan, and earnings thereon, are fully vested and nonforfeitable. During the year ending June 30, 2002, the Authority contributed \$13,561 and the employees contributed \$39,030 to these accounts.

4. Subscriptions

The Authority accepts subscriptions for future ambulance services. For the year ended June 30, 2002, the Authority raised \$5,817 by selling subscriptions, which entitled the subscription holder and their immediate family, free ambulance service for a period of one year except for the amount paid by the subscription holder's insurance company, if applicable. The subscription holder would have had to use the Authority for some emergency to benefit from the subscription. When that happens, the Authority simply forgives payment for whatever the holder's insurance does not pay. Any liability created for future service obligations was not ascertainable due to the lack of historical usage records; therefore, no liability was accrued in the financial statements.

**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 BOARD OF DIRECTORS OF THE
BRYAN COUNTY AMBULANCE AUTHORITY

We have audited the financial statements of the Bryan County Ambulance Authority, as of and for the year ended June 30, 2002, and have issued our report thereon dated April 14, 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. We qualified our opinion because the general fixed assets account group was not included in the financial statements.

Compliance

As part of obtaining reasonable assurance about whether Bryan County Ambulance Authority'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 Bryan County Ambulance Authority'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 Bryan County Ambulance Authority'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 2000-1 - Segregation of Duties
(Repeat Finding)

Criteria: Good internal controls dictate that employees who process cash transactions be segregated from the duties of depositing funds, posting bookkeeping records, and reconciling reports of collection activity.

Condition: Based on inquiries of Authority personnel, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

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 Authority operations and a periodic review of these operations.

Finding 2000-2 - Fixed Assets
(Repeat Finding)

Criteria: Accounting principles generally accepted in the United States of America for a governmental entity using governmental fund types require the presentation of the general fixed assets account group (GFAAG) in the financial statements.

Condition: Information is not available for reporting general fixed assets in accordance with accounting principles generally accepted in the United States of America for a government entity. The general fixed assets control account is not accurate.

Effect: This component of internal control is not effective. Accordingly, there is a greater risk that a fixed asset may not be properly accounted for and safeguarded against loss.

Recommendation: We recommend records include acquisition cost, a complete description, purchase date, location of such assets, and that a control total of the cost of these assets be maintained and reconciled annually.

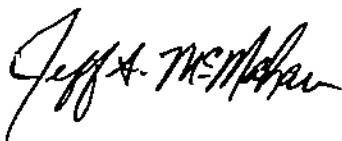
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 2000-1 and 2000-2 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. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

April 14, 2003