

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, Pelican & Stonewall, Louisiana

ANNUAL FINANCIAL STATEMENTS
June 30, 2017

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
ANNUAL FINANCIAL STATEMENTS
June 30, 2017

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Independent Auditor's Report

Mr. Joe Magee, Administrator,
and Board of Commissioners
DeSoto Parish Ambulance Service District
231 EMS Circle
Mansfield, Louisiana 71052

I have audited the accompanying financial statements of the governmental activities of the DeSoto Parish Ambulance Service District (the "District"), a component unit of the DeSoto Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund information of the District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 11, The General Fund Budgetary Comparison Schedule presented on page 32, Schedule of DeSoto EMS's Proportionate Share of the Net Pension Liability on page 33, Schedule of DeSoto EMS's Pension Contributions on page 34 and Notes to Required Supplementary Information on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Ambulance Service District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer on page 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits,

and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2017 on my consideration of the DeSoto Parish Ambulance Service District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "James D. McElland, CPA LLC". The signature is written in a cursive style.

Certified Public Accountant

Shreveport, Louisiana
December 28, 2017

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH AMBULANCE SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Within this section of the DeSoto Parish Ambulance Service District's (doing business as DeSoto EMS) annual financial report, DeSoto EMS's management is pleased to provide this narrative overview and analysis of the financial activities of the Ambulance District as of and for the fiscal year ended June 30, 2017. The Ambulance District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Ambulance District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The DeSoto Parish Ambulance Service District was determined to be a component unit of the DeSoto Parish Policy Jury. The Jury is financially accountable for the district because it appoints or ratifies a voting majority of its board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Ambulance Service District.

FINANCIAL HIGHLIGHTS

The DeSoto Parish Ambulance Service District's net position increased by \$1,071,248 or 7%.

The DeSoto Parish Ambulance Service District's total general revenues were \$4,915,689 in 2017 compared to \$5,071,899 in 2016 representing a 3% decrease of \$156,210. Of this decrease ad valorem taxes decreased \$179,337, a 4% decrease from 2016.

During the year ended June 30, 2017, the DeSoto Parish Ambulance Service District had total expenses of \$4,512,940 (which includes \$505,240 in depreciation) which is an 8% increase over 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Ambulance District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Ambulance District – Governmental Fund Financial Statements and Government-wide Financial Statements. The Notes to the Financial Statements explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information (budgetary comparison schedule) in addition to the basic financial statements. These components are described below. The Ambulance District maintains one governmental fund, the General Fund.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, governmental fund financial statements focus on the Ambulance District's most significant funds rather than the Ambulance District as a whole.

DESOTO PARISH AMBULANCE SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Governmental funds are reported in the governmental fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Ambulance District's governmental funds. The governmental fund financial statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the short term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives. The governmental fund financial statements are presented in the first column of the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Ambulance District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Ambulance District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting. These statements report all revenues and expenses connected with the year, even if cash has not been received or paid and the statements include all assets of the Ambulance District as well as liabilities (long-term debt). The government-wide financial statements include two statements.

Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the Ambulance District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Ambulance District is improving or deteriorating. Evaluation of the overall health of the Ambulance District would also extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information proved in this report.

Statement of Activities. This reports how the Ambulance District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Ambulance District's distinct activities or functions on revenues provided by the Ambulance District's taxpayers.

Currently, the Ambulance District has only governmental activities that provide for personnel services, medical supplies, repairs and maintenance, occupancy expenses, and other costs related to the proper administration of the District's ambulance services. Ambulance fees and ad valorem (property) taxes finance these activities. The government-wide financial statements are presented in the last column of the basic financial statements in this report.

DESOTO PARISH AMBULANCE SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Ambulance District's budget presentations. A budgetary comparison statement is included as "required supplementary information" for the general fund. This statement is a required schedule demonstrating compliance with the adopted and final revised budget. Pension schedules required by GASB 68 are also included.

OTHER SUPPLEMENTARY INFORMATION

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Ambulance District's financial position. The DeSoto Parish Ambulance Service District's total net position changed from a year ago, increasing from \$16,230,563 to \$17,301,811.

SUMMARY OF STATEMENT NET POSITION

	Governmental Activities	
	2017	2016
Current and other assets	\$ 9,077,856	\$ 8,888,512
Capital assets	8,640,320	7,540,356
Total assets	17,718,176	16,428,868
Deferred outflows of resources	748,706	960,218
Total assets and deferred outflows of resources	18,466,882	17,389,086
Current liabilities	394,734	286,420
Long-term liabilities	647,797	740,007
Total liabilities	1,042,531	1,026,427
Deferred inflows of resources	122,540	132,096
Total liabilities and deferred inflows of resources	1,165,071	1,158,523
Net position:		
Net investment in capital assets	8,640,320	7,540,356
Unrestricted	8,661,491	8,690,207
Total net position	\$ 17,301,811	\$ 16,230,563

DESOTO PARISH AMBULANCE SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Net position of the DeSoto Parish Ambulance Service District's governmental activities increased by \$1,071,248 or 7%. The District has no restrictions on its net position.

A portion of the Ambulance District's net position, \$8,640,320 (49.9%) reflects its investment in capital assets such as ambulances, buildings, medical and communication equipment, and software. The Ambulance District uses these capital assets to provide the services to the citizens of the parish; consequently, these assets are not available for future spending. There is no outstanding debt related to these assets.

The remaining and largest portion of the Ambulance District's net position \$8,661,491 (50.1%) at June 30, 2017, is unrestricted and may be used to meet the Ambulance District's ongoing obligations to citizens and creditors at the discretion of the Board of Commissioners. These unrestricted assets consists primarily of cash, demand and time deposits, and ambulance service and ad valorem taxes receivables.

