

DESOTO PARISH COMMUNICATIONS DISTRICT
(a component unit of DeSoto Parish Police Jury)

ANNUAL FINANCIAL REPORT
DECEMBER 31, 2020

DeSoto Parish Communications District
Annual Financial Report
December 31, 2020

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DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

As management of the DeSoto Parish Communications District, Louisiana (the "Communication District"), we offer the readers of the Communications District's financial statements this narrative overview and analysis of the financial activities of the DeSoto Parish Communications District as of and for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Communications 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 Communications District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Communications District.

Financial Highlights

The DeSoto Parish Communications District experienced an decrease in its net position of \$95,067 (2.49%) during the year ended December 31, 2020, compared to an decrease of \$234,165 (5.79%) for year ended 2019.

Program revenues increased \$14,400 (3.34%) to \$445,307 for the year ended December 31, 2020, from \$430,907 in 2019.

Ad valorem tax revenue (property taxes) increased \$2,975 (0.40%) to \$743,227 for the year ended December 31, 2020, from \$740,252 in 2019.

The Communications District's total expenses decreased \$133,032 (9.32%) to \$1,294,229 during the year ended December 31, 2020, from \$1,427,261 in 2019. This is an decrease of \$97,255 or 16.09% for the current year.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Communication District's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Communication District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Communication District's assets and all of its liabilities. All of the Communication District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes and related revenue sharing.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Communication District's most significant activities and are not intended to provide information for the Communication District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Communication District's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Communication District's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The DeSoto Parish Communications District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

Other Supplemental 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). There is also supplementary information to comply with Louisiana Revised Statute 33:9109E.

Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of the Communication District's financial position. As of December 31, 2020, the Communications District's assets exceed its liabilities by \$3,716,135 (net position).

At December 31, 2020, \$3,771,967 (66%) of the Communications District's net position reflects its investment in capital assets with an historical cost of \$3,353,078 less accumulated depreciation of \$893,635.

Unrestricted net position of \$1,256,692 or 34% of total net position as of December 31, 2020, may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

Total liabilities for the Communications District decreased by \$565,526 (51%) in the current year to \$546,625 from \$1,112,151 in 2019. This decrease is primarily the result of paying off \$377,000 in debt during the year.

The following table provides a summary of the Communications District's net position:

ASSETS	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 359,586	\$ 883,047
Investments	154,482	-
Accounts receivable	793,829	783,398
Prepaid insurance	2,423	-
Utility deposit	350	350
Capital assets, net	2,459,443	2,595,003
Right-of-use Assets, net	492,647	661,555
TOTAL ASSETS	<u>4,262,760</u>	<u>4,923,353</u>
LIABILITIES		
Accounts and other payables	198,744	215,126
Certificates of indebtedness	-	377,000
Capital lease liability	347,881	516,721
Accrued interest	-	3,304
TOTAL LIABILITIES	<u>546,625</u>	<u>1,112,151</u>
NET POSITION		
Net investment in capital assets	2,459,443	2,218,003
Restricted for debt service	-	339,115
Unrestricted	1,256,692	1,254,084
TOTAL NET POSITION	<u>\$ 3,716,135</u>	<u>\$ 3,811,202</u>

Changes in net position

A Summary of Statement of Activities is as follows:

	<u>For year end December 31, 2020</u>	<u>For year end December 31, 2019</u>
Revenue		
Program revenues:		
Charges for services	\$ 445,307	\$ 430,907
General revenues		
Ad valorem taxes	743,227	740,252
Other general revenues	7,129	8,011
Proceeds from the sale of assets	-	10,610
Interest	3,499	3,316
Total revenues	<u>1,199,162</u>	<u>1,193,096</u>
Expenses		
Public Safety	<u>1,294,229</u>	<u>1,427,261</u>
Increase (decrease) in net position	(95,067)	(234,165)
Net position, beginning of year	3,811,202	4,045,367
Net position, end of year	<u>\$ 3,716,135</u>	<u>\$ 3,811,202</u>

As the above presentation demonstrates, the Communications District has decreased its reserves by \$95,067 or 2.49%.

During the year ending December 31, 2020, total expenses were \$1,158,669, excluding depreciation of \$135,560, compared to \$1,293,578 from the prior year. This reflects a decrease of \$134,909.

