

OPERATIONAL AUDIT

SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY

For the period July 1, 2008 through June 30, 2012



*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

**SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY
OPERATIONAL AUDIT
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2012**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3, 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 Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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June 17, 2013

TO SOUTHWEST OKLAHOMA AMBULANCE AUTHORITY

Transmitted herewith is the audit report of Southwest Oklahoma Ambulance Authority for the period July 1, 2008 through June 30, 2012.

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, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

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BACKGROUND

Article 10, § 9C of the Oklahoma Constitution authorized the formation of emergency medical service districts and initially authorized a tax levy not to exceed three (3) mills for the purpose of providing funds for the purpose of support, organization, operation, and maintenance of district ambulance services.

Emergency medical service districts are governed by a district board of trustees. The board of trustees has the power 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.

The trustees must act as a board when entering into contracts or other agreements affecting the district’s welfare. Thus, actions taken by the board are voted on and approved by a majority of the trustees. The board’s business meetings are open to the public.

The board of any district shall have capacity to sue and be sued. Provided, however, the board shall enjoy immunity from civil suit for actions or omissions arising from the operation of the district. Such districts shall be empowered to charge fees for services, and accept gifts, funds or grants from sources other than the mill levy, which shall be used and accounted for in a like manner.

BOARD OF TRUSTEES

Bob JeffersonChairman of the Board
Jimmy Wright Vice Chairman of the Board
Charles PaxtonSecretary/Treasurer
Lloyd Colson..... Board Member
Jamie Snyder..... Board Member

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Presentation of Collections, Disbursements, and Cash Balances of District Funds for FY 2011 and FY 2012

	<u>FY 2011</u>	<u>FY 2012</u>
Beginning Cash Balance, July 1	<u>\$ 244,910</u>	<u>\$ 255,169</u>
Collections		
Ad Valorem Tax	56,848	58,800
Charges for Services	139,179	108,094
Miscellaneous	<u>5,362</u>	<u>3,481</u>
Total Collections	<u>201,389</u>	<u>170,375</u>
Disbursements		
Personal Services	112,898	112,003
Travel	-	-
Maintenance and Operations	72,982	79,086
Capital Outlay	<u>5,250</u>	<u>-</u>
Total Disbursements	<u>191,130</u>	<u>191,089</u>
Ending Cash Balance, June 30	<u><u>\$ 255,169</u></u>	<u><u>\$ 234,455</u></u>

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

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PURPOSE, SCOPE, AND SAMPLE METHODOLOGY

This audit was conducted in response to Article 10, § 9C (i) of the Oklahoma Constitution and as defined by 19 O.S. § 1704.3, which requires the State Auditor and Inspector's Office to audit the books and accounts of the District.

The audit period covered was July 1, 2008 through June 30, 2012.

Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

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Objective 1: To determine the District's collections, disbursements, and cash balances for FY 2011 and FY 2012 were accurately presented on the Estimate of Needs.

Conclusion: With respect to the items reconciled and reviewed, the District's collections, disbursements, and cash balances for FY 2011 and FY 2012 appear to be accurately presented on the Estimate of Needs. However, internal controls with regard to reviewing the Estimate of Needs and segregating the duties within the revenue process should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to the process of accurately presenting the collections, disbursements, and cash balances through discussions with District personnel, observation, and review of documents.
- Reconciled and reviewed the accuracy of the District's Estimate of Needs to ensure collections, disbursements, and cash balances were accurately presented on the District's Estimate of Needs, which included the following:
 - Reconciled collections presented on the Estimate of Needs to the District's financial records approved by the Board of Trustees.
 - Reconciled warrants issued, presented on the Estimate of Needs, to disbursements approved by the Board of Trustees and paid through the operating account of the District.
 - Reviewed the ending cash balances presented on the Estimate of Needs to the financial records of the District, including the bank reconciliation at June 30, 2011 and June 30, 2012.

Finding: Inadequate Internal Controls Over the Estimate of Needs

Condition: Upon inquiry of the District Director, with regard to the procedures for approving the Estimate of Needs, it was noted that the Board of Trustees does not review the Estimate of Needs for accuracy prior to its approval.

Cause of Condition: Procedures have not been designed to review the Estimate of Needs for accuracy prior to its approval.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the District implement a system of internal controls to provide reasonable assurance those collections, disbursements, and cash balances are accurately presented on the District's Estimate of Needs. Such controls would include a comparison of the financial records to the Estimate of Needs prior to the District Board of Trustees approval.

Management Response: We will review the Estimate of Needs prior to approving it.

