

LINCOLN COUNTY, MISSISSIPPI

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

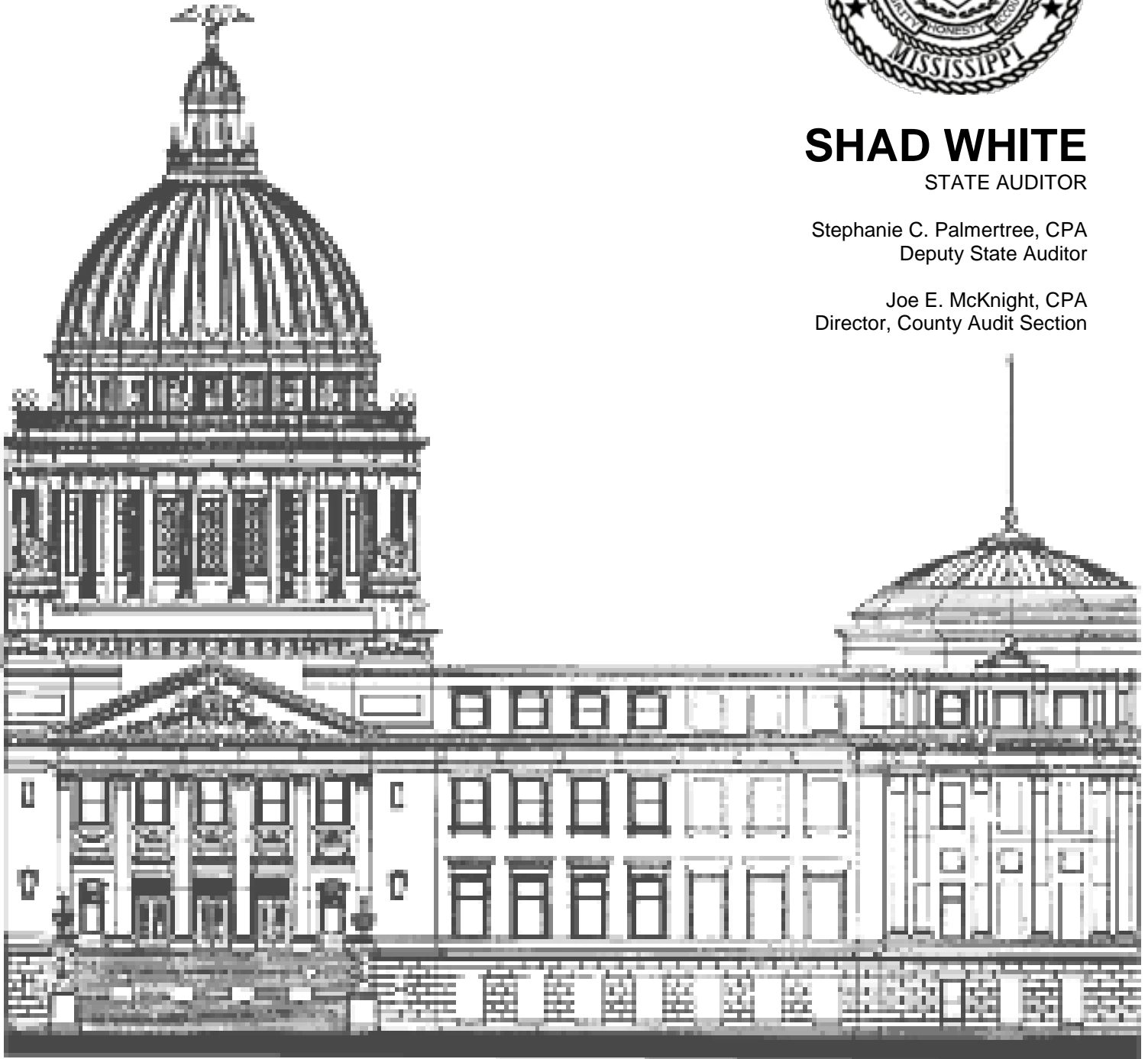


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

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

May 24, 2023

Members of the Board of Supervisors
Lincoln County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Lincoln 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 Lincoln County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Lincoln 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

LINCOLN COUNTY
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LINCOLN COUNTY

FINANCIAL SECTION

LINCOLN 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
Lincoln County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lincoln 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 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 accounting principles generally accepted in the United States of America; this includes 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Lincoln County, Mississippi, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Lincoln County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln 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 Reconciliation 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 Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate 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 Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023 on our consideration of Lincoln 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 Lincoln 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 Lincoln County, Mississippi's internal control over financial reporting and compliance.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 24, 2023

LINCOLN COUNTY

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LINCOLN COUNTY

FINANCIAL STATEMENTS

LINCOLN COUNTY

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LINCOLN COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 12,348,386
Property tax receivable	13,435,333
Accounts receivable (net of allowance for uncollectibles of \$1,476,059)	1,207,686
Fines receivable (net of allowance for uncollectibles of \$10,004,247)	2,181,834
Capital lease receivable	110,000
Intergovernmental receivables	796,394
Other receivables	42,122
Capital assets:	
Land and construction in progress	2,981,148
Other capital assets, net	76,494,245
Total Assets	<u>109,597,148</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,301,181
Total Deferred Outflows of Resources	<u>1,301,181</u>
LIABILITIES	
Claims payable	734,032
Intergovernmental payables	309,689
Accrued interest payable	94,818
Amounts held in custody for others	173,925
Long-term liabilities	
Due within one year:	
Capital debt	1,040,151
Non-Capital debt	60,132
Due in more than one year:	
Capital debt	10,258,720
Non-capital debt	272,538
Net pension liability	16,012,469
Total Liabilities	<u>28,956,474</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	315,743
Deferred revenues - property taxes	13,435,333
Total Deferred Inflows of Resources	<u>13,751,076</u>
NET POSITION	
Net investment in capital assets	68,176,522
Restricted for:	
Expendable:	
General government	996,303
Public safety	733,674
Public works	9,493,169
Culture and recreation	194,416
Economic development and assistance	144,406
Debt service	52,171
Unrestricted	(11,599,882)
Total Net Position	<u>\$ 68,190,779</u>

