

**AUDIT REPORT  
WOODWARD COUNTY  
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

March 13, 2003

TO THE CITIZENS OF  
WOODWARD COUNTY EMERGENCY MEDICAL SERVICE

Transmitted herewith is the audit of Woodward 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 the 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. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

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

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WOODWARD COUNTY EMERGENCY MEDICAL SERVICE  
BOARD MEMBERS  
JUNE 30, 2002

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CHAIRMAN

Olen Thomas

VICE-CHAIRMAN

Charlie Jones

SECRETARY

Ann Flessas

MEMBERS

Charles Anderson

Gary Ham

ADMINISTRATOR

Vanessa Brewington



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 WOODWARD COUNTY EMERGENCY MEDICAL SERVICE

We have audited the accompanying financial statements of the Woodward 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 Woodward 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 29, 2003, on our consideration of Woodward 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. McMahahan".

JEFF A. McMAHAN  
State Auditor and Inspector

January 29, 2003

## **Financial Statements**

**WOODWARD COUNTY EMERGENCY MEDICAL SERVICE  
BALANCE SHEET  
JUNE 30, 2002**

	<u>GOVERNMENTAL</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL</u>
	<u>FUND TYPE</u>	<u>GENERAL</u>	<u>(MEMORANDUM</u>
<u>ASSETS</u>	<u>GENERAL</u>	<u>FIXED</u>	<u>ONLY)</u>
	<u>ASSETS</u>	<u>ASSETS</u>	<u>ASSETS</u>
Cash and investments	\$ 580,551	\$	\$ 580,551
Ad valorem taxes receivable	4,259		4,259
Accounts receivable (net of allowance for doubtful accounts)	234,698		234,698
Fixed assets		728,593	728,593
Total assets	<u>\$ 819,508</u>	<u>\$ 728,593</u>	<u>\$ 1,548,101</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants payable	\$ 36,625	\$	\$ 36,625
Accounts payable	2,495		2,495
Total liabilities	<u>39,120</u>	<u>-</u>	<u>39,120</u>
Fund Equity:			
Investment in general fixed assets		728,593	728,593
Fund Balance:			
Unreserved:			
Undesignated	780,388		780,388
Total fund equity	<u>780,388</u>	<u>728,593</u>	<u>1,508,981</u>
Total liabilities and fund equity	<u>\$ 819,508</u>	<u>\$ 728,593</u>	<u>\$ 1,548,101</u>

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

**WOODWARD 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**

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	<u>GENERAL FUND</u>
Revenues:	
Ad valorem taxes	\$ 337,291
Charges for services	425,298
Miscellaneous revenues	6,571
Total revenues	769,160
Expenditures	
Current operating:	
Personal services	372,028
Maintenance and operations	110,510
Capital outlay	43,739
Total expenditures	526,277
Excess revenues over expenditures	242,883
Other financing sources:	
Sales of equipment	3,100
Total other financing sources	3,100
Excess revenues and other sources over expenditures	245,983
Beginning fund balance	534,405
Ending fund balance	\$ 780,388

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

**WOODWARD 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**

	General Fund		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 293,647	\$ 295,490	\$ 1,843
Revenues:			
Ad valorem taxes	298,524	337,211	38,687
Charges for services	125,602	424,042	298,440
Miscellaneous revenues		6,571	6,571
Total revenue, budgetary basis	424,126	767,824	343,698
Expenditures:			
Personal services	433,663	372,028	61,635
Maintenance and operations	114,110	110,510	3,600
Capital outlay	170,000	43,739	126,261
Total expenditures, budgetary basis	717,773	526,277	191,496
Excess of revenues and beginning fund balances over expenditures, budgetary basis	\$ -	537,037	\$ 537,037
Other financing sources:			
Sale of equipment		3,100	
Total other financing sources		3,100	
Excess of revenues and beginning fund balances and other sources over expenditures, budgetary basis		540,137	
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances			
Add: Ad valorem receivable		4,259	
Accounts receivable, net of allowance for doubtful accounts		234,698	
Adjustment to prior year reserve for encumbrance		1,294	
Ending fund balance		\$ 780,388	

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

**Notes to the Financial Statements**

**WOODWARD COUNTY 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 Woodward 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.

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

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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. The EMS accrues accounts receivable based on service charges incurred for ambulance service. The accrual is based on accounts that have been charged and are receivable at the end of the fiscal year.

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.

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

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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 EMS 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.

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.

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

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Summary of Significant Accounting Policies (continued)

H. Compensated Absences

The EMS does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and employees may accumulate one week of vacation after the first year of employment and two weeks thereafter. The amount of accumulated unpaid vacation benefits could not be determined for inclusion in the financial statements for the fiscal year ending June 30, 2002; hence no amount for compensated absences is reflected in the financial statements. In management's opinion, the amount would not be material to the financial statements if recorded.

I. 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, results of operations, or cash flows 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 \$580,551 and the bank balance was \$617,176. Of the bank balance, all funds were covered by federal depository insurance or by collateral held by the EMS's agent in the EMS's name.

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.

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

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Detailed Notes on Account Balances (continued)

Article X, § 9C of the Oklahoma Constitution authorized the formation of EMS districts and authorized a tax levy not to exceed three (3) mills for the purpose of providing funds to support, organize, operate, and maintain district EMS. County voters approved a three (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 \$9,000,748, net of 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.

Tax collections for the year ended June 30, 2002, were approximately 97.8 percent of the tax levy.

The EMS considers outstanding accounts receivable for ambulance charges to be charges incurred and charged prior to the end of the fiscal year. The allowance for doubtful accounts represents those charges considered uncollectible by the Board. Accounts receivable for the year ended June 30, 2002, were \$234,698, net of the allowance for doubtful accounts in the amount of \$53,502.

**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>
Land & building	\$ 204,495	\$ -	\$ -	\$ 204,495
Emergency vehicles	390,072	-	38,143	351,929
Machinery and equipment	<u>131,133</u>	<u>41,036</u>	<u>-</u>	<u>172,169</u>
Total	<u>\$ 725,700</u>	<u>\$ 41,036</u>	<u>\$ 38,143</u>	<u>\$ 728,593</u>

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

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Detailed Notes on Account Balances (continued)

D. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund equity represents tentative plans for future use of financial resources which are available for appropriation.

E. Pension Plan

Plan Description The EMS has a defined contribution pension plan titled Woodward County Emergency Medical Service Retirement Plan (plan). The plan is administered by Principal Financial Group, a third party administrator. Plan provisions are established and amended by Board resolution. Only full-time employees are eligible for the plan.

The EMS contributes 8% of each employee's salary. Employees contribute a minimum of 2% of their salary, but may voluntarily contribute more, up to a maximum of 10% of employee's total earnings.

An employee becomes eligible for the EMS's contributions at age 55, or when totally disabled as defined by the plan, or when an employee dies. An employee also becomes 20% vested in the plan at three years of employment, with the vested portion increasing 20% each year until the employee is fully vested at seven years. The employee's contributions are 100% vested immediately and contributions that are not vested are forfeited if employment is terminated by either the EMS or the employee. Non-vested forfeitures are used to offset the next required contribution by the EMS.

The plan has various investment options, but the Board has restricted the investment of the EMS's contributions to the guaranteed interest account only. An employee's contributions can be invested in the money market, guaranteed interest account, bond and mortgage, real estate, and/or the U.S. stock account, as designated by the employee. Contributions and earnings are accumulated in separate investment accounts held by The Principal Financial Group.

Employees are eligible for retirement at age 55, but may elect to continue their employment and choose a later retirement date. At retirement, an employee may make the following elections for benefits:

1. Leave benefits in a Personal Retirement Account administered by The Principal Financial Group until such time as the employee elects another option.
2. Receive a single sum payment of all benefits due.

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

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Detailed Notes on Account Balances (continued)

3. Roll benefits into an Individual Retirement Account (IRA) administered by The Principal Financial Group, an IRA with another financial institution, or into another qualified retirement plan.
4. Purchase any one of a variety of annuity options.

