

**AUDIT REPORT  
GREER COUNTY  
AMBULANCE 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

February 28, 2003

TO THE CITIZENS OF  
GREER COUNTY AMBULANCE SERVICE

Transmitted herewith is the audit of Greer County Ambulance 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 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 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

**GREER COUNTY AMBULANCE SERVICE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**GREER COUNTY AMBULANCE SERVICE  
BOARD MEMBERS  
JUNE 30, 2002**

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CHAIRMAN

David Kirby

VICE-CHAIRMAN

T.A. Allen

TREASURER

Balma Brignon

MEMBERS

Robert Garton

Bill Chapman

Glen Freeman

ADMINISTRATOR

Don Sparks



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 GREER COUNTY AMBULANCE SERVICE

We have audited the accompanying financial statements of the Greer County Ambulance 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 Special Ambulance 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 Greer County Ambulance 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 January 28, 2003, 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 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. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

January 28, 2003

## **Financial Statements**

**GREER COUNTY AMBULANCE SERVICE  
BALANCE SHEET  
JUNE 30, 2002**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL</u>
	<u>GENERAL</u>	<u>GENERAL FIXED ASSETS</u>	<u>(MEMORANDUM ONLY)</u>
<u>ASSETS</u>			
Cash and investments	\$ 130,873	\$	\$ 130,873
Ad valorem taxes receivable	859		859
Accounts receivable (net of allowance for doubtful accounts)	34,087		34,087
Accrued interest receivable	350		350
Land and building		109,466	109,466
Ambulance and equipment		259,183	259,183
Total assets	<u>\$ 166,169</u>	<u>\$ 368,649</u>	<u>\$ 534,818</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants payable	\$ 14,837	\$	\$ 14,837
Accounts payable	5,874		5,874
Total liabilities	<u>20,711</u>		<u>20,711</u>
Fund Equity:			
Investments in general fixed assets		368,649	368,649
Unreserved:			
Undesignated	145,458		145,458
Total fund equity	<u>145,458</u>	<u>368,649</u>	<u>514,107</u>
Total liabilities and fund equity	<u>\$ 166,169</u>	<u>\$ 368,649</u>	<u>\$ 534,818</u>

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

**GREER COUNTY AMBULANCE 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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	<u>GENERAL FUND</u>
Revenues:	
Ad valorem taxes	\$ 42,889
Charges for services	181,066
Intergovernmental revenues	36,087
Miscellaneous revenues	2,066
Total revenues	262,108
Expenditures:	
Current operating:	
Personal services	102,045
Maintenance and operations	83,375
Capital outlay	49,592
Total expenditures	235,012
Excess revenues over expenditures	27,096
Beginning fund balance	118,362
Ending fund balance	\$ 145,458

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

**GREER COUNTY AMBULANCE 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	\$ 88,238	\$ 88,237	\$ (1)
Revenues:			
Ad valorem taxes	42,470	43,045	575
Charges for services	168,205	210,176	41,971
Intergovernmental revenues	2,000	2,000	
Miscellaneous revenues	1,756	1,716	(40)
Total revenues, budgetary basis	<u>214,431</u>	<u>256,937</u>	<u>42,506</u>
Expenditures:			
Personal services	113,000	102,045	10,955
Maintenance and operations	99,669	81,299	18,370
Capital outlay	90,000	51,668	38,332
Total expenditures, budgetary basis	<u>302,669</u>	<u>235,012</u>	<u>67,657</u>
Excess of revenues and beginning fund balances over expenditures, budgetary basis	<u>\$ -</u>	<u>\$ 110,162</u>	<u>\$ 110,162</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances			
Add: Ad valorem receivable		859	
Accrued interest		350	
Accounts receivable (net of allowance for doubtful accounts)		<u>34,087</u>	
Ending fund balance		<u>\$ 145,458</u>	

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

**Notes to the Financial Statements**

**GREER COUNTY AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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1. Summary of Significant Accounting Policies

The financial statements of the Greer County 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 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 Greer County 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 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 has no component units.

B. Basis of Presentation - Fund Accounting

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

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

Governmental Funds

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

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

Account Groups

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

Summary of Significant Accounting Policies (continued)

General Long-Term Debt Account Group

The general long-term debt account group is used to account for the outstanding principal balances of general long-term debt, and certain liabilities that are not expected to be liquidated with available financial resources (e.g., capitalized lease-purchase obligations).

General Fixed Assets Account Group (GFAAG)

Generally accepted accounting principles (GAAP) require that those fixed assets of a governmental entity not reported in a proprietary fund or in a trust fund 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 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. Governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The modified accrual basis of accounting is used for governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The 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.

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

**GREER COUNTY AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

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 Ambulance Service.

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.

F. General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized over the remaining useful lives of the related fixed assets, as applicable.

G. 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 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.

**GREER COUNTY AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

H. Compensated Absences

The Ambulance Service does not have a written policy to enforce vacation leave for all employees. There is no history of sick leave usage from which to project future usage; hence, no liability for such has been recorded. In management's opinion, due to the limited number of full-time employees, any liability for accumulated vacation or sick leave would not be material to the financial statements.

I. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund equity represents tentative plans for future use of financial resources which are available for appropriation.

J. Memorandum Only – Total Columns

The total column on the Combined Balance Sheet is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Interfund transactions have not been eliminated.

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. Deposits

At year-end, the carrying amount of the Ambulance Service's deposits was \$130,873 and the bank balance was \$145,710. Of the bank balance, all funds were covered by federal depository insurance or by collateral held by the Ambulance Service's agent in the Ambulance Service's name.

**GREER COUNTY AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

**B. 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 County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board.

Article X, § 9C of the Oklahoma Constitution authorized the formation of Ambulance Service 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 Service. County voters approved a three (3) mill levy to support the operations of the Greer County Special Ambulance Service. Property taxes are considered currently receivable if collected within 60 days.

The assessed property value as of January 1, 2001, was approximately \$14,157,207, 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 92 percent of the tax levy.

The Ambulance Service 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 represents those charges considered uncollectible by the Board. Accounts receivable for the year ended June 30, 2002, were \$34,087, net of the allowance for doubtful accounts in the amount of \$10,428.

**C. Fixed Assets**

The following is a summary of changes in the general fixed assets account group during the fiscal year.

**GREER COUNTY AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

Detailed Notes on Account Balances (continued)

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Balance June 30, 2000</u>
Land & building	\$109,466	\$ -	\$109,466
Emergency vehicles & equipment	<u>208,980</u>	<u>50,203</u>	<u>259,183</u>
Totals	<u>\$318,446</u>	<u>\$50,203</u>	<u>\$368,649</u>

D. Pension Plan

Plan Description. The Ambulance Service contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. Ambulance Service employees are required to contribute between 3.5% and 8.5% of earned compensation. The Ambulance Service contributes between 5% and 10% of earned compensation. The Ambulance Service's contributions to the Plan for the years ending June 30, 2002, 2001, and 2000, were \$6,093, \$5,263, and \$5,497, respectively, equal to the required contributions for each year.

E. Changes in General Long-Term Debt Account Group

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance July 1, 2001</u>	<u>Reductions</u>	<u>Balance June 30, 2002</u>
Capital leases	<u>\$21,533</u>	<u>\$21,533</u>	<u>-0-</u>
Total	<u>\$21,533</u>	<u>\$21,533</u>	<u>-0-</u>

**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  
GREER COUNTY AMBULANCE SERVICE

We have audited the financial statements of Greer County Ambulance Service, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 28, 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 Greer County Ambulance 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 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 statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described below.

Finding 2002-1 - Segregation of Duties

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

Condition: The limited number of office personnel within the Ambulance Service 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 Ambulance Service operations and a periodic review of operations.

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 item 2002-1 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,



JEFF A. McMAHAN  
State Auditor and Inspector

January 28, 2003

**Management Response**



# Greer County Ambulance Service

P.O. Box 308 ♦ 121 E. Jefferson ♦ Mangum, OK 73554 ♦ Phone (580) 782-5314 ♦ Fax: (580) 782-2648

20 February, 2003

State Auditor and Inspector  
ATTN: Sherri Merle, District Manager  
1401 Lera, Suite G  
Route 2  
Weatherford, Oklahoma 73096

Sherri Merle:

RE: Letter dated 14 February, 2003  
Subject: Responding to Reportable Condition(s) Requiring Written Response  
Finding 2002-1: Segregation of Duties

The Greer County Ambulance Service's Administrator and Board of Directors are aware of the of the limited number of office personnel with the ambulance service.

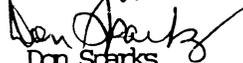
Since this is a volunteer ambulance service, the number of personnel employed full time is limited to two individuals. The other individual is only a half time employee. As such, the number of personnel involved in the control and operation of the ambulance service is therefore limited in number. The income received from Medicare, Medicaid, Insurance companies and other individuals is received from the post office, is opened and receipted at the ambulance office. Deposits of all income is normally deposited each day, and the checks are stamped on the back with the Greer County Ambulance Service stamp "For deposit only" as soon as the checks are received.

All checks are written only once each month for the Board of Directors to approve and sign as the monthly board meeting, which is held on the first Monday of each month, unless the Monday is a holiday. The meeting is then held on the first Tuesday following this Monday. The only exception is the payroll checks for the volunteers and full time personnel <sup>and</sup> written usually on the 26<sup>th</sup> of each month as the payroll period is closed out on the night of the 25<sup>th</sup>. All checks are written by the Greer County Ambulance Service's Treasurer who is located in another building. All financial records are maintained by the Treasurer.

Unfortunately, the segregation of duties will continue to be a recurring finding due to the limited number of personnel in the office. Run reports indicating the number of runs and possible income, income received and monthly financial reports are presented to the Board of Directors at each month meeting which gives the board an opportunity to question anything that may be needed for clarification purposes.

Should additional information be required, please contact the office at the above and telephone number and this information will be provided.

Sincerely,

  
Don Sparks  
Administrator