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Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitutes a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Finding: Inadequate Internal Controls Over the Collection of Revenue

Condition: Upon inquiry of the collection of the revenue process, the same employee issues receipts, endorses checks, prepares the deposit, and deposits with the financial institution.

Further, the monthly reconciliation is performed by the bookkeeper to the District. The reconciliation is not reviewed by the Director or the Board of Trustees.

Cause of Condition: Procedures have not been designed and implemented due to employees of the District being unaware of their specific roles in properly segregating the duties with regards to the revenue collection process.

Effect of Condition: A single employee having responsibility for more than one area of the collection process could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the District implement a system of internal control to provide reasonable assurance that the collection over the revenue process is adequately segregated.

OSAI recommends the following key accounting functions of the collection of revenue process be adequately segregated:

- Issuing receipts for mail-in or electronic payments.
- Preparing the deposit slip.
- Delivering the deposit to financial institution.

Further, OSAI recommends an employee of the District review the reconciliations performed by the bookkeeper and initial and date the review.

Management Response: We now have three employees to perform the duties of receiving, reporting, and depositing cash and checks. The bank reconciliation will be signed off on by the Board at the monthly meetings.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. To help

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ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Objective 2: To determine the District's financial operations complied with 62 O.S. § 517.4, which requires deposits with financial institutions be secured with collateral securities or instruments.

Conclusion: With respect to the days tested, the District did not comply with 62 O.S. § 517.4, which requires deposits with financial institutions be secured with collateral securities or instruments.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to pledged collateral through discussions with District personnel, observation, and review of ledgers and documents.
- Tested compliance of the significant law, which included the following:
 - Selected the highest balance day for each month at the local depository bank for the audit period to determine if the District's funds were adequately secured as required by 62 O.S. § 517.4.

Finding: Inadequate Internal Controls and Noncompliance Over Pledged Collateral

Condition: It was determined through discussion with the Director that controls had not been established to monitor that District funds are adequately secured.

Further, District funds were not adequately secured at a local bank for twelve of the forty-eight days tested.

Cause of Condition: The District had not considered the possibility that total deposits could exceed \$250,000.

Effect of Condition: This condition resulted in the deposits of the District not being adequately safeguarded.

Recommendation: OSAI recommends that the District Board establish policies and procedures to adequately safeguard the deposits of the District to ensure that funds are adequately secured.

Further, OSAI recommends that an employee of the District be aware that funds exceeding \$250,000 should be monitored to ensure that the District complies with 62 O.S. § 517.4, which requires District deposits with financial institutions be secured with collateral securities or instruments.

Management Response: The pledged collateral amount verified to the daily bank balances will be monitored to ensure funds are adequately secured.

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Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Objective 3: To determine the District's financial operations complied with 19 O.S. § 1710.1A, which outlines purposes for expending District funds.

Conclusion: With respect to the items tested, the District complied with 19 O.S. § 1710.1A, which outlines purposes for expending District funds. However, internal controls over the expenditure process should be strengthened.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of internal controls related to the process of preparing claims, authorizing claims for payment, and documenting goods and services received, which included discussions with District personnel, observation, and review of documents.
- Tested compliance of the significant law, which included the following:
 - Selected a random sample of 80 expenditures to determine that expenditures were for the purpose of providing funds for the support, organization, operation, and maintenance of the District.

Finding: Inadequate Controls Over the Expenditure Process

Condition: Upon inquiry of District employees and observation of records, it was determined that internal controls have not been implemented to ensure an adequate segregation of duties over the expenditure process of District funds due to the following:

- Purchase orders were not issued until the District receives an invoice.
- One employee generally ordered goods and/or services and also received goods and/or services.
- The District did not prepare receiving reports for goods and/or services.
- The duties of preparing the purchase order, preparing the check, posting expenditures to accounting records, and reconciling the monthly bank statement to financial records were performed by the District's bookkeeper without review by the Board of Trustees.
- Additionally, invoices for fuel purchases were not available until after the monthly meeting of the Board; therefore, fuel purchases were paid without complete documentation.

Cause of Condition: Procedures have not been designed and implemented to adequately segregate the duties over the expenditure process due to the District being unaware for the need of such procedures. Additionally, the District was not aware that paying fuel expenses without sufficient documentation could result in improper payments.

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Effect of Condition: These conditions could result in unrecorded transaction, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends the District design and implement procedures to ensure a proper segregation of duties over the expenditure process.

OSAI recommends the following key accounting functions of the expenditure process be adequately segregated:

- One employee should order goods and/or services that is separate from the employee that requisitioned the purchase order.
- One employee should sign a receiving report, as receiving officer, separate from the two employees ordering goods and/or services and requisitioning the purchase order.
- An employee of the District should review the duties performed by the bookkeeper to analyze and check accuracy, completeness, authorization, and validity of transactions.

