



OOLOGAH-TALALA EMERGENCY MEDICAL SERVICE DISTRICT

Statutory Report

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**OOLOGAH-TALALA EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

February 26, 2021

**TO THE BOARD OF DIRECTORS OF THE
Oologah-Talala Emergency Medical Service District**

Transmitted herewith is the audit report of Oologah-Talala Emergency Medical Service District for the fiscal year ended June 30, 2018.

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". The signature is fluid and cursive, with the first name "Cindy" and last name "Byrd" clearly distinguishable.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**OOLOGAH-TALALA EMERGENCY MEDICAL SERVICE DISTRICT
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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2018

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Total</u>
Beginning Cash Balance, July 1	\$ 26,997	\$ 79,215	\$ 106,212
Collections			
Ad Valorem Tax	391,104	123,445	514,549
Charges for Services	523,572	-	523,572
Intergovernmental Revenue	2,169	-	2,169
Miscellaneous	173,877	819	174,696
Total Collections	<u>1,090,722</u>	<u>124,264</u>	<u>1,214,986</u>
Disbursements			
Personal Services	692,723	-	692,723
Maintenance and Operations	371,310	-	371,310
Capital Outlay	2,610	-	2,610
Audit Expense	-	-	-
Debt Payments:			
Bond Payments	-	145,000	145,000
Coupons	-	17,183	17,183
Fees	-	300	300
Total Disbursements	<u>1,066,643</u>	<u>162,483</u>	<u>1,229,126</u>
Ending Cash Balance, June 30	<u>\$ 51,076</u>	<u>\$ 40,996</u>	<u>\$ 92,072</u>

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

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1. Description of District Funds

The District uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial Director by segregating transactions related to certain government functions or activities.

Following are the descriptions of the District funds within the Presentation of Collections, Disbursements, and Cash Balances of District Funds:

General Fund – accounts for the general operations of the government.

Sinking Fund – accounts for debt service receipts derived generally from an ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments resulting from the issuance of General Obligation G.O. Bonds of 2009 in the amount of \$1,000,000.

2. General Obligation Bond of 2009

On July 26, 2008 a special election was held in the District for the approval of General Obligation Bonds of 2009. The proceeds from the bonds are to be used to expand and improve emergency services, capital expenditures, and to pay for costs relating to the issuance of the Bonds.

Purpose	Interest Rate	Original Amount
Oologah-Talala Emergency Medical Service District, State of Oklahoma General Obligation Limited Tax Bonds of 2009	5.300% to 7.500%	\$1,000,000

During fiscal year 2018, payments included \$145,000 for principal, \$17,183 interest, and \$300 for fees.

3. General Obligation Bond of 2018

On February 13, 2018 a special election was held and the voters of the Oologah-Talala Emergency Medical Service District approved the issuance of the General Obligation Bonds of 2018 in the amount of \$1,440,000 to provide funds for the purpose of acquiring emergency vehicles and other equipment, maintaining and housing the same, and levying and collecting a special annual ad valorem tax not to exceed 1.99 mills on the dollar of the taxable personal property located in the District for the principal and interest of said bonds.

As of June 30, 2018, no bond payments have been made.

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

Oologah-Talala Emergency Medical Service District
P.O. Box 165
Oologah, Oklahoma 74053-0165

**TO THE BOARD OF DIRECTORS OF THE
OOLOGAH-TALALA 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 ended June 30, 2018 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 ended June 30, 2018 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Oologah-Talala 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 Oologah-Talala 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 Director of the Oologah-Talala 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 "Cindy Byrd". The signature is fluid and cursive, with the first name "Cindy" and last name "Byrd" clearly distinguishable.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

December 22, 2020

**OOLOGAH-TALALA EMERGENCY MEDICAL SERVICE DISTRICT
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2018-002 – Lack of Internal Controls Over Management and Board Oversight (Repeat Finding)

Condition: As part of our audit of the Oologah-Talala Emergency Medical Service District (the District), we interviewed office employees, Director, and Board members with respect to understanding internal controls over financial accounting processes.

