

**JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2003**

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This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C of the Oklahoma Constitution. Pursuant to 74 O.S. § 3105, 25 copies have been prepared and distributed at a cost of \$36.75. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

May 25, 2004

TO THE BOARD OF TRUSTEES OF THE  
JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the audit of the Jackson County Emergency Medical Service District for the fiscal year ended June 30, 2003. 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 Jackson County Emergency Medical 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 black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2003**

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JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
BOARD OF TRUSTEES  
JUNE 30, 2003

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CHAIRMAN

Pat Hunter

MEMBERS

Buddy Thompson

Jimmie Ewing

Grover Knight

ADMINISTRATOR

David Stewart

### INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service (EMS) 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 EMS.

EMS 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, accept gifts, funds, or grants.

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



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  
JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the special-purpose financial statements of Jackson County Emergency Medical Service District, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of the Jackson County Emergency Medical 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash balances of Jackson County Emergency Medical Service District, and comparisons of such information with the corresponding budgeted information for the general fund, and are not intended to be a complete presentation of the financial position and results of operations of Jackson County Emergency Medical Service District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Jackson County Emergency Medical Service District, and comparisons of such information with the corresponding budgeted information for the general fund, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

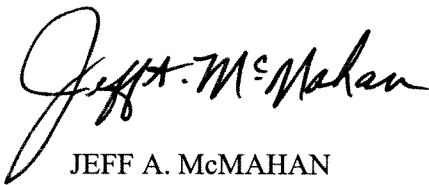
In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2004, on our consideration of Jackson County Emergency Medical Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

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 Trustees 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 the 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. McMAHAN". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

May 10, 2004

**Special-Purpose Financial Statements**



**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GENERAL FUND  
JUNE 30, 2003**

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	General Fund
Beginning Cash Balance	<u>\$ 360,001</u>
Receipts:	
Ad Valorem Taxes	290,958
Charges for Services	666,434
Intergovernmental	1,139
Miscellaneous	4,487
Total Receipts	<u>963,018</u>
Disbursements:	
Warrants Paid	<u>1,091,361</u>
Total Disbursements	<u>1,091,361</u>
Ending Cash Balance	<u>\$ 231,658</u>

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

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
JUNE 30, 2003**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 360,001	\$ 360,001	\$ 360,001	\$ -
Less: Beginning Outstanding Warrants	(26,324)	(26,324)	(23,743)	2,581
Less: Beginning Encumbrances	(5,980)	(5,980)	(5,980)	
Beginning Cash Balances, Budgetary Basis	<u>327,697</u>	<u>327,697</u>	<u>330,278</u>	<u>2,581</u>
Receipts:				
Ad Valorem Taxes	272,774	272,774	290,958	18,184
Charges for Services	689,546	689,546	666,434	(23,112)
Intergovernmental	1,050	1,050	1,139	89
Miscellaneous Revenues	1,763	1,763	4,487	2,724
Total Receipts, Budgetary Basis	<u>965,133</u>	<u>965,133</u>	<u>963,018</u>	<u>(2,115)</u>
Expenditures:				
Personal Services	724,500	724,500	705,010	19,490
Maintenance and Operations	232,793	232,793	174,681	58,112
Capital Outlay	353,869	353,869	134,088	219,781
Bonds Paid	55,908	55,908	55,908	
Interest Paid	24,006	24,006	24,006	
Total Expenditures, Budgetary Basis	<u>1,391,076</u>	<u>1,391,076</u>	<u>1,093,693</u>	<u>297,383</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ (98,246)</u>	<u>\$ (98,246)</u>	199,603	<u>\$ 297,849</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Ending Encumbrances			1,657	
Add: Ending Outstanding Warrants			<u>30,398</u>	
Ending Cash Balance			<u>\$ 231,658</u>	

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

**Notes to the Financial Statements**

**JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

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1. Summary of Significant Accounting Policies

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of Jackson County Emergency Medical Service (District), and comparisons of such information with the corresponding budgeted information for the District. The fund presented is established under statutory authority, and its operation is under the control of the District Board of Trustees. The more significant accounting policies and practices are described below.

A. Reporting Entity

The District 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 District was created to provide ambulance service to all citizens. The District is not subject to federal or state income taxes.

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of the District, and comparisons of such information with the corresponding budgeted information for the District. The fund presented is established by statute, and its operations are under the control of the Board of Trustees. The general fund is the District's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. Any other funds presented would account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

A government entity uses funds to report receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

General Fund - The general fund is used to account for all activities of the District not accounted for in some other fund.

C. Basis of Accounting

The special-purpose financial statements are 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.

**JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

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Summary of Significant Accounting Policies (continued)

D. Budgetary Policies

Oklahoma Statutes require the District 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 Statement of Receipts, Expenditures, and Changes in Cash 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 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.

E. Cash and Investments

State statutes authorize the District 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.

All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The District 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 District continues to carry commercial insurance for these types of risk. The District carries workers compensation, health and accidental insurance on its employees. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. 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 2003 fiscal year.

G. Compensated Absences

The District grants the following vacation time to its regular full-time employees: For 1 completed year of service, 40 hours of vacation; after 2 years of completed service, 80 hours of vacation; after 5 years of completed service, 120 hours of vacation.

Sick Leave - An employee earns up to 12 hours per month and may accumulate up to 1,040 hours.

**JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

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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 District 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 cash balance consisted of amounts in demand deposits and certificates of deposit. The reported amount of the District's deposits was \$231,658 and the bank balance was \$261,807. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the District's agent in the District's name.

B. Description of Funds

During the year ended June 30, 2003, the District had a general fund used for the general operation of the District.

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

The County levied 3 mills for District general fund operations. The net assessed property value as of January 1, 2002, was approximately \$101,027,560.

Additionally, the District has a building fund from which payments are made on the bond principal and interest of revenue bonds secured through the Jackson County Public Finance Authority for the purpose of construction of buildings to house the District ambulance facilities.

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.

**JACKSON COUNTY**  
**EMERGENCY MEDICAL SERVICE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Account Balances (continued)

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 94 percent of the tax levy.

5. Capital Leases

The District has entered into a lease-purchase agreement to acquire an ambulance. The principal amount is \$70,000 with 6.26% interest. The purchase was competitively bid by the District in order to obtain the best possible price and the most competitive interest rate. Oklahoma Statutes prohibit the District from entering into contracts of this nature longer than one year. For this reason, this lease-purchase agreement did not qualify for capitalization until the year the lease-purchase agreement is completed and title to the equipment is transferred to the District. However, it is the District's intent to exercise its right to purchase this property.

During the year, the District paid \$18,359 on the outstanding principal balance of the lease-purchase agreement. The balance on the lease-purchase at June 30, 2003, was \$14,745 with \$476 in interest payable in 2004.

In August 1997, Jackson County Public Finance Authority entered into a lease-purchase contract with the District for a new facility, including the land, for the administration, vehicle housing and maintenance, and other purposes of the District. The contract was in the amount of \$600,000 and was funded by the Emergency Service Facility Lease Revenue Note Series 1997.

The terms of the lease-purchase contract are as follows for the fiscal year ending June 30, 2003:

	Rate	Principal Payments	Payment Date	Principal Balance June 30, 2003
Jackson County EMS District	5.80	27,554	1-Aug-02	
	5.80	28,354	1-Feb-03	
		\$ 55,908		\$ 371,769

Additionally, the District paid \$24,006 in interest during fiscal year 2002-2003.

**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 TRUSTEES OF THE  
JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the special-purpose financial statements of Jackson County Emergency Medical Service District, as of and for the year ended June 30, 2003, and have issued our report thereon dated May 10, 2004. Our report includes an explanatory paragraph discussing that the financial statements are not a complete presentation. 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 Jackson County Emergency Medical Service District's special-purpose financial statements are 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 special-purpose 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*. However, we noted certain immaterial instances of noncompliance, which we have reported to management and are included in Section 2 of the schedule of findings, contained within this report.

Internal Control Over Financial Reporting

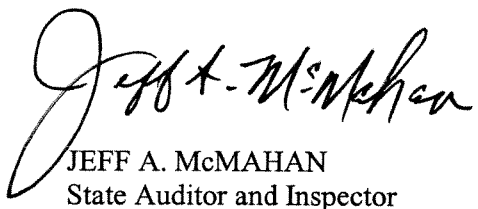
In planning and performing our audit, we considered Jackson County Emergency Medical Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider 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 Trustees 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 the 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

May 10, 2004

**SECTION 1 - Findings related to the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

None Reported.

**SECTION 2 - Other Audit Findings - This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the District's attention. We recommend that the District consider these matters and take appropriate corrective action.**

**Finding 2003-1 - Contract for Collection Services**

Criteria: Article 10, § 9C of the Oklahoma Constitution states "...Such board of trustees shall have the power and duty to promulgate and adopt such rules, procedures and contract provisions necessary to carry out the purposes and objectives...The district board of trustees shall have the additional powers to hire a manager and appropriate personnel, contract, organize, maintain or otherwise operate the emergency medical services..."

Condition: The District Board of Trustees did not enter into a contract with Credit Collections, Inc. to collect outstanding balances of accounts receivable of District services rendered, nor did the Board of Trustees document in the minutes this vendor would be used for collecting outstanding accounts receivable of District services rendered.

Recommendation: We recommend the Board of Trustees for the District sign contracts that are entered into on a fiscal year basis and note the approval of the contract in the Board minutes. In addition, we recommend renewing all contracts and agreements on an annual fiscal year basis.

Management Response: The District will enforce the recommended procedures for the next year, beginning July 2004.

**Finding 2003-2 – Budgetary Compliance (Repeat Comment)**

Criteria: Title 19 O.S. 2001, §1715, requires emergency medical services to sufficiently budget funds to cover expenditures.

**JACKSON COUNTY  
EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS  
JUNE 30, 2003**

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Condition: The budget indicated a deficit of \$98,246 in expenditures budgeted, exceeding the beginning budgetary balance plus estimated revenue.

Recommendation: We recommend the District budget sufficient funds to meet expenditures in accordance with Title 19 O.S. 2001, §1715.

Management Response: The District is going to hire a CPA to prepare the Estimate of Needs for the fiscal year 2004-2005, so as to properly prepare the budget.