

LAWRENCE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

April 21, 2022

Members of the Board of Supervisors
Lawrence County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Lawrence County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Lawrence County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Lawrence County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

LAWRENCE COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position – Cash Basis.....	9
Statement of Activities – Cash Basis.....	10
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	12
Statement of Fiduciary Assets and Liabilities – Cash Basis.....	13
Notes to Financial Statements.....	15
SUPPLEMENTARY INFORMATION.....	23
Schedule of Operating Costs of Solid Waste.....	25
OTHER INFORMATION.....	27
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – General Fund.....	29
Schedule of Capital Assets.....	30
Schedule of Changes in Long-term Debt.....	31
Schedule of Surety Bonds for County Officials.....	33
Notes to the Other Information.....	35
SPECIAL REPORTS.....	37
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (As Required By Section 31-7-115, Miss. Code Ann. (1972)).....	41
Limited Internal Control and Compliance Review Management Report.....	47
SCHEDULE OF FINDINGS AND RESPONSES.....	49

LAWRENCE COUNTY

FINANCIAL SECTION

LAWRENCE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Lawrence County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence 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 basic financial statements of the County's primary government 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 cash basis of accounting, as described in Note 1. This includes determining that the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Lawrence County, Mississippi, as of September 30, 2020, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major funds, and the aggregate remaining fund information of Lawrence County, Mississippi, as of September 30, 2020, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Lawrence County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive 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

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lawrence County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Budgetary Comparison Schedule, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2022 on our consideration of Lawrence County, Mississippi'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 Lawrence County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawrence County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" and last name "McKnight" clearly legible.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 21, 2022

LAWRENCE COUNTY

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LAWRENCE COUNTY

FINANCIAL STATEMENTS

LAWRENCE COUNTY

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LAWRENCE COUNTY
Statement of Net Position - Cash Basis
September 30, 2020

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 10,852,804
Total Assets	<u>10,852,804</u>
NET POSITION	
Restricted:	
Expendable:	
General government	444,938
Public safety	970,346
Public works	4,791,354
Health and welfare	80,101
Economic development and assistance	25,107
Debt service	564,395
Unemployment compensation	12,917
Unrestricted	3,963,646
Total Net Position	<u>\$ 10,852,804</u>

The notes to the financial statements are an integral part of this statement.

LAWRENCE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Governmental Activities
Primary government:						
Governmental activities:						
General government	\$ 2,964,645	191,431	6,536			(2,766,678)
Public safety	2,548,823	223,821	87,676	3,100		(2,234,226)
Public works	4,429,310	20,634	524,367	2,291,252		(1,593,057)
Health and welfare	384,418		19,276			(365,142)
Culture and recreation	17,603					(17,603)
Education	211,585					(211,585)
Conservation of natural resources	82,093					(82,093)
Economic development and assistance	117,727					(117,727)
Debt service:						
Principal	622,663					(622,663)
Interest	123,281					(123,281)
Total Governmental Activities	\$ 11,502,148	435,886	637,855	2,294,352		(8,134,055)
General receipts:						
Property taxes					\$	7,050,795
Road & bridge privilege taxes						193,565
Grants and contributions not restricted to specific programs						479,439
In-lieu taxes						258,175
Unrestricted interest income						195,229
Miscellaneous						596,644
Proceeds from debt issuance						823,606
Sale of county property						60,125
Compensation for loss of county property						20,368
Total General Receipts and Other Cash Sources						9,677,946
Changes in Net Position						1,543,891
Net Position - Beginning						9,308,913
Net Position - Ending					\$	10,852,804

LAWRENCE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2020

Exhibit 3

	<u>Major Funds</u>			
	General	ERBR-39(01) Stumptown Road Fund	Other Governmental Funds	Total Governmental Funds
	Fund			
ASSETS				
Cash	\$ 3,963,646	1,266,624	5,622,534	10,852,804
Total Assets	<u>3,963,646</u>	<u>1,266,624</u>	<u>5,622,534</u>	<u>10,852,804</u>
FUND BALANCES				
Restricted for:				
General government			444,938	444,938
Public safety			970,346	970,346
Public works		1,266,624	3,524,730	4,791,354
Health and welfare			80,101	80,101
Economic development and assistance			25,107	25,107
Debt service			564,395	564,395
Unemployment compensation			12,917	12,917
Assigned to:				
Health and welfare	175,833			175,833
Economic development and assistance	1,255			1,255
Unassigned	<u>3,786,558</u>			<u>3,786,558</u>
Total Fund Balances	<u>\$ 3,963,646</u>	<u>1,266,624</u>	<u>5,622,534</u>	<u>10,852,804</u>

The notes to the financial statements are an integral part of this statement.

