

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
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 \$34.25. 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

November 30, 2004

TO THE BOARD OF TRUSTEES OF THE
WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the audit of the Weleetka-Graham Emergency Medical Service District 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 Weleetka-Graham Emergency Medical Service District.

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

The Office of the State Auditor and Inspector is committed to 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

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2003**

TABLE OF CONTENTS

Board of Trustees	ii
<u>INTRODUCTION</u>	iii
 <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 Cash Balances - Budget and Actual - General Fund	4
Notes to the Financial Statements	5
 <u>COMPLIANCE/INTERNAL CONTROL SECTION</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	8
Schedule of Findings	10

WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
BOARD OF TRUSTEES
JUNE 30, 2003

CHAIRMAN

Patrick Hare

VICE-CHAIRMAN

Melbria Anglin

SECRETARY/TREASURER

Anna Gordon

MEMBERS

Barbara Hendrix

John Anglin

DIRECTOR

Terri Burden

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 mill levy to support the operation of the district. The Weleetka-Graham Emergency Medical Service District is comprised of Independent School District I-31 and I-32 in Okfuskee County and was created to provide ambulance service to all citizens. Per Article 10, §8A, with the repeal of personal property tax, the millage with the adjustment factor is 3.11 mills.

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, accept gifts, funds, or grants.

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



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
WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the special-purpose financial statements of Weleetka-Graham Emergency Medical Service District, 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 Weleetka-Graham Emergency Medical Service District. 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 Weleetka-Graham Emergency Medical Service District, 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 Weleetka-Graham Emergency Medical Service District 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 Weleetka-Graham Emergency Medical Service District, 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.

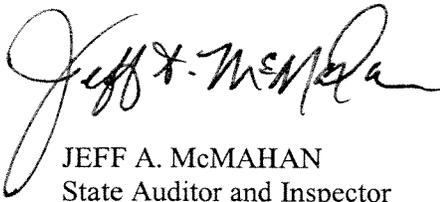
In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2004, on our consideration of Weleetka-Graham Emergency Medical Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. 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 black ink, appearing to read "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

January 20, 2004

Special-Purpose Financial Statements

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
JUNE 30, 2003**

	General Fund	Sinking Fund	Tax Reserve Account	Combined Total
Beginning Cash Balances	\$ 23,903	\$ 12,052	\$ 373	\$ 36,328
Receipts Apportioned:				
Charges for Services	40,102			40,102
Ad Valorem Taxes	37,025	18,025		55,050
Miscellaneous		229		229
Total Receipts	<u>77,127</u>	<u>18,254</u>	<u>-</u>	<u>95,381</u>
Disbursements:				
Personal Services	80,921			80,921
Maintenance and Operation	14,966		373	15,339
Capital Outlay		20,050		20,050
Total Disbursements	<u>95,887</u>	<u>20,050</u>	<u>373</u>	<u>116,310</u>
Ending Cash Balances	<u>\$ 5,143</u>	<u>\$ 10,256</u>	<u>\$ -</u>	<u>\$ 15,399</u>

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

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2003**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 23,903	\$ 23,903	\$ 23,903	\$ -
Less Beginning Outstanding Warrants	(4,986)	(4,986)	(4,986)	
Beginning Cash Balances, Budgetary Basis	<u>18,917</u>	<u>18,917</u>	<u>18,917</u>	<u>-</u>
Receipts Apportioned:				
Charges for Services	167,500	67,500	40,102	(27,398)
Ad Valorem Taxes	33,536	33,536	37,025	3,489
Total Receipts, Budgetary Basis	<u>201,036</u>	<u>101,036</u>	<u>77,127</u>	<u>(23,909)</u>
Expenditures:				
Personal Services	90,453	90,453	78,770	11,683
Maintenance and Operation	16,500	16,500	14,966	1,534
Capital Outlay	113,000	13,000		13,000
Total Expenditures, Budgetary Basis	<u>219,953</u>	<u>119,953</u>	<u>93,736</u>	<u>26,217</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	2,308	<u>\$ 2,308</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Ending Encumbrances				
Add: Ending Outstanding Warrants			2,835	
Ending Cash Balance			<u>\$ 5,143</u>	

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

Notes to the Financial Statements

WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
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 Weleetka-Graham Emergency Medical Service District (the District), and comparisons of such information with the corresponding budgeted information for the District. The fund presented is established under statutory authority, and its operation is under the control of the District's Board of Trustees. The more significant accounting policies and practices are described below.