Financial Analysis of the Communication District's Fund

For the year ended December 31, 2020, differences between the government-wide presentation and the fund financial statements were due to depreciation charges associated with capital assets, amortization charges and principal payments on debt and leases of right of use assets.

General Fund Budgetary Highlights

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Communications District complies with state law, as amended and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.). The Communications District did not amend the original budget. Actual adjusted revenues were less than budgeted amounts by \$1,082 (0.09%). Actual expenditures were less than budgeted amounts by \$51,334 (3.24%). The Communications District is in compliance with the Louisiana Local Government Budget Act.

Capital Asset Administration

There were no capital asset purchases during the year ending December 31, 2020.

Debt Administration

For the year ending December 31, 2020, all outstanding debt totaling \$377,000 was paid off by the Communications District.

Economic Factors and Next Year's Budget

For the fiscal year ending December 31, 2020, the following factors were considered when the budget was prepared:

- Ad valorem revenues are expected to remain constant.
- Program revenues of charges for services will remain constant.
- Other expenditures are expected to remain constant with the prior year.

Requests for Information

This financial report is designed to provide a general overview of the DeSoto Parish Communications District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the DeSoto Parish Communications District, 264 Oak Street, Mansfield, LA 71052.

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INDEPENDENT AUDITOR’S REPORT

To the Governing Body for
DeSoto Parish Communications District
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the DeSoto Parish Communications District (the “District”), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2020, 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

Our responsibility is to express an opinion on these 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2020, 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 1 through 5 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. We have applied certain limited procedures to the Management's Discussion and Analysis 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the District's primary government. The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required/other supplementary information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate 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 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 our opinion, the Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of the District's internal control over financial reporting and on our 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 our 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.

Thomas, Cunningham, Broadway + Todtenbier, CPA's

Thomas, Cunningham, Broadway, & Todtenbier, CPA's
Natchitoches, Louisiana

August 30, 2021

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2020

	<u>Governmental Fund Financial Statements</u>		<u>Government-wide Statements</u>
	Balance Sheet		
	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 359,586	\$ -	\$ 359,586
Investments	154,482	-	154,482
Accounts receivable ad valorem tax	723,402	-	723,402
Other accounts receivable	70,532	-	70,532
Prepaid insurance	2,423	-	2,423
Utility deposits	350	-	350
Capital assets (net)	-	2,459,443	2,459,443
Right-of-use assets (net)	-	492,647	492,647
TOTAL ASSETS	\$ 1,310,775	2,952,090	4,262,865
LIABILITIES			
Accounts and payroll payable	\$ 198,744	-	198,744
Lease Obligation	-	347,881	347,881
TOTAL LIABILITIES	198,744	347,881	546,625
FUND BALANCE / NET POSITION			
Fund Balance:			
Nonspendable	2,423	(2,423)	-
Unassigned	1,109,608	(1,109,608)	-
TOTAL FUND BALANCE	1,112,031	(1,112,031)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,310,775	-	-
Net Position:			
Net investment in capital assets		2,459,443	2,459,443
Unrestricted		1,256,797	1,256,797
TOTAL NET POSITION		\$ 3,716,240	\$ 3,716,240

See accompanying notes and independent auditor's report.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO
THE GOVERNMENT- WIDE STATEMENT OF NET POSITION
December 31, 2020

Total Fund Balance, Governmental Fund	\$	1,112,031
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statements.		2,459,443
Right-of-Use assets for equipment used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		492,647
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:		
Certificates of indebtedness		(347,881)
Capital lease liabilities		
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>3,716,240</u></u>

