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DESOTO COUNTY, MISSISSIPPI
SINGLE AUDIT REPORT
YEAR ENDED SEPTEMBER 30, 2020



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**INDEPENDENT AUDITORS' 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**

Members of the Board of Supervisors
DeSoto County, Mississippi

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, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of DeSoto County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2022. Our report includes a reference to other auditors who audited the financial statements of DeSoto County Convention and Visitor Bureau and the Emergency Communication District of DeSoto County, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain a deficiency in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County'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 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*.

County' Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 State'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 State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 14, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Supervisors
DeSoto County Mississippi

Report on Compliance for Major Federal Programs

We have audited DeSoto County, Mississippi (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended September 30, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Members of the Board of Supervisors
DeSoto County Mississippi

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
March 16, 2022

DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Passed through the Mississippi Department of Public Safety:				
Edward Byrne Memorial Justice	16.738	18LB1171	\$ 3,285	\$ -
Edward Byrne Memorial Justice	16.738	18DC1171	34,284	-
Edward Byrne Memorial Justice	16.738	19DC1171	42,557	-
Subtotal Edward Byrne Memorial Justice			80,126	-
COPS Hiring Program	16.710	2020UMWX0428	120,431	-
Total U.S. Department of Justice			200,557	-
U.S. Department of Transportation				
Highway Safety Cluster:				
Pass-Through the Mississippi Office of Highway safety				
402 Occupant Protection	20.600	OP-2020-OP-11-71	4,741	-
405D Alcohol and Drug Impaired Driving	20.616	MSX-2020-MD-11-71	148,518	-
Subtotal Highway Safety Cluster			153,259	-
Recreational Trails Program and Highway and Planning and Construction Cluster:				
Recreational Trails Program:				
Passed through the Mississippi Department of Wildlife, Fisheries and Parks:				
2019 Recreational Trails Program - Ingrams Mill Park Hiking Trail	20.219	19-RTP-320.1	38,669	-
Highway and Planning and Construction:				
Passed through the Mississippi Office of State Aid Road Construction				
.Fogg Road Bridge Replacement	20.205	BR-0976(5)B	18,019	-
Passed through the Mississippi Department of Transportation:				
Starlanding Rd East-Tulane-Getwell	20.205	STP-0906-00(005)	49,753	-
Commerce Street/Della to Jaybird - MPO	20.205	STP-7886-00(003)	83,996	-
Holly Springs Road Bridge - Segment 2	20.205	STP-1963-00(001)	730,647	-
Johnson Creek Greenway	20.205	STP-0017-00(036)	628,181	-
Lewisburg Sidewalk - MDOT/LPA	20.205	STP-0017-00(044)	19,391	-
Subtotal for Recreational Trails Program Highway and Planning and Construction Cluster			1,568,656	-
National Infrastructure Investments:				
.Holly Springs Road - Segment 1	20.933	FBLD-1920-00(007)	8,224,015	-
Total U.S. Department of Transportation			9,945,930	-
U.S. Department of Treasury				
Passed through the MS Administrative Office of Courts:				
Coronavirus Relief Fund - Circuit Court Covid Supplies	21.019	1728-17-12012020	5,407	-
Passed through the MS Emergency Management Agency:				
Coronavirus Relief Fund - EMS Covid Supplies	21.019	4528DR-MS	18,221	-
Coronavirus Relief Fund - Public Assistance/Safety Payroll Expenses	21.019	None	877,575	-
Total U.S. Department of Treasury			901,203	-
U.S. Department of Homeland Security				
Passed through the Mississippi Emergency Management Agency:				
Emergency Management Performance Grant	97.042	EMA-2019-EP-00013	126,481	-
Emergency Management Performance Grant - Special Projects	97.042	EMA-2019-EP-00013	1,812	-
Subtotal for Emergency Management Performance Grant			128,293	-
State Homeland Security Program:				
State Homeland Security Program	97.067	M17HS017T	1,432	-
State Homeland Security Program	97.067	S16HS017T	28,209	-
State Homeland Security Program	97.067	A16HS017T	34,842	-
State Homeland Security Program	97.067	A16HS017T	55,421	-
State Homeland Security Program	97.067	17HS017T	1,206	-
State Homeland Security Program	97.067	S17HS017T	3,024	-
State Homeland Security Program	97.067	A17HS017T	42,751	-
State Homeland Security Program	97.067	18HS017T	20,000	-
Subtotal for State Homeland Security Program			186,885	-
Total U.S. Department of Homeland Security			315,178	-
U.S. Department of Health and Human Services				
Direct Program:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	n/a	78,933	-
Passed through the Mississippi Department of Health				
Mississippi Public Health Institute (OD2A) Mini Grant	93.136	CDC-RFA-CE14-1401	47,539	-
Total U.S. Department of Health and Human Services			126,472	-
Total Expenditures of Federal Awards			\$ 11,489,340	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

