

**AUDIT REPORT  
NOBLE EMERGENCY MEDICAL SERVICE  
FOR THE YEAR ENDED JUNE 30, 2002**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

June 17, 2003

TO THE BOARD OF DIRECTORS OF THE  
NOBLE EMERGENCY MEDICAL SERVICE

Transmitted herewith is the audit of the Noble Emergency Medical Service for the fiscal year ended June 30, 2002. 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 Noble Emergency Medical Service.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of our audit.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**NOBLE EMERGENCY MEDICAL SERVICE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**NOBLE EMERGENCY MEDICAL SERVICE  
BOARD MEMBERS  
JUNE 30, 2002**

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CHAIRMAN

Don Cain

VICE-CHAIRMAN

Terry Schat

MEMBERS

Linda Williams

Randy Williams

Randy Hill

ADMINISTRATOR

James Stufflebean



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE BOARD OF DIRECTORS  
OF THE NOBLE EMERGENCY MEDICAL SERVICE

We have audited the accompanying financial statements of the Noble Emergency Medical Service, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Emergency Medical Service. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Noble Emergency Medical Service, as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2003, on our consideration of the Noble Emergency Medical Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

May 27, 2003

## **Financial Statements**

**NOBLE EMERGENCY MEDICAL SERVICE  
BALANCE SHEET  
JUNE 30, 2002**

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	<u>Governmental Fund Type</u> General Fund
<u>ASSETS</u>	
Ad valorem taxes receivable	<u>\$ 783</u>
Total assets	<u>\$ 783</u>
<u>FUND BALANCE:</u>	
Fund balance:	
Unreserved:	
Undesignated	<u>783</u>
Total fund balance	<u>\$ 783</u>

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

**NOBLE EMERGENCY MEDICAL SERVICE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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	Governmental Fund Type
	General Fund
Revenues:	
Ad valorem taxes	\$ 45,749
Total revenues	45,749
Expenditures:	
Current operating:	
Contract services	44,966
Total expenditures	44,966
Excess of revenues over (under) expenditures	783
Beginning fund balance	-
Ending fund balance	\$ 783

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

**NOBLE EMERGENCY MEDICAL SERVICE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues:			
Ad valorem taxes	<u>45,591</u>	<u>45,591</u>	<u>-</u>
Total revenues, budgetary basis	<u>45,591</u>	<u>45,591</u>	<u>-</u>
Expenditures:			
Current operating:			
Contract service	<u>45,591</u>	<u>45,591</u>	<u>-</u>
Total expenditures, budgetary basis	<u>45,591</u>	<u>45,591</u>	<u>-</u>
Excess of revenues and beginning fund balances over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance			
Add: Ad valorem tax receivable		<u>783</u>	
Ending fund balance		<u>\$ 783</u>	

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

**Notes to the Financial Statements**

NOBLE EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002

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1. Summary of Significant Accounting Policies

The financial statements of the Noble Emergency Medical Service (EMS) are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. Reporting Entity

The EMS is a governmental entity organized under the laws of the State of Oklahoma, and is not subject to federal or state income taxes. The EMS was created to provide ambulance service to all of the citizens. The EMS fulfills its obligations to the citizens by contracting with the City of Noble to provide services to the citizens of the EMS District.

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

B. Basis of Presentation – Fund Accounting

A governmental entity uses funds and account groups to report financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregation of transactions related to certain governmental functions or activities.

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

Governmental Funds

A governmental fund is used to account for all of the EMS's general activities.

General Fund – The general fund accounts for all revenues and expenditures applicable to the general operations of the EMS.

Account Groups

An account group is not a fund. They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

General Fixed Assets Account Group (GFAAG)

Accounting principles generally accepted in the United States of America require that the fixed assets of a governmental entity be reported in a general fixed assets account group (GFAAG). This account

Summary of Significant Accounting Policies (continued)

group is not a fund. It does not have a balance sheet as such, nor does it report operations. Instead, the GFAAG serves as a list of the EMS's fixed assets and is designed to ensure accountability. The EMS has no general fixed assets.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The general fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be quantified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The EMS considers property taxes as available if collected within 60 days after year-end. Expenditures are recorded when incurred, and the related fund liability is expected to be paid from available spendable resources. Principal and interest on general long-term debt are recorded as fund expenditures when paid or when amounts have been accumulated for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes.

D. Budgetary Policies and Procedures

The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures as adjusted for supplemental appropriations and approved transfers between budget categories.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund. Any encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget to actual, will differ from the data as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance because of adopting certain aspects of the modified accrual basis of accounting and the adjusting of encumbrances to their related budget year.

Summary of Significant Accounting Policies (continued)

E. Risk Management

The EMS is exposed to various risks of loss related to: torts and errors and omissions. The EMS is covered by commercial insurance for these types of risk. Commercial insurance is included in the contract with the City of Noble.

F. Compensated Absences

The EMS has no liability for vacation benefits. The EMS has no employees. All employees are employees of the City of Noble.

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 EMS 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. Cash

At year-end, the EMS had no deposits and no bank balance.

B. Receivables

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 EMS.

Article X, § 9C of the Oklahoma Constitution authorized the formation of EMS districts and authorized a tax levy not to exceed three mills for the purpose of providing funds to support, organize, operate, and maintain district ambulance services. With the repeal of personal property tax, the millage is 3.08 mills with the adjustment factor. County voters approved a three mill levy to support the operations of the EMS. Property taxes are considered currently receivable if collected within 60 days.

**NOBLE EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

The assessed property value as of January 1, 2001, was approximately \$857,363,879 after deducting homestead exemptions of approximately \$40,088,076.

Taxes are due on November 1 following the levy date, although, they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

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

Current year tax collections for the year ended June 30, 2002, were approximately 97.33 percent of the tax levy.

4. Provider Contract

The Noble Emergency Medical Service Board has contracted with the City of Noble to provide emergency medical service to the District. Title to all fixed assets is in the City of Noble's name.

**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 DIRECTORS  
OF THE NOBLE EMERGENCY MEDICAL SERVICE

We have audited the financial statements of the Noble Emergency Medical Service, as of and for the year ended June 30, 2002, and have issued our report thereon dated May 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Noble Emergency Medical Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Finding 02-1 – Estimate of Needs

Criteria: According to Title 19 O.S. 2001, § 1706.1 the EMS must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in the emergency medical service district for audit expenses.

Condition: Noble EMS did not appropriate the mandatory one-tenth mill to the audit budget account.

Recommendation: We recommend that the EMS properly complete the Estimate of Needs and include the mandatory audit budget account as required by Title 19 O.S. 2001, § 1706.1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Noble Emergency Medical Service's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 Directors and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

May 27, 2003