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CLAY COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**CLAY COUNTY
TABLE OF CONTENTS
SEPTEMBER 30, 2021**

	<u>Page</u>
FINANCIAL SECTION	3
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION & ANALYSIS	7
FINANCIAL STATEMENTS	16
Statement of Net Position	17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	50
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	51
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) American Rescue Plan Fund	52
Schedule of the County's Proportionate Share of the Net Pension Liability	53
Schedule of County Contributions	54
Notes to the Required Supplementary Information	55
OTHER INFORMATION	58
Schedule of Surety Bonds for County Officials	59
SPECIAL REPORTS	60
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61
Independent Accountant's Report on Central Purchasing System, Inventory Control System And Purchase Clerk Schedules (Required by Section 31-7-115, Miss Code Ann. (1972))	63
Limited Internal Control and Compliance Review Management Report	67
SCHEDULE OF FINDINGS AND RESPONSES	70

FINANCIAL SECTION

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Members of the Board of Supervisors
Clay County, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clay County, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Clay County, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clay County, Mississippi, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clay County, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions on pages 7-15, 51-52, 53, and 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of Clay 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 Clay 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 Clay County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

J. E. Vance & Company, P.A.
December 2, 2024



Clay County Board of Supervisors

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The discussion and analysis of Clay County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2021. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Clay County is located in the northern portion of Mississippi. The population, according to the 2020 census, is 18,636. The local economic base is driven primarily by manufacturing and agriculture, primarily forest products, soybeans, and cotton.

FINANCIAL HIGHLIGHTS

Clay County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting, and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Clay County continues to remain firm both economically and in population. This stability has allowed the county to maintain a steady increase in tax revenues without any significant tax increase. The County government's millage rate for the year ending September 30, 2021 was 57.15. This millage rate reflects an increase of 5% from the prior year.

Total net position decreased \$16,494, which represents a 0% decrease from the prior fiscal year.

The County's ending cash balance, including cash held by fiscal agents, reported in governmental activities and business-type activities increased by 4,172,240, which represents an 82% increase from the previous year. This increase is primarily due to advance receipts for economic recovery from the coronavirus pandemic and other emergency road and bridge repair projects.

The County had \$14,464,088 in total revenues. Property tax revenues account for \$7,338,732 or 51% of total revenues. Intergovernmental Revenues in the form of reimbursements, shared revenue or grants, account for \$4,412,915, or 30% of total revenues. Charges for services account for \$1,588,976 or 11% of total revenue. Ad valorem tax in lieu fees account for \$558,257 or 4% of total revenue. Other revenues such as road and bridge privilege taxes, interest income, rents, etc. account for the remaining 4% of total revenues.

The County had \$14,480,582 in total expenses, which represents a decrease of \$149,288 or 1% from the prior fiscal year. Expenses in the amount of \$5,574,549 were offset by charges for services, grants, or outside contributions. General revenues of \$8,889,539 were not adequate to cover the remaining \$16,494 of expenses.

Among major funds, the General Fund had \$7,881,073 in revenues and \$7,405,394 in expenditures. The General Fund also had net other financing uses of \$391,770. The General Fund’s fund balance increased \$83,909 from the prior year.

Among major funds, the American Rescue Plan Fund had no recognized revenues or expenditures for the fiscal year ended September 30, 2021. Advance receipts of \$1,876,686 will be recognized as revenue when the funds are expended.

Capital Assets, net of accumulated depreciation, decreased by \$1,235,208. This represents a 3% decrease from the prior year.

Long-term debt decreased by \$976,864. This represents a 6% decrease from the prior year. Yokohama Industrial Development Bonds and the Special Obligation Refunding Bonds outstanding in the amount of \$8,060,000 account for 55% of all long-term debt. These bond issues will be repaid from the in-lieu of ad valorem tax fee.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County’s basic financial statements. The County’s basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 – Required Components of the County's Annual Report

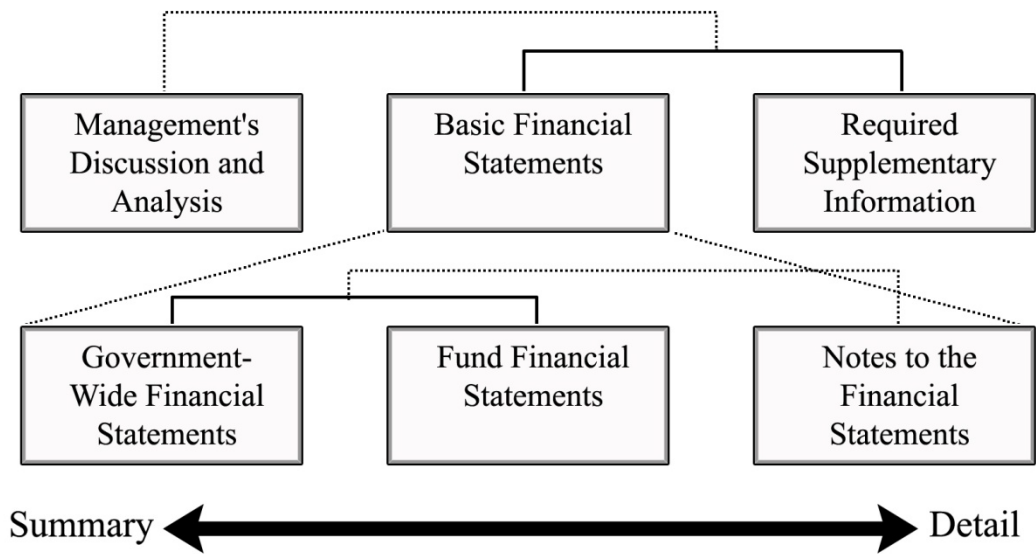


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County’s financial statements, including the portion of the County’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements

Figure 2 – Major Features of the County’s Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire County government and component units	All activities of the County that are not business-type in nature	Activities of the County that operate similar to private businesses
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all County assets, deferred outflows, liabilities, and deferred inflows, with the remaining balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works (roads and bridges), health and welfare, culture and recreation, education, conservation of natural resources, economic development and assistance, interest on long-term debt, and pension expense. The business-type activities of the County include the County's Solid Waste Fund.

The Government-wide Financial Statements can be found on pages 17 and 18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 20 and 22, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 19 and 21 of this report.

Proprietary funds include enterprise funds that are used to report the same functions presented as business-type activities in the government-wide financial statement. The County uses an enterprise fund to account for the Solid Waste Fund.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Solid Waste Fund is considered to be a major fund of the County. The proprietary funds financial statements can be found on pages 23-25 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 26-49 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 51-52 of this report.

This report also presents a schedule of the County's proportionate share of the net pension liability of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. This schedule is presented to show trending data over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board. This required supplementary information can be found on page 53 of this report.

This report also presents a schedule of County contributions to PERS over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board. This required supplementary information can be found on page 54 of this report.

Other Information

Although not a required part of the basic financial statements, the Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis. This schedule can be found on page 59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of government's financial position. In the case of Clay County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,517,148 as of September 30, 2021.

By far, the largest portion of the County's net position (82%) reflects its investment in capital assets (e.g., roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following tables present a summary of the County's net position at September 30, 2021 and 2020.

	Governmental Activities		
	2021	2020	Change
Current assets	\$ 16,704,326	\$ 12,298,580	36%
Capital leases receivable	773,335	912,901	-15%
Ad valorem tax fee in-lieu receivable	10,372,117	10,840,971	-4%
Capital assets, net	46,792,832	48,133,165	-3%
Total assets	74,642,610	72,185,617	3%
Deferred outflows of resources	1,686,013	1,547,237	9%
Current liabilities	4,592,651	1,152,612	298%
Long-term debt outstanding	14,658,602	15,633,249	-6%
Net pension liability	7,319,767	9,440,488	-22%
Total liabilities	26,571,020	26,226,349	1%
Deferred inflows of resources	8,449,961	6,158,739	37%
Net position:			
Net investment in capital assets	33,732,110	34,254,768	-2%
Restricted	4,102,677	3,208,144	28%
Unrestricted	3,472,855	3,884,854	-11%
Total net position	\$ 41,307,642	\$ 41,347,766	0%

	Business-type Activities		
	2021	2020	Change
Current assets	\$ 303,948	\$ 386,940	-21%
Capital assets	213,224	108,099	97%
Total assets	517,172	495,039	4%
Deferred outflows of resources	29,038	35,446	-18%
Current liabilities	41,422	44,464	-7%
Long-term debt outstanding	187	2,404	-92%
Net pension liability	226,385	291,974	-22%
Total liabilities	267,994	338,842	-21%
Deferred inflows of resources	68,710	5,767	1091%
Net position:			
Net investment in capital assets	213,224	108,099	97%
Restricted	-0-	77,777	-100%
Unrestricted	(3,718)	-0-	N/A
Total net position	\$ 209,506	\$ 185,876	13%

