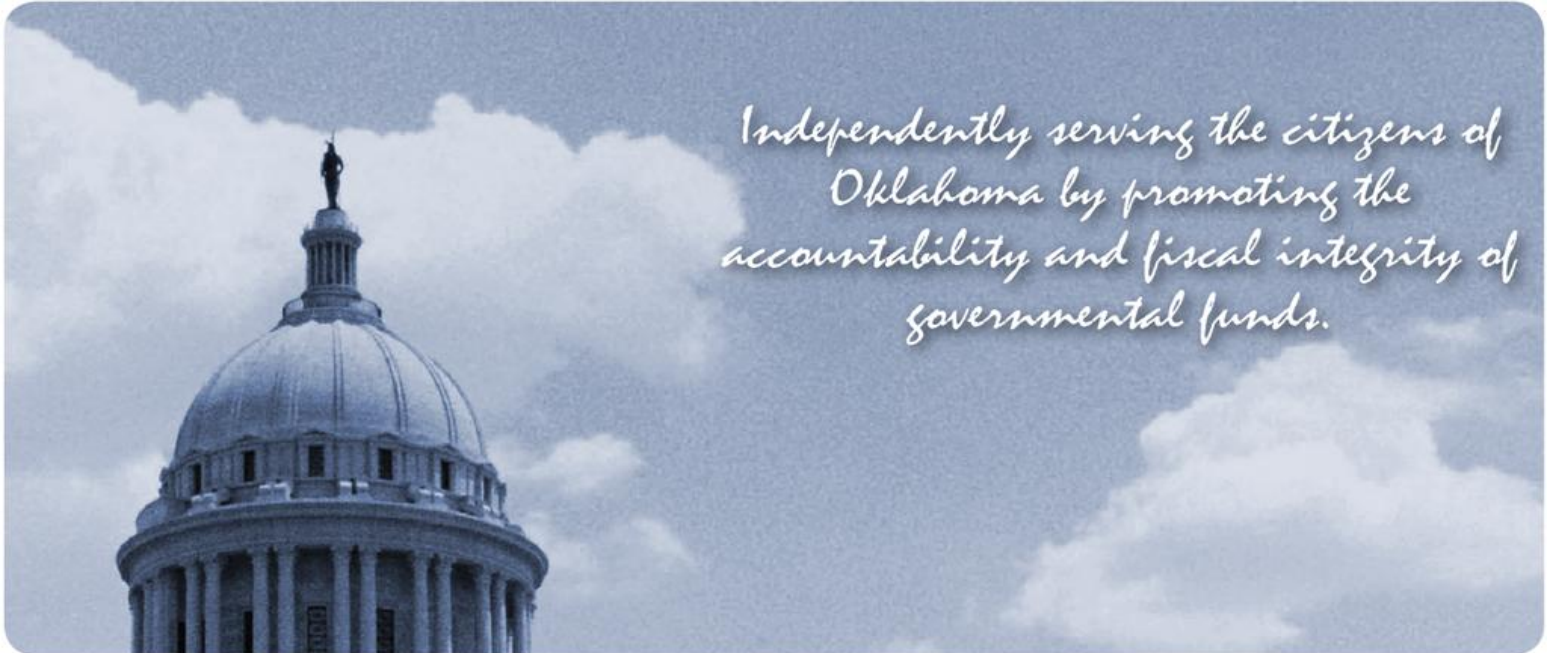


STATUTORY REPORT

OTTAWA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT

For the fiscal year ended June 30, 2015



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

**OTTAWA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 1706.1, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

September 26, 2016

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

Transmitted herewith is the audit report of Ottawa County Emergency Medical Service District for the fiscal year ended June 30, 2015.

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".

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

**OTTAWA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2015

	<u>FY 2015</u>
Beginning Cash Balance, July 1	\$ <u>286,592</u>
Collections	
Ad Valorem Tax	426,949
Miscellaneous	<u>292</u>
Total Collections	<u>427,241</u>
Disbursements	
Personal Services	1,500
Maintenance and Operations	348,727
Revaluation	<u>8,637</u>
Total Disbursements	<u>358,864</u>
Ending Cash Balance, June 30	\$ <u><u>354,970</u></u>

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



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Ottawa County Emergency Medical Service District
1608 Camelot Place
Miami, Oklahoma 74354

TO THE BOARD OF DIRECTORS OF THE OTTAWA 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 whether the District's collections, disbursements, and cash balances for FY 2015 were accurately presented on the estimate of needs.

