CLARKE COUNTY, MISSISSIPPI

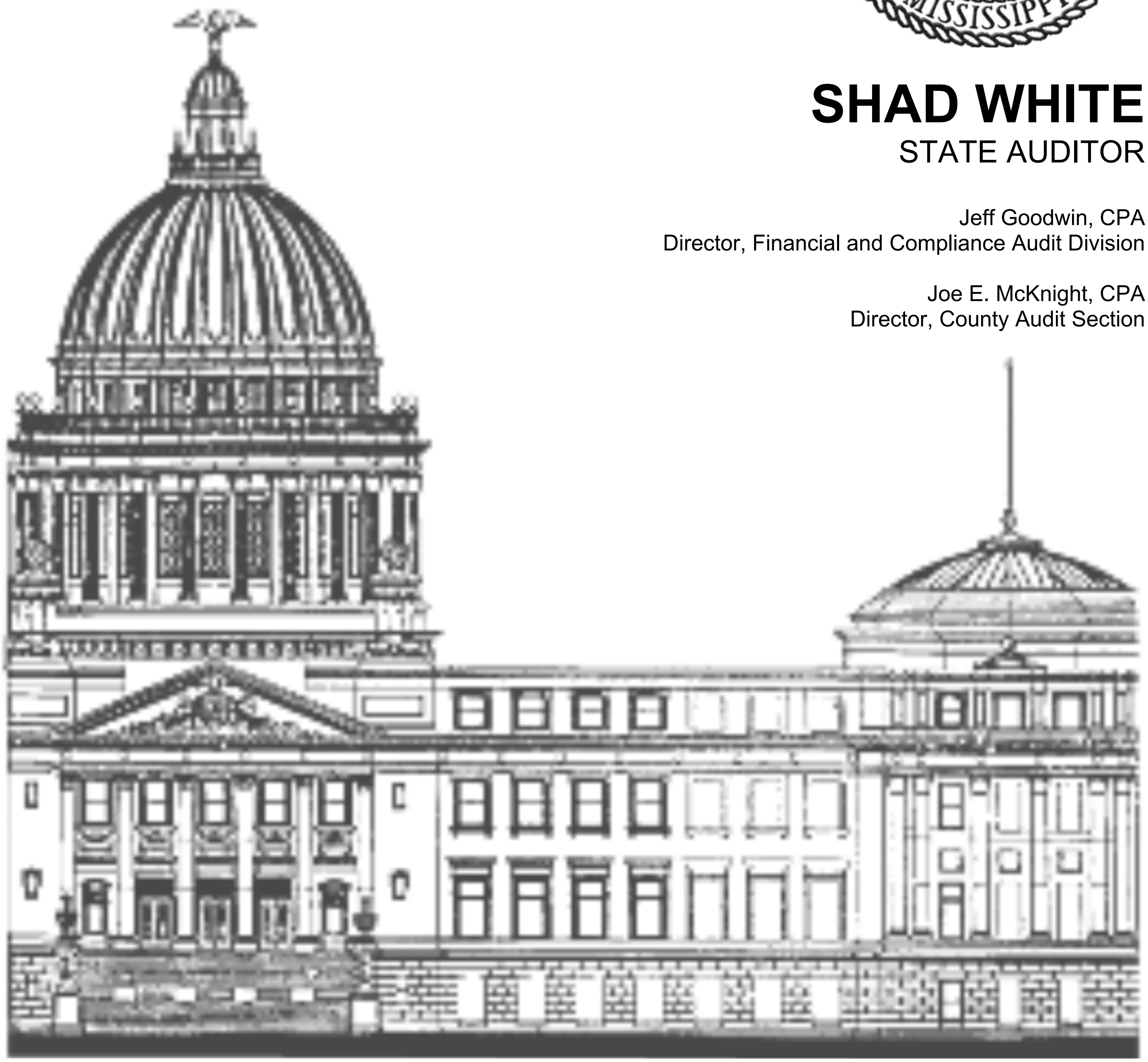
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2023

SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

June 26, 2026

Members of the Board of Supervisors
Clarke County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2023 financial and compliance audit report for Clarke County. This audit was performed pursuant to *Section 7-7-211(e), Mississippi Code Annotated (1972)*. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Clarke County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Clarke County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

