

**BUFFALO  
EMERGENCY  
MEDICAL SERVICE  
DISTRICT**

JULY 1, 2006 THROUGH JUNE 30, 2007

**EMERGENCY  
AUDIT**



**Jeff A. McMahan**

Oklahoma State Auditor  
& Inspector



**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2007**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by Article 10, § 9C (i) of the Oklahoma Constitution. Pursuant to 74 O.S. § 3105.B, twenty-five (25) copies have been prepared and distributed at a cost of \$49.23. 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

January 24, 2008

TO THE BOARD OF TRUSTEES OF THE  
BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the audit of the Buffalo Emergency Medical Service District's financial statement for the fiscal year ended June 30, 2007. 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 Buffalo 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 serving the public interest by providing independent oversight and by issuing 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 "Michelle R. Day".

MICHELLE R. DAY, Esq.  
Deputy State Auditor and Inspector

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT**  
**JUNE 30, 2007**

---

**TABLE OF CONTENTS**

|   |     |
|---|-----|
| <u>BOARD OF TRUSTEES</u> .....  | ii  |
| <u>INTRODUCTION</u> .....   | iii |
| <br><u>FINANCIAL SECTION</u>  |     |
| Report of State Auditor and Inspector .....   | 1   |
| Basic Financial Statement:  |     |
| Statement of Receipts, Disbursements, and Changes in<br>Cash Balances—General Fund .....  | 3   |
| Notes to the Financial Statement .....  | 4   |
| <br><u>SUPPLEMENTARY INFORMATION</u>  |     |
| Comparative Schedule of Receipts, Expenditures, and Changes in<br>Cash Balances—Budget and Actual—Budgetary Basis—General Fund .....  | 7   |
| Notes to Supplementary Information .....  | 8   |
| <br><u>INTERNAL CONTROL AND COMPLIANCE SECTION</u>  |     |
| Report on Internal Control Over Financial Reporting and on Compliance and<br>Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance With <i>Government Auditing Standards</i> ..... | 9   |
| Schedule of Findings and Responses .....  | 11  |

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
BOARD OF TRUSTEES  
JUNE 30, 2007**

---

CHAIRMAN  
Dwight Yauk

VICE CHAIRMAN  
Cathy Earnest

SECRETARY  
Wayne Roesner

TREASURER  
Robin Daley

MEMBERS  
Margaret Long

ADMINISTRATOR  
Susan Harper

BOOKKEEPER  
Susan Harper

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT**  
**JUNE 30, 2007**

---

**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 an original 3.00 mills levy to support the operation of the district. The Buffalo Emergency Medical Service District is comprised of Buffalo School District I-4 in Harper County and was created to provide ambulance service to all citizens in Buffalo School District I-4.

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, and accept gifts, funds, or grants.

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

**FINANCIAL SECTION**



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  
BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Buffalo Emergency Medical Service District, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of the Buffalo Emergency Medical Service District. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As described in Note 1, the accompanying basic financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Buffalo Emergency Medical Service District as of June 30, 2007, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in cash balances of the Buffalo Emergency Medical Service District, for the year ended June 30, 2007, on the basis of accounting described in Note. 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2008, on our consideration of Buffalo 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 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.

Our audit was performed for the purpose of forming an opinion on the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Buffalo Emergency Medical Service District, taken as a whole. The accompanying Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statement. The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.



MICHELLE R. DAY, Esq.  
Deputy State Auditor and Inspector

January 7, 2008

## **Basic Financial Statement**

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES—GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

|                        | General<br>Fund  |
|------------------------|------------------|
| Beginning Cash Balance | <u>\$ 44,244</u> |
| Receipts:              |                  |
| Ad Valorem Taxes       | 44,060           |
| Charges for Services   | 16,733           |
| Intergovernmental      | 27,946           |
| Miscellaneous          | <u>2,235</u>     |
| Total Receipts         | <u>90,974</u>    |
| Disbursements:         |                  |
| Checks Issued          | <u>96,097</u>    |
| Ending Cash Balance    | <u>\$ 39,121</u> |

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

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

**1. Summary of Significant Accounting Policies**

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of Buffalo Emergency Medical Service District (the District). The financial activity presented is established under statutory authority, and its operation is under the control of the District 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 basic financial statement includes all District 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.