See accompanying notes and independent auditor's report.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /
STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	Governmental Fund Financial Statements		Government-wide Statements
	STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE		
	General Fund	Adjustments	Statement of Activities
EXPENDITURES / EXPENSES			
Public Safety:			
Personnel services	\$ 784,667	\$ -	\$ 784,667
Operating expenses	350,562	(168,840)	181,722
Professional services	11,233	-	11,233
Interest	12,034	-	12,034
Debt Service	377,000	(377,000)	-
Depreciation	-	135,560	135,560
Amortization	-	168,908	168,908
TOTAL EXPENDITURES / EXPENSES	1,535,496	(241,372)	1,294,124
PROGRAM REVENUES			
Charges for services	445,307	-	445,307
TOTAL PROGRAM REVENUES	445,307	-	445,307
NET PROGRAM EXPENSE	(1,090,189)	241,372	(848,817)
GENERAL REVENUES			
Ad valorem taxes	743,227	-	743,227
State revenue sharing	6,144	-	6,144
Interest earnings	3,499	-	3,499
Other revenue	985	-	985
TOTAL GENERAL REVENUES	753,855	-	753,855
Excess of Revenues over Expenditures / Change in Net Position	(336,334)	241,372	(94,962)
FUND BALANCE / NET POSITION			
Beginning of the year	1,448,365		3,811,202
End of the year	\$ 1,112,031		\$ 3,716,240

See accompanying notes and independent auditor's report.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

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

For the year ended December 31, 2020

Net Change in Fund Balance, Governmental Fund	\$	(336,334)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>		
<p>The amount by which depreciation (\$135,560) was less than capital outlays (\$0) in the current period.</p>		
		(135,560)
<p>Amortization expense on the Right of Use Assets is reported in the Government -wide financial statements, but does not require the use of current financial resources and is not reported in the fund financial statements.</p>		
		(168,908)
<p>Payments made on long-term debt and leases are shown as expenditures in the Governmental Funds, but the payments reduce long-term liabilities in the Statement of Net Position:</p>		
Principal payments on capital leases		168,840
Principal payments on bonds		377,000
Change in Net Position of Governmental Activities	\$	(94,962)

See accompanying notes and independent auditor's report.

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

INTRODUCTION

DeSoto Parish Communications District (hereinafter referred to as “Communications District”) was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 33:9101 on September 11, 1991, and was approved by the citizens of DeSoto Parish in a special election held November 16, 1991. The Communications District is responsible for maintaining and operating the parish-wide Emergency 911 system and equipment, and providing emergency dispatch services to the residents in DeSoto Parish. Effective January 29, 2019, the DeSoto Parish Police Jury adopted an ordinance designating itself as the governing authority of the Communications District. The prior Board of Commissioners was abolished and all powers and duties of the Board were assumed by the DeSoto Parish Police Jury. The Communications District is staffed by an administrator, an office manager, and numerous dispatchers, all of whom are employees of the DeSoto Parish Sheriff’s Office. Staffing is provided pursuant to a Cooperative Endeavor Agreement between the Police Jury and the Sheriff’s Office.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Communications 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. 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 Communications District are discussed below.

A. REPORTING ENTITY

The accompanying financial statements present the Communications District’s funds and activities. As required by GAAP, these financial statements present the Communications District as a component unit of the DeSoto Parish Police Jury. Based on the criteria listed below, the DeSoto Parish Police Jury is considered a primary government.

A primary government is financially accountable for an organization if (a) it appoints a voting majority of the organization’s governing board and is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government; or (b) total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with resources from the primary government. Based upon these criteria, the Communications District is considered to be a component unit of the DeSoto Parish Police Jury and is disclosed as such in the DeSoto Parish Police Jury’s financial statements.

B. BASIS OF PRESENTATION

The DeSoto Parish Communications District’s basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Communications District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Communications District are organized and operated 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. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The major governmental fund of the Communications District is described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund and is used to account for the operations of the Communications District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Communications District's policy.

C. 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" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial 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. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31, 2020. The taxes are normally collected in December of the current year and January and February of the ensuing year.

State revenue sharing is recorded in the year the Communications District is entitled to the funds. Telephone tariff fees and interest income are recognized in the period in which they are earned. State Capital Outlay Funds are also recognized in the period in which they are earned.

Expenditures

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

D. ASSETS, LIABILITIES AND EQUITY

Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Communications District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or under the laws of the United States. The Communications District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks and organized under Louisiana law and national banks having principal offices in Louisiana.

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.

