

STATUTORY REPORT

ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2017



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 13, 2018

**TO THE BOARD OF DIRECTORS OF THE
ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Alfalfa County Emergency Medical Service District for the fiscal year ended June 30, 2017.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long, sweeping tail on the letter "s".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2017

	<u>FY 2017</u>
Beginning Cash Balance, July 1	\$ 972,588
Collections	
Ad Valorem Tax	344,753
Charges for Services	261,594
Sales Tax Reimbursements	104,087
Miscellaneous	6,504
Total Collections	<u>716,938</u>
Disbursements	
Personal Services	452,181
Payroll Reimbursed by Sales Tax	104,087
Maintenance and Operations	9,332
Audit Expense	8,977
Total Disbursements	<u>574,577</u>
Ending Cash Balance, June 30	<u>\$ 1,114,949</u>

The Alfalfa County Board of County Commissioners maintains a County Sales Tax Fund for the benefit of the District. The following schedule is a presentation of collections, disbursements, and cash balances of the sales tax funds maintained by the County for FY 2017.

Beginning Cash Balance, July 1	\$ 16,389,935
Collections	
Sales Tax Apportioned	1,227,367
Total Collections	<u>1,227,367</u>
Disbursements	
Reimbursement for Salaries	104,087
Other Sales Tax Disbursements	584,878
Total Disbursements	<u>688,965</u>
Ending Cash Balance, June 30	<u>\$ 16,928,337</u>

On November 06, 2012 the citizens of Alfalfa County, approved a 2% sales tax for 4 years requiring 55% of the total revenue generated for the purpose pertaining to the health and well-being of the people, including the personal services, maintenance and general operations of the Alfalfa County Emergency Services.

On November 08, 2016 the citizens of Alfalfa County, approved a 2% sales tax for 4 years requiring 52% of the total revenue generated for the purpose pertaining to the health and well-being of the people, including the personal services, maintenance and general operations of the Alfalfa County Emergency Services.

Source: District Estimate of Needs (presented for informational purposes)



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Alfalfa County Emergency Medical Service District
P.O. Box 36
Helena, Oklahoma 73741

TO THE BOARD OF DIRECTORS OF THE ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the purpose of complying with 19 O.S. § 1706.1, we have performed the following procedures:

- Determined that receipts were properly deposited and accurately reported in the accounting records.
- Determined cash balances were accurately reported in the accounting records.
- Determined whether deposits and invested funds were secured by pledged collateral.
- Determined that disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1, and were accurately reported in the accounting records.
- Determined that all purchases requiring bids complied with 19 O.S. § 1723.
- Determined that payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined that fixed assets records were properly maintained.
- Determined whether the District's collections, disbursements, and cash balances for 2017 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Alfalfa County Emergency Medical Service District.

Our emergency medical service district statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of the Alfalfa County Emergency Medical Service District.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the Alfalfa County Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

January 9, 2018

**ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-05 – Inadequate Internal Controls over the Payroll Process (Repeat Finding)

Condition: Based on inquiry of Alfalfa County Emergency Medical Service District (the District) staff and observation of two (2) payroll periods, that included 24 employees, we noted the following weaknesses:

- The Director did not complete timesheets for the audit period.
- In two (2) instances hours reported as worked on the timesheets did not agree to the hours paid on the payroll summary.
- In ten (10) instances the withholdings reported on the payroll summary did not agree to the withholdings calculated using the District's W-4s.
- In thirteen (13) instances the W-4 forms were incomplete regarding payroll information.

Cause of Condition: Policies and procedures have not been designed and implemented to provide reasonable assurance that payroll disbursements are properly recorded in the accounting records and supported by approved timesheets.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, and incorrect payment of wages and payroll taxes.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District establish internal controls to provide reasonable assurance for the accurate and complete presentation of payroll disbursements in the accounting records of the District.

Those internal controls should include:

- The Director prepares and signs a monthly timesheet.
- The hours reported on employees' timesheets agrees to the hours used to calculate employee wages.
- W-4 forms for all employees are completed and accurate.
- Wages are calculated using the most recent W-4 forms that have been signed by the employees.

Management Response:

Chairman of the Board:

- The Director is now completing a timesheet.
- All hours approved by the Supervisor and Director are now compared to the employee's timesheet.
- The District will advise accountant of withholding inconsistencies.
- The District will have all employees complete a W-4 form that is signed and filed by the District.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to the achievement of the entity's objectives regarding the reliability of financial reporting, including documentation of payroll disbursements.

**ALFALFA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2017-6 – Inadequate Internal Controls Over Fixed Assets Inventory (Repeat Finding)

Condition: The Alfalfa County Board of County Commissioners approves and provides the funds for the purchase of fixed assets items for use by the District. The District maintains the fixed assets items and accounts for the safeguarding of those fixed assets. Based on inquiry of staff, observation, and review of the District’s fixed assets inventory records, the following exceptions were noted:

- One individual is responsible for maintaining fixed assets inventory records and marking the fixed assets with an inventory number.
- Periodic physical inspections of fixed assets inventory were not performed.
- One (1) ambulance had an incorrect vehicle identification number (VIN) listed on the inventory record.
- Two (2) fixed asset items did not have the correct inventory numbers attached to the items.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly accounted for, maintained, and updated regularly by the District.

Effect of Condition: These conditions could result in errors and improprieties, unrecorded transactions, misappropriation of assets, or loss of District equipment.

Recommendation: OSAI recommends periodic physical inventory verification, by someone other than the individual in charge of fixed assets inventory records, be completed and documented on an annual basis.

Management Response:

Chairman of the Board: The employee responsible for completing the fixed assets inventory listing will assign another individual to verify that all inventory items are appropriately marked and accounted for on the listing.

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



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