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

LINCOLN COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue 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	\$ 5,647,763	1,729,432	69,216		(3,849,115)
Public safety	4,777,328	369,918	744,190	129,995	(3,533,225)
Public works	7,590,822	1,580,311	839,606	5,732,317	561,412
Health and welfare	143,565		24,805	206,775	88,015
Culture and recreation	754,132	9,854			(744,278)
Education			28,006		28,006
Conservation of natural resources	54,999				(54,999)
Economic development and assistance	245,092				(245,092)
Interest on long-term debt	380,335				(380,335)
Pension expense	1,540,521				(1,540,521)
Total Governmental Activities	\$ 21,134,557	3,689,515	1,705,823	6,069,087	(9,670,132)
General revenues:					
Property taxes				\$	12,763,695
Road & bridge privilege taxes					463,266
Grants and contributions not restricted to specific programs					1,109,427
Unrestricted interest income					246,075
Miscellaneous Revenue					607,868
Total General Revenues					15,190,331
Changes in Net Position					5,520,199
Net Position - Beginning, as previously reported					65,617,957
Prior period adjustments					(2,947,377)
Net Position - Beginning, as restated					62,670,580
Net Position - Ending				\$	68,190,779

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

LINCOLN COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 2,829,795	9,518,591	12,348,386
Property tax receivable	7,781,822	5,653,511	13,435,333
Accounts receivable (net of allowance for uncollectibles of \$1,476,059)		1,207,686	1,207,686
Fines receivable (net of allowance for uncollectibles of \$10,004,247)	2,181,834		2,181,834
Capital lease receivable	110,000		110,000
Intergovernmental receivables	255,969	540,425	796,394
Other receivables		42,122	42,122
Due from other funds		220,138	220,138
Advances to other funds	264,799	839,579	1,104,378
Total Assets	\$ 13,424,219	18,022,052	31,446,271
LIABILITIES			
Liabilities:			
Claims payable	298,453	435,579	734,032
Intergovernmental payables	529,026		529,026
Due to other funds	239,394	4,957	244,351
Advances from other funds	10,599	850,229	860,828
Amounts held in custody for others	173,925		173,925
Total Liabilities	1,251,397	1,290,765	2,542,162
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	7,781,822	5,653,511	13,435,333
Unavailable revenue - solid waste user fees		1,207,686	1,207,686
Unavailable revenue - capital lease	110,000		110,000
Unavailable revenue - fines	2,181,834		2,181,834
Total Deferred Inflows of Resources	10,073,656	6,861,197	16,934,853
Fund balances:			
Nonspendable:			
Advances	264,799		264,799
Restricted for:			
General government		996,303	996,303
Public safety		733,674	733,674
Public works		8,285,483	8,285,483
Culture and recreation		194,416	194,416
Economic development and assistance		144,406	144,406
Debt service		146,989	146,989
Unassigned	1,834,367	(631,181)	1,203,186
Total Fund Balances	\$ 2,099,166	9,870,090	11,969,256
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,424,219	18,022,052	31,446,271

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

LINCOLN COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 11,969,256
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$139,870,973.	79,475,393
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,389,520
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,631,541)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(16,012,469)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(94,818)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	110,000
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,301,181
Deferred inflows of resources related to pensions	<u>(315,743)</u>
Total Net Position - Governmental Activities	\$ <u><u>68,190,779</u></u>

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

LINCOLN COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

	Major Fund	Other	Total
	General Fund	Governmental Funds	Governmental Funds
REVENUES			
Property taxes	\$ 7,750,077	5,013,618	12,763,695
Road and bridge privilege taxes		463,266	463,266
Licenses, commissions and other revenue	563,417	9,854	573,271
Fines and forfeitures	434,939	100	435,039
Intergovernmental revenues	1,111,733	7,772,604	8,884,337
Charges for services	272,027	1,709,962	1,981,989
Interest income	240,376	5,699	246,075
Miscellaneous revenues	80,800	527,068	607,868
Total Revenues	10,453,369	15,502,171	25,955,540
EXPENDITURES			
Current:			
General government	5,170,335	593,033	5,763,368
Public safety	3,866,622	1,314,745	5,181,367
Public works		9,202,531	9,202,531
Health and welfare	143,565		143,565
Culture and recreation		755,054	755,054
Conservation of natural resources	100,035		100,035
Economic development and assistance	245,092		245,092
Debt service:			
Principal	88,256	981,951	1,070,207
Interest	23,351	353,178	376,529
Total Expenditures	9,637,256	13,200,492	22,837,748
Excess of Revenues over (under) Expenditures	816,113	2,301,679	3,117,792
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	45,875	828,164	874,039
Proceeds from sale of capital assets		53,415	53,415
Compensation for loss of capital assets	18,400		18,400
Transfers in		650,885	650,885
Transfers out	(638,885)	(12,000)	(650,885)
Lease principal payments	10,000		10,000
Total Other Financing Sources and Uses	(564,610)	1,520,464	955,854
Net Changes in Fund Balances	251,503	3,822,143	4,073,646
Fund Balances - Beginning, as previously reported	1,841,951	6,311,104	8,153,055
Prior period adjustments	5,712	(263,157)	(257,445)
Fund Balances - Beginning, as restated	1,847,663	6,047,947	7,895,610
Fund Balances - Ending	\$ 2,099,166	9,870,090	11,969,256

