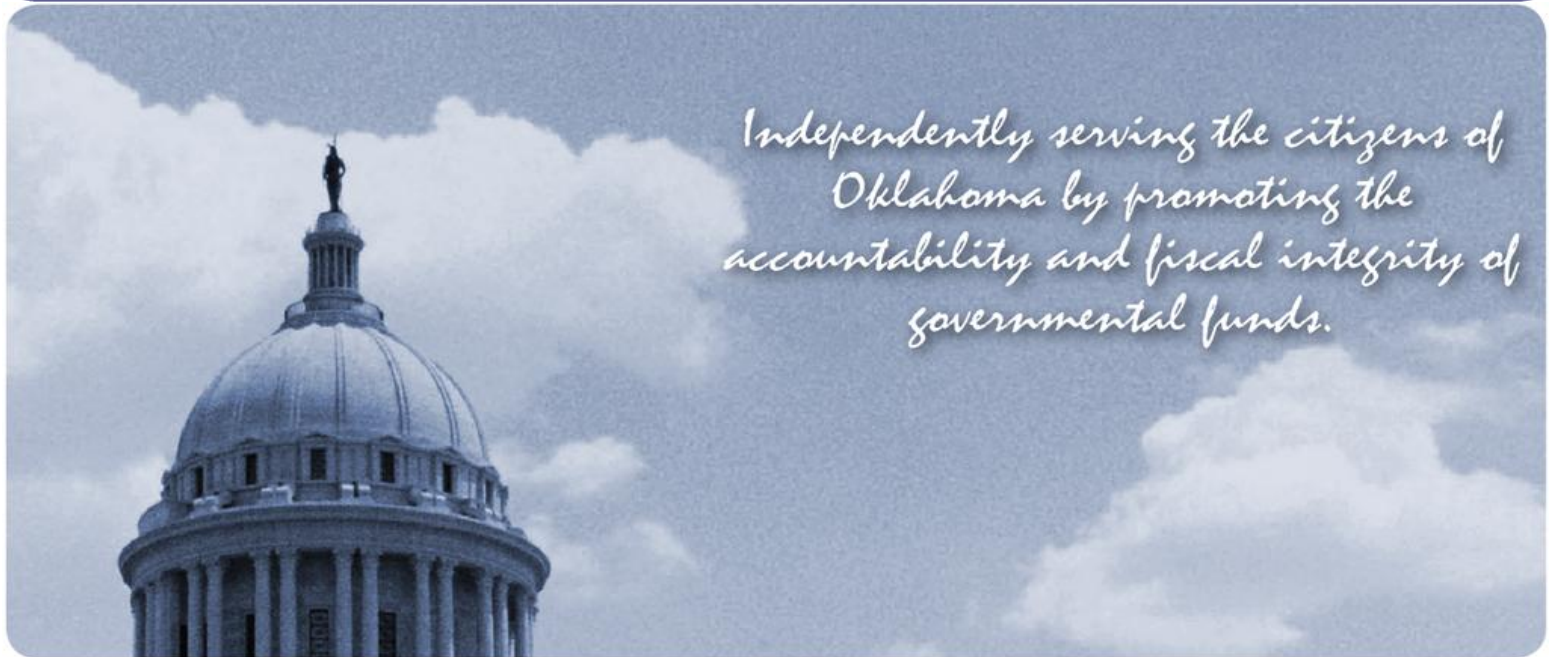


STATUTORY REPORT

LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

April 5, 2016

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

Transmitted herewith is the audit report of Love County Emergency Medical Service District for the fiscal year ended June 30, 2015.

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 "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
 STATUTORY REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015

	FY 2015
Beginning Cash Balance, July 1 as Restated	\$ 139,557 *
Collections	
Ad Valorem Tax	250,473
Sales Tax Revenues	109,643
Miscellaneous	6
Total Collections	360,122
Disbursements	
Maintenance and Operations	6,028
Contract Payments	250,473
Audit Expense	2,203
Total Disbursements	258,704
Ending Cash Balance, June 30	\$ 240,975

*The prior year's Ending Cash Balance did not include the sales tax balance of \$129,332.