DESOTO COUNTY, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements/or Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, results of operations, changes in net position or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COSTS

The County did not elect to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

Section I – Summary of Auditors' Results

Financial Statements

1. Type auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? yes X no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
20.933	National Infrastructure Investments

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee yes X no

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

Section II – Financial Statement Findings

2020-001 Self- Insurance Service Organization

Type of Finding: Significant Deficiency in Internal Control

Criteria or specific requirement:

When controls performed by the service organization are necessary for the entity to achieve its objectives and address risks related to the assigned operational process, the entity's internal controls may include complementary user entity controls identified by the service organization or its auditors that are necessary to achieve the service organization's control objectives.

Management should consider the extent to which the entity's internal controls are sufficient so that the entity achieves its objectives and addresses risks related to the assigned operational process.

Condition:

During the audit we noted that the County did not have a copy of the FY 20 SOC 1 report for their self-insurance service organization, Humana. Upon the auditor's request for the FY 20 SOC 1 report, we were informed that the County had to request a copy Humana. The County's health, dental and pharmacy claims are processed by Humana (service organization). Desoto County should maintain and review the most recent internal control report for the service organization's activities to identify changes in the internal controls or findings that may affect the County.

Cause:

The County recently changed the self-insurance service organization due to various concerns such as the organization providing reports in a timely manner.

Effect:

The County is not consistently monitoring the service organization and may not detect or prevented errors in a timely manner.

Context

The report is issued on an annual basis.

Recommendation:

We recommend that the county request, receive and review the internal report for all service organizations. The review should ensure that internal controls findings are discussed with the service organization and their effect on the County's operations assessed.

Views of responsible officials:

We agree with the finding and will take measures to correct this with our new insurance provider.

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

2020-002

Accrual of Vendor Invoices

Type of Finding: **Material Weakness in Internal Control**

Criteria or specific requirement:

Entities are required to maintain internal control to provides reasonable assurance that the entity is able to detect and/or prevent errors and irregularities in a timely manner, and ensure accurate and reliable reports.

Condition:

During the audit we identified two vendor invoices that were not recorded on the September 30, 2020, accrual report. The vendor provided the services in FY 20; however, the County determined the expenditure accrual based on the approval to pay date instead of when services were provided and/or goods received. The invoices totaled, \$1,430,279 and were material to the financial statements.

Cause:

The County determined the accrual of expenditures based on the date the invoice was approved for payment not when the services/goods were received.

Effect:

The invoices were not identified in the correct period, an adjusting journal entry was required to record the invoices in the correct period.

Context

2 out of 57 invoices selected for testing were not reported on the accrual report.

Recommendation:

We recommend that the County review current procedures and adjust accordingly to ensure that all vendor invoices are identified in the correct period.

Views of responsible officials:

We agree and have begun to implement procedures to ensure that invoices are identified in the correct period.

**DESOTO COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

None