**B. Fund Accounting**

The District uses only a general fund to account for its cash balances.

**C. Basis of Accounting**

The basic financial statement is 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. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**D. Cash and Investments**

State statutes require financial institutions with which the District maintains funds to deposit collateral securities to secure the District's deposits. The amount of collateral securities to be pledged is established by the District Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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.

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

**E. 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; injuries to personnel and natural disasters. The District continues to carry commercial insurance for these types of risk. The District carries workers' compensation, health and accidental insurance on its personnel. 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 2007 fiscal year.

**F. Compensated Absences**

The District is a volunteer service; therefore, there are no compensated absences.

**2. Stewardship Policies**

On or before June 1 of each year, a budget for each fund, as required by the Board, is 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.

Cash disbursements of the District are presented only in total in the *Statement of Receipts, Disbursements, and Changes in Cash Balances – General Fund*; however, a breakdown of disbursements by category is included in the *Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances – Budget and Actual – Budgetary Basis – General Fund* of the supplementary information along with a reconciliation of actual cash activity to budgetary cash activity.

**3. Detailed Notes on Fund Balances**

**A. 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 assessed property value as of January 2006 was approximately \$41,527,216 after deducting homestead exemptions.

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

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 delinquent personal property taxes are published usually in May. If the taxes are not paid within 30 days from publication, they are placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2007, were approximately 92.59 percent of the tax levy.

**SUPPLEMENTARY INFORMATION**

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—  
BUDGET AND ACTUAL—BUDGETARY BASIS—GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

|   | General Fund       |                 |                  |                 |
|---|--------------------|-----------------|------------------|-----------------|
|   | Original<br>Budget | Final<br>Budget | Actual           | Variance        |
| Beginning Cash Balances   | \$ 30,147          | \$ 30,147       | \$ 44,244        | \$ 14,097       |
| Less: Beginning Encumbrances  |                    |                 | (14,196)         | (14,196)        |
| Beginning Cash Balances, Budgetary Basis  | <u>30,147</u>      | <u>30,147</u>   | <u>30,048</u>    | <u>(99)</u>     |
| Receipts:   |                    |                 |                  |                 |
| Ad Valorem Taxes  | 53,387             | 53,387          | 44,060           | (9,327)         |
| Charges for Services  | 19,806             | 19,806          | 16,733           | (3,073)         |
| Intergovernmental   | 23,665             | 23,665          | 27,946           | 4,281           |
| Miscellaneous Revenues  | 1,850              | 1,850           | 2,235            | 385             |
| Total Receipts, Budgetary Basis   | <u>98,708</u>      | <u>98,708</u>   | <u>90,974</u>    | <u>(7,734)</u>  |
| Expenditures:   |                    |                 |                  |                 |
| Personal Services   | 66,000             | 66,000          | 58,437           | 7,563           |
| Maintenance and Operations  | 1,600              | 1,600           | 741              | 859             |
| Capital Outlay  | 41,734             | 41,734          | 44,800           | (3,066)         |
| Eldorado Contract   | 13,000             | 13,000          | 1,580            | 11,420          |
| Audit Budget Account  | 1,900              | 1,900           | 1,639            | 261             |
| Principal and Interest Paid   | 4,621              | 4,621           | 4,621            |                 |
| Total Expenditures, Budgetary Basis   | <u>128,855</u>     | <u>128,855</u>  | <u>111,818</u>   | <u>17,037</u>   |
| Excess of Receipts and Beginning Cash<br>Balances Over Expenditures, Budgetary<br>Basis | <u>\$ -</u>        | <u>\$ -</u>     | 9,204            | <u>\$ 9,204</u> |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                    |                 |                  |                 |
| Add: Current Year Encumbrances  |                    |                 | <u>29,917</u>    |                 |
| Ending Cash Balance   |                    |                 | <u>\$ 39,121</u> |                 |

See independent auditor's report.

