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**CLAY COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports**

**For the Year Ended September 30, 2022**



CLAY COUNTY

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# **CLAY COUNTY**

## **FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Clay County, Mississippi

### Report on the Audit of the Financial Statements

#### Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clay County, Mississippi, as of September 30, 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of Proportionate Share of the Net Pension

Liability, and Schedule of Pension Contributions 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Omission of Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the 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 March 25, 2026, 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.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

March 25, 2026

**CLAY COUNTY**

**FINANCIAL STATEMENTS**

**CLAY COUNTY**  
**Statement of Net Position**  
**September 30, 2022**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 13,749,317	137,535	13,886,852
Cash with fiscal agent	35,739	-	35,739
Property tax receivable	6,217,312	-	6,217,312
Accounts receivable, net of allowance for uncollectibles of \$1,059,294	-	128,687	128,687
Fines receivable, net of allowance for uncollectibles of \$5,832,223	1,469,122	-	1,469,122
Ad Valorem Tax Fee In-Lieu Receivable	9,434,135	-	9,434,135
Financed sales	606,373	-	606,373
Intergovernmental receivables	257,124	-	257,124
Other receivables	-	25,024	25,024
Internal balances	2,078	(2,078)	-
Land and construction in progress	10,778,119	-	10,778,119
Other capital assets, net	48,523,196	368,384	48,891,580
<b>Total Assets</b>	<b>91,072,515</b>	<b>657,552</b>	<b>91,730,067</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension	862,391	26,672	889,063
Deferred amount on refunding	664,097	-	664,097
<b>Total Deferred Outflows of Resources</b>	<b>1,526,488</b>	<b>26,672</b>	<b>1,553,160</b>
<b>Liabilities</b>			
Claims payable	1,503,410	11,705	1,515,115
Intergovernmental payables	250,318	-	250,318
Accrued interest payable	99,094	-	99,094
Amounts held in custody for others	389,495	-	389,495
Unearned revenue	2,699,517	17,539	2,717,056
Long-term liabilities			
Due within one year:			-
Capital related debt	1,729,238	27,492	1,756,730
Lease liabilities	6,184	-	6,184
Non-capital debt	89,191	-	89,191
Due in more than one year:			
Capital related debt	15,141,442	151,340	15,292,782
Lease liabilities	13,017	-	13,017
Non-capital debt	667,048	-	667,048
Net pension liability	10,364,417	320,550	10,684,967
<b>Total Liabilities</b>	<b>32,952,371</b>	<b>528,626</b>	<b>33,480,997</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pension	4,857	150	5,007
Property tax for future reporting period	6,217,312	-	6,217,312
<b>Total deferred inflows of resources</b>	<b>6,222,169</b>	<b>150</b>	<b>6,222,319</b>
<b>Net Position</b>			
Net investment in capital assets	43,075,531	189,552	43,265,083
Restricted:			
Expendable:			
General government	340,237	-	340,237
Debt service	416,509	-	416,509
Public safety	177,769	-	177,769
Public works	7,571,224	-	7,571,224
Culture and recreation	43,805	-	43,805
Conservation of natural resources	61,433	-	61,433
Economic development	212,339	-	212,339
Unemployment compensation	56,581	-	56,581
Unrestricted	1,469,035	(34,104)	1,434,931
<b>Total Net Position</b>	<b>\$ 53,424,463</b>	<b>155,448</b>	<b>53,579,911</b>

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

**CLAY COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2022**

**Exhibit 2**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,493,782	1,375,480	471,724	-	(2,646,578)		(2,646,578)
Public safety	3,387,958	413,498	333,055	-	(2,641,405)		(2,641,405)
Public works	4,482,477	2,200	7,451,962	77,572	3,049,257		3,049,257
Health and welfare	166,549	-	40,485	-	(126,064)		(126,064)
Culture and recreation	183,925	-	-	-	(183,925)		(183,925)
Conservation of natural resources	52,194	-	-	-	(52,194)		(52,194)
Economic development and assistance	2,317,467	-	-	-	(2,317,467)		(2,317,467)
Interest on long-term debt	578,683	-	-	-	(578,683)		(578,683)
Pension expense	1,517,231	-	-	-	(1,517,231)		(1,517,231)
Bond issue costs	140,250	-	-	-	(140,250)		(140,250)
Total Governmental Activities	<u>17,320,516</u>	<u>1,791,178</u>	<u>8,297,226</u>	<u>77,572</u>	<u>(7,154,540)</u>		<u>(7,154,540)</u>
Business-type activities:							
Solid waste	457,336	392,322	-	-	-	(65,014)	(65,014)
Total Business-type Activities	<u>457,336</u>	<u>392,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,014)</u>	<u>(65,014)</u>
Total Primary Government	<u>\$ 17,777,852</u>	<u>2,183,500</u>	<u>8,297,226</u>	<u>77,572</u>	<u>(7,154,540)</u>	<u>(65,014)</u>	<u>(7,219,554)</u>
<b>General revenues:</b>							
Property taxes					\$ 7,398,492	-	7,398,492
Road & bridge privilege taxes					277,490	-	277,490
Grants and contributions not restricted to specific programs					420,988	2,955	423,943
Ad valorem fee in lieu					140,727	-	140,727
Unrestricted interest income					37,141	519	37,660
Miscellaneous					102,263	7,482	109,745
Gain (loss) on disposal of capital assets					(3,550)	-	(3,550)
Total General Revenues					<u>8,373,551</u>	<u>10,956</u>	<u>8,384,507</u>
<b>Changes in Net Position</b>					<u>1,219,011</u>	<u>(54,058)</u>	<u>1,164,953</u>
<b>Net Position - Beginning, as previously reported</b>					<u>41,307,642</u>	<u>209,506</u>	<u>41,517,148</u>
Prior period adjustment					<u>10,897,810</u>	<u>-</u>	<u>10,897,810</u>
<b>Net Position - Beginning, as restated</b>					<u>52,205,452</u>	<u>209,506</u>	<u>52,414,958</u>
<b>Net Position - Ending</b>					<u>\$ 53,424,463</u>	<u>155,448</u>	<u>53,579,911</u>

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

**CLAY COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2022**

**Exhibit 3**

	Major Funds				
	General Fund	American Rescue Plan Fund	R&B Use Tax - B&I 2022 Clearing Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 755,147	2,246,907	403,399	10,343,864	13,749,317
Investments	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	35,739	35,739
Property tax receivable	4,856,888	-	-	1,360,424	6,217,312
Fines receivable, net of allowance for uncollectibles of \$5,832,223	1,469,122	-	-	-	1,469,122
Financed sales	-	-	-	606,373	606,373
Intergovernmental receivables	214,904	-	-	42,220	257,124
Due from other funds	2,078	-	-	60,062	62,140
<b>Total Assets</b>	<b>7,298,139</b>	<b>2,246,907</b>	<b>403,399</b>	<b>12,448,682</b>	<b>22,397,127</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Claims payable	149,727	-	-	1,353,683	1,503,410
Intergovernmental payables	250,318	-	-	-	250,318
Due to other funds	60,062	-	-	-	60,062
Amount held in custody	289,495	-	-	100,000	389,495
Unearned revenue	-	2,246,907	-	452,610	2,699,517
<b>Total Liabilities</b>	<b>749,602</b>	<b>2,246,907</b>	<b>-</b>	<b>1,906,293</b>	<b>4,902,802</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	4,856,888	-	-	1,360,424	6,217,312
Unavailable revenue - financed sales	-	-	-	606,373	606,373
Unavailable revenue - fines	1,469,122	-	-	-	1,469,122
<b>Total Deferred Inflows of Resources</b>	<b>6,326,010</b>	<b>-</b>	<b>-</b>	<b>1,966,797</b>	<b>8,292,807</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	340,237	340,237
Public safety	-	-	-	177,769	177,769
Public works	-	-	403,399	7,167,825	7,571,224
Culture and recreation	-	-	-	43,805	43,805
Conservation of natural resources	-	-	-	61,433	61,433
Economic development	-	-	-	212,339	212,339
Unemployment Compensation	-	-	-	56,581	56,581
Debt service	-	-	-	515,603	515,603
Unassigned	222,527	-	-	-	222,527
<b>Total Fund Balances</b>	<b>222,527</b>	<b>-</b>	<b>403,399</b>	<b>8,575,592</b>	<b>9,201,518</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,298,139</b>	<b>2,246,907</b>	<b>403,399</b>	<b>12,448,682</b>	<b>22,397,127</b>