Prepaid Expenses

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

Accounts Receivable

Substantially all of the receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Communications District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Description	Estimated Lives
Vehicle	5 years
Computers and Equipment	5-10 years
Furniture and Fixtures	20 years
Buildings	40 years

Equity Classifications

Net Position

The Communications District classifies net position in the government-wide financial statements, as follows:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Communications District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Communications District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Fund Balances

In accordance with GASB 54, the Communications District classifies fund balances in governmental funds as follows:

- Nonspendable- Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- Restricted- Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications (continued)

- Committed- Amounts constrained by the Communications District itself. To be reported as committed, amounts cannot be used for any other purpose unless the Communications District takes the action to remove or change the constraint.
- Assigned- Amounts the Communications District intends to use for a specific purpose.
- Unassigned- All amounts not included in other spendable.

The details of the fund balances are included in the Governmental Funds Balance Sheet. The Communications 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.

The General Fund has unassigned fund balance of \$1,109,608 at December 31, 2020. Prepaid items of \$2,423 are considered Nonspendable Fund Balance.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. UNAVAILABLE AD VALOREM TAXES

Under the modified accrual basis of accounting, the Communications District's governmental funds will not recognize revenue until they are available (collected not later than 60 days after the Communications District's year end).

2. CASH AND INVESTMENTS

Cash: At December 31, 2020, the Communications District has cash and cash equivalents totaling \$359,586 (book balance).

Investments: At December 31, 2020, the Communications District has the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value</u>
One-year Certificates of Deposit	<u>\$ 154,482</u>

The certificates of deposit are stated at cost, which approximates fair market value.

The cash and investments of the Communications District are subject to the following risks:

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk 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 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 of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Communications District that the fiscal agent 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 Communications District's name.

At December 31, 2020, the Communications District has \$515,267 in deposits (collected bank balances). These deposits were protected by \$492,984 of federal depository insurance and \$22,283 in pledged securities with a market value of \$3,535,585 held by the custodial banks in the name of the Communications District. Therefore, the Communications District was in compliance with Louisiana Revised Statute 39:1224.

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 has, the greater the sensitivity of its fair value to changes in market interest rates. The Communications District does 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.

3. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable at December 31, 2020 consist of the following amounts:

Permits	20
Telephone tariff charges - landlines	7,416
Telephone tariff charges - wireless	46,091
Telephone tariff charges - prepaid	17,005
Total Other Receivables	<u>70,532</u>

4. AD VALOREM TAXES

The Communications District levies taxes on real and business personal property located within the boundaries of DeSoto Parish. Property taxes are levied by the Communications District on property values assessed by the DeSoto Parish Assessor and approved by the State of Louisiana Tax Commission. For the year ended December 31, 2020, the Communications District has authorized ad valorem tax millages of 1.04 mills and levied taxes of 1.04 mills.

The DeSoto Parish Sheriff's office bills and collects property taxes for the Communications District. Collections are remitted to the Communications monthly. The Communications District recognizes property tax revenues when levied.

The property tax calendar:

Assessment date	January 1, 2020
Levy date	June 30, 2020
Tax bills mailed	October 15, 2020
Total taxes are due	December 31, 2020
Penalties & interest added	January 31, 2021
Tax sale	May 16, 2021

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

4. AD VALOREM TAXES (Continued)

A revaluation of all property is required to be completed not less than every four years. The last revaluation was completed for the roll of January 1, 2020. Total assessed value was \$757,797,295 in 2020. 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 \$43,308,928 of the assessed value in 2020.

The following are the principal taxpayers for the Parish (2020 amounts):

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	Ad Valorem Tax Revenue for E911
International Paper Co.	Manufacturing	\$ 78,392,930	10.34%	\$ 76,833
Indigo Minerals LLC	Oil & Gas	58,131,562	7.67%	56,993
Comstock Oil & Gas, LP	Oil & Gas	51,250,784	6.76%	50,231
Exco Operating Co.	Oil & Gas	48,295,767	6.37%	47,333
Chesapeake Operating	Oil & Gas	37,859,168	5.00%	37,153
Southwestern Electric Company	Utility	38,155,395	5.04%	37,451
Louisiana Midstream Gas	Oil & Gas	24,648,460	3.25%	24,150
Cleco Power LLC	Utility	29,906,737	3.95%	29,351
Enterprise Gathering LLC	Oil & Gas	22,565,258	2.98%	22,143
Acadian Gas Pipeline System	Oil & Gas	22,355,670	2.95%	21,921
Total		<u>\$ 411,561,731</u>	<u>54%</u>	<u>\$ 403,559</u>

