

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2003**

---

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 \$38.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

December 24, 2003

TO THE BOARD OF TRUSTEES OF THE  
MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE

Transmitted herewith is the audit of the Mountain View-Gotebo Ambulance Service 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 Mountain View-Gotebo 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,



JEFF A. McMAHAN  
State Auditor and Inspector

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

---

**TABLE OF CONTENTS**

|   |     |
|---|-----|
| Board of Trustees .....   | ii  |
| <u>INTRODUCTION</u> .....   | iii |
| <br><u>FINANCIAL SECTION</u>  |     |
| Report of State Auditor and Inspector.....  | 1   |
| Special-Purpose Financial Statements:   |     |
| Statement of Receipts, Disbursements, and Changes in Cash Balances.....   | 3   |
| Comparative Statement of Receipts, Expenditures, and Changes in<br>Cash Balances - Budget and Actual - General Fund.....  | 4   |
| Notes to the Financial Statements.....  | 5   |
| <br><u>COMPLIANCE/INTERNAL CONTROL SECTION</u>  |     |
| Report on Compliance and on Internal Control Over Financial Reporting<br>Based on an Audit of Financial Statements Performed in Accordance With<br><i>Government Auditing Standards</i> ..... | 9   |
| Management Response.....  | 12  |

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
BOARD OF TRUSTEES  
JUNE 30, 2003**

---

CHAIRMAN

Burt McCoy

MEMBERS

Gregory George

Billie Maloy

David Hoover

Sandra Lee

ADMINISTRATOR

Connie Davis

**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. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 3.14 mills.

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.

## Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE  
MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE

We have audited the special-purpose financial statements of Mountain View-Gotebo Ambulance Service, 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 Mountain View-Gotebo 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash balances of Mountain View-Gotebo Ambulance Service, 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 Mountain View-Gotebo Ambulance Service 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 Mountain View-Gotebo Ambulance Service, 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 November 19, 2003, on our consideration of Mountain View-Gotebo 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.

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 cursive script that reads "Jeff A. McMahon". The signature is written in black ink and is positioned to the left of the typed name.

JEFF A. McMAHAN  
State Auditor and Inspector

November 19, 2003

**Special-Purpose Financial Statements**

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
JUNE 30, 2003**

---

|                        | General<br>Fund         |
|------------------------|-------------------------|
| Beginning Cash Balance | <u>\$ 18,110</u>        |
| Receipts:              |                         |
| Ad Valorem Taxes       | 41,593                  |
| Charges for Services   | 17,672                  |
| Miscellaneous          | 157                     |
| Sale of Ambulance      | 15,000                  |
| Total Receipts         | <u>74,422</u>           |
| Disbursements:         |                         |
| Warrants Paid          | <u>57,669</u>           |
| Total Disbursements    | <u>57,669</u>           |
| Ending Cash Balance    | <u><u>\$ 34,863</u></u> |

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

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
JUNE 30, 2003**

|   | General Fund       |                 |                  |                  |
|---|--------------------|-----------------|------------------|------------------|
|   | Original<br>Budget | Final<br>Budget | Actual           | Variance         |
| Beginning Cash Balances   | \$ 18,110          | \$ 18,110       | \$ 18,110        | \$ -             |
| Less: Beginning Outstanding Warrants  | 2,036              | 2,036           | 2,036            |                  |
| Beginning Cash Balances, Budgetary Basis  | <u>16,074</u>      | <u>16,074</u>   | <u>16,074</u>    | <u>-</u>         |
| Receipts:   |                    |                 |                  |                  |
| Ad Valorem Taxes  | 37,677             | 37,677          | 41,593           | 3,916            |
| Charges for Services  | 16,249             | 16,249          | 17,672           | 1,423            |
| Miscellaneous Revenues  |                    |                 | 157              | 157              |
| Total Receipts, Budgetary Basis   | <u>53,926</u>      | <u>53,926</u>   | <u>59,422</u>    | <u>5,496</u>     |
| Expenditures:   |                    |                 |                  |                  |
| Personal Services   | 50,000             | 50,000          | 40,904           | 9,096            |
| Maintenance and Operations  | 19,000             | 19,000          | 17,049           | 1,951            |
| Capital Outlay  | 1,000              | 1,000           |                  | 1,000            |
| Total Expenditures, Budgetary Basis   | <u>70,000</u>      | <u>70,000</u>   | <u>57,953</u>    | <u>12,047</u>    |
| Excess of Receipts and Beginning Cash<br>Balances Over Expenditures, Budgetary<br>Basis | <u>\$ -</u>        | <u>\$ -</u>     | 17,543           | <u>\$ 17,543</u> |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                    |                 |                  |                  |
| Add: Sale of Equipment  |                    |                 | 15,000           |                  |
| Add: Ending Outstanding Warrants  |                    |                 | 2,320            |                  |
| Ending Cash Balance   |                    |                 | <u>\$ 34,863</u> |                  |

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

**Notes to the Financial Statements**

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

---

1. Summary of Significant Accounting Policies

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of Mountain View-Gotebo Ambulance Service (Service), and comparisons of such information with the corresponding budgeted information for the Service. The fund presented is established under statutory authority, and its operation is under the control of the Service's 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 was created to provide ambulance service to all of the citizens. The Service is not subject to federal or state income taxes.