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

LINCOLN COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 4,073,646
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,231,652 exceeded depreciation of \$1,972,651 in the current period.	1,259,001
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$5,645 and the proceeds from the sale of \$53,415 and the compensation for loss of \$18,400 in the current period.	(77,460)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	459,049
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	240,167
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,070,207 exceeded debt proceeds of \$874,039.	196,168
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability.	(37,650)
The amount of increase in accrued interest payable.	(2,006)
The amortization of bond discount.	(1,800)

LINCOLN COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020

	<u>Amount</u>
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(10,000)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,540,521)
Recording of contributions made during the year	<u>961,605</u>
Change in Net Position of Governmental Activities	\$ <u><u>5,520,199</u></u>

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

LINCOLN COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,197,457
Due from other funds	24,213
Advances to other funds	<u>55</u>
Total Assets	\$ <u><u>1,221,725</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 677,188
Intergovernmental payables	300,932
Advances from other funds	<u>243,605</u>
Total Liabilities	\$ <u><u>1,221,725</u></u>

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

LINCOLN COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Lincoln 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. Accounting principles generally accepted in the United States of America require Lincoln County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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 and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities 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 inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

LINCOLN COUNTY

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

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, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. 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 and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

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.

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 revenue sources that are restricted or committed to expenditure 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 expenditure 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 expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

LINCOLN COUNTY

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

D. Account Classifications.

The account classifications 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 and Investments.

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). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

LINCOLN COUNTY

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

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

I. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – capital lease – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

Unavailable revenues – solid waste user fees – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflows of resources until such time as the revenue becomes available.

LINCOLN COUNTY

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

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example, an employee resigns or retires.

M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred 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

LINCOLN COUNTY

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

resources first. When expenses are incurred 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:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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.

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 expenditures incurred 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 an expenditure is incurred 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 expenditures are incurred 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.

N. Property Tax Revenues:

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.

LINCOLN COUNTY

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. 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 dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To account for a discrepancy with prior year Justice Court cash.	\$ 5,712
To correct an error on an asset sold in the prior year.	13,050
To correct a discrepancy in the prior year's fines receivable balance.	(2,864,846)
To correct prior year undocumented amounts booked to cash.	<u>(101,293)</u>
Total prior period adjustments	<u>\$ (2,947,377)</u>

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To record proceeds from the issuance of long-term debt not recorded in prior years.	\$ (174,914)
To account for a discrepancy with prior year Justice Court cash.	5,712
To correct an error on an asset sold in the prior year.	13,050
To correct prior year undocumented amounts booked to cash.	<u>(101,293)</u>
Total prior period adjustments	<u>(257,445)</u>

LINCOLN COUNTY

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

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$13,545,843, and the bank balance was \$14,077,041. 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 Annotated (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 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.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	\$ 4,957
Other Governmental Funds	General Fund	215,181
Agency Funds	General Fund	<u>24,213</u>
Total		\$ <u>244,351</u>

The receivables represent the tax revenue collected in September 2020, but not settled until October 2020. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 264,799
Other Governmental Funds	General Fund	10,599
Other Governmental Funds	Other Governmental Funds	585,375
Other Governmental Funds	Agency Funds	243,605
Agency Funds	Other Governmental Funds	<u>55</u>
Total		\$ <u>1,104,433</u>

The advances represent incorrect settlements of prior period ad valorem taxes.

LINCOLN COUNTY

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 638,885
Other Governmental Funds	Other Governmental Funds	<u>12,000</u>
Total		<u>\$ 650,885</u>

The principal purpose of interfund transfers was to provide budgetary allotments. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 227,773
Reimbursement for housing prisoners	21,815
CARES act grant reimbursement	501,090
CARES act election support reimbursement	38,884
Various other grants	<u>6,832</u>
Total Governmental Activities	<u>\$ 796,394</u>

LINCOLN COUNTY

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

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 728,088				728,088
Construction in progress	1,591,225	2,267,721		(1,605,886)	2,253,060
Total non-depreciable capital assets	2,319,313	2,267,721	0	(1,605,886)	2,981,148
Depreciable capital assets:					
Infrastructure	186,988,113			1,605,886	188,593,999
Buildings	15,424,703	62,500			15,487,203
Improvements other than buildings	1,226,024				1,226,024
Mobile equipment	8,420,339	356,198	160,612	(658,987)	7,956,938
Furniture and equipment	1,260,138	144,208	32,890		1,371,456
Leased property under capital leases	756,027	401,025	86,441	658,987	1,729,598
Total depreciable capital assets	214,075,344	963,931	279,943	1,605,886	216,365,218
Less accumulated depreciation for:					
Infrastructure	121,307,156	1,128,007			122,435,163
Buildings	8,270,623	299,764			8,570,387
Improvements other than buildings	526,136	46,315			572,451
Mobile equipment	6,713,382	314,902	131,018	(375,300)	6,521,966
Furniture and equipment	1,082,519	57,424	32,561		1,107,382
Leased property under capital leases	200,989	126,239	38,904	375,300	663,624
Total accumulated depreciation	138,100,805	1,972,651	202,483	0	139,870,973
Total depreciable capital assets, net	75,974,539	(1,008,720)	77,460	1,605,886	76,494,245
Governmental activities capital assets, net	\$ 78,293,852	1,259,001	77,460	0	79,475,393

