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2005

DESOTO PARISH AMBULANCE SERVICE DISTRICT
D/B/A DESOTO EMS
LOGANSPORT, MANSFIELD, & STONEWALL, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-2-05



DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/ba DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2004
With Supplemental Information Schedules

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d/ba DeSoto EMS
Logansport, Mansfield, Stonewall, Louisiana
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Certified Public Accountants • Management Consultants • Business Advisors

INDEPENDENT AUDITOR'S REPORT

Bryant Yopp, Chairman
and the Board of Commissioners
DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Logansport, Louisiana

We have audited the accompanying basic financial statements of the DeSoto Parish Ambulance Service District (d/b/a DeSoto EMS), a component unit of the DeSoto Parish Police Jury, State of Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the management of the DeSoto Parish Ambulance Service District. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general basic statements referred to above present fairly, in all material respects, the financial position of the DeSoto Parish Ambulance Service District, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Desoto Parish Ambulance Service District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002.

The management's discussion and analysis and budgetary comparison information on pages 6 through 10 and 31, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Desoto Parish Ambulance Service District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Desoto Parish Ambulance Service District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2004, on our consideration of DeSoto Parish Ambulance Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Smith Pugh & Company LLP

Smith Pugh & Company LLP
Certified Public Accountants
Shreveport, Louisiana
December 29, 2004

Required Supplemental Information (Part I)

DESOTO PARISH AMBULANCE SERVICE DISTRICT

June 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the DeSoto Parish Ambulance Service District's (referred to as DeSoto EMS) financial performance provides an overview of the DeSoto EMS's financial activities for the fiscal year ended June 30, 2004.

This is the first year the District has presented its financial statements under the reporting modes required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information throughout this report.

FINANCIAL HIGHLIGHTS

The DeSoto EMS's net assets increased by \$13,605 or 2%.

The DeSoto EMS's total general revenues were \$1,145,173 in 2004 compared to \$1,077,060 in 2003.

During the year ended June 30, 2004, the DeSoto EMS had total expenses, excluding depreciation, of \$1,144,183.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on page 13 and 14) provide information about the activities of the DeSoto EMS as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the DeSoto EMS's operation in more detail than the government-wide statements by providing information about the DeSoto EMS's most significant funds.

The DeSoto EMS was determined to be a component unit of the DeSoto Parish Policy Jury. The Commission 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 DeSoto EMS.*

Reporting the Ambulance District as a Whole

The Statement of Net Assets and the Statement of Activities on pages 13 and 14 report information about the funds maintained by the DeSoto EMS as a whole and about its assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the DeSoto EMS's net assets and changes in them.

Currently the DeSoto EMS 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.

DESOTO PARISH AMBULANCE SERVICE DISTRICT

June 30, 2004

Reporting the District's Funds

The fund financial statements begin on page 16 and provide detailed information about the most significant funds maintained by the DeSoto EMS – not the DeSoto EMS as a whole. The DeSoto EMS's governmental funds use the following accounting approaches:

Governmental funds – All of the DeSoto EMS's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the DeSoto EMS's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain DeSoto EMS expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation Statements on pages 17 and 19.

THE DESOTO PARISH EMERGENCY MEDICAL SERVICES DISTRICT AS A WHOLE

The DeSoto EMS's total net assets changed from a year ago, increasing from \$633,521 to \$647,126. The June 30, 2004, year was the first period that GASB Statement 34 was applied. The DeSoto Parish Ambulance Service District was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the June 30, 2004 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the DeSoto Parish Ambulance Service District will be presented.

NET ASSETS

	Governmental Activities 2004
Current and other assets	\$ 638,917
Capital assets	296,944
Total assets	<u>\$ 935,861</u>
Current liabilities	\$ 23,173
Long-term liabilities	265,562
Total liabilities	<u>\$ 288,735</u>
Net assets:	
Investments in capital assets, net of related debt	\$ 48,739
Unrestricted	598,387
Total net assets	<u><u>\$ 647,126</u></u>

DESOTO PARISH AMBULANCE SERVICE DISTRICT

June 30, 2004

Net assets of the DeSoto Parish Ambulance Service District's governmental activities increased by \$13,605 or 2%. The District has no restrictions on its net assets.

