

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

ANNUAL FINANCIAL REPORT
DECEMBER 31, 2022

DeSoto Parish Communications District
Annual Financial Report
December 31, 2022

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information (Part I)		
Management’s Discussion and Analysis	-	1-4
Independent Auditor’s Report	-	5-7
Basic Financial Statements		
Governmental Fund Balance Sheet/Statement of Net Position	A	8
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	B	9
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	C	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	D	11
Notes to Financial Statements	-	12-20
Required Supplementary Information (Part II)		
Budgetary Comparison Schedule-General Fund	1	21
Note to Budgetary Comparison Schedule	-	22
Other Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	2	23
Supplementary Information in Accordance with Louisiana Revised Statute 33:9109E	-	24
Other Reports		
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 <i>Government Auditing Standards</i>	-	25-26
Schedule of Audit Findings		27
Independent Accountant’s Report on Applying Statewide Agreed-Upon Procedures	-	28-36

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022

As management of the DeSoto Parish Communications District (the "District"), we offer the readers of the 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, 2022. We encourage readers to consider the information presented here in conjunction with the 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 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 District experienced a increase in its net position of \$17,691 (0.47%) during the year ended December 31, 2022, compared to an increase of \$17,691 (0.50%) for year ended 2021.

Program revenues increased \$12,262 (2.61%) to \$481,710 for the year ended December 31, 2022, from \$469,448 in 2021.

Ad valorem tax revenue (property taxes) decreased \$35,371 (4.47%) to \$756,434 for the year ended December 31, 2022, from \$791,805 in 2021.

During the year ended December 31, 2022, the District had total expenses of \$945,832 excluding depreciation and amortization expenses of \$283,146, compared to \$946,375 in 2021. This reflects a decrease of \$543.

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 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 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 District's assets and all of its liabilities. All of the 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 District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the 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 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 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 District's financial position. As of December 31, 2022, the District's assets exceed its liabilities by \$3,581,957 (net position).

At December 31, 2022, \$2,195,765 (61%) of the District's net position reflects its investment in capital assets with an historical cost of \$3,324,323 less accumulated depreciation of \$1,128,558.

Unrestricted net position of \$1,386,192 or 39% of total net position as of December 31, 2022, may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

Total liabilities for the District decreased by \$174,982 (47%) in the current year to \$201,155 from \$376,137 in 2021. This decrease is primarily the result of the decrease in the capital lease liability.

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

	<u>December 31, 2022</u>	Restated <u>December 31, 2021</u>
ASSETS		
Cash and cash equivalents	\$ 605,458	\$ 463,515
Investments	155,448	155,060
Accounts receivable	817,469	834,956
Prepaid insurance	8,622	8,368
Utility deposit	350	350
Capital assets, net	2,195,765	2,324,079
Right-of-use Assets, net	-	154,833
TOTAL ASSETS	<u>3,783,112</u>	<u>3,941,161</u>
LIABILITITES		
Accounts and other payables	201,155	200,474
Capital lease liability	-	175,663
TOTAL LIABILITIES	<u>201,155</u>	<u>376,137</u>
NET POSITION		
Net investment in capital assets	2,195,765	2,478,912
Unrestricted	1,386,192	1,086,112
TOTAL NET POSITION	<u>\$ 3,581,957</u>	<u>\$ 3,565,024</u>

Changes in net position

A Summary of Statement of Activities is as follows:

	<u>For year end December 31, 2022</u>	<u>For year end December 31, 2021</u>
Revenue		
Program revenues:		
Charges for services	\$ 481,710	\$ 469,448
General revenues		
Ad valorem taxes	756,434	791,805
Other general revenues	6,250	6,696
Gain/loss from donated asset	-	(1,509)
Interest	1,517	1,920
Total revenues	<u>1,245,911</u>	<u>1,268,360</u>
Expenses		
Public Safety	<u>1,228,978</u>	<u>1,250,669</u>
Increase (decrease) in net position	16,933	17,691
Net position, beginning of year restated	3,565,024	3,547,333
Net position, end of year	<u>\$ 3,581,957</u>	<u>\$ 3,565,024</u>

As the above presentation demonstrates, the District has increased its reserves by \$16,933 or 0.47%.

