

COMMERCIAL MOBILE RADIO SERVICE BOARD

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Commercial Mobile Radio Service Board

We have audited the accompanying modified cash basis financial statements, as listed in the accompanying table of contents, of the governmental activities and major fund of Commercial Mobile Radio Service Board, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1-C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility - continued:

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and major fund of Commercial Mobile Radio Service Board as of June 30, 2020 and 2019, and the respective changes in modified cash basis financial position, for the years then ended in accordance with the modified cash basis of accounting as described in Note 1-C.

Basis of Accounting

We draw attention to Note 1-C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Commercial Mobile Service Board's basic financial statements. Management's discussion and analysis on pages 3 through 5, which are the responsibility of management, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Haddox Reid Eubank Betts, PLLC

Ridgeland, Mississippi
September 21, 2022

COMMERCIAL MOBILE RADIO SERVICE BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Our discussion and analysis of Commercial Mobile Radio Service Board (Board) financial performance provides an overview of the Board's financial activities for the years ended June 30, 2020 and 2019. Please read it in conjunction with the Board's financial statements, which begins on page 6.

FINANCIAL HIGHLIGHTS

- The Board's cash equivalents and investments increased by \$6,012,293 from \$53,389,130 at June 30, 2019, to \$59,401,423 at June 30, 2020. The increase in cash equivalents and investments results primarily from the retention of current year receipts designated for complying with wireless 911 service requirements.
- Program receipts decreased by \$28,593 (-0.1%) from \$31,050,915 for the year ended June 30, 2019, to \$31,022,322 for the year ended June 30, 2020.

USING THE ANNUAL REPORT

This annual report consists of a series of modified cash basis financial statements. The Statements of Net Position - Modified Cash Basis and the Statements of Activities - Modified Cash Basis (on pages 6 and 7) are designed to provide information about the activities of the Board as a whole while the Statements of Assets, Liabilities and Fund Balance - Modified Cash Basis and the Statements of Receipts, Expenditures and Changes in Fund Balance - Modified Cash Basis (on pages 8 and 9) are designed to tell how these services were financed in the short term as well as what remains for future spending. Since the Board has not expended funds for capital assets and has not financed any activities through the issuance of debt, the two sets of financial statements present the same financial information.

FINANCIAL ANALYSIS OF THE BOARD

The Board's net position increased from \$51,711,940 at June 30, 2019, to \$58,120,033 at June 30, 2020, as reflected in the following table:

Condensed Statements of Net Position - Modified Cash Basis

| | <u>FY 2020</u> | <u>FY 2019</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|---------------------------|----------------------|-------------------|--------------------------|---------------------------|
| Cash and cash equivalents | \$ 23,853,068 | 25,276,641 | (1,423,573) | -5.6% |
| Accrued interest | 142,977 | 60,579 | 82,398 | 136.0% |
| Investments | <u>35,548,355</u> | <u>28,112,489</u> | <u>7,435,866</u> | 26.5% |
| Total assets | \$ <u>59,544,400</u> | <u>53,449,709</u> | <u>6,094,691</u> | |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED:
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

FINANCIAL ANALYSIS OF THE BOARD - CONTINUED:

Condensed Statements of Net Position - Modified Cash Basis - continued:

| | <u>FY 2020</u> | <u>FY 2019</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|--|-----------------------------|--------------------------|--------------------------|---------------------------|
| Current liabilities - accounts payable | \$ <u>1,424,367</u> | <u>1,737,769</u> | <u>(313,402)</u> | -18.0% |
| Total liabilities | <u>1,424,367</u> | <u>1,737,769</u> | <u>(313,402)</u> | |
| Net position: | | | | |
| Restricted for: | | | | |
| Costs incurred by CMRS providers in complying with wireless E911 service requirements | 53,992,312 | 48,177,017 | 5,815,295 | 12.1% |
| Unrestricted | <u>4,127,211</u> | <u>3,534,923</u> | <u>592,288</u> | 16.8% |
| Total net position | \$ <u><u>58,119,523</u></u> | <u><u>51,711,940</u></u> | <u><u>6,407,583</u></u> | |

As can be seen from the table above, net position restricted for future cost to fund CMRS providers in complying with wireless E911 service requirements increased by 12.1%.