LAWRENCE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
 Governmental Funds
 For the Year Ended September 30, 2020

	Major Funds			
	General Fund	ERBR-39(01) Stumptown Road Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property taxes	\$ 4,596,938		2,453,857	7,050,795
Road and bridge privilege taxes			193,565	193,565
Licenses, commissions and other receipts	98,156		3,264	101,420
Fines and forfeitures	98,010		4,187	102,197
In-lieu taxes	258,175			258,175
Intergovernmental receipts	565,081	1,389,600	1,456,965	3,411,646
Charges for services	77,894		154,375	232,269
Interest income	115,137		80,092	195,229
Miscellaneous receipts	541,690		54,954	596,644
Total Receipts	<u>6,351,081</u>	<u>1,389,600</u>	<u>4,401,259</u>	<u>12,141,940</u>
DISBURSEMENTS				
General government	2,932,424		32,221	2,964,645
Public safety	1,912,021		636,802	2,548,823
Public works		182,876	4,246,434	4,429,310
Health and welfare	384,418			384,418
Culture and recreation			17,603	17,603
Education	211,585			211,585
Conservation of natural resources	82,093			82,093
Economic development and assistance	117,727			117,727
Debt service:				
Principal	73,166		549,497	622,663
Interest	2,474		120,807	123,281
Total Disbursements	<u>5,715,908</u>	<u>182,876</u>	<u>5,603,364</u>	<u>11,502,148</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>635,173</u>	<u>1,206,724</u>	<u>(1,202,105)</u>	<u>639,792</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			823,606	823,606
Sale of county property			60,125	60,125
Compensation for loss of county property	20,368			20,368
Transfers in	115,000		1,148,472	1,263,472
Transfers out	(970,053)		(293,419)	(1,263,472)
Total Other Cash Sources and Uses	<u>(834,685)</u>	<u>0</u>	<u>1,738,784</u>	<u>904,099</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(199,512)</u>	<u>1,206,724</u>	<u>536,679</u>	<u>1,543,891</u>
Cash Basis Fund Balances - Beginning	<u>4,163,158</u>	<u>59,900</u>	<u>5,085,855</u>	<u>9,308,913</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,963,646</u>	<u>1,266,624</u>	<u>5,622,534</u>	<u>10,852,804</u>

The notes to the financial statements are an integral part of this statement.

LAWRENCE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 328,054
Total Assets	\$ <u>328,054</u>
LIABILITIES	
Amounts held in custody for others	\$ 328,054
Total Liabilities	\$ <u>328,054</u>

The notes to the financial statements are an integral part of this statement.

LAWRENCE COUNTY

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LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Lawrence County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Lawrence County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Lawrence County Economic Development District
- Lawrence County Human Resource Agency

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

ERBR-39(01) Stumptown Road Fund - This fund is used to account for monies from specific revenue sources that are restricted for the Stumptown Road construction project.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972).

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

H. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective date of GASB 84 was postponed one year.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$11,180,858, and the bank balance was \$11,357,140. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2020:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 115,000
Other Governmental Funds	General Fund	970,053
Other Governmental Funds	Other Governmental Funds	178,419
Total		<u>\$ 1,263,472</u>

The principal purpose of interfund transfers was to provide funds for budgeted operating costs, debt service payments, and capital outlay. All interfund transfers were routine and consistent with the activities of the funds making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Operating Leases.

As Lessor:

On November 16, 2018, Lawrence County entered into a non-cancellable operating lease agreement with Southwest Mississippi Regional Medical Center for the lease of land and a building owned by the County for any purpose the lessor deems appropriate. The operating lease stipulated that the lessee would pay approximately \$20,000 per month in lease payments commencing January 2, 2019 for a term of twenty (20) years.