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2020, are as follows:

Governmental Activities	12/31/2019	Additions	Deletions/ Reclassifications	12/31/2020
Capital assets not being depreciated:				
Land	162,860	-	-	162,860
Total assets not being depreciated	162,860	-	-	162,860
Capital assets being depreciated:				
Buildings and improvements	2,237,809	-	-	2,237,809
Computers and equipment	793,720	-	-	793,720
Furniture and fixtures	98,447	-	-	98,447
Vehicles	60,242	-	-	60,242
Total assets being depreciated	3,190,218	-	-	3,190,218
Less accumulated depreciation for:				
Buildings and improvements	\$ 168,176	\$ 83,425	-	\$ 251,601
Computers and equipment	534,476	30,621	-	565,097
Furniture and fixtures	32,808	9,466	-	42,274
Vehicles	22,615	12,048	-	34,663
Total	<u>758,075</u>	<u>135,560</u>	<u>-</u>	<u>893,635</u>
Capital Assets, Net	<u>\$ 2,595,003</u>	<u>\$ (135,560)</u>	<u>\$ -</u>	<u>\$ 2,459,443</u>

Depreciation expense of \$135,560 was charged to the public safety function.

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

6. LEASES

Under GASB 87 the Communications District recognizes all leases over one year as right-of-use assets at the present value of future lease payments, amortized over the term of the leases. The Communications District has right-of-use asset leases of the following nature:

In 2017, the Communications District entered into two lease agreements with AT&T Captial Services, Inc., for equipment, software, maintenance, and services needed for the 911 operating system. The terms of the leases were for a 60 month term, payable in five annual installments of \$179,176, at an implied rate of 2%.

Right-of-use assets and amortization activity as of and for the year ended December 31, 2020, is as follows:

<u>Governmental Activities</u>	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Right-of-Use Assets	\$ 844,539	\$ -	\$ -	\$ 844,539
Total	<u>844,539</u>	<u>-</u>	<u>-</u>	<u>844,539</u>
Less Accumulated Amortization				
Right-of-Use Assets	182,984	168,908	-	351,892
Total	<u>182,984</u>	<u>168,908</u>	<u>-</u>	<u>351,892</u>
Right-of-Use Assets, Net	\$ <u>661,555</u>	\$ <u>(168,908)</u>	\$ <u>-</u>	\$ <u>492,647</u>

At December 31, 2020, amortization expense of \$168,908 was charged to Public Safety.

The changes in lease liabilities for December 31, 2020 are as follows:

Beginning Lease Liabilities	\$ 516,721
Additions	-
Deductions	<u>(168,840)</u>
Ending Lease Liabilities	<u>\$ 347,881</u>

Total interest expense on leases for the year ended December 31, 2020 was \$10,334.

The future minimum lease payments and interest required under the leases are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	172,218	6,958	179,176
2022	175,663	3,513	179,176
Total	\$ <u>347,881</u>	\$ <u>10,471</u>	\$ <u>358,352</u>

7. CERTIFICATES OF INDEBTEDNESS

In 2016, the District issued \$ 1,452,000 in certificates of indebtedness for the purpose of constructing a new administrative and dispatch building. A bank purchased \$1,089,000 of the certificates at a rate of 2.990% and the Louisiana Public Facilities Authority purchased \$363,000 at a rate of 1.495%. The certificates are secured by and payable from a pledge and dedication of the excess of annual revenues of the District above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding. The District made \$377,000 in principal payments for the year ended December 31, 2020, being the balance of indebtedness remaining on the certificates above described.

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2020

7. CERTIFICATES OF INDEBTEDNESS (Continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Certificate of Indebtedness	<u>377,000</u>	<u> </u>	<u>(377,000)</u>	<u>-</u>

The total interest expense on certificates of indebtedness for the year ended December 31, 2020 was \$1,699.

8. RISK MANAGEMENT

The Communications District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets and errors and omissions. To handle some of the risk, the Communications District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2020.