Condensed Statements of Activities - Modified Cash Basis

| | <u>FY 2020</u> | <u>FY 2019</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|------------------|-----------------------------|--------------------------|--------------------------|---------------------------|
| Program receipts | \$ 31,022,322 | 31,050,915 | (28,593) | -0.1% |
| Other revenues | <u>964,283</u> | <u>819,654</u> | <u>144,629</u> | 17.6% |
| | \$ <u><u>31,986,605</u></u> | <u><u>31,870,569</u></u> | <u><u>116,036</u></u> | |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED:
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

FINANCIAL ANALYSIS OF THE BOARD - CONTINUED:

Condensed Statements of Activities - Modified Cash Basis - continued:

| | <u>FY 2020</u> | <u>FY 2019</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|----------------------------|----------------------|-------------------|--------------------------|---------------------------|
| Operating expenses: | | | | |
| Distributions to districts | \$ 21,715,625 | 21,735,640 | (20,015) | -0.1% |
| E911 implementation cost | 3,787,409 | 3,693,112 | 94,297 | 2.6% |
| Administrative | <u>75,478</u> | <u>114,266</u> | <u>(38,788)</u> | -33.9% |
| | <u>25,578,512</u> | <u>25,543,018</u> | <u>35,494</u> | |
| Changes in net position | 6,408,093 | 6,327,551 | 80,542 | |
| Beginning net position | <u>51,711,940</u> | <u>45,384,389</u> | <u>6,327,551</u> | |
| Ending net position | \$ <u>58,120,033</u> | <u>51,711,940</u> | <u>6,408,093</u> | |

While the Statements of Net Position - Modified Cash Basis shows the change in financial position, the Statements of Activities - Modified Cash Basis provides answers as to the nature and source of these changes. As can be seen from the previous table, the program receipts and the distributions to the districts both decreased by 0.1%. The cost incurred in the E911 implementation increased from the prior year by 2.6%.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide the users with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Board's financial personnel at P.O. Box 22964, Jackson, Mississippi 39225-2964.

COMMERCIAL MOBILE RADIO SERVICE BOARD

STATEMENTS OF NET POSITION - MODIFIED CASH BASIS -
GOVERNMENTAL ACTIVITIES
JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 23,853,068 | 25,276,641 |
| Certificates of deposit | 16,150,021 | 14,198,806 |
| Accrued interest | <u>142,977</u> | <u>60,579</u> |
| Total current assets | 40,146,066 | 39,536,026 |
| INVESTMENTS: | | |
| Debt securities | <u>19,398,334</u> | <u>13,913,683</u> |
| Total assets | \$ <u>59,544,400</u> | <u>53,449,709</u> |
| <u>LIABILITIES AND NET POSITION</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable - county emergency communications districts | \$ <u>1,424,367</u> | <u>1,737,769</u> |
| Total current liabilities | <u>1,424,367</u> | <u>1,737,769</u> |
| NET POSITION: | | |
| Restricted for: | | |
| Costs incurred by CMRS providers in complying with wireless E911 service requirements | 53,992,312 | 48,177,017 |
| Unrestricted | <u>4,127,721</u> | <u>3,534,923</u> |
| Total net position | \$ <u>58,120,033</u> | <u>51,711,940</u> |

The accompanying notes are an integral part of these statements.

COMMERCIAL MOBILE RADIO SERVICE BOARD

**STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS -
GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|-------------------|
| EXPENDITURES: | | |
| Distributions to districts | \$ 21,715,625 | 21,735,640 |
| E911 implementation costs | 3,787,409 | 3,693,112 |
| Administrative costs | <u>75,478</u> | <u>114,266</u> |
| Total program expenses | <u>25,578,512</u> | <u>25,543,018</u> |
| PROGRAM RECEIPTS: | | |
| CMRS charges | <u>31,022,322</u> | <u>31,050,915</u> |
| Net program revenue | <u>5,443,810</u> | <u>5,507,897</u> |
| OTHER REVENUES: | | |
| Interest | 741,187 | 576,013 |
| Unrealized gain on investments | <u>223,096</u> | <u>243,641</u> |
| Total other revenues | <u>964,283</u> | <u>819,654</u> |
| INCREASE IN NET POSITION | 6,408,093 | 6,327,551 |
| NET POSITION - BEGINNING OF YEAR | <u>51,711,940</u> | <u>45,384,389</u> |
| NET POSITION - END OF YEAR | <u>\$ 58,120,033</u> | <u>51,711,940</u> |

The accompanying notes are an integral part of these statements.