Shad White

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CLARKE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Clarke County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County, Mississippi, (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Clarke County, Mississippi, as of September 30, 2023, or the changes in cash basis financial position for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County, Mississippi, as of September 30, 2023, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, as described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarke County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the Schedule of Operating Costs of Solid Waste 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 Budgetary Comparison Schedules, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026 on our consideration of Clarke 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 Clarke 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 Clarke County, Mississippi's internal control over financial reporting and compliance.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 26, 2026

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CLARKE COUNTY

FINANCIAL STATEMENTS

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CLARKE COUNTY

Statement of Net Position - Cash Basis

September 30, 2023

Exhibit 1

	Primary Government Governmental Activities
ASSETS	
Cash	$ 6,597,383
Total Assets	6,597,383
NET POSITION	
Restricted:	
Expendable:	
General government	1,318,269
Public safety	1,395,490
Public works	2,484,225
Conservation of natural resources	21,836
Economic development and assistance	45,696
Debt service	178,734
Unemployment compensation	23,083
Unrestricted	1,130,050
Total Net Position	$ 6,597,383

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

CLARKE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2023

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position: Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 3,890,483	482,312	44,417		(3,363,754)
Public safety	4,523,095	531,664	439,881		(3,551,550)
Public works	5,193,379	53,587	1,194,936	1,780,013	(2,164,843)
Health and welfare	111,164		22,087	7,942	(81,135)
Culture and recreation	224,156				(224,156)
Conservation of natural resources	216,516		229,685		13,169
Economic development and assistance	370,170			500,100	129,930
Debt service:					
Principal	634,193				(634,193)
Interest	107,159				(107,159)
Total Governmental Activities	$ 15,270,315	1,067,563	1,931,006	2,288,055	(9,983,691)

General receipts:	
Property taxes	$ 8,505,672
Road & bridge privilege taxes	228,987
Grants and contributions not restricted to specific programs	706,298
Unrestricted interest income	215,170
Miscellaneous	95,086
Proceeds from debt issuance	458,687
Sale of county property	62,225
Compensation for loss of county property	39,070
Total General Receipts and Other Cash Sources	10,311,195
Changes in Net Position	327,504
Net Position - Beginning	6,269,879
Net Position - Ending	$ 6,597,383

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

CLARKE COUNTY
Statement of Cash Basis Assets and Fund Balances -
Governmental Funds
September 30, 2023

Exhibit 3

		Major Funds					
		General Fund	COVID Rescue Fund	General Road Fund	Road and Bridge Use Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$	1,130,050	1,060,391	252,546	1,563,246	2,591,150	6,597,383
Total Assets	$	1,130,050	1,060,391	252,546	1,563,246	2,591,150	6,597,383
FUND BALANCES							
Restricted for:							
General government	$		1,060,391			257,878	1,318,269
Public safety						1,395,490	1,395,490
Public works				252,546	1,563,246	668,433	2,484,225
Conservation of natural resources						21,836	21,836
Economic development and assistance						45,696	45,696
Debt service						178,734	178,734
Unemployment compensation						23,083	23,083
Unassigned		1,130,050					1,130,050
Total Fund Balances	$	1,130,050	1,060,391	252,546	1,563,246	2,591,150	6,597,383