The District received 60.71% (\$756,434) and 62.43% (\$791,805) of its total revenues through property taxes during the years ending December 31, 2022 and December 31, 2021, respectively.

The District received 38.66% (\$481,710) and 37.01% (\$469,448) of its total revenues through charges for services during the years ending December 31, 2022 and December 31, 2021, respectively.

Financial Analysis of the District's Fund

For the year ended December 31, 2022, differences between the government-wide presentation and the fund financial statements were due to depreciation and amortization charges associated with capital and right-of-use assets, and principal payments on 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 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 District did not amend the original budget during the year. Actual adjusted revenues were more than budgeted amounts by \$56,958. Actual expenditures were less than budgeted amounts by \$64,954. The District is in compliance with the Louisiana Local Government Budget Act.

Capital Asset Administration

There were no capital outlay acquisitions during the year ended December 31, 2022.

Debt Administration

For the year ended December 31, 2022, there was no debt activity and no debts are outstanding at year end.

Economic Factors and Next Year's Budget

For the fiscal year ending December 31, 2023, the following factors were considered when the budget was prepared:

- Ad valorem revenues are expected to remain stable.
- Program revenues charges for services will remain stable.
- Expenditures for public safety are expected to remain stable.

Requests for Information

This financial report is designed to provide a general overview of the 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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 1 through 4) and the Budgetary Comparison Schedule (page 21) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the 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 June 1, 2023, 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 solely 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 the effectiveness of the District's 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 1, 2023, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

June 1, 2023

STATEMENT A

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2022

	Governmental Fund Financial Statements		Government-wide Statements
	Balance Sheet		Statement of Net Position
	General Fund	Adjustments	
ASSETS			
Cash and cash equivalents	\$ 605,458	\$ -	\$ 605,458
Investments	155,448	-	155,448
Accounts receivable ad valorem tax	728,106	-	728,106
Other accounts receivable	89,363	-	89,363
Prepaid insurance	8,622	-	8,622
Utility deposits	350	-	350
Capital assets (net)	-	2,195,765	2,195,765
TOTAL ASSETS	\$ 1,587,347	2,195,765	3,783,112
LIABILITIES			
Accounts and payroll payable	\$ 201,155	-	201,155
TOTAL LIABILITIES	201,155	-	201,155
FUND BALANCE / NET POSITION			
Fund Balance:			
Nonspendable	8,622	(8,622)	-
Unassigned	1,377,570	(1,377,570)	-
TOTAL FUND BALANCE	1,386,192	(1,386,192)	-
TOTAL LIABILITIES AND FUND BALANCE \$	1,587,347	-	
Net Position:			
Net investment in capital assets		2,195,765	2,195,765
Unrestricted		1,386,192	1,386,192
TOTAL NET POSITION		\$ 3,581,957	\$ 3,581,957

See accompanying notes and independent auditor's report.

STATEMENT B

**DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana**

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

December 31, 2022

Total Fund Balance, Governmental Fund	\$	1,386,192
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statements.		2,195,765
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>3,581,957</u></u>

See accompanying notes and independent auditor's report.

STATEMENT C

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, 2022

EXPENDITURES / EXPENSES	Governmental Fund Financial Statements		Government-wide Statements
	Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund	Adjustments	Statement of Activities
Public Safety:			
Personnel services	\$ 785,000	\$ -	\$ 785,000
Operating expenses	323,242	(175,664)	147,578
Professional services	13,254	-	13,254
Depreciation	-	128,314	128,314
Amortization	-	154,832	154,832
TOTAL EXPENDITURES / EXPENSES	1,121,496	107,482	1,228,978
PROGRAM REVENUES			
Charges for services	481,710	-	481,710
TOTAL PROGRAM REVENUES	481,710	-	481,710
NET PROGRAM EXPENSE	(639,786)	(107,482)	(747,268)
GENERAL REVENUES			
Ad valorem taxes	756,434	-	756,434
State revenue sharing	6,250	-	6,250
Interest earnings	1,517	-	1,517
TOTAL GENERAL REVENUES	764,201	-	764,201
Net change in Fund Balance / Change in Net Position	124,415	(107,482)	16,933
FUND BALANCE / NET POSITION			
Beginning of the year, restated	1,261,777		3,565,024
End of the year	\$ 1,386,192		\$ 3,581,957

See accompanying notes and independent auditor's report.

