

County Audit

**Major County Emergency  
Medical Service District  
Financial Statements**



For The Year Ended June 30, 2006



Office of the Oklahoma State Auditor and Inspector  
Jeff A. McMahan, CFE

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2006**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

July 23, 2007

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

Transmitted herewith is the audit of the Major County Emergency Medical Service District's financial statement for the fiscal year ended June 30, 2006. 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 Major 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 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. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
JUNE 30, 2006**

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MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
BOARD OF TRUSTEES  
JUNE 30, 2006

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CHAIRMAN

Isaac Regier Jr.

MEMBERS

Michael Bales  
Barbara Davidson  
David Martens  
Kenneth Palmer

ADMINISTRATOR

Greg Icke

BOOKKEEPER

Kim Barnes

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
JUNE 30, 2006**

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**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, subsequently, a 3.16 mills levy to support the operation of the district. The Major County Emergency Medical Service District is comprised of Major 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 SECCIÓN**



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  
MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Major County Emergency Medical Service District, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of the Major County Emergency Medical Service District. 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.

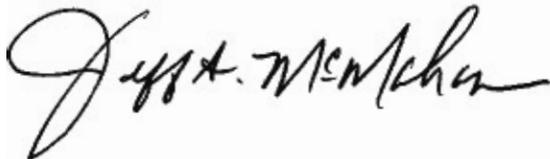
In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Major County Emergency Medical Service District as of June 30, 2006, 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 Major County Emergency Medical Service District, for the year ended June 30, 2006, on the basis of accounting described in Note. 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2007, on our consideration of Major 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 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 Major County Emergency Medical Service District, 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.

A handwritten signature in black ink, reading "Jeff A. McMAHAN". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

May 16, 2007

**Basic Financial Statement**

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES—GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	General Fund
Beginning Cash Balance	\$ 299,492
Receipts:	
Ad Valorem Taxes	192,053
Charges for Services	153,244
FEMA Grant Reimbursement	115,200
Miscellaneous	2,339
Total Receipts	462,836
Disbursements:	
Personal Services	215,115
Travel	1,836
Maintenance and Operations	97,807
Capital Outlay	21,846
Total Disbursements	336,604
Ending Cash Balance	\$ 425,724

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

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**1. Summary of Significant Accounting Policies**

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of Major County Emergency Medical Service District (the District). The financial activity 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 is not subject to federal or state income taxes.

The accompanying basic financial statement includes all District 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 is not a component unit of another government and does not have any component units.

**B. Fund Accounting**

The District 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 District maintains funds to deposit collateral securities to secure the District's deposits. The amount of collateral securities to be pledged is established by the District Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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.

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**E. 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 personnel and natural disasters. The District continues to carry commercial insurance for these types of risk. The District carries workers' compensation on its personnel. 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 2006 fiscal year.

**F. Compensated Absences**

Vacation Leave – Each full-time employee shall accrue 9 workdays equal to 15 calendar days vacation leave after one year of employment. If vacation leave is not used, it may be carried over to the next year with written approval of the District Board.

Sick Leave – An employee earns up to 10 workdays per year and may accumulate up to 20 days.

**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 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 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 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 voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property; hence, the levy is now 3.16 mills. The assessed property value as of January 2005 was approximately \$61,527,815 after deducting homestead exemptions.

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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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, 2006, were approximately 98.86 percent of the tax levy.

**SUPPLEMENTARY INFORMATION**

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—  
BUDGET AND ACTUAL—BUDGETARY BASIS—GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 299,492	\$ 299,492	\$ 299,492	\$ -
Less: Beginning Outstanding Warrants	(5,277)	(5,277)	(4,651)	626
Less: Beginning Encumbrances	(7,541)	(7,541)	(7,541)	
Beginning Cash Balances, Budgetary Basis	<u>286,674</u>	<u>286,674</u>	<u>287,300</u>	<u>626</u>
<b>Receipts:</b>				
Ad Valorem Taxes	176,753	176,753	192,053	15,300
Charges for Services			153,244	153,244
FEMA Grant Reimbursement			115,200	115,200
Miscellaneous Revenues			2,339	2,339
Total Receipts, Budgetary Basis	<u>176,753</u>	<u>176,753</u>	<u>462,836</u>	<u>286,083</u>
<b>Expenditures:</b>				
Personal Services	175,000	216,000	213,607	2,393
Travel	5,000	5,000	1,188	3,812
Maintenance and Operations	100,500	100,500	94,949	5,551
Capital Outlay	179,427	138,427	21,846	116,581
Audit Budget Account	3,500	3,500		3,500
Total Expenditures, Budgetary Basis	<u>463,427</u>	<u>463,427</u>	<u>331,590</u>	<u>131,837</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	418,546	<u>\$ 418,546</u>
<b>Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances</b>				
Add: Ending Outstanding Warrants			3,161	
Add: Current Year Encumbrances			4,017	
Ending Cash Balance			<u>\$ 425,724</u>	

See independent auditor's report.

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

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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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 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  
MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Major County Emergency Medical Service District, as of and for the year ended June 30, 2006, which comprises the Major County Emergency Medical Service District's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 16, 2007. 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

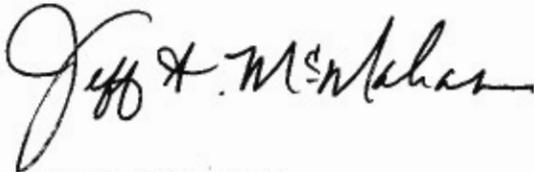
In planning and performing our audit, we considered Major County Emergency Medical Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal 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 District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings and responses as item 1999-1.

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, we consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Major County Emergency Medical Service District'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 2004-1 and 2005-1.

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

May 16, 2007

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**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 1999-1 – Segregation of Duties (Repeat Finding)**

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation are important elements of effective internal control over government assets and resources.

Condition: The limited number of office personnel within the District office 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 desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: Management is aware of the condition, and has taken corrective action to periodically review the job responsibilities of the in-house position that provides connectivity between and support to the various service providers and management.

**Finding 2004-1 – Fixed Assets (Repeat Finding)**

Criteria: Title 19 O.S. § 1718 states, "A district shall maintain, according to its own accounting needs some or all of the funds and account groups in its system of accounts that are consistent with legal and operating requirements and as prescribed by the State Auditor and Inspector. The required funds may include, but not be limited to . . .

5. A ledger or group of accounts in which to record the details relating to the general fixed assets of the district."

Condition: The District did not maintain a ledger of accounts to record the detailed items of fixed assets.

Recommendation: We recommend a control total of all District owned assets (such as equipment, land, buildings, and improvements) be compiled and maintained by the District.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's finding and will implement policy and procedures to include fixed assets information.

**MAJOR COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**Finding 2005-1 - Audit Budget (Repeat Finding)**

Criteria: Title 19 O.S. §1706.1 states, "The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation...shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit..."

The one-tenth mill is cumulative. Any appropriation balance remaining at the end of the fiscal year must be added to the one-tenth mill for the following year and included in the following year's budgeted audit account. Only the Office of the State Auditor and Inspector can release unexpended or unencumbered balances remaining in the budgeted audit account.

Condition: The District did not establish an accurate audit account in the Estimate of Needs. The District did appropriate \$3,500.00; however, the calculation should have been \$5,593.44 for 2006. Additionally, for 2004-2005, the audit account balance was \$2,865.03, which has been lapsed.

Recommendation: We recommend the District establish an audit account and apportion the net proceeds of the one-tenth annual mill ad valorem levy.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's finding and will establish a mandatory audit account in the Estimate of Needs.