

**AUDIT REPORT  
ROGER MILLS COUNTY  
EMERGENCY MEDICAL SERVICE  
FOR THE YEAR ENDED  
JUNE 30, 2002**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. §212. Pursuant to 74 O.S. §3105, 25 copies have been prepared and distributed at a cost of \$36.75. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

March 3, 2003

TO THE CITIZENS OF  
ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE

Transmitted herewith is the audit of Roger Mills County Emergency Medical Service, for the fiscal year ended June 30, 2002. 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 Roger Mills County 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 black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

---

**TABLE OF CONTENTS**

Board Members .....	ii
Report of State Auditor and Inspector .....	1
Financial Statements	
Balance Sheet .....	2
Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	10
Management Response .....	12

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
BOARD MEMBERS  
JUNE 30, 2002**

---

CHAIRMAN

Glenna Kirk

SECRETARY- TREASURER

Janice Thompson

MEMBERS

John Wells

Rita Moler

MINUTES CLERK

Carol Thomas



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 ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE

We have audited the accompanying financial statements of the Roger Mills County Emergency Medical Service, as of and for the year ended June 30, 2002, as listed in the accompanying 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 Roger Mills County 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 January 15, 2003, on our consideration of Roger Mills County 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 black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

January 15, 2003

## **Financial Statements**

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
BALANCE SHEET  
JUNE 30, 2002**

	<u>GOVERNMENTAL</u> FUND TYPE <u>GENERAL</u>	ACCOUNT GROUP <u>GENERAL</u> FIXED <u>ASSETS</u>	<u>TOTAL</u>  (MEMORANDUM ONLY)
<b>ASSETS</b>			
Cash and investments	\$ 88,356	\$	\$ 88,356
Ad valorem taxes receivable	3,594		3,594
Interest receivable	123		123
Fixed assets		87,634	87,634
Total assets	<u>\$ 92,073</u>	<u>\$ 87,634</u>	<u>\$ 179,707</u>
<b>FUND EQUITY</b>			
Fund Equity:			
Investments in general fixed assets	\$	\$ 87,634	\$ 87,634
Fund Balances:			
Unreserved:			
Undesignated	92,073		92,073
Total fund equity	<u>92,073</u>	<u>87,634</u>	<u>179,707</u>
Total liabilities and fund equity	<u>\$ 92,073</u>	<u>\$ 87,634</u>	<u>\$ 179,707</u>

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

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

---

	<u>GENERAL FUND</u>
Revenues:	
Ad valorem taxes	\$ 137,705
Miscellaneous revenues	1,389
Total revenues	139,094
Expenditures	
Current operating:	
Roger Mills Co. Memorial	
Hospital Contract	140,000
Personal services	600
Maintenance and operations	3,424
Total expenditures	144,024
Excess revenue (under) expenditures	(4,930)
Beginning fund balance	97,003
Ending fund balance	\$ 92,073

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

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 96,001	\$ 96,001	\$ -
Revenues:			
Ad valorem taxes	140,480	134,934	(5,546)
Miscellaneous revenues		1,445	1,445
Total revenue, budgetary basis	<u>140,480</u>	<u>136,379</u>	<u>(4,101)</u>
Expenditures:			
Roger Mills Co. Memorial Hospital Contract	180,000	140,000	40,000
Personal services	600	600	
Maintenance and operations	28,703	3,424	25,279
Capital outlay	27,178		27,178
Total expenditures, budgetary basis	<u>236,481</u>	<u>144,024</u>	<u>92,457</u>
Excess of revenues and beginning fund balances over expenditures, budgetary basis	<u>\$ -</u>	88,356	<u>\$ 88,356</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances			
Add: Ad valorem receivable		3,594	
Interest receivable		123	
Ending fund balance		<u>\$ 92,073</u>	

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

**Notes to the Financial Statements**

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

1. Summary of Significant Accounting Policies

The financial statements of the Roger Mills County 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 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 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 has no component units.

B. Basis of Presentation - Fund Accounting

Governmental entities use funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregation of transactions related to certain functions or activities.

