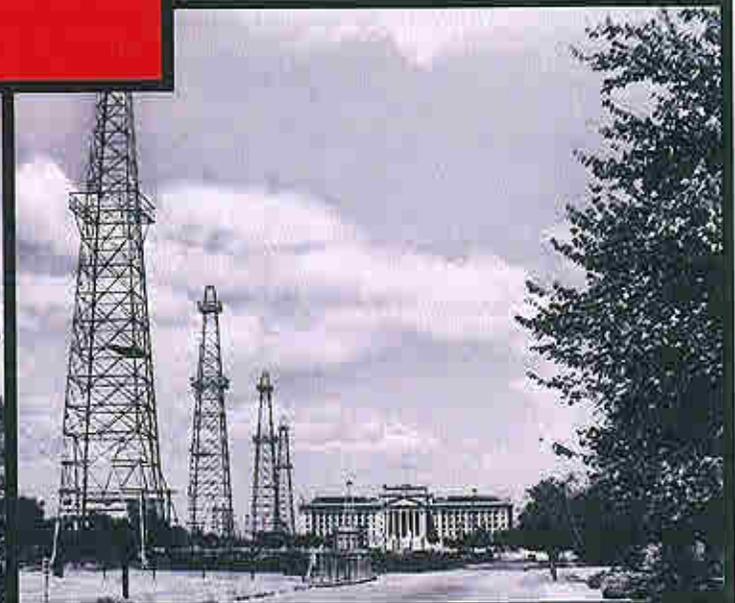


County Audit

Jackson County EMS District Financial Statement

For The Year Ended
June 30, 2007



Office of the Oklahoma State Auditor and Inspector
Jeff A. McMahan, CFE

**JACKSON COUNTY 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 \$48.95. 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

November 6, 2007

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

Transmitted herewith is the audit of the Jackson 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 Jackson 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 black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
JUNE 30, 2007

TABLE OF CONTENTS

<u>BOARD OF TRUSTEES</u>	ii
<u>INTRODUCTION</u>	iii
<u>FINANCIAL SECTION</u>	
Report of State Auditor and Inspector	1
Basic Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund	3
Notes to the Financial Statement	4
<u>SUPPLEMENTARY INFORMATION</u>	
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund	8
Notes to Supplementary Information	9
<u>INTERNAL CONTROL AND COMPLIANCE SECTION</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10
Schedule of Findings and Responses.....	12

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

CHAIRMAN

Pat Hunter

MEMBERS

Buddy Thompson

Jimmie Ewing

Grover Knight

ADMINISTRATOR

David Stewart

**JACKSON COUNTY 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. Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 3.05 mills. The Jackson County Emergency Medical Service District is comprised of Jackson County and was created to provide ambulance service to all citizens.

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
JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Jackson 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 Jackson County 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.

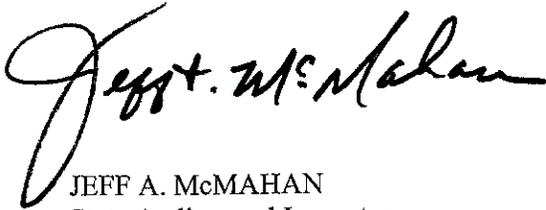
In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Jackson County Emergency Medical Service 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 Jackson 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 September 10, 2007, on our consideration of Jackson County 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 Jackson 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, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.



JEFF A. McMAHAN
State Auditor and Inspector

September 10, 2007

Basic Financial Statement

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

	General Fund
Beginning Cash Balance	<u>\$ 199,866</u>
Receipts:	
Ad Valorem Taxes	314,805
Charges for Services	743,385
Miscellaneous	4,427
Total Receipts	<u>1,062,617</u>
Disbursements:	
Warrants Paid	<u>1,092,739</u>
Total Disbursements	<u>1,092,739</u>
Ending Cash Balance	<u>\$ 169,744</u>

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

**JACKSON COUNTY 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 Jackson 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 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.