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$240,000 for the year ended September 30, 2020. The future minimum lease receivables for these leases are as follows:

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

<u>Year Ending September 30</u>	<u>Amount</u>
2021	\$ 240,000
2022	240,000
2023	240,000
2024	240,000
2025	240,000
2026 - 2030	1,200,000
2031 - 2035	1,200,000
2036 - 2040	780,000
Total Minimum Payments Required	<u>\$ 4,380,000</u>

As Lessee:

On April 1, 2019, Lawrence County entered into a non-cancellable operating lease agreement with Mullins Properties, LLC for the lease of land and a building owned by Mullins Properties, LLC for use as the Mississippi State University Extension Service's office. The operating lease stipulated that the lessee would pay approximately \$1,500 per month in lease payments commencing April 1, 2019 for a term of three (3) years.

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$18,000 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2021	\$ 18,000
2022	9,000
Total Minimum Payments Required	<u>\$ 27,000</u>

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Lawrence County Board of Supervisors appoints two of the 27 members of the college board of trustees. The County contributed \$458,862 for maintenance and support of the college in fiscal year 2020.

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Lawrence County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County contributed \$27,360 for support of the district in fiscal year 2020.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Lawrence County Board of Supervisors appoints one of the ten members of the board of commissioners. The County contributed \$22,500 for support in fiscal year 2020.

Southwest Mississippi Partnership operates in district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members appointed by each county's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The members provide only modest financial support to the entity.

(8) Defined Benefit Pension Plan.

Plan Description. Lawrence County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$544,679, \$521,361 and \$450,967, respectively, equal to the required contributions for each year.

(9) Tax Abatements.

As of September 30, 2020, Lawrence County provides tax exempt status to one manufacturing company subject to the requirements of GASB Statement No. 77. This manufacturing company is exempt from real property taxes and personal property taxes except for levies involving the school, mandatory mill, and the community college tax levies. This exemption is authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2020 totaled \$932,247.

LAWRENCE COUNTY

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LAWRENCE COUNTY

SUPPLEMENTARY INFORMATION

LAWRENCE COUNTY

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LAWRENCE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2020

Operating Disbursements, Cash Basis:

Salaries	\$	382,686
Expendable Commodities:		
Gasoline and petroleum products		2,701
Repair parts		26,256
Maintenance		10,032
Contractual services		148,894
Supplies		<u>4</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>570,573</u></u>

LAWRENCE COUNTY

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LAWRENCE COUNTY

OTHER INFORMATION

LAWRENCE COUNTY

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LAWRENCE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,536,702	4,596,938	4,596,938	
Licenses, commissions and other receipts	100,000	98,156	98,156	
Fines and forfeitures	70,000	98,010	98,010	
Special assessments	1,000			
In-lieu taxes - specify		258,175	258,175	
Intergovernmental receipts	652,000	565,081	565,081	
Charges for services	5,000	77,894	77,894	
Interest income	4,350	115,137	115,137	
Miscellaneous receipts	390,000	541,690	541,690	
Total Receipts	<u>5,759,052</u>	<u>6,351,081</u>	<u>6,351,081</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,831,195	2,932,424	2,932,424	
Public safety	2,187,337	1,912,021	1,912,021	
Health and welfare	413,397	384,418	384,418	
Education	300,000	211,585	211,585	
Conservation of natural resources	89,586	82,093	82,093	
Economic development and assistance	223,360	117,727	117,727	
Debt service:				
Principal		73,166	73,166	
Interest		2,474	2,474	
Total Disbursements	<u>6,044,875</u>	<u>5,715,908</u>	<u>5,715,908</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(285,823)</u>	<u>635,173</u>	<u>635,173</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Compensation for loss of county property		20,368	20,368	
Transfers in		115,000	115,000	
Transfers out		(970,053)	(970,053)	
Other financing sources	308,988			
Other financing uses	(346,488)			
Total Other Cash Sources and Uses	<u>(37,500)</u>	<u>(834,685)</u>	<u>(834,685)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(323,323)</u>	<u>(199,512)</u>	<u>(199,512)</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	<u>3,263,051</u>	<u>4,163,158</u>	<u>4,163,158</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,939,728</u>	<u>3,963,646</u>	<u>3,963,646</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

LAWRENCE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2020
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments *	Balance Sept. 30, 2020
Land	\$ 571,666	42,000			613,666
Construction in progress	35,282	806,978	35,282		806,978
Infrastructure	102,735,974	553,270			103,289,244
Buildings	7,576,626				7,576,626
Improvements other than buildings	754,408				754,408
Mobile equipment	7,902,555	45,000	290,414	(22,700)	7,634,441
Furniture and equipment	1,227,173	24,000		(62,931)	1,188,242
Leased property under capital leases	1,613,745	462,980			2,076,725
Total capital assets	\$ <u>122,417,429</u>	<u>1,934,228</u>	<u>325,696</u>	<u>(85,631)</u>	<u>123,940,330</u>

* Adjustments are to correct prior year errors in capital assets.