COMMERCIAL MOBILE RADIO SERVICE BOARD

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS
GOVERNMENTAL FUND TYPE - GENERAL FUND
JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------------|--------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 23,853,068 | 25,276,641 |
| Certificates of deposit | 16,150,021 | 14,198,806 |
| Accrued interest | <u>142,977</u> | <u>60,579</u> |
| Total current assets | 40,146,066 | 39,536,026 |
| INVESTMENTS: | | |
| Debt securities | <u>19,398,334</u> | <u>13,913,683</u> |
| Total assets | \$ <u><u>59,544,400</u></u> | <u><u>53,449,709</u></u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable - county emergency communications districts | \$ <u>1,424,367</u> | <u>1,737,769</u> |
| Total current liabilities | <u>1,424,367</u> | <u>1,737,769</u> |
| FUND BALANCE: | | |
| Restricted for costs incurred by CMRS providers in complying with wireless E911 service requirements | 53,992,312 | 48,177,017 |
| Unassigned | <u>4,127,721</u> | <u>3,534,923</u> |
| Total fund balance | <u>58,120,033</u> | <u>51,711,940</u> |
| Total liabilities and fund balance | \$ <u><u>59,544,400</u></u> | <u><u>53,449,709</u></u> |

The accompanying notes are an integral part of these statements.

COMMERCIAL MOBILE RADIO SERVICE BOARD

**STATEMENTS OF RECEIPTS, EXPENDITURES AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

| | <u>2020</u> | <u>2019</u> |
|--|---------------------------------|------------------------------|
| RECEIPTS: | | |
| CMRS emergency telephone system charges received from providers | \$ 31,022,322 | 31,050,915 |
| Interest received | 741,187 | 576,013 |
| Unrealized gain on investments | <u>223,096</u> | <u>243,641</u> |
| Total receipts | <u>31,986,605</u> | <u>31,870,569</u> |
| EXPENDITURES: | | |
| Distributions to county emergency communications districts | 21,715,625 | 21,735,640 |
| E911 implementation expenses | 3,787,409 | 3,693,112 |
| Administrative expenses: | | |
| Professional services | 40,636 | 83,427 |
| Bank charges | 28,401 | 23,981 |
| Office supplies | 651 | 1,005 |
| Travel expenses | <u>5,790</u> | <u>5,853</u> |
| Total expenditures | <u>25,578,512</u> | <u>25,543,018</u> |
| EXCESS OF RECEIPTS OVER EXPENDITURES | 6,408,093 | 6,327,551 |
| FUND BALANCE AT BEGINNING OF PERIOD | <u>51,711,940</u> | <u>45,384,389</u> |
| FUND BALANCE AT END OF PERIOD | \$ <u><u>58,120,033</u></u> | <u><u>51,711,940</u></u> |

The accompanying notes are an integral part of these statements.

COMMERCIAL MOBILE RADIO SERVICE BOARD

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Commercial Mobile Radio Service Board (the Board) was created under the provisions of Senate Bill No. 2821 of the State of Mississippi and began conducting operations in August 1998. The original legislation has been amended on several occasions to effectively extend the Board's mission through June 30, 2021, at which time new or extended legislation will be required for the continuation of the organization.

The Board was formed to receive and distribute a commercial mobile radio service (CMRS) emergency telephone service charge levied on CMRS customers in the state. The Board is a separately administered organization consisting of eight members. The members are appointed as follows: one member from the Northern Public Service Commission District selected from two nominees submitted to the Governor by the Mississippi 911 Coordinators Association; one member from the Central Public Service Commission District selected from two nominees submitted to the Governor by the Mississippi Chapter of the Association of Public Safety Communication Officers; one member from the Southern Public Service Commission District selected from two nominees submitted to the Governor by the National Emergency Numbering Association; two members who are wireless provider representatives; one member who is a consumer representing the state at large with no affiliation to the three trade associations or the wireless providers; one member representing the Mississippi Supervisors Association selected from two nominees submitted to the Governor by the association; and one member who is a member of the Mississippi Law Enforcement Officers Association selected from two nominees submitted to the Governor by the association.

The Board has adopted the accounting standards set by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles except as follows:

The financial statements of the Board have been prepared on the modified cash basis of accounting which is different from generally accepted accounting principles (GAAP) for state and local governmental units.

The Board is fiscally dependent upon the service charge receipts as established by the enabling legislation.

B. Government-Wide and Fund Financial Statements

Basic modified cash basis financial statements consist of the following:

- Government-wide financial statements

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

B. Government-Wide and Fund Financial Statements - continued:

- Fund financial statements
- Notes to financial statements

The government-wide modified cash basis financial statements consist of the Statements of Net Position - Modified Cash Basis and Statements of Activities - Modified Cash Basis. These statements present a summary of Governmental Activities of the Board. The Board does not operate any Business-Type Activities.

The separate fund statements are provided for the single-program special-purpose government under the provisions of GASB Statement No. 34.

C. Basis of Presentation, Measurement Focus and Basis of Accounting

The Board has adopted the modified cash basis of accounting for government-wide and fund financial reporting purposes. The primary differences in this method and accounting principles generally accepted in the United States of America for state and local governmental units are that service charges and other revenues and the related assets are recognized when received rather than when they become both measurable and available; liabilities and the related expenditures for distributions to county emergency communication districts arising from the receipt of service charges are recognized at the time of receipt; and other expenditures are recognized when paid rather than when the obligation is incurred.