Additional information on net position:

In connection with standards on accounting and financial reporting for pensions, management presents the following additional information:

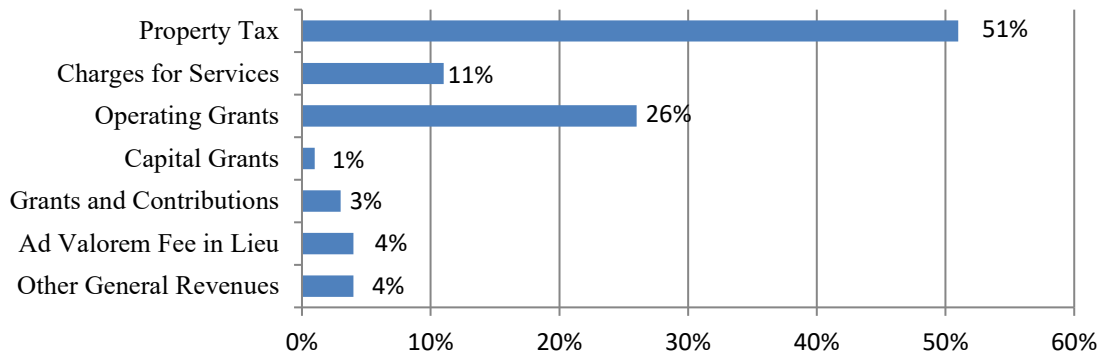
	Governmental Activities	
	2021	2020
Total unrestricted net position - governmental activities	\$ 3,472,855	\$ 3,884,854
Unrestricted decrease in net position resulting from recognition of the net pension liability	8,602,491	8,776,892
Unrestricted net position, exclusive of the net pension liability effect	\$ 12,075,346	\$ 12,661,746

		Business-type Activities
		2021
Total unrestricted net position - business-type activities	\$	(3,718)
Unrestricted decrease in net position resulting from recognition of the net pension liability		266,057
Unrestricted net position, exclusive of the net pension liability effect	\$	262,339
		2020
Total restricted net position - business-type activities	\$	77,777
Restricted decrease in net position resulting from recognition of the net pension liability		262,295
Restricted net position, exclusive of the net pension liability effect	\$	340,072

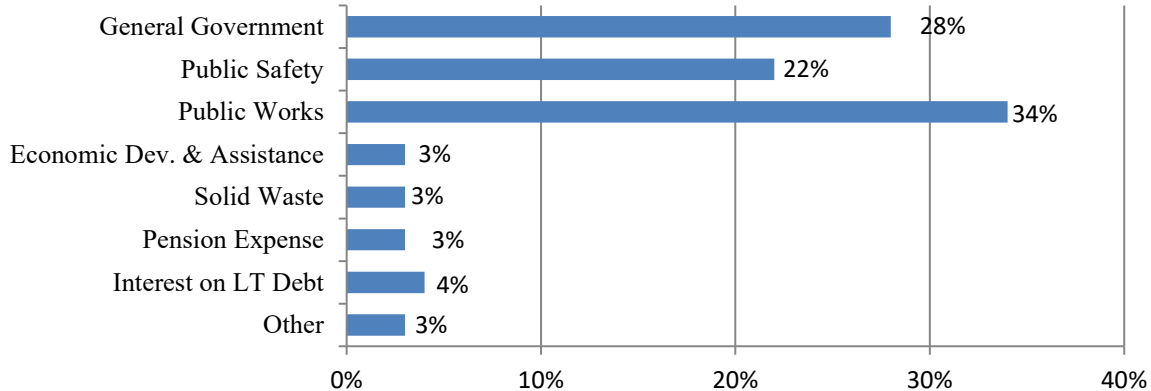
Changes in Net Position – Clay County’s total revenues for the fiscal year ended September 30, 2021 were \$14,464,088. The total cost for all services provided was \$14,480,582. The decrease in net position was \$16,494. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 1,588,976	\$ 1,505,734	6%
Operating grants and contributions	3,744,170	3,887,920	-4%
Capital grants and contributions	241,403	17,037	1317%
General revenues			
Property taxes	7,338,732	6,878,297	7%
Road and bridge privilege taxes	260,927	252,884	3%
Grants and contributions not restricted	427,342	591,917	-28%
Advalorem fee in lieu	558,257	570,768	-2%
Unrestricted interest income	60,290	163,443	-63%
Gain on sale of capital assets	13,920	-0-	N/A
Miscellaneous	230,071	203,959	13%
Total Revenues	<u>14,464,088</u>	<u>14,071,959</u>	3%
Expenses:			
General government	4,115,768	4,229,640	-3%
Public safety	3,244,372	3,126,154	4%
Public works	4,930,316	2,838,500	74%
Health and welfare	164,846	157,674	5%
Culture and recreation	122,702	83,345	47%
Education	87,755	87,800	0%
Conservation of natural resources	30,807	31,871	-3%
Economic development and assistance	396,538	2,151,189	-82%
Interest on long-term debt	581,700	627,950	-7%
Pension expense	410,061	904,198	-55%
Solid waste (Business-type)	395,717	391,549	1%
Total Expense	<u>14,480,582</u>	<u>14,629,870</u>	-1%
Change in Net Position	<u>(16,494)</u>	<u>(557,911)</u>	97%
Net Position - Beginning	<u>41,533,642</u>	<u>42,091,553</u>	-1%
Net Position - Ending	<u>\$ 41,517,148</u>	<u>\$ 41,533,642</u>	0%

HOW THE COUNTY GETS ITS REVENUE



HOW THE COUNTY SPENDS ITS REVENUE



Governmental Activities – The following table presents the cost of ten major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Education, Conservation of Natural Resources, Economic Development and Assistance, Interest on Long-term Debt, and Pension Expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Clay County's taxpayers by each of these functions.

	Total Costs	Net Costs
General Government	\$ 4,115,768	\$ 3,221,006
Public Safety	3,244,372	2,589,060
Public Works	4,930,316	1,884,959
Health and Welfare	164,846	124,568
Culture and Recreation	122,702	113,664
Education	87,755	87,755
Conservation of Natural Resources	30,807	30,807
Economic Development and Assistance	396,538	(117,507)
Interest on Long-term Debt	581,700	581,700
Pension Expense	410,061	410,061
	<u>\$ 14,084,865</u>	<u>\$ 8,926,073</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Clay County's governmental funds reported a combined fund balance of \$5,057,615, an increase of \$1,027,657 or 26% from the previous year.

Business-type fund – Operating revenue from the County's Solid Waste Fund were \$361,897, an increase of 0%, and operating expenses were \$395,717, an increase of 1%. Nonoperating revenues in the form of interest income, intergovernmental grants, and other income totaled \$57,450.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major special revenue funds is provided in this report as required supplementary information after the notes to the Financial Statements.

The Original Budget was amended to actual at year end. The only significant variances from the original Budget in regard to total Revenues and Expenditures occurred in the \$11M Industrial Development Bond Fund, the Cane Creek Emergency Road and Bridge Fund, the Mhoon Valley Emergency Road and Bridge Fund, and the American Rescue Plan Fund. These variances resulted from the timing of public safety, public works, and economic development projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2021, Clay County's total capital assets were \$84,954,462. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture, and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$336,246 or 0%.

Total accumulated depreciation as of September 30, 2021 was \$37,948,406, including \$1,701,249 of depreciation expense for the year. The balance in total net capital assets was \$47,006,056 at year-end.

Additional information on Clay County's capital assets can be found in note 6 on page 36 of this report.

Debt Administration – At September 30, 2021, Clay County had \$14,658,789 in long-term debt outstanding. This includes general obligation bonds, special obligation refunding bonds, certificates of participation, capital leases, other loans, and compensated absences. Of this debt, \$1,405,816 is due within one year.

Additional information on Clay County's long-term debt can be found in note 9 on page 39 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Clay County Chancery Clerk's office at P.O. Box 815, or 205 Court Street, West Point MS 39773 or by phone (662) 494-3124.