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

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

September 15, 2016

**OTTAWA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-01 – Inadequate Internal Controls and Noncompliance Over the Audit Expense Budget Account

Condition: Based upon inquiry of District staff and observation of the budgeting process, it was determined that internal controls have not been designed or implemented to ensure the amount required by state statute is correctly budgeted for the audit account. As a result, the District's balance in the audit budget account reflected \$35,873.53 as of June 30, 2015. However, the correct balance should have been \$52,609.45 resulting in a \$16,735.92 deficit in the audit expense budget account.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the audit expense budget account is accurately budgeted in accordance with the statutory requirement.

Effect of Condition: This condition resulted in noncompliance with state statute and underfunding of the audit expense budget account.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the District implement a system of internal controls to provide reasonable assurance 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: In January of 2013, School District I-23 EMS expanded to a county-wide EMS. Apparently the county-wide valuation was not used, only the I-23 School District's valuation was used, to calculate the amount required for the audit account. The EMS Secretary/Treasurer failed to catch this error and the 2014-2015 budget was approved. Although the Ottawa County EMS had an actual cash balance of \$55,579.58 in the audit account, the budget prepared by our CPA reflected only \$35,578.58. You will find that the Estimate of Needs for 2015-2016 reflects the correct amount in the audit account as required by statute.

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. § 1706.1 states, "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 shall henceforth be restricted to and used only for audit survey and reporting receipt, disbursement and management of emergency medical service district affairs financed by ad valorem levy and miscellaneous revenues other than ad valorem taxation accruing to the general fund of the emergency medical service district, whether such audit be in the performance of duties charged to the State

**OTTAWA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Auditor and Inspector and instigated at the State Auditor and Inspector's own initiative and directive, on request of the board of trustees of the emergency medical service district, on request of the board of county commissioners of such county or on order of the Governor as provided by Section 212 of Title 74 of the Oklahoma Statutes. If, after completion of audit of all emergency medical service district accounts so financed, and report thereof, including report of audit of cash funds where possible, as provided by this section, unless there be directive from the Governor for other and/or further inquiry, the board of trustees of the emergency medical service district may, upon certificate of completion by the State Auditor and Inspector, request that any unexpended and unencumbered balance of appropriation therein be, by the board of trustees of the emergency medical service district, lapsed and canceled and the revenues restricted thereby revert to surplus, available for appropriation to any lawful emergency medical service district purpose.”

Finding 2015-03 – Inadequate Internal Controls Over Pledged Collateral and Noncompliance with State Statute (Repeat Finding)

Condition: On June 30, 2015, the County had deposits with a local bank in the amount of \$302,404.17. The County’s balance of pledged collateral plus FDIC was \$250,000.00, leaving \$52,404.17 unsecured.

Cause of Condition: The District has not properly designed and implemented procedures to monitor the bank balance on a daily basis to ensure that District funds are adequately secured.

Effect of Condition: This condition resulted in noncompliance with state statute and District funds not being adequately safeguarded.

Recommendation: OSAI recommends that the Board of Trustees establish policies and procedures to ensure District funds are adequately secured and to maintain evidence of daily monitoring to ensure that District funds are adequately secured.

Management Response:

Chairman of the Board: This has been corrected. In accordance with Section 330.15(2) of the FDIC’s Regulations, “Accounts of a state, county, municipality or political subdivision. (i) Each official custodian of funds of any state of the United States, or any county, municipality, or political subdivision thereof, lawfully depositing such funds in an insured depository institution in the state comprising the public unit or wherein the public unit is located (including any insured depository institution having a branch in said state) shall be separately insured in the amount of: (A) Up to the SMDIA in the aggregate for all time and savings deposits; and (B) Up to the SMDIA in the aggregate for all demand deposits.” Based on this information the District opened a “time and saving” account with the bank in addition to the “demand” account that was already established. Therefore, no more than \$250,000 will be held in “time and savings” account and no more than \$250,000 will be held in “demand” account .

**OTTAWA COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Criteria: Effective internal controls require that monitoring of bank balances be adequately documented to allow for the safeguarding of assets on deposit and compliance with state statute.

Title 62 O.S. 517.4A states “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.” Additionally, 62 O.S. 517.4A states “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.”



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV