

**BRYAN COUNTY AMBULANCE AUTHORITY  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

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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 \$36.75. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

April 18, 2005

TO THE BOARD OF TRUSTEES OF THE  
BRYAN COUNTY AMBULANCE AUTHORITY

Transmitted herewith is the audit of the Bryan County Ambulance Authority for the fiscal year ended June 30, 2004. 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 Bryan County Ambulance Authority.

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, reading "Jeff A. McMahán". The signature is written in a cursive style with a large, prominent initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

**BRYAN COUNTY AMBULANCE AUTHORITY  
FINANCIAL STATEMENTS  
JUNE 30, 2004**

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**BRYAN COUNTY AMBULANCE AUTHORITY  
BOARD OF TRUSTEES  
JUNE 30, 2004**

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CHAIRMAN

Gary Forbis

MEMBERS

Vernon Anderson

Philip McCarley

Larry Snider

Vacant

DIRECTOR

Joe Barrett

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 Bryan County Ambulance Authority is comprised of Bryan County and was created to provide ambulance service to all citizens.

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

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

## **Financial Section**

## Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE  
BRYAN COUNTY AMBULANCE AUTHORITY

We have audited the special-purpose financial statements of Bryan County Ambulance Authority, as of and for the year ended June 30, 2004, as listed in the table of contents. These special-purpose financial statements are the responsibility of the Bryan County Ambulance Authority. 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 Bryan County Ambulance Authority, 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 Bryan County Ambulance Authority 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 Bryan County Ambulance Authority, and comparisons of such information, with the corresponding budgeted information for the general fund, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

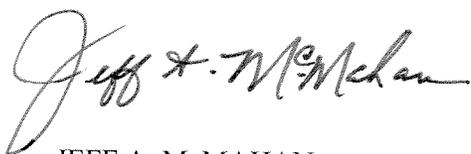
In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2005, on our consideration of Bryan County Ambulance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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. McMAHAN". The signature is written in a cursive style with a large, looping initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

January 5, 2005

**Special-Purpose Financial Statements**

**BRYAN COUNTY AMBULANCE AUTHORITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
JUNE 30, 2004**

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	<u>General Fund</u>
Beginning Cash Balance	<u>\$ 1,039,204</u>
Receipts:	
Ad Valorem Taxes	401,407
Charges for Services	627,318
Subscriptions	6,368
Miscellaneous Revenues	<u>23,777</u>
Total Receipts	<u>1,058,870</u>
Disbursements:	
Personal Services	838,540
Maintenance and Operations	314,678
Capital Outlay	<u>16,542</u>
Total Disbursements	<u>1,169,760</u>
Ending Cash Balance	<u><u>\$ 928,314</u></u>

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

**BRYAN COUNTY AMBULANCE AUTHORITY**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**JUNE 30, 2004**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 1,037,294	\$ 1,037,294	\$ 1,039,204	\$ 1,910
Less: Beginning Outstanding Warrants				
Less: Beginning Encumbrances			(42,982)	(42,982)
Beginning Cash Balances, Budgetary Basis	<u>1,037,294</u>	<u>1,037,294</u>	<u>996,222</u>	<u>(41,072)</u>
Receipts:				
Ad Valorem Taxes	374,915	374,915	401,407	26,492
Charges for Services	637,274	637,274	627,318	(9,956)
Subscriptions	5,063	5,063	6,368	1,305
Miscellaneous Revenues	20,593	20,593	23,777	3,184
Total Receipts, Budgetary Basis	<u>1,037,845</u>	<u>1,037,845</u>	<u>1,058,870</u>	<u>21,025</u>
Expenditures:				
Personal Services	956,589	956,589	836,316	120,273
Maintenance and Operations	518,550	518,550	311,960	206,590
Capital Outlay	600,000	600,000	16,542	583,458
Total Expenditures, Budgetary Basis	<u>2,075,139</u>	<u>2,075,139</u>	<u>1,164,818</u>	<u>910,321</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	890,274	<u>\$ 890,274</u>
Reconciliation to Statements of Receipts, Disbursements, and Changes in Cash Balances				
Add: Ending Encumbrances			38,040	
Ending Cash Balance			<u>\$ 928,314</u>	

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

**BRYAN COUNTY AMBULANCE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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1. Summary of Significant Accounting Policies

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of Bryan County Ambulance Authority (the Authority), and comparisons of such information with the corresponding budgeted information for the Authority. The fund presented is established under statutory authority, and its operation is under the control of the Board of Trustees. The more significant accounting policies and practices are described below.