FINANCIAL STATEMENTS

Clay County
Statement of Net Position
September 30, 2021

Exhibit 1

	Primary Government			Component Unit
	Governmental	Business-type		Clay County
	Activities	Activities	Total	EDD
ASSETS				
Cash	\$ 9,050,844	166,929	9,217,773	156,082
Cash with fiscal agent	44,494		44,494	
Intergovernmental receivables	432,918		432,918	
Other receivables	185,406	25,223	210,629	
Property tax receivable	6,143,261		6,143,261	
Accounts receivable (net of allowance for uncollectibles of \$1,053,179)		118,092	118,092	
Fines receivable (net of allowance for uncollectibles of \$4,405,008)	841,107		841,107	
Ad Valorem Tax Fee In-Lieu Recievable	10,372,117		10,372,117	
Capital leases receivable	773,335		773,335	
Internal balances	6,296	(6,296)		
Capital assets:				
Land and construction in progress	1,985,229		1,985,229	7,484,844
Other capital assets, net	44,807,603	213,224	45,020,827	3,256,884
Total Assets	74,642,610	517,172	75,159,782	10,897,810
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	938,904	29,038	967,942	
Deferred amount on refunding	747,109		747,109	
Total Deferred Outflows of Resources	1,686,013	29,038	1,715,051	-0-
LIABILITIES				
Claims payable	671,068	19,037	690,105	
Intergovernmental payables	262,889		262,889	
Accrued interest payable	87,158		87,158	
Unearned revenue	3,381,005	22,385	3,403,390	
Amounts held in custody for others	190,531		190,531	
Long-term liabilities				
Due within one year:				
Capital debt	1,310,940		1,310,940	
Non-capital debt	94,876		94,876	
Due in more than one year:				
Capital debt	12,496,891		12,496,891	
Non-capital debt	755,895	187	756,082	
Net pension liability	7,319,767	226,385	7,546,152	
Total Liabilities	26,571,020	267,994	26,839,014	-0-
DEFERRED INFLOWS OF RESOURCES				
Property tax for future reporting period	6,143,261		6,143,261	
Deferred inflows related to pensions	2,221,628	68,710	2,290,338	
Unavailable revenue - interest on capital leases	85,072		85,072	
Total Deferred Inflows of Resources	8,449,961	68,710	8,518,671	-0-
NET POSITION				
Net investment in capital assets	33,732,110	213,224	33,945,334	10,741,728
Restricted:				
Expendable:				
General government	241,973		241,973	
Public safety	271,132		271,132	
Public works	1,981,176		1,981,176	
Debt service	327,886		327,886	
Culture and recreation	12,169		12,169	
Conservation of natural resources	76,433		76,433	
Economic development	274,685		274,685	156,082
Unemployment compensation	56,530		56,530	
Capital projects	860,693		860,693	
Unrestricted	3,472,855	(3,718)	3,469,137	
Total Net Position	\$ 41,307,642	209,506	41,517,148	10,897,810

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

Clay County
Statement of Activities
For the Year Ended September 30, 2021

Exhibit 2

Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Clay County EDD
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 4,115,768	698,808	195,954		(3,221,006)		(3,221,006)	
Public safety	3,244,372	528,271	109,319	17,722	(2,589,060)		(2,589,060)	
Public works	4,930,316		2,821,676	223,681	(1,884,959)		(1,884,959)	
Health and welfare	164,846		40,278		(124,568)		(124,568)	
Culture and recreation	122,702		9,038		(113,664)		(113,664)	
Education	87,755				(87,755)		(87,755)	
Conservation of natural resources	30,807				(30,807)		(30,807)	
Economic development and assistance	396,538		514,045		117,507		117,507	
Interest on long-term debt	581,700				(581,700)		(581,700)	
Pension expense	410,061				(410,061)		(410,061)	
Total Governmental Activities	14,084,865	1,227,079	3,690,310	241,403	(8,926,073)		(8,926,073)	
Business-type activities:								
Solid Waste	395,717	361,897	53,860			20,040	20,040	
Total Business-type Activities	395,717	361,897	53,860	-0-		20,040	20,040	
Total Primary Government	\$ 14,480,582	1,588,976	3,744,170	241,403	(8,926,073)	20,040	(8,906,033)	
Component unit:								
Clay County EDD	145,447							(145,447)
Total Component Units	145,447	-0-	-0-	-0-				(145,447)
General revenues:								
Property taxes					\$ 7,338,732		7,338,732	
Road & bridge privilege taxes					260,927		260,927	
Grants and contributions not restricted to specific programs					427,342		427,342	
Ad valorem fee in lieu					558,257		558,257	
Unrestricted interest income					58,034	2,256	60,290	130
Gain on sale of capital assets					13,920		13,920	
Miscellaneous					228,737	1,334	230,071	13,005
Total General Revenues and Transfers					8,885,949	3,590	8,889,539	13,135
Changes in Net Position					(40,124)	23,630	(16,494)	(132,312)
Net Position - Beginning					41,347,766	185,876	41,533,642	11,030,122
Net Position - Ending					\$ 41,307,642	209,506	41,517,148	10,897,810

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

Clay County
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3

	Major Funds			
	General	American	Other	Total
	Fund	Rescue Plan	Governmental	Governmental
	Fund	Fund	Funds	Funds
ASSETS				
Cash	\$ 1,386,001	1,876,686	5,788,157	9,050,844
Cash with fiscal agent			44,494	44,494
Property tax receivable	4,821,986		1,321,275	6,143,261
Fines receivable (net of allowance for uncollectibles of \$4,405,008)	841,107			841,107
Capital lease receivable			773,335	773,335
Intergovernmental receivables	181,602		109,007	290,609
Other receivables	68,499		102,366	170,865
Due from other funds	113,370		88,155	201,525
Total Assets	\$ 7,412,565	1,876,686	8,226,789	17,516,040
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 422,497		248,571	671,068
Intergovernmental payables	262,889			262,889
Due to other funds	88,155		106,563	194,718
Advances from other funds	511			511
Unearned revenue		1,876,686	1,504,319	3,381,005
Amounts held in custody for others	87,741		102,790	190,531
Total Liabilities	\$ 861,793	1,876,686	1,962,243	4,700,722
Deferred inflows of resources:				
Unavailable revenue - property taxes	4,821,986		1,321,275	6,143,261
Unavailable revenue - fines	841,107			841,107
Unavailable revenue - principal and interest on capital leases			773,335	773,335
Total Deferred Inflows of Resources	\$ 5,663,093	-0-	2,094,610	7,757,703
Fund balances:				
Restricted to:				
General government			306,784	306,784
Public safety			271,132	271,132
Public works			2,777,058	2,777,058
Culture and recreation			12,169	12,169
Conservation of Natural Resources			76,433	76,433
Economic development and assistance			274,685	274,685
Debt service			415,044	415,044
Unemployment compensation			56,530	56,530
Unassigned	887,679		(19,899)	867,780
Total Fund Balances	\$ 887,679	-0-	4,169,936	5,057,615
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,412,565	1,876,686	8,226,789	17,516,040

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

Clay County
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2021

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,057,615
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 \$37,641,451.	46,792,832
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Advalorem tax-fee in lieu	10,372,117
Fines receivable	841,107
Intergovernmental receivables	142,309
Other receivables	14,541
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,658,602)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,319,767)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(87,158)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	688,263
Deferred outflows of resources related to refunding are applicable to future periods and, therefore, are not reported in the funds.	747,109
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	938,904
Deferred inflows of resources related to pensions	<u>(2,221,628)</u>
Total Net Position - Governmental Activities	\$ <u>41,307,642</u>

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

Clay County
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

Exhibit 4

	Major Funds			
	General	American	Other	Total
	Fund	Rescue Plan	Governmental	Governmental
		Fund	Funds	Funds
REVENUES				
Property taxes	\$ 5,645,625		1,693,107	7,338,732
Road and bridge privilege taxes			260,927	260,927
Licenses, commissions and other revenue	314,365		9,073	323,438
Fines and forfeitures	330,476			330,476
Advalorem fee in lieu			1,027,111	1,027,111
Intergovernmental revenues	1,156,104		3,441,237	4,597,341
Charges for services	290,256		259,144	549,400
Interest income	34,506		23,528	58,034
Miscellaneous revenues	109,741		116,583	226,324
Total Revenues	<u>7,881,073</u>	<u>-0-</u>	<u>6,830,710</u>	<u>14,711,783</u>
EXPENDITURES				
Current:				
General government	4,214,968		12,070	4,227,038
Public safety	2,887,705		546,760	3,434,465
Public works			3,876,328	3,876,328
Health and welfare	164,846			164,846
Culture and recreation			122,702	122,702
Education	18,750		69,005	87,755
Conservation of natural resources	33,129			33,129
Economic development and assistance	31,843		364,695	396,538
Debt service:				
Principal	46,833		1,445,627	1,492,460
Interest	7,320		489,824	497,144
Total Expenditures	<u>7,405,394</u>	<u>-0-</u>	<u>6,927,011</u>	<u>14,332,405</u>
Excess of Revenues over				
(under) Expenditures	<u>475,679</u>	<u>-0-</u>	<u>(96,301)</u>	<u>379,378</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			500,000	500,000
Proceeds from sale of capital assets			11,000	11,000
Compensation for loss of capital assets	21,037			21,037
Transfers in	28,896		630,117	659,013
Transfers out	(441,703)		(217,310)	(659,013)
Lease principal payments			116,242	116,242
Total Other Financing Sources and Uses	<u>(391,770)</u>	<u>-0-</u>	<u>1,040,049</u>	<u>648,279</u>
Net Changes in Fund Balances	<u>83,909</u>	<u>-0-</u>	<u>943,748</u>	<u>1,027,657</u>
Fund Balances - Beginning	<u>803,770</u>		<u>3,226,188</u>	<u>4,029,958</u>
Fund Balances - Ending	<u>\$ 887,679</u>	<u>-0-</u>	<u>4,169,936</u>	<u>5,057,615</u>

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

Clay 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, 2021

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,027,657
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 depreciation of \$1,670,574 exceeded capital outlays of \$348,598 in the current period.	(1,321,976)
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 gain of \$13,680, proceeds from sale of \$11,000, and compensation for loss of \$21,037 in the current period.	(18,357)
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.	22,906
In lieu tax - Yokohama 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.	(1,027,111)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:	
Advalorem tax fee in-lieu change in net present value	558,257
Change in long-term receivables:	
Other receivables	3,272
Intergovernmental revenues	(238,286)
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 a combination of the following items:	
General obligation bonds issued	(500,000)
Principal payments on long-term debt	1,492,460
Amortization of bond discount	(5,264)
Amortization of deferred amount on refunding	(83,012)
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:	
Decrease in accrued interest payable	3,720
Increase in compensated absences	(12,549)
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 the change in fund balances by the amount of principal collections of \$116,242.	(116,242)
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	(410,061)
Recording of contributions made to retirement plan	584,462
Change in Net Position of Governmental Activities	\$ <u>(40,124)</u>

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

Clay County
Statement of Net Position - Proprietary Fund
September 30, 2021

Exhibit 5

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
ASSETS	
Current assets:	
Cash	\$ 166,929
Accounts receivable (net of allowance for uncollectibles of \$1,053,179)	118,092
Other receivables	25,223
Total Current Assets	310,244
Noncurrent assets:	
Advances to other funds	511
Capital assets:	
Other capital assets, net	213,224
Total Noncurrent Assets	213,735
Total Assets	523,979
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	29,038
Total Deferred Outflows of Resources	29,038
LIABILITIES	
Current liabilities:	
Claims payable	19,037
Due to other funds	6,807
Unearned revenue	22,385
Total Current Liabilities	48,229
Non-capital debt:	
Compensated absences payable	187
Net pension liability	226,385
Total Noncurrent Liabilities	226,572
Total Liabilities	274,801
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	68,710
Total Deferred Inflows of Resources	68,710
NET POSITION	
Net investment in capital assets	213,224
Unrestricted	(3,718)
Total Net Position	\$ 209,506

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

Clay County
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2021

Exhibit 6

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 361,897
Total Operating Revenues	<u>361,897</u>
Operating Expenses	
Personal services	124,305
Pension expense	19,690
Contractual services	152,873
Materials and supplies	61,367
Depreciation expense	30,675
Indirect administrative cost	6,807
Total Operating Expenses	<u>395,717</u>
Operating Loss	<u>(33,820)</u>
Nonoperating Revenues	
Intergovernmental grants	53,860
Interest income	2,256
Other income	1,334
Net Nonoperating Revenues	<u>57,450</u>
Changes in Net Position	<u>23,630</u>
Net Position - Beginning	<u>185,876</u>
Net Position - Ending	<u>\$ 209,506</u>

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

Clay County
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2021

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 369,678
Payments to suppliers	(225,180)
Payments to employees	(140,416)
Payments to General Fund for indirect costs	(3,883)
Net Cash Provided by Operating Activities	<u>199</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(135,800)
Net Cash Used by Capital and Related Financing Activities	<u>(135,800)</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	54,912
Other cash receipts	1,334
Net Cash Provided by Noncapital Financing Activities	<u>56,246</u>
Cash Flows From Investing Activities	
Interest on deposits	2,256
Net Cash Provided by Investing Activities	<u>2,256</u>
Net Decrease in Cash and Cash Equivalents	(77,099)
Cash and Cash Equivalents at Beginning of Year	244,028
Cash and Cash Equivalents at End of Year	<u>\$ 166,929</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating loss	\$ (33,820)
Adjustments to reconcile operating loss to net cash	
provided by operating activities:	
Depreciation expense	30,675
Pension expense	19,690
Deferred outflows - contributions to retirement plan	(15,928)
Provision for uncollectible accounts	46,459
Changes in assets and liabilities:	
Increase in accounts receivable	(46,105)
Decrease in other receivables	1,563
Decrease in claims payable	(8,905)
Increase in unearned revenue	5,863
Decrease in compensated absences liability	(2,217)
Increase in interfund payables	2,924
Total Adjustments	<u>34,019</u>
Net Cash Provided by Operating Activities	<u>\$ 199</u>

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

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Clay 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 Clay County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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. Individual Component Unit Disclosures

Discretely Presented Component Unit

The component unit columns in the financial statements include the financial data of the component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County.

Clay County Economic Development District (EDD) is the only component unit of Clay County. The District was created to serve as trustee of the undeveloped land located in the Prairie Belt Power Industrial Development Park. Clay County Board of Supervisors appoints all of the members of the EDD Board, with each Supervisor making an appointment from his District, and an additional two members being selected at large by all Supervisors.

C. 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 activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

C. Basis of Presentation (Continued)

The Statement of Net Position presents the financial condition of the governmental and business-type 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 and business-type 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, 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 business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues, and expenditures/expenses. Funds are organized into governmental and proprietary. Major individual Governmental Funds and major individual Enterprise 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.

D. Measurement Focus and Basis of Accounting

The Government-wide and Proprietary 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 assets 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.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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.

American Rescue Plan Fund – This fund is used to account for monies that are restricted for recovery from the Coronavirus pandemic.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

D. Measurement Focus and Basis of Accounting (Continued)

The county reports the following major Enterprise Fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the county.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures 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.

Proprietary Fund Type

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

E. 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.

F. 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.

G. Receivables

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

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

H. 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 interfund 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. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. 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 statement. 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Clay County elected to report general infrastructure assets acquired after September 30, 1980, on the government wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County’s financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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 and proprietary funds. 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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

I. Capital Assets (Continued)

The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 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.

J. 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 amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a new systematic and rational manner over the remaining life of the old debt or life of the new debt, whichever is shorter.

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 Notes 10 and 14 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.

Property tax for future reporting period/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 – 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.

Unavailable revenue – interest on capital leases / unavailable revenue – principal and interest on capital leases – 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 Notes 10 and 14 for additional details.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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. 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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Funds 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.

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 improvements 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 (unassigned) resources are available, it is the County's general policy to use restricted resources first.

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.

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

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

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

M. Equity Classifications (Continued)

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 (unassigned) resources are available, it is the County's general policy to use restricted resources first.

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 stipulates 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.

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. 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 and the Proprietary Fund 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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Q. 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 2020-2 were postponed one year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, Leases, were postponed eighteen months.

GASB 84, Fiduciary Activities, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. All of the funds previously reported as agency funds of the County did not meet the criteria to be classified as fiduciary funds; therefore, these funds were incorporated into the County General Fund for fiscal year 2021.

(2) Deposits

Primary Government

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$9,262,267, including cash with fiscal agents of \$44,494, and the bank balance was \$9,457,698. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a 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 – 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 the 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.

Discretely Presented Component Unit – Clay County EDD

The carrying amount of the District's total deposits with financial institutions at September 30, 2021, was \$156,082 and the bank balance was \$156,082. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a 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 – Custodial credit risk is the risk that in the event of the failure of a financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District 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 the 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 District.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(3) Ad Valorem Tax Fee-In-Lieu Receivable

Clay County and the City of West Point, collectively acting through an interlocal agreement, entered into an Ad Valorem Tax Fee-In-Lieu Agreement with the Mississippi Development Authority, the Mississippi Major Economic Impact Authority and Yokohama Tire Corporation. The agreement provides that, beginning February 1, 2017, and continuing for thirty years, Yokohama will make an annual fee-in-lieu payment of at least \$1,700,000 to Clay County, which will then be distributed first to the schools based on the pro rata millage and then split equally between the county and the city. The city has agreed to leave their share with the county for the first ten years for debt payments. Fee payments shall be made on or before February 1 each year.