Change in Net Assets

	Governmental Activities 2004
Revenues	
Program revenues	
Charges for services ambulance fees	\$ 410,033
General revenues	
Ad valorem taxes	656,843
Miscellaneous revenues	5,270
Interest income	4,913
Total revenues	<u>1,077,059</u>
Expenses	
Public Safety-emergency medical services	965,212
Administrative	98,242
Total expenses	<u>1,063,454</u>
Increases in net assets	<u>\$ 13,605</u>

Total revenues decreased \$66,494 from total revenues in the year ended June 30, 2003 of \$1,143,553 to total revenues of \$1,077,059 in the year ended June 30, 2004.

This was due to the increase in write-offs and contractual adjustments to service revenues in 2004.

THE DESOTO PARISH EMERGENCY MEDICAL SERVICES DISTRICT FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$615,744, which is higher than last year's fund balance of \$601,481. Expenditures as reported on page 18 increased from \$976,693 for years end June 30, 2003 to \$1,144,183 for 2004. The ambulance district purchased another ambulance this year and there was an increase in personnel shifts to accommodate the extra ambulance. Debt payments for the District also increased to pay for the ambulance.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended June 30, 2004. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 31. Highlights for the year are as follows:

DESOTO PARISH AMBULANCE SERVICE DISTRICT

June 30, 2004

- Revenues received were less than budgeted amounts due to an amount of assessed ad valorem tax that was required to be sent to the state pension funds before the taxes were turned over to the District. It was hoped that the DeSoto EMS would not have to send this approximate \$25,000, but could not get an exemption until the upcoming year.
- Expenditure budget amounts were adjusted upward to reflect the increase in debt service payments and the purchase of a new ambulance.

The District's budgeted change in fund balance had to be reconciled with the Statement of Revenues and Expenditures. The ambulance service charges are budgeted on a cash basis because the adjustments for write offs and contractual adjustments are made at year end after review of the receivables.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2004, the DeSoto Parish Ambulance Service District had invested \$ 296,944 in capital assets. (See table 3 below)

Table 3
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities 2004
Ambulances	\$ 236,803
Medical equipment	40,800
Communications equipment	16,345
Billing software	2,996
Total	<u>\$ 296,944</u>

This year's major addition was:

Ambulance	<u>\$ 81,386</u>
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More detailed information about the capital assets are presented in Note 4 to the financial statements.

Debt

At year end, the DeSoto EMS had a total of \$267,885, in long term debt obligations. Capital leases and bonded debt used for financing the ambulance purchased totals \$250,528. The last payment for this debt will be made in year end June 30, 2007. The remaining \$17,357 is the estimated accrued compensated absences that represent the future liability for sick pay earned but not used by EMS employees. Details of these debts instruments are in Note 8 of the financial statements.

DESOTO PARISH AMBULANCE SERVICE DISTRICT

June 30, 2004

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The DeSoto EMS's management considered many factors when setting a fiscal year June 30, 2005 budget. Revenue amounts available for appropriation in the governmental funds are expected to be relatively the same as 2004. Expenditures for 2005 are expected to be flat overall. Large capital outlay purchases are expected to decrease from the prior year; however increases in general liability, worker's compensation, and health insurance will contribute to increased expenditures.

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 EMS and to show the DeSoto EMS's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director at P. O. Box 430, Logansport, Louisiana, 71049.

Basic Financial Statements

Government-Wide Financial Statements

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
STATEMENT OF NET ASSETS
 June 30, 2004

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and cash equivalents	\$	443,385
Restricted Cash		16,865
Receivables (net of allowances for uncollectibles)		175,536
Prepaid assets		3,131
Capital assets (net)		296,944
TOTAL ASSETS	\$	935,861
LIABILITIES		
Accounts, salaries, and other payables	\$	23,173
Long term compensated absences		17,357
Capital leases payable		90,527
Bonds payable, net of bond costs		157,678
TOTAL LIABILITIES	\$	288,735
NET ASSETS		
Invested in capital assets, net of related debt	\$	48,739
Unrestricted		598,387
TOTAL NET ASSETS	\$	647,126

The accompanying notes are an integral part of this statement.