The accompanying special-purpose financial statements include all Service funds, 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 does not have any component units.

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of the Service, and comparisons of such information with the corresponding budgeted information for the Service. The fund presented is established by statute, and its operations are under the control of the Board of Trustees. The general fund is the Service'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 Service 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.

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

---

Summary of Significant Accounting Policies (continued)

D. Budgetary Policies

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.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund.

Any encumbrances outstanding or outstanding obligations at year-end are included as reservations of cash balances, budgetary basis since they do not constitute paid or outstanding warrants. At the end of the year, unencumbered appropriations are lapsed.

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 Balance 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 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.

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

F. 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, with CompSource Oklahoma 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 2003 fiscal year.

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

---

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The Service does not have a written personnel policy to enforce vacation leave for all employees. Due to the limited number of full-time employees, any liability for accumulated vacation leave would not be material to the financial statements.

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 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 cash balance consisted of amounts in demand deposits and certificates of deposit. The reported amount of the Service's deposits was \$34,863 and the bank balance was \$32,543. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the Service's agent in the Service's name.

B. Description of Funds

During the year ended June 30, 2003, the Service had only a general fund.

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 Service.

The net assessed property value as of January 1, 2002, was approximately \$13,198,829.

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.

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

---

Detailed Notes on Account Balances (continued)

Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2003, were approximately 99.1 percent of the tax levy.

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

**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  
MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE

We have audited the special-purpose financial statements of Mountain View-Gotebo Ambulance Service, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 19, 2003. 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 Mountain View-Gotebo Ambulance Service'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mountain View-Gotebo Ambulance Service'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. However, we noted certain matters 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 Service's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable conditions are described below.

Finding 1997-1 – 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. The most effective controls lie in management's knowledge of the Service operations and a periodic review of operations.

Condition: The limited number of office personnel within the Service 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 desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of Service operations and a periodic review of operations.

Finding 2002-1 – Equipment Inventory Records (Repeat Finding)

Criteria: An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation.

Condition: The Service did not have formal, up-to-date records of fixed assets. The last updated inventory records were as of fiscal year 2000.

Recommendation: We recommend records include acquisition cost, a complete description, purchase date, location of such assets, and that a control total of cost of these assets be maintained and reconciled annually to provide proper internal controls over capital assets.

Finding 2002-2 – Uncollectible Accounts Receivable (Repeat Finding)

Criteria: Effective internal controls require that patient accounts receivable written off as uncollectible, be approved and reviewed by the Service Board of Trustees. The record should indicate patient name, date of service, and balance written off as uncollectible.

Condition: The Service does not maintain a list of accounts that should be written off as uncollectible. The board minutes indicate, "all accounts receivable over one year should be written off as uncollectible."

Effect: Accurate reporting of accounts receivable balances.

Recommendation: We recommend the Service maintain a list of uncollectible account balances to be written off as uncollectible. Unpaid balances over one year old should be considered as write-offs and approved by the Service Board. The list of uncollectible accounts should include date of ambulance run, patient name, and amount written off as uncollectible.

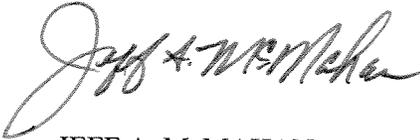
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 97-1 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 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

November 19, 2003

## **Management Response**

# Mtn. View-Gotebo Ambulance Service

P. O. BOX 294

Mountain View, Oklahoma 73062

December 16, 2003

## Finding 1997-1

We are aware that the limited number of people doing the bookkeeping is of concern. However funds do not allow us to pay more. Books are made available at any time and gone over each payroll.

## Finding 2002-1

This will be implemented immediately. We had always added new equipment to the previous inventory, but we will now maintain a log of inventory DOP Cost, location.

## Finding 2002-2

I had shown the board the list of debt writeoffs from the brown ledger with name date and balance. I neglected to attach it to the Minutes. I will do so in the future.



Connie Davis, EMS Director