A. Reporting Entity

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

The accompanying special-purpose financial statements include all District funds, functions, and activities over which the District Board exercises significant influence. Significant influence or accountability is based primarily on the oversight exercised by the District Board. The District is not a component unit of another government and does not have any component units.

The general fund is the District'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 for all general activities of the District.

Sinking Fund - The sinking fund is used to account for all monies used to pay the bonded indebtedness of the District.

Tax Reserve Fund - The tax reserve fund is used to account for monies used to pay a prior IRS liability.

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

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

Summary of Significant Accounting Policies (continued)

they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgetary Policies

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

The 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 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.

E. Cash and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certificates of deposit, or savings accounts of banks, savings and loans, and trust companies if secured by acceptable collateral where the collateral has been deposited with a trustee or custodian bank.

All funds were deposited in an interest-bearing demand account at June 30, 2003.

F. Risk Management

The District is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District continues to carry commercial insurance for these types of risk. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

G. Compensated Absences

Vacation Leave - Each full-time employee shall accrue two weeks vacation leave after one year of employment.

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

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 District Board may approve changes of appropriations within the fund by object. To increase or decrease the budget by fund requires approval by the Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the cash balance consisted of amounts in demand deposits. The reported amount of the District's deposits was \$15,399 and the bank balance was \$15,399. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the District's agent in the District's name.

B. Ad Valorem Tax

The property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the District, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. The tax is collected by the County Treasurer and remitted to the District.

The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property; therefore, the levy is now 3.11 mills. The assessed property value as of January 1, 2002, was approximately \$10,074,722 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 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 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***



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 TRUSTEES OF THE
WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the special-purpose financial statements of Weleetka-Graham Emergency Medical Service District, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 20, 2004. 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 Weleetka-Graham Emergency Medical Service District'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 Weleetka-Graham Emergency Medical Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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 Weleetka-Graham Emergency Medical Service District'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 in the accompanying schedule of findings as items 02-1 and 02-2.

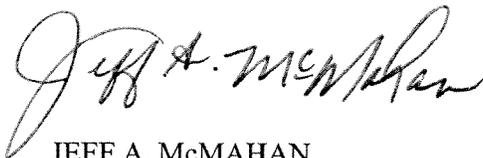
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 items 02-1 and 02-2 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 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

January 20, 2004

**WELEETKA-GRAHAM EMERGENCY MEDICAL SERVICE DISTRICT
SCHEDULE OF FINDINGS
JUNE 30, 2003**

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

Finding 02-1 - Cash Disbursements (Repeat Finding)

Criteria: Title 19 O.S. 2001, § 1718 states in part, “ 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....”

Condition: We were unable to substantiate 100% of the cash disbursements of the Weleetka-Graham Emergency Medical Service District.

Effect: This condition could result in disbursements being made that were not properly authorized or were for purposes other than they were intended.

Recommendation: The Board should ensure that a sufficient record keeping system be put in place to support all disbursements made, which would include the original invoice or receipt from the purchase.

Finding 02-2 - Payroll (Repeat Finding)

Criteria: Title 19 O.S. 2001, § 1718 states in part, “ 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....”

Condition: We were unable to satisfy ourselves and substantiate 100% of the payroll disbursements of the Weleetka-Graham Emergency Medical Service District.

Effect: This condition could result in disbursements being made that were not properly authorized or were for purposes other than they were intended.

Recommendation: The Board should ensure that a sufficient record keeping system be put in place to support all disbursements made.