The accompanying notes to the supplementary information are an integral part of this schedule.

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

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 Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—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.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**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  
BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Buffalo Emergency Medical Service District, as of and for the year ended June 30, 2007, which comprises the Buffalo Emergency Medical Service District's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 7, 2008. The report on the Statement of Receipts, Disbursements, and Changes in Cash Balances was adverse because the statement is not a presentation in conformity 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 Buffalo Emergency Medical Service District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Buffalo Emergency Medical Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Buffalo Emergency Medical Service District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2007-1, 2007-2, 2007-3, 2007-5

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buffalo Emergency Medical Service District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-4.

Buffalo Emergency Medical Service District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Buffalo Emergency Medical Service District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, Excise Board, and Legislative officials and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



MICHELLE R. DAY, Esq.  
Deputy State Auditor and Inspector

January 7, 2008

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

**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 2007-1 - 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. To help ensure a proper accounting of funds, the duties of receiving, receipting, and depositing checks and cash should be segregated.

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

Effect: The condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

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.

Views of responsible officials and planned corrective actions: We are aware of this condition and plan to be more involved in the management through improved reporting and discussions.

**Finding 2007-2 – Daily Deposit of Funds**

Criteria: Effective internal controls require that a receipt be created for all money received. Additionally, all money receipted should be deposited with the bank the same day or the business day immediately following.

Condition: The audit of receipts and deposits revealed five instances in which deposits were not made in a timely manner. The length of time increased to as much as 117 days (almost four months) between receipt and deposit of funds. Additionally, a total of nine deposits were made during the fiscal year.

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

| <b>EMS<br/>Receipt<br/>Date</b> | <b>Bank<br/>Statement<br/>Deposit<br/>Date</b> | <b>Deposit<br/>Amount</b> | <b># of Days<br/>between EMS<br/>Receipt and<br/>Bank Deposit</b> |
|---------------------------------|--|---------------------------|---|
| 9/30/2006                       | 10/6/2006                                      | \$ 3,778.26               | 6   |
| 10/31/2006                      | 11/6/2006                                      | \$ 5,876.75               | 6   |
| 12/31/2006                      | 2/6/2007                                       | \$ 5,896.80               | 37  |
| 12/31/2006                      | 2/6/2007                                       | \$ 38,077.64              | 37  |
| 4/12/2007                       | 8/7/2007                                       | \$ 23,553.37              | 117   |
|                                 |  | <u>\$ 77,182.82</u>       |   |

The deposits for receipts dated April 12, 2007, were not deposited until August 7, 2007. No receipts were written for the remainder of April, May or June 2007. Deposits for the year were \$90,974; however, the budget reflected estimated revenue of \$98,708, a negative variance of (\$7,734). The estimated revenue is based on 90% of the prior year revenue, or \$108,579. Therefore, revenues were approximately \$17,605 less than 2006 revenue. The District began to notice shortfalls in December 2006, so a CD of \$10,780.86 was cashed in. No deposits of revenue were made for September 2006, December 2006, January 2007, April 2007, May 2007, or June 2007.

**Effect:** When funds are not deposited in a timely manner, discrepancies could occur in the accounting records causing misappropriation of funds.

**Recommendation:** We recommend the District implement policies and procedures to ensure all monies received are deposited the same day or the following day, to provide effective internal controls over receipt and deposit of funds.

**Views of responsible officials and planned corrective actions:** A policy has been put into place prior to this audit to correct this issue. Deposits will be made at a minimum of weekly, depending on receipt of funds.