Ad Valorem Tax Fee-In-Lieu Receivable at September 30, 2021 is as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2022	\$ 1,062,641
2023	1,062,641
2024	1,062,641
2025	1,062,641
2026	1,062,641
2027-2031	2,656,603
2032-2036	2,656,602
2037-2041	2,656,603
2042-2046	2,656,602
Total	\$ 15,939,615
Less: Discount to Present Value	5,567,498
Net Receivable	\$ 10,372,117

Receivable payments due in more than one year are discounted to net present value using the County's average interest rate of 4.717% on the original bonds issued for the project, which management has determined is an appropriate discount commensurate with the risks involved.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 6,807
General Fund	Other Governmental Funds	106,563
Other Governmental Funds	General Fund	88,155
Total		\$ 201,525

The payables from the General Fund represent the tax revenue collected but not settled until October 2021. The payables from Other Governmental Funds primarily represent loans to the E911 Fund and the Volunteer Fire Department Fund to cover temporary operating cash shortfalls. The payable from the Solid Waste Fund primarily represents the indirect cost for the September 30, 2021 fiscal year, which is expected to be repaid within one year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(4) Interfund Transactions and Balances (Continued)

B. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
Solid Waste Fund	General Fund	\$ 511
Total		<u>\$ 511</u>

The advances from the Solid Waste Fund represent an overpayment on shared costs to the General Fund occurring in a prior year.

C. Transfers In/Out

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 28,896
Other Governmental Funds	General Fund	441,703
Other Governmental Funds	Other Governmental Funds	<u>188,414</u>
Total		<u>\$ 659,013</u>

The principal purpose of interfund transfers was to provide funds for debt service payments or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2021 consisted of the following:

Primary Government

Description	Amount
Legislative Tag Credit	\$ 114,738
Motor Vehicle Fuel Tax	44,766
Motor Vehicle Licenses	11,703
Insurance Rebate Funds	52,453
Reimbursement for Seatbelt Occupancy	32,025
Welfare - Department of Human Service	7,041
Pheba Walking Trail Grant	9,038
Reimbursement for 16th Circuit Drug Court	6,308
Other	<u>12,537</u>
Total Governmental Funds	<u>290,609</u>
Reimbursement for 16th Circuit Drug Court	9,298
City of West Point Work Program	3,750
Payments in Lieu of Tax	<u>129,261</u>
Total Long-term Receivables	<u>142,309</u>
Total Governmental Activities	<u>\$ 432,918</u>

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2021:

Primary Government:	Balance 10/1/2020	Increases	Decreases	Adjustments	Balance 9/30/2021
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,815,116				\$ 1,815,116
Construction-in-progress	1,910,902	163,629		(1,904,418)	170,113
Total non-depreciable capital assets	3,726,018	163,629	-0-	(1,904,418)	1,985,229
<u>Depreciable capital assets:</u>					
Infrastructure	62,530,668			1,904,418	64,435,086
Buildings	9,167,394				9,167,394
Mobile equipment	6,669,542	161,712	118,823		6,712,431
Furniture and equipment	1,264,296	23,257	29,329	172,119	1,430,343
Leased property under capital leases	875,919			(172,119)	703,800
Total depreciable capital assets	80,507,819	184,969	148,152	1,904,418	82,449,054
<u>Less accumulated depreciation for:</u>					
Infrastructure	25,645,561	1,293,782			26,939,343
Buildings	3,323,424	141,217			3,464,641
Mobile equipment	5,590,764	128,321	101,228		5,617,857
Furniture and equipment	1,137,883	12,152	28,567	154,908	1,276,376
Leased property under capital leases	403,040	95,102		(154,908)	343,234
Total accumulated depreciation	36,100,672	1,670,574	129,795	-0-	37,641,451
Total depreciable capital assets, net	44,407,147	(1,485,605)	18,357	1,904,418	44,807,603
Governmental activities capital assets, net	48,133,165	(1,321,976)	18,357	-0-	46,792,832
Business-type Activities:					
<u>Depreciable capital assets:</u>					
Mobile equipment	371,839	135,800			507,639
Furniture and equipment	12,540				12,540
Total depreciable capital assets	384,379	135,800	-0-	-0-	520,179
<u>Less accumulated depreciation for:</u>					
Mobile equipment	264,994	30,675			295,669
Furniture and equipment	11,286				11,286
Total accumulated depreciation	276,280	30,675	-0-	-0-	306,955
Total depreciable capital assets, net	108,099	105,125	-0-	-0-	213,224
Business-type activities capital assets, net	108,099	105,125	-0-	-0-	213,224
Primary government capital assets, net	\$ 48,241,264	(1,216,851)	18,357	-0-	\$ 47,006,056

Adjustments were made to reclassify property no longer under capital lease obligation and to record completed construction.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(6) Capital Assets (Continued)

Discretely Presented Component Unit - Clay County EDD	Balance 10/1/2020	Increases	Decreases	Balance 9/30/2021
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 7,484,844			\$ 7,484,844
Total non-depreciable capital assets	<u>7,484,844</u>	<u>-0-</u>	<u>-0-</u>	<u>7,484,844</u>
<u>Depreciable capital assets:</u>				
Infrastructure	4,122,638			4,122,638
Total depreciable capital assets	<u>4,122,638</u>	<u>-0-</u>	<u>-0-</u>	<u>4,122,638</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	721,462	144,292		865,754
Total accumulated depreciation	<u>721,462</u>	<u>144,292</u>	<u>-0-</u>	<u>865,754</u>
Total depreciable capital assets, net	<u>3,401,176</u>	<u>(144,292)</u>	<u>-0-</u>	<u>3,256,884</u>
Governmental activities capital assets, net	<u>\$ 10,886,020</u>	<u>(144,292)</u>	<u>-0-</u>	<u>\$ 10,741,728</u>

Depreciation expense was charged to the following functions:

	Governmental Activities	Business-type Activities
Primary Government		
General government	\$ 148,444	\$ -0-
Public safety	129,091	-0-
Public works	1,393,039	-0-
Solid Waste	<u>-0-</u>	<u>30,675</u>
Total depreciation expense	<u>\$ 1,670,574</u>	<u>\$ 30,675</u>
Discretely Presented Component Unit - Clay County EDD	Governmental Activities	
Economic Development	<u>\$ 144,292</u>	
Total depreciation expense	<u>\$ 144,292</u>	

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

Primary Government	Remaining Financial Commitment	Expected Date of Completion
Governmental Activities:		
<u>Description of Commitment</u>		
ERBR-13(01) - Mhoon Valley Road Bridge	\$ 1,097,374	Dec-22
LSBP-13(17) - Ray Vail Road Bridge	<u>553,616</u>	Oct-22
Total Governmental Activities	<u>\$ 1,650,990</u>	

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(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 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, 2021, to January 1, 2022. 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:

The County leases the following property with varying terms and options as of September 30, 2021:

Classes of Property	Amount
Industrial facilities:	
Land	\$ 375,000
Buildings	1,570,193
Total	<u>\$ 1,945,193</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2021, are as follows:

Year Ending September 30,	Principal	Interest
2022	\$ 81,890	18,727
2023	89,191	16,971
2024	91,904	14,259
2025	94,700	11,463
2026	97,580	8,583
2027-2031	232,998	15,069
Total	<u>\$ 688,263</u>	<u>85,072</u>

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

Classes of Property	Governmental Activities
Mobile equipment	\$ 520,903
Furniture and equipment	182,897
Total	703,800
Less: Accumulated Depreciation	<u>343,234</u>
Leased Property Under Capital Lease	<u>\$ 360,566</u>

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(8) Capital Leases (Continued)

The following is a schedule by years of the total payments due as of September 30, 2021:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2022	\$ 106,160	6,288
2023	99,949	2,421
2024	12,958	84
Total	<u>\$ 219,067</u>	<u>8,793</u>