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

CLARKE COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds

For the Year Ended September 30, 2023

Exhibit 4

	Major Funds					
	General Fund	COVID Rescue Fund	General Road Fund	Road and Bridge Use Tax Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	$ 4,740,067		1,546,801		2,218,804	8,505,672
Road and bridge privilege taxes			228,987			228,987
Licenses, commissions and other receipts	275,445				4,250	279,695
Fines and forfeitures	198,011				2,090	200,101
Intergovernmental receipts	1,036,265		1,101,828	1,433,761	1,353,505	4,925,359
Charges for services	48,284				539,483	587,767
Interest income	178,684	25,923			10,563	215,170
Miscellaneous receipts	21,878		8,267		64,941	95,086
Total Receipts	6,498,634	25,923	2,885,883	1,433,761	4,193,636	15,037,837
DISBURSEMENTS						
General government	3,637,901				252,582	3,890,483
Public safety	3,280,571				1,242,524	4,523,095
Public works	77,578	86,135	3,114,106	23,565	1,891,995	5,193,379
Health and welfare	111,164					111,164
Culture and recreation	50				224,106	224,156
Conservation of natural resources	57,117				159,399	216,516
Economic development and assistance	12,958				357,212	370,170
Debt service:						
Principal			137,589		496,604	634,193
Interest			8,649		98,510	107,159
Total Disbursements	7,177,339	86,135	3,260,344	23,565	4,722,932	15,270,315
Excess (Deficiency) of Receipts over (under) Disbursements	(678,705)	(60,212)	(374,461)	1,410,196	(529,296)	(232,478)
OTHER CASH SOURCES (USES)						
Proceeds from long-term debt issuance					458,687	458,687
Proceeds from sale of capital assets	100				62,125	62,225
Compensation for loss of capital assets	39,070					39,070
Transfers in	210,549				346,925	557,474
Transfers out	(346,925)		(210,549)			(557,474)
Total Other Cash Sources and Uses	(97,206)	0	(210,549)	0	867,737	559,982
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(775,911)	(60,212)	(585,010)	1,410,196	338,441	327,504
Cash Basis Fund Balances - Beginning	1,905,961	1,120,603	837,556	153,050	2,252,709	6,269,879
Cash Basis Fund Balances - Ending	$ 1,130,050	1,060,391	252,546	1,563,246	2,591,150	6,597,383

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

CLARKE COUNTY
Statement of Fiduciary Net Position - Cash Basis
September 30, 2023

Exhibit 5

		Custodial Funds
ASSETS		
Cash	$	53,289
Total Assets	$	53,289
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	$	53,289
Total Net Position	$	53,289

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

CLARKE COUNTY

Exhibit 6

Statement of Changes in Fiduciary Net Position - Cash Basis

For the Year Ended September 30, 2023

		Custodial Funds
CASH ADDITIONS		
Licenses and fees collected for State	$	261,841
Tax collections for other governments		494,177
Total Additions		756,018
CASH DEDUCTIONS		
Payments of licenses and fees to State		262,067
Payments of tax to other governments		590,682
Total Deductions		852,749
Net increase (decrease) in fiduciary net position		(96,731)
Net Position - Beginning		150,020
Net Position - Ending	$	53,289

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Clarke County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Clarke County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Clarke County Airport Board
- Clarke County Economic Development District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, and Fiduciary Funds financial statements are presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

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

COVID Rescue Fund - This fund is used to account for monies received from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

General Road Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance in the County.

Road and Bridge Use Tax Fund - This fund is used to account for monies received from use tax that are restricted for road and bridge maintenance in 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 cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit, and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

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

Unrestricted net position - All other net position not meeting the definition of “restricted.”

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

H. Changes in Accounting Standards.

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs. These financial statements do not reflect SBITAs in accordance with GASB 96 as these financial statements were prepared using the cash basis of accounting.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2023, was $6,650,672, and the bank balance was $7,056,954. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2023:

Transfers In/Out:

Transfers In	Transfers Out		Amount
General Fund	General Road Fund	$	210,549
Other Governmental Funds	General Fund		346,925
Total		$	557,474

The principal purpose of interfund transfers was to provide funds for grant matches 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.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is $1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Joint Venture.

The County participates in the following joint venture:

Clarke County is a participant with Jasper County in a joint venture, authorized by *Section 39-3-1, Mississippi Code of 1972 Annotated*, to operate the East Mississippi Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. The two counties rotate board appointments so that each county has a majority of board members in alternate years. Each county is obligated by contract to levy not less than one-half mill tax as provided by *Section 39-3-5, Mississippi Code of 1972 Annotated*, for the ongoing financial support of the joint venture. For fiscal year 2023, Clarke County contributed $104,530. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, 116 West Water Street, Quitman, Mississippi, 39355.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The County provided no financial support for the district in fiscal year 2023.

Central Mississippi Emergency Medical Services District is composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Clarke County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support for the district in fiscal year 2023.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed $12,958 for support of the district in fiscal year 2023.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Clarke County Board of Supervisors appoints two of the 25 members of the college board of trustees. The County contributed $349,783 for maintenance and support of the college in fiscal year 2023.

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Clarke County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal sources. The County contributed $5,000 for support of the district in fiscal year 2023.