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

**CLAY COUNTY****Exhibit 3-1****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2022**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 9,201,518
Amounts reported for governmental services 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 \$40,443,180 and amortization of \$4,680.	59,301,315
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	9,434,135
Fines receivable	1,469,122
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(17,646,120)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(99,094)
Financed sales are not available to pay for current period expenditures, and therefore, are deferred in the funds.	606,373
Deferred outflows of resources related to refunding are applicable to future periods, and therefore, are not reported in the funds.	664,097
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,364,417)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	862,391
Deferred inflows of resources related to pensions	(4,857)
Total Net Position - Governmental Activities	<u>\$ 53,424,463</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended September 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	American Rescue Plan Fund	R&B Use Tax - B&I 2022 Clearing Fund	Other Governmental Funds	
<b>REVENUES</b>					
Property taxes	5,603,808	-	-	1,794,684	7,398,492
Road and bridge privilege taxes	-	-	-	277,490	277,490
Licenses, commissions and other revenue	335,585	-	-	8,297	343,882
Fines and forfeitures	311,939	-	-	-	311,939
Advalorem fee in lieu	-	-	-	1,078,709	1,078,709
Intergovernmental revenues	1,076,531	1,505,000	403,399	5,966,973	8,951,903
Charges for services	282,708	-	-	224,634	507,342
Interest income	30,117	-	-	7,024	37,141
Miscellaneous revenues	46,112	-	-	56,151	102,263
<b>Total Revenues</b>	<b>7,686,800</b>	<b>1,505,000</b>	<b>403,399</b>	<b>9,413,962</b>	<b>19,009,161</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,641,414	5,000	-	213,817	4,860,231
Public safety	3,154,087	-	-	690,064	3,844,151
Public works	-	-	-	6,206,568	6,206,568
Health and welfare	166,549	-	-	-	166,549
Culture and recreation	-	-	-	183,925	183,925
Conservation of natural resources	37,194	-	-	15,000	52,194
Economic development and assistance	33,975	-	-	2,139,200	2,173,175
Debt service:					
Principal	82,260	-	-	1,374,844	1,457,104
Interest and fees	8,045	-	-	470,427	478,472
Bond issue costs	-	-	140,250	-	140,250
<b>Total Expenditures</b>	<b>8,123,524</b>	<b>5,000</b>	<b>140,250</b>	<b>11,293,845</b>	<b>19,562,619</b>
Excess of Revenues over (under) Expenditures	(436,724)	1,500,000	263,149	(1,879,883)	(553,458)
<b>OTHER FINANCING SOURCES ( USES)</b>					
Leases issued	23,738	-	-	-	23,738
Long-term capital debt issued	200,000	-	4,000,000	223,594	4,423,594
Financed sales principal payments	-	-	-	81,890	81,890
Proceeds from sale of capital assets	10,557	-	-	1,500	12,057
Transfers in	315,195	-	-	6,241,449	6,556,644
Transfers out	(777,918)	(1,500,000)	(3,859,750)	(418,976)	(6,556,644)
<b>Total Other Financing Sources and Uses</b>	<b>(228,428)</b>	<b>(1,500,000)</b>	<b>140,250</b>	<b>6,129,457</b>	<b>4,541,279</b>
<b>Net Changes in Fund Balances</b>	<b>(665,152)</b>	<b>-</b>	<b>403,399</b>	<b>4,249,574</b>	<b>3,987,821</b>
<b>Fund Balances- Beginning, as previously reported</b>	<b>887,679</b>	<b>-</b>	<b>-</b>	<b>4,169,936</b>	<b>5,057,615</b>
Prior period adjustment	-	-	-	156,082	156,082
<b>Fund Balances- Beginning, as restated</b>	<b>887,679</b>	<b>-</b>	<b>-</b>	<b>4,326,018</b>	<b>5,213,697</b>
<b>Fund Balances- Ending</b>	<b>222,527</b>	<b>-</b>	<b>403,399</b>	<b>8,575,592</b>	<b>9,201,518</b>

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

**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, 2022**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 3,987,821
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,863,525 exceeded depreciation of \$2,081,163 in the current period.	1,782,362
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$3,550 and the proceeds from the sale of \$12,057 in the current period.	(15,607)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	628,015
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.	(1,078,709)
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	140,727
Change in long-term receivables:	
Intergovernmental receivables	(142,309)
Other receivables	(14,541)
In the Statement of Activities, only interest income from payments received on financed sales 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 principal collections on the financed sales.	(81,890)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,457,104 were exceeded by debt proceeds of \$4,447,332.	(2,990,228)
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. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	7,973
Change in accrued interest payable	(11,936)
The amortization of bond discount	(5,263)
The amortization of deferred amount on refunding	(83,012)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,517,231)
Recognition of contributions made for the current year	<u>612,839</u>
Change in Net Position of Governmental Activities	<u>\$ 1,219,011</u>

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



Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund  
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Fund
	Solid Waste Fund
Operating Revenues	
Charges for services	\$ 392,322
Total Operating Revenues	<u>392,322</u>
Operating Expenses	
Personnel services	138,796
Consumable Supplies	85,278
Contractual services	138,084
Pension expense	46,925
Depreciation expense	44,019
Indirect costs	2,078
Total Operating Expenses	<u>455,180</u>
Operating Income ( Loss )	<u>(62,858)</u>
Nonoperating Revenues ( Expenses )	
Intergovernmental revenues	2,955
Interest income	519
Interest expense	(2,156)
Miscellaneous	7,482
Net Nonoperating Revenue ( Expenses)	<u>8,800</u>
Change in Net Position	<u>(54,058)</u>
Net Position- Beginning	<u>209,506</u>
Net Position - Ending	<u>\$ 155,448</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, 2022**

**Exhibit 7**

	<b>Business-type Activities</b>
	<b>- Enterprise Fund</b>
	Solid Waste
	Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 377,017
Payments to suppliers	(227,575)
Payments to employees for services	(167,289)
Net Cash Provided (Used) by Operating Activities	<u>(17,847)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(199,179)
Proceeds of long-term debt	199,179
Principal paid on debt	(20,347)
Interest paid on debt	(2,156)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(22,503)</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental receipts	2,955
Other receipts	7,482
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,437</u>
Cash Flows From Investing Activities	
Interest on deposits	519
Net Cash Provided (Used) by Investing Activities	<u>519</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(29,394)
Cash and Cash Equivalents at Beginning of Year	<u>166,929</u>
Cash and Cash Equivalents at End of Year	<u>\$ 137,535</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (Loss)	\$ (62,858)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	44,019
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(10,595)
(Increase) decrease in other receivable	199
(Increase) decrease in deferred outflows of resources	2,366
Increase (decrease) in interfund loans	(4,218)
Increase (decrease) in claims payable	(7,332)
Increase (decrease) in unearned revenue	(4,846)
Increase (decrease) in compensated absences liability	(187)
Increase (decrease) in net pension liability	94,165
Increase (decrease) in deferred inflows of resources	(68,560)
Total Adjustments	<u>45,011</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (17,847)</u>

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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity** - Clay County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require 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** - Blended Component Unit - Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government. Clay County has one blended component unit – Clay County Economic Development District.

Clay County Economic Development District (EDD) was created and established under Section 19-5-99 Miss. Code Ann. (1972) to serve as trustee of the undeveloped land located in the Prairie Belt Power Industrial Park. Clay County Board of Supervisors appoints all of the members of the EDD Board, with each Supervisor making an appointment from their District, and an additional two members being selected at large by all Supervisors. The District provides for the continued economic development of the County by attracting new industries and expansion of existing industries. The component unit exists exclusively, or almost exclusively, for the benefit of the primary government.