STATEMENT D

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, 2022

Net Change in Fund Balance, Governmental Fund	\$	124,415
<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 capital outlays (\$0) were less than depreciation (\$128,314) in the current period.</p>		
		(128,314)
<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>		
		(154,832)
<p>Payments made on long-term debt and leases are shown as expenditures in the Funds, but the payments reduce long-term liabilities in the Statement of Net</p>		
Principal payments on capital leases		175,664
Change in Net Position of Governmental Activities	\$	16,933

See accompanying notes and independent auditor's report.

INTRODUCTION

DeSoto Parish Communications District (the "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 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 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 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 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 District are discussed below.

A. REPORTING ENTITY

The accompanying financial statements present the District's funds and activities. As required by GAAP, these financial statements present the District as a component unit of the DeSoto Parish Police Jury. Based on the following criteria, 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 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 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.

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2022

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 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 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 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 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 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.

Mansfield, Louisiana**NOTES TO THE FINANCIAL STATEMENTS**As of and for the Year Ended December 31, 2022

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, 2022. 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 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 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 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.

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 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:

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

Equity Classifications

Net Position

The 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 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 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 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).
- Committed - Amounts constrained by the District itself. To be reported as committed, amounts cannot be used for any other purpose unless the District takes action to remove or change the constraint.
- Assigned - Amounts the District intends to use for a specific purpose.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications (continued)

- Unassigned- All amounts not included in other spendable.

The details of the fund balances are included in the Governmental Funds Balance Sheet. The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

The General Fund has unassigned fund balance of \$1,377,570 at December 31, 2022. Prepaid items of \$8,622 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 District’s governmental funds will not recognize revenue until they are available (collected not later than 60 days after the District’s year-end).

2. CASH AND INVESTMENTS

Cash: At December 31, 2022, the Communications District has cash and cash equivalents totaling \$605,458 (book balance).

Investments: At December 31, 2022, the District has the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value</u>
One-year Certificates of Deposit	<u>\$ 155,448</u>

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

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

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 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 District's name.

At December 31, 2022, the District has \$763,677 in deposits (collected bank balances). These deposits were protected by \$655,448 of federal depository insurance and \$108,230 in pledged securities with a market value of \$1,534,751 held by the custodial banks in the name of the District. Therefore, the District was in compliance with Louisiana Revised Statute 39:1224.

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2022

2. CASH AND INVESTMENTS (continued)

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 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, 2022 consist of the following amounts:

Telephone tariff charges - landlines	\$	9,749
Telephone tariff charges - wireless		66,171
Telephone tariff charges - prepaid		13,443
Total Other Receivables	\$	<u>89,363</u>

4. AD VALOREM TAXES

The District levies taxes on real and business personal property located within the boundaries of DeSoto Parish. Property taxes are levied by the 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, 2022, the 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 District. Collections are remitted to the Communications monthly. The District recognizes property tax revenues when levied.

The property tax calendar:

Assessment date	January 1, 2022
Levy date	June 30, 2022
Tax bills mailed	October 15, 2022
Total taxes are due	December 31, 2022
Penalties & interest added	January 31, 2023
Tax sale	May 16, 2023

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 \$773,117,048 in 2022. 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 \$45,478,184 of the assessed value in 2022.

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. The exemption may be renewed for an additional five years. Under agreements entered into by the State of Louisiana, through the Louisiana Industrial Ad Valorem Tax Exemption program, the District's ad valorem tax revenues were reduced by \$24,274 for the fiscal year ending December 31, 2022.

DESOTO PARISH COMMUNICATIONS DISTRICT

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2022

4. AD VALOREM TAXES (Continued)

The following are the principal taxpayers for the Parish (2022 amounts):

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	Ad Valorem Tax Revenue for E911
International Paper Co.	Manufacturing	\$ 84,120,985	10.88%	\$ 82,300
Indigo Minerals LLC	Oil & Gas	64,594,036	8.36%	63,238
Comstock Oil & Gas, LP	Oil & Gas	57,200,599	7.40%	55,976
Exco Operating Co.	Oil & Gas	44,451,595	5.75%	43,495
Southwestern Electric Company	Utility	48,401,693	6.26%	47,353
Chesapeake Energy Louisiana	Oil & Gas	43,283,862	5.60%	42,360
DTE Louisiana Gas Gathering	Oil & Gas	24,430,350	3.16%	23,903
Louisiana Midstream Gas	Oil & Gas	23,403,692	3.03%	22,920
Enterprise Gathering LLC	Oil & Gas	21,642,977	2.80%	21,180
Acadian Gas Pipeline System	Oil & Gas	21,610,830	2.80%	21,180
		<u>\$ 433,140,619</u>	<u>56.04%</u>	<u>\$ 423,905</u>

