

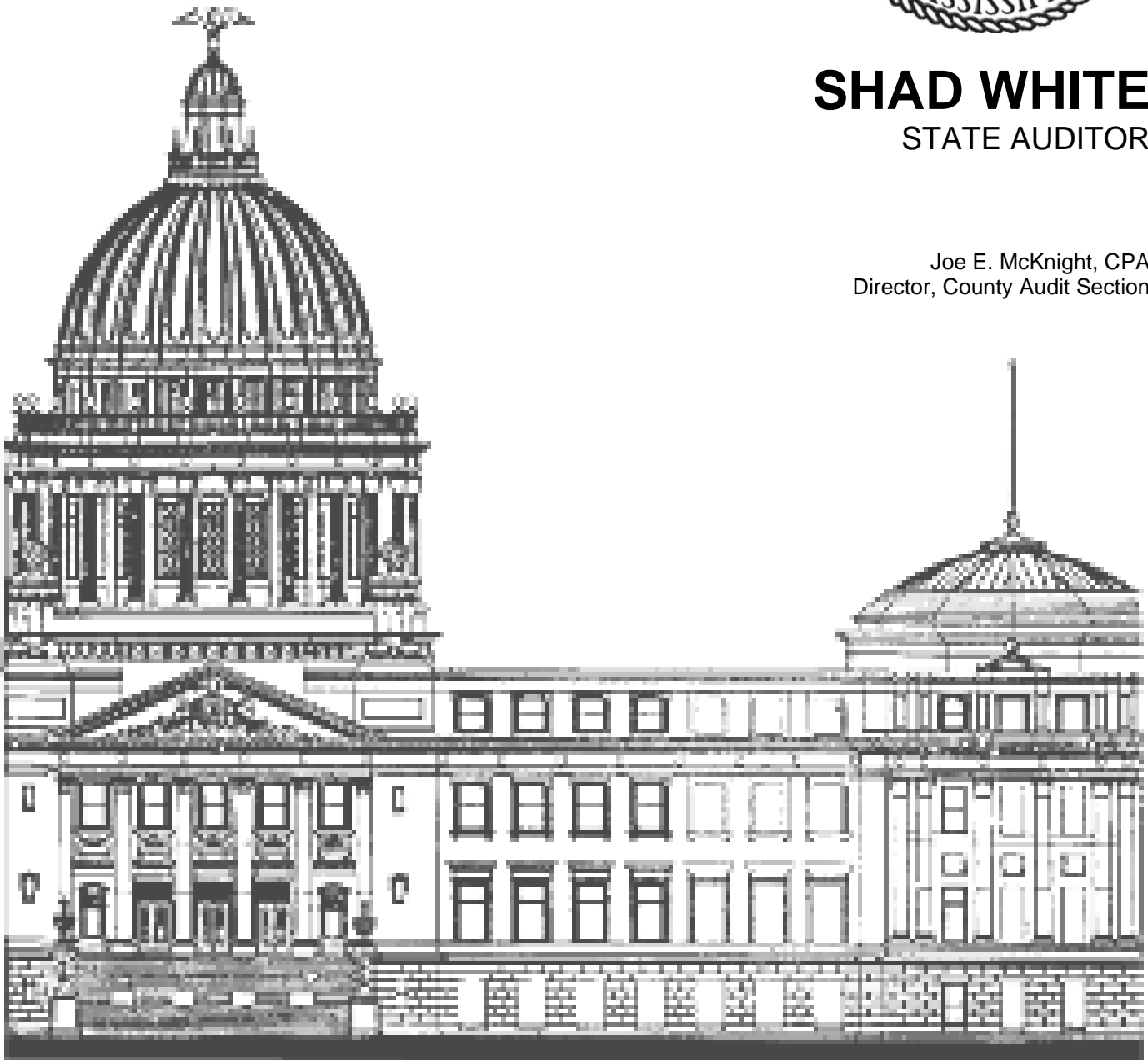
LAWRENCE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



SHAD WHITE
STATE AUDITOR

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



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

Shad White
AUDITOR

December 21, 2023

Members of the Board of Supervisors
Lawrence County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 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

