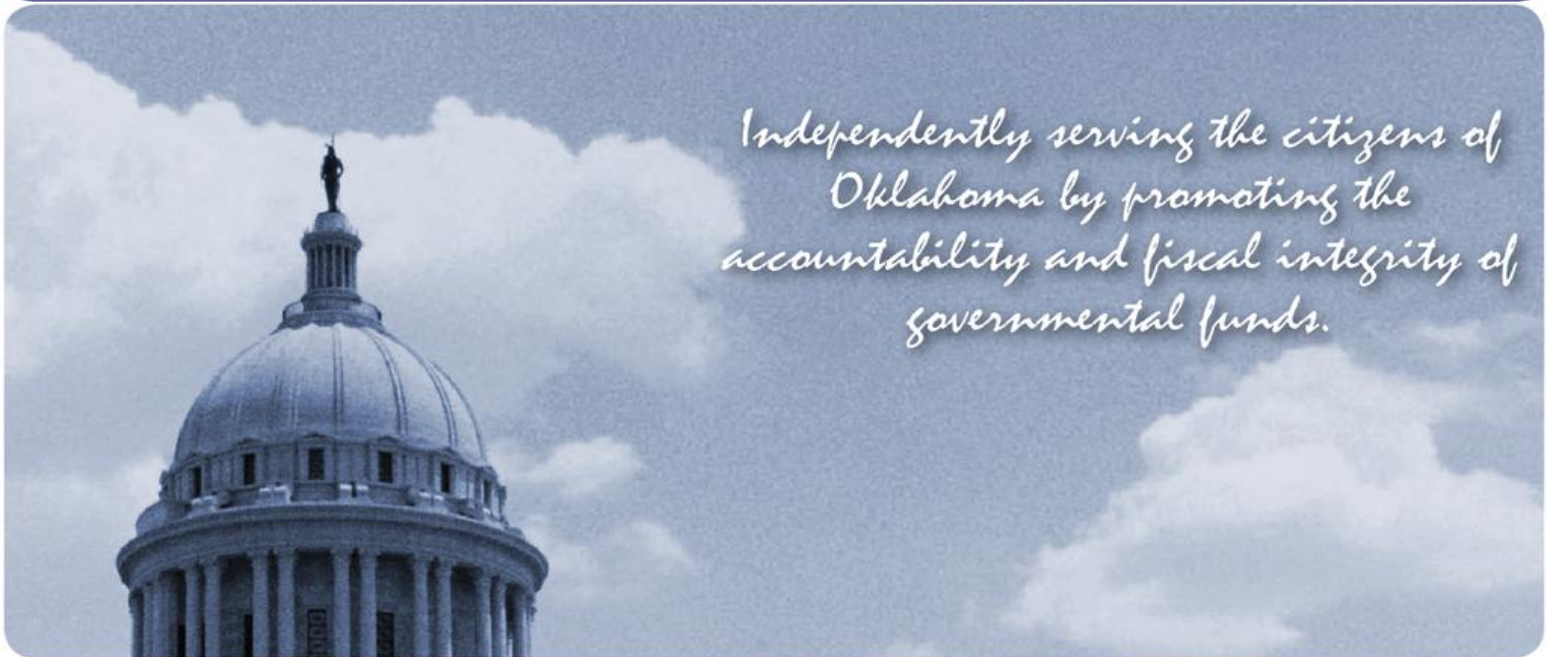


STATUTORY REPORT

# SUGAR CREEK AMBULANCE SERVICE DISTRICT

For the year ended June 30, 2015



*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

**SUGAR CREEK AMBULANCE SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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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](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 74 O.S. § 3105.B.



# Oklahoma State Auditor & Inspector

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

April 26, 2016

**TO THE BOARD OF DIRECTORS OF THE  
SUGAR CREEK AMBULANCE SERVICE DISTRICT**

Transmitted herewith is the audit report of Sugar Creek Ambulance Service District for the 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, appearing to read "Gary A. Jones".