**JACKSON COUNTY 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 employees 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 employees. 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's full-time employees shall accrue annual leave according to years of service up to 120 hours after five years of service. Full-time employees shall accrue 12 hours of sick leave for every calendar month up to a maximum of 1,040 hours.

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.

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

The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property; hence the levy is now 3.05 mills. The assessed property value as of January 2006 was approximately \$104,205,942 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 98 percent of the tax levy.

B. Fixed Asset Ledger

A ledger in which to record the details relating to the fixed assets of the District is maintained as required by 19 O.S. § 1718. The fixed assets of the District are not included in the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund because the statement presents only cash resources of the District. Capital acquisition and construction are reflected as capital outlay disbursements in the General Fund. Also, this cash basis presentation does not reflect any depreciation of assets.

The following is a summary of changes in the fixed assets ledger of the District during the fiscal year ended:

	Balance <u>07-01-06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-07</u>
Emergency vehicles	\$ 485,089	\$	\$ 56,424	\$ 428,665
Buildings	600,000			600,000
Emergency equipment	<u>160,152</u>	<u>6,186</u>	<u>17,317</u>	<u>149,021</u>
	<u>\$1,245,241</u>	<u>\$ 6,186</u>	<u>\$ 73,741</u>	<u>\$1,177,686</u>

C. Capital Leases

The District acquires buildings and ambulance equipment through lease-purchase agreements. Interest on these lease-purchases cannot exceed 10% [62 O.S. §430.1.D.] and are competitively bid by the District in order to obtain the best possible price and the most competitive interest rate. Oklahoma Statutes prohibit the District from entering into contracts of this nature longer than one year. For this reason, lease-purchase agreements do not qualify for capitalization until the year the lease-purchase agreements are completed and title to the equipment is transferred to the District. However, when it is the intent of the District to exercise its right to purchase this property, accordingly, the lease-purchase agreements are treated as capital assets to conform with accounting principles generally accepted in the United States. The unpaid portions of these

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

agreements are reflected as capitalized lease agreements in the fixed assets ledger. Providing all capital leases are renewed each year by resolution of the District Board, minimum lease commitments under capitalized lease-purchase agreements as of June 30, 2007, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
2008	\$ 29,558	\$ 2,495	\$ 32,053
2009	<u>29,558</u>	<u>616</u>	<u>30,174</u>
Total	<u>\$ 59,116</u>	<u>\$ 3,111</u>	<u>\$ 62,227</u>

During the year, the District paid \$31,325 on the outstanding principal balance of the agreements.

In August 1997, Jackson County Public Finance Authority entered into a lease-purchase contract with Jackson County Emergency Medical Service District for a new facility, including the land, for the administration, vehicle housing and maintenance, and other purposes of the District. The contract was in the amount of \$600,000 and was funded by the Emergency Service Facility Lease Revenue Note Series 1997.

Principal payments of \$34,735 and \$35,639 were paid on August 1, 2006 and February 1, 2007, respectively.

Additionally, the District paid \$9,639 in interest during the fiscal year 2007.

Annual debt service requirements to maturity for lease revenue notes, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 74,410	\$ 5,505	\$ 79,915
2009	<u>38,834</u>	<u>1,126</u>	<u>39,960</u>
Total	\$113,244	\$ 6,631	\$119,875

