

# HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

FOR THE YEAR ENDED JUNE 30, 2007

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, 2007**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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November 7, 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, 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 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, 2007**

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

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CHAIRMAN

Kenny Short

MEMBERS

Mitch Worsham  
Paul Storie

**HASKELL COUNTY EMERGENCY MEDICAL SERVICE DISTRICT**  
**JUNE 30, 2007**

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**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  
State Auditor

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, 2007, 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, 2007, 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, 2007, 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, 2007**

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	General
	<u>Fund</u>
Beginning Cash Balance	<u>\$ 23,729</u>
Receipts:	
Ad Valorem Taxes	147,060
Miscellaneous	<u>2,732</u>
Total Receipts	<u>149,792</u>
Disbursements:	
Maintenance and Operations	<u>114,700</u>
Total Disbursements	<u>114,700</u>
Ending Cash Balance	<u><u>\$ 58,821</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, 2007**

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**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, 2007**

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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 agreed with the Southwest EMS, Inc. of Mena, Arkansas to provide emergency medical services in the District. A written contract has not been renewed since October 31, 2005. Title to all assets is held by 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, 2007**

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The assessed property value as of January 2006 was approximately \$48,012,661 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, 2007, were approximately 97.2 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, 2007**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 23,729	\$ 23,729	\$ 23,729	\$ -
Beginning Cash Balances, Budgetary Basis	23,729	23,729	23,729	-
Receipts:				
Ad Valorem Taxes	130,944	130,944	147,060	16,116
Miscellaneous Revenues			2,732	2,732
Total Receipts, Budgetary Basis	130,944	130,944	149,792	18,848
Expenditures:				
Maintenance and Operations	154,673	154,673	114,700	39,973
Total Expenditures, Budgetary Basis	154,673	154,673	114,700	39,973
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	58,821	\$ 58,821
Ending Cash Balance			\$ 58,821	

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, 2007**

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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, 2007, 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 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 Haskell County Emergency Medical Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Haskell County 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 2007-1 and 2007-5 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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 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, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2007-2, 2007-3, 2007-4, and 2007-6.

This report is intended solely for the information and use of the Board of Trustee, 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, 2007**

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**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: 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 2007-2—Estimate of Needs (Repeat Finding)**

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.

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

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

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**Finding 2007-3—Board Meetings and Board Minutes (Repeat Finding)**

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 2007-4—Ambulance Service Provider Contract (Repeat Finding)**

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 known contract on file between the District and the ambulance service provider (Southwest EMS, Inc.) covered the period October 6, 2004 through October 31, 2005. Currently, Southwest EMS, Inc. is operating as the ambulance service provider without a valid contract with the District.

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

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

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Recommendation: OSAI recommends that a contract be executed and signed by the District and Southwest EMS, Inc. in order that services can legally be provided to the citizens of Haskell County. This contract should be executed and signed annually by all parties involved.

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

**Finding 2007-5—Proper Approval of Disbursements (Repeat Finding)**

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

Condition: The District disbursements were not properly approved by the District Board nor were the cash voucher claims properly completed.

Effect: Without proper approval and adequate supporting documentation there is the possibility for misappropriation of funds. An outdated form, which is significantly different than the current cash voucher claim form is being used.

Recommendation: OSAI recommends that all disbursements for the District be properly approved by the District Board. OSAI further recommends that all supporting documentation be attached to claims prior to funds being approved or disbursed and that the updated SAI form 270 for cash voucher claims be used.

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

**Finding 2007-6—District Board (Repeat Finding)**

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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