The following table provides a summary of the Ambulance District's changes in net position:

SUMMARY OF STATEMENTS OF ACTIVITIES

	Governmental Activities	
	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 899,583	\$ 988,948
Local grant & contributions	14,133	-
General revenues		
Ad valorem taxes	4,831,196	5,010,533
Miscellaneous revenues	58,609	30,839
Interest income	25,884	30,527
Other Financing Uses		
Loss on sale/donation of assets	(245,217)	-
Total revenues	<u>5,584,188</u>	<u>6,060,847</u>
Public Safety-emergency medical services	4,278,770	3,864,753
Administrative	<u>234,170</u>	<u>297,507</u>
Total expenses	<u>4,512,940</u>	<u>4,162,260</u>
Increases (Decreases) in net position	1,071,248	1,898,587
Net Position Beginning	<u>16,230,563</u>	<u>14,331,976</u>
Net Position Ending	<u>\$ 17,301,811</u>	<u>\$ 16,230,563</u>

Total revenues decreased \$476,659 from total revenues in the year ended June 30, 2016, of \$6,060,847 to total revenues of \$5,584,188 in the year ended June 30, 2017.

The Ambulance District is heavily reliant on ad valorem (property) taxes to support its operations. Property taxes provided 87% of the total revenues. Ad valorem taxes decreased \$179,337.

DESOTO PARISH AMBULANCE SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Charges for services are for reimbursements from insurance companies—primarily Medicare and Medicaid. The ambulance service is provided at no out of pocket cost to the parish residents. Charges for services provided 16% of the total revenue for the current year and 16% of the total revenue for the prior year. These charges decreased \$89,365 (9.04%) from \$988,948 in June 30, 2016, to \$899,583 in the year ended June 30, 2017.

During the year ended June 30, 2017, total expenses of the Ambulance District increased \$350,680, up 8% over the previous year.

Government fund analysis. As the Ambulance District completed the year, its general fund reported a fund balance of \$8,478,409, which is a 0.49% decrease over last year's fund balance of \$8,520,412. Expenditures increased from \$5,134,349 for the year ended 2016 to \$5,725,140 for 2017.

BUDGETARY HIGHLIGHTS

The Ambulance District adopted a budget for its General Fund for the year ended June 30, 2017. The budget was not amended during the year. The Ambulance District's budgetary comparison is presented as required supplementary information. Highlights for the year are as follows:

- Revenues received were more than the budgeted amounts by 5.13% due to a higher amount of ambulance service charges received than anticipated.
- Expenditure amounts were 18.79% lower than anticipated primarily due to less spent on personal services and related benefits, operations, and capital outlays than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2017, the DeSoto Parish Ambulance Service District had invested \$8,640,320 in capital assets as follows:

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities	
	2017	2016
Ambulances	\$ 845,263	\$ 615,854
Medical equipment	503,990	458,083
Communications equipment	50,362	62,473
Other equipment	19,634	26,870
Furniture and fixtures	27,839	36,495
Building and Land	5,928,649	6,332,658
Leasehold improvements	1,492	1,696
Billing/Payroll software	5,475	6,227
Construction in progress	1,257,616	-
Total	\$ 8,640,320	\$ 7,540,356

DESOTO PARISH AMBULANCE SERVICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

The construction of Station 5 in Pelican, Louisiana, was still construction in progress with costs incurred during the year of \$1,257,616. Two new ambulances, for a total of \$393,107, and an off road medic unit with trailer, \$32,332, were acquired. New medical equipment- a power load system (\$20,734) and stair chair (\$2,998) for the new Medic 12; a stretcher (\$12,500) with a retrofit kit (\$2,076) and power load system (\$18,750) for the new Medic 15; three ventilators (\$16,584, each); seven blood analysis systems (\$6,000, each); a laryngoscope (\$2,565); and six wifi transmitters for the LifePak 15 (\$1,001, each) to transmit data to the hospitals ahead of the ambulances arrivals- were purchased. New communications equipment purchased included an amplifier for the repeater and two radios for a total of \$5,555. Two floor machines for a total of \$2,329 were bought. The Street-Tek GPS software for the server was updated at a cost of \$2,100. More detailed information about the capital assets are presented in Note 4 to the financial statements.

Debt

At year end, the Ambulance District had no long-term debt obligations other than a net pension liability of \$647,797 as reported under the requirements of GASB 68.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The DeSoto Parish Ambulance Service District's management considered many factors when setting the fiscal year ending June 30, 2018, budget. Revenue amounts available for appropriation in the governmental funds are expected to be consistent with last year unless there is some unforeseen change in the local economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the DeSoto Parish Ambulance Service District and to show the DeSoto Parish Ambulance Service District's accountability for the money it receives. If there are any questions about this report or additional financial information is needed, contact the Administrator, Joe Magee, at 231 EMS Circle, Mansfield, Louisiana, 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION
June 30, 2017