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LAWRENCE COUNTY

FINANCIAL SECTION

LAWERENCE 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 Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lawrence County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying 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, 2022, or the changes in cash basis financial position for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions on Governmental Activities, the Major Fund, and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Lawrence County, Mississippi, as of September 30, 2022, 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 for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matters Giving Rise to 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 effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, as described in Note 1, and for 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying Schedule of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Operating Costs of Solid Waste are the responsibility of management and were 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 Expenditures of Federal Awards and the Schedule of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 21, 2023

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, 2022

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 13,692,448
Total Assets	<u>13,692,448</u>
NET POSITION	
Restricted:	
Expendable:	
General government	1,570,093
Public safety	1,141,114
Public works	6,270,803
Health and welfare	80,101
Culture and recreation	3,470
Economic development and assistance	25,107
Debt service	675,045
Unemployment compensation	12,992
Unrestricted	3,913,723
Total Net Position	<u>\$ 13,692,448</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, 2022

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,915,082	187,278	1,239,014		\$ (2,488,790)
Public safety	2,360,004	235,696	169,180	28,668	(1,926,460)
Public works	4,033,264	6,000	1,558,716	1,280,586	(1,187,962)
Health and welfare	378,543		22,166		(356,377)
Culture and recreation	29,044				(29,044)
Education	264,088				(264,088)
Conservation of natural resources	84,119				(84,119)
Economic development and assistance	150,084				(150,084)
Debt service:					
Principal	661,387				(661,387)
Interest	111,699				(111,699)
Total Governmental Activities	\$ 11,987,314	428,974	2,989,076	1,309,254	(7,260,010)
General receipts:					
Property taxes					\$ 7,039,070
Road & bridge privilege taxes					198,116
Grants and contributions not restricted to specific programs					509,661
In-lieu taxes					232,464
Unrestricted interest income					70,086
Miscellaneous					575,665
Proceeds from debt issuance					877,752
Compensation for loss of county property					21,323
Total General Receipts and Other Cash Sources					9,524,137
Changes in Net Position					2,264,127
Net Position - Beginning					11,428,321
Net Position - Ending					\$ 13,692,448

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

LAWRENCE COUNTY

Exhibit 3

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

September 30, 2022

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash	\$ 3,913,723	9,778,725	13,692,448
Total Assets	\$ 3,913,723	9,778,725	13,692,448
FUND BALANCES			
Restricted for:			
General government	\$	1,570,093	1,570,093
Public safety		1,141,114	1,141,114
Public works		6,270,803	6,270,803
Health and welfare		80,101	80,101
Culture and recreation		3,470	3,470
Economic development and assistance		25,107	25,107
Debt service		675,045	675,045
Unemployment compensation		12,992	12,992
Assigned to:			
Health and welfare	26,429		26,429
Economic development and assistance	3,724		3,724
Unassigned	3,883,570		3,883,570
Total Fund Balances	\$ 3,913,723	9,778,725	13,692,448

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, 2022

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
RECEIPTS			
Property taxes	\$ 4,574,620	2,464,450	7,039,070
Road and bridge privilege taxes		198,116	198,116
Licenses, commissions and other receipts	79,966	2,123	82,089
Fines and forfeitures	113,902	5,094	118,996
In-lieu taxes	232,464		232,464
Intergovernmental receipts	631,342	4,176,649	4,807,991
Charges for services	61,300	166,589	227,889
Interest income	45,994	24,092	70,086
Miscellaneous receipts	533,494	42,171	575,665
Total Receipts	6,273,082	7,079,284	13,352,366
DISBURSEMENTS			
General government	3,886,126	28,956	3,915,082
Public safety	2,085,184	274,820	2,360,004
Public works		4,033,264	4,033,264
Health and welfare	378,543		378,543
Culture and recreation		29,044	29,044
Education	264,088		264,088
Conservation of natural resources	84,119		84,119
Economic development and assistance	150,084		150,084
Debt service:			
Principal	22,466	638,921	661,387
Interest	1,167	110,532	111,699
Total Disbursements	6,871,777	5,115,537	11,987,314
Excess (Deficiency) of Receipts over (under) Disbursements	(598,695)	1,963,747	1,365,052
OTHER CASH SOURCES (USES)			
Proceeds from long-term debt issuance	122,788	754,964	877,752
Compensation for loss of county property	21,323		21,323
Transfers in	467,013	2,892,621	3,359,634
Transfers out	(164,749)	(3,194,885)	(3,359,634)
Total Other Cash Sources and Uses	446,375	452,700	899,075
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(152,320)	2,416,447	2,264,127
Cash Basis Fund Balances - Beginning	4,066,043	7,362,278	11,428,321
Cash Basis Fund Balances - Ending	\$ 3,913,723	9,778,725	13,692,448