OSAI also recommends the District encumber a projected amount for the purchase of fuel for the month and adjust the purchase order according to actual purchases made. The adjusted purchase order would then be approved by the Board of Trustees.

Management Response: We are implementing procedures to ensure that proper segregation of duties exists over the expenditure process.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties, and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions. Internal controls should be established to analyze and check accuracy, completeness, authorization, and validity of transactions.

Objective 4: To determine if the District's internal controls provide reasonable assurance that payroll expenditures were accurately reported in the accounting records.

Conclusion: The District's internal controls do not provide reasonable assurance that payroll expenditures were accurately reported in the accounting records.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the payroll process through discussions with District personnel, observation and review of documents.

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Finding: Inadequate Controls Over Payroll Expenditures

Condition: It was determined through discussion with District personnel, observation, and review of documents that the payroll process was not adequately segregated due to the following:

- The Director is responsible for the collection, review, and approval of all employee timesheets and prepares a schedule for payment.
- The schedule for payment is not reviewed by another employee of the District.
- The schedule for payment is provided to the District's bookkeeper, who enters the payroll information from the schedule into the payroll system, prepares the payroll claim, and prints payroll checks.

Cause of Condition: Procedures have not been designed and implemented for separating the duties over the payroll process due to the District being unaware of the need for such procedures.

Effect of Condition: This condition could result in errors and/or misappropriation with regard to the accurate reporting of payroll expenditures.

Recommendation: OSAI recommends another employee of the District review the schedule for payment prepared by the Director. OSAI also recommends the District be aware that a concentration of duties performed by the bookkeeper exists, and the Board should design internal controls to analyze and check accuracy, completeness, authorization, and validity of transactions.

Management Response: All timesheets and payroll schedules will be reviewed by another employee after they are approved by the Director.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties, and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Objective 5: To determine if the District's internal controls provide reasonable assurance that consumable inventory was accurately reported in the accounting records.

Conclusion: The District's internal controls do not provide reasonable assurance that consumable inventory was accurately reported in the accounting records.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the consumable inventory process through discussions with District personnel, observation, and review of documents.

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Finding: Inadequate Controls Over Consumable Inventory

Condition: Internal controls have not been designed and implemented to account for consumable inventory. The following weaknesses were noted:

- The District does not maintain a listing of consumable inventory items.
- A monthly physical count of consumable inventory items is not conducted.
- The EMT who orders the supplies, also stocks the ambulance with the consumable items.

Cause of Condition: The District was unaware that documentation of consumable inventory should be maintained.

Effect of Condition: Opportunities for loss and misappropriation of District assets may be more likely to occur when the District does not design and implement internal controls over documentation of consumable inventory.

Recommendation: OSAI recommends management maintain physical documentation of consumable inventory counts, including documenting the date of the count, items received, items used, and items on hand. OSAI further recommends all supporting documentation be signed and dated by the employee performing the duty and the employee responsible for reviewing the accuracy of the documentation.

Management Response: We will maintain a list of consumable inventory for each unit and the store room. This inventory listing will be verified monthly.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of consumable inventories and safeguard assets from loss, damage, or misappropriation.

Objective 6:	To determine if the District's internal controls provide reasonable assurance that fixed assets were accurately reported in the accounting records.
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Conclusion: The District's internal controls do not provide reasonable assurance that fixed assets were accurately reported in the accounting records.

Methodology: To accomplish our objective, we performed the following:

- Gained an understanding of the internal controls related to the fixed assets inventory process through discussions with District personnel, observation, and review of documents.

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Finding: Inadequate Controls over Fixed Assets Inventory

Condition: Upon discussion with District personnel and observation, we noted that internal controls have not been designed and implemented to account for fixed assets. The following weaknesses were noted:

- An annual inventory of fixed assets has not been performed by the District in several years.
- The Director is responsible for maintaining the fixed assets inventory listing.
- The Director is also responsible for the payment process for fixed assets.
- One employee is usually responsible for both the ordering of fixed assets and the receipt of fixed assets.

Cause of Condition: The District was unaware of the need to design and implement controls over fixed assets.

Effect of Condition: Opportunities for loss and misappropriation of District assets may be more likely to occur when the District does not design and implement internal controls over the documentation of fixed assets.

Recommendation: OSAI recommend that management realize the importance of performing physical counts of fixed assets. OSAI further recommends all fixed assets be documented on the fixed asset listing of the District and all physical counts be signed and dated by the employee responsible for performing the fixed asset count.

Management Response: A list of fixed assets will be maintained and checked by the Director. The list will also be checked and signed off on by another employee.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of fixed assets and safeguard fixed assets from loss, damage, or misappropriation.

