

STATUTORY REPORT

MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2016



*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

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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 8, 2017

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

Transmitted herewith is the audit report of Muskogee County Emergency Medical Service District for the fiscal year ended June 30, 2016.

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". The signature is written in a cursive, flowing style.

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

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL ENDED JUNE 30, 2016**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY2016

| | FY 2016 |
|--|------------------|
| Beginning Cash Balance, July 1, | \$ 4,732,369 |
| Prior Year outstanding warrants, unclassified | 4,498 |
| Add unidentified variance with Estimate of Needs | 1,354 |
| Beginning Cash Balance, July 1,* adjusted | 4,738,221 |
| | |
| Collections | |
| Ad Valorem Tax | 1,516,635 |
| Charges for Services | 8,199,874 |
| Intergovernmental | 2,798 |
| Miscellaneous | 91,916 |
| Total Collections | 9,811,223 |
| | |
| Disbursements | |
| Personal Services | 6,505,682 |
| Travel | 31,419 |
| Maintenance and Operations | 1,671,542 |
| Capital Outlay | 902,120 |
| Audit Expense | - |
| Total Disbursements | 9,110,763 |
| | |
| *Adjustments to Disbursements: | |
| Outstanding Warrants, unclassified | (197,743) |
| Reserves for current year | (189,275) |
| Unidentified variance | (679) |
| Ending Cash Balance, June 30 | \$ 5,050,984 |

*See Finding 2016-2 for information and explanation of the adjustments to the beginning cash balance and disbursements.

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



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Muskogee County Emergency Medical Service District
200 Callahan Street
Muskogee, Oklahoma 74403

TO THE BOARD OF DIRECTORS OF THE MUSKOGEE 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 2016 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Muskogee 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 Muskogee 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 Muskogee 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 "Gary A. Jones". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

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

July 6, 2017

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL ENDED JUNE 30, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-1 – Inadequate Internal Controls and Noncompliance Over Audit Expense Budget Account (Repeat Finding)

Condition: For the fiscal year ended June 30, 2016, Muskogee County Emergency Medical Service District (the District) did not appropriate the mandatory one-tenth mill to the audit expense budget account.

- The Estimate of Needs does not reflect the amount appropriated for the audit expense budget account.
 - The cumulative audit expense budget account including prior year funds not carried forward is underfunded in the amount of \$227,989.06.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the Estimate of Needs was prepared in accordance with 19 O.S § 1706.1.

Effect of Condition: This condition resulted in noncompliance with the state statute and the underfunding of the audit expense budget account. Further, balances from previous years were not properly carried forward.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (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 budget account, and that any unused portion be carried forward into the next year’s audit expense budget account in accordance with 19 O.S § 1706.1.

Management Response:

Chairman of the Board: The correct amount of one-tenth mill was calculated and appropriated for the audit for the current year. In addition, the unexpended cumulative amounts for the prior unaudited years were carried forward as open purchase orders included in the EON (budget) in Exhibit E Schedule 5 in the line item “Reserves from Schedule 8.” However, this cumulative amount was not shown in the appropriate audit expense budget account section in the EON as required. This item will be brought to the attention of the consultant Certified Public Accounting (CPA) firm that prepares the Muskogee County EMS EON.

Muskogee County EMS is committed to full compliance with all applicable laws and regulations. In the future, we will diligently make efforts to correctly indicate this amount in the audit budget expense account in accordance with state statute.

Criteria: Title 19 O.S. § 1706.1 states in part, “The net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation in any emergency medical service district for any year which shall be authorized and mandatorily required to be appropriated and dedicated to emergency medical service district audit”

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
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Finding 2016- 2– Inadequate Internal Controls and Noncompliance Over the Estimate of Needs and District Financial Statements (Repeat Finding)

Condition: Based on inquiry of the staff and budget maker and review of Muskogee County Emergency Medical Service District (the District’s) cash balances, and Estimate of Needs, (EON) for the fiscal year ended June 30, 2016, the following variances were noted:

- For fiscal year 2015-2016, the District did not prepare a financial statement that included the activity of the Group Benefit Insurance account.
- The beginning cash balance as reported on the District’s EON for the fiscal year audited included an unidentified variance of \$1,354 and reclassified outstanding warrants of \$4,498.
- An unidentified variance of \$679 was noted in the reconciliation of the ending cash fund balance and the amount reported on the EON of \$5,050,984.
- Additional reconciling items include the unclassified outstanding warrants of \$197,743, and the misclassified reserves of \$189,275 reported on the EON.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the EON is accurately completed and reconciles to the District’s financial records in compliance with Title 19 O.S. § 1702.

Effect of Condition: These conditions resulted in the District being in noncompliance with state statute, and it could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends the District review the Estimate of Needs prior to approval to ensure that it is prepared in such a manner that accurately reflects the financial position of the District as presented.

Management Response:

Chairman of the Board: The District desires to have a budget fully prepared in accordance with state statutes. The District changed Certified Public Accounting (CPA) firms for the preparation of the EON, effective with the 2016-2017 EON/Financial Statement of 2015-2016. These items will be brought to the attention of the CPA firm that prepare the Muskogee County EMS EON.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to provide reasonable assurance about the achievement of the entity’s objectives with regard to the reliability of financial reporting and compliance with applicable laws and regulations.

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

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3. Make available to the public and investor's sufficient information as to the financial conditions, requirement of expectations of the district..."



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