*Adjustments represent routine reclassifications of completed construction in progress and paid-off capital leases.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 361,398
Public safety	186,320
Public works	1,403,792
Culture and recreation	21,141
Total governmental activities depreciation expense	\$ 1,972,651

LINCOLN COUNTY

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

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Allen Road - LSBP - 43(45)	\$ 6,686	June 30, 2021
Wakefield Lane - LSBP - 43(46)	51,083	June 20, 2021
Beachnut Road - LSBP - 43(47)	15,964	September 30, 2021
Lott Smith Road - ERBR - 43(01)	18,982	December 31, 2021
Arlington Road - ERBR - 43(02)	1,082,836	December 31, 2021
Maple Lane Road - ERBR - 43(03)	740,532	October 31, 2022

(7) 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.

(8) Capital Leases.

As Lessor:

On July 10, 2012, Lincoln County and the City of Brookhaven jointly entered into a capital lease agreement with Rex Lumber Company, Inc. for the lease of the Spec Building. The capital lease stipulated that the lessee would pay approximately \$20,000 per year in lease payments, to be divided equally between Lincoln County and the City of Brookhaven, commencing July 10, 2012 for a term of 10 years. At the end of the lease term, Rex Lumber Company, Inc., has the option to purchase the Spec Building for \$200,000.

The County leases the following property with varying terms and options as of September 30, 2020:

Classes of Property	Amount
Building - Spec Buliding	\$ 200,000

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2020, are as follows:

Year Ending September 30	Principal
2021	\$ 110,000

LINCOLN COUNTY

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

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,691,601
Furniture and equipment	37,997
Total	1,729,598
Less: Accumulated depreciation	(663,624)
Leased Property Under Capital Leases	\$ <u>1,065,974</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2021	\$ 256,651	17,453
2022	216,638	11,746
2023	162,768	7,072
2024	107,303	4,007
2025	79,940	2,065
2026 - 2030	38,075	865
Total	\$ <u>861,375</u>	<u>43,208</u>

LINCOLN COUNTY

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

(9) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Refunding industrial park I	\$ 615,000	2.75-4.00%	06/2025
District 2 gravel pit	125,000	2.60%	12/2024
Refunding industrial park II	995,000	2.00%	12/2026
Road bonds	542,500	2.50-2.60%	06/2027
Building bonds - Ability Works	624,000	3.00%	06/3032
Public improvement	2,090,000	2.90%	11/3034
County buildings improvements	740,000	2.75%	10/2027
Road and bridge repairs	<u>4,715,000</u>	3.00-3.50%	02/2038
Total General Obligation Bonds	<u>\$ 10,446,500</u>		
B. Capital Leases:			
Kubota and mower	\$ 4,712	1.87%	12/2020
Dodge dump truck	11,732	2.15%	10/2021
District 4 Caterpillar mini excavator	17,325	2.15%	10/2021
District 1 Caterpillar mini excavator	27,689	2.95%	08/2022
Caterpillar backhoe	51,301	2.95%	08/2022
Mack dump truck	86,178	2.57%	08/2023
New Holland tractor and Tiger side mower	49,856	3.23%	01/2023
District 1 Ram Truck	24,711	2.53%	12/2023
Freightliner Dump Truck	81,756	2.55%	02/2025
John Deere Cab Tractor	51,292	2.53%	12/2024
District 4 Ram Truck	28,955	2.53%	11/2023
John Deere backhoe	100,278	1.49%	08/2025
IMB power server	37,619	2.53%	12/2023
RAM 5500 Truck	59,263	1.49%	09/2025
Fire department Ford chassis	112,470	2.27%	09/2026
Fire department Freightliner chassis	103,681	2.27%	09/2026
Fire department truck	<u>12,557</u>	3.91%	10/2020
Total Capital Leases	<u>\$ 861,375</u>		
C. Other Loans:			
VFD radios	<u>\$ 154,021</u>	3.23%	03/2023

LINCOLN COUNTY

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

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 783,500	327,608	\$ 60,132	4,493
2022	799,500	305,626	62,090	2,535
2023	822,500	282,729	31,799	514
2024	834,500	258,743		
2025	874,500	233,522		
2026 - 2030	2,903,000	841,315		
2031 - 2035	2,404,000	419,865		
2036 - 2040	1,025,000	62,500		
Total	\$ 10,446,500	2,731,908	154,021	7,542

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 3.04 percent (3.04%) of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2020, \$615,000 of bonds outstanding were considered defeased.

LINCOLN COUNTY

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

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

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments*	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 140,999	37,650			178,649	
General obligation bonds	11,206,000		759,500		10,446,500	783,500
Less:						
Discounts	(10,804)		(1,800)		(9,004)	
Capital leases	626,978	874,039	252,471	(387,171)	861,375	256,651
Other loans			58,236	212,257	154,021	60,132
Total	\$ 11,963,173	911,689	1,068,407	(174,914)	11,631,541	1,100,283

*Adjustments are to remove non-capital equipment from capital leases and to recognize prior non-commitment debt as capital leases owned by the County.

