

**LE GRAND COMMUNITY SERVICES
DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

LE GRAND COMMUNITY SERVICES DISTRICT

LE GRAND, CALIFORNIA

JUNE 30, 2023

MEMBER	OFFICE	TERM EXPIRES
Bob Giampaoli	President	December 2026
Debora Cruz	Vice President	December 2026
Michael Moroni	Director	December 2024
Louis Aguilar	Director	December 2024
Leonel Villarreal	Director	December 2024

ADMINISTRATION

Cynthia Benavidez	District Manager
James I Zarate	Public Works Superintendent

ORGANIZATION

Water and Sewer District

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LE GRAND COMMUNITY SERVICES DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Le Grand Community Services District
Le Grand, California

REPORT ON THE FINANCIAL STATEMENTS

Opinions

We have audited the financial statements of the business-type activities of Le Grand Community Services District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Le Grand Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Le Grand Community Services District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Le Grand Community Services District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating 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

Le Grand Community Services District's management is responsible for the preparation and fair presentation of the 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 Le Grand Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

RT DENNIS
ACCOUNTANCY

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 opinions. 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 GAAS 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 GAAS, 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 Le Grand Community Services 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 Le Grand Community Services 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


Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Utility Rates, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2024 on our consideration of Le Grand Community Services 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 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 Le Grand Community Services District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "R. J. Dennis Deaumont".

July 1, 2024

LE GRAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and Cash Equivalents	\$	1,384,625
Accrued Receivables		64,885

Total current assets 1,449,510

Non-current assets

Nondepreciable Capital Assets		389,000
Depreciable Capital Assets, net		1,984,000

Total non-current assets 2,373,000

TOTAL ASSETS \$ 3,822,510

LIABILITIES

Current liabilities

Accrued Payables	\$	54,883
Deposits		4,703
Long-term Liabilities, current		42,000

Total current liabilities 101,586

Long-term Liabilities, non-current 800,000

Total Liabilities 901,586

NET POSITION

Net Investment in Capital Assets		1,531,000
Unrestricted		1,389,924

Total Net Position 2,920,924

TOTAL LIABILITIES AND NET POSITION \$ 3,822,510

The accompanying notes are an integral part of these financial statements

LE GRAND COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUE	
Sales	
Water	\$ 295,713
Sewer	333,241
Total operating revenue	628,954
OPERATING EXPENSE	
Salaries	227,018
Benefits	121,886
Supplies	15,068
Services and other operating	298,506
Depreciation	145,000
Total operating expenses	807,478
OPERATING LOSS	(178,524)
NON-OPERATING REVENUES/(EXPENSES)	
Revenue from use of assets/(loss)	(9,833)
Property Taxes, general purpose	20,166
Intergovernmental - State	816
Other Revenues	43,484
Interest expense	(39,735)
Other non-operating expenses	(11,568)
Total non-operating revenues/(expenses)	3,330
CHANGE IN NET POSITION	(175,194)
Net Position - Beginning	3,096,118
Net Position - Ending	\$ 2,920,924

The accompanying notes are an integral part of these financial statements

LE GRAND COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Cash receipts from customers	\$ 626,975
Cash payments to employees for services	(347,168)
Cash payments to suppliers for goods and services	(300,315)
Net cash used by operating activities	(20,508)
Cash flows from non-capital financing activities	
Non-operating activity	18,317
Property taxes	20,982
Net cash provided by non-capital financing activities	39,299
Cash flows from capital and related financing	
Acquisition of capital assets	(27,449)
Interest paid on capital debt	(39,735)
Principal paid on capital debt	(41,000)
Net cash used in capital and related financing	(108,184)
Cash flows from investing activities	
Interest received	3,754
NET DECREASE IN CASH	(85,639)
CASH	
Beginning of year	1,470,264
End of year	\$ 1,384,625
Reconciliation of operating loss to cash used in operating activities	
Operating Loss	\$ (178,524)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	145,000
Increase in accounts receivable	(1,979)
Decrease in accounts payable	14,995
Net cash used by operating activities	\$ (20,508)

LE GRAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

On December 6, 1979, Le Grand Sanitary District was reorganized into Le Grand Community Services District. The District provides water service and sewer collection, treatment, and disposal service to the community of Le Grand. The District is governed by a five member Board of Directors elected by users from the unincorporated community of Le Grand, California.