**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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

The Statement of Net Position presents the financial condition of the governmental activities 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, 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 asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. 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 non-operating.

Governmental fund 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:

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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 the accumulation of financial resources from The American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

R&B Use Tax – B&I 2022 Clearing Fund – This fund is used as a clearing fund to account for monies from Intergovernmental Revenues (Use Tax) and the proceeds from the Use Tax G.O. Road Bonds, Series 2022.

The County reports the following major Proprietary 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures 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 Associations.

**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.

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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.

**H. Interfund Transactions and Balances** – Transactions between funds that represent 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.” 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 or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets 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 cost 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, in 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. Depreciation is calculated on the straight-line basis for all assets, except land. A full year’s depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 years
Intangible assets	*	*

\* Intangible assets for the County represent right to use leased assets, and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term "depreciation" includes the amortization of intangible assets.

**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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, 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 systematic and rational matter over the remaining life of the old debt or the 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 Note 12 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, 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 the revenue becomes available.

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

**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. Leases** – The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The County uses the Federal Prime Borrowing Rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 10 for details.

**M. 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 financed purchases 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.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

**N. Equity Classifications**

Government-wide Financial Statements:

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

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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption – When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in the unrestricted classification could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

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

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

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

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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.

**P. 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.

**Q. 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 Funds 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.

**R. Changes in Accounting Standards** – GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS.**

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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To reclassify the EDD from a Discretely Presented Component Unit to a Blended Component Unit	\$ 10,897,810
Total prior period adjustments	\$ 10,897,810

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

Explanation	Amount
To reclassify the EDD from a Discretely Presented Component Unit to a Blended Component Unit	\$ 156,082
Total prior period adjustments	\$ 156,082

**NOTE 3 – DEPOSITS.**

The carrying amount of the County’s total deposits with financial institutions at September 30, 2022, was \$13,922,591, including cash with fiscal agents of \$35,739, and the bank balance was \$15,054,801. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

**NOTE 4 – 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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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, 2022 is as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2023	\$ 1,062,641
2024	1,062,641
2025	1,062,641
2026	1,062,641
2027	531,321
2028-2032	2,656,603
2033-2037	2,656,603
2038-2042	2,656,603
2043-2046	<u>2,125,282</u>
Total	\$ 14,876,976
Less: Discount to Present Value	<u>5,442,841</u>
Total	<u>\$ 9,434,135</u>

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.

**NOTE 5 – INTERFUND TRANSACTIONS AND BALANCES.**

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 2,078
Other Governmental Funds	General Fund	<u>60,062</u>
Total		<u>\$ 62,140</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2022. The payable from the Solid Waste Fund represents indirect costs of operations for the September 30, 2022 fiscal year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 315,195
Other Governmental Funds	ARPA Fund	1,500,000
Other Governmental Funds	R&B Use Tax - B&I 2022 Clearing Fund	3,859,750
Other Governmental Funds	General Fund	777,918
Other Governmental Funds	Other Governmental Funds	103,781
Total		<u>\$ 6,556,644</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.

**NOTE 6 – INTERGOVERNMENTAL RECEIVABLES.**

At September 30, 2022, intergovernmental receivables consisted of:

**Governmental Activities:**

<u>Description</u>	<u>Amount</u>
Legislative Tax Credit	\$ 171,323
DHS - Welfare Reimbursement	2,051
Prisoner Reimbursement	14,820
MTC Officer Reimbursement	1,370
Health Dept Reimbursement	229
Youth Court Grant	1,029
16th Circuit Court	8,012
Motor Vehicle Licenses	12,749
Oil Severance	609
Gas Severance	1,656
Timber Severance	1,056
Motor Vehicle Fuel Tax	42,220
Total Governmental Activities	<u>\$ 257,124</u>

**NOTE 7 – FINANCED SALES.**

The County has financed the sale of the following property with varying terms as of September 30, 2022:

On May 18, 2007, Clay County entered into an agreement with Graham Roofing for the sale of land and buildings. The agreement stipulated that the purchaser would pay \$5,546 per month for a period of twenty (20) years, beginning July 1, 2007, and ending on July 1, 2027. The payments are sufficient for the repayment of a \$1,000,000 loan at 3% interest for twenty years. At that time, Graham Roofing has the option to purchase the premises for \$100. At September 30, 2022, the principal balance was \$294,287.

On October 27, 2011, Clay County entered into an agreement with Henson Construction for the sale of land and buildings. Starting on October 1, 2021 the agreement stipulated that the purchaser would pay

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
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\$3,301 per month for 120 monthly payments through September 1, 2031. The payments up until 2021 were for a CAP Loan of \$595,193, and the current payments are for the fair market value of existing land and improvements prior to the commencement of construction financed by the CAP Loan of \$350,000. At that time, Henson Construction has the option to purchase the premises for \$100. At September 30, 2022, the principal balance was \$312,086.

At September 30, 2022, the total principal balance of the above two (2) financed sales was \$606,373.

The net present value of the financed sales at September 30, 2022 are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 89,191	16,971
2024	91,905	14,259
2025	94,700	11,463
2026	97,580	8,583
2027	83,867	5,656
2028-2031	<u>149,130</u>	<u>9,413</u>
Total	<u>\$ 606,373</u>	<u>66,345</u>

**NOTE 8 – CAPITAL ASSETS.**

The following is a summary of capital assets for the year ended September 30, 2022:

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

**Governmental activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,815,116	17,572	-	7,484,844	9,317,532
Construction in progress	170,113	1,290,474	-	-	1,460,587
Total non-depreciable capital assets	<u>1,985,229</u>	<u>1,308,046</u>	<u>-</u>	<u>7,484,844</u>	<u>10,778,119</u>
<b>Depreciable capital assets:</b>					
Infrastructure	64,435,086	-	-	4,122,638	68,557,724
Buildings	9,167,394	60,000	-	-	9,227,394
Mobile equipment	6,712,431	2,254,201	156,115	520,903	9,331,420
Furniture and equipment	1,430,343	217,540	-	182,897	1,830,780
Leased property under capital leases	703,800	-	-	(703,800)	-
Intangible right to use equipment	-	23,738	-	-	23,738
Total depreciable capital assets	<u>82,449,054</u>	<u>2,555,479</u>	<u>156,115</u>	<u>4,122,638</u>	<u>88,971,056</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	26,939,343	1,439,219	-	865,754	29,244,316
Buildings	3,464,641	147,229	-	-	3,611,870
Mobile equipment	5,617,857	430,500	140,508	248,459	6,156,308
Furniture and equipment	1,276,376	59,535	-	94,775	1,430,686
Leased property under capital leases	343,234	-	-	(343,234)	-
Intangible right to use equipment	-	4,680	-	-	4,680
Total accumulated depreciation	<u>37,641,451</u>	<u>2,081,163</u>	<u>140,508</u>	<u>865,754</u>	<u>40,447,860</u>
Total depreciable capital assets, net	<u>44,807,603</u>	<u>474,316</u>	<u>15,607</u>	<u>3,256,884</u>	<u>48,523,196</u>
<b>Governmental activities</b>					
Capital assets, net	<u>\$ 46,792,832</u>	<u>1,782,362</u>	<u>15,607</u>	<u>10,741,728</u>	<u>59,301,315</u>
Total capital assets, net, excluding intangible right to use assets					59,282,257
Intangible right to use assets, net					<u>19,058</u>
Total capital assets, net, as reported in the statement of net position					<u>\$ 59,301,315</u>

\*Adjustments to Land and Infrastructure, and related accumulated depreciation, are to adjust for the County's Economic Development District (EDD) component unit being reclassified from discrete to blended, and assets of this entity were included in governmental activities. Other adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category.