A. Reporting Entity

The Authority 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 Authority is not subject to federal or state income taxes.

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

The general fund is the Authority'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 to account for all activities of the Authority not accounted for in some other fund.

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

Summary of Significant Accounting Policies (continued)

D. Budgetary Policies

Oklahoma Statutes require the Authority 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 - All Funds 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 Authority 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 fully invested or deposited in interest-bearing demand accounts at June 30, 2004.

F. Risk Management

The Authority is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets; errors and omissions; injuries to personnel and natural disasters. The Authority continues to carry commercial insurance for these types of risk. The Authority carries workers compensation, health, and accidental insurance on its personnel. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. 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 2004 fiscal year.

G. Compensated Absences

All full-time Bryan County Ambulance Authority employees shall be entitled to annual leave in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Accrual Rates</u>	<u>Annual Leave</u>
02-04 years		48 hours
05-09 years		96 hours
10-14 years		114 hours

Summary of Significant Accounting Policies (continued)

All full-time Bryan County Ambulance Authority employees shall be entitled to sick leave with pay that is accrued at 6 hours per month.

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 Authority 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 and certificates of deposit. The reported amount of the Authority's deposits was \$928,314 and the bank balance was \$928,314. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the Authority's agent in the Authority's name.

B. Description of Funds

During the year ended June 30, 2004, the Authority used the general fund to account for all activity of the operation of the Authority.

C. 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 Authority, 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 Authority.

The net assessed property value as of January 1, 2003, was approximately \$137,468,838.

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.

**BRYAN COUNTY AMBULANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

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Detailed Notes on Account Balances (continued)

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, 2004, were approximately 92.59 percent of the tax levy.

**Internal Control and Compliance Section**

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

TO THE BOARD OF TRUSTEES OF THE  
BRYAN COUNTY AMBULANCE AUTHORITY

We have audited the special-purpose financial statements of Bryan County Ambulance Authority, as of and for the year ended June 30, 2004, and have issued our report thereon dated January 5, 2005. Our report includes an explanatory paragraph discussing that the financial statements are not a complete presentation in accordance with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bryan County Ambulance Authority'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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Bryan County Ambulance Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-1, 2004-2, and 2004-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial 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, of the reportable conditions described above, we consider item 2004-3 to be a material weakness.

Compliance and Other Matters

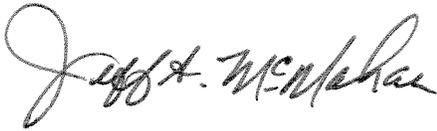
As part of obtaining reasonable assurance about whether Bryan County Ambulance Authority's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct 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 an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2004-4.

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. McMahane". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

January 5, 2005

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

**Finding 2004-1 - Timesheets (Repeat Finding)**

Criteria: Effective internal controls include timesheets prepared and reviewed for accuracy. The Fair Labor Standards Act requires that employers keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

Condition: The Authority employees do not prepare timesheets and/or records which reflect accumulated leave balances, are not always signed by the employee and are not approved by the Director. Also, the Director does not prepare a timesheet reflecting hours worked and the amount of leave taken.

Recommendation: We recommend that all employees prepare timesheets with information of time worked, any leave taken during the time period, overtime worked, and accumulated leave balances, in order to comply with the Fair Labor Standards Act. Also, the Director and employee should approve and sign each timesheet.

**Finding 2004-2 - Fixed Assets (Repeat Finding)**

Criteria: An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation.

Condition: The Authority does not maintain a detailed listing of all fixed assets.

Recommendation: We recommend a control total of all of the Authority owned assets (such as equipment, land, buildings, and improvements) be compiled and maintained by the Authority.

**Finding 2004-3 - Segregation of Duties (Repeat Finding)**

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation are important elements of effective internal control over government assets and resources.

Condition: The limited number of office personnel within the Authority office prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

**BRYAN COUNTY AMBULANCE AUTHORITY**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2004**

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Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

**Finding 2004-4 - Estimate of Needs (Repeat Finding)**

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

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

Recommendation: We recommend that the Authority properly complete the Estimate of Needs and include the mandatory audit budget account.