Both the government-wide financial statements and the fund statements are reported using the "current financial resources" measurement focus on the modified cash basis of accounting. The Statements of Activities - Modified Cash Basis report both the gross and net cost of the Board's primary function to receive and distribute CMRS emergency telephone services charges. The function is also supported by general government receipts such as interest and late charges. The Statements of Activities - Modified Cash Basis reduce gross expenses by related program receipts.

The governmental fund has been grouped into a governmental fund type, special revenue fund. Special revenue funds are used to account for the proceeds of specific receipts (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Board's special revenue fund is reported as a major fund.

COMMERCIAL MOBILE RADIO SERVICE BOARD

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

C. Basis of Presentation, Measurement Focus and Basis of Accounting - continued:

Since the Board has not invested in capital assets, nor does it own any noncurrent assets, and has not incurred any long-term debt, there is no difference in fund balance and changes in fund balance as presented in the fund financial statements and net position and changes in net position presented in the government-wide financial statements.

D. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board does not have any of this type of item.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board does not have any of this type of item.

E. Cash, Cash Equivalents and Investments

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash deposits are authorized by legislation to be placed in insured interest-bearing accounts. Cash deposits are reported at carrying amount which reasonably estimates fair value. The Board is allowed to invest in direct debt securities of the United States and the State of Mississippi.

The Board's investments are stated at fair value, except for highly liquid market investments with maturities of one year or less at the time of purchase which are stated at amortized costs. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The Board generally holds all investments until maturity or until market values equal or exceed costs.

COMMERCIAL MOBILE RADIO SERVICE BOARD

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The composition of the Board's deposits comprised of cash, cash equivalents and certificates of deposit is as follows:

| <u>Balances at June 30, 2020</u> | <u>Reported Amount</u> | <u>Bank Balance</u> |
|--------------------------------------|----------------------------|-------------------------|
| Cash and cash equivalents | \$ 23,853,068 | 24,135,797 |
| Certificates of deposit | <u>16,150,021</u> | <u>16,150,021</u> |
| | \$ <u>40,003,089</u> | <u>40,285,818</u> |
| <u>Balances at June 30, 2019</u> | | |
| Cash and cash equivalents | \$ 25,276,641 | 25,734,283 |
| Certificates of deposit | <u>14,198,806</u> | <u>14,203,932</u> |
| | \$ <u>39,475,447</u> | <u>39,938,215</u> |

The difference of \$282,729 and \$462,768 for 2020 and 2019, respectively, was principally due to outstanding checks.

Custodial credit risk: Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2020, \$26,509,742 of the Board's bank balance of \$40,285,818 was Federal Deposit Insurance Corporation (FDIC) insured, leaving \$13,776,076 exposed to custodial credit risk. As of June 30, 2019, \$21,921,284 of the Board's bank balance of \$39,938,215 was FDIC insured, leaving \$18,016,931 exposed to custodial credit risk.

The financial institutions holding the deposits of \$13,776,076 and \$18,016,931 as of June 30, 2020 and 2019, respectively, in excess of the FDIC insurance coverage are not in compliance with Mississippi Code Section 27-105-5(1) which requires financial institutions to place on deposit with the State Treasurer qualified securities at least equal to one hundred five percent (105%) of the average balance of funds on deposit by any governmental unit in the State of Mississippi in excess of that portion of accounts insured by the FDIC.

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

The composition of the Board's investments in debt securities reported at fair value is as follows:

| <u>Balances at June 30, 2020</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|--|-----------------------|-------------------|
| Federal Home Loan Bank; 300,000 units; interest rate of 1.375%; due 9/28/2020 | AA+ | \$ 300,888 |
| Federal Home Loan Bank; 250,000 units; interest rate of 2.95%; due 1/22/2021 | AA+ | 253,890 |
| Federal Home Loan Bank; 400,000 units; interest rate of 1.80%; due 11/20/2023 | AA+ | 402,160 |
| Federal Home Loan Bank; 500,000 units; interest rate of 1.625%; due 11/18/2020 | AA+ | 502,715 |
| Federal Home Loan Bank; 340,000 units; interest rate of 1.375%; due 2/18/2021 | AA+ | 342,516 |
| Federal Farm Credit Bank; 600,000 units; interest rate of 1.75%; due 10/26/2020 | AA+ | 603,030 |
| Federal Farm Credit Bank; 150,000 units; interest rate of 2.95%; due 11/16/2020 | AA+ | 151,577 |
| Federal Farm Credit Bank; 500,000 units; interest rate of 1.68%; due 11/25/2022 | AA+ | 502,635 |
| Federal Farm Credit Bank; 300,000 units; interest rate of 1.57%; due 5/28/2030 | AA+ | 300,051 |
| Federal Farm Credit Bank; 500,000 units; interest rate of 2.00%; due 4/8/2030 | AA+ | 503,215 |
| Federal Farm Credit Bank; 300,000 units; interest rate of 5.35%; due 10/5/2020 | AA+ | 304,212 |
| Federal Home Loan Bank; 430,000 units; interest rate of 2.875%; due 9/11/2020 | AA+ | 432,245 |
| Federal Home Loan Bank; 530,000 units; interest rate of 3.125%; due 12/11/2020 | AA+ | 537,044 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2020</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|--|-----------------------|-------------------|
| Federal Home Loan Bank; 175,000 units; interest rate of 2.625%; due 12/10/2021 | AA+ | \$ 181,039 |
| Federal Home Loan Bank; 500,000 units; interest rate of 2.375%; due 9/10/2021 | AA+ | 512,460 |
| Federal Home Ln Mtg Corp; 585,000 units; interest rate of 1.050%; due 4/13/2022 | AA+ | 585,170 |
| Federal Natl Mtg Assn; 220,000 units; interest rate of 1.50%; due 11/30/2020 | AA+ | 221,195 |
| Federal Natl Mtg Assn; 415,000 units; interest rate of 1.375%; due 2/26/2021 | AA+ | 418,079 |
| Federal Natl Mtg Assn; 360,000 units; interest rate of 1.50%; due 7/30/2020 | AA+ | 360,403 |
| Federal Natl Mtg Assn; 600,000 units; interest rate of 2.875%; due 10/30/2020 | AA+ | 605,382 |
| Federal Home Ln Mtg Corp; 850,000 units; interest rate of 1.625%; due 9/29/2020 | AA+ | 853,052 |
| Federal Home Ln Mtg Corp; 500,000 units; interest rate of 1.875%; due 11/17/2020 | AA+ | 503,215 |
| Federal Home Ln Mtg Corp; 400,000 units; interest rate of 2.375%; due 2/16/2021 | AA+ | 405,360 |
| Federal Farm Credit Bank; 135,000 units; interest rate of 1.43%; due 2/14/2024 | AA+ | 140,305 |
| Federal Farm Credit Bank Floating; 125,000 units; interest rate of .26475%; due 7/13/2022 | AA+ | 124,694 |
| Federal Farm Credit Bank Floating; 155,000 units; interest rate of .43375%; due 1/18/2022 | AA+ | 155,415 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2020</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|---|-----------------------|-------------------|
| Federal Farm Credit Bank Floating; 220,000 units; interest rate of .53%; due 1/22/2021 | AA+ | \$ 220,277 |
| Federal Home Loan Bank; 200,000 units; interest rate of 2.0%; due 9/9/2022 | AA+ | 207,739 |
| Federal Home Loan Bank; 140,000 units; interest rate of 2.25%; due 3/11/2022 | AA+ | 144,628 |
| Federal Home Loan Bank; 175,000 units; interest rate of 2.375%; due 9/10/2021 | AA+ | 179,340 |
| Federal Home Loan Bank; 225,000 units; interest rate of 2.875%; due 6/14/2024 | AA+ | 246,853 |
| Federal Home Loan Bank; 325,000 units; interest rate of 3.25%; due 3/8/2024 | AA+ | 358,723 |
| Federal Home Loan Bank; 400,000 units; interest rate of 3.375%; due 9/8/2023 | AA+ | 439,077 |
| Federal Home Loan Mortgage Corp.; 450,000 units; interest rate 1.5%; due 2/12/2025 | AA+ | 471,514 |
| Federal Home Loan Mortgage Corp.; 175,000 units; interest rate of 2.75%; due 6/19/2023 | AA+ | 188,102 |
| Federal Home Loan Mortgage Corp.; 325,000 units; interest rate of .95%; due 5/28/2025 | AA+ | 325,299 |
| Federal Natl Mtg Assn; 150,000 units; interest rate of 1.25%; due 5/6/2021 | AA+ | 151,350 |
| Federal Natl Mtg Assn; 300,000 units; interest rate of 1.625%; due 10/15/2024 | AA+ | 315,225 |
| Federal Natl Mtg Assn; 150,000 units; interest rate of 1.875%; due 12/28/2020 | AA+ | 151,238 |