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



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Love County Emergency Medical Service District
4102 Mayes Lane
Marietta, Oklahoma 73448

TO THE BOARD OF DIRECTORS OF THE LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

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

- 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 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 whether the District's collections, disbursements, and cash balances for FY 2015 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Love 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 Love 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 Love 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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

March 29, 2016

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Inadequate Segregation of Duties Over the Receipting and Disbursement Processes (Repeat Finding)

Condition: Upon inquiry and observation of the receipting process, the following was noted:

- The District Treasurer opens the mail and reconciles the bank accounts, and the Chairman reviews the reconciliations, posts to the general ledger/check ledger, makes changes to the general ledger/check ledger, maintains the bank statements, prepares the deposit, and takes the deposit to the financial institution, and issues payments to vendors.
- The District does not issue receipts for monies received.
- The District does not maintain a mail log.

Cause of Condition: Policies and procedures have not been designed and implemented to properly account for all collections and to adequately segregate the duties regarding the receipting and disbursement processes.

Effect of Condition: A single employee having responsibility for more than one area of recording, authorization, custody of assets and reconciliation could result in unrecorded transactions, misstated financial reports, clerical errors or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that the District separate the duties of receipting, depositing, and maintaining ledgers. OSAI recommends that receipts be issued for all collections. Further, a mail log should be maintained for all collections received in the mail. The mail log should be reviewed with the deposit ticket to ensure all collections were deposited. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of these accounting functions.

Management Response:

Love County Emergency Medical Service District Board Chairman and District Treasurer: During our quarterly meetings, the financial statements are reviewed and compared to bank statements. The financial statement shows all income and expenses of the 522 District. After examination and comparison, the item is voted on and approved by the District Board. There is minimal activity in these accounts due to the structure of the system. The District contracts with a provider to service the District, which minimizes activity.

Auditor Response: The financial duties of the District are not properly segregated.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets and record transactions.

Finding 2015-2 – Funding of Audit Expense Account (Repeat Finding)

Condition: For the fiscal year ended June 30, 2015, it was noted that the District appropriated the mandatory one-tenth of one mill; however, they did not properly carry the balance forward.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with 19 O.S. § 1706.1.

Effect of Condition: This condition resulted in noncompliance with state statute and under-funding of the audit expense account.

Recommendation: OSAI recommends that the District implement policies and procedures to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense account and that any unused portion be carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

Management Response:

Love County Emergency Medical Service District Board Chairman and District Treasurer: The District will discuss this issue with the budget maker to ensure that only the mandatory one-tenth mill is budgeted in the audit account. Also, the District will obtain written documentation before the balance is lapsed and not carried forward.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Further, 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 net total assessed valuation of the District for audit expenses.

Finding 2015-3 – Inadequate Internal Controls Over Equipment Inventory

Condition: Based upon inquiry and observation of the fixed assets and inventories process, the following was noted:

- The District does not maintain a current inventory listing of all fixed assets.
- The District had one (1) ambulance that was not on the inventory list.
- The District had one (1) ambulance that was on the inventory list that was provided by the District; however, according to the District personnel this ambulance did not belong to them.
- The District does not perform an annual inventory observation of all fixed assets.

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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- Three (3) vehicles on the inventory listing had the incorrect VIN number listed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure inventory is being properly accounted for, maintained, and updated regularly by the District.

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

Recommendation: OSAI recommends that policies and procedures be implemented to ensure inventory is being updated on an annual basis. Furthermore, OSAI recommends physical inventory verification, by someone other than the individual in charge of inventory, be completed and documented annually to verify inventory on hand.

Management Response:

Love County Emergency Medical Service District Board Chairman and District Treasurer: Steps will be taken to correct this issue.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation.

Finding 2015-4 – Renewal of EMS District Contract with Provider

Condition: During the fiscal year ending June 30, 2015, the District did not renew their Interlocal Cooperative Agreement with the service provider.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with contractual obligations.

Effect of Condition: These conditions could result in noncompliance with contractual obligations and undetected errors.

Recommendation: OSAI recommends that the District renew their Interlocal Cooperative Agreement with the service provider on an annual basis.

Management Response:

Love County Emergency Medical Service District Board Chairman and District Treasurer: Steps will be taken to correct this issue.

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.



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