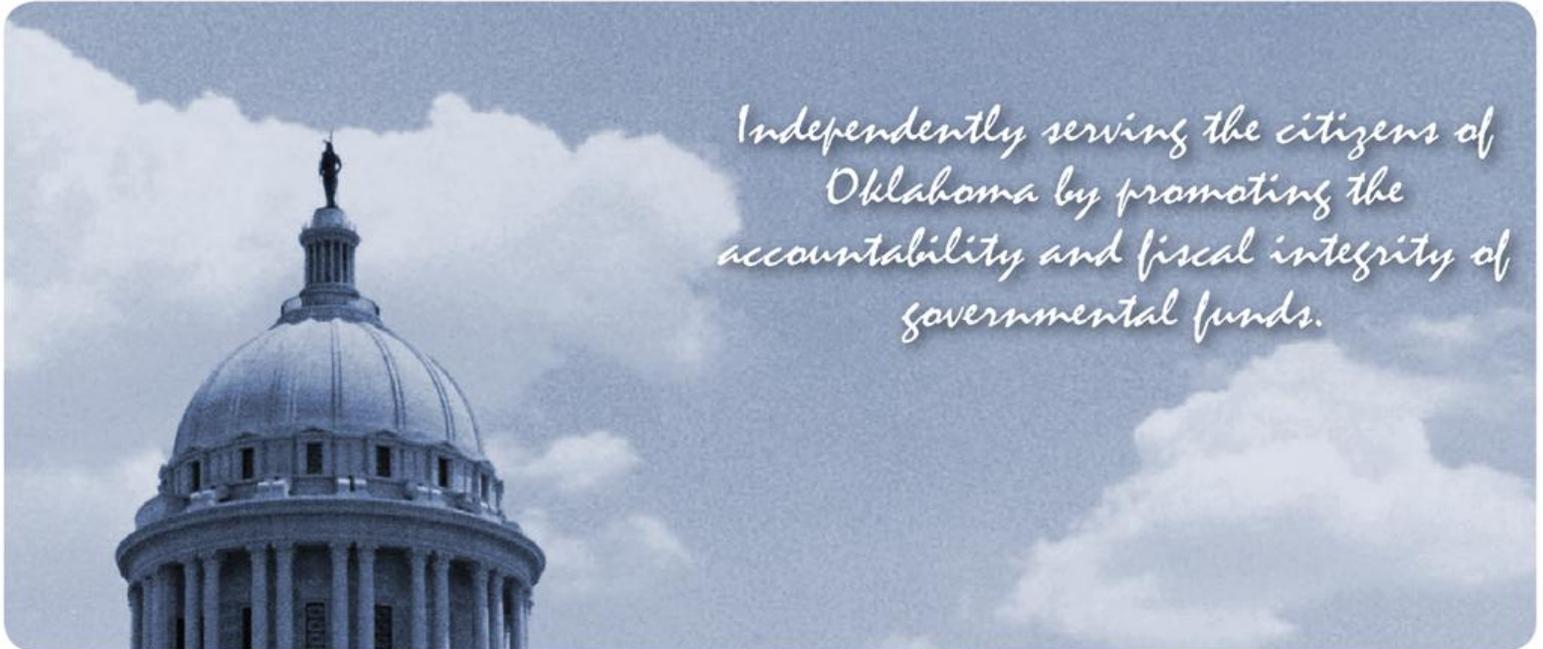


STATUTORY REPORT

MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2014



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

**MUSKOGEE 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

October 31, 2016

**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, 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 that reads "Gary A. Jones". The signature is written in a cursive style with a long horizontal line extending from the end.

