

HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

FOR THE YEAR ENDED JUNE 30, 2004

EMS
AUDIT



Oklahoma State Auditor
& Inspector

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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, ten (10) copies have been prepared and distributed at a cost of \$27.35. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

November 6, 2008

TO THE BOARD OF TRUSTEES OF THE
HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the audit of the Haskell County Emergency Medical Service District's financial statement 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 Haskell County 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 blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
JUNE 30, 2004

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**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
BOARD OF TRUSTEES
JUNE 30, 2004**

CHAIRMAN

Eddie Groves

MEMBERS

Nelson Ford
Jimmy Echelle

HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
JUNE 30, 2004

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 a 3 mills levy to support the operation of the district. The Haskell County Emergency Medical Service District was created to provide ambulance service to all citizens of Haskell County.

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

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
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MICHELLE R. DAY, ESQ.
Chief Deputy



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Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Haskell County Emergency Medical Service District, as of and for the year ended June 30, 2004, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of the Haskell County Emergency Medical Service District. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the fifth paragraph below, 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 Haskell County Emergency Medical Service District as of June 30, 2004, or changes in its financial position for the year then ended.

We were unable to obtain written representations from management concerning the fair presentation of the financial statement described above, completeness of information, and acknowledgement of management responsibilities concerning internal controls over financial reporting and to prevent and detect fraud.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain written assertions from management, the financial statement referred to in the first paragraph above presents fairly, in all material respects, the receipts, disbursements, and changes in cash balances of the Haskell County Emergency Medical Service District, for the year ended June 30, 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2008, on our consideration of Haskell County Emergency Medical Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 Haskell County 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, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain written assertions from management, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.


STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR


MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

April 29, 2008

Basic Financial Statement

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General Fund
Beginning Cash Balance	<u>\$ 52,756</u>
Receipts:	
Ad Valorem Taxes	121,539
Miscellaneous	<u>432</u>
Total Receipts	<u>121,971</u>
Disbursements:	
Maintenance and Operations	<u>108,609</u>
Total Disbursements	<u>108,609</u>
Ending Cash Balance	<u><u>\$ 66,118</u></u>

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

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

1. Summary of Significant Accounting Policies

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of Haskell County 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 does not maintain its own books or records. The County collects and disburses the monies for the District. The County accounts for these monies as an agency fund and the funds are expended on cash vouchers.

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).

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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.

Since these funds are accounted for by the County Treasurer, these funds are accounted for in the same manner as noted above, with the exception that the County Treasurer performs these functions.

E. Risk Management

The District is exposed to various risks of loss related to errors and omissions. The District does not carry commercial insurance and the District Board was not bonded for these types of risk.

F. Compensated Absences

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

G. Provider Contract

The District Board has an agreement with the Haskell County Hospital to provide emergency medical services in the District. Title to all assets has been transferred to the providers.

2. Stewardship Policies

On or before June 1 of each year, a budget is required to be submitted to the Excise Board. The budget should be approved by object category. The District Board may approve changes of appropriations within the fund by object category. To increase or decrease the budget by fund requires approval by the Excise Board. The Estimate of Needs for the District is incorporated into the Estimate of Needs filed by the County.

3. Detailed Notes on Fund Balances

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.

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

The assessed property value as of January 2003 was approximately \$40,686,031 after deducting homestead exemptions.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1.

Unpaid 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, 2004, were approximately 97.6 percent of the tax levy.

SUPPLEMENTARY INFORMATION

**HASKELL COUNTY 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, 2004**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	<u>\$ 52,756</u>	<u>\$ 52,756</u>	<u>\$ 52,756</u>	<u>\$ -</u>
Beginning Cash Balances, Budgetary Basis	<u>52,756</u>	<u>52,756</u>	<u>52,756</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	110,962	110,962	121,539	10,577
Miscellaneous Revenues			432	432
Total Receipts, Budgetary Basis	<u>110,962</u>	<u>110,962</u>	<u>121,971</u>	<u>11,009</u>
Expenditures:				
Maintenance and Operations	<u>163,718</u>	<u>163,718</u>	<u>108,609</u>	<u>55,109</u>
Total Expenditures, Budgetary Basis	<u>163,718</u>	<u>163,718</u>	<u>108,609</u>	<u>55,109</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	66,118	<u>\$ 66,118</u>
Ending Cash Balance			<u>\$ 66,118</u>	

See independent auditor's report.

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

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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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
HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Haskell County Emergency Medical Service District, as of and for the year ended June 30, 2004, which comprises the Haskell County 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 April 29, 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. Our report also describes scope limitations in the obtaining of representations and assertions from management. Except for those limitations, 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 Haskell County Emergency Medical Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement 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 District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2002-1 and 2004-5.