SUPPLEMENTARY INFORMATION

**JACKSON 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	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 251,985	\$ 251,985	\$ 199,866	\$ (52,119)
Less: Beginning Encumbrances			(2,963)	(2,963)
Beginning Cash Balances, Budgetary Basis	<u>251,985</u>	<u>251,985</u>	<u>196,903</u>	<u>(55,082)</u>
Receipts:				
Ad Valorem Taxes	288,935	288,935	314,805	25,870
Charges for Services	677,200	677,200	743,385	66,185
Intergovernmental	515	515		(515)
Miscellaneous Revenues	7,765	7,765	4,427	(3,338)
Total Receipts, Budgetary Basis	<u>974,415</u>	<u>974,415</u>	<u>1,062,617</u>	<u>88,202</u>
Expenditures:				
Personal Services	850,000	850,000	778,080	71,920
Maintenance and Operations	189,384	189,384	169,700	19,684
Capital Outlay	76,975	76,975	38,223	38,752
Eldorado Contract	15,577	15,577	12,561	3,016
Audit Budget Account	14,550	14,550	19,225	(4,675)
Principal and Interest Paid	79,914	79,914	79,914	
Total Expenditures, Budgetary Basis	<u>1,226,400</u>	<u>1,226,400</u>	<u>1,097,703</u>	<u>128,697</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	161,817	<u>\$ 161,817</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			<u>7,927</u>	
Ending Cash Balance			<u>\$ 169,744</u>	

See independent auditor's report.

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

**JACKSON COUNTY 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
JACKSON COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Jackson County Emergency Medical Service District, as of and for the year ended June 30, 2007, which comprises the Jackson 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 September 10, 2007. 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 Jackson 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 Jackson County Emergency Medical Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson 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 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2007-1, 2007-2, 2007-4, and 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 items 2007-1 and 2007-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jackson County 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 Jackson County 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.



JEFF A. McMAHAN
State Auditor and Inspector

September 10, 2007

**JACKSON COUNTY 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: Management is aware of the condition, and has taken corrective action to periodically review the job responsibilities of the in-house positions that provide connectivity between and support to the various District providers and management.

Finding 2007-2 - Segregation of Duties – Disbursement of Funds (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 processing transactions, issuing checks and reconciling bank reconciliations should be segregated.

Condition: Based on inquiries and observation of District personnel, it was noted that the duties of cash disbursements were not adequately segregated for the office, with regard to handling cash transactions.

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

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

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: Management is aware of the condition, and has taken corrective action to periodically review the job responsibilities of the in-house positions that provide connectivity between and support to the various EMS providers and management, namely the Board of Trustees.

Finding 2007-4 – Purchasing

Criteria: Effective internal controls require that the purchase order reflect the actual amount due and payable to the vendor.

Condition: The test of 40 purchases revealed four exceptions where the check amount did not agree to the purchase order amount. An adjustment was not made to the purchase order to either decrease or increase the dollar amount.

<u>P.O. #</u>	<u>Check #</u>	<u>Amount</u>	<u>Issued To:</u>	<u>Exception Noted</u>
9962	26197	\$ 1,250.58	PMI	Check written for \$1,135.00
10031	26477	\$ 732.75	Bound Tree	Check written for \$709.34
10162	26929	\$ 349.94	Tiger Direct	Check written for \$315.97
10189	27058	\$ 370.00	CAS Medical	Check written for \$366.83

Additionally, one exception was noted on purchase order #9992 to Kwik Kar Oil and Lube, in the amount of \$101.18, where the invoices were paid on another purchase order; however, purchase order #9992 was not cancelled.

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

Recommendation: We recommend the purchase order amounts be adjusted to the amount of the invoices, to provide effective internal controls over disbursements.

Views of responsible officials and planned corrective actions: Management will implement appropriate safeguards to ensure that purchase order amounts correspond to invoice amounts. Purchase order amounts will be adjusted to the amount of the invoices to provide effective internal control over disbursements. The Board of Trustees is informed of the business operations on a monthly basis. A periodic review is conducted and appropriate changes made when necessary.

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

Finding 2007-5 - Pay Period

Criteria: Effective internal controls require that changes made to payroll activity be documented in the District Board Minutes.

Condition: The District staff changed the pay period from bi-weekly to weekly on October 4, 2006. The change was not approved in the District Board minutes.

Effect: This condition could result in the disruption of payroll accounting functions and cash flow when payroll records must be completed weekly.

Recommendation: We recommend that changes made to accounting functions be approved by the District Board and reflected in the minutes prior to making any changes.

Views of responsible officials and planned corrective actions: Management will present any changes to accounting functions to the Board of Trustees for approval and any changes will be documented in the minutes of Board meetings before such changes take place.