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

**MUSKGOEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2014

	FY 2014
Beginning Cash Balance, July 1	\$ 4,529,723
Collections	
Ad Valorem Tax	1,496,344
Charges for Services	6,919,242
Intergovernmental	59,182
Miscellaneous	149,462
Total Collections	8,624,230
Disbursements	
Personal Services	6,249,723
Travel	28,319
Maintenance and Operations	1,290,677
Capital Outlay	89,468
Contract Services	34,165
Refunds	47,132
Bank Charges	5,692
Audit Expense	17,309
Total Disbursements	7,762,485
Plus: Warrants Outstanding	252,684
Less: Prior Prior Year Outstanding	(243,573)
Less: Transferred Out	(304,506)
Ending Cash Balance, June 30, per Estimate of Needs	\$ 5,096,073
Ending Cash Balance, June 30, per District's Records	\$ 4,491,074
*Variance	\$ (604,999)

*See Finding 2014-2.

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 2014 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 fluid and cursive, with the first name "Gary" being the most prominent.

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

October 3, 2016

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2014-1 – Noncompliance with the Competitive Bid Process

Condition: Based on inquiry and observation of the competitive bid process for Muskogee County Emergency Medical Service District (the District), the following was noted:

- The District did not bid for fuel.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that expenditures for fuel are made in compliance with Title 19 O.S. § 1723.

Effect of Condition: This condition resulted in noncompliance with state statute and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends that all purchases, in excess of the bid threshold, be competitively bid in accordance with state statute.

Management Response:

Chairman of the Board: Muskogee County EMS provides ambulance transportation to patients and multiple medical facilities throughout all of Muskogee County. In providing this service, our ambulances travel to destinations throughout the entire state of Oklahoma, and beyond to other states. In order to carry out our transport obligations, and to continually remain fueled and available at a capacity ready for an immediate emergent response, the ambulances must have the ability to refuel at multiple locations throughout Oklahoma and beyond, at all times needed. To meet this need, we have utilized a fuel fleet program that offers widespread accessibility across multiple states, with discounted pricing.

Muskogee County EMS is committed to full compliance with all applicable laws and regulations. In the future, we will diligently research and make efforts to obtain bids or quotes for fuel, as feasible, in accordance with state statute.

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 reliability of financial reporting and compliance with applicable laws and regulations.

Furthermore, Title 19 O.S. § 1723 requires EMS Districts to make purchases in accordance with county purchasing procedures as outlined in Title 19 O.S. § 1505, which requires all purchases in excess of \$15,000 be bid. Prior to May 6, 2014, the competitive bid threshold for EMS Districts was \$10,000.

**MUSKOGEE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Finding 2014-2 – Estimate of Needs

Condition: While reviewing the District’s cash balances and comparing to the Estimate of Needs (EON) for the fiscal year ended June 30, 2014, the following was noted:

- The beginning cash balance reported was \$4,529,723.44, which is \$478,458.76 less than the ending cash balance on the previous year’s EON.
- The ad valorem revenue was overstated by \$54,221.77.
- As stated by the budget maker, the transfer amount of \$304,506.46 shown on “Schedule 5 Exhibit E” is a plug number to make the equation work.
- Prior year’s warrants outstanding were overstated by \$9,000.00.
- The ending cash balance reported on the EON was overstated by \$604,998.89.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the Estimate of Needs is accurately completed and reconciles to the District’s financial records.

Effect of Condition: This condition resulted in an inaccurate presentation of the District’s financial condition and could result in the District overspending their budget.

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 situation of the District as presented. Further, the Estimate of Needs for said year should be amended and any subsequent years as well to reflect the corrected balance.

Management Response:

Chairman of Board: These items have been brought to the attention of the consultant Certified Public Accounting (CPA) firm that prepares the Muskogee County EMS Estimate of Needs (EON). In the initial review, the CPA did identify a mathematical error that he made and a subsequent correction was made. Regarding the other items mentioned, at this point, the CPA is unable to identify other specific errors.

This EMS District desires to have a budget fully prepared in accordance with statute. The EMS District will review the estimate of needs prepared by the CPA and ensure it agrees to the EMS District’s records.

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.

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:

3. Make available to the public and investors sufficient information as to the financial conditions, requirement and expectations of the district...”



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