Region Ten, Weems Community Mental Health operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed $26,012 for support of the commission in fiscal year 2023.

The Rail Authority of East Mississippi was created in September 2009 by Clarke, George, Greene and Wayne Counties. Lauderdale County's membership was effective a month later. The Authority was created to preserve, develop, and maintain rail services in the member counties. Each county appoints five members to the board of commissioners of the authority, while any municipality in each of these counties through which such railroads run, appoints one commissioner. The County contributed no financial support to the authority in fiscal year 2023.

(8) Defined Benefit Pension Plan.

Plan Description. Clarke 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.

Funding Policy. At September 30, 2023, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2023 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2023, 2022 and 2021 were $797,879, $729,299 and $703,675, respectively, equal to the required contributions for each year.

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

(9) Tax Abatements.

As of September 30, 2023, Clarke County provides tax exempt status to four manufacturing companies and one construction company subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory one mill, and community college tax levies. These exemptions are authorized under *Sections 27-31-101* and *27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2023 totaled $88,301.

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SUPPLEMENTARY INFORMATION

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CLARKE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2023

Operating Disbursements, Cash Basis:		
Salaries	$	701,247
Expendable Commodities:		
Gasoline and petroleum products		96,049
Repair parts		48,420
Contractual garbage disposal fees		104,163
Capital outlay		263,518
Maintenance		6,027
Insurance on equipment		13,998
Supplies		43,429
Solid Waste Operating Costs Disbursements	$	1,276,851

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OTHER INFORMATION

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CLARKE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2023
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	$ 4,753,300	4,562,230	4,740,067	177,837
Licenses, commissions and other receipts	114,200	271,444	275,445	4,001
Fines and forfeitures	171,000	198,011	198,011	
Intergovernmental receipts	708,406	1,017,273	1,036,265	18,992
Charges for services	41,500	166,720	48,284	(118,436)
Interest income	45,000	81,190	178,684	97,494
Miscellaneous receipts	912,500	39,070	21,878	(17,192)
Total Receipts	6,745,906	6,335,938	6,498,634	162,696
DISBURSEMENTS				
Current:				
General government	3,672,247	3,761,060	3,637,901	123,159
Public safety	3,373,307	3,310,609	3,280,571	30,038
Public works	77,525	77,578	77,578	
Health and welfare	115,847	119,122	111,164	7,958
Culture and recreation		5,000	50	4,950
Conservation of natural resources	61,480	57,117	57,117	
Economic development and assistance	12,950		12,958	(12,958)
Total Disbursements	7,313,356	7,330,486	7,177,339	153,147
Excess (Deficiency) of Receipts over (under) Disbursements	(567,450)	(994,548)	(678,705)	315,843
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance	1,495,450			
Proceeds from sale of county assets			100	100
Compensation for loss of capital assets			39,070	39,070
Transfers in			210,549	210,549
Transfers out	928,000	309,239	(346,925)	(656,164)
Total Other Cash Sources and Uses	2,423,450	309,239	(97,206)	(406,445)
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	1,856,000	(685,309)	(775,911)	(90,602)
Cash Basis Fund Balances - Beginning	0	0	1,905,961	1,905,961
Cash Basis Fund Balances - Ending	$ 1,856,000	(685,309)	1,130,050	1,815,359

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

CLARKE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
COVID Rescue Fund
For the Year Ended September 30, 2023
UNAUDITED

		Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS					
Interest income	$		25,923	25,923	
Total Receipts		0	25,923	25,923	0
DISBURSEMENTS					
Current:					
General government		1,119,956			
Public works			86,135	86,135	
Total Disbursements		1,119,956	86,135	86,135	0
Excess (Deficiency) of Receipts over (under) Disbursements		(1,119,956)	(60,212)	(60,212)	0
Cash Basis Fund Balances - Beginning		0	0	1,120,603	1,120,603
Cash Basis Fund Balances - Ending	$	(1,119,956)	(60,212)	1,060,391	1,120,603

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

CLARKE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Road Fund
For the Year Ended September 30, 2023
UNAUDITED

		Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS					
Property taxes	$	1,941,677	2,885,880	1,546,801	(1,339,079)
Road and bridge privilege taxes		44,000		228,987	228,987
Intergovernmental receipts				1,101,828	1,101,828
Miscellaneous receipts		957,779		8,267	8,267
Total Receipts		2,943,456	2,885,880	2,885,883	3
DISBURSEMENTS					
Current:					
Public works		3,019,768	3,135,985	3,114,106	21,879
Debt service:					
Principal		343,688	146,238	137,589	8,649
Interest				8,649	(8,649)
Total Disbursements		3,363,456	3,282,223	3,260,344	21,879
Excess (Deficiency) of Receipts over (under) Disbursements		(420,000)	(396,343)	(374,461)	21,882
OTHER CASH SOURCES (USES)					
Proceeds from sale of county assets		420,000			
Transfers out				(210,549)	(210,549)
Total Other Cash Sources and Uses		420,000	0	(210,549)	(210,549)
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses		0	(396,343)	(585,010)	(188,667)
Cash Basis Fund Balances - Beginning		0	0	837,556	837,556
Cash Basis Fund Balances - Ending	$	0	(396,343)	252,546	648,889

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

CLARKE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Road and Bridge Use Tax Fund
For the Year Ended September 30, 2023
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	$	1,433,761	1,433,761	
Miscellaneous receipts	700,000			
Total Receipts	700,000	1,433,761	1,433,761	0
DISBURSEMENTS				
Current:				
General government	35,000			
Public works	665,000	23,565	23,565	
Total Disbursements	700,000	23,565	23,565	0
Excess (Deficiency) of Receipts over (under) Disbursements	0	1,410,196	1,410,196	0
Cash Basis Fund Balances - Beginning	0	0	153,050	153,050
Cash Basis Fund Balances - Ending	$ 0	1,410,196	1,563,246	153,050

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

CLARKE COUNTY
Schedule of Interfund Advances
For the Year Ended September 30, 2023
UNAUDITED

The following is a summary of interfund balances at September 30, 2023:

A. Advances From/To Other Funds:

Receivable Fund	Payable Fund		Balance at Sept. 30, 2023
General Fund	General Road Fund	$	136,239
General Road Fund	Other Governmental Funds		308,084
Other Governmental Funds	General Road Fund		7,820
Other Governmental Funds	Other Governmental Funds		74,862
Total		$	527,005

The advances represent receipts posted to the wrong fund in prior years. None of the advances are expected to be repaid within one year from the date of the financial statements.

CLARKE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2023
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2022	Additions	Deletions	Adjustments*	Balance Sept. 30, 2023
Land	$ 365,605				365,605
Infrastructure	62,697,883				62,697,883
Buildings	11,028,065				11,028,065
Improvements other than buildings	1,362,359	77,529		(31,686)	1,408,202
Mobile equipment	10,406,100	1,193,548	343,299		11,256,349
Furniture and equipment	1,247,382	30,921			1,278,303
Total capital assets	$ 87,107,394	1,301,998	343,299	(31,686)	88,034,407

These financial statements do not reflect leases in accordance with GASB 87 and/or SBITAs in accordance with GASB 96 as these financial statements were prepared using the cash basis of accounting.

*Adjustments are to correct errors in the County's capital asset records.

CLARKE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2023
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2023:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2022	Issued	Principal Payments	Balance Sept. 30, 2023
Governmental Activities:							
A. General Obligation Bonds:							
EMEPA Bonds - JCJC Center	2/18/2014	11/1/2023	0.00%	$ 176,297		138,519	37,778
Series 2020 General Obligation Bonds	5/1/2020	5/1/2035	2.50%	2,685,000		165,000	2,520,000
B. Financed Purchases:							
2020 Kenworth T730 garbage truck	3/20/2020	3/20/2023	2.35%	21,385		21,385	
2020 International tractor truck	3/20/2020	3/20/2023	2.35%	17,536		17,536	
John Deere 655K crawler	12/6/2019	12/1/2023	3.27%	67,591		53,167	14,424
2023 Kenworth dump truck	6/20/2022	6/20/2025	2.80%	193,313		68,786	124,527
2023 Kenworth dump truck	6/20/2022	6/20/2025	2.80%	193,313		68,803	124,510
C. Other Loans:							
*USA Fabrics expansion loan	3/6/2004	8/1/2014	3.00%	203,628			203,628
*Citadel Building Products expansion loan	7/25/2006	7/1/2013	2.00%	151,974			151,974
JCJC Building	7/22/2013	3/1/2036	2.00%	1,433,510		100,997	1,332,513
(5) 2024 International pumper tankers	10/11/2022	10/11/2027	2.00%		458,687		458,687
Total				$ 5,143,547	458,687	634,193	4,968,041