**Finding 2007-3 – Purchasing**

**Criteria:** Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Effective internal control over expenditure of funds requires supporting documentation such as purchase orders, invoices, evidence of review, authorization, and approval.

**Condition:** The test of 30 purchases revealed the following violations:

- A – Original invoice not attached. – 9 instances (33%)
- B – No signature indicating goods or services were received. 11 instances (37%)
- C – No segregation between requesting and receiving goods or services. 9 instances (33%)

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

| <b>P.O. #</b> | <b>Purpose</b>                        | <b>Vendor</b>                | <b>Purchase Order Amount</b> | <b>Exception Noted</b> |
|---------------|---------------------------------------|------------------------------|------------------------------|------------------------|
| 06-229        | Lifepak Defibrillator, misc supplies  | Medtronic Emergency Response | \$ 765.80                    | B                      |
| 06-230        | Miscellaneous purchases               | Advanta (Credit Card)        | \$ 1,876.95                  | B,A                    |
| 06-204        | Speaker mics and batteries            | G&G Electronics              | \$ 546.00                    | C                      |
| 06-212        | Miscellaneous purchases               | Advanta (Credit Card)        | \$ 1,275.73                  | B,A                    |
| 06-184        | Miscellaneous purchases               | Buffalo Auto Supply          | \$ 227.29                    | C                      |
| 06-188        | Advertising, catching up              | Harper County Journal        | \$ 284.73                    | B,A                    |
| 06-149        | 4CP200 16V radios                     | G&G Electronics              | \$ 1,580.00                  | C                      |
| 06-128        | Miscellaneous purchases               | Advanta (Credit Card)        | \$ 470.17                    | B,A                    |
| 06-130        | 350 ink pens with EMS logo            | RDJ Specialties              | \$ 311.50                    | C                      |
| 06-180        | Miscellaneous purchases               | Advanta (Credit Card)        | \$ 143.56                    | B,A                    |
| 06-110        | 2000 laser checks plus freight        | Mid West Printing            | \$ 332.29                    | C                      |
| 06-084        | First responder work books            | Pearson Education            | \$ 1,542.31                  | B,A                    |
| 06-094        | Office Christmas decorations          | Duckwalls                    | \$ 92.18                     | C                      |
| 06-053        | Miscellaneous purchases               | Advanta (Credit Card)        | \$ 1,480.74                  | B,A                    |
| 06-032        | 500 mood pencils                      | RDJ Specialties              | \$ 259.55                    | C                      |
| 06-028        | EVOC course books                     | VFIS                         | \$ 68.00                     | C                      |
| 06-004        | Ambulance supplies                    | Emergency Medical Products   | \$ 949.77                    | C                      |
| 06-005        | Training videos                       | Channing Bete Company Inc.   | \$ 135.00                    | B                      |
| 06-006        | Paramedic manuals for course attended | High Plains Tech Center      | \$ 796.00                    | B                      |
| 06-014        | Miscellaneous purchases               | Advanta (Credit Card)        | \$ 1,124.72                  | B,A                    |
| 06-017        | Detail unit 17 after Lauer Ropings    | Clint Bentley                | \$ 40.00                     | A                      |

Effect: This condition could result in misstated financial reports, undetected errors or misappropriation of assets.

Recommendation: We recommend the District implement policies and procedures to ensure goods and services are actually received; an employee/volunteer of the District sign and date the original invoice/receipt at the time the goods are received and/or the services are performed; the original invoice/receipt be attached to the purchase order; and that the purchase is a necessary purchase used for the actual maintenance and operation of the District. We further recommend the District find an alternative to the Advanta Credit Card, such as fuel cards specifically assigned to each unit requiring mileage verification on the unit. There is no authorization for an EMS to have credit cards.