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), as prescribed by the Governmental Accounting Standards Board (“GASB”). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The enterprise fund financial statements, which consist of the Statement of Net Position, the Statement of Revenue Expense and Change in Net Position, and Statement of Cash Flows report information on all activities of the District.

Blended Component Unit. The Le Grand Community Enhancement Corporation (“LGCEC”) is a legally separate organization. The District is financially accountable for the LGCEC since it appoints the board of directors, and the LGCEC provides a financial benefit to the District by providing financing services. The LGCEC was incorporated to finance certain construction projects, including office buildings, a transitional residential facility and a warehouse, all financed by the issuance of certificates of participation. Upon completion of construction, the LGCEC leases the facilities to the District. Since the LGCEC provides financing services solely to the District, these financial transactions are reported as part of the primary government using the blended method.

1 - B. Other Related Entities

Joint Powers Authority (“JPA”). The District is associated with one JPA, the Association of California Water Agencies Joint Powers Insurance Authority (“ACWA-JPIA”). This organizations does not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 15 to the financial statements.

1 - C. Basis of Accounting – Measurement Focus

Financial Statements. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and grants. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

1 - D. Assets, Liabilities, and Net Position

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LE GRAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Cash and Cash Equivalents. The cash balances of substantially all funds are pooled and invested by the Merced County Treasurer for the purpose of increasing earnings through investment activities. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

Accrued Receivables. All trade receivables are shown net of an allowance for uncollectibles.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Structures and Improvements	5 – 40
Vehicles	7
Equipment	3 – 15

Accrued Liabilities and Long-Term Obligations. All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Net Position. Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2023. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Compensated Absences. In the event of termination of an employee's employment with the District, vacation pay will be prorated to the date of separation. There was no liability this year.

LE GRAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2023

1 - E. Revenue and Expenditures/Expenses

Operating Revenues and Expenses. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the District’s principal services.

Property Tax Calendar. Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes are levied on or before the first business day of September of each year, and become a lien on real property on March 1 proceeding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due on November 1 and delinquent with penalties after December 10; the second is due on February 1 and delinquent with penalties after April 10. The County of bills and collects the taxes on behalf of the District. The District recognizes property tax revenues actually received as reported by the County Auditor Controller.

NOTE 2 – DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposit and Investment Balances

Cash on hand	\$	18,339
Deposits in financial institutions		3,114
Cash in county		1,242,091
LAIF		121,081
Total Cash and Cash Equivalents		\$ 1,384,625

2 - B. Policies and Practices

Allowable investment instruments per Government Code §16340, §16429.1, §53601, §53601.8, §53635, §53635.2, §53635.8, and §53638. The County of Merced Treasurer-Tax Collector outlines more specifically the investment allowed, please see <https://www.co.merced.ca.us/DocumentCenter/View/15327/Investment-Policy-PDF?bidId=>

2 - C. Cash Deposits

Credit Risk. As of June 30, 2023, the District’s Cash in County pool with underlying investment maturities, ratings, etc. is reported quarterly, see most recent report at: <https://www.countyofmerced.com/Archive.aspx?AMID=94>

The LAIF’s underlying investments maturities, ratings, etc. is reported quarterly, see most recent report at: https://www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF_perform.pdf

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation (“FDIC”). As of June 30, 2023, the District’s bank balance totaled \$3,114, all of which was insured through the FDIC.

LE GRAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2023

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2023, were as follows:

Accounts Receivable	\$	67,505
Allowance for Doubtful Accounts		(2,700)
Other accounts receivable		80
Total Accrued Receivables	\$	64,885

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023

	Balance July 01, 2022	Additions / Other Changes	Balance June 30, 2023
Capital Assets Not Being Depreciated			
Land	\$ 389,000	\$ -	\$ 389,000
Capital Assets Being Depreciated			
Structures and improvements	4,984,000	-	\$ 4,984,000
Autos and trucks	106,000	-	106,000
Equipment	213,000	27,000	240,000
Total assets being depreciated	5,303,000	27,000	5,330,000
Less Accumulated Depreciation			
Structures and improvements	2,908,000	130,000	3,038,000
Autos and trucks	106,000	2,000	108,000
Equipment	187,000	13,000	200,000
Total accumulated depreciation	3,201,000	145,000	3,346,000
Total Capital Assets Being Depreciated, Net	\$ 2,102,000	\$ (118,000)	\$ 1,984,000

