



JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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July 27, 2022

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

Transmitted herewith is the audit report of Jackson County Emergency Medical Service District for the fiscal year ended June 30, 2021.

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2021

	General Fund	Ambulance Service Sales Tax Fund	Capital Project Fund
Beginning Cash Balance, July 1	\$ 249,250	\$ -	\$ 14,919
Collections			
Ad Valorem Tax	493,619	-	-
Charges for Services	1,277,373	-	-
Sales Tax Revenue	-	57,214	-
Miscellaneous	71,364	-	-
City Sales Tax for KCD3	83,194	-	-
Coronavirus Relief Fund (CRF) – CARES Act	32,377	-	-
Total Collections	<u>1,957,927</u>	<u>57,214</u>	<u>-</u>
Disbursements			
Personal Services	1,617,942	-	-
Maintenance and Operations	366,249	13,260	-
Capital Outlay	174,510	-	-
JCPFA Lease Payments	34,291	-	14,919
Eldorado EMS Contract Services	25,061	-	-
Total Disbursements	<u>2,218,053</u>	<u>13,260</u>	<u>14,919</u>
Ending Cash Balance, June 30	<u>\$ (10,876)</u>	<u>\$ 43,954</u>	<u>\$ -</u>

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

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City Sales Tax Kiowa County District 3 Emergency Ambulance Association (KCD3)

The city sales tax received from the towns of Roosevelt (.33 of 1% sales tax), Mountain Park (.30 of 1% of sales tax), and Snyder (.25 of 1% sales tax) to be used to fund the ambulance service for the geographical area of the “Kiowa County District 3 Commissioner” as per the contract between Jackson County Emergency Medical Service (the District) and Kiowa County District 3 Emergency Ambulance Association (KCD3). The District received \$83,194 for the fiscal year.

Eldorado Emergency Medical Service

Eldorado Emergency Medical Service (EEMS) provides volunteer ambulance service for the Eldorado School District and contracts with the Jackson County Emergency Medical Service District to be paid based on the ambulance service runs reported to the District Board. The EEMS District paid \$25,061 for the fiscal year.

Proceeds from Jackson County Public Finance Authority (JCPFA)

The Jackson County Emergency Medical Service District entered into an agreement, Series 2017A Note with the Jackson County Public Finance Authority (JCPFA) on January 9, 2017, in the amount of \$260,000.

District Board minutes of the meeting held on December 20, 2016, stated,

“Payments are due monthly (by the 10th of the month) to the fiscal agent bank in the amount of \$2,493.” The total cost of the Note is \$299,114, including interest and fees of \$39,114. The District has received \$250,000 of the proceeds.

According to the District Board minutes, the District deeded the Jackson County Emergency Medical Service District ambulance building and property to the JCPFA as collateral for the Series 2017A Note. In return, the District has signed a Lease Agreement with JCPFA to lease the building and property from the JCPFA until the note is paid over a ten (10) year period.

Further, the District entered into an additional agreement with the JCPFA on January 21, 2020, in an amount of \$170,000 for the purchase of equipment and makes monthly payments of \$337 to JCPFA.

The District paid monthly lease payments from the General Fund totaling \$34,291 for the fiscal year.

The District established a Capital Projects Fund to account for the financial activity associated with proceeds of the Series 2017A Note and the related capital outlay expenditures. During the fiscal year, the remaining balance in the Capital Projects Fund of \$14,919 was expended for monthly lease payments.

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Sales Tax

In an election on June 26, 2018, the citizens of Jackson County approved a county fire sales tax of 1/8 of 1% to be collected beginning October 1, 2018, and be limited in duration to 10 years, terminating on September 31, 2028. The County Fire Sales tax is to be used for the purpose of fire protection, prevention, communications, training related expenses (not to include salaries), and fire, emergency medical service and rescue operations. This sales tax revenue includes maintenance, construction of buildings, facilities both current and future; the purchase and maintenance of current and future apparatus, vehicles, and the purchase of any equipment, services and supplies related to fire protection for all current Jackson County Fire departments.

The sales tax is budgeted within the “Ambulance Service Sales Tax Fund” for the collection of County Fire Sales Tax to be used to update and operate the District. The District submits a requisition to the Jackson County Clerk. The requisition is approved for payment by the Jackson County Board of County Commissioners. The Jackson County Clerk issues payment directly to the vendor for approved purchases.

For the fiscal year ended, the District was allocated \$57,214 in sales tax appropriations, and expended \$13,260 in county sales tax as approved by the Jackson County Board of County Commissioners.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Coronavirus Relief Fund (CRF) – CARES Act - Money distributed to the State of Oklahoma to provide direct federal assistance to state governments, with consideration for local governments. The State of Oklahoma allocated \$5 million of CRF to the Oklahoma Ambulance Association (OKAMA) to distribute to licensed ambulance services across the state. The funds were to be used to reimburse ambulance services for unanticipated expenses in staffing, Personal Protective Equipment (PPE), medical supplies, and lost insurance coverage due to COVID-19. The District received \$32,377 for the fiscal year.