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Reappraisal Fund, Emergency 911 Fund, Civic Center Fund, Solid Waste Fund, and the Road Maintenance Fund.

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Lincoln 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 of 1972 Annotated Section 25-11-1 et seq.*, 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.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is

LINCOLN COUNTY

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

made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. 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 employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers 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 \$961,605, \$886,830 and \$867,014, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the County reported a liability of \$16,012,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2020 net pension liability was 0.082714 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.001888 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$1,540,521. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,122	
Net difference between projected and actual earnings on pension plan investments	663,970	
Changes of assumptions	91,618	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	168,351	315,743
County contributions subsequent to the measurement date	238,120	
Total	\$ 1,301,181	315,743

\$238,120 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LINCOLN COUNTY

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

<u>Year ending September 30</u>	<u>Amount</u>
2021	\$ 99,981
2022	183,887
2023	251,507
2024	<u>211,943</u>
Total	<u>\$ 747,318</u>

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	<u>1.00</u>	<u>0.00</u>
Total	<u>100.00 %</u>	

LINCOLN COUNTY

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

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 20,726,174	16,012,469	12,121,769

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2020:

Fund	Deficit Amount
Emergency911 Fund	\$ 315,392

(12) 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 expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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.

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(11,599,882) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$238,120 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$1,063,061 balance of the deferred outflows of resources related to pensions at September

LINCOLN COUNTY

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

30, 2020, will be recognized in pension expense over the next four years. The \$315,743 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

(14) Joint Venture.

The County participates in the following joint venture:

The Lincoln-Lawrence-Franklin Regional Library operates in a district composed of Lincoln, Lawrence, and Franklin. The Lincoln County Board of Supervisors appoints five of the 15 member board. The County appropriated \$257,193 in the support of the district in fiscal year 2020.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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 governing body is a 40 member board of directors, with four appointed by the Lincoln County Board of Supervisors. The County appropriated \$67,779 for the support of the district in fiscal year 2020.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Lincoln, Madison, Rankin and Simpson. The Lincoln County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$50,000 for the support of the district in fiscal year 2020.

Copiah-Lincoln Community College operates in a district composed of the Counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The governing body is a 27 member board of trustees, with six appointed by the Lincoln County Board of Supervisors. The County appropriated \$1,286,044 for the maintenance and support of the college in fiscal year 2020.

The Alliance was formed to handle joint projects between the County, the City of Brookhaven and the Chamber of Commerce Industrial Development Foundation. The Lincoln County Board of Supervisors appoints two of the seven member board. The County appropriated \$224,000 in support of the district in fiscal year 2020.

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 County made no appropriations to the Southwest Mississippi Partnership in fiscal year 2020.

(16) Tax Abatements.

As of September 30, 2020, Lincoln County provides tax exempt status to six manufacturing companies subject to the requirements of GASB Statement No. 77. These 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 2020 totaled \$837,662.

LINCOLN COUNTY

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

- (17) The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws in a separate report which includes a Purchasing Report and a Limited Compliance Report. This report should be viewed in conjunction with those reports in order to gain a comprehensive understanding of the County's operations. This report and OSA's other reports will be available on OSA's website at <http://www.osa.ms.gov/reports>.

- (18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Lincoln County evaluated the activity of the County through May 24, 2023, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

<u>Issue</u>	<u>Date</u>	<u>Interest</u>	<u>Issue</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/15/2021		1.76%	\$ 208,679	Capital lease	Ad valorem taxes
07/01/2021		1.36%	128,597	Capital lease	Ad valorem taxes
09/04/2021		1.36%	54,066	Capital lease	Ad valorem taxes
09/13/2022		2.99%	87,650	Finance purchase	Ad valorem taxes
09/13/2022		2.99%	60,519	Finance purchase	Ad valorem taxes
03/20/2023		4.53%	86,942	Finance purchase	Ad valorem taxes
03/28/2023		5.20%	8,000,000	Special Obligation Bonds	Ad valorem taxes

LINCOLN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY

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LINCOLN 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)
REVENUES				
Property taxes	\$ 7,834,622	7,816,325	7,816,325	
Licenses, commissions and other revenue	650,500	564,110	564,110	
Fines and forfeitures	475,000	418,584	418,584	
Intergovernmental revenues	780,500	1,023,389	1,023,389	
Charges for services	200,000	260,992	260,992	
Interest income	30,000	240,169	240,169	
Miscellaneous revenues	41,000	103,505	103,505	
Total Revenues	<u>10,011,622</u>	<u>10,427,074</u>	<u>10,427,074</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	6,011,676	6,122,744	6,122,513	231
Public safety	3,639,425	3,839,801	3,839,546	255
Health and welfare	153,160	144,174	144,174	
Conservation of natural resources	110,835	109,837	109,837	
Economic development and assistance	268,900	245,092	245,092	
Total Expenditures	<u>10,183,996</u>	<u>10,461,648</u>	<u>10,461,162</u>	<u>486</u>
Excess of Revenues over (under) Expenditures	<u>(172,374)</u>	<u>(34,574)</u>	<u>(34,088)</u>	<u>486</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		45,875	45,875	
Compensation for loss of capital assets		18,400	18,400	
Total Other Financing Sources and Uses	<u>-</u>	<u>64,275</u>	<u>64,275</u>	<u>0</u>
Net Change in Fund Balance	(172,374)	29,701	30,187	486
Fund Balances - Beginning	<u>500,000</u>	<u>1,880,414</u>	<u>1,881,133</u>	<u>719</u>
Fund Balances - Ending	<u>\$ 327,626</u>	<u>1,910,115</u>	<u>1,911,320</u>	<u>1,205</u>