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Business-type activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
<b>Depreciable capital assets:</b>					
Mobile equipment	\$ 507,639	199,179	-	-	706,818
Furniture and equipment	12,540	-	-	-	12,540
Total depreciable capital assets	<u>520,179</u>	<u>199,179</u>	<u>-</u>	<u>-</u>	<u>719,358</u>
<b>Less accumulated depreciation for:</b>					
Mobile equipment	295,669	44,019	-	-	339,688
Furniture and equipment	11,286	-	-	-	11,286
Total accumulated depreciation	<u>306,955</u>	<u>44,019</u>	<u>-</u>	<u>-</u>	<u>350,974</u>
Total depreciable capital assets, net	<u>213,224</u>	<u>155,160</u>	<u>-</u>	<u>-</u>	<u>368,384</u>
<b>Business -type activities</b>					
Capital assets, net	<u>\$ 213,224</u>	<u>155,160</u>	<u>-</u>	<u>-</u>	<u>368,384</u>

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
General government	\$ 178,577
Public safety	154,575
Public works	1,603,719
Economic Development	144,292
Total governmental activities depreciation expense	<u>\$ 2,081,163</u>
<b>Business-type activities:</b>	
Solid waste	<u>\$ 44,019</u>

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
ERBR-13(01) - Mhoon Valley Road Bridge	\$ 316,753	Dec-2022
LSBP-13(17) - Ray Vail Road Bridge	43,763	Oct-2022

**NOTE 9 – CLAIMS AND JUDGMENTS.**

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**NOTE 10 – LEASES.**

The County is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized as a component of depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses the Federal Prime Borrowing Rate at lease inception as the discount rate for leases unless the rate that the lessor charges is known. The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The County, acting as lessee, has entered into various leases of equipment of which the details, including the lease terms, are described in the schedule below. For these leases, the County has recognized an intangible right to use asset. These lease are initially measured at the present value of payments expected to be made. The discount rates used for these leases were the Federal Prime Borrowing Rate at the lease inception.

As Lessee:

A summary of lease asset activity during the year ended September 30, 2022 is as follows:

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Lease Assets:	Balance	Additions	Deductions	Adjustments	Balance
	Oct. 1, 2021				Sept. 30, 2022
Equipment	-	23,738	-	-	23,738
Total lease assets	-	23,738	-	-	23,738
Less accumulated amortization for:					
Lease assets:					
Equipment	-	4,680	-	-	4,680
Total accumulated amortization	-	4,680	-	-	4,680
Total lease assets, net	-	19,058	-	-	19,058

A summary of lease liabilities during the year ended September 30, 2022 is as follows.

**Lease Liabilities**

	Balance	Additions	Principal	Adjustments	Balance
	10/1/2021		Payments		9/30/2022
Right to Use					
Equipment	\$ -	23,738	4,537	-	19,201
Total	\$ -	23,738	4,537	-	19,201

The following schedule contains the details of the County's leases:

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Copier	3.25%	4 Years	02/2022	01/2026	\$ 139	\$ 5,262
Copier	3.25%	3 Years	10/2021	09/2024	149	3,458
Copier	3.25%	4 Years	10/2021	09/2025	139	4,761
Copier	4.75%	4 Years	07/2022	06/2026	139	5,720
Total					\$ 566	\$ 19,201

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 6,184	\$ 608
2024	6,409	386
2025	4,830	176
2026	1,778	30
Total	\$ 19,201	\$ 1,200

**CLAY COUNTY, MISSISSIPPI**  
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**NOTE 11 – LONG TERM DEBT.**

Debt outstanding as of September 30, 2022, consisted of the following:

**Governmental Activities:**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>A. General Obligation Bonds:</b>			
District 2 Road 2021 Issue	\$ 465,000	1.85%	12/2033
\$11 Million Industrial Development Bond	670,000	3.66/4.07%	03/2023
District 5 Road 2013 Issue	140,000	2.40/2.50%	05/2025
District 4 Road 2013 Issue	184,000	2.90%	11/2025
District 4 Road 2008 Issue	45,000	4.00%	09/2023
District 3 Road 2020 Issue	430,000	2.60%	08/2032
Use Tax Road Bonds Series 2022	4,000,000	2.99%	09/2032
Total General Obligation Bonds	<u>\$ 5,934,000</u>		
<b>B. Certificates of Participation:</b>			
Justice/Circuit Court Complex	\$ 3,680,000	3.00/3.80%	05/2038
Total Certificates of Participation	<u>\$ 3,680,000</u>		
<b>C. Special Obligation Refunding Bonds:</b>			
\$7 Million Special Obligation Refunding Bond	\$ 6,610,000	2.76/3.25%	03/2030
Total Special Obligation Refunding Bonds	<u>\$ 6,610,000</u>		
<b>D. Other Loans:</b>			
Volunteer Fire Truck	\$ 125,773	2.50%	03/2031
Two Volunteer Fire Trucks #2	98,370	3.00%	07/2025
Commercial Building	300,176	3.00%	06/2027
Fisher Marine Building Renovation	314,514	3.00%	09/2031
Total Other Loans	<u>\$ 838,833</u>		
<b>E. Financed Purchases:</b>			
MSN Win Radio System	\$ 63,553	3.87%	12/2023
E-911 CAD System	30,984	3.55%	08/2023
Caterpillar Backhoe	18,370	3.55%	07/2023
(9) SO Vehicles	170,955	1.51%	12/2026
E-911 Equipment Upgrade	201,917	1.37%	03/2027
Total Financed Purchases	<u>\$ 485,779</u>		

**Business Type Activities:**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>A. Financed Purchases:</b>			
2021 Garbage Truck	\$ 178,832	1.51%	12/2024
Total Financed Purchases	<u>\$ 178,832</u>		

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

**CLAY COUNTY, MISSISSIPPI**  
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**Governmental Activities:**

Year Ending September 30:	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2023	\$ 1,180,000	217,335	180,000	130,842
2024	536,000	134,297	185,000	125,443
2025	550,000	119,117	190,000	119,893
2026	514,000	103,542	195,000	114,192
2027	478,000	89,639	200,000	107,856
2028-2032	2,626,000	234,001	1,110,000	430,340
2033-2037	50,000	913	1,325,000	210,654
2038-2042	-	-	295,000	11,210
Total	\$ 5,934,000	898,844	3,680,000	1,250,430

**Governmental Activities:**

Year Ending September 30:	Special Obligation Refunding Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2023	\$ 145,000	203,978	135,689	23,032
2024	840,000	189,990	139,818	18,906
2025	870,000	165,144	138,994	14,659
2026	895,000	138,641	111,850	10,951
2027	915,000	110,352	104,462	7,592
2028-2032	2,945,000	145,681	208,020	12,472
Total	\$ 6,610,000	953,786	838,833	87,612

**Governmental Activities:**

**Business Type Activities:**

Year Ending September 30:	Financed Purchases		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 183,003	7,210	27,492	2,512
2024	97,197	3,686	27,905	2,097
2025	85,465	2,376	123,435	456
2026	86,699	1,145	-	-
2027	33,415	117	-	-
Total	\$ 485,779	14,534	178,832	5,065

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 10.38% of the latest property assessments.

**CLAY COUNTY, MISSISSIPPI**  
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Prior Year Defeasance of Debt – In prior years, the County defeased certain general obligation bonds by placing 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, 2022, \$6,795,000 of bonds were considered defeased.