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

LAWRENCE COUNTY
Statement of Fiduciary Net Position - Cash Basis
September 30, 2022

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 103,613
Total Assets	<u>\$ 103,613</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ 103,613
Total Net Position	<u>\$ 103,613</u>

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

LAWRENCE COUNTY

Exhibit 6Statement of Changes in Fiduciary Net Position - Cash Basis
For the Year Ended September 30, 2022

	<u>Custodial Funds</u>
CASH ADDITIONS	
Tax collections for other governments	\$ 612,458
Licenses and fees collected for State	<u>241,655</u>
Total Additions	<u>854,113</u>
CASH DEDUCTIONS	
Payments of tax to other governments	613,263
Payments of licenses and fees to State	<u>238,770</u>
Total Deductions	<u>852,033</u>
Net increase (decrease) in fiduciary net position	2,080
Net Position - Beginning	<u>101,533</u>
Net Position - Ending	<u>\$ 103,613</u>

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

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(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 services offered by the program, grants and contributions that are restricted to meeting the

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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 Fund:

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

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.

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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.

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, Mississippi Code of 1972 Annotated*.

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundations principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$13,796,061, and the bank balance was \$14,029,746. 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, Mississippi Code of 1972 Annotated*. 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 Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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, 2022:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 467,013
Other Governmental Funds	Other Governmental Funds	2,727,872
Other Governmental Funds	General Fund	164,749
Total		\$ 3,359,634

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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Leases.

As Lessee:

On April 4, 2021, 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 4, 2021 for a term of three 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, 2022. The future minimum lease payments for these leases are as follows:

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

<u>Year Ending September 30</u>		<u>Amount</u>
2023	\$	18,000
2024		<u>9,000</u>
Total Minimum Payments Required	\$	<u><u>27,000</u></u>

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. On August 1, 2022, an amendment to the lease was passed stipulating that the lessee would pay \$21,964.29 per month in lease payments for the remainder of the lease.

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$243,929 for the year ended September 30, 2022. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>		<u>Amount</u>
2023	\$	263,571
2024		263,571
2025		263,571
2026		263,571
2027		263,571
2028 - 2032		1,317,857
2033 - 2037		1,317,857
2038 - 2042		<u>329,464</u>
Total Minimum Payments Required	\$	<u><u>4,283,033</u></u>

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

(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:

LAWRENCE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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 \$460,100 for maintenance and support of the college in fiscal year 2022.

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 \$37,912 for support of the district in fiscal year 2022.

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 2022.

Southwest Mississippi Partnership operates in a 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 for 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 *Mississippi Code Annotated, 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, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$536,264, \$541,810 and \$544,679, respectively, equal to the required contributions for each year.

These financial statements do not reflect pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources in accordance with GASB 67, 68 and 71 as these financial statements were prepared using the cash basis of accounting.

(9) Tax Abatements.

As of September 30, 2022, Lawrence County provides tax exempt status to two manufacturing companies subject to the requirements of GASB Statement No. 77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, mandatory mill, and the community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$991,714.

LAWRENCE COUNTY

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LAWRENCE COUNTY

SUPPLEMENTARY INFORMATION

LAWRENCE COUNTY

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LAWRENCE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation Passed-through the Mississippi Emergency Management Agency E-911 grant program	20.615	Unknown	\$ 28,669
Total U.S. Department of Transportation			28,669
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)*	21.027	N/A	2,373,681
Total U.S. Department of the Treasury			2,373,681
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Covid-19 Disaster grants - public assistance (Presidentially declared disasters)*	97.036	FEMA-4528-DR-MS	7,623
Disaster grants - public assistance (Presidentially declared disasters)*	97.036	FEMA-4536-DR-MS	119,396
Disaster grants - public assistance (Presidentially declared disasters)*	97.036	FEMA-4551-DR-MS	1,146,930
Subtotal			1,273,949
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	Unknown	18,055
Total U.S. Department of Homeland Security			1,292,004
Total Expenditures of Federal Awards			\$ 3,694,354

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lawrence County under programs of the federal government for the year ended September 30, 2022. 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 for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lawrence County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lawrence County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein 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.