NOTE 5 – ACCRUED PAYABLES

Payables at June 30, 2023, were as follows:

Vendors	\$	35,845
Payroll related		9,565
Interest payable		9,473
Total Accrued Payables	\$	54,883

LE GRAND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2023

NOTE 6 – LONG-TERM LIABILITIES

6 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>July 01, 2022</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due In</u> <u>One Year</u>
Revenue Bond - 1997	\$ 630,000	\$ 30,000	\$ 600,000	\$ 30,000
Certificates of Participation ("COPs")	253,000	11,000	242,000	12,000
Total Long-Term Liabilities	\$ 883,000	\$ 41,000	\$ 842,000	\$ 42,000

Revenue Bond – 1997. In June of 1998 the District issued \$1,074,000 in revenue bonds to finance the renovation of the Wastewater Treatment Center and adding the Lift Station. Interest is due semi-annually at a rate of 4.5% per annum., with payments of principal due on April 1st.

COPs. In June of 1998 LGCEC issued \$381,600 in COPs, and the District, which payments, prepayments and certain other rights and interests of the Corporation under the Agreement have been assigned to the District, as trustee, to finance the construction of Well #4. Interest is due semi-annually at a rate of 4.5% per annum., with payments of principal due on April 1st.

6 - B. Debt Service Requirements to Maturity

<u>Year Ending June 30,</u>	<u>Revenue Bond - 1997</u>			<u>COPs</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,000	\$ 27,000	57,000	\$ 12,000	\$ 10,890	\$ 22,890
2025	35,000	25,650	60,650	12,000	10,350	22,350
2026	35,000	24,075	59,075	13,000	9,810	22,810
2027	35,000	22,500	57,500	13,000	9,226	22,226
2028	40,000	20,925	60,925	14,000	8,640	22,640
2029 - 2033	215,000	76,950	291,950	78,000	33,344	111,344
2034 - 2038	210,000	24,075	234,075	100,000	13,950	113,950
Total Payments	\$ 600,000	\$ 221,175	\$ 821,175	\$ 242,000	\$ 96,210	\$ 338,210

NOTE 7 – PARTICIPATION IN A JOINT POWERS AUTHORITY

The District is a member of the ACWA-JPIA. The JPA provides health and welfare insurance. The relationship is such that the JPAs are not component units of the District for financial reporting purposes. The JPA has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from ACWA-JPIA. During the year ended June 30, 2023, the District made payments of \$104,309.

OTHER INFORMATION

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LE GRAND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF UTILITY RATES
FOR THE YEAR ENDED JUNE 30, 2023**

Water Rates

Base rate charges

3/4" Service	\$ 42.25 / month (20,000 gallons included in flat rate)
1" Service	84.50 / month (40,000 gallons included in flat rate)
1-1/2" Service	127.75 / month (60,000 gallons included in flat rate)
2" Service or larger	169.00 / month (80,000 gallons included in flat rate)

Metered customers 3.00 per 1,000 gallons after flat rate

Capacity fees 4,101.36 / connection

Meter connection fees 400.00 / connection

Sewer Rates

Residential:

3/4" Service	\$ 48.00 / month (20,000 gallons included in flat rate)
1" Service	96.00 / month (40,000 gallons included in flat rate)
1-1/2" Service	143.25 / month (60,000 gallons included in flat rate)
2" Service or larger	192.00 / month (80,000 gallons included in flat rate)
Elementary School	370.00 / month
High School	1,574.00 / month

Metered customers 4.70 / 1,000 gallons thereafter

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OTHER INDEPENDENT AUDITOR'S REPORT

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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*

The Board of Trustees
Le Grand Community Services District
Le Grand

We have audited, 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, the financial statements of the Le Grand Community Services District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Le Grand Community Services District's basic financial statements, and have issued our report thereon dated July 1, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Le Grand Community Services District's internal control over financial reporting (internal control) as a basis for designing 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 Le Grand Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of Le Grand Community Services 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 Le Grand Community Services 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 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.


July 1, 2024

RT DENNIS
ACCOUNTANCY