

STATE AUDITOR
Joshua C. Gallion



Phone
(701) 328-2241

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT 117
BISMARCK, NORTH DAKOTA 58505

January 1, 2023

Ann Hafner
KAAS Director
25 High Street
Killdeer, ND 58640

Dear Ms. Hafner,

On behalf of the North Dakota State Auditor's Office (SAO), I am pleased to present Killdeer Area Ambulance District with our response to the request for auditing services.

The State Auditor's Office takes pride in following the industry's highest auditing standards. These standards include Generally Accepted Auditing Standards (GAAS), as prescribed by the American Institute of Certified Public Accountants (AICPA), and Government Auditing Standards, issued by the Comptroller General of the United States.

If you need to contact to me at any time, please contact me via the information below.

Sincerely,

A handwritten signature in black ink, appearing to read "Heath Erickson".

Heath Erickson, CPA, Audit Manager
Local Government Division
701-239-7286
hmerickson@nd.gov

Testimony in Support of HB 1508
House Political Subdivisions Committee – February 2, 2023
Ann Hafner NRP, Operations Chief Killdeer Area Ambulance Service

Good Morning, Chairman Longmuir and members of this committee.

My name is Ann Hafner and I am a resident of Dunn County, District 26. I am a Paramedic and Operations Chief of Killdeer Area Ambulance Service, a rural ambulance taxing district and a member of North Dakota EMS Association.

Today I represent myself and our ambulance district to voice our strong support of House Bill 1508.

As background, our rural ambulance taxing district with a current population of 2800 was established in 2005 and granted a levy of 5 mills. We serve nearly 1000 square miles in Dunn, McKenzie and Billings Counties. Since 2014 we had proudly been one of the smallest Advanced Life Support Ambulance Services in the state, meaning we guaranteed our area at least one Paramedic staffed ambulance at all times.

The past 3 years have been a struggle financially as our call volume has increased with employee expenses along with it, while health insurance reimbursements dropped dramatically. The ambulance district board had been hesitant to increase taxes so our levy remained as set in 2005, 5 mills (about \$255,000). The decision was made to pursue a vote to increase the mill levy in 2022.

Last January our ambulance district was notified by the Office of ND Auditor that we were delinquent in providing financial statements, a requirement we were previously unaware of. They advised that we should immediately contract to have an audit completed or alternately, hire the Office of ND State Auditor to perform an audit for us. We received a verbal estimate of \$17,000 to complete the audit. It was explained that cost could be less if we did most of the work ourselves and did not require staff to travel to Killdeer. We agreed and engaged their audit team. We paid our first invoice of \$6000 in June. (copies of invoices and cleared checks are attached to my written testimony.)

As the mill levy vote approached it was discovered that an employee of the ND State Auditor's Office had been communicating regarding our district audit by email with local residents and word had spread that our service was "under audit by the state". A campaign was launched using social media to deny the mill levy increase until the district received a "clean audit" and our requested 5 mill increase failed miserably. By September we were beyond struggling financially, our Paramedic – Bookkeeper had resigned, in part from the stress of the audit, I volunteered to take a significant pay cut to make ends meet and we could no longer afford to pay sufficient staff to maintain our Advanced Life Support Designation. After eight years as the smallest Advanced Life Support Ambulance in the state we were forced to downgrade our services to Basic Life Support. We had drawn all available funds and were hesitant to approach the Dunn County Commission because our audit had not been completed.

It was also in September that we held our first in-person meeting (via Zoom) with members of our audit team. We explained that we were near shut down, in part because of the audit circumstances and literally begged





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KILLDEER AREA AMBULANCE SERVICE
 P.O. Box 33
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ND STATE AUDITOR
 600 EAST BOULEVARD DEPT 117
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Doreen E. Johnson

MEMO
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 600 East Boulevard - Dept. 117
 Bismarck ND 58505-0400
 United States

Page: 1
 Invoice No: SA0000018426
 Invoice Date: 12/12/2022
 Customer Number: 13350
 Payment Terms: Due Immed
 Due Date: 12/12/2022

Bill To:

KILLDEER AREA AMBULANCE DISTRICT
 25 HIGH ST
 KILLDEER ND 58640

AMOUNT DUE: 31,650.00 USD



Amount Remitted

For billing questions, please call 701-328-2241

Line	Adj	Identifier	Description	Quantity	UOM	Unit Amt	Net Amount
1			POLITICAL SUB Political Sub Audits FINAL BILL - YEAR ENDED 2020-2017	1.00	EA	31,650.00	31,650.00
SUBTOTAL:							31,650.00
TOTAL AMOUNT DUE :							31,650.00

PLEASE RETURN TOP PORTION WITH PAYMENT. THANK YOU!

*pay AH
audit*

STANDARD

Original

August 3, 2022

KAAS Directors and Dunn County Commission:

→ I am writing this because of some false information that has surfaced since the discussions about the KAAS special election have developed.

First, the audit that the KAAS is going through has been brought up. The following email was sent to a resident by Tracey Dolezal stating the audit was for their use, not a "state audit". This is not true. I talked to another director about the audit and he also did not seem to feel there was any cause for concern. Josh Edwards posted that all ambulances and fire districts were being audited by the state as per Century Code. That is partially true. Once a department hits a specific threshold of operating dollars they are REQUIRED to furnish the ND State Auditor with either an annual financial report (if approved to do so), or furnish an independent audit every two years. This has not been done by KAAS. *Armedic*

A couple years ago, Bob was presented with several complaints from several people about concerns with KAAS. Because several were personnel complaints, they were difficult to verify. However, several dealt with financial concerns so he called the ND State Auditor's office to see if the financial reports turned in showed any discrepancies. At that time we were told the Service had NEVER turned in any reports. Because of this we were informed there would be a state audit as soon as the schedule allowed it. That audit started about 7 months ago and is indeed an audit of KAAS finances by the state. The contact is Dan Cox and there is an email attached that he sent yesterday stating the status of the audit. He also told me in a phone call that the audit was being performed due to serious delinquency of reporting by KAAS and that he had been in contact with Tracey and Josh.

It troubles me that directors and the financial contact at KAAS seem to think this is not an audit by the State because of their failure to report. I am not sure where they got that idea and if necessary I was told we could request the letter from the State that initiated the audit to show it was state led, however, KAAS has that letter.

Attached is the partial printout of the list of Planned Audits for the State which includes the KAAS listing showing it is a "state audit". Also attached is the email I received from Dan Cox on the status of the audit.

I followed up on this because I feel there is miscommunication within the Service and because any entity getting tax money should be following the laws for State reporting. A copy of this is being delivered to all ambulance directors so everyone has firsthand knowledge of it, not rumors.

Thank you for your time.

Candyce Kleemann
Candyce Kleemann