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

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 149,522	-	7,973	-	141,549	-
General obligation bonds	2,788,000	4,000,000	854,000	-	5,934,000	1,180,000
Special obligation refunding bonds	6,750,000	-	140,000	-	6,610,000	145,000
Certificates of participation	3,850,000	-	170,000	-	3,680,000	180,000
Discounts	(68,505)	-	(5,263)	-	(63,242)	(5,263)
Other loans	970,518	-	131,685	-	838,833	135,689
Capital leases	219,067	-	-	(219,067)	-	-
Financed purchases	-	423,594	156,882	219,067	485,779	183,003
Leases payable	-	23,738	4,537	-	19,201	6,184
Total	<u>\$ 14,658,602</u>	<u>4,447,332</u>	<u>1,459,814</u>	<u>-</u>	<u>17,646,120</u>	<u>1,824,613</u>
	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
<b>Business-type Activities:</b>						
Compensated absences	\$ 187	-	187	-	-	-
Financed purchases	-	199,179	20,347	-	178,832	27,492
Total	<u>\$ 187</u>	<u>199,179</u>	<u>20,534</u>	<u>-</u>	<u>178,832</u>	<u>27,492</u>

Compensated absences will be paid by the funds 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.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN.**

*General Information about the 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.

**CLAY COUNTY, MISSISSIPPI**  
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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.

Contributions. At September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022, 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, 2022, 2021 and 2020 were \$631,793, \$600,390, and \$586,892, respectively, equal to the required contributions for each year.

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

At September 30, 2022, the County reported a liability of \$10,684,967 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022, net pension liability was 0.051910 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.000855 percent from its proportionate share used to calculate the September 30, 2021, net pension liability, which was based on a measurement date of June 30, 2021.

**CLAY COUNTY, MISSISSIPPI**  
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For the year ended September 30, 2022, the County recognized pension expense of \$1,564,156. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 150,195	-
Net difference between projected and actual earnings on pension plan investments	46,602	-
Changes of assumptions	363,465	-
Changes in the proportion and differences between County contributions and proportionate share of contributions	163,340	5,007
County Contributions subsequent to the measurement date	165,461	-
	<u>\$ 889,063</u>	<u>5,007</u>

\$165,461 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, 2023. 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:	Amount
2023	\$ 111,604
2024	78,577
2025	(51,382)
2026	579,796
Total	<u>\$ 718,595</u>

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation percentage	2.40%
Salary increases, including inflation	2.65 - 17.90%
Investment rate of return	
net of pension plan investment expense, including inflation	7.55%

Mortality rates for service retirees 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 the 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.

**CLAY COUNTY, MISSISSIPPI**  
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**For the Year Ended September 30, 2022**

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 period 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 log-normal 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 rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	<u>100.00 %</u>	

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:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
County's proportionate share of the net pension liability	\$ 13,944,973	10,684,967	7,997,258

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

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

**NOTE 13 – 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 statement.

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.

**NOTE 14 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

The governmental activities' unrestricted net position amount of \$1,469,035 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$160,497 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, 2023. The \$701,894 balance of deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$4,857 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next three years.

The governmental activities' unrestricted net position amount of \$1,469,035 includes the effect of deferring the recognition of revenue resulting from financed sales. The \$66,345 balance of deferred inflows of resources at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next nine years.

The governmental activities' net investment in capital assets amount of \$43,075,531 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$664,097 balance of deferred outflows of resources at September 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over the next eight years.

The business-type activities' unrestricted net position amount of (\$34,104) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$4,964 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, 2023. The \$21,708 balance of deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$150 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next three years.

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

**NOTE 15 – 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, Mississippi Code Annotated (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 2022. 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, MS 39760-0828.

**NOTE 16 – 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. The Clay County Board of Supervisors appoints two of the twelve members of the College Board of Trustees. The County levied \$584,408 for maintenance and support of the college in fiscal year 2022.

Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Clay County Board of Supervisors appoints four of the twenty-eight members of the board of directors. The County provided \$40,587 for support of the district in fiscal year 2022.

Golden Triangle Development LINK provides services for the Counties of Clay, Lowndes, and Oktibbeha. The Clay County Board of Supervisors appoints one of the ten of the board of directors. The County provided \$350,000 for support of the organization in fiscal year 2022.

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 \$88,250 for the library during fiscal year 2022.

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 provided \$4,500 for support of the organization in fiscal year 2022.

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 twenty-one 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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

fourteen 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.

**NOTE 17 – TAX ABATEMENTS**

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of September 30, 2022, Clay County provides tax exempt status to two manufacturing companies /distributors subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes, with the exception of levies involving the school, the mandatory one mill, and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Mississippi Code Annotated (1972). These exemptions encourage business to locate or expand operations in the County and to create jobs. The County had abatements under the above code sections, which do not provide for the abatement of school or state tax levies:

Category	Fiscal Year 2022	
	% of Taxes Abated	Amount of Taxes Abated
Various manufacturing and distribution companies	35.97%	\$ 40,850

**NOTE 18 – SUBSEQUENT EVENTS.**

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Clay County evaluated the activity of the County through March 25, 2026, (the date the

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2022**

financial statements were available to be issued) and determined that the following events occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/1/2022	0.00%	\$ 400,000	Other Loan	Advalorem Taxes
7/14/2023	5.59%	120,500	Financed Purchase	Advalorem Taxes
11/3/2023	5.78%	126,508	Financed Purchase	Advalorem Taxes
4/17/2024	5.78%	136,309	Financed Purchase	Advalorem Taxes
11/5/2024	3.00%	259,785	Other Loan	Advalorem Taxes
4/24/2025	5.25%	500,000	G.O. Bond	Advalorem Taxes
4/11/2025	5.03%	129,022	Financed Purchase	Advalorem Taxes
7/28/2025	5.35%	110,202	Financed Purchase	Advalorem Taxes

**CLAY COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLAY COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,747,925	5,764,757	5,764,757	-
Licenses, commissions and other revenue	270,550	337,090	337,090	-
Fines and forfeitures	275,184	312,915	312,915	-
Intergovernmental revenues	806,560	1,126,108	1,126,108	-
Charges for services	341,212	283,758	283,758	-
Interest income	54,900	30,013	30,013	-
Miscellaneous revenues	45,940	95,515	95,515	-
<b>Total Revenues</b>	<b>7,542,271</b>	<b>7,950,156</b>	<b>7,950,156</b>	<b>-</b>
<b>EXPENDITURES</b>				
General government	4,220,003	4,508,550	4,508,550	-
Public safety	2,468,148	3,214,754	3,214,754	-
Public works	-	-	-	-
Health and welfare	162,252	163,982	163,982	-
Culture and recreation	-	-	-	-
Conservation of natural resources	40,979	37,458	37,458	-
Economic development and assistance	27,304	34,883	34,883	-
Debt Service	58,464	85,319	85,319	-
<b>Total Expenditures</b>	<b>6,977,150</b>	<b>8,044,946</b>	<b>8,044,946</b>	<b>-</b>
Excess of Revenues over (under) Expenditures	565,121	(94,790)	(94,790)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	120,940	931,976	931,976	-
Uses	(625,000)	(1,207,452)	(1,207,452)	-
<b>Total Other Financing Sources and Uses</b>	<b>(504,060)</b>	<b>(275,476)</b>	<b>(275,476)</b>	<b>-</b>
Net Change in Fund Balance	61,061	(370,266)	(370,266)	-
Fund Balance - Beginning	1,049,478	880,028	880,028	-
Fund Balance - Ending	\$ 1,110,539	509,762	509,762	-

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, 2022**

**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	1,875,221	1,875,221	-
Miscellaneous revenues	-	-	-	-
Total Revenues	-	1,875,221	1,875,221	-
<b>EXPENDITURES</b>				
General government	-	5,000	5,000	-
Total Expenditures	-	5,000	5,000	-
Excess of Revenues over (under) Expenditures	-	1,870,221	1,870,221	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	-	-	-	-
Uses	-	(1,500,000)	(1,500,000)	-
Total Other Financing Sources and Uses	-	(1,500,000)	(1,500,000)	-
Net Change in Fund Balance	-	370,221	370,221	-
Fund Balance - Beginning	-	1,875,954	1,875,954	-
Fund Balance - Ending	\$ -	2,246,175	2,246,175	-

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)**  
**R&B Use Tax – B&I 2022 Clearing Fund**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	-	403,399	403,399	-
Interest income	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>403,399</b>	<b>403,399</b>	<b>-</b>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues over (under) Expenditures	-	403,399	403,399	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	-	3,859,750	3,859,750	-
Uses	-	(3,859,750)	(3,859,750)	-
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	-	403,399	403,399	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	403,399	403,399	-