| Federal Natl Mtg Assn; 400,000 units; interest rate of 2.375%; due 1/19/2023 | AA+ | 422,570 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2020</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|--|-----------------------|-------------------|
| Federal Natl Mtg Assn; 225,000 units; interest rate of 2.5%; due 2/5/2024 | AA+ | \$ 242,673 |
| United States Treasury Floating; 250,000 units; interest rate of .19305689%; due 7/31/2020 | AA+ | 250,007 |
| United States Treasury Floating; 335,000 units; interest rate of .28905689%; due 4/30/2021 | AA+ | 335,307 |
| United States Treasury Floating; 300,000 units; interest rate of .30405689%; due 1/31/2022 | AA+ | 300,392 |
| United States Treasury Floating; 625,000 units; interest rate of .45005689%; due 10/31/2021 | AA+ | 626,983 |
| United States Treasury Note; 410,000 units; interest rate of 1.125%; due 2/28/2021 | AA+ | 412,498 |
| United States Treasury Note; 375,000 units; interest rates of 1.5%; due 1/31/2022 | AA+ | 382,852 |
| United States Treasury Note; 265,000 units; interest rate of 1.625%; due 8/15/2022 | NR | 273,219 |
| United States Treasury Note; 235,000 units; interest rate of 1.625%; due 11/15/2022 | NR | 243,096 |
| United States Treasury Note; 450,000 units; interest rate of 1.75%; due 5/15/2022 | NR | 463,324 |
| United States Treasury Note; 350,000 units; interest rate of 2.125%; due 8/15/2021 | NR | 357,656 |
| United States Treasury Note; 450,000 units; interest rate of 2.0%; due 11/15/2021 | NR | 461,285 |
| United States Treasury Note; 170,000 units; interest rate of 2.375%; due 8/15/2024 | NR | 185,048 |
| United States Treasury Note; 300,000 units; interest rate of 2.5%; due 8/15/2023 | NR | 321,656 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2020</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|---|-----------------------|----------------------|
| United States Treasury Note; 75,000 units; interest rate of 2.5%; due 5/15/2024 | NR | \$ 81,645 |
| United States Treasury Note; 400,000 units; interest rate of 2.75%; due 2/15/2024 | NR | <u>436,812</u> |
| | | <u>\$ 19,398,334</u> |
| | | |
| <u>Balances at June 30, 2019</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
| Federal Home Loan Bank; 200,000 units; interest rate of 1.7% - 3.0%; due 12/8/2021 | AA+ | \$ 199,928 |
| Federal Home Loan Bank Step Up; 200,000 units; interest rate of 1.875% - 3.0%; due 4/27/2020 | AA+ | 200,240 |
| Federal Home Loan Bank; 350,000 units; interest rate of 2.25%; due 10/26/2022 | AA+ | 350,088 |
| Federal Home Loan Bank; 200,000 units; interest rate of 2.125%; due 2/11/2020 | AA+ | 200,096 |
| Federal Home Loan Bank; 270,000 units; interest rate of 2.625%; due 3/12/2021 | AA+ | 270,011 |
| Federal Home Loan Bank; 250,000 units; interest rate of 2.95%; due 01/22/2021 | AA+ | 253,965 |
| Federal Home Loan Bank; 220,000 units; interest rate of 2.55%; due 1/22/2021 | AA+ | 220,319 |
| Federal Home Loan Bank Step Up; 300,000 units; interest rate of 2.5%; due 9/27/2022 | AA+ | 300,300 |
| Federal Home Loan Bank; 400,000 units; interest rate of 2.5%; due 1/08/2021 | AA+ | 400,624 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2019</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|--|-----------------------|-------------------|
| Federal Home Loan Bank; 150,000 units; interest rate of 1.79%; due 2/23/2021 | AA+ | \$ 149,792 |
| Federal Home Loan Bank; 250,000 units; interest rate of 1.5%; due 6/30/2025 | AA+ | 247,995 |
| Federal Home Loan Bank; 250,000 units; interest rate of 1.0% - 5.0%; due 7/27/2021 | AA+ | 249,355 |
| Federal Home Loan Bank; 300,000 units; interest rate of 1.5% - 5.0%; due 6/30/2024 | AA+ | 299,334 |
| Federal Home Loan Bank; 150,000 units; interest rate of 1.25% - 6.0%; due 9/29/2023 | AA+ | 149,619 |
| Federal Home Loan Bank; 150,000 units; interest rate of 1.0% - 5.0%; due 10/31/2022 | AA+ | 150,047 |
| Federal Home Loan Bank; 350,000 units; interest rate of 1.0% - 2.0%; due 4/28/2020 | AA+ | 350,046 |
| Federal Home Loan Bank Step Up; 100,000 units; interest rate of 1.5% - 4.0%; due 11/23/2026 | AA+ | 99,626 |
| Federal Farm Credit Bank; 140,000 units; interest rate of 2.65%; due 2/27/2024 | AA+ | 140,004 |
| Federal Farm Credit Bank; 200,000 units; interest rate of 2.07%; due 2/14/2020 | AA+ | 200,084 |
| Federal Farm Credit Bank; 250,000 units; interest rate of 2.68%; due 1/15/2021 | AA+ | 250,070 |
