

**GREER COUNTY AMBULANCE SERVICE
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

January 3, 2007

TO THE BOARD OF TRUSTEES OF THE
GREER COUNTY AMBULANCE SERVICE

Transmitted herewith is the audit of the Greer County Ambulance Service's financial statement for the fiscal year ended June 30, 2005. 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 Greer County Ambulance 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 serving the public interest by providing independent oversight and by issuing 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

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**GREER COUNTY AMBULANCE SERVICE
BOARD OF TRUSTEES
JUNE 30, 2005**

CHAIRMAN

David Kirby

VICE-CHAIRMAN

T.A. Allen

MEMBERS

Robert Garton
Bill Chapman
Glen Freeman

ADMINISTRATOR

Don Sparks

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and authorized a tax levy not to exceed 3 mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. District voters approved the formation of the district and 3 mill levy to support the operation of the district. The Greer County Ambulance Service is comprised of Greer County and was created to provide ambulance service to all citizens.

Emergency medical service districts are governed by a board of trustees. The board of trustees (the board) has the power to hire a manager and other personnel, contract, organize, maintain, or otherwise operate the emergency medical service district. The trustees must act as a board when entering into contracts or other agreements affecting the district's welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board of trustees' business meetings are open to the public. The board shall have the capacity to sue and be sued but shall enjoy immunity from civil suits for actions or omissions arising from the operation of the district. Such districts have the authority to charge fees for services, and accept gifts, funds, or grants.

The Oklahoma Constitution also provides that the district shall be audited by the State Auditor and Inspector.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE
GREER COUNTY AMBULANCE SERVICE

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Greer County Ambulance Service, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of the Greer County Ambulance Service. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 described in Note 1, the accompanying basic financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

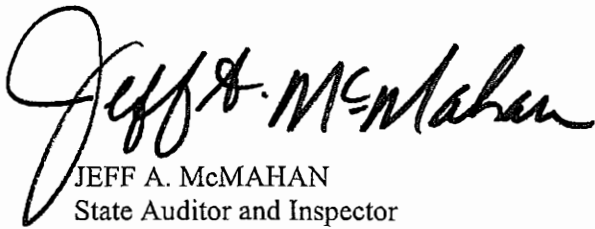
In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Greer County Ambulance Service as of June 30, 2005, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in cash balances of the Greer County Ambulance Service, for the year ended June 30, 2005, on the basis of accounting described in Note. 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2006, on our consideration of Greer County Ambulance Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Greer County Ambulance Service, taken as a whole. The accompanying Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statement. The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.



JEFF A. McMAHAN
State Auditor and Inspector

November 27, 2006

Basic Financial Statement

**GREER COUNTY AMBULANCE SERVICE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	General Fund
Beginning Cash Balance	\$ 70,377
Receipts:	
Ad Valorem Taxes	43,610
Charges for Services	324,382
Miscellaneous	885
Total Receipts	368,877
Disbursements:	
Warrants Paid	326,235
Total Disbursements	326,235
Ending Cash Balance	\$ 113,019

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

**GREER COUNTY AMBULANCE SERVICE
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

1. Summary of Significant Accounting Policies

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of Greer County Ambulance Service (the Service). The financial activity presented is established under statutory authority, and its operation is under the control of the Service Board of Trustees. The more significant accounting policies and practices are described below.

A. Reporting Entity

The Service is a special unit of government and does not possess political or governmental powers other than those necessary to carry out the specific purposes for which it was created. The Service is not subject to federal or state income taxes.

The accompanying basic financial statement includes all Service functions and activities over which the Service Board exercises significant influence. Significant influence or accountability is based primarily on the oversight exercised by the Service Board. The Service is not a component unit of another government and does not have any component units.

B. Fund Accounting

The Service uses only a general fund to account for its cash balances.

C. Basis of Accounting

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Cash and Investments

State statutes require financial institutions with which the Service maintains funds to deposit collateral securities to secure the Service's deposits. The amount of collateral securities to be pledged is established by the Service Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC). At June 30, 2005, the bank balance consisted of \$106,177 on deposit with Great Plains National Bank and \$17,537 on deposit with Guarantee State Bank. The amount covered by federal depository insurance was \$117,537. The amount uncollateralized was \$6,177.

**GREER COUNTY AMBULANCE SERVICE
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

State statutes authorize the Service 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.