Several areas of concern were identified which included the following:

- Management and Board Oversight:
 - Employment contracts were not prepared and approved for employees in management positions during the fiscal year. On December 21, 2020, the District provided employment agreements for the Director, Operations Manager, and Business Manager. However, these contracts were signed after the fiscal year 2019 on October 24, 2019 and June 27, 2019.
 - There was no evidence of review and approval of bank reconciliations and supporting documentation.
 - The District did not review financial reports from outsourced accounting services to ensure accuracy.
 - There was no evidence of Board or Director review of disbursements by comparing payments to supporting documentation to ensure disbursements were for the legally authorized use of the District.
 - There was no evidence that credit card purchases were reviewed by the Board or Director to ensure purchases were for the legally authorized use of the District.
- Financial Accounting:
 - Ambulance Service Runs/Billing System:
 - There was no documentation of a contract between the third-party billing company and the District.
 - There was no evidence of review to determine ambulance service runs were billed correctly.
 - The District did not have a current billing policy and procedure.
 - The District did not have a current billing/mileage rate or fee schedule.
 - Delinquent Accounts:
 - The District did not have a policy on determining the process of writing off amounts/accounts as uncollectable during the fiscal year. On December 21, 2020, a policy and procedure was obtained from the Business Manager; however, the policy and procedure was not dated.

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- Disbursements:
 - Credit card statements and company accounts were paid late and charged penalties.
 - Some disbursements were not supported by adequate documentation or could not be located to determine the purpose of the disbursement. On December 21, 2020, a policy dated October 1, 2018 was obtained from the Business Manager; however, the policy did not address the above-mentioned items.
- Payroll:
 - Six (6) employees did not submit timesheets for fiscal year 2018. At the exit conference of December 22, 2020, the Business Manager stated the new digital payroll system will document approval of time recorded. Documentation of the current procedure was provided in the form of screenshots.

Cause of Condition: Policies and procedures have not been completely designed and implemented to ensure the District's operations are conducted in an effective and efficient manner, including review and approval of financial reports, contracting for services, review of accounts receivables and billing ambulance service runs, credit card use, payroll documentation, and leave accrual.

Effect of Condition: These conditions adversely affected the District's ability to initiate, authorize, record, process, or report financial data reliably and could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends the District Board clearly communicate the responsibilities and duties expected of management. Additionally, OSAI recommends Director and key personnel gain an understanding of the financial activities and internal control process and implement those controls to reduce the risk of error and fraud within the District.

Management Response:

Director: The Oologah-Talala Emergency Medical Service District (OTEMS) did not have the benefit of receiving the previous audit report for FY2014-FY2017, so these changes were not identified prior to this time.

Management and Board Oversight

Corrected - All employee contracts are now revisited and approved in June, despite the age of the contract. A CPA has been hired for our financial management and the previous "Bookkeeper" was let go. Financial Reports were in fact reviewed and approved. Correction made to specify each of the items have been approved by the Board in the minutes. Disbursements are now also reviewed and approved separately from the financial packets. A new credit card policy and tracking process has been approved and is in place. A payroll service has been hired to alleviate any future payroll related issues. Information was provided to the Auditor showing that OTEMS complied.

Financial Accounting

Corrected - OTEMS has hired a CPA to manage OTEMS finances and documentation. The previous billing vendor was fired, and a new service has been obtained and allowed for corrections to previous deficits. A new Write off Policy has been approved. Employees mentioned for not keeping time sheets are exempt

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employees and not required by law to keep a timesheet of hours worked. The Assistant Director, Field Supervisor and payroll specialist all reviewed employee's timesheet before payroll was processed.

Chairman Response: Agree with above.