All Objectives:

The following findings are not specific to any objective, but are considered significant to all of the audit objectives.

Finding: Inadequate District-Wide Controls

Condition: District-wide controls regarding Risk Management and Monitoring have not been designed.

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Cause of Condition: Procedures have not been designed to address risks of the District.

Effect of Condition: This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds that are not detected in a timely manner.

Recommendation: OSAI recommends that the District design procedures to identify and address risks. OSAI also recommends that the District design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the District’s policies and procedures handbook.

Examples of risks and procedures to address risk management:

Risks	Procedures
Fraudulent activity	Segregation of duties
Noncompliance with laws	Attend workshops
Loss of pertinent information	Written disaster recovery plans
Board Member Turnover	Training, attending workshops, monitoring

Examples of activities and procedures to address monitoring:

Monitoring	Procedures
Communication between Board Members and employees of the District	Periodic meetings to address items that should be included in the handbook and to determine if the District is meeting its goals and objectives.
Audit findings	Determine audit findings are corrected.
Financial status	Periodically review budgeted amounts to actual amounts and resolve unexplained variances.
Policies and procedures	Ensure employees understand expectations in meeting the goals of the District.
Following up on complaints	Determine source of complaint and course of action for resolution.
Estimate of needs	Work together to ensure this financial document is accurate and complete.

Management Response: We will work with the County Clerk to develop procedures to identify risks and address risk management.

Criteria: Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.

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District management is responsible for designing a district-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the District faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding: Disaster Recovery Plan

Condition: Upon inquiry of District personnel with regard to the accounting and bookkeeping process, the District does not have a formal, written Disaster Recovery Plan.

Cause of Condition: A Disaster Recovery Plan has not been designed due to the District being unaware for the need of such a procedure.

Effect of Condition: The failure to have a formal Disaster Recovery Plan could result in the District being unable to function financially in the event of a disaster. The lack of a formal plan could cause significant problems in ensuring District business, such as collections, expenditures for operations, such as goods and/or services and the payroll process, and patient billing could continue uninterrupted.

Recommendation: OSAI recommends the District develop a formal, written Disaster Recovery Plan to safeguard the assets of the District from being unable to operate financially during the event of a disaster.

Further, management should ensure the Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the recovery plan;
- Emergency procedures to ensure the safety of all affected staff members;
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel;
- Listing of systems requiring alternatives (hardware, peripherals, software);
- Listing of highest to lowest priority applications, required recovery times and expected performance norms;
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution;

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- Training and/or awareness of individual and group roles in continuing plan;
- Listing of contracted service providers;
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation;
- Current names, addresses, telephone/pager numbers of key personnel;

Management Response: We will work on preparing a Disaster Recovery Plan.

Criteria: An important aspect of internal controls is the safeguarding of assets which includes adequate Disaster Recovery Plans. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention in a District being unable to function in the event of a disaster.

Other Item Noted:

Although not considered significant to the audit objectives, we believe the following issues should be communicated to management.

Finding: Inadequate Controls and Noncompliance Over the Audit Expense Account

Condition: Upon inquiry and observation of the budgeting process, it was determined that controls have not been designed and implemented to ensure the amount required by statute is correctly budgeted for the Audit Budget Account. The District relies on the "Budget Maker" to calculate the required amount for the Audit Budget Account with no independent oversight by employees of the District or members of the Governing Board.

Further, the Audit Expense Account for the 2012-2013 Estimate of Needs should reflect a balance of \$7,359.56 in appropriations. The District Estimate of Needs reflects a balance of \$0.00 in appropriations; thus, the account was not properly funded.

Cause of Condition: Procedures have not been designed to ensure the audit account is accurately budgeted in accordance with statutory requirements due to the District being unaware for the need of such a procedure.

Effect of Condition: This condition resulted in noncompliance with the statute.

Recommendation: OSAI recommends that 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 account and that any unused portion be lapsed into the next year audit account in accordance with 19 O.S. § 1706.1.

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Further, OSAI recommends an employee of the District perform the calculation of the required amount for the Audit Expense Account and document the calculation by signing and dating it. The Board should compare the figures calculated by the financial officer and the Budget Maker to ensure compliance with statutes.

Management Response: We will implement a system to make certain that one-tenth of one mill upon the net total assessed valuation is set aside for the Audit Expense Account.

Criteria: Accountability and stewardship are overall goals of management in the account of funds. A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Further, according to 19 O.S. § 1706.1, the District must appropriate the net proceeds of the one-tenth mill annual ad valorem levy upon the net total assessed valuation of the District for audit expenses.



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