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

Governmental Funds

Governmental funds are used to account for all or most of an EMS's general activities. The general fund is used to account for all activities of the EMS not accounted for in some other fund.

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

Account Groups

Account groups are not funds. They do not reflect available financial sources. They are not involved with the measurement of results of operations.

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group (GFAAG)

Generally accepted accounting principles (GAAP) require that those fixed assets of a governmental entity not reported in a proprietary fund or in a trust fund be reported in a general fixed assets account group (GFAAG). This account 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 fixed assets and is designed to ensure accountability.

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. Governmental fund types are 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 for 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.

Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services.

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. At the end of the year, unencumbered appropriations are lapsed. There were no encumbered appropriations at June 30, 2002.

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

Summary of Significant Accounting Policies (continued)

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 and actual, will differ from the data as presented in the 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.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with maturity date within three months of the date acquired by the EMS.

All funds were fully invested as of June 30, 2002. State statutes authorize the governmental entity 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.

F. General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated.

G. Risk Management

The EMS 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 EMS continues to carry commercial insurance for these types of risk. Settled claims resulting from these risks are subject to commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the fiscal year 2002.

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

Summary of Significant Accounting Policies (continued)

H. Memorandum Only - Total Columns

The total column on the Combined Balance Sheet is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated.

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. Deposits

At year-end, the carrying amount of the EMS's deposits was \$88,356 and the bank balance was \$88,356. Of the bank balance, all funds were covered by federal depository insurance.

B. Receivables

The EMS receives ad valorem tax from the County's ad valorem tax collections.

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 County, 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.

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 EMS. County voters approved a (3) mill levy to support the operations of the EMS. Property taxes are considered currently receivable if collected within 60 days.

The assessed property value as of January 1, 2001, was approximately \$48,746,838, net of homestead exemptions.

**ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002**

---

Detailed Notes on Account Balances (continued)

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.

Tax collections for the year ended June 30, 2002, were approximately 96 percent of the tax levy.

C. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2002</u>
Emergency Equipment	\$ <u>87,634</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>87,634</u>
Totals	\$ <u>87,634</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>87,634</u>

4. Provider Contract

For the past several years, the EMS has contracted with Roger Mills County Memorial Hospital Authority to provide emergency medical service in Roger Mills County. For the fiscal year ending June 30, 2002, the EMS paid \$140,000 to the hospital for staffing services, supplies, building, dispatch, etc. The same amount was incurred during the previous fiscal year. A new contract for services is signed each year.

**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 OFFICERS OF  
ROGER MILLS COUNTY EMERGENCY MEDICAL SERVICE

We have audited the financial statements of Roger Mills County Emergency Medical Service, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 15, 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 Roger Mills County 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 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 Roger Mills County 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. 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 County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below.

Finding 96-1 - Segregation of Duties

Criteria: Good internal controls dictate that the most effective controls lie in management's knowledge of EMS operations and a periodic review of operations.

Condition: The limited number of office personnel within the EMS 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 EMS operations and a periodic review of operations.

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, we consider item 96-1 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 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

January 15, 2003

**Management Response**

**GLENN A. KIRK  
OIL & GAS PROPERTIES  
P.O. BOX 576  
CHEYENNE, OK 73628  
580/497-3435---Bus  
580/497-2367---Res  
580/497-3518---Fax  
mayor@logixonline.net  
February 14, 2002**

Office of the State Auditor and Inspector  
Weatherford District Office  
1401 Lera, Suite G  
Weatherford, OK 73096  
Attn: Sherri Merle

Dear Ms. Merle,

We are in receipt of your letter regarding Roger Mills County EMS and the reportable condition regarding Funding 96-1 segregation of duties. This has been a reportable condition for several years. We are aware of this and because we are a very small EMS contracted with a small rural hospital realize we do not have the number of employees to segregate duties.

Thank you for the audit you have provided.

Sincerely,



Glenna Kirk  
Roger Mills County EMS Chairman