Auditor Response: OSAI is independent of the management of the District and does not perform as the internal control function for the operations of the District. The Board and the Director are responsible for the design and implementation of sound financial practices that also ensure compliance with state and federal laws. Further, these instances of internal control weaknesses and noncompliance were communicated to the Board and the Director in the Operational Audit for fiscal year 2011, dated October 30, 2013, and in the Operational Audit for fiscal year 2012 and fiscal year 2013, dated July 23, 2015.

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 10 – Design Control Activities – 10.03 states in part:

Policies & Procedures, Bylaws

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Finding 2018-004 – Lack of Internal Controls Over Management's Role in the Billing Process (Repeat Finding)

Condition: Upon inquiry of the Director and office employees, observation, review of documentation, and tests of ambulance service runs, the following weaknesses in the billing process were noted:

- A current contract between the District and the former third-party billing service was not provided.

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- The former third-party billing vendor performed all duties related to the billing of patients' accounts; however, no evidence of monitoring or oversight by the District employees or Board to ensure services provided were billed accurately was documented.
- The District did not provide documentation of current policies regarding billing practices, ambulance service run rates, mileage rates, and write-offs of delinquent accounts during the fiscal year.
- Billing records could not be obtained from the third-party billing vendor; therefore, it could not be determined if the correct amount was billed and collected for ambulance service runs.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure a formal contract agreement with the third-party billing company is approved by the Board, services provided are accurately billed, and Board approved policies are designed and implemented regarding billing practices, ambulance service run rates, mileage rates, and write-offs of delinquent accounts.

Effect of Condition: Due to the District's inability to obtain billing records, OSAI could not determine if the billing of ambulance service runs was accurate and the collections from ambulance service runs was reliable. These conditions resulted in unrecorded transactions, misstated financial reports, and could result in the District under/over-billing for ambulance run services, inaccurate payments to the billing vendor, incorrect billing to patient accounts, and loss of revenue.

Recommendation: OSAI recommends the District design and implement procedures to monitor patient accounts, review the third-party billing service records to determine amounts charged agree to the fee schedule and ensure patient accounts receivable are accurately reported. OSAI recommends the District implement a system of internal controls to provide reasonable assurance over services provided by the billing vendor. To improve internal controls, we recommend the following:

- The Board obtain, review and approve a current contract with the billing vendor.
- The District actively review the billing information to ensure all services provided are billed and to ensure the accuracy of the amounts billed for services.
- The Board design and dates policies to address billing practices, ambulance service rates, mileage rates, and write-off of delinquent accounts for the District.

Management Response:

Director: Corrected - OTEMS has hired a new billing vendor who automatically supplies OTEMS our monthly data as well as assisted us in developing a schedule of charges. OTEMS has written a new Billing Management Policy. The Board reviews and approves write-off's for delinquent accounts and rate increases. The Board has approved the current billing company's contract.

Chairman Response: No response was received.

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Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Controls Over Information Processing

Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made, and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.

Establishment and review of performance measures and indicators

Management establishes activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made, and appropriate actions taken. Management designs controls aimed at validating the propriety and integrity of both entity and individual performance measures and indicators.

Finding 2018-006 – Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding)

Condition: While interviewing District employees, observing the disbursement process, and reviewing documentation of disbursements, the following discrepancies were noted in the test of thirty (30) disbursements for the fiscal year:

- There was no documentation that the Board authorized or reviewed disbursements.
- There was no evidence that packing slips were verified by the designated receiving person to determine the accuracy of invoices/statements.
- Purchase orders/claims were not prepared for any of the disbursements and supporting documentation was not provided for some disbursements.

The review of ten (10) credit card statements for the fiscal year indicated four (4) credit card purchases totaling \$1,309.86 did not appear to be for the lawful operation of the District and were not evidenced as appropriate expenditures by the Board. The Board has not designed policies and procedures to address employee recognition and achievement for such items as employee dinners, awards, and bonuses totaling 500.00 in gift cards.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure disbursements are reviewed and approved by the Board or designated District employees, goods and services are verified as received, supporting documentation of each disbursement is retained, and disbursements are incurred only for the lawful operation of the District including unpaid credit card balances and bank service fees.