LAWRENCE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
---	--	--	-------------------------

Note C - Indirect Cost Rate

Lawrence County has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Disaster grants - public assistance (Presidentially declared disasters) - ALN 97.036

After a Presidentialy declared disaster, FEMA provides Disaster grants - public assistance (Presidentially declared disasters) (ALN 97.036) to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. In fiscal year 2022, FEMA approved \$917,794 in eligible expenditures that were incurred in prior fiscal years (2020 and 2021). These approved eligible expenditures are included on the SEFA for the year ended September 30, 2022.

* Denotes major federal award program

LAWRENCE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2022

Operating Disbursements, Cash Basis:

Salaries	\$	437,443
Expendable Commodities:		
Gasoline and petroleum products		16,153
Repair parts		8,828
Maintenance		6,194
Contractual services		143,582
Supplies		<u>74</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>612,274</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, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,696,170	4,574,620	4,574,620	
Licenses, commissions and other receipts	90,000	79,966	79,966	
Fines and forfeitures	75,000	113,902	113,902	
Special assessments	5,000			
In-lieu taxes		232,464	232,464	
Intergovernmental receipts	567,000	631,342	631,342	
Charges for services	25,000	61,300	61,300	
Interest income	21,350	45,994	45,994	
Miscellaneous receipts	675,555	533,494	533,494	
Total Receipts	<u>6,155,075</u>	<u>6,273,082</u>	<u>6,273,082</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	3,291,487	3,886,126	3,886,126	
Public safety	2,149,641	2,085,184	2,085,184	
Health and welfare	413,497	378,543	378,543	
Culture and recreation	7,000			
Education	300,000	264,088	264,088	
Conservation of natural resources	89,826	84,119	84,119	
Economic development and assistance	116,480	150,084	150,084	
Debt service:				
Principal		22,466	22,466	
Interest		1,167	1,167	
Total Disbursements	<u>6,367,931</u>	<u>6,871,777</u>	<u>6,871,777</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(212,856)</u>	<u>(598,695)</u>	<u>(598,695)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from debt		122,788	122,788	
Compensation for loss of county property		21,323	21,323	
Transfers in		467,013	467,013	
Transfers out		(164,749)	(164,749)	
Other financing sources	1,522,000			
Other financing uses	(437,500)			
Total Other Cash Sources and Uses	<u>1,084,500</u>	<u>446,375</u>	<u>446,375</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>871,644</u>	<u>(152,320)</u>	<u>(152,320)</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	<u>3,729,219</u>	<u>3,892,896</u>	<u>4,066,043</u>	<u>173,147</u>
Cash Basis Fund Balances - Ending	<u>\$ 4,600,863</u>	<u>3,740,576</u>	<u>3,913,723</u>	<u>173,147</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, 2022
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
Land	\$ 613,666				613,666
Construction in progress	1,668,997	524,867		(2,047,296)	146,568
Infrastructure	104,033,177			2,047,296	106,080,473
Buildings	7,229,626				7,229,626
Improvements other than buildings	754,408				754,408
Mobile equipment	7,755,185	333,177	90,262	1,941,568	9,939,668
Furniture and equipment	1,370,667	220,020	5,995	518,534	2,103,226
Leased property under capital leases	2,460,102			(2,460,102)	
Total capital assets	\$ 125,885,828	1,078,064	96,257	0	126,867,635

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

*Adjustments are to reclassify capital leases to mobile equipment and furniture and equipment due to the implementation of GASB 87, and to reclassify completed construction in progress to infrastructure.