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<i>Governmental Activities:</i>					
Public Safety	\$ 965,212	\$ 410,033	\$	\$	\$ (555,179)
Administrative	98,242				(98,242)
Total Governmental Activities	<u>1,063,454</u>	<u>410,033</u>	<u>0</u>	<u>0</u>	<u>(653,421)</u>
Ad Valorem Taxes					656,843
Interest Earnings					4,913
Other Revenue					<u>5,270</u>
Total General Revenues					667,026
Change in Net Assets					13,605
Net Assets Beginning					<u>633,521</u>
Net Assets Ending					<u>\$ 647,126</u>

Fund Financial Statements

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

BALANCE SHEET, GOVERNMENTAL FUNDS

June 30, 2004

		GENERAL FUND
ASSETS		
Cash and cash equivalents	\$	443,385
Restricted Cash		16,865
Receivables (net of allowances for uncollectibles)		175,536
Prepaid insurance		3,131
TOTAL ASSETS	\$	638,917
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries, and other payables	\$	23,173
<i>Total Liabilities</i>		<i>23,173</i>
Fund Balances:		
Reserved for Debt service		16,865
Unreserved, reported in:		
General Fund		598,879
<i>Total Fund Balances</i>		<i>615,744</i>
TOTAL LIABILITIES AND FUND BALANCES	\$	638,917

The accompanying notes are an integral part of this statement.

DeSoto Parish Ambulance Service District
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2004

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

Fund Balances, Total Governmental Funds, Statement C	\$ 615,744
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	296,944
Long-term liabilities, including long-term compensated absences, are not due and payable in the current period and therefore are not reported in the funds	<u>(265,562)</u>
Net Assets of Governmental Activities, Statement A	<u>\$ 647,126</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

	<u>General Fund</u>
Revenues:	
Taxes:	
Ad valorem	\$ 656,843
Net Ambulance Service Charges	410,033
Other Revenues	10,184
Total Revenues	<u>1,077,060</u>
Expenditures:	
Current:	
Administrative	82,601
Public safety	768,830
Operations	79,812
Occupancy	14,637
Debt Service	116,917
Capital Outlay	81,386
Total Expenditures	<u>1,144,183</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(67,123)</u>
Other Financing Sources (Uses)	
Loan proceeds	81,386
Total Other Financing Sources (Uses)	<u>81,386</u>
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	14,263
Fund balances, beginning of year	<u>601,481</u>
Fund balances, end of year	<u>\$ 615,744</u>

DeSoto Parish Ambulance Service District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	14,263
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. This is the amount by which depreciation of (\$89,548) exceeded the capital outlays (\$81,386) in the current period.		(8,162)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>7,504</u>
Change in Net Assets of Governmental Activities, Statement B	\$	<u>13,605</u>

Notes to the Financial Statements

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
Notes to the Financial Statements
June 30, 2004

INTRODUCTION

The Desoto Parish Ambulance Service District was created by a parish resolution July 12, 2000. The District is comprised of all the territory located within the Parish of DeSoto. 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 2003-2004. 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 District does business as DeSoto EMS.

1. Summary of Significant Accounting Policies

The DeSoto Parish Ambulance Service District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the DeSoto Parish Ambulance Service District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the DeSoto Parish Ambulance Service District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the DeSoto Parish Ambulance Service District's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The DeSoto Parish Ambulance Service District has elected to implement the general provisions of the Statement in the current year.

A. Reporting Entity

The district is a component unit of the DeSoto Parish Policy Jury, the financial reporting entity. 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. Basic Financial Statements – Government-Wide 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. The DeSoto Parish Ambulance Service District does not have any business-type activities.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
Notes to the Financial Statements
June 30, 2004

1. Summary of Significant Accounting Policies (continued)

B. Basic Financial Statements – Government-Wide Statements (continued)

In the government-wide Statement of Net Assets, 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 assets are reported in two parts – invested in capital assets (net of related debt), and unrestricted net assets.

The government-wide State 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. 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.