(9) Long-term Debt

Debt outstanding as of September 30, 2021, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Governmental Activities			
General Obligation Bonds:			
District 2 road 2021 issue	\$ 500,000	1.85	12/01/23
\$11 million industrial development bond	1,310,000	3.66/4.07	03/01/23
District 5 road 2013 issue	184,000	2.40/2.50	05/01/25
District 4 road 2013 issue	227,000	2.90	11/01/25
District 4 road 2008 issue	90,000	4.00	09/01/23
District 3 road 2020 issue	465,000	2.60	08/01/32
UNA Community Center 2017	12,000	2.29	06/30/22
Total General Obligation Bonds	<u>\$ 2,788,000</u>		
Certificates of Participation:			
Justice/ Circuit Court Complex	<u>\$ 3,850,000</u>	3.00/3.80	05/01/38
Special Obligation Refunding Bonds:			
\$7 million special obligation refunding bond	<u>\$ 6,750,000</u>	2.76/3.25	03/01/30
Capital Leases:			
E-911 CAD System	\$ 63,656	3.55	08/06/23
Caterpillar Backhoe	39,709	3.55	07/23/23
Chip Spreader	3,471	2.16	10/03/21
MSN Win Radio System	112,231	3.87	08/06/23
Total Capital Leases	<u>\$ 219,067</u>		
Other Loans:			
Fisher Marine building renovation	\$ 344,277	3.00	09/01/31
Commercial building	356,972	3.00	06/01/27
Two Volunteer fire trucks #2	130,837	3.00	07/01/25
Volunteer fire truck	138,432	3.00	03/01/29
Total Other Loans	<u>\$ 970,518</u>		

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(9) Long-term Debt (Continued)

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		Certificates of Participation	
	Principal	Interest	Principal	Interest
2022	\$ 854,000	75,931	170,000	135,942
2023	879,000	43,250	180,000	130,843
2024	172,000	23,697	185,000	125,443
2025	175,000	19,401	190,000	119,892
2026	128,000	15,038	195,000	114,193
2027-2031	580,000	48,576	1,070,000	468,000
2032-2036	-0-	-0-	1,280,000	258,810
2037-2041	-0-	-0-	580,000	33,250
Total	\$ 2,788,000	225,893	3,850,000	1,386,373

Year Ending September 30,	Special Obligation Refunding Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2022	\$ 140,000	207,904	140,919	27,038
2023	145,000	203,978	135,690	23,032
2024	840,000	189,989	139,817	18,905
2025	870,000	165,144	138,075	14,660
2026	895,000	138,641	111,851	10,951
2027-2031	3,860,000	256,034	304,166	20,064
Total	\$ 6,750,000	1,161,690	970,518	114,650

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, 2021, the amount of outstanding debt was equal to 8.77% 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, 2021, \$6,795,000 of bonds outstanding were considered defeased.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(9) Long-term Debt (Continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 136,973	12,549		149,522	
General obligation bonds	3,115,000	500,000	827,000	2,788,000	854,000
Special obligation refunding bonds	6,885,000		135,000	6,750,000	140,000
Certificates of participation	4,015,000		165,000	3,850,000	170,000
Unamortized discount	(73,769)		(5,264)	(68,505)	(5,263)
Capital leases	380,325		161,258	219,067	106,160
Other loans	1,174,720		204,202	970,518	140,919
Totals	\$ 15,633,249	512,549	1,487,196	14,658,602	1,405,816
Business-type Activities:					
Compensated absences	\$ 2,404		2,217	187	
Totals	\$ 2,404	-0-	2,217	187	-0-

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Road Maintenance Funds, Bridge Funds, E-911 Fund, and Solid Waste Fund.

(10) Defined Benefit Pension Plan

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

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 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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(10) Defined Benefit Pension Plan (Continued)

Contributions. At September 30, 2021, 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, 2021 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, 2021, 2020 and 2019 were equal to the required contributions for each year, and were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2021	\$ 584,462	15,928	600,390
2020	570,133	16,759	586,892
2019	517,665	17,478	535,143

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

At September 30, 2021, the County reported a liability for its proportionate share of the net pension liability of \$7,319,767 for governmental activities and \$226,385 for business-type activities. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. 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. At June 30, 2021, the County's proportion was 0.051055 percent. This was an increase of 0.000781 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$410,061 for governmental activities and \$19,690 for business-type activities.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(10) Defined Benefit Pension Plan (Continued)

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 117,043	3,620	120,663
Changes of assumptions	563,252	17,420	580,672
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	107,814	3,334	111,148
Contributions subsequent to the measurement date	<u>150,795</u>	<u>4,664</u>	<u>155,459</u>
Total Deferred Outflows of Resources	<u>\$ 938,904</u>	<u>29,038</u>	<u>967,942</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 2,204,403	68,177	2,272,580
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	<u>17,225</u>	<u>533</u>	<u>17,758</u>
Total Deferred Inflows of Resources	<u>\$ 2,221,628</u>	<u>68,710</u>	<u>2,290,338</u>

\$155,459 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, 2022.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(10) Defined Benefit Pension Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Governmental Activities	Business-type Activities	Total
2022	\$ (241,210)	(7,460)	(248,670)
2023	(221,754)	(6,858)	(228,612)
2024	(313,655)	(9,701)	(323,356)
2025	(656,900)	(20,317)	(677,217)
	<u>\$ (1,433,519)</u>	<u>(44,336)</u>	<u>(1,477,855)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	<u>1.00</u>	<u>\$ (1.00)</u>
Total	<u>100.00 %</u>	

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(10) Defined Benefit Pension Plan (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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 7.55 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 (6.55 percent) or 1- percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 10,687,121	7,546,152	4,957,744

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) 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.

(12) Joint Ventures

The county participates in the following joint venture:

Clay County is a participant with the counties of Choctaw, Lowndes, Noxubee, Oktibbeha, Webster, and Winston and also the cities of Columbus, Louisville, Starkville, Macon, Eupora, West Point, and Ackerman in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Solid Waste Management Authority. The joint venture was created to provide solid waste disposal services for the applicable area and is governed by a 38-member board, of which Clay County appoints one member. Clay County did not appropriate funds to the organization in fiscal year 2021. The user governments will be billed based on the amount of solid waste from each government. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, Post Office Box 828, Starkville, Mississippi 39760-0828.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(13) Jointly Governed Organizations

The county participates in the following jointly governed organizations:

East Mississippi Community College operates in a district composed of the counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. Clay County Board of Supervisors appoints two of the twelve members of the college board of trustees. The county levied \$544,116 for the maintenance and support of the college in fiscal year 2021.

Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The County appoints four of the twenty-eight members of the Board of Directors. The County contributed \$43,768 to the district during fiscal year 2021. Additionally, the county and the city of West Point have an inter-local agreement to share in the appropriation to the district. The city of West Point reimbursed the county in the amount of \$13,700 towards this purpose during fiscal year 2021.

Golden Triangle Development LINK provides services for the counties of Clay, Lowndes, and Oktibbeha. Clay County Board of Supervisors appoints one of the ten members of the board of directors. The county appropriated \$363,034 for support of the organization in fiscal year 2021. Additionally, the county and the city of West Point have an inter-local agreement to share in the appropriation to the LINK. The city of West Point reimbursed the county in the amount of \$175,000 towards this purpose during fiscal year 2021.

The Tombigbee Regional Library System operates in a district composed of the counties of Choctaw, Clay, Monroe, and Webster. Clay County Board of Supervisors appoints one of the five members of the board of directors. The county levied \$83,148 for the library during fiscal year 2021.

Community Counseling Services operates in a district composed of the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. Clay County Board of Supervisors appoints one of the seven members of the board of commissioners. The county appropriated \$24,000 for support of the organization in fiscal year 2021.

Prairie Opportunity, Inc. operates in a district composed of the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. Clay County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These 14 board members are not appointed by the county Board of Supervisors. The counties generally provide no financial support to the organization.

The Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster, and Winston. Clay County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

The West Point/Clay County Growth Alliance, formerly known as the Chamber of Commerce, provides Community Development services for the community. The President of the Board of Supervisors and the Chancery Clerk are the county representatives, which serve on the nine-member Executive Board, of which only five are voting members. In the past, the county has provided financial support for the organization, however, no funds have been appropriated in recent years.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(14) Effect of Deferred Amounts on Net Position

Governmental Activities

The governmental activities' unrestricted net position amount of \$3,472,855 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 \$150,795 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, 2022. The \$788,109 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 3 years. The \$2,221,628 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of \$3,472,855 includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$85,072 balance of deferred inflows of resources at September 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 10 years.

The governmental activities' net investment in capital assets amount of \$33,732,110 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$747,109 balance of deferred outflows of resources at September 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets over the next 9 years.