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 statement 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 2002-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haskell County Emergency Medical Service District's financial statement is 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as items 2004-2, 2004-3, 2004-4, and 2004-6.

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.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

April 29, 2008

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 2002-1- Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of transaction authorization, receiving, receipting, and depositing cash and checks should be segregated.

Condition: Based on inquiries of County personnel and test work performed, it was noted that transaction authorization, receiving, receipting, recording, and depositing collections with the County were not properly segregated to assure adequate internal control structure. Accounting functions of the District are performed by County office personnel.

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

Recommendation: OSAI recommends management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2004-2- Estimate of Needs

Criteria: Title 19 O.S. § 1708 states, "The Board shall prepare for each budget year a budget for each fund whose activities require funding through appropriations, such as general, capital projects and debt service. According to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the total net assessed valuation of the District for audit expenses.

Condition: The District's Board did not complete and approve an annual budget. The District's budget was incorporated with Haskell County's budget and the District did not appropriate the mandatory one-tenth mill to the audit budget account.

Effect: This condition results in a violation of statutory requirements.

Recommendation: OSAI recommends that management be fiscally accountable to the citizens of the District and properly complete and approve the Estimate of Needs, which should include the mandatory audit budget account.

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2004-3- Board Meetings and Board Minutes

Criteria: Title 25 O.S. § 312. A. states, “The proceedings of a public body shall be kept by a person so designated by such public body in the form of written minutes which shall be an official summary of the proceedings showing clearly those members present and absent, all matters considered by the public body, and all actions taken by such public body. The minutes of each meeting shall be open to public inspection and shall reflect the manner and time of notice required by this act.”

Title 19 O.S. § 1707 states in the “Emergency Medical Service District Budget Act” that regular meetings shall be set by the board. Special meetings shall be held at the call of the chairman or any two (2) members of the board. A majority of all the members of the board shall constitute a quorum and have the power to transact business.

Condition: The District was not able to provide any documentation of board meetings held.

Effect: Based on the lack of documentation, we were unable to determine if regular board meetings had been held. The District Board may be in violation of open meetings laws.

Recommendation: OSAI recommends that the District Board hold board meetings to conduct and transact business and a written record of the board meetings be maintained on file to record the business conducted as a District Board.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2004-4 – Ambulance Service Provider Contract

Criteria: Title 19 O.S. § 1701 et seq. is cited as “Emergency Medical Service District Budget Act.” The purpose of this act is to establish procedures for emergency medical service districts.

The act covers organization of the board, budgeting, debt, sinking fund levy and accounting and budgeting requirements.

In addition, the statute allows the District Board to contract for ambulance services with an ambulance service provider.

Condition: The last signed contract with a service provider was dated May 27, 1992, with an attached addendum dated August 24, 2000, between Haskell County and the Haskell County Hospital.

Effect: This condition could result in liability and accountability issues for the District.

Recommendation: OSAI recommends that a contract be executed and signed by the District and service provider in order that services can legally be provided to the citizens of Haskell County.

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2004-5 – No Supporting documentation for invoices

Criteria: Accountability and stewardship are goals in the accounting for funds. To ensure a proper accounting of funds, the District Board should properly approve all District disbursements.

Condition: For fiscal year 2004, the District had cash voucher claims but there was no record of supporting invoices. The District's disbursements made by the County were not properly approved by the District Board nor were the cash voucher claims properly completed. An outdated form is being used, which is significantly different than the current cash voucher claim form.

Effect: Without proper approval and adequate supporting documentation there is the possibility for misappropriation of funds.

Recommendation: OSAI recommends that all disbursements for the District be made on claims that have been properly approved by the District Board. OSAI further recommends that all supporting documentation be attached to claims prior to funds being approved or disbursed.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2004-6—District Board

Criteria: Article 10 § 9C(a) of the Oklahoma Constitution states in part, "Each district which is herein authorized, or established, shall have a board of trustees composed of not less than five members. Such trustees shall be chosen jointly by the board or boards of county commissioners, provided that such membership shall be composed of not less than one individual from each county or part thereof which is included in said district."

Condition: As of December 6, 2004, the Board of County Commissioners signed a resolution to be the acting board for the District Board, due to lack of insurance coverage.

Effect: The District Board is not established in accordance with the Oklahoma Constitution.

Recommendation: OSAI recommends the Haskell County Board of County Commissioners appoint a five member board to become the District Board.

Views of responsible officials and planned corrective actions: Management chose not to respond.



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