	Governmental Fund Financial Statements		Government-wide Statements
	<u>Balance Sheet</u>		Governmental Activities
	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 8,726,214	\$ -	\$ 8,726,214
Ambulance service receivables, net of allowance for uncollectibles	127,106	-	127,106
Ad valorem taxes receivable	212,280	-	212,280
Other receivables	401	-	401
Prepaid insurance	11,855	-	11,855
Capital assets (net)	-	8,640,320	8,640,320
Total Assets	<u>\$ 9,077,856</u>	<u>8,640,320</u>	<u>17,718,176</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related		748,706	748,706
Total Deferred Outflows of Resources		<u>748,706</u>	<u>748,706</u>
Total Assets and Deferred Outflows of Resources			<u>18,466,882</u>
LIABILITIES			
Accounts, salaries and other payables	\$ 389,456	5,278	394,734
Long-term liabilities:			
Net pension liability	-	647,797	647,797
Total Liabilities	<u>389,456</u>	<u>653,075</u>	<u>1,042,531</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable ad valorem taxes	209,991	(209,991)	-
Pension related	-	122,540	122,540
Total Deferred Inflows of Resources	<u>209,991</u>	<u>(87,451)</u>	<u>122,540</u>
FUND BALANCE / NET POSITION			
Fund Balance:			
Nonspendable:			
Prepaid expenses	11,855	(11,855)	-
Committed:			
Construction contract - Station 4	5,278	(5,278)	-
Unassigned	8,461,276	(8,461,276)	-
Total Fund Balance	<u>8,478,409</u>	<u>(8,478,409)</u>	<u>-</u>
Total	<u>\$ 9,077,856</u>		
Net Position:			
Net investment in capital assets		8,640,320	8,640,320
Unrestricted		8,661,491	8,661,491
TOTAL NET POSITION		<u>\$ 17,301,811</u>	<u>\$ 17,301,811</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO
THE GOVERNMENT- WIDE STATEMENT OF NET POSITION**

June 30, 2017

Total Fund Balance, Governmental Fund	\$	8,478,409
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statements, but are reported in the governmental activities of the Statement of Net Position		
Cost of capital assets	11,283,536	
Less accumulated depreciation	<u>(2,643,216)</u>	8,640,320
Certain deferred outflows are reported in the Statement of Net Position but not in the governmental funds		
Deferred outflows-pension related		748,706
Unavailable ad valorem taxes are reported as deferred inflows of resources in the governmental funds, but are reflected as income in the Government-wide statement.		
		209,991
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Retainage payable		(5,278)
Net pension liability		(647,797)
Deferred inflows-pension related		<u>(122,540)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>17,301,811</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

EXPENDITURES / EXPENSES	Governmental Fund Financial Statements		Government-wide Statements
	STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE		
	General Fund	Adjustments	Statement of Activities
Current:			
Public Safety:			
Personal services & related benefits	\$ 3,263,085	\$ 132,981	\$ 3,396,066
Operations	385,294	-	385,294
Depreciation	-	497,410	497,410
Administrative			
Administrative	156,794	-	156,794
Occupancy	69,546	-	69,546
Depreciation	-	7,830	7,830
Capital outlay	1,850,421	(1,850,421)	-
TOTAL EXPENDITURES / EXPENSES	5,725,140	(1,212,200)	4,512,940
PROGRAM REVENUES			
Charges for services	899,583	-	899,583
Capital grants and contributions	14,133	-	14,133
TOTAL PROGRAM REVENUES	913,716	-	913,716
NET PROGRAM EXPENSE	4,811,424	(1,212,200)	3,599,224
GENERAL REVENUES			
Ad valorem taxes	4,708,163	123,033	4,831,196
Interest earnings	25,884	-	25,884
Other revenue	35,374	23,235	58,609
TOTAL GENERAL REVENUES	4,769,421	146,268	4,915,689
Excess of Revenues over Expenditures / Change in Net Position	(42,003)	1,358,468	1,316,465
Other Financing Sources (Uses)			
Loss on donated and abandoned assets	-	(245,217)	(245,217)
TOTAL OTHER FINANCING SOURCES (USES)	-	(245,217)	(245,217)
Excess of Revenues and other Financing Sources over Expenditures / Change in Net Position	(42,003)	1,113,251	1,071,248
FUND BALANCE / NET POSITION			
Beginning of the year	8,520,412		16,230,563
End of the year	\$ 8,478,409		\$ 17,301,811

The accompanying notes are an integral part of this statement.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balance, Governmental Fund	\$	(42,003)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	1,850,421	
Loss on donated and abandoned assets		(245,217)	
Depreciation expense		<u>(505,240)</u>	1,099,964

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenues in the funds. The change in unavailable ad valorem taxes is, therefore, not included.		123,033
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In the Statement of Activities pension benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Non-employer contributions to cost-sharing pension plan		23,235
Pension (expense) benefit		<u>(132,981)</u>

Change in Net Position of Governmental Activities	\$	<u>1,071,248</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

INTRODUCTION

The Desoto Parish Ambulance Service District (DeSoto EMS) was created by a parish resolution on July 12, 2000. The District is comprised of all the territory located within the Parish of DeSoto. The District does business as DeSoto EMS. The District is governed by a Board of Commissioners who are appointed by the DeSoto Parish Police Jury. The Board of Commissioners received no compensation during 2016-2017. The purpose of the District is to provide ambulance service for the transportation of persons which necessitate ambulance care and for providing related services. The DeSoto EMS averages fifty employees.

1. Summary of Significant Accounting Policies

The accompanying basic financial statements of the DeSoto Parish Ambulance Service District have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999; Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement 65, *Items Previously Reported as Assets and Liabilities*. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The more significant accounting policies established in GAAP and used by the DeSoto Parish Ambulance Service District are discussed below.

A. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Ambulance Service District is considered a component unit of the DeSoto Parish Policy Jury. The Policy Jury is financially accountable for the District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Policy Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Measurement Focus / Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues or expenditures, expenses, and transfers—and assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

Government-Wide Financial Statements

The DeSoto Parish Ambulance Service District's basic financial statements include both government-wide (reporting the funds maintained by the DeSoto Parish Ambulance Service District as a whole) and fund financial statements (reporting the DeSoto Parish Ambulance Service District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The DeSoto Parish Ambulance Service District's general fund is classified as governmental activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues,

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

B. Measurement Focus / Basis of Accounting (continued)

are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The DeSoto Parish Ambulance Service District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The DeSoto Parish Ambulance Service District's net position is reported in two parts – net investment in capital assets, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the DeSoto Parish Ambulance Service District's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Program revenues of the District consist of ambulance fees billed to insurance companies and individuals. The net costs (by function) are normally covered by general revenues.