Jackson County Emergency Medical Service District
1309 N Park Lane
Altus, Oklahoma 73521

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

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

- Determined charges for services were billed and collected in accordance with District Policies.
- Determined that receipts were properly deposited and accurately reported in the accounting records.
- Determined cash balances were accurately reported in the accounting records.
- Determined whether deposits and invested funds for the fiscal year ended June 30, 2021 were secured by pledged collateral.
- Determined that disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1 and were accurately reported in the accounting records.
- Determined that all purchases requiring bids complied with 19 O.S. § 1723.
- Determined that payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined that fixed assets records were properly maintained.
- Determined compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year ended June 30, 2021 were accurately presented on the estimate of needs.

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

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

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

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

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 4, 2022

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021- 001 – Lack of Internal Controls and Noncompliance Over the Open Meeting Act

Condition: Upon inquiry of Board members and employees, and observation of the Jackson County Emergency Medical Service District (the District) Board minutes and agendas, the following exceptions were noted:

- Two of the Board meeting minutes could not be located.
- One of the Board meeting agendas could not be located.
- Board minutes did not include evidence of review and approval of financial information.
- Beginning in November of 2020, meeting minutes were very brief and did not document all the decisions made by Board members.
- The Board members did not sign the Board minutes to document their approval.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure Board meeting minutes adequately document the Board members discussion and actions and that minutes and agendas are filed and maintained in a secure location. .

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding the Open Meeting Act and inadequate documentation of Board meeting minutes and could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the District design and implement policies and procedures to ensure the District documents an official summary of the proceedings taken by a person designated by the Board in compliance with state statutes regarding the Open Meeting Act. The official summary should clearly and accurately reflect all matters considered by the Board, and the individual votes of the Board members. Further, documents should be signed and maintained in a safe and secure location for public viewing in accordance with state statute.

Management Response:

Board Response: The Board and Management concur with this finding and have implemented policies and procedures to ensure compliance with the Open Meeting Act. The Board has officially designated a record keeper to record and maintain the official copy of the Board minutes. The Board and the record keeper have signed off on these policies documenting they understand their responsibilities.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or

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operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 25 O.S. § 305 states, “In all meetings of public bodies, the vote of each member must be publicly cast and recorded.”

Title 25 O.S. § 311(B)(1) states, “All agendas required pursuant to the provisions of this section shall identify all items of business to be transacted by a public body at a meeting including, but not limited to, any proposed executive session for the purpose of engaging in deliberations or rendering a final or intermediate decision in an individual proceeding prescribed by the Administrative Procedures Act.”

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.”

Finding 2021-002 – Lack of Internal Controls and Noncompliance Over District Financial Statements and Negative Fund Balance

Condition: Upon inquiry of District employees and Board members, observation of bank statements, receipt and disbursement (check) ledgers, Board minutes, and the Estimate of Needs, the following weaknesses were noted.

- The District collected \$341,670 more than budgeted collections; however, the District approved expenditures in excess of budgeted disbursements in the amount of \$352,546 resulting in a negative fund balance of (\$10,876) on June 30, 2021.
- The District did not prepare cumulative District financial statements for the fiscal year ended June 30, 2021.

Cause of Condition: The District has not designed and implement policies and procedures to ensure the District’s financial operations are within approved budgetary limits and a year-end financial statement is prepared.

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Effect of Condition: These conditions resulted in noncompliance with state statutes and created a funding deficit for the fiscal year 2021. Further these conditions could result in unrecorded transactions, undetected errors and misappropriation of funds.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure the District disbursements are within the limits of the approved budget in accordance with 19 O.S. § 1717(B) and (C) and 19 O.S. § 1702. Additionally, OSAI recommends the District design and implement policies and procedures to ensure compliance with 19 O.S. § 1709 regarding actual revenues and expenditures for preparation of a cumulative financial statement as of June 30th for each fiscal year.

Management Response:

Board Response: The Board and Management agree with this finding and have implemented policies and procedures to ensure that there is a budget report than can be run and checked by both the Board and Management monthly. In addition, policies and procedures have been implemented to accurately report to Management and the Board monthly revenues and expenses in the form of a Financial Statement. This process and procedure will ensure compliance with the requirement to prepare a cumulative financial statement as of June 30 each fiscal year.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

The GAO Standards – Principle 13 – Use Quality Information – 13.04 states the following:

Relevant Data from Reliable Sources

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability.

