



NOBLE EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal years ended June 30, 2017, June 30, 2018, and June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**NOBLE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2017, JUNE 30, 2018 AND JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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January 20, 2021

**TO THE BOARD OF DIRECTORS OF THE
NOBLE EMERGENCY MEDICAL SERVICE DISTRICT**

Transmitted herewith is the audit report of Noble Emergency Medical Service District for the fiscal years ended June 30, 2017, June 30, 2018 and June 30, 2019.

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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**NOBLE EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2017, JUNE 30, 2018 AND JUNE 30, 2019**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for the fiscal years ended June 30, 2017, June 30, 2018 and June 30, 2019

Operational Fund

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Beginning Cash Balance, July 1	\$ 10,102	\$ 11,426	\$ 25,018
Collections			
Ad Valorem Tax	100,197	103,323	105,506
Miscellaneous	127	269	262
Total Collections	<u>100,324</u>	<u>103,592</u>	<u>105,768</u>
Disbursements			
Contract Payments	<u>99,000</u>	<u>90,000</u>	<u>106,700</u>
Total Disbursements	<u>99,000</u>	<u>90,000</u>	<u>106,700</u>
Ending Cash Balance, June 30	<u>\$ 11,426</u>	<u>\$ 25,018</u>	<u>\$ 24,086</u>

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

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Sinking Fund

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Beginning Cash Balance, July 1	\$ 3,075	\$ 58,500	\$ 116,583
Collections			
Ad Valorem Tax	64,275	66,022	62,353
Miscellaneous	103	349	777
Total Collections	<u>64,378</u>	<u>66,371</u>	<u>63,130</u>
Disbursements			
Bond Payment	-	-	70,000
Coupons Paid	8,653	7,988	7,988
Commission Paid to Fiscal Agency	300	300	300
Total Disbursements	<u>8,953</u>	<u>8,288</u>	<u>78,288</u>
Ending Cash Balance, June 30	<u>\$ 58,500</u>	<u>\$ 116,583</u>	<u>\$ 101,425</u>

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

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General Obligation Bonds

The government issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Debt service on the bonds is paid from ad valorem taxes levied and assessed on behalf of the issuer and deposited to the Sinking Fund.

Noble Emergency Medical Service – General Obligation Limited Tax Bonds, Series 2016
On January 12, 2016, a majority of the citizens of the City of Noble approved a bond issue. The approved ballot stated, in part, “Shall the Noble Emergency Medical Service (EMS) District incur an indebtedness by issuing its bonds in the sum of Four Hundred Forty-Five Thousand Dollars (\$445,000) to provide funds for the purpose of acquiring emergency medical vehicles and equipment related thereto...” On April 1, 2016, a General Obligation Limited Tax Bond was issued to the District in the amount of \$445,000.00.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 6 years from the date of issue. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Original Amount
Noble Emergency Medical Service District – General Obligation Limited Tax Bonds, Series 2016	1.750 - 2.000%	\$445,000

Beginning Balance	Additions	Reductions	Ending Balance	Amount due within one year
\$445,000	\$ - 0-	\$70,000	\$375,000	\$70,000

During fiscal year 2019, payments included \$70,000 for principal, \$7,988 interest, and \$300 for fees.

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

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Annual debt service requirements to maturity for general-obligation bonds, including interest of \$21,049, are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 70,000	\$ 6,763	\$ 76,763
2021	75,000	5,538	80,538
2022	75,000	4,225	79,225
2023	75,000	2,913	77,913
2024	<u>80,000</u>	<u>1,600</u>	<u>81,600</u>
Total	<u>\$375,000</u>	<u>\$21,049</u>	<u>\$396,039</u>

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

Noble Emergency Medical Service District
304 S. Main St.
Noble, Oklahoma

**TO THE BOARD OF DIRECTORS OF THE
NOBLE EMERGENCY MEDICAL SERVICE DISTRICT**

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

- Determined charges for services were billed and collected in accordance with District Policies.
- 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 for the fiscal year(s) ended June 30, 2017, June 30, 2018 and June 30, 2019 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 and 61 O.S. §101-139.
- 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 compliance with contract service providers.
- Determined whether the District's collections, disbursements, and cash balances for the fiscal year(s) ended June 30, 2017, June 30, 2018 and June 30, 2019 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Noble 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 Noble 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 Noble Emergency Medical Service District. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 11, 2020

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2019-001 – Lack of Internal Controls and Noncompliance Over the District’s Bylaws (Repeat Finding)

Condition: Upon inquiry and observation of the Noble Emergency Medical Service District (the District) personnel, it was determined that the Board has not prepared and approved bylaws for the District.