| Federal Farm Credit Bank; 225,000 units; interest rate of 2.54%; due 2/12/2020 | AA+ | 225,770 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2019</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|---|-----------------------|-------------------|
| Federal Farm Credit Bank; 300,000 units; interest rate of 3.22%; due 3/13/2026 | AA+ | \$ 301,710 |
| Federal Home Loan Bank; 230,000 units; interest rates of 2.875%; due 9/11/2020 | AA+ | 232,567 |
| Federal Home Loan Bank; 250,000 units; interest rate of 3.125%; due 12/11/2020 | AA+ | 254,510 |
| Federal Home Loan Bank; 150,000 units; interest rate of 1.6%; due 10/22/2020 | AA+ | 149,318 |
| Federal Home Loan Mortgage Corp; 150,000 units; interest rate of 2.55%; due 1/30/2023 | AA+ | 150,000 |
| Federal Home Loan Mortgage Corp; 150,000 units; interest rate of 1.0% - 3.0%; due 8/18/2020 | AA+ | 149,925 |
| Federal Home Loan Mortgage Corp.; 300,000 units; interest rate of 1.125% - 5.0%; due 7/21/2021 | AA+ | 299,382 |
| Federal Home Loan Mortgage Corp; 200,000 units; interest rate of 1.5% - 5.0%; due 7/27/2026 | AA+ | 198,042 |
| Federal National Mortgage Assoc.; 150,000 units; interest rate of 1.35%; due 10/28/2019 | AA+ | 149,630 |
| Federal National Mortgage Assoc.; 200,000 units; interest rate of 8.1%; due 12/8/2019 | AA+ | 201,314 |
| Federal National Mortgage Assoc.; 300,000 units; interest rate of 1.25%; due 3/23/2021 | AA+ | 300,177 |
| Federal National Mortgage Assoc.; 250,000 units; interest rate of 1.75% - 4.5%; due 5/18/2026 | AA+ | 248,723 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2019</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|---|-----------------------|-------------------|
| Federal National Mortgage Assoc.; 250,000 units; interest rate 1.0% - 3.0%; due 8/24/2022 | AA+ | \$ 249,948 |
| Federal Farm Credit Bank; 225,000 units; interest rate of 2.66%; due 5/8/2023 | AA+ | 225,143 |
| Federal Farm Credit Bank; 230,000 units; interest rate of 2.69%; due 2/22/2024 | AA+ | 230,055 |
| Federal Farm Credit Bank Floating; 125,000 units; interest rate of 2.49063%; due 7/13/2022 | AA+ | 124,856 |
| Federal Farm Credit Bank Floating; 155,000 units; interest rate of 2.62175%; due 1/18/2022 | AA+ | 155,195 |
| Federal Farm Credit Bank Floating; 220,000 units; interest rate of 2.74363%; due 1/22/2021 | AA+ | 220,897 |
| Federal Home Loan Bank; 200,000 units; interest rate of 2.0%; due 9/9/2022 | AA+ | 201,179 |
| Federal Home Loan Bank; 175,000 units; interest rate of 2.375%; due 9/10/2021 | AA+ | 176,997 |
| Federal Home Loan Bank; 325,000 units; interest rate of 3.25%; due 3/8/2024 | AA+ | 343,601 |
| Federal Home Loan Bank; 250,000 units; interest rate of 3.375%; due 9/8/2023 | AA+ | 265,880 |
| Federal Home Loan Mortgage Corp.; 265,000 units; interest rate of 1.25%; due 10/2/2019 | AA+ | 264,359 |
| Federal Home Loan Mortgage Corp.; 215,000 units; interest rate of 1.3%; due 8/23/2019 | AA+ | 214,708 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2019</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|--|-----------------------|-------------------|
| Federal National Mortgage Assoc.; 100,000 units; interest rate of 1.625%; due 1/21/2020 | AA+ | \$ 99,741 |
| Federal National Mortgage Assoc.; 250,000 units; interest rates of 2.375%; due 1/19/2023 | AA+ | 254,914 |
| United States Treasury Floating; 500,000 units; interest rate of 2.09604704%; due 1/31/2020 | NR | 499,755 |
| United States Treasury Floating; 250,000 units; interest rate of 2.13904704%; due 7/31/2020 | NR | 249,735 |
| United States Treasury Note; 120,000 units; interest rate of 1.125%; due 2/28/2021 | NR | 118,641 |
| United States Treasury Note; 250,000 units; interest rate of 1.0%; due 11/15/2019 | NR | 248,945 |
| United States Treasury Note; 200,000 units; interest rate of 1.5%; due 1/31/2022 | NR | 198,859 |
| United States Treasury Note; 235,000 units; interest rate of 1.625%; due 11/15/2022 | NR | 234,247 |
| United State Treasury Note; 220,000 units; interest rate of 1.75%; due 5/15/2022 | NR | 220,189 |
| United State Treasury Note; 200,000 units; interest rate of 2.125%; due 8/15/2021 | NR | 201,547 |
| United States Treasury Note; 300,000 units; interest rate of 2.0%; due 11/15/2021 | NR | 301,992 |
| United States Treasury Note; 300,000 units; interest rate of 2.0%; due 7/31/2020 | NR | 300,211 |
| United States Treasury Note; 275,000 units; interest rate od 2.75%; due 2/15/2024 | NR | 287,139 |