Fund Financial Statements

The accounts of the Ambulance Service District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include 1) charges to customer applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes, interest earnings, and other revenue.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of Significant Accounting Policies (continued)

B. Measurement Focus / Basis of Accounting (continued)

A fund is considered major if it is the primary operating fund of the entity. The Ambulance Service District maintains only one governmental fund.

The General Fund is the primary operating fund of the Ambulance Service District. It is used to account for and report all financial resources.

C. Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits, and short-term timed deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments are limited by Louisiana Revised Statue (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost which approximates market.

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

E. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25 - 40 years
Ambulances	5 - 7 years
Equipment	5 - 10 years

F. Compensated Absences

After one year of service, all regular, full-time employees are granted three 24-hour shifts or 42 hours (dispatch) of vacation leave each year. After two years the employees are granted six 24-hour shifts or 60 hours (dispatch) of paid vacation. With 5 years-plus continuous service with the Desoto Parish Ambulance Service District, employees are granted ten 24-hour shifts or 84 hours (dispatch) of vacation each year. There is no carryover of vacation time from one calendar year to the next. Sick leave will accumulate for full-time employees at a rate of 4 hours per pay period to be used after one year of service. Accumulated sick leave is forfeited upon separation of employment; therefore under GASB Statement No. 16 guidelines compensated absences for sick pay are not recorded in the financial statements.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

G. Unavailable Ad Valorem Taxes

Under the modified accrual basis of accounting, the DeSoto Parish Ambulance Service District's governmental funds will not recognize revenue until they are available (collected not later than 60 days after the District's year end). Accordingly, ad valorem taxes assessed, yet paid under protest, are reported as unavailable revenues in the governmental funds balance sheet only.

H. Risk Management

The DeSoto Parish Ambulance Service District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and injuries to employees. To handle such risks of loss, the EMS maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist and collision, health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts. In addition to the above policies, the District also maintains a liability insurance policy with the Louisiana Ambulance Service Districts' Risk Management Program. No claims have been paid on the policy during the past three years nor is the District aware of any unfiled claims.

I. Fund Equity

NET POSITION

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net position and is reported in three components:

1. *Net investment in capital assets*—consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted net position*—consists of net position with constraints placed on the use by a) external groups, such as creditors, grantors, or laws or regulations of other government; or b) law through constitutional provisions or enabling legislation.
3. *Unrestricted net position*—consists of all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted net position first, unless a determination is made to use restrict net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at incurrence of the expense.

FUND BALANCES

As required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, this statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* – Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

I. Fund Equity (continued)

- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
- *Committed* – Amounts which are subject to limitations or constraints to specific purposes the Ambulance District imposes upon itself at its highest level of decision making, the board of directors. These amounts cannot be used for any other purpose unless the Ambulance District takes the same highest level of action to remove or change the constraint.
- *Assigned* – Amounts neither restricted nor committed for which the Ambulance District intends to use for a specific purpose.
- *Unassigned* – Amounts that are available for any purpose.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Pension Plans

The DeSoto Parish Ambulance Service District is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to / deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

L. Deferred Outflows/Inflows of Resources Related to Pensions

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applied to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applied to future periods and will not be recognized as an inflow of resources until that time.

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June 30, 2017

2. Cash and Cash Equivalents

At June 30, 2017, the District has cash and cash equivalents (book balances) totaling \$8,726,214 in interest-bearing demand and short-term timed deposits.

The cash and cash equivalents of the DeSoto EMS are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the EMS that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the EMS's name.

At June 30, 2017, the District has \$8,820,485 in deposits (collected bank balances). These deposits are secured from risk by \$1,000,000 of federal deposit insurance and pledged securities held by the custodial banks in the name of the fiscal agent banks with a total market value of \$12,594,923 (GASB Category 3).

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The EMS does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

However, as a means of offsetting exposure to interest rate risk, the EMS diversifies its investments by security type and institution.

3. Levied Taxes

The DeSoto Parish Ambulance Service District was authorized an ad valorem tax millage of 7.0 mills and levied taxes of 7.0 mills for 2016. This tax is for the purpose of paying the cost of providing ambulance service in the parish and is for a period of ten years beginning with the year 2009 and ending with the year 2018. The tax was renewed in November, 2017 by the voters of DeSoto Parish for another ten year period.

The property tax calendar is as follows:

Assessment date	January 1, 2016
Levy date	June 30, 2016
Tax bills mailed	October 15, 2016
Total taxes due	December 31, 2016
Penalties & interest added	January 31, 2017
Tax sale	May 15, 2017

Total assessed value was \$731,570,121 in 2016. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$41,399,349 of the assessed value in 2016. The EMS adjusted ad valorem tax revenue was \$4,708,163.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

3. Levied Taxes (continued)

The following are the principal taxpayers for the parish (2016 amounts):

Taxpayer	Type of Business	2016 Taxable Valuation	2016 Assessed Tax	Percentage of Total Assessed Valuation
Chesapeake Operating, Inc.	Oil & Gas	\$61,632,250	\$431,426	8.93%
Exco Operating Comapany LP	Oil & Gas	\$57,698,277	\$403,888	8.36%
International Paper Co.	Manufacturing	\$50,796,569	\$355,576	7.36%
Southwestern Electric Power	Utility	\$25,743,370	\$180,204	3.73%
Louisiana Midstream Gas Service	Oil & Gas	\$24,639,097	\$172,474	3.57%
Acadian Gas Pipeline System	Oil & Gas	\$24,639,097	\$172,474	3.57%
Indigo Minerals LLC	Oil & Gas	\$20,705,123	\$144,936	3.00%
TGG Pipeline, LTD	Oil & Gas	\$20,429,055	\$143,003	2.96%
Enterprise Gathering LLC	Oil & Gas	\$19,945,935	\$139,622	2.89%
Covey Park Operating LLC	Oil & Gas	\$19,117,730	\$133,824	2.77%
Total		<u>\$325,346,503</u>	<u>\$2,277,427</u>	<u>47.14%</u>

Ad valorem taxes receivable at June 30, 2017, is \$212,280.

4. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	6/30/2016	Additions	Reclassifications/ Deductions	6/30/2017
Capital assets, not depreciated				
Construction in Progress	\$ -	\$ 1,257,616	\$ -	\$ 1,257,616
Land	416,990	-	-	416,990
Total capital assets not being depreciated	<u>416,990</u>	<u>1,257,616</u>	<u>-</u>	<u>1,674,606</u>
Capital assets, being depreciated				
Ambulances & Vehicles	1,915,471	425,439	-	2,340,910
Buildings	6,285,546	-	(301,377)	5,984,169
Furniture and Fixtures	68,120	-	-	68,120
Medical & Communication Equipment	1,029,415	165,266	-	1,194,681
Leasehold improvements	5,050	-	-	5,050
Billing/payroll softw are	17,664	2,100	(3,764)	16,000
Total capital assets, being depreciated	<u>9,321,266</u>	<u>592,805</u>	<u>(305,141)</u>	<u>9,608,930</u>
Less accumulated depreciation for				
Ambulances & Vehicles	1,299,615	196,030	-	1,495,645
Buildings	369,880	159,188	(56,557)	472,511
Furniture and Fixtures	31,625	8,656	-	40,281
Medical & Communication Equipment	481,989	138,706	-	620,695
Leasehold improvements	3,354	205	-	3,559
Billing softw are	11,437	2,455	(3,367)	10,525
Total accumulated depreciation	<u>2,197,900</u>	<u>505,240</u>	<u>(59,924)</u>	<u>2,643,216</u>
Total capital assets, net	<u>\$ 7,540,356</u>	<u>\$ 1,345,181</u>	<u>\$ (245,217)</u>	<u>\$ 8,640,320</u>

Depreciation expense for the year ended June 30, 2017, was \$505,240. In the Statement of Activities, \$497,410 was included in public safety and \$7,830 was in administration.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

5. Net Ambulance Service Charges/Receivables

The receivable consists of \$127,106 due from insurance and Medicare/Medicaid for ambulance services provided.

Ambulance service charge receivable	\$ 489,789
Allowance for doubtful accounts	<u>(362,683)</u>
Net ambulance service charges receivable	<u>\$ 127,106</u>

The insurance companies only pay a percentage of the billings and the unpaid balance is recorded as contractual adjustments. Write-offs consist of DeSoto Parish private pay not required to pay for services and out-of-parish residents who have been identified as nonpaying.

6. Pension Plan

Plan description. Full-time employees (approximately 30) of the DeSoto Parish Ambulance Service District are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A. Plan A was designated for employers out of Social Security.

Eligibility Requirements: All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January, 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service
2. Age 55 with twenty-five (25) years of creditable service
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired prior to January 2, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

6. Pension Plan (continued)

Survivor Benefits: Upon the death of any member of Plan A with 5 or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

Deferred Retirement Option Plan: In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments in to the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For those eligible to enter DROP prior to January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any return and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: A member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and if not eligible for normal retirement and has been officially certified as disable by the State Medical Disability Board. Upon retirement caused by disability, a member shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar years since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on the member's retirement date. Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. Lastly, ACT 270 of 2009 provided for further reduced actuarial payments to provide a cost of living increase up to 2.5% cost of living adjustment commencing at age 55.

Contributions

As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2015 was 13.00%. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. These additional sources of income are used as additional employer contributions and are considered support from Non-employer contributing entities.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

6. Pension Plan (continued)

The contribution requirements of plan members and the District are established and may be amended by state statute. The District was accepted into the Plan on January 1, 2003. The District's contributions for the years ending June 30, 2017, 2016, and 2015 were \$247,252, \$232,198, and \$227,610, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the DeSoto Parish Ambulance Service District reported a liability of \$647,797 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016 the District's proportion was 0.314539% which was an increase of 0.03341% from the proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$132,982, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (113,358)
Net difference between projected and actual earnings on pension plan investments	502,715	-
Changes of assumptions	122,988	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(9,182)
Employer contributions subsequent to the measurement date	123,003	-
Totals	<u>\$ 748,706</u>	<u>\$ (122,540)</u>

The District reported a total of \$123,003 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,	
2016	\$ 184,929
2017	198,604
2018	132,020
2019	(13,579)
	<u>\$ 501,974</u>

DESOTO PARISH AMBULANCE SERVICE DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

6. Pension Plan (continued)

Actuarial Methods: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees past periods of service less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the System's employers as of December 31, 2016 are as follows:

Total Pension Liability	\$ 11,071,358
Plan Fiduciary Net Position	10,423,561
Total Net Pension Liability	<u>\$ 647,797</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 is as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense, including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model, a treasury yield curve approach and an equity building-block model. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification.. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

6. Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Total	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

Actuarial Change in Assumptions:

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the District calculated using the discount rate of 7.00 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	Discount rate	District's proportionate share of net pension liability
1% decrease	6.00%	1,937,822
Current discount rate	7.00%	647,797
1% increase	8.00%	(442,958)

Plan Fiduciary Net Position. The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

6. Pension Plan (continued)

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions—Proportionate Share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement System Audit Report: Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Estimates: The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly actual results may differ from estimated amounts.