Cause of Condition: The District has not communicated or adopted organization documents and procedures necessary to carry out the purposes and objectives of the District.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution, Article 10 § 9C and adherence to the intent of the formation of the District bylaws.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the Board design and implement policies and procedures over the preparation and approval of bylaws to provide guidance and compliance with Article 10 § 9C of the Oklahoma Constitution.

Management Response:

Chairman of the Board: The District agrees to adopt bylaws and has now adopted those bylaws.

Criteria: “The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.”

GAO Standards- Principle 12 - Implement Control Activities - 12.02 states:

Documentation of Responsibilities through Policies

Management documents in policies the internal control responsibilities of the organization.

In order to document the District Board’s responsibilities, District bylaws should be created and updated as necessary. Those bylaws should be reviewed by the District Board and approved in a public meeting.

Article 10 § 9C. of the Oklahoma Constitution for Emergency Medical Service Districts, states in part, “The district board of trustees shall have the additional powers to hire a manager, and appropriate personnel, contract, organize, maintain or otherwise operate the emergency medical services within said district and such additional powers as may be authorized by the Legislature.”

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Additionally, Article 10 § 9C for Emergency Medical Service Districts, states in part, “Each district which is herein authorized, or established, shall have a board of trustees composed of not less than five members. Such trustees shall be chosen jointly by the board or boards of county commissioners, provided that such membership shall be composed of not less than one individual from each county or part thereof which is included in said district.” “Each year, as necessary, the board or boards of county commissioners shall appoint successors to such members of the board of trustees whose terms have expired, and such subsequent appointments shall be for terms of five (5) years.”

Finding 2019-007 – Lack of Internal Controls and Noncompliance Over Contract Service Providers

Condition: Upon review of the contract for ambulance service between the Noble Emergency Medical Service District (the District) and the City of Noble (the Provider), the following exceptions were noted:

- The District’s service contract was not approved by the Board in fiscal year 2017.
- The contract for services provided by the City was not updated to reflect the current fiscal year.

Additionally, upon reviewing the contract payments for services provided by the City, the following exception was noted:

- Provisions of the service contract require the District to make contract payments no less than every quarter; however, contract payments were not made in accordance with the contract provisions for each fiscal year reviewed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the contract terms and conditions are met. Additionally, contract should be renewed in conjunction with the fiscal year and approved by the Board on a fiscal year basis.

Effect of Condition: These conditions resulted in noncompliance of the contract provisions for ambulance service, including compensation for services, and the execution of the contract between the District and the Provider of services. Additionally, conditions resulted in noncompliance of the service provider contract terms.

Recommendation: OSAI recommends the District Board design and implement policies and procedures to ensure contracts are renewed at the end of each fiscal year and approved during Board meetings and service provider contract payments be made in accordance with the contract provisions. Additionally, it is recommended that the District budget and appropriate funds in accordance with 19 O.S § 1709c.

Management Response:

Chairman of the Board: The Board agrees to an annual renewal of the Service Provider Contract with the City of Noble.

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Auditor Response: The Board did not address all elements of the finding regarding the provision of the contract to make quarterly payments.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Further, GAO Standards – Principle 6 – Defined Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity’s objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Title 19 O.S. § 1709c states:

“The estimate of revenues in each fund for any budget shall include probable income by source which the District is legally empowered to collect or receive at the time the budgets are adopted. The estimate shall be based upon review and analysis of past and anticipated revenues of the District. Any portion of the budget of revenues to be derived from ad valorem property taxation shall not exceed the estimated amount of tax, which is available for appropriation or which can, or much be raised as required by law. The budget of expenditures for each fund shall not exceed the estimated revenues for each fund. No more than ten percent (10%) of the total budget for any fund may be budgeted for miscellaneous purposes.”

