

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

November 29, 2006

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

Transmitted herewith is the audit of the Mountain View-Gotebo Ambulance Service's financial statement for the fiscal year ended June 30, 2005. The audit was conducted in accordance with *Government Auditing Standards*.

A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the 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 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

MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
JUNE 30, 2005

TABLE OF CONTENTS

Board of Trustees ii

INTRODUCTION..... iii

FINANCIAL SECTION

Report of State Auditor and Inspector..... 1

Basic Financial Statement:

 Statement of Receipts, Disbursements, and Changes in
 Cash Balances—General Fund 3

 Notes to the Financial Statement 4

SUPPLEMENTARY INFORMATION

 Comparative Schedule of Receipts, Expenditures, and Changes in
 Cash Balances—Budget and Actual—Budgetary Basis—General Fund 7

 Notes to Supplementary Information 8

INTERNAL CONTROL AND COMPLIANCE SECTION

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* 9

Schedule of Findings and Responses..... 11

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
BOARD OF TRUSTEES
JUNE 30, 2005**

CHAIRMAN

Burt McCoy

MEMBERS

Debra DeMarcus
Gregory George
Sandra Lee
Billie Malloy

ADMINISTRATOR/BOOKKEEPER

Connie Davis

INTRODUCTION

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and authorized a tax levy not to exceed 3 mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. District voters approved the formation of the district and 3.00 mills to support the operation of the district. Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 3.15 mills, 3.14 mills, and 3.17 mills for Comanche, Kiowa, and Washita Counties, respectively. The Mountain View-Gotebo Ambulance Service is comprised of portions of Comanche, Kiowa and Washita Counties and was created to provide ambulance service to all citizens.

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

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

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

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

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Mountain View-Gotebo Ambulance Service, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of the Mountain View-Gotebo Ambulance Service. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying basic financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

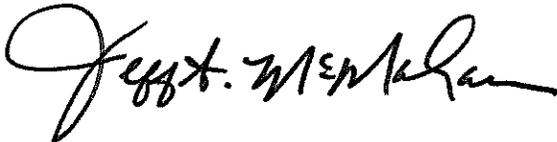
In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Mountain View-Gotebo Ambulance Service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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2006, 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, 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 Mountain View-Gotebo Ambulance Service, taken as a whole. The accompanying Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statement. The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.



JEFF A. McMAHAN
State Auditor and Inspector

October 12, 2006

Basic Financial Statement

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

	General Fund
Beginning Cash Balance	\$ 38,003
Receipts:	
Ad Valorem Taxes	42,268
Charges for Services	22,520
Miscellaneous	3,026
Total Receipts	67,814
Disbursements:	
Warrants Paid	62,564
Total Disbursements	62,564
Ending Cash Balance	\$ 43,253

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

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Fund Accounting

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

C. Basis of Accounting

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

D. Cash and Investments

State statutes require financial institutions with which the Service maintains funds to deposit collateral securities to secure the Service's deposits. The amount of collateral securities to be pledged is established by the Service Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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.

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

E. Risk Management

The Service is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Service continues to carry commercial insurance for these types of risk. The Service carries workers' compensation, health and accidental insurance on its employees. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Service. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2005 fiscal year.

F. Compensated Absences

The Service is a partially volunteer service with only one full-time employee; there are no compensated absences.

2. Stewardship Policies

On or before June 1 of each year, a budget for each fund, as required by the Board, is completed. The budget is approved by fund and object. The Service Board may approve changes of appropriations within the fund by object. To increase or decrease the budget by fund requires approval by the Excise Board.

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

3. Detailed Notes on Fund Balances

A. Ad Valorem Tax

The property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the District, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines 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 counties comprising the District voted to repeal the personal property tax. The initiatives provided that real property tax levies would be increased to make up for the loss of taxable

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

personal property; hence the levies are now 3.15 mills, 3.14 mills, and 3.17 mills for Comanche, Kiowa, and Washita Counties, respectively. The assessed property value as of January 2004 was \$88,837; \$3,374,915; and \$10,031,625, for Comanche, Kiowa, and Washita Counties, respectively (total \$13,495,377), after deducting homestead exemptions.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1.

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

Current year tax collections for the year ended June 30, 2005, were approximately 98.6 percent of the tax levy.

SUPPLEMENTARY INFORMATION

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 38,003	\$ 38,003	\$ 38,003	\$ -
Less: Beginning Outstanding Warrants	(1,759)	(1,759)	(1,759)	
Beginning Cash Balances, Budgetary Basis	<u>36,244</u>	<u>36,244</u>	<u>36,244</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	38,523	38,523	42,268	3,745
Charges for Services			22,520	22,520
Miscellaneous Revenues			3,026	3,026
Total Receipts, Budgetary Basis	<u>38,523</u>	<u>38,523</u>	<u>67,814</u>	<u>29,291</u>
Expenditures:				
Personal Services	40,000	41,000	40,728	272
Maintenance and Operations	32,767	30,417	19,402	11,015
Capital Outlay	2,000	2,000		2,000
Audit Budget Account		1,350	1,350	
Total Expenditures, Budgetary Basis	<u>74,767</u>	<u>74,767</u>	<u>61,480</u>	<u>13,287</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	42,578	<u>\$ 42,578</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Ending Outstanding Warrants			675	
Ending Cash Balance			<u>\$ 43,253</u>	

See independent auditor's report.

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

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

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

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Mountain View-Gotebo Ambulance Service, as of and for the year ended June 30, 2005, which comprises the Mountain View-Gotebo Ambulance Service's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 12, 2006. The report on the Statement of Receipts, Disbursements, and Changes in Cash Balances was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 1997-1 and 2002-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 1997-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain View-Gotebo Ambulance Service's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2002-1.

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.

A handwritten signature in black ink, reading "Jeff A. McMAHAN". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

JEFF A. McMAHAN
State Auditor and Inspector

October 12, 2006

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

Finding 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.

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

Finding 2002-1 – Equipment Inventory Records (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 Service did not have formal, up-to-date records of fixed assets, indicating date acquired, description with serial number if applicable and historical cost.

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.

Views of responsible officials and planned corrective actions: The Service will now maintain a log of inventory date of purchase, cost, and location.

**MOUNTAIN VIEW-GOTEBO AMBULANCE SERVICE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

Criteria: Effective internal controls include approval and review by the Service Board of Trustees when patient accounts receivable are written off as uncollectible. 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.

Views of responsible officials and planned corrective actions: The Board will be shown a list of bad debts to be written off. These uncollectibles will be recorded in the Board minutes. The District contract with Medicare states that the District will accept discounted payouts with the remainder being uncollectible.