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022, are as follows:

Governmental Activities	12/31/2021	Additions	Deletions/ Reclassifications	12/31/2022
<u>Capital assets not being depreciated:</u>				
Land	162,860	-	-	162,860
Total assets not being depreciated	162,860	-	-	162,860
<u>Capital assets being depreciated:</u>				
Buildings and improvements	2,237,810	-	-	2,237,810
Computers and equipment	793,720	-	-	793,720
Furniture and fixtures	99,878	-	-	99,878
Vehicles	30,055	-	-	30,055
Total assets being depreciated	3,161,463	-	-	3,161,463
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 335,026	\$ 75,149	\$ -	\$ 410,175
Computers and equipment	595,253	37,402	-	632,655
Furniture and fixtures	51,931	9,752	-	61,683
Vehicles	18,034	6,011	-	24,045
Total	1,000,244	128,314	-	1,128,558
Capital Assets, Net	\$ 2,324,079	\$ (128,314)	\$ -	\$ 2,195,765

Depreciation expense of \$128,314 was charged to the public safety function.

6. LEASES

Under GASB 87 the 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 District has right-of-use asset leases of the following nature:

Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2022

6. LEASES (Continued)

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

Right-of-use assets and amortization activity as of and for the year ended December 31, 2022, is as follows:

<u>Governmental Activities</u>	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Right-of-Use Assets	\$ 844,538	\$ -	\$ (844,538)	\$ -
Total	<u>844,538</u>	<u>-</u>	<u>(844,538)</u>	<u>-</u>
Less Accumulated Amortization				
Right-of-Use Assets	689,706	154,832	(844,538)	-
Total	<u>689,706</u>	<u>154,832</u>	<u>(844,538)</u>	<u>-</u>
Right-of-Use Assets, Net	<u>\$ 154,832</u>	<u>\$ (154,832)</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2022, amortization expense of \$154,832 was charged to Public Safety.

The changes in lease liabilities for December 31, 2022, are as follows:

Beginning Lease Liabilities	\$ 175,663
Additions	-
Deductions	(175,663)
Ending Lease Liabilities	<u>\$ -</u>

Total interest expense on leases for the year ended December 31, 2022, was \$3,513.

There are no future minimum lease payments and interest due under these leases.

7. RISK MANAGEMENT

The 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 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, 2022.

8. COMMITMENTS AND CONTINGENCIES

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

9. COMPENSATION TO BOARD MEMBERS

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

10. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended December 31, 2022.

11. PRIOR PERIOD ADJUSTMENT

It was determined that the amortization schedule for certain right-of-use assets was incorrectly established in a prior period. This resulted in material understatement of amortization expense in prior periods that would have resulted in an overstatement of amortization expense in the current period without a prior period adjustment. The error correction resulted in a restatement of beginning net position as follows:

	Government-wide
	Governmental
	Activities
Total Net Position, December 31, 2021, as previously reported	\$ 3,733,931
Correction of Amortization Error	(168,907)
Total Net Position, December 31, 2021, Restated	\$ 3,565,024

12. SUBSEQUENT EVENTS

Management has performed an evaluation of the District's activities through _____, 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.

SCHEDULE 1

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the year ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Charges for services	\$ 391,350	\$ 391,350	\$ 481,710	\$ 90,360
Ad valorem taxes	792,206	792,206	756,434	(35,772)
State revenue sharing	4,197	4,197	6,250	2,053
Interest earnings	1,200	1,200	1,517	317
Total Revenues	<u>1,188,953</u>	<u>1,188,953</u>	<u>1,245,911</u>	<u>56,958</u>
Expenditures				
Personnel services	785,000	785,000	785,000	-
Operating expenses	342,350	342,350	323,242	19,108
Professional services	9,100	9,100	13,254	(4,154)
Capital Outlay	50,000	50,000	-	50,000
Total Expenditures	<u>1,186,450</u>	<u>1,186,450</u>	<u>1,121,496</u>	<u>64,954</u>
Excess (deficiency) of revenues over expenditures	2,503	2,503	124,415	121,912
FUND BALANCE				
Beginning of the year	1,261,777	1,261,777	1,261,777	-
End of the year	<u>\$ 1,264,280</u>	<u>\$ 1,264,280</u>	<u>\$ 1,386,192</u>	<u>\$ 121,912</u>

See accompanying notes and independent auditor's report.