*USA Fabrics and Citadel Building Products are no longer in business and the County is no longer making principal and interest payments on these loans. In 2015, the County wrote off this debt. In 2016, Mississippi Development Authority informed the County that it would be held liable for the debt.

These financial statements do not reflect leases in accordance with GASB 87 or SBITAs in accordance with GASB 96 as these financial statements were prepared using the cash basis of accounting.

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

CLARKE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2023
UNAUDITED

Name	Position	Company	Bond
Darrick Marshall	Supervisor District 1	Western Surety Company	$100,000
Lorenzo Carter	Supervisor District 2	Western Surety Company	$100,000
Joel Speed	Supervisor District 3	Western Surety Company	$100,000
Paul Mosley	Supervisor District 4	Western Surety Company	$100,000
Mickey Long	Supervisor District 5	Western Surety Company	$100,000
Lisa Harris	County Administrator	Western Surety Company	$100,000
Lisa Harris	Chancery Clerk	Western Surety Company	$100,000
Leanne Volking	Purchase Clerk	Western Surety Company	$100,000
Lisa Harris	Assistant Purchase Clerk	Western Surety Company	$50,000
Dayona Mollett	Assistant Purchase Clerk	Western Surety Company	$50,000
Latoshia Evans	Assistant Receiving Clerk	Western Surety Company	$75,000
Patricia Howze	Assistant Receiving Clerk	Western Surety Company	$75,000
Mary Nicole Haddox	Assistant Receiving Clerk	Western Surety Company	$50,000
Laporsche Jones	Inventory Control Clerk	Western Surety Company	$75,000
Brian Dace	Road Manager	Western Surety Company	$100,000
Donald Moore	Constable	Western Surety Company	$50,000
Beverly Trotter	Constable	Western Surety Company	$50,000
Sarah Wedgeworth	Circuit Clerk	Western Surety Company	$100,000
Wanda J Hearns	Deputy Circuit Clerk	Western Surety Company	$50,000
Todd Kemp	Sheriff	Western Surety Company	$100,000
Tobey Lee Bartee	Justice Court Judge	Western Surety Company	$50,000
Terry L. Bonner	Justice Court Judge	Western Surety Company	$50,000
Casey "Bozeman" Kyle	Justice Court Clerk	Western Surety Company	$50,000
Terina Pyffer	Deputy Justice Court Clerk	Western Surety Company	$50,000
Sheila Smith	Deputy Justice Court Clerk	Western Surety Company	$50,000
Hope Herrington	Tax Assessor-Collector	Western Surety Company	$100,000
Angela Burke	Deputy Tax Assessor	Western Surety Company	$10,000
Kayla Cooper	Deputy Tax Assessor	Western Surety Company	$10,000
Reagan Dyess	Deputy Tax Assessor	Western Surety Company	$10,000
Heather "Beth" Evans	Deputy Tax Collector	Western Surety Company	$50,000
Cynthia Kirkman	Deputy Tax Collector	Western Surety Company	$50,000
Jennifer Bishop	Deputy Tax Collector	Western Surety Company	$50,000
Penny "Gunn" Walker	Deputy Tax Collector	Western Surety Company	$50,000
Ella "Joy" Green	Deputy Tax Collector	Western Surety Company	$50,000
Chelsea Bonner	Deputy Tax Collector	Western Surety Company	$50,000

CLARKE COUNTY

Notes to the Other Information
For the Year Ended September 30, 2023
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2023, the amount of outstanding debt was equal to 1.36 percent (1.36%) of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2023, the County issued the following debt obligation:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
08/27/2024	5.40%	$	967,589	Financed purchase	Ad valorem taxes
07/30/2025	5.15%	$	254,327	Financed purchase	Ad valorem taxes
10/20/2025	5.25%	$	440,156	Financed purchase	Ad valorem taxes
02/02/2026	5.15%	$	281,008	Financed purchase	Ad valorem taxes

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SPECIAL REPORTS

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Clarke County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County, Mississippi (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2026. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001and 2023-003 to be material weaknesses.