This government-wide focus is more on the sustainability of the DeSoto Parish Ambulance Service District as an entity and the change in the DeSoto Parish Ambulance Service District's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Desoto Parish Ambulance Service District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the DeSoto Parish Ambulance Service District:

Governmental Funds – 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. The following is a description of the governmental funds of the DeSoto Parish Ambulance Service District:

- a. General funds are the general operating funds of the Desoto Parish Ambulance Service District. They are used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The district's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
Notes to the Financial Statements
June 30, 2004

1. **Summary of Significant Accounting Policies (continued)**

D. Basis of Accounting (continued)

1. **Accrual:**

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the DeSoto Parish Ambulance Service District consist principally of sales taxes, service charges on property, ambulance fees collected from billings, other intergovernmental revenues, donations, and interest income. Service charges on property are recorded in the year the charges are assessed. Sales taxes are recognized in the period in which the underlying exchange has occurred. Ambulance fees are recorded when billed, net of any amounts determined to be uncollectible. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. **Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

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 cash 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. There was one budget amendment during the year ended June 30, 2004, which is reflected in the budgetary comparison schedule.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. 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 Statute (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.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
Notes to the Financial Statements
June 30, 2004

1. **Summary of Significant Accounting Policies (continued)**

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated 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

H. Long-term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of compensated absences payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Payment of compensated absences is reported as an expenditure as payments come due each period.

I. 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 four 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 six 24-hour shifts and 84 hours (dispatch) of vacation each year. 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. Compensated absences for sick pay are considered a noncurrent liability and vacation is reported as a current liability.

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. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the District, through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

DESOTO PARISH AMBULANCE SERVICE DISTRICT
d/b/a DeSoto EMS
Logansport, Mansfield, & Stonewall, Louisiana
Notes to the Financial Statements
June 30, 2004

2. Cash and Cash Equivalents

At June 30, 2004, the District has cash and cash equivalents (book balances) totaling \$460,251 in interest bearing demand deposits which includes unrestricted cash of \$443,386 and \$16,865 in restricted cash.

These deposits are stated at cost, which approximates market. 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 the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to both parties. At June 30, 2004, the District has \$485,983 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$691,399 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

3. Levied Taxes

The DeSoto Parish Ambulance Service District was authorized an ad valorem tax millage of 4.0 mills and levied taxes of 4.0 mills for 2003. 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 2001 and ending with the year 2010. The property tax calendar is as follows:

Assessment date	January 1, 2003
Levy date	June 30, 2003
Tax bills mailed	October 15, 2003
Total taxes due	December 31, 2003
Penalties & interest added	January 31, 2004
Tax sale	May 15, 2004

Total assessed value was \$203,034,064 in 2003. 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 \$32,404,785 of the assessed value in 2003. The EMS adjusted ad valorem tax was \$682,517 of which \$25,674 was required to be sent to the state's various pension plans. The following are the principal taxpayers for the parish (2003 amounts):

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
International Paper Co.	Manufacturing	\$35,844,420	17.65%
Central La. Electric Co.	Utility	32,749,448	16.13%
Southwestern Electric	Utility	29,477,721	14.51%
Total		\$98,071,589	48.29%

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June 30, 2004

4. Capital Assets

Capital asset activity for the year ended June 30, 2004, was as follows:

Governmental Activities:	Balance 6/30/2003	Additions	Deductions	Balance 6/30/2004
<i>Capital assets, being depreciated</i>				
Ambulances	\$ 361,880	\$ 81,386	\$	\$ 443,266
Equipment				
Medical	51,000			51,000
Communications	19,470			19,470
Billing software	3,995			3,995
Total capital assets, being depreciated	<u>\$ 436,345</u>	<u>\$ 81,386</u>	<u>\$ 0</u>	<u>\$ 517,731</u>
Less accumulated depreciation for				
Ambulances	\$ 131,181	\$ 75,282	\$	\$ 206,463
Equipment				
Medical	0	10,200		10,200
Communications	974	2151		3,125
Billing software	200	799		999
Total accumulated depreciation	<u>132,355</u>	<u>\$ 88,432</u>	<u>\$ 0</u>	<u>220,787</u>
Total Capital assets being depreciated, net	<u>\$ 303,990</u>			<u>\$ 296,944</u>

Depreciation expense for the year ended June 30, 2004, was \$88,432.