DESOTO PARISH COMMUNICATIONS DISTRICT
Mansfield, Louisiana
NOTE TO BUDGETARY COMPARISON SCHEDULE
December 31, 2022

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 an 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 not amended 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, 2022, actual revenues were more than the adjusted budgeted amounts by \$56,958. Actual expenditures were less than budgeted amounts by \$64,954.

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.

SCHEDULE 2

**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, 2022

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 33-9109**

For the Year Ended December 31, 2022

In accordance with Louisiana Revised Statute 33:9109, 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 \$299,459 for the year ending December 31, 2022.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

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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 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Communications District’s (District) basic financial statements and have issued our report thereon dated June 1, 2023.

Report on 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) as a basis for designing 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 statements. 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 24:513, 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

June 1, 2023

DeSoto Parish Communications District
Schedule of Audit Findings
Year Ended December 31, 2022

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, 2022.
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.

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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING
 STATEWIDE AGREED-UPON PROCEDURES**

To the DeSoto Parish Communications District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The DeSoto Parish Communications District’s (District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
 - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - ***Disbursements***, including processing, reviewing, and approving.
 - ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedule.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure Results: No exceptions were noted as a result of these procedures.

Board or Finance Committee

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the General Fund.

Procedure Results: No exceptions were noted as a result of these procedures.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
 - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
 - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure Results: No exceptions were noted as a result of these procedures.

Collections (excluding electronic funds transfers)

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties were properly segregated at each collection location such that:
- Employees that are responsible for cash collections do not share cash drawers/registers.
 - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was enforced during the fiscal period.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). We obtained supporting documentation for each of the deposits selected and:

- We observed that receipts are sequentially pre-numbered.
- We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- We traced the deposit slip total to the actual deposit per the bank statement.
- We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- We traced the actual deposit per the bank statement to the general ledger.

Procedure Results: No exceptions were noted as a result of these procedures.

Non-Payroll Disbursements – General (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
 - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
 - We observed that the disbursement matched the related original itemized invoice and that documentation indicates that deliverables included on the invoice were received by the entity.
 - We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure Results: No exceptions were noted as a result of these procedures.

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:
 - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results: No exceptions were noted as a result of these procedures.

Travel and Expense Reimbursement

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results: No exceptions were noted as a result of these procedures.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, excluding our contract, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure Results: No exceptions were noted as a result of these procedures.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - We observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found with the personnel file.
18. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. If applicable, we agreed the hours to the employees or officials' cumulative leave records, and the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and the termination payment to entity policy.

19. We obtained management’s representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, workers’ compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Procedure Results: This category is not applicable to the District, as all staffing is provided by CEA with DeSoto Parish Sheriff’s Office.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Procedure Results: No exceptions were noted as a result of these procedures.

Debt Service

21. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. We selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedure Results: No exceptions were noted as a result of these procedures.

Fraud Notice

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the District attorney of the parish in which the entity is domiciled.
24. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure Results: No exceptions were noted as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. We performed the following procedures:

- We obtained and inspected the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on the physical medium (e.g., tapes, CDs), we observed that backups are encrypted before being transported.
- We obtained and inspected the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- We obtained a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Procedure Results: We performed the procedures and discussed the results with management.

Sexual Harassment

26. We randomly selected the employees/officials from procedure #16 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. We observed that the entity has posted its sexual harassment policy and complaint procedures on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

28. We obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R.S. 42:344:

- Number and percentage of public servants in the agency who have completed the training requirements;
- Number of sexual harassment complaints received by the agency;
- Number of complaints which resulted in a finding that sexual harassment occurred;
- Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- Amount of time it took to resolve each complaint.

Procedure Results: No exceptions were noted as a result of these procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

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June 1, 2023