The EMS's contributions to the defined contribution pension plan for the year ended June 30, 2002, were \$17,514. The employees' contributions to the plan for the year ended June 30, 2002, were \$5,336.

**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  
WOODWARD COUNTY EMERGENCY MEDICAL SERVICE

We have audited the financial statements of Woodward County Emergency Medical Service, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 29, 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 Woodward 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 Woodward 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 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 County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described below.

### **Finding 2002-1 – Daily Deposits**

**Criteria:** Title 62 O.S. 2001, § 517.3.B. states, "The treasurer of every public entity shall deposit daily...all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office..."

**Condition:** It was noted that the EMS did not deposit collections on a daily basis.

**Recommendation:** We recommend that collections be deposited on a daily basis.

### **Finding 2002-2 – Purchasing**

**Criteria:** Good internal controls dictate that expenditures be supported by proper documentation.

**Condition:** Fifteen of the 21 purchase orders selected for testwork did not have the proper documentation attached to the purchase order (i.e., receiving reports and invoices).

**Recommendation:** We recommend that the EMS designate a receiving officer and that person complete a receiving report and attach it to the purchase order and that all necessary invoices also accompany the purchase order.

### **Finding 2002-3 –Incomplete Records**

**Criteria:** Good internal controls dictate that a control ledger for accounts receivable and a general ledger for available cash balances be maintained.

**Condition:** The total amount of accounts receivable was not maintained by the EMS District. Additionally, the EMS did not maintain a cash balance, but relied upon the county treasurer for the balance.

**Recommendation:** We recommend the EMS take the necessary steps to implement a system that would account for the total amount of accounts receivable and available cash balances in order to provide good internal controls over EMS assets.

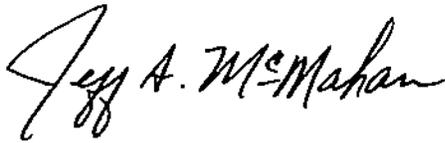
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 believe that none of the reportable conditions described above are 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,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large, stylized initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

January 29, 2003

## **Management Response**

**WOODWARD COUNTY  
EMERGENCY MEDICAL SERVICE  
Woodward, Oklahoma 73802**

P.O. BOX 771  
1510 DOWNS AVE.

PHONE 580-254-3341  
FOR AMBULANCE  
DIAL 911  
FAX 580-254-3920



February 28, 2003

State Auditor and Inspector  
1401 Lera, Suite 9  
Weatherford, Oklahoma 73096

This letter is in response to the recent audit and subsequent findings of your department.

Our responses to the following findings are as follows:

**Finding 2002-1 Daily Deposits**

**Condition:** It was noted that the EMS did not deposit collections on a daily basis.

**Response:** The EMS attempts to make weekly deposits rather than daily. Monies are not received every day. Deposits are however; made daily in the event of "cash payments" or anytime a large amount is received.

**Finding 2002-2 Purchasing**

**Condition:** Fifteen of the 21 purchase orders selected for test work did not have the proper documentation attached to the purchase order (i.e. receiving reports and invoices).

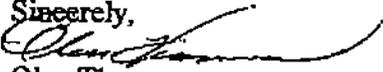
**Response:** The EMS attaches invoices to all applicable purchase orders. We have obtained receiving reports and will attach them to appropriate purchase orders.

**Finding 2002-3 Incomplete records**

**Condition:** The total amount of accounts receivable was not maintained by the EMS district. Additionally, the EMS did not maintain a cash balance, but relied upon the county treasurer for the balance.

**Response:** The EMS currently uses billing software that will produce an accounts receivable record. The EMS also contracts with Woodward County to provide bookkeeping services. Cancelled checks or warrants are not returned to the EMS, but instead go to the courthouse, where the accounts are then reconciled. This is done as a time and cost saving measure to the EMS and its limited staff.

Sincerely,

  
Olen Thomas  
Chairman

  
Vanessa Brewington  
Administrator