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

LINCOLN COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.082714%	0.084602%	0.085392%	0.080940%	0.083156%	0.081876%
County's proportionate share of the net pension liability (asset)	\$ 16,012,469	14,883,161	14,203,227	13,454,975	14,853,738	12,656,415
Covered payroll	\$ 5,507,754	5,561,910	5,504,835	5,188,938	5,319,708	5,115,124
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.73%	267.59%	258.01%	259.30%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

LINCOLN COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 961,605	886,830	867,014	817,260	839,504	818,666
Contributions in relation to the contractually required contribution	<u>961,605</u>	<u>886,830</u>	<u>867,014</u>	<u>817,260</u>	<u>839,504</u>	<u>818,666</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 5,526,466	5,486,961	5,504,835	5,188,938	5,330,184	5,197,879
Contributions as a percentage of covered payroll	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

LINCOLN COUNTY

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LINCOLN COUNTY

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

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 revenue, each general item of expenditure, 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 (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

	<u>Governmental Fund Type</u>
	<u>General</u>
	<u>Fund</u>
Budget (Cash Basis)	\$ 30,187
Increase (Decrease)	
Net adjustments for revenue accruals	36,295
Net adjustments for expenditure accruals	<u>189,978</u>
GAAP Basis	<u>\$ 256,460</u>

LINCOLN COUNTY

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

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

LINCOLN COUNTY

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

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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LINCOLN COUNTY

SUPPLEMENTARY INFORMATION

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LINCOLN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service/ Passed-through the Mississippi State Treasurer's Office Forest service schools and roads cluster:			
Schools and roads - grants to states	10.665	N/A	\$ 51,274
Total Forest service schools and roads cluster			<u>51,274</u>
Passed-through the Mississippi Department of Environmental Quality Environmental quality incentives program	10.912	68-4423-18-007	<u>8,249</u>
Total U.S. Department of Agriculture			<u>59,523</u>
U.S. Department of Housing and Urban Development Passed-through the Mississippi Home Corporation Home investment partnerships program	14.239	1228-M16-SG-280-043	<u>206,775</u>
Total U.S. Department of Housing and Urban Development			<u>206,775</u>
U.S. Department of the Treasury Passed-through the Mississippi Emergency Management Agency Coronavirus relief fund *	21.019	Unknown	<u>501,090</u>
Total U.S. Department of the Treasury			<u>501,090</u>
U.S. Election Assistance Commission Passed-through the Mississippi Secretary of State's Office COVID-19 Election security grant	90.404	Unknown	<u>11,500</u>
Total U.S. Election Assistance Commission			<u>11,500</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	EMA-2020-EP-00013	<u>31,891</u>

LINCOLN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Passed-through the Mississippi Department of Public Safety Homeland security grant program	97.067	19LE043	39,995
Total U.S. Department of Homeland Security			71,886
Total Expenditures of Federal Awards			\$ 850,774

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

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual 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 credit made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

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

Note D - Schools and roads - grants to states

Of the federal expenditures presented in the Schedule, the County provided federal awards totaling \$35,086 to subrecipients during the year ended September 30, 2020.

* Denotes major federal award program

LINCOLN COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2020

Operating Expenditures, Cash Basis:

Salaries	\$	155,838
Expendable Commodities:		
Gasoline and petroleum products		103
Repair parts		5,237
Office, field and shop supplies		1,900
Tires		1,135
Maintenance		1,171
Solid waste disposal fee		1,162,124
Professional fees, legal advertising and other fees		103
Postage and box rent		7,104
Telephone and utilities		50
Rent on other equipment		<u>59,263</u>
Solid Waste Cash Basis Operating Expenditures		1,394,028
Full Cost Expenses:		
Indirect administrative costs		107,682
Depreciation on equipment		<u>7,762</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>1,509,472</u></u>