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

**CLAY COUNTY**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2022**

**UNAUDITED**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.051910%	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 (asset)	\$ 10,684,967	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	\$ 3,573,509	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 (asset) as a percentage of its covered payroll	299.00%	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	59.93%	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 twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**CLAY COUNTY**  
**Schedule of Pension Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2022**

**UNAUDITED**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 631,793	600,390	586,892	535,143	509,699	502,487	495,837	490,822
Contributions in relation to the contractually required contribution	<u>631,793</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,630,991	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%	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 Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

**Budgetary Comparison Schedule**

**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 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 Budget 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:

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

	General Fund	American Rescue Plan Fund	R&B Use Tax - B&I 2022 Clearing Fund
Budget (Cash basis)	\$ (370,266)	370,221	403,399
Increase (Decrease)			
Net adjustments for revenue accruals	(645,842)	(370,221)	140,250
Net adjustments for expenditure accruals	350,956	-	(140,250)
GAAP Basis	\$ (665,152)	-	403,399

**Pension Schedules**

**A. 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.

**B. Changes of assumptions.**

2015

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

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

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

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

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

2016

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

2017

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

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

The wage inflation assumptions were 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%.

2019

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

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

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

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

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

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

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

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

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

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

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%.

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 the female rates up to age 72, 100% for ages above 76.

**CLAY COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2022**

**UNAUDITED**

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 more closely reflect actual experience.

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 the line of duty was decreased from 6% to 4%.

**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, 2020, valuation for the June 30, 2022, 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	27.7 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

**CLAY COUNTY**

**SUPPLEMENTARY INFORMATION**

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

Federal Grantor/ Pass-Through Entity/Program Title or Cluster	Federal Assistance Listing Number	Federal Agency/ Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
Passed-through Mississippi Department of Public Safety Project Safe Neighborhoods Grant Program	16.609	Unknown	\$ 95,441
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	7,021
Total Passed-through Mississippi Department of Public Safety			<u>102,462</u>
<b>Total U.S. Department of Justice</b>			<u>102,462</u>
<b>U.S. Department of the Treasury</b>			
Passed-through Mississippi Emergency Management Agency COVID-19 Coronavirus Relief Fund	21.019	Unknown	11,221
Total Passed-through Mississippi Emergency Management Agency COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Direct)	* 21.027	N/A	1,505,000
<b>Total U.S. Department of the Treasury</b>			<u>1,516,221</u>
<b>Appalachian Regional Commission (ARC)</b>			
Passed-through Mississippi Development Authority Appalachian Area Development	23.002	MS-20645-22	347,072
Total Passed-through Mississippi Development Authority			<u>347,072</u>
<b>Total Appalachian Regional Commission (ARC)</b>			<u>347,072</u>
<b>U.S. Election Assistance Commission</b>			
Passed-through Mississippi Secretary of State's Office COVID-19 HAVA Election Security Grants	90.404	Unknown	60,922
Total Passed-through Mississippi Secretary of State's Office			<u>60,922</u>
<b>Total U.S. Election Assistance Commission</b>			<u>60,922</u>
<b>U.S. Department of Homeland Security</b>			
Passed-through Mississippi Emergency Management Agency COVID-19 Disaster grants - public assistance (Presidentially declared disaster)	97.036	Unknown	56,491
Emergency Management Performance Grants	97.042	EMA-2022-EP-0007-S01	21,554
Total Passed-through Mississippi Emergency Management Agency			<u>78,045</u>
<b>Total U.S. Department of Homeland Security</b>			<u>78,045</u>
Total Expenditures of Federal Awards			\$ <u>2,104,722</u>

\* Denotes major federal award program

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Clay County under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clay County it is not intended to and does not present the financial position, changes in net position or cash flows of Clay County.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note C - Indirect Cost Rate**

Clay County has not elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**CLAY COUNTY**

**OTHER INFORMATION**

**CLAY COUNTY**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2022**  
**UNAUDITED**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Lynn Horton	Supervisor District 1	Travelers	100,000
Luke Lummus	Supervisor District 2	Western Surety	100,000
R.B. Davis	Supervisor District 3	Western Surety	100,000
Shelton Deanes	Supervisor District 4	Travelers	100,000
Joe Chandler	Supervisor District 5	Western Surety	100,000
Amy Berry	Chancery Clerk	Western Surety	100,000
Nikkie Cude	Purchase Clerk	Western Surety	75,000
LaFrance Boyd	Receiving Clerk	Western Surety	75,000
James Eddie Decker	Assistant Receiving Clerk	Western Surety	50,000
Grady Jones	Assistant Receiving Clerk	Western Surety	50,000
Stephen McKee	Assistant Receiving Clerk	Western Surety	50,000
John Fields	Assistant Receiving Clerk	Western Surety	50,000
Michael Weaver	Assistant Receiving Clerk	Western Surety	50,000
Amy Berry	Inventory Control Clerk	Western Surety	75,000
Sherman Ivy	Constable	Travelers	50,000
Lewis Stafford	Constable	RLI Insurance	50,000
Kimberly Hood	Circuit Clerk	Western Surety	100,000
Tonya Young	Deputy Circuit Court Clerk	Western Surety	50,000
Eddie Scott	Sheriff	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 Court Clerk	Western Surety	50,000
Lisa Perry	Deputy Justice Court Clerk	Western Surety	50,000
Porsha Lee	Tax Assessor/Collector	Western Surety	100,000
Jim Lang	Deputy Tax Collector	Western Surety	50,000
Kay Frost	Deputy Tax Collector	Western Surety	50,000

**CLAY COUNTY**

**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, the business-type activities, each major fund and the aggregate remaining fund information of Clay County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 25, 2026.

**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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 controls, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters, which we have reported to the management of Clay County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated March 25, 2026, 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 Auditee's Corrective Action Plan. Clay County, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

March 25, 2026

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

Members of the Board of Supervisors  
Clay County, Mississippi

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

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

In our opinion, Clay County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Clay County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Clay County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Clay County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

March 25, 2026

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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, 2022. 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, 2022.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with *Section 31-7-115, 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 when considered 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.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

March 25, 2026

**CLAY COUNTY**  
**Schedule of Purchases Not Made from the Lowest Bidder**  
**For the Year Ended September 30, 2022**

Schedule 1

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

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

Schedule 2

Date	Item Purchased	Amount	Vendor	Reason for Emergency Purchase
1/31/2022	1099 Misc Forms & Mileage	\$ 200	Office Max	Wrong ones ordered
11/18/2021	Transmission for Sanitation Truck. Hydraulic Material Handler Excavator	6,987	Performance Automotive	Only vendor that had a transmission and garbage had to be picked up
1/17/2022	Zexton Max Radio State Contract	197,771	Comsouth	Current one to cease working
7/11/2022	Material Handler Excavator	1,471,027	Thompson Machinery (Funded thru MDOT Grant)	The old one was not working properly

**CLAY COUNTY**

Schedule 3

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount</u>	<u>Vendor</u>
6/27/2022	Chest Compression	15,345	Stryker

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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, 2022, 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 March 25, 2026, 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 that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

### **Board of Supervisors/Purchase Clerk/Circuit Clerk/Tax Collector/Justice Court Clerk.**

1. Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i>
<b>Condition</b>	<p>During the course of our testing we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> <li>• The purchase clerk was not bonded for the statutorily required amount</li> <li>• Two deputy circuit clerks were not bonded</li> <li>• Three deputy tax collectors were not bonded</li> <li>• Two assistant purchase clerks were not bonded</li> <li>• Two deputy justice court clerks were not bonded</li> </ul>
<b>Cause</b>	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
<b>Effect</b>	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
<b>Recommendation</b>	We recommend the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Laws.
<b>Response</b>	We will take the necessary steps to ensure all applicable employees are bonded as required by State Statute.
<b>Board of Supervisors.</b>	
<b>2.</b>	<u>All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<p><i>Section 65-7-117, Mississippi Code Annotated (1972), states that, "[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]</i></p> <p>Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years."</p>
<b>Condition</b>	During the course of our testing we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits

from the supervisors were filed to document that they had examined the roads and bridges annually.