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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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarke 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2023-001.

We also noted certain matters which we have reported to the management of Clarke County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 26, 2026, included within this document.

Clarke County's Responses to Findings

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

Purpose of this Report

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

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 26, 2026

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Clarke County, Mississippi

We have examined Clarke County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101* through *31-7-127*, *Mississippi Code of 1972 Annotated,* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated,* during the year ended September 30, 2023. The Board of Supervisors of Clarke County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors and Receiving Clerk.

1. The Receiving Clerk should be bonded as required by state law.

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated,* requires the receiving clerk to execute a bond in a penalty not less than $75,000 to be payable, conditioned and approved as provided by law.

Condition The Receiving Clerk was not bonded in fiscal year 2023.

Cause The County did not comply with state law.

Effect Failure to comply with state law and ensure the Receiving Clerk is bonded could result in the County incurring an unnecessary liability in the event of a loss of public funds.

Recommendation The County should ensure the Receiving Clerk is bonded as required by state law.

Views of Responsible Official(s) The Board is aware of the problem and will fix it.

Inventory Control Clerk.

2. <u>The Inventory Control Clerk should maintain adequate capital asset subsidiary records.</u>

Repeat Finding No

Criteria *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include adequate subsidiary records documenting the existence, completeness, and valuation of capital assets, as well as the depreciation of these assets.

Condition The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets.

Cause The Inventory Control Clerk lacked the necessary control procedures needed to accurately maintain inventory or subsidiary records.

Effect The failure to maintain adequate subsidiary records increases the possibility of the loss or misappropriation of public funds.

Recommendation The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets.

Views of Responsible Official(s) The Board of Supervisors are now aware of the issue. We will now move forward towards putting the proper procedures in place to ensure all records are accurately maintained.

Purchase Clerk.

3. <u>The Purchase Clerk should ensure all sole-source purchases meet the specified requirements.</u>

Repeat Finding No

Criteria *Section 31-7-13, Mississippi Code of 1972 Annotated*, states that all purchases made by governing authorities shall be made by competitive bid or from at least two written quotes when the expenditure exceeds $5,000 but does not exceed $75,000, unless the purchase qualifies for one of the specified exceptions. *Section 31-7-13(m)(viii), Mississippi Code of 1972 Annotated,* provides an exception to the bidding requirements for purchases of noncompetitive items only available from one source, provided the certification of the conditions and circumstances requiring the purchase is submitted to the Board of Supervisors and the Board of Supervisors notes the approval on its minutes.

Condition During our testwork, we noted that the County improperly classified the purchase of a stretcher in the amount of $22,441 as a sole-source purchase. Additionally, the required approval was not noted in the Board of Supervisors' minutes.

Cause The County relied on vendor-provided marketing materials without performing independent verification that no other vendors could provide comparable goods or services.

Effect Reliance on the vendor's marketing documents placed the County in direct violation of state law.

Recommendation The Purchase Clerk should ensure all sole-source purchases meet the specified requirements and are approved as such by the Board of Supervisors.

Views of Responsible Official(s) The Purchase Clerk will ensure that when a potential sole source is utilized the entity is a true sole source.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Clarke County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2023.

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

Clarke 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 for use in evaluating the central purchasing system and inventory control system of Clarke County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 26, 2026

CLARKE COUNTY

<u>Schedule 1</u>

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2023

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

CLARKE COUNTY

Schedule of Emergency Purchases

For the Year Ended September 30, 2023

Schedule 2

Date	Item Purchased		Amount Paid	Vendor	Reason for Emergency Purchase
3/13/2023	Jail gate	$	6,438	Patrick Allen	The gate would not close, which created an unsafe environment at the jail
8/7/2023	Tractor repair		16,425	SunSouth	This tractor is an essential piece of equipment needed for maintenance.

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2023

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

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Clarke County, Mississippi

In planning and performing our audit of the cash basis financial statements of Clarke County, Mississippi (the County) for the year ended September 30, 2023, we considered Clarke 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 Clarke 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 June 26, 2026, on the financial statements of Clarke County, Mississippi.