The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

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Title 19 O.S. § 1717 (B) and (C) state in part:

“B. It shall be unlawful for any employee or member of the board in any budget year:

1. To create or authorize creation of a deficit in any fund, or:

C. Any obligation that is contracted or authorized by any member or employee of the board in violation of this act shall become the obligation of the member or employee himself and shall not be valid or enforceable against the district. Any member or employee who violates this act shall forfeit his position and shall be subject to such civil and criminal punishments as are provided by law. Any obligation, authorization for expenditure or expenditure made in violation of this act shall be illegal and void.”

Title 19 O.S. § 1702 states “The purpose of this act is to provide a budget procedure for emergency medical service districts which shall:

1. Establish uniform and sound fiscal procedures for the preparation, adoption, execution and control of budgets.

2. Enable districts to make financial plans for both current and capital expenditures and to ensure that their directors administer their respective functions in accordance with adopted budgets.

3. Make available to the public and investors sufficient information as to the financial conditions, requirements and expectations of the district; and

4. Assist districts to improve and implement generally accepted accounting principles as applied to governmental accounting, auditing and financial reporting and standards of governmental finance management.”

Additionally, 19 O.S. § 1709 states in part,

“A. The budget format shall be as prescribed by the State Auditor and Inspector. The format shall contain at least the following in tabular form for each fund, itemized by department and account within each fund:

1. Actual revenues and expenditures for the immediate prior fiscal year.

2. Estimated actual revenues and expenditures for the current fiscal year; and

3. Estimated revenues and expenditures for the budget year .

Finding 2021-003 – Lack of Internal Controls Over the Fixed Assets Inventory Verification Process

Condition: Upon inquiry of District employees, observation of fixed assets inventory records, and review of the District’s fixed assets inventory, the following exceptions were noted:

- The District could not locate documentation of annual fixed assets inventory verification.
- The District has not established policies and procedure regarding the dollar limit for the inclusion of fixed assets, annual verification of fixed assets and the safeguarding of fixed assets.
- The fixed assets inventory listing did not provide the cost, make, model, or complete description of all the fixed assets.

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Further, a test of ten (10) fixed asset items indicated the following exception:

- An IO Drill listed as located on Unit 310 was obsolete and could not be located; however, the item was still listed on the fixed assets inventory.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is properly maintained and updated. Additionally, policies and procedures have not been designed and implemented to include a dollar limit for fixed assets inventory and documentation of annual verification of fixed assets inventory.

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

Recommendation: OSAI recommends that policies and procedures be implemented to ensure fixed assets inventory is updated on an ongoing basis and the Board establish a dollar limit for the inclusion of fixed assets on a fixed assets inventory. Furthermore, OSAI recommends annual physical fixed assets inventory verification by someone other than the individual maintaining the fixed assets inventory. OSAI further recommends that all items being disposed of be approved by the Board in a public meeting.

Management Response:

Board Response: The Board and Management understand and concur with this recommendation. The Board has established a \$3,000 limit for an asset to be included in the fixed assets inventory. Additionally, policies and procedures have been implemented to ensure that annual physical inventories are completed and verified by someone other than the person maintaining the fixed assets inventory. This policy also identifies that any items to be removed and/or disposed of will be approved by the Board in a public meeting.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

The GAO Standards — Section 2 – Objectives of an Entity - OV2.24 states:

Safeguarding of Assets

A subset of the three categories of objectives is the safeguarding of assets. Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

**JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2021-006 – Lack of Internal Controls and Noncompliance Over the Competitive Bidding Process (Repeat Finding)

Condition: Upon inquiry of District employees and Board members, observation, and review of documents regarding the competitive bidding process, it was determined the Board approved the purchase of an ambulance with a total cost of \$174,510; however, the competitive bidding process was not followed.

Cause of Condition: The District did not follow the policies and procedures designed by the state statutes regarding competitive bidding requirements.

Effect of Condition: These conditions resulted in noncompliance with the state statutes regarding bid requirements of equipment purchases exceeding \$15,000. (Beginning November 1, 2021, the competitive bidding requirement includes equipment purchases exceeding \$25,000.)

Recommendation: OSAI recommends that equipment purchases be competitively bid in accordance with 19 O.S. § 1723, which requires the District to make equipment purchases in accordance with county purchasing procedures as outlined in 19 O.S. § 1501 and § 1505.

Management Response:

Board Response: The Board and Management understand that the District must competitively bid any equipment purchases over the current \$25,000 threshold, and that all forms and reports must be retained for no less than two (2) years after all state and federal audit requirements have been fulfilled. Management and the Board will be certain that all equipment and purchases over \$25,000 are competitively bid and documents properly retained in the future.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 19 O.S. § 1723 requires the District make equipment purchases in accordance with the county purchasing procedures. as outlined in 19 O.S. § 1505, which requires all equipment purchases more than \$15,000 be competitively bid, and 19 O.S. § 1501 that requires forms and reports be retained for not less than two (2) years after all audit requirements for the state and federal government have been fulfilled and after any pending litigation involving forms and reports has been resolved.

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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