

**MIAMI SCHOOL
DISTRICT 23
EMERGENCY MEDICAL
SERVICE DISTRICT**

FOR THE YEAR ENDED JUNE 30, 2007

**EMERGENCY
MEDICAL
SERVICE
DISTRICT
AUDIT**



Oklahoma State Auditor
& Inspector

**MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

August 5, 2008

TO THE BOARD OF TRUSTEES OF THE
MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT

Transmitted herewith is the audit of the Miami School District 23 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 Miami School District 23 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 "Michelle R. Day".

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

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**MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT
BOARD OF TRUSTEES
JUNE 30, 2007**

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MEMBERS
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**MIAMI SCHOOL DISTRICT 23
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 3 mills levy to support the operation of the district. The District is comprised of Miami School District 23 of Ottawa 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

Steve Burrage, CPA
State Auditor and Inspector

Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE
MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Miami School District 23 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 Miami School District 23 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 Miami School District 23 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 Miami School District 23 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 June 5, 2008, on our consideration of Miami School District 23 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 Miami School District 23 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

June 5, 2008

Basic Financial Statement

**MIAMI SCHOOL DISTRICT 23 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>\$ 164,688</u>
Receipts:	
Ad Valorem Taxes	144,386
Miscellaneous	<u>8,009</u>
Total Receipts	<u>152,395</u>
Disbursements:	
Checks Issued	<u>196,970</u>
Total Disbursements	<u>196,970</u>
Ending Cash Balance	<u><u>\$ 120,113</u></u>

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

**MIAMI SCHOOL DISTRICT 23
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 Miami School District 23 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.

**MIAMI SCHOOL DISTRICT 23
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 personnel 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 personnel. 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 is a volunteer service; therefore, there are no compensated absences.

G. Provider Contract

The District Board has contracted with the Baptist Regional Health Center to provide emergency medical services in the District. Title to all assets has been transferred to the providers.

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.

**MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

The assessed property value as of January 2006 was approximately \$51,497,264 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 91.3 percent of the tax levy.

SUPPLEMENTARY INFORMATION

**MIAMI SCHOOL DISTRICT 23 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, Budgetary Basis	\$ 157,638	\$ 157,638	\$ 164,688	\$ 7,050
Receipts:				
Ad Valorem Taxes	134,010	134,010	144,386	10,376
Miscellaneous Revenues			8,009	8,009
Total Receipts, Budgetary Basis	134,010	134,010	152,395	18,385
Expenditures:				
Provider Contract	290,648	290,648	196,377	94,271
Maintenance and Operations	1,000	1,000	593	407
Total Expenditures, Budgetary Basis	291,648	291,648	196,970	94,678
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	120,113	\$ 120,113
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Ending Cash Balance			\$ 120,113	

See independent auditor's report.

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

**MIAMI SCHOOL DISTRICT 23
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

Steve Burrage, CPA
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
MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT

We have audited the Statement of Receipts, Disbursements, and Changes in Cash Balances—General Fund of Miami School District 23 Emergency Medical Service District, as of and for the year ended June 30, 2007, which comprises the Miami School District 23 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 June 5, 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. 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 Miami School District 23 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 Miami School District 23 Emergency Medical Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Miami School District 23 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 2001-1, 2007-1 and 2007-2 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 2001-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Miami School District 23 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2004-1.

Miami School District 23 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 Miami School District 23 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.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

June 5, 2008

**MIAMI SCHOOL DISTRICT 23
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 2001-1- 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.

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.

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 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: The Board acknowledges the lack of proper segregation of duties, due to the limited number of personnel. The Board oversees bookkeeping practices by requiring multiple signatures on all bank transactions, as well as receiving a detailed monthly Treasurer's Report.

Finding 2004-1- Audit Budget Account (Repeat Finding)

Criteria: 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 assessed valuation of the District for audit expenses.

Condition: The District did not appropriate the mandatory one-tenth mill to the audit budget account.

Recommendation: We recommend the District properly complete the Estimate of Needs and Financial Statement and include the mandatory audit budget account on line 95a of Exhibit F in the Estimate of Needs and Financial Statement.

Views of responsible officials and planned corrective actions: The Board was unaware of this requirement on the Estimate of Needs. EMS does not expend funds for Audit expenses; that cost is absorbed by the County. Effective with fiscal year ending June 30, 2010, said mandatory one-tenth mill will be appropriated on the Estimate of Needs.

**MIAMI SCHOOL DISTRICT 23
EMERGENCY MEDICAL SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Finding 2007-1- Expenditures (Repeat Finding)

Criteria: Demonstration of accountability and stewardship are overall goals for governmental entities. To ensure proper accounting of funds expenditures should be properly approved/authorized.

Condition: During our test work, we noted in the minutes that certain disbursements were not approved by the Board and supporting documentation (i.e. invoices) was not retained. The disbursements were for the following amounts: \$400; \$1,873.39; \$26,801; and \$1,012.80.

Recommendation: We recommend the District Board approve all expenditures prior to payment and supporting documentation for expenditures be retained and marked paid.

Views of responsible officials and planned corrective actions: This will be corrected. A new Secretary/Treasurer was appointed to the Board after said expenditures.

Finding 2007-2- Expenditures (Repeat Finding)

Criteria: Demonstration of accountability and stewardship are overall goals for governmental entities. Expenditures should follow contracted guidelines, which state in part that the “Center shall own and have available three (3) ambulances meeting criteria and carrying specific patient care equipment on current working order...And in the event District shall have excess funds after payment of the monthly payments and annual payments as provided for above, the District agrees that said additional or excess funds may be paid by District, in its sole discretion, to the Center upon Center’s written request, for the purchase of replacement or additional equipment to operate said ambulance service.

Condition: The contractual agreement provides for three (3) ambulances. However, it was noted that the District disbursements included \$65,877.71 for half the purchase price of a fourth vehicle and \$26,801 for a fifth vehicle, a Dodge Durango, to be used as a “Rapid Response Unit.” The contract does allow the District to pay excess funds to the center upon approval of a written request. However, it appears that a written request for excess funds was not submitted for discussion by the Board and the disbursement of excess funds was not approved by official Board action prior to the disbursements.

Recommendation: We recommend the District Board follow all contractual guidelines, that the contract provider own and provide the ambulances as required by the contract, and the contract provider submit a written request to the District Board for any additional or excess compensation to be paid to the contract provider. Payment of excess funds should only be made through Board actions.

Views of responsible officials and planned corrective actions: While it is true the Board was not presented with a written request for the Rapid Response Unit, the expenditure of up to \$35,000 was approved on April 9, 2007. The Treasurer’s Report reflecting the expenditure was then approved on May 14, 2007. The current Secretary/Treasurer will make every effort to be more diligent in following Contract guidelines.



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