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LINCOLN COUNTY

OTHER INFORMATION

LINCOLN COUNTY

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

Name	Position	Company	Bond
Jerry L. Wilson	Supervisor District 1	FCCI	\$100,000
Jerry McGehee	Supervisor District 2	FCCI	\$100,000
Nolan Earl Williamson	Supervisor District 3	FCCI	\$100,000
Eddie Brown	Supervisor District 4	FCCI	\$100,000
Doug Falvey	Supervisor District 5	FCCI	\$100,000
David Fields	County Administrator	FCCI	\$100,000
Alisha McGehee	Chancery Clerk	FCCI	\$100,000
Debbie Brent	Purchase Clerk	CNA Surety	\$75,000
Janice Haley	Receiving Clerk	CNA Surety	\$75,000
Andre Jones	Assistant Receiving Clerk	CNA Surety	\$50,000
Lance James	Assistant Receiving Clerk	CNA Surety	\$50,000
Ricky W. Nations	Assistant Receiving Clerk	CNA Surety	\$50,000
Kathi Easley	Assistant Receiving Clerk	CNA Surety	\$50,000
Adam Tanskey	Assistant Receiving Clerk	CNA Surety	\$50,000
Amanda C Warren	Assistant Receiving Clerk	CNA Surety	\$50,000
Annie Johnson	Assistant Receiving Clerk	CNA Surety	\$50,000
Quinn Jordan	Assistant Receiving Clerk	CNA Surety	\$50,000
Geri Miller	Assistant Receiving Clerk	CNA Surety	\$50,000
Roger E. Ates	Assistant Receiving Clerk	CNA Surety	\$50,000
Larry Rice	Assistant Receiving Clerk	CNA Surety	\$50,000
James Edward May	Assistant Receiving Clerk	CNA Surety	\$50,000
Sarah Louise Walker	Assistant Receiving Clerk	CNA Surety	\$50,000
Kelly Smith	Inventory Control Clerk	CNA Surety	\$75,000
William Boyd	Constable	FCCI	\$50,000
Lawrence Porter	Constable	FCCI	\$50,000
Dustin Bairfield	Circuit Clerk	FCCI	\$100,000
Jackie Bates	Deputy Circuit Clerk	CNA Surety	\$50,000
Letitia Rice	Deputy Circuit Clerk	CNA Surety	\$50,000
Heather Britt	Deputy Circuit Clerk	CNA Surety	\$50,000
Sarah Walker	Deputy Circuit Clerk	CNA Surety	\$50,000
Peyton Rogers	Deputy Circuit Clerk	CNA Surety	\$50,000
Amber Nicole Calcote	Deputy Circuit Clerk	CNA Surety	\$50,000
Steven Rushing	Sheriff	FCCI	\$100,000
Robert Ian Smith	Justice Court Judge	FCCI	\$50,000
Roger Martin	Justice Court Judge	Western Surety	\$50,000
Sharon Lofton	Justice Court Clerk	CNA Surety	\$50,000
Venecia Lee	Deputy Justice Court Clerk	CNA Surety	\$50,000
Tiffani Jones	Deputy Justice Court Clerk	CNA Surety	\$50,000
Lyndsey Mayes	Deputy Justice Court Clerk	CNA Surety	\$50,000
Georgia Ann Reeves	Deputy Justice Court Clerk	CNA Surety	\$50,000
Blake Pickering	Tax Assessor-Collector	FCCI	\$100,000
Lance Remshure	Deputy Tax Assessor	CNA Surety	\$25,000
Mason Smith	Deputy Tax Assessor	CNA Surety	\$25,000
Chasity Easley	Deputy Tax Assessor	CNA Surety	\$25,000
Renada Taylor	Deputy Tax Assessor	CNA Surety	\$25,000
Patty White	Deputy Tax Assessor	CNA Surety	\$25,000
Chris Smith	Deputy Tax Collector	CNA Surety	\$50,000
Alma Laird	Deputy Tax Collector	CNA Surety	\$50,000
Kayla Golmon	Deputy Tax Collector	CNA Surety	\$50,000
Lori Cantrell	Deputy Tax Collector	CNA Surety	\$50,000
Debra Black	Deputy Tax Collector	CNA Surety	\$50,000
Sarah Remshure	Deputy Tax Collector	CNA Surety	\$50,000
Christy Douglas	Deputy Tax Collector	CNA Surety	\$50,000
Kim Thompson	Deputy Tax Collector	CNA Surety	\$50,000
Tristen Hall	Deputy Tax Collector	CNA Surety	\$50,000

LINCOLN COUNTY

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LINCOLN COUNTY

SPECIAL REPORTS

LINCOLN 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
Lincoln County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lincoln 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 May 24, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln 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 Lincoln 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Cost as items 2020-001 and 2020-002.

Lincoln County's Responses to Findings

Lincoln County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Lincoln County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 24, 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
Lincoln County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Lincoln County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Lincoln County, Mississippi's major federal program for the year ended September 30, 2020. Lincoln County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on CFDA 21.019, Coronavirus Relief Fund

As described in the accompanying Schedule of Findings and Questioned Costs, Lincoln County, Mississippi did not comply with requirements regarding CFDA 21.019, Coronavirus Relief Fund, as described in finding number 2020-003, for activities allowed or unallowed and allowable costs/costs principles. Compliance with such requirements is necessary, in our opinion, for Lincoln County, Mississippi to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 21.019, Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lincoln County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 21.019, Coronavirus Relief Fund for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-003.

Lincoln County, Mississippi's response to the noncompliance finding identified in our audit is described in the Auditee's Corrective Action Plan. Lincoln County, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-003 that we consider to be a material weakness.

Lincoln County, Mississippi's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Lincoln County, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

May 24, 2023

LINCOLN COUNTY

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LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LINCOLN COUNTY

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LINCOLN COUNTY

Schedule of Findings and Questioned Costs
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: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | |
| a. CFDA 21.019, Coronavirus Relief Fund | Qualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. Identification of major federal programs: | |
| a. CFDA 21.019, Coronavirus Relief Fund | |
| 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 which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

LINCOLN COUNTY

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

Section 2: Financial Statement Findings

Board of Supervisors.

**Material Weakness
Material Noncompliance**

2020-001. The County did not budget or account for emergency bridge repair funds in the central books of the county.

Repeat Finding No

Criteria *Section 19-11-7, Mississippi Code of 1972 Annotated*, requires the Board of Supervisors to prepare and submit at its August meeting of each year a complete budget of revenues, expenses, and a working cash balance estimated for the next fiscal year for each fund. Additionally, internal controls require all funds be accounted for in the county's central books.

Condition The original budget for fiscal year 2020 did not include a budget for revenues, expenses, and a working cash balance for five bank accounts used by the county in association with the emergency bridge repair funds. Additionally, said accounts were not accounted for in the county's central books.

Cause The County failed to account for all funds in its fiscal year 2020 original budget and central books.