COMMERCIAL MOBILE RADIO SERVICE BOARD

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

| <u>Balances at June 30, 2019</u> | <u>Credit Ratings</u> | <u>Fair Value</u> |
|---|-----------------------|----------------------|
| United States Treasury Note; 300,000 units; interest rate of 3.625%; due 2/15/2020 | NR | \$ 302,836 |
| United States Treasury Note; 180,000 units; interest rate of 0.875%; due 9/15/2019 | NR | <u>179,508</u> |
| | | <u>\$ 13,913,683</u> |

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Board's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the Board's policy is to hold all investments to maturity reducing any interest rate risk.

Credit risk: The Board is allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds.

Concentration of credit risk: The Board complies with the State statute regarding investments; as a result, concentration risk is virtually eliminated.

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the Board requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The Board's investments are insured or registered and consist of securities held by the Board or an agent in the Board's name. All of the Board's investments in repurchase agreements are held by the investment's counterparty, not in the name of the Board.

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lower priority to unobservable inputs (Level 3 measurements).

COMMERCIAL MOBILE RADIO SERVICE BOARD

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED:

The Board has the following recurring fair value measurements as of June 30, 2020 and 2019:

- U.S. Government Obligations of \$19,398,334 and \$13,913,683, respectively, are valued using quoted market prices (Level 2 inputs)

NOTE 3 - SERVICE CHARGE RECEIPTS

The CMRS emergency telephone service charges are levied at the rate of one dollar (\$1.00) per month per CMRS connection on each CMRS customer that has a billing address or purchases a prepaid phone card within the state of Mississippi. Each CMRS provider is to act as a collection agent for the CMRS Fund and remit to the Board the net CMRS service charges so collected after deducting a collection fee authorized by the legislation. In the case of prepaid wireless service, the rate and methodology for collecting and remitting the 911 charge is governed by Section 19-5-343.

Out of the funds received by the Board, seventy percent are to be distributed by the Board monthly to the County Emergency Communications Districts for use in providing wireless E911 service. Of the remaining thirty percent, twenty-eight percent of that amount is to be set aside to pay actual costs incurred by CMRS providers in complying with the wireless E911 service requirements established by the Federal Communications Commission and the remaining two percent is to be used to defray the administrative expenses of the Board.

NOTE 4 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, errors and omissions; however, in the opinion of management any potential losses will not have a material adverse effect on the financial position of the Board. The Board does not carry commercial insurance to cover any potential losses.

NOTE 5 - NET POSITION

Net positions represent the difference between assets and liabilities on the Government-Wide Financial Statements. Net positions are classified in the following categories:

Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is the net position that does not meet the definition of "restricted net position."

COMMERCIAL MOBILE RADIO SERVICE BOARD

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 6 - FUND BALANCE REPORTING

In accordance with authoritative guidance, the Board provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Board does not have any fund balances that are nonspendable.

In addition to the nonspendable fund balance, the Board provides a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balances of the general fund that are not constrained for any particular purpose.

NOTE 7 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States and around the world. As of September 21, 2022, the Board is aware of changes in its business as a result of COVID-19 but uncertain of the impacts of those changes in its statement of financial position or activities. Management believes any disruptions, when and if experienced, could be temporary; however, there is uncertainty around when any disruption might occur, the duration, and hence the potential impact. While the ultimate potential impact cannot be estimated at this time, management does not currently anticipate a material adverse effect on the Board's financial position or results of activities.

As noted in Note 1 of the financial statements, original legislation and amendments have been made to extend the Board's mission through June 30, 2021. Subsequent to year end, legislation was passed for the continuance of the organization.

Except as described above, the Board had no subsequent events of a material nature requiring adjustment to or disclosure in the financial statements through September 21, 2022, the date the financial statements were approved by the Board of Directors and thereby available to be issued.