7. Litigation and Claims

At June 30, 2017, the Desoto Parish Ambulance Service District was not involved in any litigation nor was aware of any unasserted claims.

8. Compensation Paid Board Members

The Board members were not compensated during the year ended June 30, 2017.

9. Subsequent Events

Management has performed an evaluation of the DeSoto EMS's activities through December 28, 2017, and has concluded that there are no significant events requiring recognition or disclosure through that date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Charges for services	576,000	\$ 576,000	\$ 899,583	\$ 323,583
Grants and contributions	-	-	14,133	14,133
Ad valorem taxes	4,800,000	4,800,000	4,708,163	(91,837)
Interest earnings	15,650	15,650	25,884	10,234
Other revenue	-	-	35,374	35,374
Total Revenues	<u>5,391,650</u>	<u>5,391,650</u>	<u>5,683,137</u>	<u>291,487</u>
Expenditures				
Administrative	122,900	122,900	156,794	(33,894)
Personal services & related benefits	3,949,000	3,949,000	3,263,085	685,915
Operations	675,500	675,500	385,294	290,206
Occupancy	87,000	87,000	69,546	17,454
Capital outlay	2,215,000	2,215,000	1,850,421	364,579
Total Expenditures	<u>7,049,400</u>	<u>7,049,400</u>	<u>5,725,140</u>	<u>1,324,260</u>
Excess (deficiency) of revenues over expenditures	(1,657,750)	(1,657,750)	(42,003)	1,615,747
FUND BALANCE				
Beginning of the year	8,520,412	8,520,412	8,520,412	-
End of the year	<u>\$ 6,862,662</u>	<u>\$ 6,862,662</u>	<u>\$ 8,478,409</u>	<u>\$ 1,615,747</u>

Supplemental schedule. For purposes of additional analysis
The accompanying notes are an integral part of the financial statements.
See auditor's report.

**DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS**

**Schedule of the DeSoto Ambulance District's Proportionate Share
of the Net Pension Liability
For the year ended June 30, 2017**

<u>Fiscal Year*</u>	<u>Agency's proportion of the net pension liability (asset)</u>	<u>Agency's proportionate share of the net pension liability (asset)</u>	<u>Agency's covered-employee payroll</u>	<u>Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Parochial Employees's Retirement System of Louisiana (Plan A)					
2017	0.314539%	\$ 647,797	\$ 1,939,971	33%	94.1%
2016	0.281127%	\$ 740,007	\$ 1,539,545	48%	92.2%
2015	0.254606%	\$ 69,611	\$ 1,422,563	5%	99.1%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

Supplemental schedule. For purposes of additional analysis
The accompanying notes are an integral part of the financial statements.
See auditor's report.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS

Schedule of the DeSoto Ambulance District's Pension Contributions

For the year ended June 30, 2017

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
2017	\$ 247,298	\$ 247,298	\$ -	\$ 1,939,971	12.7%
2016	\$ 232,290	\$ 232,290	\$ -	\$ 1,539,545	15.1%
2015	\$ 227,518	\$ 227,518	\$ -	\$ 1,422,563	16.0%

*Amounts presented were determined as of the end of the fiscal year.

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

Supplemental schedule. For purposes of additional analysis
The accompanying notes are an integral part of the financial statements.
See auditor's report.

DESOTO PARISH AMBULANCE SERVICE DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2017

Budgetary Information

The Ambulance District's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget was not amended during the year. The budget comparison schedule presents the original adopted budget.

Budgeted revenues do not exceed actual revenues. Actual expenditures do not exceed budgeted expenditures. The Ambulance District is in compliance with the Louisiana Local Government Budget Act.

The District uses the following budget practices:

A budget for the ensuing year is prepared prior to June 30 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Pension Information

The schedule of the DeSoto Ambulance District's proportionate share of the net pension liability and the schedule of the DeSoto Ambulance District's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of Benefit Terms: There were no changes of benefit terms for the year ended June 30, 2017.

Changes of Assumptions: There were no changes of benefit assumptions for the year ended June 30, 2017.

OTHER SUPPLEMENTAL INFORMATION

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS

Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer

For the year ended June 30, 2017

Joe Magee, Administrator

Purpose:		
Salary	\$	97,581
Benefits- insurance		11,724
Benefits- retirement		12,686
Benefits- other		65
Car Allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Cell phone		1,190
Uniforms		425
Total	\$	<u><u>123,671</u></u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS*

**Independent Auditor's Report on Internal
Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Mr. Joe Magee, Administrator
and Board of Commissioners
DeSoto Parish Ambulance Service District
231 EMS Circle
Mansfield, Louisiana 71052

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities of the DeSoto Parish Ambulance Service District (the "District"), a component unit of the DeSoto Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued my report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and question costs as described at 2017-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings and questions costs as described at 2017-001 to be a significant deficiency.

My consideration of internal control over financial reporting was for the limited purpose described in the first preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any weaknesses in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

DeSoto Parish Ambulance Service District's Response to Findings

The District's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Shreveport, Louisiana
December 28, 2017

DeSoto Parish Ambulance Service District

DeSoto Parish, Louisiana

Schedule of Audit Results, Findings, Responses and Prior Year Findings

Summary of Audit Results

1. The independent auditor's report expressed an unmodified opinion on the financial statements of the DeSoto Parish Ambulance Service District ("District").
2. Two instance of internal control deficiencies was disclosed during the examination.
3. No instances of noncompliance were disclosed during the examination.
4. No separate management letter was issued to the DeSoto Parish Ambulance Service District.