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

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Recommendation: OSAI recommends policies and procedures be designed and implemented to ensure all disbursements are properly reviewed, approved, verified for receipt, documented, and appropriate for the lawful use of the District to comply with state statute.

Management Response:

Director: In Progress - OTEMS has hired a CPA to manage and achieve compliance for all aspects of OTEMS finances. A new credit card policy has been approved that covers these findings. We are working with the CPA to revise existing policies and processes in all areas of this finding. OTEMS is looking into the auditors' mentioned and suggested processes. The CPA and OTEMS Board are evaluating switching to a purchase order or warrant system. The State Auditor is assisting by providing examples of existing and successful policies.

Chairman Response: Agree with above.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in Management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

The GAO Standards – Section 2 – Objective 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. Some entities may set objectives to a higher level of performance than established by laws and regulations.

Title 19 O.S. § 1710.1(A), as states, “Any proceeds collected pursuant to the provisions of Section 9C of Article X of the Oklahoma Constitution shall only be expended for the purpose of providing funds for the support, organization, operation and maintenance of district ambulance services, known as emergency medical service districts.”

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Finding 2018-011 – Lack of Internal Controls Over Bank Statement Reconciliations (Repeat Finding)

Condition: While interviewing District employees and reviewing documentation of bank statement reconciliations, the following discrepancies were noted:

- The outsourced Bookkeeper prepared the monthly bank statement reconciliations.
- Evidence of review or approval by someone other than the preparer of bank statement reconciliations was not documented.

Cause of Condition: The District has not designed and implemented policies and procedures to sufficiently segregate the bank statement reconciliation process.

Effect of Condition: These conditions could result in inaccurate records, incomplete information or misappropriation of assets. A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, or clerical errors not being detected in a timely manner.

Recommendation: OSAI recommends the Board and Director be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in the Boards' oversight of office operations and a periodic review of operations. OSAI recommends Director provide segregation of duties so that no one employee can perform all accounting functions. If 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 the Board and Director review and approve accounting functions including reviewing bank reconciliations.

Management Response:

Director: Corrected - OTEMS hired a new CPA and let the previous Bookkeeper go. The CPA has set us up to be able to perform the reconciliation and he then reviews the effort. His report is sent out to the Board PRIOR to the meeting for relaxed review and an opportunity to ask questions or make suggestions. The documents are then again reviewed during the meetings. The CPA is assisting OTEMS in development of our financial Director policy. The Board will then approve the reviewed material if no concerns or questions are submitted. This will allow for 3 separate reviews, the Director or HR/Compliance Manager, the CPA and the Board and then final approval. The reports will be signed by either the Board Chair or Treasurer and reflected in the minutes.

Chairman Response: Agree with above.

Criteria: The GAO Standards - Principle 16 – Perform Monitoring Activities – 16.05 states, in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring

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includes regular Management and supervisory activities, comparisons, reconciliations and other routine actions.

Finding 2019-012 – Incurrence of Debt and Bond Proceeds used for Purpose Other than Approved on Ballot (Repeat Finding)

Condition: The District utilized a revolving line of credit obtained by an agreement with a local bank. This line of credit is an incurrence of debt without a vote of the citizens and is not statutorily authorized.

District Board minutes reflected the Board approved the following revolving lines of credit:

- \$100,000 line of credit on July 27, 2017,
- an additional \$100,000 line of credit on October 27, 2017,
- and renewed a \$100,000 line of credit on April 26, 2018.

On February 13, 2018, the voters in the District approved a \$1,440,000 General Obligation Bond (G.O.) issue “for the purpose of acquiring emergency vehicles and other equipment and maintaining and housing the same.”

District Board minutes reflected the Board approved the following payments:

- payment of interest due on a line of credit on June 14, 2018,
- approved a request of an extension of a line of credit “until the closing date of the G.O. Bond Issue of 2018,”
- and approved to apply for a line of credit with another bank on August 23, 2018.