E. Risk Management

The 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 Service continues to carry commercial insurance for these types of risk. The Service carries workers; compensation, health and accidental insurance on its employees. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Service. 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 2005 fiscal year.

F. Compensated Absences

The Service's full-time employees shall accrue annual leave according to years of service up to 80 hours after 2 years of service. Full-time employees shall accrue 10 hours of sick leave for every calendar month up to a maximum of 1,040 hours.

2. Stewardship Policies

On or before June 1 of each year, a budget for each fund, as required by the Board, is completed. The budget is approved by fund and object. The 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.

Cash disbursements of the Service are presented only in total in the *Statement of Receipts, Disbursements, and Changes in Cash Balances – General Fund*; however, a breakdown of disbursements by category is included in the *Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances – Budget and Actual – Budgetary Basis – General Fund* of the supplementary information along with a reconciliation of actual cash activity to budgetary cash activity.

3. Detailed Notes on Fund Balances

A. Ad Valorem Tax

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

**GREER COUNTY AMBULANCE SERVICE
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

established by the Oklahoma Tax Commission and the State Equalization Board. The tax is collected by the County Treasurer and remitted to the Service.

The assessed property value as of January 2004 was approximately \$14,617,795 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 delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they are placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2005, were approximately 98 percent of the tax levy.

B. Fixed Asset Ledger

A ledger in which to record the details relating to the fixed assets of the Service is maintained as required by 19 O.S. § 1718. The fixed assets of the Service are not included in the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund because the statement presents only cash resources of the Service. Capital acquisition and construction are reflected as capital outlay disbursements in the General Fund. Also, this cash basis presentation does not reflect any depreciation of assets.

The following is a summary of changes in the fixed assets ledger of the Service during the fiscal year ended:

	Balance <u>07-01-04</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-05</u>
Land and building	\$ 109,466	\$	\$	\$ 109,466
Emergency vehicles	315,013	73,534		388,547
Emergency equipment	<u>52,619</u>	<u>1,120</u>	<u> </u>	<u>53,739</u>
	<u>\$ 477,098</u>	<u>\$ 74,654</u>	<u>\$ </u>	<u>\$ 551,752</u>

C. Capital Leases

The Service acquires buildings and ambulance equipment through lease-purchase agreements. Interest on these lease-purchases cannot exceed 10% [62 O.S. §430.1.D.] and are competitively bid by the Service in order to obtain the best possible price and the most competitive interest rate. Oklahoma Statutes prohibit the Service from entering into contracts of this nature longer than one year. For this reason, lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the Service. However, when it is the intent of the Service to exercise its right to purchase this

**GREER COUNTY AMBULANCE SERVICE
 NOTES TO THE FINANCIAL STATEMENT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

property, accordingly, the lease-purchase agreements are treated as capital assets to conform with accounting principles generally accepted in the United States. The unpaid portions of these agreements are reflected as capitalized lease agreements in the fixed assets ledger. Providing all capital leases are renewed each year by resolution of the Service Board, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2005, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
2006	\$ 23,340	\$ 3,861	\$ 27,201
2007	24,555	2,645	27,200
2008	<u>25,840</u>	<u>1,360</u>	<u>27,200</u>
Total	<u>\$ 73,735</u>	<u>\$ 7,866</u>	<u>\$ 81,601</u>

SUPPLEMENTARY INFORMATION

**GREER COUNTY AMBULANCE SERVICE
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—
BUDGET AND ACTUAL—BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 85,657	\$ 85,657	\$ 70,377	\$ (15,280)
Less: Beginning Outstanding Warrants	(15,280)	(15,280)	(15,280)	
Less: Beginning Encumbrances	(7,727)	(7,727)	(7,727)	
Beginning Cash Balances, Budgetary Basis	<u>62,650</u>	<u>62,650</u>	<u>47,370</u>	<u>(15,280)</u>
Receipts:				
Ad Valorem Taxes	43,853	43,853	43,610	(243)
Charges for Services	211,146	264,624	324,382	59,758
Miscellaneous Revenues		1,001	885	(116)
Total Receipts, Budgetary Basis	<u>254,999</u>	<u>309,478</u>	<u>368,877</u>	<u>59,399</u>
Expenditures:				
Personal Services	147,000	157,000	151,930	5,070
Travel	10,000	13,000	11,593	1,407
Maintenance and Operations	99,649	142,538	114,318	28,220
Capital Outlay	56,000	56,000	42,296	13,704
Audit Budget Account	5,000	3,590	3,590	-
Total Expenditures, Budgetary Basis	<u>317,649</u>	<u>372,128</u>	<u>323,727</u>	<u>48,401</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	92,520	<u>\$ 92,520</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			9,804	
Add: Ending Outstanding Warrants			10,695	
Ending Cash Balance			<u>\$ 113,019</u>	

See independent auditor's report.