5. Pension Plan

Plan description. Full-time employees (approximately 15) 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 member of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 year of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

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5. Pension Plan (continued)

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 % of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 11.75% of annual covered payroll. 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. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. The district was accepted into the Plan on January 1, 2003. The district's contributions for this year ending June 30, 2004 and 2003 were \$68,937 and \$11,540.

6. Net Ambulance Service Charges/Receivables

Net ambulance service charges for year ended June 30, 2004 are as follows:

Ambulance service charges and fees	\$ 1,484,486
Less contractual adjustments and write offs	(1,074,453)
Net ambulance service charges and fees	<u>\$ 410,033</u>

The receivable consists of \$175,536 due from insurance and Medicare/Medicaid for ambulance services provided. The insurance companies only pay a percentage of the billings and these are recorded as contractual adjustments. The contractual adjustments totaled \$985,384 for year end June 30, 2004. Write offs consists in DeSoto Parish private pay not required to pay for services and out-of-parish residents who have been identified as nonpaying. The write-offs for the fiscal year were \$89,069.

7. Risk Management

The DeSoto Parish Ambulance Service District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk 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 year 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 claim has been paid on the policy during the past year nor is the District aware of any unfilled claims.

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June 30, 2004

8. Long-Term Debt

The following is a summary of the long-term obligation transactions during the year:

	Compensated Absences	Capital Leases	Bonded Debt	Total
Long-term obligations payable, July 1, 2003	\$ 1,780	\$ 39,609	\$ 234,000	\$ 275,389
Additions	17,365	81,386		98,751
Deductions	(1,788)	(30,466)	(74,000)	(106,254)
Long-term obligations payable, June 30, 2004	<u>17,357</u>	<u>90,529</u>	<u>160,000</u>	<u>267,886</u>
Amounts due within one year	<u>\$</u>	<u>\$ 28,928</u>	<u>\$ 78,000</u>	<u>\$ 106,928</u>

Bonded debt is comprised of the following issue:

Certificates of Indebtedness, Series 2001, for \$370,000 dated August 23, 2002, collateralized by ad valorem taxes, five annual installments due in March at 4.33%

\$ 160,000

The capital leases are described as follows:

Capital lease for \$51,000 dated June 17, 2003, with Kansas State Bank of Manhattan, to purchase cardiac monitors and defibrillators, five annual payments due in June at 5.85%

30,535

Capital lease for \$81,286 dated April 19, 2004 with Hibernia National Bank to purchase an ambulance, 4 annual payments due in April at 3.45%.

59,994
\$ 90,529

Compensated absences recorded in the general long-term obligation account group:

Employees of the district have accumulated and vested employee leave benefits, which are computed in accordance with GASB Codification Section C60.

\$ 17,357

The District maintains a sinking fund for the bond issue and is required to deposit the first revenues of the ad valorem tax collections received until the sum equals the principal and interest falling due in the calendar year. The principal and interest requirements are as follows:

Year end June 30,	Series 2001 Bonds	Capital Lease	Total
2005	\$ 84,928	\$ 30,714	\$ 115,642
2006	85,551	31,381	116,932
2007	-	32,071	32,071
	<u>\$ 170,479</u>	<u>\$ 94,166</u>	<u>\$ 264,645</u>

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Notes to the Financial Statements
 June 30, 2004

9. Change in Accounting Principles and Restatement of Fund Equity

A. Change in Accounting Principle

For 2004, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transaction"; GASB Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments"; GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion Analysis for State and Local Governments: Omnibus"; GASB Statement No. 38, "Certain Financial Statement Note Disclosures"; and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

B. Restatement of Fund Equity

The restatement due to the implementation of the above statements and interpretation had the following effects on fund equity of the general (major) fund of the District as previously reported.

