

STATUTORY REPORT

# LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2014



*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, 2014**

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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

August 24, 2015

**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, 2014.

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, appearing to read "Gary A. Jones".

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

**LOVE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT  
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**Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2014**

	<u>FY 2014</u>
Beginning Cash Balance, July 1	\$ 23,917
Collections	
Ad Valorem Tax	202,342
Miscellaneous	<u>9</u>
Total Collections	<u>202,351</u>
Disbursements	
Maintenance and Operations	<u>216,043</u>
Total Disbursements	<u>216,043</u>
Ending Cash Balance, June 30	<u>\$ 10,225</u>

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



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Love County Emergency Medical Service District  
Route 1 Box 311  
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 2014 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

August 18, 2015

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

**Finding 2014–1 – 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:** 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

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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 2014–2 – Funding of Audit Expense Account (Repeat Finding)**

**Condition:** For the fiscal year ended June 30, 2014, 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:** Procedures have not been designed 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 designed 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.





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