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREER COUNTY AMBULANCE SERVICE
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Oklahoma Statutes require the Service to prepare a formal budget for the general fund and other funds as the Board of Trustees may require. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—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 Receipts, Disbursements, and Changes in Cash Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE BOARD OF TRUSTEES OF THE
GREER COUNTY AMBULANCE SERVICE

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Greer County Ambulance Service, as of and for the year ended June 30, 2005, which comprises the Greer County Ambulance Service's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 27, 2006. The report on the Statement of Receipts, Disbursements, and Changes in Cash Balances was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

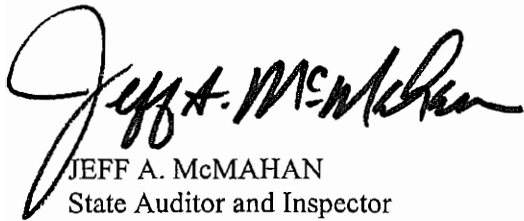
In planning and performing our audit, we considered Greer County Ambulance Service's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over 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 Service's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2002-1 and 2005-3.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statement 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 2002-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greer County Ambulance Service's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as items 2005-1 and 2005-2.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



JEFF A. McMAHAN
State Auditor and Inspector

November 27, 2006

**GREER COUNTY AMBULANCE SERVICE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2002-1 - Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation is an important element of effective internal control over public assets and resources.

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

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 desired from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and the periodic review of operations.

Views of responsible officials and planned corrective actions: Our limited number of office personnel creates a control problem. In an attempt to counter this, policies and procedures are in place with regard to receipting and depositing income, and the Board reviews financial reports each month.

Finding 2005-3 – Yearly Renewal of Collection Contract

Criteria: Effective internal controls include public entities entering into an agreement with outside service organizations be provided a signed contract on a fiscal year basis.

Condition: The contract between the Service and A&S Collection Associates was not renewed for the fiscal year July 1, 2004 through June 30, 2005.

Recommendation: We recommend the Board renew collection contracts on an annual fiscal year basis to provide effective internal controls over financial transactions.

Views of responsible officials and planned corrective actions: A contract has now been obtained and signed with this company.

Finding 2005-1 – Lease Purchase Agreements

Criteria: The Constitution of Oklahoma Article 10, § 9C(b) states, "Any district board of trustees may issue bonds, if approved by a majority vote at a special election for such purpose. All registered voters with the designated district shall have the right to vote in said election. Such bonds shall be issued for the purpose of acquiring emergency vehicles and other equipment and maintaining and housing the same."

**GREER COUNTY AMBULANCE SERVICE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Condition: The Service lease-purchased two ambulances during the fiscal year. Additionally, the financing for the lease-purchase was provided by Great Plains National Bank in Mangum, Oklahoma. A Service Board member is also the President of the bank.

Recommendation: We recommend that the Service acquire emergency vehicles in accordance with the Oklahoma Constitution.

Views of responsible officials and planned corrective actions: Management concurs with the State Auditor's findings. Future ambulances will be purchased in accordance with the Constitution.

Finding 2005-2 – Pledged Collateral

Criteria: Title 62 O.S. § 517.4.A. provides that the Treasurer of a public entity shall require financial institutions to deposit collateral to secure public deposits in excess of deposit insurance.

Condition: The Service had deposits with Great Plains National Bank in excess of deposit insurance. The amounts in excess of deposit insurance that were not secured by collateral securities were \$6,177.

Recommendation: We recommend the Service require the financial institution to deposit collateral securities to secure public deposits in excess of deposit insurance.

Views of responsible officials and planned corrective actions: Actions will be taken in the future in an attempt to prevent this from happening to insure proper collateral for any deposited monies.