

**AUDIT REPORT  
CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2001**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

March 14, 2003

TO THE BOARD OF DIRECTORS OF THE  
CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT

Transmitted herewith is the audit of the Creek County Emergency Ambulance Service District for the fiscal year ended June 30, 2001. 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 Creek County Emergency Ambulance Service District.

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. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

**CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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**CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
BOARD MEMBERS  
JUNE 30, 2001**

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CHAIRMAN

Linda Broaddus

VICE-CHAIRMAN

Phil Weaver

SECRETARY

Richard Madden

MEMBERS

C.D. Ashley

Stephen Foster

Ruby Kirk

Doug Carner

ADMINISTRATOR

Rita Diehl



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 CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT

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

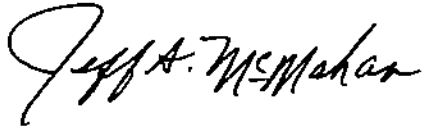
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 3 (B), 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 effects on the general-purpose financial statements of the omission described in the proceeding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Creek County Emergency Ambulance Service District, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2002, on our consideration of the Creek County Emergency Ambulance Service District'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. McMahon". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN  
State Auditor and Inspector

May 30, 2002

## **Financial Statements**

**CREEK COUNTY EMERGENCY AMBULANCE SERVICE DISTRICT  
BALANCE SHEET  
JUNE 30, 2001**

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	Governmental Fund Type
	General Fund
<b><u>ASSETS</u></b>	
Cash	\$ 1,297,111
Ad valorem taxes receivable	11,582
Accounts receivable (net of allowance for doubtful accounts)	182,955
Interest receivable	3,433
Total assets	\$ 1,495,081
 <b><u>LIABILITIES AND FUND BALANCE</u></b>	
Liabilities:	
Accounts payable	\$ 62,901
Total liabilities	62,901
Fund balance:	
Undesignated	1,432,180
Total fund balance	1,432,180
Total liabilities and fund balance	\$ 1,495,081

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



**CREEK COUNTY EMERGENCY AMBULANCE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2001**

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	Governmental Fund Type
	General Fund
Revenues:	
Ad valorem taxes	\$ 694,181
Charges for services	859,449
Miscellaneous revenues	46,266
Total revenues	1,599,896
Expenditures:	
Personal services	903,227
Maintenance and operations	849,264
Total expenditures	1,752,491
Excess of revenues over (under) expenditures	(152,595)
Beginning fund balance	1,584,775
Ending fund balance	\$ 1,432,180

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

**CREEK COUNTY EMERGENCY AMBULANCE SERVICE DISTRICT  
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	\$ 449,222	\$ 1,456,375	\$ 1,007,153
Revenues:			
Ad valorem taxes	627,774	694,807	67,033
Charges for services	790,062	790,062	
Miscellaneous revenue		46,427	46,427
Total revenues, budgetary basis	1,417,836	1,531,296	113,460
Expenditures:			
Personal services	927,147	888,418	38,729
Maintenance and operations	939,911	865,043	74,868
Total expenditures, budgetary basis	1,867,058	1,753,461	113,597
Excess of revenues and beginning fund balances over (under) expenditures	\$ -	1,234,210	\$ 1,234,210
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance			
Add: Ad valorem tax receivable		11,582	
Net accounts receivable		182,955	
Interest receivable		3,433	
Ending fund balance		\$ 1,432,180	

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

**Notes to the Financial Statements**

**CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

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1. Summary of Significant Accounting Policies

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

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

B. Basis of Presentation – Fund Accounting

A governmental entity uses 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.

Governmental Funds

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

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

C. Account Group

Account groups are not funds. They do not reflect available financial resources. They are not involved with the measurement of results of operations.

CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001

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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 government entity be reported in a general fixed assets account group (GFAAG). This account group does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the Ambulance Service's fixed assets and is designed to ensure accountability.

D. 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 Ambulance Service 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.

E. 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. 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 – General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget to actual, will differ from the data as presented in the Combined 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.

**CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

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Summary of Significant Accounting Policies (continued)

F. Risk Management

The Ambulance Service 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 Ambulance Service continues to carry commercial insurance for these types of risk. 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 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 Ambulance Service 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

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

B. General Fixed Assets

The Ambulance Service presently maintains some individual records of personal property; however, the Ambulance Service does not keep similar records for land, buildings, and improvements. Because the Ambulance Service 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 balance sheet.

C. Deposits

At year-end the carrying amount of the Ambulance Service's deposits was \$1,297,111 and the bank balance was \$1,313,187. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the Ambulance Service's agent in the Ambulance Service's name.

**CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

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Detailed Notes on Account Balances (continued)

D. Receivables

The Ambulance Service 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 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 Ambulance Service.

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 ambulance services. County voters approved a three (3) mill levy to support the operations of the Ambulance Service. Property taxes are considered currently receivable if collected within 60 days.

The assessed property value as of January 1, 2000, was approximately \$241,751,747, after deducting 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.

Current year tax collections for the year ended June 30, 2001, were approximately 96 percent of the tax levy.

The Ambulance Service accrues accounts receivable based on ambulance charges incurred and billed prior to the end of the fiscal year. The allowance for doubtful accounts are those charges considered uncollectible by the Board. Any charges that are in excess of six months old are written off for financial statement purposes. At year-end there was \$261,365 of accounts receivable outstanding. The Ambulance Service Board considers 30 % of this amount to be uncollectible. Accounts receivable for the year ended June 30, 2001, were \$182,955, net of the allowance for doubtful accounts in the amount of \$78,410.

**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 CREEK COUNTY EMERGENCY  
AMBULANCE SERVICE DISTRICT

We have audited the financial statements of the Creek County Emergency Ambulance Service District, as of and for the year ended June 30, 2001, and have issued our report thereon dated May 30, 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. 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 Creek County Emergency Ambulance Service District'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 the Creek County Emergency Ambulance Service District'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 Ambulance Service'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 99-1 (Repeat finding)

Criteria: A basic objective of accounting principles generally accepted in the United States of America for a governmental entity is to demonstrate accountability and stewardship to be used in evaluating

management's accounting for funds. To ensure proper accounting for funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

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

**Cause:** This lack of segregation of duties is caused by the limited number of employees.

**Effect:** These conditions could result in unrecorded transactions, misstated financial reports, or misappropriation of assets.

**Recommendation:** Management should be aware of these conditions 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 the Ambulance Service's operation and a periodic review of these operations.

#### Finding 01-1

**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 governmental entity.

**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 asset, and that a control total of the cost of these assets be maintained and reconciled annually.

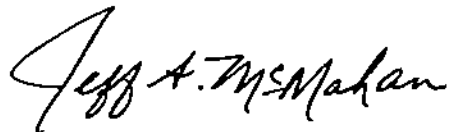
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, of the reportable conditions described above, we consider item 01-1 to be a material weakness.

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

May 30, 2002