**Cause** Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done.

**Effect** Failure to complete annual inspections of roads and bridges and file an affidavit of said inspection can lead to failure to identify and complete necessary improvements in a timely manner.

**Recommendation** The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and file an affidavit with the Clerk of the Board for inclusion in the minutes.

**Response** Going forward the Board of Supervisors will submit an annual Road Inspection Report and spread on its' said Minutes.

**3.** Public Officials Should Ensure Compliance with State Law over the Quarterly Appropriation of the Sheriff's, Tax Assessor's, and Tax Collector's Budgets.

**Repeat Finding** No

**Criteria** *Section 19-25-13, Mississippi Code Annotated (1972), states, "The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, appropriate a lump sum for the sheriff for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (¼) of the amount approved in the annual budget unless the sheriff requests a different amount. Except in case of emergency, as provided in the county budget law, the appropriation for the quarter beginning in October of the last year of the sheriff's term shall not exceed one-fourth (¼) of the annual budget."*

*Section 27-1-9(c), Mississippi Code Annotated (1972), states, "The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1, and July 1, appropriate a lump sum for the assessor and tax collector for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (¼) of the amount approved in the annual budget unless the assessor and tax collector requests a different amount. Except in case of emergency, as provided in the county budget law, the appropriation for the quarter beginning in October of the last year of the assessor and tax collector's term shall not exceed one-fourth (¼) of the annual budget."*

**Condition** During the course of the audit, we were unable to obtain evidence that the budgets for the sheriff, tax assessor, and tax collector were appropriated on a quarterly basis.

**Cause** Public officials failed to appropriate the budgets of the sheriff, tax assessor, and tax collector on a quarterly basis and approve the actions on the minutes.

<b>Effect</b>	Failure to appropriate the budgets of the sheriff, tax assessor, and tax collector results in noncompliance with State law and could result in the loss of misappropriation of public funds.
<b>Recommendation</b>	The Board of Supervisors should ensure that the budgets for the sheriff, tax assessor, and tax collector are appropriated on a quarterly basis in accordance with State law.
<b>Response</b>	We will comply to ensure budgets for the Sheriff, Tax Assessor and Tax Collector are appropriated on a quarterly basis.
<b>4.</b>	<u>Public Officials Should Ensure that Credit Card Expenditures are in Compliance with State Law.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 19-3-68, Mississippi Code Annotated (1972), states, "The board of supervisors of any county may acquire one or more credit cards which may be used by members of the board of supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties....The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county."</i>
<b>Condition</b>	<p>During the course of our test work, we noted the following instances of noncompliance with State law:</p> <ul style="list-style-type: none"> <li>• The Board approved for the county credit card to be used to purchase over-the-counter medication for inmates for <b>\$364.50</b>.</li> <li>• The Board approved for the county credit to be used to rent U-Haul for <b>\$149.50</b>.</li> <li>• The Board approved for the county credit to be used to pay for a Zoom subscription for <b>\$149.90</b>.</li> </ul>
<b>Cause</b>	The County has failed to maintain an adequate internal control system to ensure compliance with the credit card statute.
<b>Effect</b>	The County is not in compliance with the State's credit card purchasing law, and this may result in the misappropriation of public funds.
<b>Recommendation</b>	The Board should ensure that the County's credit card usage policy complies with state law. The Board should ensure that only those expenditures allowed by law are made on the County's credit card.

**Response** Going forward, we will comply with State Law regarding credit card expenditures.

**Board of Supervisors**

5. The County did not complete the federal grant activity schedule.

**Repeat Finding** No

**Criteria** An effective system of internal control over federal grants should include properly identifying all federal programs and the related expenditures.

**Condition** The County did not complete the federal grant activity schedule for the fiscal year ended September 30<sup>th</sup>.

**Cause** This was caused by a lack of internal controls over federal grants.

**Effect** The failure to complete a federal grant activity schedule increases the possibility of not reporting all federal disbursements and could affect the determination of whether or not a Single Audit is required.

**Recommendation** The Board of Supervisors should implement controls to ensure the federal grant activity schedule is prepared each year.

**Response** We will comply to ensure a Federal Grant activity schedule is compiled and in accordance with State Statute.

**Board of Supervisors/Human Resources**

6. Re-Hired Retirees were not paid in compliance with the Form 4Bs filed with the Mississippi Employees Retirement System.

**Repeat Finding** Yes

**Criteria** *Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....*

4) 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 (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) 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.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. *[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]*

(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:

(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or

(ii) Elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation. In order to receive compensation as allowed in this subparagraph, the retiree shall file annually, in writing, in the office of the employer and the office of the executive director of the system, an election to receive, in addition to a retirement allowance, compensation as allowed in this subparagraph. *[Note: This notice is provided on PERS Form 9C and must be executed annually and sent to PERS]*

(b) The municipality or county in which the retired person holds elective office shall pay to the board the amount of the employer's contributions on the full amount of the regular compensation for the elective office that the retired person holds.

**Condition**

During the course of our audit, we noted the following:

- One individual was paid in excess of the PERS limitation
- Three individuals had forms on file that were missing the retirement date

<b>Cause</b>	The County did not comply with <i>Section 25-11-127, Mississippi Code Annotated (1972)</i> in that it failed to ensure proper notice to PERS, proper execution of required documents, and proper monitoring of wages to ensure the PERS cap was not exceeded.
<b>Effect</b>	The failure to comply with the reemployment conditions as reported on PERS Form 4B and 9C could jeopardize the provisions for reemployment.
<b>Recommendation</b>	The County should timely and accurately file PERS Form 4Bs and 9Cs for all re-hired retirees and ensure that the statutory conditions for reemployment are met.
<b>Response</b>	We will ensure PERS Form 4Bs and 9Cs are filed according to State Statute.

**Board of Supervisors/Circuit Clerk/Chancery Clerk/Tax Assessor-Collector**

<b>7.</b>	<u>Public Officials Should Ensure Compliance with State Law over Depositories</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 27-105-371, Mississippi Code Annotated (1972)</i> , states, "All county officials who receive funds under the authority of their office shall deposit such funds into a county depository...."
<b>Condition</b>	<p>During the course of our audit we noted that the Board had approved BancorpSouth and Renasant Bank as the county's depositories. We also noted that officials maintained multiple "versions" of "old" accounts at institutions other than the approved county depositories.</p> <ul style="list-style-type: none"> <li>• The First Bank <ul style="list-style-type: none"> <li>○ Payroll Clearing Account</li> <li>○ Employment Security Account</li> <li>○ General County Account</li> <li>○ Clay County Youth Services Account</li> <li>○ Triad Grant #06CA1136 Account</li> <li>○ Tax Redemption Account (Retired Clerk)</li> <li>○ Tax Redemption Account</li> <li>○ Fee Account</li> <li>○ Poll Worker/Juror Account</li> </ul> </li> <li>• Bank First <ul style="list-style-type: none"> <li>○ General County Account</li> <li>○ Mhoon Valley Project No. ERBR-13(02) Account</li> <li>○ Flex Spending Account</li> <li>○ Bryan Public Library Account</li> <li>○ Employment Security Account</li> <li>○ Payroll Clearing Account</li> <li>○ Tax Redemption Account</li> <li>○ Tax Assessor/Collector Account</li> </ul> </li> </ul>

