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**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

MEMBERS OF THE BOARD OF SUPERVISORS
LAUDERDALE COUNTY, MISSISSIPPI

In planning and performing our audit of the financial statements of Lauderdale County, Mississippi for the year ended September 30, 2004, we considered Lauderdale County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Lauderdale 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 May 10, 2005, on the financial statements of Lauderdale County, Mississippi.

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 immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our finding and recommendation and your response is disclosed.

Board of Supervisors

Finding:

The Mississippi County Financial Accounting Manual, pages E-41 to E-44, requires the county to prepare Road and Bridge Improvement reports. Lauderdale County is not preparing the required reports, on a timely basis.

Recommendation:

The county should prepare the required reports as prescribed by the Mississippi County Financial Accounting Manual.

Response:

The road manager and his staff has been instructed to prepare these required reports, on a timely basis.

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

Meridian, Mississippi
May 10, 2005

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