Finding 2019-008 – Lack of Internal Controls and Noncompliance Over General Obligation Bond Issuance (Repeat Finding)

Condition: On January 12, 2016, a majority of the citizens of the City of Noble approved a bond issue. The approved ballot stated, in part, “Shall the Noble Emergency Medical Service (EMS) District incur an indebtedness by issuing its bonds in the sum of Four Hundred Forty-Five Thousand Dollars (\$445,000) to provide funds for the purpose of acquiring emergency medical vehicles and equipment related thereto...” On April 1, 2019, a General Obligation Limited Tax Bond was issued to the District in the amount of \$445,000.00.

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Upon review of the General Obligation Bond, the following exceptions were noted:

- While the intent of this bond was to be issued to the Noble Emergency Medical Service District, it was determined that the City of Noble's name was also listed on the approved bond.

Cause of Condition: Policies and procedures were not designed and implemented to ensure that the intended entity as approved by the ballot issues the general obligation bonds. Further, the information presented within the general obligation bond documents reflected the District and the City of Noble as one entity in error.

Effect of Condition: This condition resulted in noncompliance with the Oklahoma Constitution and in bonds being approved for an entity (the City of Noble) rather than the entity (Noble Emergency Medical Service District) for which the bonds were approved in the ballot.

Recommendation: OSAI recommends the District design and implement policies and procedures to ensure debt is incurred and bond proceeds are expended only in accordance with ballot results and in accordance with the Oklahoma Constitution.

Management Response:

Chairman of the Board: The Board acknowledges that there is a disagreement as to the allegation of noncompliance of the current ambulance bond issue. The Board relies on the City's legal staff opinion the Noble Emergency Medical Service is in compliance.

Auditor Response: OSAI recommends subsequent general obligation bond issues be issued in accordance with Article 10 § 9C of the Oklahoma Constitution.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determined which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Additionally, The GAO Standards – Principle 6 – Define Objectives and Risk Tolerances - 6.05 states in part:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulations, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight

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structure, organizational structure, and expectations of competence as part of the control environment.

Article 10 § 9C of the Oklahoma Constitution provides that emergency medical service districts may be established “for the purpose of providing funds for the purpose of support, organization, operation[,] and maintenance of district ambulance services” and that any such district may obtain voter approval to issue bonds “for the purpose of acquiring emergency vehicles and other equipment and maintaining and housing the same”. Section 9C(b)-(f) provides:

(b) Any District board of trustees may issue bonds, if approved by a majority vote at a special election for such purpose. All registered voters within the designated district shall have the right to vote in said election. Such bonds shall be issued for the purpose of acquiring emergency vehicles and other equipment and maintaining and housing the same.

(c) The bonds authorized above shall not bear interest at a greater rate than that authorized by statute for the issuance of city municipal bonds. Such bonds shall be sold only at public sale after twenty **(20)** days’ advertisement in a newspaper for publication of legal notices with circulation in the district. Any district may refund its bonds as is now provided by law for refunding municipal bonds.

(d) Any district board of trustees upon issuing bonds as authorized in subsection **(b)** of this section, shall levy a special annual ad valorem tax upon the property within the district, payable annually, in a total amount not to exceed three **(3)** mills on the dollar, on the real and personal taxable property in such district, for the payment of principal and interest on outstanding bonds, until same are paid. However, the trustees may, from time to time, suspend the collection of such annual levy when not required for the payment of the bonds. In no event shall the real and personal taxable property in any city or town be subject to a special tax in excess of three **(3)** mills for the payment of bonds issued hereunder.

(e) There may also be pledged to the payment of principal and interest of the bonds herein authorized to be issued: **(1)** any net proceeds from operation of the district that the board of trustees of the district shall deem not necessary to the future operation and maintenance of said emergency medical service; or **(2)** any monies available from other funds of the district not otherwise obligated.

(f) Bonds shall be issued for designated sums with serial numbers thereon and maturing annually after three **(3)** years from date of issue. All bonds and interest thereon shall be paid upon maturity and no bonds shall be issued for a period longer than thirty **(30)** years. Any district board of trustees may in its discretion schedule the payment of principal over the thirty-year period so that when interest is added there will be approximately level annual payments of principal and interest.”

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