<b>Cause</b>	Public officials are maintaining public depositor accounts at institutions other than those approved by the Board as the county depositories.
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<b>Effect</b>	Maintaining bank accounts at financial institutions other than the depository approved by the Board of Supervisors could result in the loss of public funds.
<b>Recommendation</b>	We recommend that public officials maintain all accounts at the depositories approved by the Board. We further recommend that “old” accounts be closed and the funds settled to the appropriate entities.
<b>Response</b>	We will work to ensure all accounts at the Depositories are Board approved. Also, we will comply with closing old accounts and settling funds to the appropriate entities.
<b>Sheriff</b>	
<b>8.</b>	<u>The Sheriff Should Ensure Compliance with State Laws over the Presentation of Meal Logs to the Board of Supervisors.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 19-25-74, Mississippi Code Annotated (1972), states, “The sheriff shall maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted by the tenth calendar day of each month for the period spanning the preceding month, which shall record the number of meals served to prisoners on each day, and shall make affidavit as to the correctness thereof and file the same monthly with the board of supervisors. Such log shall remain on file with the board of supervisors as other records of said board and shall be made available to the State Department of Audit upon request. No claims for the cost or expenses of feeding prisoners shall be approved by the board of supervisors for any month unless and until such log for that month is filed.”</i>
<b>Condition</b>	During the course of our test work, we noted that the meal logs were not being consistently presented to the Board monthly yet claims to vendors were being paid.
<b>Cause</b>	The Sheriff did not present the meal logs to the Board of Supervisors.
<b>Effect</b>	Failure to properly maintain and present the meal logs could result in the misappropriation of public funds.
<b>Recommendation</b>	The Sheriff should present the meal logs to the Board of Supervisors for review monthly prior to payment of any claims for meal expenses. The logs should also be maintained on hand for audit purposes.
<b>Response</b>	We will comply with State Statute by ensuring meal logs are presented to the Board of Supervisors monthly prior to paying any claims.

**Circuit Clerk**

9. Public Officials should strengthen internal controls over bank reconciliations of the Jury/Poll Worker account.

**Repeat Finding** No

**Criteria** An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

**Condition** During the course of our audit, we noted that the Circuit Clerk had not performed bank reconciliations of the Jury/Poll Worker account.

**Cause** The system of internal control failed to ensure that a timely and accurate bank reconciliation was performed.

**Effect** Failure to complete an accurate and timely bank reconciliation results in a weakness in the system of internal control over cash.

**Recommendation** The Clerk should establish and maintain an effective internal control system over cash and ensure that bank reconciliations are prepared timely and accurately.

**Response** We will comply to ensure reconciliations of the Jury/Poll Worker account are completed in a timely manner.

**Tax Assessor-Collector**

10. Public Officials should strengthen internal controls over cash journals and bank reconciliations.

**Repeat Finding** No

**Criteria** An effective system of internal control requires the maintenance of a proper cash journal, the reconciliation of the bank statements to the cash journal in a timely manner and any identified unreconciled differences be resolved.

**Condition** During the course of our cash count, we noted that the bank statement for the Tax Assessor-Collector's account had not been timely reconciled.

Auditors were unable to obtain a current bank reconciliation, a current listing of outstanding checks, a current trial balance, and other documentation needed to properly complete the testing.

According to the documentation available to auditors, there appears to be an unidentified overage in the account.

<b>Cause</b>	The system of internal control failed to ensure that the cash journal was properly maintained and that a timely reconciliation of the bank statement to the journal was performed for the bank accounts.
<b>Effect</b>	Failure to properly maintain a cash journal and to perform timely bank reconciliations of each bank account results in a weakness in the system of internal control over cash.
<b>Recommendation</b>	The Tax Assessor-Collector should establish and maintain an effective internal control system over cash to ensure the proper maintenance of the cash journal and the timely reconciliation of all bank statements to the journal.
<b>Response</b>	As it relates to the Tax Assessor/Collector, we will ensure internal controls are in place over cash to be certain the proper maintenance of the cash journal and timely reconciliations are completed.

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.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
 Certified Public Accountants  
 Vicksburg, Mississippi

March 25, 2026

**CLAY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |  |            |
|--|------------|
| 1. Type of auditor's report issued on the financial statements | Unmodified |
| 2. Internal control over financial reporting:                  |            |
| a. Material weaknesses identified?                             | No         |
| b. Significant deficiency identified?                          | Yes        |
| 3. Noncompliance material to the financial statements?         | No         |

**Federal Awards:**

- |  |               |
|--|---------------|
| 4. Internal control over major federal programs:   |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiency identified?  | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs:   | Unmodified    |
| 6. Any audit finding disclosed that is required to be reported in accordance with CFR 200.516 (a)?   | No            |
| 7. Identification of major federal programs:   |               |
| ALN 21.027, COVID-19 Coronavirus State and Local Fiscal Recovery Funds   |               |
| 8. Dollar threshold used to distinguish between type A and type B programs:  | \$750,000     |
| 9. Auditee qualified as low risk auditee?  | No            |
| 10. Prior fiscal year findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511 (b)? | Yes           |

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

Section 2: Financial Statement Findings

**Justice Court Clerk. (Significant Deficiency)**

**2022-001.**                    The Justice Court Clerk should strengthen controls over cash journals and bank reconciliations for the Criminal, Civil, and Clearing accounts.

**Repeat Finding**            Yes, 2021, 2020, 2019

**Criteria**                    An effective system of internal control over the collection, recording, and disbursement of cash in the Justice Court Clerk’s office should include proper maintenance of a cash journal and reconciliation of the bank accounts on a monthly basis.

**Condition**                    During the course of our audit, we noted the following areas of concern:

- a. The bank reconciliations did not reconcile to the cash journals.
- b. Cash journal had not been properly maintained to ensure that all transactions were recorded.
- c. During our cash count on October 8, 2025, we noted an unexplained shortage of **(\$24,340)**.
- d. The Clerk’s Distribution of Cash prepared as of September 30th did not match the respective cash reconciliations and journals.

**Cause**                        The Justice Court Clerk lacked the necessary internal controls over cash.

**Effect**                        The failure to properly maintain the cash journal and reconcile bank statements could result in undetected errors and/or the misappropriation of public funds.

**Recommendation**        The Justice Court Clerk should implement a system that ensures the cash journal is properly maintained and that bank statements are properly reconciled each month.

**View of Responsible Official(s)**    See Auditee’s Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

**CLAY COUNTY**

**AUDITEE'S CORRECTIVE ACTION PLAN**



## Clay County Board of Supervisors

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E-mail: [supervisors@claycounty.ms.gov](mailto:supervisors@claycounty.ms.gov)

*District 1*  
*Lynn D. Horton, President*  
*District 2*  
*Daryl Thomas*  
*District 3*  
*R. B. Davis*  
*District 4*  
*Melvin Raines*  
*District 5*  
*Joe D. Chandler*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
3528 Manor Drive  
Vicksburg, Mississippi 39180

To Whom It May Concern:

Clay County respectfully submits the following corrective action plan for the year ended September 30, 2022.

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

**2022-001. Corrective Action Planned:**

The Justice Court Department has started working with Data Systems Management regarding updating system balances to define a starting point to begin reconciling to the actual system. Prior to the current audit, all reconciliations were done manually. The Justice Court Clerk will be responsible for ensuring all reconciliations are completed timely and accurately. Also, the Justice Court Clerk is working with a consultant to ensure all of the necessary steps are followed to ensure accurate reconciliations are prepared.

**Anticipated Completion Date:**

September 30, 2026

**Name and Contact Person Responsible for Corrective Action:**

Demetria Sykes-Cobb, Justice Court Clerk; Phone Number: 662.494.6140

**CLAY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



# Clay County Board of Supervisors

PO Box 815  
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District 1  
 Lynn D. Horton, President  
District 2  
 Daryl Thomas  
District 3  
 R. B. Davis  
District 4  
 Melvin Raines  
District 5  
 Joe D. Chandler

## Clay County

### Summary Schedule of Prior Year Audit Findings

Finding Number	Finding Summary	Status	Additional Information
2021-001 (Originally 2019-002; Initial Year of Finding)	Internal Controls in the Justice Court Clerk's Office should be strengthened	Not Corrected  (See Finding 2022-001)	We are working with our software provider to correct this issue moving forward.