Findings for the Year Ended June 30, 2017

2017-001 Disbursement Lacked Board Approval

Condition:

During my audit, I tested disbursements of government funds to ensure they complied with public law and criteria established by the Board of Commissioners. I tested 63 disbursements and found one invoice over \$5,000 for which the payment lacked approval by the Board of Commissioners.

Criteria: Per DeSoto Parish Ambulance Service Standard Operating Procedures approved by the Board of Commissioners, management has authority to authorize disbursements of funds for invoices less than \$5,000. Invoices equal to or greater than \$5,000 require approval and signature by at least one member of the Board of Commissions.

Cause:

The newly appointed Board of Commissioners had not been added as signers to the bank account.

Effect:

Governmental funds disbursement lacked board approval.

Recommendation:

The DeSoto Parish Ambulance Service should implement internal controls over disbursements that would ensure disbursements are properly authorized by the Board of Commissioners.

Management's Response:

Management agrees with the finding. The Board of Commissioners have signed bank signature cards and will approve and sign checks as required by the Standard Operating Procedures.

2017-002 On-line Bill Payment Segregation of Duties

Condition:

During my review of internal control over cash disbursement, I noted electronic fund transfers are created and submitted by an employee without check signing authority. Under the DeSoto Parish Ambulance Service Standard Operating Procedures, the Administrative Assistant has responsibility to enter bill payment data into the bank's online bill payment system and submit online bill payments for

DeSoto Parish Ambulance Service District

DeSoto Parish, Louisiana

Schedule of Audit Results, Findings, Responses and Prior Year Findings

bank processing. The Administrative Assistant does not have check signing authority, but by entering and submitting on-line bill payments, she is in effect “signing” an electronic check. The Administrative Assistant also has responsibility for recording online bill payments into the accounting system.

Criteria:

Internal control best practices require funds be disbursed by someone with authority to do so.

Cause:

Lack of segregation of duties over disbursement of governmental funds.

Effect:

Governmental funds are disbursed by someone without the proper authority.

Recommendation:

The DeSoto Parish Ambulance Service should develop internal control over online disbursement of funds that prevents the same person who enters an online electronic funds transfer payment data from submitting the payment for processing by the bank.

Management’s Recommendation:

Management agrees with the finding. Due to our small administrative staff, proper segregation of duties is difficult to implement. Additionally, the bank’s online bill payment system does not provide for a separation of the data entry process from the payment authorization activity. As a compensating control, online bill payments will be observed by a second individual who will verify the data entered into the bank’s bill pay system agrees with the payment authorized by management. Following each online bill payment session, a report will be printed out and both individuals will initial the report verifying payments were made as authorized by management.

DeSoto Parish Ambulance Service District

DeSoto Parish, Louisiana

Schedule of Audit Results, Findings, Responses and Prior Year Findings

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action	Corrective Action/Partial Corrective Action Taken
2016-001	2016	Violation of Local Government Budget Act	Yes	FY2017 budget was timely adopted.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of DeSoto Parish Ambulance Service and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by DeSoto Parish Ambulance Service (DeSoto EMS) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Obtained the entity's written policies and procedures and noted all the Budgeting functions described above were addressed without exception.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Obtained the entity's written policies and procedures and noted all the Purchasing functions described above were addressed without exception.

c) ***Disbursements***, including Processing, reviewing, and approving

Obtained the entity's written policies and procedures and noted all the Disbursement functions described above were addressed without exception.

- d) **Receipts**, including receiving, recording, and preparing deposits
Obtained the entity's written policies and procedures and noted all the Receipt functions described above were addressed without exception.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Obtained the entity's written policies and procedures and noted all the Payroll/Personnel functions described above were addressed without exception.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Obtained the entity's written policies and procedures and noted all the Contracting functions described above were addressed without exception.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Obtained the entity's written policies and procedures and noted all the Credit Card functions described above were addressed without exception.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Obtained the entity's written policies and procedures and noted all the Travel and Expense Reimbursement functions described above were addressed without exception.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Obtained the entity's written policies and procedures and noted all the Ethics functions described above were addressed without exception.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Obtained the entity's written policies and procedures and noted none of the Debt Service functions described above were addressed due to the entity not having any debt.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

There was no DeSoto EMS board of commissioners formed for July and August 2016 (Exception). The DeSoto Parish Police Jury (DPPJ) met in the place of the board of commissioners for July 2017, but did not have authority to act as the board under a Louisiana Attorney General Opinion 16-0114 dated September 15, 2016 (Exception). There was no meeting for August 2016 (Exception). A newly constituted board of commissioners met in September 2016 and affirmed the actions taken by the DPPJ, including approving the budget and contracts approved by the DPPJ. I noted by reference to the minutes, the board of commissioners did not hold a regular monthly meeting in December 2016 and February 2017 (Exception).

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

I noted by reference to meeting minutes that a financial report was presented to the board of commissioners at their regular meetings. However, there is insufficient evidence within the minutes to determine if the financial report included an actual-to-budget comparison (Exception). For the one month (July 2016) the DPPJ functioned as the board of commissioners, there was no reference to a financial report noted in the minutes (Exception).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No fund balance deficit noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Noted without exception.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of entity's bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting bank reconciliations were prepared for all months without exception.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

I noted per the DeSoto EMS Standard Operating Procedures, management review is only required for the main operating account. Thus, three of the four bank accounts tested did not reflect evidence of management's review. Only the operating account showed evidence of management review per the entity's written procedures (Exception).

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

I noted by reference to the 06/30/2017 bank reconciliation for the payroll account that there was an uncleared credit transaction dated 07/05/2015 and an uncleared debit transaction for the same amount on 06/30/2015. The entries were made by the outside accountant and management had not inquired as to why the items remained uncleared as of the date of my testing (Exception).