Fund balance June 1, 2003	\$ <u>601,481</u>
GASB Interpretation No. 6	
Adjustment to net assets	
Compensated absences payable	(1,780)
GASB 34	
Adjustment to Net Assets	
Capital assets, net	307,428
Debt	(273,608)
Government activities	
Net Assets, June 1, 2003	\$ <u><u>633,521</u></u>

10. Operating Lease

The EMS rents a building in Mansfield and in Logansport, Louisiana, for two of its stations. The lease is on a yearly renewal basis. Lease payments for year end June 30, 2004 were \$3,900 for Mansfield location and \$4,500 for the Logansport location.

11. Litigation and Claims

At June 30, 2004, the Desoto Parish Ambulance Service District was not involved in any litigation nor was aware of any unasserted claims.

12. Compensation Paid Board Members

The Board members were not compensated during the year ended June 30, 2004.

Required Supplemental Information (Part II)

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
(MODIFIED CASH BASIS) GENERAL FUND (MAJOR GOVERNMENTAL FUNDS)
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Budget to Actual
	Original	Final		Positive(Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 679,600	\$ 679,600	\$ 656,843	\$ (22,757)
Ambulance Service Charges	384,000	484,000	477,459	(6,541)
Other Revenues	4,099	4,099	10,184	6,085
Total Revenues	<u>1,067,699</u>	<u>1,167,699</u>	<u>1,144,486</u>	<u>(23,213)</u>
Expenditures:				
Current:				
Administrative	85,700	96,200	82,601	13,599
Public safety	783,050	783,050	768,830	14,220
Operations	46,050	67,250	79,812	(12,562)
Occupancy	11,200	16,000	14,637	1,363
Debt Service	84,132	110,132	116,917	(6,785)
Capital Outlay	28,000	109,386	81,386	28,000
Total Expenditures	<u>1,038,132</u>	<u>1,182,018</u>	<u>1,144,183</u>	<u>37,835</u>
Excess of Revenues over Expenditures	<u>29,567</u>	<u>(14,319)</u>	<u>303</u>	<u>14,622</u>
Other Financing Sources (Uses)				
Loan proceeds	<u>0</u>	<u>81,386</u>	<u>81,386</u>	<u>0</u>
Total Other Financing Sources (Uses)		<u>81,386</u>	<u>81,386</u>	<u>0</u>
Net Change in Fund Balance		<u>67,067</u>	<u>81,689</u>	<u>14,622</u>
Reconcile Statement of Revenues & Expenditures				
Governmental Funds - Ambulance Service Charges			<u>(67,426)</u>	
write offs and contractual adjustments				
Reconciled Net Change in Fund Balance			14,263	
Fund Balances (Deficit) at Beginning of Year			<u>601,481</u>	
Fund Balances (Deficit) at End of Year			<u>\$ 615,744</u>	

The accompanying notes are an integral part of this statement.

Other Reports

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



Certified Public Accountants • Management Consultants • Business Advisors

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Bryant Yopp, Chairman
and the Board of Commissioners
DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS
Logansport, Louisiana

We have audited the general-purpose financial statements of the DeSoto Parish Ambulance Service District (d/b/a DeSoto EMS) as of and for the year ended June 30, 2004, and have issued our report thereon dated December 29, 2004. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether DeSoto Parish Ambulance Service District's general purpose financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standard*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the DeSoto Parish Ambulance Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general -purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Smith Pugh & Company, LLP

Smith Pugh & Company, LLP
Certified Public Accountants
Shreveport, Louisiana
December 29, 2004

**DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS**

Schedule of Findings and Questioned Costs
June 30, 2004

Findings Related to Compliance

None

Findings Related to Internal Control

None

**DeSoto Parish Ambulance Service District
d/b/a DeSoto EMS**

Summary Schedule of Prior Audit Findings
June 30, 2004

Finding 2003-1:

- Condition:* At June 30, 2003, collected bank balances for the credit of the DeSoto Parish Ambulance Service District at a financial institution exceeded the total of FDIC insurance coverage and the fair market value of securities pledged as collateral for those deposits.
- Recommendation:* The DeSoto Parish Ambulance Service District should review collected bank balances on a monthly basis and request additional pledges of security as required to comply with R.S. 39:1225.
- Current Status:* Resolved. No similar finding for the year ended June 30, 2004.