LAWRENCE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2020
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2019	Issued	Principal Payments	Balance Sept. 30, 2020
Governmental Activities:							
A. General Obligation Bonds:							
Series 2010 hospital sprinkler system bonds	09/2010	09/2025	3.25%/4.50%	\$ 430,000		65,000	365,000
GO Bonds, Series 2018 (Road and Bridge)	02/2018	08/2037	3.00%/4.00%	1,960,000		75,000	1,885,000
B. Capital Leases:							
2014 Dodge Ram 1500	12/2014	12/2019	2.16%	1,589		1,589	
District 3 - 2015 Freightliner	12/2014	12/2019	2.29%	4,815		4,815	
(3) Dodge Chargers and (1) Dodge Ram	10/2015	09/2020	1.85%	29,279		29,279	
(2) International dump trucks	10/2015	10/2020	2.27%	33,927		31,288	2,639
District 2 - 2015 Freightliner	11/2015	11/2019	1.93%	3,383		3,383	
District 4 - John Deere tractor	06/2016	06/2021	1.89%	22,066		12,520	9,546
District 3 - Kubota tractor	10/2016	10/2021	2.07%	23,593		11,198	12,395
District 4 - CAT excavator	04/2017	04/2022	1.60%	67,119		25,653	41,466
District 4 - John Deere tractor	09/2017	09/2021	2.14%	31,256		15,461	15,795
District 5 - Dump truck	04/2018	04/2022	2.54%	32,869		12,469	20,400
(3) Dodge Chargers and (1) Dodge Durango	11/2018	11/2021	3.69%	76,636		42,298	34,338
Zetron 911 system	08/2019	08/2029	2.97%	518,534		45,219	473,315
Chevy Silverado	08/2019	08/2023	4.09%	29,874		7,179	22,695
District 1 - John Deere backhoe	07/2020	07/2025	2.20%		111,081	3,450	107,631
District 2 - Kenworth dump truck and John Deere backhoe	07/2020	07/2025	2.20%		230,581	7,162	223,419
District 3 - Kenworth dump truck	07/2020	07/2025	2.20%		119,500	3,712	115,788

LAWRENCE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2020
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2019	Issued	Principal Payments	Balance Sept. 30, 2020
Governmental Activities:							
C. Other Loans:							
District 2 fire truck loan	02/2010	02/2020	3.00%	4,111		4,111	
District 3 fire truck loan	03/2010	03/2020	3.00%	4,992		4,992	
Cap loan - fire truck	03/2015	04/2021	2.00%	98,500		61,621	36,879
Road construction loan	11/2017	11/2022	1.94%	484,400		121,100	363,300
E911 radios	03/2020	03/2025	2.63%		76,055	7,169	68,886
Fire department radios	03/2020	03/2025	2.63%		286,389	26,995	259,394
Total				\$ 3,856,943	823,606	622,663	4,057,886

The accompanying notes to the Other Information are an integral part of this schedule.