On October 25, 2018, the District Board minutes reflected the Board approved a transfer of funds in the “*amount of approximately \$195,000.00 from the G.O. Bond Issue proceeds to pay off the line of credit.*”

On November 16, 2018, the District bank statement for the G.O. bond account reflects the outstanding debt from the accrued lines of credit was paid in the amount of \$190,300.00 in principal, \$1,774.61 in interest and \$50.00 late fee for a total of \$192,124.61 from bond proceeds.

This payment of outstanding lines of credit balances from the bond proceeds does not appear to be authorized by a vote of the people in that the voters approved a \$1,440,000 General Obligation Bond issue “for the purpose of acquiring emergency vehicles and other equipment, and maintaining and housing the same.”

At June 30, 2019, there were no lines of credit open and the Board’s financial consultant has advised the District not to obtain debt through bank lines of credit.

Cause of Condition: The District did not design and implement policies and procedures to ensure adequate internal controls and compliance with state statutes. Additionally, the District has not designed and implemented policies and procedures to ensure the G.O. bond proceeds are for disbursements as defined in the ballot language of February 13, 2018 and voted for by the citizens of the District.

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Effect of Condition: These conditions appear to have resulted in noncompliance with the Oklahoma Constitution and state statute.

Recommendation: OSAI recommends the District discontinue use of revolving lines of credit bank loans that incur unauthorized debt and payment of the unauthorized debt with G.O. Bond of 2018 proceeds to ensure compliance with the criteria established in the ballot for such bond issue in accordance with Article 10 § 9C (b) of the Oklahoma Constitution and Title 19 O.S. § 1717 (B, C).

Management Response:

Director: Corrected - OTEMS no longer utilizes a revolving line of credit. In previous audits in 2011-2012 we were audited and were using such a line of credit. In neither of these SAI Reports was there any mention of a Line of Credit being any problem if it did not remain owed past the end of the fiscal year. Therefore, we had no reason to think that a line of credit was an issue. It was identified as a finding during the audit report issued for fiscal year 2014-2017; however, with the delay in OTEMS receiving these reports we did not have the opportunity to make any difference in our approach until this past year. There are Oklahoma Attorney General Opinions that place this finding in a gray area and depending on the reader, it could be argued a line of credit is legal. That said, it is not the intention of this administration and Board to return to the Line of Credit option.

Chairman Response: Agree with above.

Auditor Response: OSAI is independent of the management of the District and does not perform as the internal control function for the operations of the District. The Board and the Director are responsible for the design and implementation of sound financial practices that also ensure compliance with state and federal laws. Further, these instances of internal control weaknesses and noncompliance were communicated to the Board and the Director in the Operational Audit for fiscal year 2011, dated October 30, 2013, and in the Operational Audit for fiscal year 2012 and fiscal year 2013, dated July 23, 2015.

Further, OSAI does not concur with Director response regarding the unauthorized use of G.O. Bond of 2018 proceeds that appears to have been in noncompliance with the criteria established in the ballot for such bond issue which states, “*for the purpose of acquiring emergency vehicles and other equipment, and maintaining and housing the same.*” OSAI continues to recommend the bond proceeds be used specifically for the purpose as noted in the ballot that was approved by a vote of the citizens of the District.

Criteria: The GAO Standards – Section 2 – Objective 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. Some entities may set objectives to a higher level of performance than established by laws and regulations.

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Title 19 O.S. § 1717 (B, C) states in part, “B. It shall be unlawful for any employee or member of the board in any budget year: 1. To create or authorize creation of a deficit in any fund... C. Any obligation that is contracted or authorized by any member or employee of the board in violation of this act shall become the obligation of the member or employee himself and shall not be valid or enforceable against the district. Any member or employee who violates this act shall forfeit his position and shall be subject to such civil and criminal punishments as are provided by law. Any obligation, authorization for expenditure or expenditure made in violation of this act shall be illegal and void.”

Further, Article 10 § 9C (b), states in part,

“(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.*”



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