LAWRENCE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2022
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2021	Issued	Principal Payments	Balance Sept. 30, 2022
Governmental Activities:							
A. General Obligation Bonds:							
Series 2010 Hospital sprinkler system bonds	09/2010	09/2025	3.25%/4.50%	\$ 300,000		70,000	230,000
GO Bonds, Series 2018 (Road and Bridge)	02/2018	08/2037	3.00%/4.00%	1,805,000		80,000	1,725,000
B. Financed Purchases:							
District 3 - Kubota tractor	10/2016	10/2021	2.07%	963		963	
District 4 - CAT excavator	04/2017	04/2022	1.60%	15,400		15,400	
District 5 - Dump truck	04/2018	04/2022	2.54%	7,611		7,611	
Zetron 911 system	08/2019	08/2029	2.97%	426,738		47,978	378,760
Chevy Silverado	08/2019	08/2023	4.09%	15,216		7,790	7,426
District 1 - John Deere backhoe	07/2020	07/2025	2.20%	86,290		21,815	64,475
District 2 - Kenworth dump truck and John Deere backhoe	07/2020	07/2025	2.20%	179,121		45,282	133,839
District 3 - Kenworth dump truck	07/2020	07/2025	2.20%	92,830		23,475	69,355
District 1, 2, & 3 - CAT bulldozer	05/2021	05/2026	1.44%	111,853		23,340	88,513
District 2 - 2020 Freightliner garbage truck	10/2020	10/2025	1.37%	130,548		31,299	99,249
District 3 - 2020 Freightliner garbage truck	10/2020	10/2025	1.37%	130,548		31,299	99,249
District 4 - 2020 Freightliner garbage truck	10/2020	10/2025	1.37%	130,548		31,299	99,249
(2) Dodge Rams	11/2021	11/2024	1.40%		61,944	16,947	44,997
(2) Dodge Rams	04/2022	03/2026	2.41%		55,344	5,524	49,820
2006 International dump truck	03/2022	03/2025	2.17%		38,000	6,163	31,837
2022 New Holland TS6.11	07/2022	07/2026	3.36%		66,964	2,614	64,350
2019 Case 370 skid steer	09/2022	09/2026	3.69%		50,000		50,000
C. Other Loans:							
Road construction loan	11/2017	11/2022	1.94%	242,200		121,100	121,100
E911 radios	03/2020	03/2025	2.63%	54,274		15,001	39,273
Fire department radios	03/2020	03/2025	2.63%	204,372		56,487	147,885
Road construction loan	12/2021	12/2026	1.56%		605,500		605,500
Total				\$ 3,933,512	877,752	661,387	4,149,877

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

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, 2022
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
Kenney Ray Magee	Supervisor District 5	Western Surety Company	\$100,000
Kevin Rayborn	Chancery Clerk	Western Surety Company	\$100,000
Heather Malone	Purchase Clerk	Western Surety Company	\$100,000
Kevin Rayborn	Assistant Purchase Clerk	Western Surety Company	\$50,000
Jennifer D. Fields	Receiving Clerk	Western Surety Company	\$75,000
Jackie Williamson	Assistant 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	\$50,000
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 Butler	Constable	Western Surety Company	\$50,000
Royce Renfroe	Constable	Western Surety Company	\$50,000
James S. Brister	Circuit Clerk	Western Surety Company	\$100,000
Tracey Carney (Blanket Bond)	Deputy Circuit Clerk	Western Surety Company	\$50,000
Shawanna Holmes (Blanket Bond)	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
Phillip Thames	Deputy Tax Assessor	Western Surety Company	\$50,000

LAWRENCE COUNTY

Notes to the Other Information For the Year Ended September 30, 2022

(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, 2022, the amount of outstanding debt was equal to 1.89 percent (1.89%) of the latest property assessments.

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 (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lawrence County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2023. 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that have not been identified.

Report on 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 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*.

We noted certain matters that we reported to the management of Lawrence County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 21, 2023, 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

December 21, 2023



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors
Lawrence County, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lawrence County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lawrence County, Mississippi's major federal programs for the year ended September 30, 2022. Lawrence County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Lawrence County, Mississippi complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lawrence County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lawrence County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lawrence County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lawrence County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lawrence County, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lawrence County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lawrence County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lawrence County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. However, this report is a matter of public record and its distribution is not limited.