9. COMMITMENTS AND CONTINGENCIES

The Communications District is a party to a Cooperative Endeavor Agreement with the DeSoto Parish Sheriff's Office, wherein the Communications District agrees to pay the Sheriff's Office an annual fee to provide all personnel necessary to facilitate the Communications District's communications functions (including salaries and benefits). The agreement renews automatically on an annual basis effective July 1 of each year.

11. COMPENSATION TO BOARD MEMBERS

The DeSoto Parish Police Jury members, as the governing body for the Communications District, receive no compensation for services from the Communications District.

12. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. Procedures, observations, and inquiries did not disclose any material related party transactions.

13. SUBSEQUENT EVENTS

Management has performed an evaluation of the Communications District's activities through August 30, 2021, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the year ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				+ (-)
Revenues				
Charges for services	\$ 459,000	\$ 459,000	\$ 445,307	\$ (13,693)
Ad valorem taxes	730,774	730,774	743,227	12,453
State revenue sharing	7,500	7,500	6,144	(1,356)
Interest earnings	2,500	2,500	3,499	999
Other revenue	470	470	985	515
Total Revenues	<u>1,200,244</u>	<u>1,200,244</u>	<u>1,199,162</u>	<u>(1,082)</u>
Expenditures				
Personnel services	785,000	785,000	784,667	333
Operating expenses	394,750	394,750	350,562	44,188
Professional services	15,500	15,500	11,233	4,267
Interest	4,980	4,980	12,034	(7,054)
Debt Service	377,000	377,000	377,000	-
Capital Outlay	9,600	9,600	-	9,600
Total Expenditures	<u>1,586,830</u>	<u>1,586,830</u>	<u>1,535,496</u>	<u>51,334</u>
Excess (deficiency) of revenues over expenditures	(386,586)	(386,586)	(336,334)	50,252
FUND BALANCE				
Beginning of the year	1,448,365	1,448,365	1,448,365	-
End of the year	<u>\$ 1,061,779</u>	<u>\$ 1,061,779</u>	<u>\$ 1,112,031</u>	<u>\$ 50,252</u>

See accompanying notes and independent auditor's report.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE

December 31, 2020

Budgetary Information

The Communications District is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Communications District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was amended once during the year.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. Adjustments were made to the budget reporting to remove the modified accruals necessary in financial statement reporting. The budget comparison schedules present the original adopted budget and the final amended budget.

Louisiana Revised Statute (LSA-R.S.) 39:1311 states that if there is a five percent or greater shortage in revenue or a five percent or greater overage in expenditures, the governing authority must adopt a budget amendment. For the year ended December 31, 2020, actual revenues were less than the adjusted budgeted amounts by \$1,082 or 0.09%. Actual expenditures were less than budgeted amounts by \$51,334 or 3.24%.

The District is in compliance with the Local Government Budget Act R.S. 39:1301-14 and the budget requirements of LSA-RS 39:34.

**DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the year ended December 31, 2020**

Captain Phillip Daniels, DeSoto Parish Sheriff's Office

Purpose		
Contract	\$	-
Benefits-insurance		-
Benefits-retirement		-
Benefits-other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total	\$	<u><u>-</u></u>

Captain Daniels is an employee of the DeSoto Parish Sheriff's office. All compensation and benefits are paid directly by the Sheriff's office.

See accompanying notes and independent auditor's' report.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH
LOUISIANA REVISED STATUTE 33-9109E
For the Year Ended December 31, 2020

In accordance with Louisiana Revised Statute 33:9109E, the DeSoto Parish Communications District is authorized to collect emergency telephone service charges on wireless communications systems to pay the costs of implementing FCC ordered enhancements. Once these enhancements have been made and the system implementation is complete, the proceeds can be used for any lawful purpose of the Communication District.

The District's collections of wireless service charges totaled \$379,794 for the year ending December 31, 2020.

T | C | B | T
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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*

To the Governing Body of
DeSoto Parish Communications District
DeSoto Parish, Louisiana

We 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund of the DeSoto Parish Communications District (the “District”), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated August 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we 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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway, & Todtenbier, CPA's
Natchitoches, Louisiana

August 30, 2021

DeSoto Parish Communications District
Schedule of Audit Findings
Year Ended December 31, 2020

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Communications District as of and for the year ended December 31, 2020.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None.

III. PRIOR YEAR AUDIT FINDINGS

None.