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained a listing of cash collection locations and management's representation that the listing is complete. The entity has one cash collection location.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Obtained existing written documentation and noted the following:

- 1.) Employees responsible for cash collections are not bonded, but the entity insurance policy covers employee theft.*

2.) *Employees responsible for cash collections are responsible for depositing the cash in the bank, recording the related transaction, and reconciling the bank account (exception).*

3.) *The entity does not have a need for a cash drawer system.*

As a compensating control, the Billing Clerk prepares the bank deposit slip and compares the bank receipt with a copy of the deposit slip and a manual listing of checks received.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and addressed the functions above without exception.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Obtained collection documentation by location noting cash collections are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written procedures are designed to provide internal control over cash receipts but do not address entity-level tests to determine completeness of collections (Exception). However, the outside CPA uses the ambulance billing receipt records to prepare a cash-to-accrual adjustment for GAAP reporting purposes. She makes inquiry of management when there is an unexpected difference between cash receipts recorded in the accounting records and receipts recorded in the billing transaction records. Additionally, the outside CPA tests

completeness of ad valorem tax revenues received against the DeSoto Parish Sheriff's office disbursement records. Any discrepancies are identified to management.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained the general ledger and sorted/filtered for entity disbursements and obtained management's representation the general ledger population was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase orders were often approved by the same person initiating the purchase (Exception). By reference to the Standard Operating Procedures, I noted specifically identified individuals are authorized to prepare purchase orders and to approve the purchase (Exception).

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and observed payments for purchases were properly processed with an approved purchase order and invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Using entity documentation, I noted the person responsible for processing payments was not prohibited from adding vendors to the entity's purchasing/disbursement system (Exception). By reference to the Standard Operating Procedures and inquiry of management, I noted the Administrative Assistance has authority to enter new vendors into QuickBooks as well as authority to produce disbursement checks; however, she does not have check signing

authority. The Administrative Assistant is authorized to access the bank's online bill payment system to make electronic payments for disbursements less than \$5,000. She also has authority to add vendors in the bank's online bill payment system as well as process the payment with an approved invoice without compensating controls. By processing an online payment, the Administrative Assistant is in effect "signing" an electronic check without the authority to sign paper checks. (Exception)

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Using entity documentation, I noted persons with signatory authority, or who make final authorization for disbursements, are authorized to initiate or record the purchase (Exception). By reference to the Standard Operating Procedures and inquiry of management, I noted certain senior supervisors may prepare and approve purchase orders as well as make the purchase, although they do not record the purchase in the accounting system. The Administrative Assistant will prepare check payments based upon these requests. As a compensating control, the Administrator approves purchase requests of \$1,000 or more. Only the Administrative Assistance has authority to record purchases in the accounting records. However, I noted the Administrative Assistant has authority to approve purchases for office supplies, make the purchase and record the purchase in the accounting records. (Exception)

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

By reference to inquiry of management and observation, I noted that blank check stock is maintained in a filing cabinet in an office shared by the Administrative Assistant and Billing Clerk, neither of whom have check signing authority. The office is accessible by the Administrator, Assistant Administrator, EMS Supervisor, and shift supervisors who each have keys. The office is locked when unoccupied. Theoretically, the Administrator who has check signing authority does have access to check stock and computer systems necessary to prepare checks and record disbursements.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The entity

Not applicable. A signature stamp is not used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

DeSoto EMS does not record individual card transactions in the accounting records, thus I was unable to determine which month had the highest dollar transaction for any individual card as required under the guidelines above. As an alternative, I selected the highest dollar month for the monthly combined statements for each of the four card issuers. I performed procedures described below on all the cards with transactions on those statements. A total of 21 cards were tested; 13 of which were fleet fuel cards, 5 were credit cards, and 3 were store purchase cards.

- a.) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions noted.

- b.) Report whether finance charges and/or late fees were assessed on the selected statements.

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained from management the general ledger and sorted/filtered for travel reimbursements. Obtained management's representation the general ledger was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained and comply with the Louisiana State Employees Travel Regulations.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a.) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expense documentation was compared to written policies, and it appears each expense tested was reimbursed in accordance with written policy.

- b.) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c.) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d.) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained the general ledger and sorted/filtered for contracts payments during the fiscal period. Obtained management's representation the listing was complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Three of the five contracts tested were subject to the Louisiana Public Bid Law. With reference to the supporting documentation and board meeting minutes, those contracts appear to comply with the Louisiana Bid Law without exception.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

For the two contracts not subject to the Louisiana Bid Law or Procurement Code, management was unable to produce evidence they entity sought competitive quotes (Exception). Those contracts were related to property/casualty insurance and group health insurance policies.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts tested were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained a listing of employees with their related salaries and management's representation the listing was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

Based upon my experience with the entity and professional judgment, I modified the above procedures as follows: I obtained attendance and leave records and randomly selected two pay periods in which leave had been taken by at least one employee. Within each of those two pay periods, I randomly selected 15 employees, for a total of 30 employees, and performed the procedures below:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Written documentation maintained without exception.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

I noted by reference to the personnel file and written policies that termination payments were made in strict accordance with written policies and approved by management without exception.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management reported two individuals were terminated for cause for alleged ethics violations. By reference to management’s documentation, management investigated the alleged ethics violation, took corrective action and complied with the entity’s ethics policy without exception.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable. The entity has no issued debt.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable. The entity has no outstanding debt.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable. The entity as no tax millages related to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted the entity had no misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

I noted by observation the entity has posted at the main office and website the notice required by R.S. 24:523.1. However, the required notice was not posted at the individual substations (Exception). This exception was immediately corrected.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

James K. McClelland, CPA LLC

Shreveport, Louisiana

December 31, 2017