Views of responsible officials and planned corrective actions: All purchase orders will show a line item breakdown for each invoice and/or item purchased. Receipt of items will be noted by a signature/initial to the receiving report or invoice. Original invoice (if available) will be attached to all purchase orders. An exact copy will be attached if the original is not received.

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

**Finding 2007-4 – Fixed Assets Inventory**

Criteria: Title 19 O.S. § 1718 states, “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 and as prescribed by the State Auditor and Inspector. The required funds may include, but not be limited to . . .

5. A ledger or group of accounts in which to record the details relating to the general fixed assets of the district.”

Condition: While testing fixed assets, it was noted that there were items that had been donated and/or purchased that had not been added to the inventory master list.

Effect: This condition could result in misappropriation of District assets.

Recommendation: We recommend that the District implement policies and procedures to perform an inventory count of 100% of all items of the District, document the inventory count, and determine the value of all items on the list to ensure that all fixed asset items are properly documented on the inventory master list.

Views of responsible officials and planned corrective actions: Policies and procedures are being implemented to insure that an inventory is done annually and that we maintain a fixed asset list based on the statutory \$500 minimum limit. This list also is to include all OSDH required ambulance equipment (backboards, glucometers, suction, and etcetera), radio equipment, computers and portable electronics as well as any other ancillary equipment or supplies deemed necessary, regardless of the dollar amount.

**Finding 2007-5 – Credit Card Late Fees and Unauthorized Expenses**

Criteria: Effective internal controls include the District maintaining claims for all expenses that are approved by the Board and that expenses are for the operation of the District. Furthermore, effective internal controls include the District not incurring debt or the payment of late fees using credit cards that are not authorized by state statute. There is no statutory authority for an EMS to have or use a credit card or pay interest or penalties on late charges for a credit card. Additionally, there is no statutory authority for the purchase of Christmas decorations and meal or phone reimbursement.

Condition: The following exceptions were noted:

1. The Board minutes of December 6, 2006, reflected that the Administrator purchased a new cell phone with “more expensive add-ons,” and the minutes stated, “She will pay the difference when the bill comes in.” We found no evidence that reimbursement was made to the District for the cell phone add-ons.
2. Due to Oklahoma Tax Commission payments being made late, the District paid interest and penalty of \$136.57 for the months of May 2006 through November 2006. P.O. #06-132

**BUFFALO EMERGENCY MEDICAL SERVICE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

---

3. Due to errors and late filings of IRS payments, penalty and interest of \$449.07 was paid for the fourth quarter of 2005 (P.O. #7-005) and \$87.70 was paid for the third quarter of 2005 on (P.O. # 06-147).
4. Christmas decorations totaling \$92.18 on P.O. #06-094 paid from District funds which were not an authorized expense.
5. Late fees totaling \$335.99 were paid on the Advanta Credit Card for the year 2006-2007. The card was used for the purchase of office supplies, meeting snacks, Amazon books, microwave, cleaning supplies, postage, and meal expenses.

Effect: Unauthorized expenses are being incurred.

Recommendation: We recommend the Board approve expenses on claims with original invoices and statements to reflect the purpose of each expense. Also, the Board should monitor payments for IRS and Oklahoma Tax Commission payroll taxes to avoid paying late fees and interest on payments. Meal reimbursements should be added to W-2 income as fringe benefits per IRS guidelines. We further recommend the District find an alternative to the Advanta Credit Card, such as fuel cards specifically assigned to each unit requiring mileage verification on the unit.

Views of responsible officials and planned corrective actions: The Advanta credit card was terminated immediately. All expenses must have a receipt and show the appropriateness for EMS use. Effective immediately no meals may be reimbursed except in the course of travel for training courses. A "fuel only" credit card is being explored that limits purchases to fuel and additives. A closer perusal of IRS taxes will be maintained and questions put forth to determine if changes can be made in this area.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896**

**[WWW.SAI.STATE.OK.US](http://WWW.SAI.STATE.OK.US)**