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

**SUGAR CREEK AMBULANCE SERVICE DISTRICT  
STATUTORY REPORT  
FISCAL YEAR ENDED JUNE 30, 2015**

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**Presentation of Collections, Disbursements, and Cash Balances of District Funds**

Beginning Cash Balance July 1	<u>\$ 262,586</u>
Collections	
Ad Valorem Taxes	175,086
Miscellaneous Revenues	<u>138,627</u>
Total Collections	<u>313,713</u>
Disbursements	
Provider Contract	246,756
Maintenance and Operations	<u>35,154</u>
Total Disbursements	<u>281,910</u>
Ending Cash Balance June 30	<u>\$ 294,389</u>

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



# Oklahoma State Auditor & Inspector

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Sugar Creek Ambulance Service District  
Binger, Oklahoma 73009

## **TO THE BOARD OF DIRECTORS OF THE SUGAR CREEK AMBULANCE SERVICE DISTRICT**

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

- Determined that receipts were properly deposited and accurately reported in the accounting records.
- Determined cash balances were accurately reported in the accounting records.
- Determined whether deposits and invested funds were secured by pledged collateral.
- Determined that disbursements were properly supported, were made for purposes outlined in 19 O.S. § 1710.1, and were accurately reported in the accounting records.
- Determined that all purchases requiring bids complied with 19 O.S. § 1723.
- Determined that payroll expenditures were accurately reported in the accounting records and supporting documentation of leave records was maintained.
- Determined that fixed assets records were properly maintained.
- Determined whether the District's collections, disbursements, and cash balances for FY 2015 were accurately presented on the estimate of needs.

All information included in the records of the District is the representation of the Sugar Creek Ambulance 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 Sugar Creek Ambulance 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 Sugar Creek Ambulance 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, 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

April 25, 2016

**SUGAR CREEK AMBULANCE SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-1 – Inadequate Internal Control Over the Collection and Disbursement Process (Repeat Finding)**

**Condition:** Upon inquiry of District personnel and Board members with regard to the collection of revenue process, we noted the following weaknesses:

- One person opens and sorts the mail, prepares the deposit, delivers or mails the deposit to the bank, receives goods and services, prepares claims, and processes payments.
- There was no evidence of review by an employee or Board member independent of the process of the monthly bank reconciliations.

**Cause of Condition:** Policies and procedures have not been designed and implemented to sufficiently segregate the receipting, depositing, reconciling, and disbursement processes.

**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 the misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor and Inspector's Office (OSAI) recommends that management be aware of these conditions and determine if duties can be properly segregated. In the event that 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 management review and approval of accounting functions. We recommend evidence of the Board's review process be clearly documented so as to provided a mitigating control over the lack of segregation of duties for the receipting, depositing, reconciling, and the disbursement processes.

**Management Response:**

**Chairman of the Board:** In quarterly meeting, the financial statement is reviewed and compared to bank statements. The financial statement shows all income and expenses of the 522 district. After examination and comparison, the item is voted and approved. There is minimal activity in these accounts due to the structure of the system. The District actually contracts their service, which minimizes activity.

**Auditor Response:** Duties regarding the collections process are not adequately segregated.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls are essential to the achievement of the entity's objectives with regard to the reliability of financial reporting. Effective internal controls require that key functions within a process be adequately segregated to allow for the prevention and detection of errors and possible misappropriation of funds.

**SUGAR CREEK AMBULANCE SERVICE DISTRICT  
STATUTORY REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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**Finding 2015-2 – Funding of Audit Expense Account and Noncompliance with State Statute**

**Condition:** It was noted that the District appropriated more than the mandatory one-tenth mill to the audit budget account. However, balances from previous years were not properly carried forward.

**Cause of Condition:** Policies and procedures have not been designed to ensure compliance with 19 O.S. § 1706.1.

**Effect of Condition:** This condition resulted in noncompliance with the state statute regarding the audit expense account.

**Recommendation:** OSAI recommends that the District implement policies and procedures designed to ensure that one-tenth mill upon the net total assessed valuation be set aside in the audit expense account, and that any unused portion be carried forward into the next year audit expense account in accordance with 19 O.S. § 1706.1.

**Management Response:**

**Chairman of the Board:** The District will discuss this issue with the budget maker to ensure that only the mandatory one-tenth mill is budgeted in the audit account. Also, the District will obtain written documentation before the balance is lapsed.

**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 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



**SUGAR CREEK AMBULANCE SERVICE DISTRICT  
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thereby revert to surplus, available for appropriation to any lawful emergency medical service district purpose.”



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
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