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JOE E. MCKNIGHT CPA
Director, County Audit Section

December 21, 2023

LAWRENCE COUNTY

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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, MISSISSIPPI CODE OF 1972 ANNOTATED)

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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. 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.

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

1. The Inventory Control Clerk should ensure that all County assets are recorded timely.

Repeat Finding Yes

Criteria *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory control system. An effective system of internal control over capital assets should include that certain data elements be captured in the capital asset records for all capital assets. Required data elements include a description of the asset, cost, location, acquisition date, disposition date, method of disposition, and other

relevant information. The presence of these data elements in capital asset records helps identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation.

Condition	As reported in the prior year's audit report, we noted the County deleted two (2) assets in the current year that were previously sold in fiscal year 2019. The total cost of these assets was \$60,046. Also, the County deleted two (2) grant program assets on the inventory listing to which the County does not have title as of fiscal year ending September 30, 2022. The values of these assets were recorded by the County totaling \$10,000. These assets are still in use by the County.
Cause	The Inventory Control Clerk lacks the necessary control procedures to accurately maintain an inventory control system and adequate subsidiary records.
Effect	Failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should implement control procedures to maintain accurate inventory records which document the existence, valuation, and completeness of capital assets.
Views of Responsible Official(s)	We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Lawrence County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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, Mississippi Code of 1972 Annotated*. 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.

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 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 21, 2023

LAWRENCE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2022

Our tests did not identify any purchases from other than the lowest bidder.

LAWRENCE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2022

Schedule 2

Our tests did not identify any emergency purchases.

LAWRENCE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2022

Our tests did not identify any purchases made noncompetitively 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, 2022, 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 December 21, 2023, 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, Mississippi Code of 1972 Annotated*, 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 findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Interfund transfers were not approved by the Board of Supervisors.

Repeat Finding Yes

Criteria *Section 19-3-27, Mississippi Code of 1972 Annotated*, requires a complete and correct record to be maintained for all proceedings of the Board of Supervisors.

Condition As reported in the prior year's audit report, it was noted that interfund transfers were made without board orders spread on the minutes.

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

Effect The failure to obtain Board of Supervisors approval for interfund transfers could result in erroneous amounts reported and increases the possibility of the loss or misuse of public funds.

Recommendation The Board of Supervisors should spread complete orders on the minutes relative to interfund transfers.

Views of Responsible Official(s) We will comply.

Circuit Clerk.

2. The Circuit Clerk should reconcile bank statements for the fee journal on a monthly basis.

Repeat Finding Yes

Criteria An effective system of internal control over cash should include the proper reconciliation of the fee journal to the bank account on a monthly basis.

Condition As reported in the prior year's audit report, we noted that the Circuit Clerk's fee journal did not agree with the reconciled bank balance.

Cause The Circuit Clerk did not have adequate controls over cash.

Effect Failure to reconcile the Circuit Clerk's cash balance to the bank balance could result in the loss or misappropriation of public funds.

Recommendation The Circuit Clerk should ensure that the fee journal is reconciled to the bank statement on a monthly basis.

Views of Responsible Official(s) Will comply.

Circuit Clerk and Deputy Circuit Clerks.

3. Deputy Circuit Clerks should be bonded as required by state statute.

Repeat Finding Yes

Criteria *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, requires that all Deputy Circuit Clerks be bonded for three percent (3%) of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000. Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition As reported in the prior year's audit report, the Deputy Circuit Clerks are bonded for an indefinite time period under a blanket bond for \$50,000.

Cause The County did not comply with state laws.

Effect Failure to comply with state law would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should cancel the blanket bond and obtain individual bonds for each Deputy Circuit Clerk. Additionally, the County should ensure that all Deputy Circuit Clerks are bonded in accordance with state law.

**Views of Responsible
Official(s)**

The issue has been corrected.

Lawrence County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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.

A handwritten signature in black ink, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 21, 2023

LAWRENCE COUNTY

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LAWRENCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAWRENCE COUNTY

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LAWRENCE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

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
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

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? No
 - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs:
 - a. AL# 21.027, Coronavirus state and local fiscal recovery funds
 - b. AL# 97.036, Disaster grants - public assistance (Presidentially declared disasters)
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? No

LAWRENCE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

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*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.