Business-type Activities

The business-type activities' unrestricted net position amount of (\$3,718) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$4,664 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, 2022. The \$24,374 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 3 years. The \$68,710 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 4 years.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(15) Tax Abatements

There are currently a number of agencies with economic development directives and targeted industries in Clay County, Mississippi. These efforts to bring businesses and industries into Clay County afford the County the opportunity to develop these partnerships that help raise the prominence of the region and attract prospective projects. Due to the pro-business attitude and wise infrastructure planning of the local elected officials as well as the ability to offer various incentives to entice businesses and industries to locate in Clay County, the County operates strongly with a well diverse base of manufacturers and distributors.

Facts and Assumptions

Clay County provides tax incentives and abatements under three programs: real and personal property tax reductions not to exceed ten years for new enterprises, fee in lieu of personal and real property taxes, and personal property tax reductions for a licensed free-port warehouse. Various Mississippi Code sections allow the County to offer the before mentioned incentives. In order to qualify for any incentive there is an application process, presentation to the Board of Supervisors and ultimately a recommendation by the Board of Supervisors to grant the incentive.

- Mississippi Code Section 27-31-101 allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than ten years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.
- Mississippi Code Section 27-31-104 allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.
- Mississippi Code Section 27-31-53 allows County Board of Supervisors, at their discretion, to grant eligible warehouses a license to operate as a free port warehouse. A free port warehouse is regularly engaged in the handling and storage of personal property pending transit to a final destination outside the State of Mississippi. This exemption may be granted for all local property taxes and may be granted for any period of time set by the Board of Supervisors.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(15) Tax Abatements (Continued)

<u>Company</u>	<u>Tax Abatement Programs</u>	<u>Amount of taxes abated during the fiscal year</u>	<u>Annual Fee in Lieu Payment</u>
Fabricators Supply	Free-Port Warehouse	\$ 10,947	\$ N/A
Plum Creek Environmental, LLC	Real Property Exemption	4,246	N/A
Plum Creek Environmental, LLC	Free-Port Warehouse	5,597	N/A
Yokohama Tire Corporation	Free-Port Warehouse	890,679	N/A
Yokohama Tire Corporation	Tax-Fee in Lieu Agreement *	1,981,359	1,700,000

* - This tax-fee in lieu agreement is disclosed in greater detail in Note 3 on page 34 of this report.

These incentives have served many purposes, including but not limited to: the amount of dollars through infrastructure improvements, the overall number of new businesses and industries that have located or relocated to Clay County, the number of jobs that have been and continue to be created in Clay County, and most importantly an excellent quality of life for all citizens throughout the County while maintaining a low tax bill without a significant tax increase.

(16) Deficit Fund Balance

The following funds reported deficit fund balances at September 30, 2021.

Governmental Funds:

Law Library Fund	\$ 1,508
Volunteer Fire Department Fund	<u>18,391</u>
	<u>\$ 19,899</u>

(17) 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 Clay County evaluated the activity of the County through December 2, 2024, (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/13/21	1.51%	200,000	Financed Purchase	Advalorem Taxes
12/17/21	1.51%	199,179	Financed Purchase	Advalorem Taxes
03/17/22	1.37%	223,594	Financed Purchase	Advalorem Taxes
03/17/22	2.99%	4,000,000	Special Obligation Bonds	Use Taxes
11/01/22	0.00%	400,000	Other Loan	Advalorem Taxes
07/14/23	5.59%	120,500	Financed Purchase	Advalorem Taxes
11/03/23	5.78%	126,508	Financed Purchase	Advalorem Taxes
04/17/24	5.78%	136,309	Financed Purchase	Advalorem Taxes
11/05/24	3.00%	259,785	Other Loan	Advalorem Taxes

REQUIRED SUPPLEMENTARY INFORMATION

Clay County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,585,061	5,507,800	5,504,657	(3,143)
Licenses, commissions and other revenue	270,250	301,982	305,125	3,143
Fines and forfeitures	273,184	335,186	335,186	-0-
Intergovernmental revenues	804,273	1,140,560	1,153,100	12,540
Charges for services	307,800	292,456	279,916	(12,540)
Interest income	49,700	57,558	28,662	(28,896)
Miscellaneous revenues	85,490	91,192	82,261	(8,931)
Total Revenues	<u>7,375,758</u>	<u>7,726,734</u>	<u>7,688,907</u>	<u>(37,827)</u>
EXPENDITURES				
Current:				
General government	4,214,108	4,216,108	4,216,108	-0-
Public safety	2,568,761	2,901,972	2,901,972	-0-
Health and welfare	158,280	164,106	164,106	-0-
Education	35,700		18,750	(18,750)
Conservation of natural resources	42,913	32,667	32,667	-0-
Economic Development	27,304	30,068	30,068	-0-
Debt service:				
Principal	62,225	46,833	46,833	-0-
Interest	7,650	7,320	7,320	-0-
Total Expenditures	<u>7,116,941</u>	<u>7,399,074</u>	<u>7,417,824</u>	<u>(18,750)</u>
Excess of Revenues over (under) Expenditures	<u>258,817</u>	<u>327,660</u>	<u>271,083</u>	<u>(56,577)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	50,000			-0-
Compensation for loss of capital assets			8,931	8,931
Transfers in	356,640	200,589	28,896	(171,693)
Transfers out	(628,800)	(661,042)	(441,703)	219,339
Total Other Financing Sources and Uses	<u>(222,160)</u>	<u>(460,453)</u>	<u>(403,876)</u>	<u>56,577</u>
Net Change in Fund Balance	<u>36,657</u>	<u>(132,793)</u>	<u>(132,793)</u>	<u>-0-</u>
Fund Balances - Beginning	1,170,124	889,456	890,287	831
Amendment to Budget Actual	(392,045)	(111,377)	(112,208)	(831)
Restatement due to GASB 84 Fiduciary Activities	234,742	234,742	234,742	-0-
Fund Balances - Beginning, restated	<u>1,012,821</u>	<u>1,012,821</u>	<u>1,012,821</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 1,049,478</u>	<u>880,028</u>	<u>880,028</u>	<u>-0-</u>

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

Clay County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
American Rescue Plan Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -0-	1,875,954	1,875,954	-0-
Total Revenues	-0-	1,875,954	1,875,954	-0-
EXPENDITURES				
Total Expenditures	-0-	-0-	-0-	-0-
Excess of Revenues over (under) Expenditures	-0-	1,875,954	1,875,954	-0-
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources and Uses	-0-	-0-	-0-	-0-
Net Change in Fund Balance	-0-	1,875,954	1,875,954	-0-
Fund Balances - Beginning	-0-	-0-	-0-	-0-
Fund Balances - Ending	\$ -0-	1,875,954	1,875,954	-0-

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

CLAY COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.051055%	0.050274%	0.050187%	0.050705%	0.049758%	0.049500%	0.049500%	0.049500%
County's proportionate share of the net pension liability	\$ 7,546,152	9,732,462	8,828,884	8,433,749	8,271,468	8,841,936	7,651,724	6,008,394
County's covered payroll	\$ 3,420,003	3,347,616	3,268,571	3,237,972	3,191,980	3,140,944	3,089,149	2,984,809
County's proportionate share of the net pension liability as a percentage of its covered payroll	220.65%	290.73%	270.11%	260.46%	259.13%	281.51%	247.70%	201.30%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

**CLAY COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 600,390	586,892	535,143	509,699	502,487	495,837	490,822
Contributions in relation to the contractually required contribution	<u>600,390</u>	<u>586,892</u>	<u>535,143</u>	<u>509,699</u>	<u>502,487</u>	<u>495,837</u>	<u>490,822</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>
County's covered payroll	3,450,521	3,372,944	3,309,989	3,236,182	3,190,390	3,148,171	3,116,330
Contributions as a percentage of covered payroll	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

CLAY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budgetary Comparison Schedules

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 and each major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	American Rescue Plan Fund
Budget (Cash Basis)	\$ (132,793)	\$ 1,875,954
Increase (Decrease):		
Net adjustments for revenue accruals	204,272	(1,875,954)
Net adjustments for expenditure accruals	12,430	-0-
GAAP Basis	\$ 83,909	\$ -0-

CLAY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Pension Schedules

A. Changes of Assumptions

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% of female rates up to age 72, 100% for ages above 76. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: For males, 134% of male rates at all ages. For females, 121% of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: For males, 97% of male rates at all ages. For females, 110% of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

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, and 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%.
- 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%.

CLAY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Pension Schedules (Continued)

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 assumption 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% to 7%.

2016

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

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.

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.