LAWRENCE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Steve Garrett	Supervisor District 1	Western Surety Company	\$100,000
Delane Ervin	Supervisor District 2	Western Surety Company	\$100,000
Glenn Ard	Supervisor District 3	Western Surety Company	\$100,000
Stanley Stephens	Supervisor District 4	Western Surety Company	\$100,000
Archie C. Ross	Supervisor District 5	Western Surety Company	\$100,000
Kevin Rayborn	Chancery Clerk	Western Surety Company	\$100,000
Heather Malone	Purchase Clerk	Western Surety Company	\$75,000
Kevin Rayborn	Assistant Purchase Clerk	Western Surety Company	\$75,000
Jennifer D. Fields	Receiving Clerk	Western Surety Company	\$75,000
Mike Fuller	Assistant Receiving Clerk	Western Surety Company	\$50,000
Lee Presley	Assistant Receiving Clerk	Western Surety Company	\$50,000
Mike Catt	Assistant Receiving Clerk	Western Surety Company	\$75,000
James Ira Smith	Assistant Receiving Clerk	Western Surety Company	\$50,000
Kenny Ray Magee	Assistant Receiving Clerk	Western Surety Company	\$50,000
Kevin Rayborn	Inventory Control Clerk	Western Surety Company	\$75,000
Clifford Buttler	Constable	Western Surety Company	\$50,000
Royce Jay Renfro	Constable	Western Surety Company	\$50,000
James S. Brister	Circuit Clerk	Western Surety Company	\$100,000
Tracey Carney	Deputy Circuit Clerk	Western Surety Company	\$50,000
Shawanna Holmes	Deputy Circuit Clerk	Western Surety Company	\$50,000
Ryan Everett	Sheriff	Western Surety Company	\$100,000
Albert H. Turnage	Justice Court Judge	RLI Surety	\$50,000
Donald G. Mullins	Justice Court Judge	Western Surety Company	\$50,000
Elizabeth J. Smith	Justice Court Clerk	Western Surety Company	\$50,000
Angela Jordan	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Travisha Brown	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Sherry Hyde Thames	Tax Assessor-Collector	Western Surety Company	\$100,000
Susan J. Smith	Deputy Tax Collector	Western Surety Company	\$50,000
Angel Powell	Deputy Tax Collector	Western Surety Company	\$50,000
April Brown	Deputy Tax Collector	Western Surety Company	\$50,000
Rachel Goleman	Deputy Tax Collector	Western Surety Company	\$50,000
Holly Summers	Deputy Tax Collector	Western Surety Company	\$50,000

LAWRENCE COUNTY

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LAWRENCE COUNTY

Notes to Other Information For the Year Ended September 30, 2020 UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2020, the amount of outstanding debt was equal to 1.99% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2020, the County issued the following debt obligation:

<u>Issue</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
05/14/2021		1.44%	\$ 119,544	Capital lease	Ad valorem taxes
05/17/2021		1.44%	119,544	Capital lease	Ad valorem taxes
12/03/2021		1.56%	605,500	Road Const Bon	Ad valorem taxes
11/10/2021		1.40%	61,944	Capital lease	Ad valorem taxes
01/07/2022		2.17%	36,977	Capital lease	Ad valorem taxes

LAWRENCE COUNTY

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LAWRENCE COUNTY

SPECIAL REPORTS

LAWRENCE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Supervisors
Lawrence County, Mississippi

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 cash basis financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Lawrence 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 April 21, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lawrence County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lawrence County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrence County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to the management of Lawrence County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated April 21, 2022, included within this document.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 21, 2022



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Lawrence County, Mississippi

We have examined Lawrence County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Lawrence County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Lawrence County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Lawrence County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Lawrence County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 21, 2022

LAWRENCE COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
6/1/2020	Dump truck	\$ 119,500	Truckworx	\$ 106,297	Other vendor could not deliver truck in a timely manner.

LAWRENCE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/2/2020	Tower repairs	\$ 7,044	Comsouth	Emergency communication system failure

LAWRENCE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2020

Our tests did not identify any purchases made noncompetively from a sole source.

LAWRENCE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Lawrence County, Mississippi

In planning and performing our audit of the cash basis financial statements of Lawrence County, Mississippi (the County) for the year ended September 30, 2020, we considered Lawrence County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Lawrence County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 21, 2022, on the financial statements of Lawrence County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are disclosed below:

Board of Supervisors and Payroll Clerk.

1. PERS retirees should not be paid more than one-half of the salary of their position.

Repeat Finding No

Criteria Section 25-11-127(4)(a), Miss. Code Ann. (1972), requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year.

Condition During test work, it was noted that one PERS retiree was paid more than one-half of the salary for their position during fiscal year 2020.

Cause The Board of Supervisors and Payroll Clerk did not comply with state laws.

Effect Failure to comply with state laws regarding compensation of retired employees could result in retired employees being over compensated. By overpaying PERS retirees, the County is not in compliance with state legal requirements.

Recommendation The County should ensure that PERS retirees are not being paid more than the allowable amount.

Views of Responsible Official(s) We will comply.

Lawrence County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 21, 2022

LAWRENCE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

LAWRENCE COUNTY

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LAWRENCE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unmodified |
| | ERBR-39(01) Stumptown Road Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.