Effect Failure of the Board of Supervisors to prepare and submit a complete budget of revenues, expenses, and a working cash balance for all funds, as required by law could result in the misappropriation of public funds. Additionally, the lack of accounting records for bank accounts owned by the county could result in the loss or misappropriation of taxpayer funds.

Recommendation The Board of Supervisors should prepare and submit each year a complete budget of revenues, expenses, and a working cash balance for all funds as required by law. Additionally, all bank accounts owned by the Board of Supervisors should be accounted for in the county's central books.

Views of Responsible Official(s) See Auditee's Corrective Action Plan.

**Material Weakness
Material Noncompliance**

2020-002. Controls over repayment of interfund advances should be strengthened.

Repeat Finding No

Criteria The Mississippi code is silent regarding the authority of the County to make interfund loans.

Condition The County has interfund loans outstanding that are over a year old. These interfund loans totaled \$1,104,433 as of September 30, 2020. These advances include a loan to make a debt service payment.

Cause The County lacked controls requiring repayment of loans.

LINCOLN COUNTY

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

Effect	Failure to repay these loans constitutes a diversion of legally restricted funds.
Recommendation	For any interfund loans made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of the funds for repayment. The Board of Supervisors should ensure these old loans are repaid by approving and recording in the minutes a repayment schedule and complying with the repayment schedule.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

Compliance Requirement	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Material Weakness Material Noncompliance	
2020-003.	<u>The County should establish controls to ensure Coronavirus Relief Fund payments are used for only allowable purposes.</u>
CFDA Number	21.019
Federal Award	Coronavirus Relief Fund
Pass-through	Mississippi Emergency Management Agency
Questioned Costs	\$122,598
Repeat Finding	No
Statistically Valid	No
Criteria	<p>During fiscal year 2020, Lincoln County received \$501,090 in Coronavirus Relief Fund federal payments. Per the <i>Code of Federal Regulations (2 CFR Appendix XI, Compliance Supplement)</i>, these payments should be used to cover:</p> <ul style="list-style-type: none">a. necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);b. costs that were not accounted for in the government's most recently approved budget as of March 27, 2020; andc. costs that were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.
Condition	Lincoln County used Coronavirus Relief Fund federal payments totaling \$122,598 for payroll expenditures incurred that were not due to the public health emergency with respect to COVID-19.
Cause	The County lacked the necessary controls to ensure that compliance requirements were met in relation to the Coronavirus Relief Fund.
Effect	Failure to ensure Coronavirus Relief Fund federal payments are only used for allowable costs resulted in the County not complying with the guidelines set forth

LINCOLN COUNTY

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

in the *Code of Federal Regulations (2 CFR Appendix XI, Compliance Supplement)*.

Recommendation

The Board of Supervisors should take the necessary steps to ensure payments made with federal funds are only used for allowable costs.

**Views of Responsible
Official(s)**

See Auditee's Corrective Action Plan.

LINCOLN COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

LINCOLN COUNTY

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Lincoln County Board of Supervisors

Lincoln County Mississippi
P.O. Box 555 • 301 South First Street • Brookhaven, Mississippi 39602-0555
Telephone 601/835-3421 • Fax 601/835-3423

Board of Supervisors
Dist. 1 Jerry Wilson
Dist. 2 Jerry McGehee
Dist. 3 Nolan Williamson
Dist. 4 Eddie Brown
Dist. 5 Doug Falvey

Chancery Clerk
Alisha McGehee
Board Attorney
Will Allen
County Administrator
Daniel Calcote

CORRECTIVE ACTION PLAN

May 4, 2023

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Lincoln County respectfully submits the following corrective action plan for the year ended September 30, 2020.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results did not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2020-001. Corrective Action Planned: This issue has been noted. All of these bank accounts have since been closed. In the future all capital project accounts will be included in the County's central books.

Anticipated Completion Date: Completed 12/15/2022

Name of Contact Person Responsible for Corrective Action:
Daniel Calcote, County Administrator

2020-002. Corrective Action Planned: It was never the intention of the Board of Supervisors to have these interfund advances/loans on the books for so long. Please provide us with a detailed summary of these amounts and we will ensure that they are all resolved properly.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action:
Daniel Calcote, County Administrator

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-003. Corrective Action Planned: I am aware that the CARES Act Fund request procedures was likely rushed and may have contained mistakes. We will make every effort to correct this matter.

Anticipated Completion Date: 12/31/2023

Name of Contact Person Responsible for Corrective Action:
Daniel Calcote, County Administrator

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Calcote", written over a horizontal line.

President, Lincoln County Board of Supervisors

Lincoln County Board of Supervisors

Lincoln County Mississippi
P.O. Box 555 • 301 South First Street • Brookhaven, Mississippi 39602-0555
Telephone 601/835-3421 • Fax 601/835-3423

Board of Supervisors
Dist. 1 Jerry Wilson
Dist. 2 Jerry McGehee
Dist. 3 Nolan Williamson
Dist. 4 Eddie Brown
Dist. 5 Doug Falvey

Chancery Clerk
Alisha McGehee
Board Attorney
Will Allen
County Administrator
Daniel Calcote

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

May 4, 2023

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentlemen:

The Lincoln County Board of Supervisors respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2020.

The finding from the prior year's Schedule of Findings and Responses is discussed below. The finding is numbered with the number assigned in the first year of issuance. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2019-001. Multiple deficiencies noted in county expenditure of funds.

CORRECTED

SECTION 3: FEDERAL AWARD FINDINGS

There were no prior year findings and questioned costs related to federal awards.

Sincerely,



President, Lincoln County Board of Supervisors