C. 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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER INFORMATION

Clay County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021

Name	Position	Insurance Company	Bond
Lynn Horton	Supervisors	Brierfield	\$ 100,000
Luke Lummus	Supervisors	Western Surety	100,000
R.B. Davis	Supervisors	Western Surety	100,000
Shelton Deanes	Supervisors	Brierfield	100,000
Joe Chandler	Supervisors	Western Surety	100,000
Amy Berry	Chancery Clerk	Western Surety	100,000
Nikkie Cude	Purchase Clerk	Western Surety	100,000
Shakeena Douglas	Asst. Purchase Clerk	Travelers	50,000
Atianna Tubbs	Asst. Purchase Clerk	Western Surety	50,000
Margaret Gall	Asst. Purchase Clerk	Travelers	50,000
LaFrance Boyd	Receiving Clerk	Western Surety	75,000
James Eddie Decker	Asst. Receiving Clerk	Western Surety	50,000
Barutti Ballard	Asst. Receiving Clerk	Western Surety	50,000
Grady Jones	Asst. Receiving Clerk	Western Surety	50,000
Stephen McKee	Asst. Receiving Clerk	Western Surety	50,000
John Fields	Asst. Receiving Clerk	Western Surety	50,000
Michael Weaver	Asst. Receiving Clerk	Western Surety	50,000
Billy Doss	Asst. Receiving Clerk	Western Surety	50,000
Amy Berry	Inv. Control Clerk	Western Surety	75,000
Sherman Ivy	Constables	Travelers	50,000
Lewis Stafford	Constables	RLI Insurance	50,000
Kimberly Hood	Circuit Clerk	Western Surety	100,000
Rasheda Bennett	Deputy Circuit Clerk	Travelers	50,000
Shelise Doss	Deputy Circuit Clerk	Travelers	50,000
Tonya Young	Deputy Circuit Clerk	Western Surety	50,000
Eddie Scott	Sheriff	Western Surety	100,000
Terry Scott	Sheriff Deputy - Narcotics	Western Surety	100,000
Thomas Hampton	Justice Court Judge	Travelers	50,000
Chris McBrayer	Justice Court Judge	Travelers	50,000
Harriet Bragg	Justice Court Clerk	Western Surety	50,000
Christy Holcomb	Deputy Justice Clerk	Western Surety	50,000
Lisa Perry	Deputy Justice Clerk	Western Surety	50,000
Porsha Lee	Tax Assessor/Collector	Western Surety	100,000
Jim Lang	Deputy Tax Clerk	Western Surety	50,000
Kay Frost	Deputy Tax Clerk	Western Surety	50,000
Santavia Hogan	Deputy Tax Clerk	Western Surety	50,000
Miranda Johnson	Deputy Tax Clerk	Western Surety	50,000
Brianna King	Deputy Tax Clerk	Western Surety	50,000
Susan Lippincott	16th Circuit Drug Court Administrator	Western Surety	50,000

SPECIAL REPORTS

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**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
Clay County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Clay County, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay 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 Clay County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

We also noted certain matters which we have reported to the management of Clay County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 2, 2024, included within this document.

Clay County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Clay County, Mississippi's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. Clay County, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of the 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 that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi
December 2, 2024

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

Members of the Board of Supervisors
Clay County, Mississippi

We have examined Clay County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2021. The Board of Supervisors of Clay County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Clay County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Clay County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

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

This report is intended for use in evaluating Clay County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Tupelo, Mississippi
December 2, 2024

Clay County
Schedule of Purchases from Other Than the Lowest Bidder
For the Year Ended September 30, 2021

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/16/2020	Garbage Truck	\$ 126,300	Sansom Equipment, Inc.	\$ 118,000	Selected bidder gave the best buyback option of \$79,000, resulting in the lowest net cost to the County.

**Clay County
Schedule of Emergency Purchases
For the Year Ended September 30, 2021**

Schedule 2

Our tests did not identify any emergency purchases.

Clay County
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2021

Schedule 3

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

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Limited Internal Control and Compliance Review Management Report

Members of the Board of Supervisors
Clay County, Mississippi

In planning and performing our audit of the financial statements of Clay County, Mississippi for the year ended September 30, 2021, we considered Clay County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Clay County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 2, 2024, on the financial statements of Clay County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors.

1. Finding – Two funds had a deficit fund balance at year end.

Repeat Finding – Yes.

Criteria – *Section 19-13-43 Mississippi Code Annotated (1972)* prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition – During work performed, we noted that the law library fund and volunteer fire department fund had deficit fund balances at year end (see Note 16).

Cause – County employees did not follow the Mississippi statute listed above.

Effect – Having an insufficient balance in the respective funds is a violation of the statute listed above.

Recommendation – All funds should be examined on a regular basis to see if sufficient funds are available before incurring costs. Transfers should be made to funds to keep from having deficit fund balances.

View of Responsible Official(s) – We have corrected this issue and will continue to monitor funds for compliance moving forward.

Board of Supervisors, Payroll Clerk

2. Finding – Public Officials should ensure compliance with state law over reemployment of PERS service retirees.

Repeat Finding – Yes.

Criteria – *Section 25-11-127 (4) Mississippi Code Annotated (1972)*, states, "The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

- (a) For a period of time not to exceed one-half (1/2) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (1/2) of the salary in effect for the position at the time of employment, or
- (b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation."

Condition – During our review of the County's PERS form 4Bs, we noted that two (2) retired employees were paid in excess of the amounts allowed by Section 25-11-127(4).

Cause – County employees did not follow the Mississippi statute listed above.

Effect – Failure to follow state statute could result in retirees' benefits being canceled where necessary, and a demand could be made for the return of any such benefits erroneously issued to the retiree according to PERS Board Regulations Title 2 7 Part 210 Chapter 34: 111.

Recommendation – The Board of Supervisors and Payroll Clerk should ensure retirees are paid according to the PERS form 4B, section 2, and do not exceed the approved annual compensation as approved by PERS.

View of Responsible Official(s) –

Board of Supervisors / Payroll Clerk – We have made changes to the retirement status of one employee beginning with the 2022 fiscal year. The other employee's Form 4B was incorrectly calculated due to a raise not being taken into account when the form was prepared. We will monitor this issue more closely moving forward.

Circuit Clerk.

3. Finding – The Circuit Clerk's Deputies Should Ensure Compliance with State Law over Surety Bonds.

Repeat Finding – No.

Criteria – *Section 9-7-123, Mississippi Code Annotated (1972)*, states, in part "Each deputy clerk of the circuit court, before he enters upon the duties of the appointment, shall take the oath of office, and shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for the circuit clerk. However, the amount of such bond shall not be less than Fifty Thousand Dollars (\$50,000.00) nor more than One Hundred Thousand Dollars (\$100,000.00). The bond shall cover all monies coming into the hands of the deputy clerk by law or order of the court. The board of supervisors, in its discretion, may pay the bond on behalf of the deputy clerk."

Condition – As a result of procedures performed, we noted that each of the three (3) Circuit Clerk Deputies' surety bonds were issued for \$50,000. According to the referenced provision, each Deputy should be covered by a bond equal to \$100,000 due to the calculation of three percent (3%) taxes collectible in the year preceding each Circuit Clerk Deputies' term of office.

Cause – County employees did not follow the Mississippi statute listed above.

Effect – Failure to have a sufficient surety bond in place could limit the amount available for recovery if a loss were to occur.

Recommendation – We recommend that the Circuit Clerk ensure that all deputies' surety bonds are secured in the statutory amounts.

View of Responsible Official(s) – We will correct this issue.

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

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi
December 2, 2024

SCHEDULE OF FINDINGS AND RESPONSES

Clay County
Schedule of Findings and Responses
For the Year Ended September 30, 2021

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 weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Comptroller

Justice Court Clerk

Significant Deficiency

2021-001. Internal Controls in the Justice Court Clerk's Office should be strengthened.

Repeat Finding – Yes

Criteria	Effective internal controls over financial accounting and reporting should include the following: <ul style="list-style-type: none"> ▪ Trial balance & financial statements reviewed monthly by the justice court clerk. ▪ Cash reconciliations should be reconciled to the monthly ledger. ▪ Clerk's Distribution of Cash prepared as of September 30th should match the respective cash reconciliations and journals.
Condition	The monthly bank reconciliations for the criminal account and clearing account did not match subsidiary accounting ledgers.
Cause	The justice court clerk did not have effective controls in place regarding financial accounting and reporting.
Effect	This resulted in an unreconciled difference amounting to \$37,904, largely due to uncorrected accounting software errors.
Recommendation	The justice court clerk should implement additional controls and safeguards to ensure that financial records and cash reconciliations are appropriately maintained and reviewed not less than monthly.
Response	We are working with our software provider to correct this issue moving forward.