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

The results of our review procedures and compliance tests identified certain 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.

1. The original and amended budgets should be entered in detail in the Board of Supervisors' minutes.

Repeat Finding No

Criteria *Section 19-11-11(1), Mississippi Code of 1972 Annotated,* requires the Board of Supervisors to enter the original budget for the fiscal year at length and in detail in its official minutes. Additionally, *Section 19-11-19(1), Mississippi Code of 1972 Annotated,* requires any revisions made to the budget to be spread upon the official minutes of the Board of Supervisors for the meeting at which any revision is made.

Condition The original and amended budgets for fiscal year 2023 were entered in the Board of

Supervisors' minutes on the combined budget form intended for publication instead of the detailed forms as required by state law.

Cause The County did not comply with state law.

Effect Failure to enter the budget details in the Board of Supervisors' minutes could result in the misappropriation of public funds.

Recommendation The Board of Supervisors should implement procedures to ensure that the original budget and any subsequent amendments are entered in detail in the minutes of the Board of Supervisors.

Views of Responsible Official(s) The County is aware of the problem and will fix the situation.

2. Officials were improperly reimbursed for mileage.

Repeat Finding No

Criteria *Section 19-3-67(3), Mississippi Code of 1972 Annotated,* states that when any member of the Board of Supervisors does not have a county-owned motor vehicle regularly assigned to him for his use and he is required to travel within the county in the performance of his official duties using his private motor vehicle, he may be reimbursed for each mile actually and necessarily traveled at the mileage reimbursement rate allowable to federal employees for the use of a privately-owned vehicle while on official travel.

Condition Two members of the Board of Supervisors received mileage reimbursement at a rate greater than that allowed by state law.

Cause The County did not comply with state law.

Effect Failure to comply with state law and reimburse officials at the correct rate resulted in the misappropriation of public funds.

Recommendation The County should implement procedures to ensure officials are reimbursed for the use of their private vehicle at the correct rate.

Views of Responsible Official(s) The Board of Supervisors are aware of the issue and will take the proper steps to correct the issue.

Board of Supervisors and Constables.

3. All Constables should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 19-19-3, Mississippi Code of 1972 Annotated*, requires Constables to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officials, in a penalty not less than Fifty Thousand Dollars ($50,000).

Condition One Constable was not bonded at all in fiscal year 2023 and another was not bonded for the entire fiscal year.

Cause The County did not comply with state law.

Effect Failure to comply with state statutes and obtain a bond for each Constable could result in an unnecessary liability being incurred in the event of a loss of public funds.

Recommendation The Board of Supervisors should implement procedures to ensure all Constables are bonded in accordance with state law.

Views of Responsible Official(s) The Board is aware of the problem and will fix it.

Board of Supervisors and Deputy Tax Assessors.

4. All Deputy Tax Assessors should be bonded as required by state law.

Repeat Finding No

Criteria *Section 27-1-3, Mississippi Code of 1972 Annotated*, requires each deputy tax assessor to give bond to be payable, conditioned and approved as provided by law in an amount not less than Ten Thousand Dollars ($10,000).

Condition One of the Deputy Tax Assessors was not bonded in fiscal year 2023.

Cause The County did not comply with state law.

Effect Failure to comply with state statutes and obtain a bond for all Deputy Tax Assessors could result in an unnecessary liability being incurred in the event of a loss of public funds.

Recommendation The County should implement procedures to ensure all Deputy Tax Assessors are bonded in accordance with state law.

Views of Responsible Official(s) Usually bonds are done the same day as drug testing. I am not sure where the ball was dropped but I will require proof they have been to the insurance company from now on.

Board of Supervisors and Deputy Tax Collectors.

5. All Deputy Tax Collectors should be bonded as required by state law.

Repeat Finding No

Criteria *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, requires each deputy tax collector to give bond to be payable, conditioned and approved as provided by law in an amount not less than Fifty Thousand Dollars ($50,000).

Condition Three (3) Deputy Tax Collectors were not bonded for all of fiscal year 2023.

Cause The County did not comply with state law.

Effect Failure to comply with state statutes and obtain a bond for all Deputy Tax Collectors for the entire year could result in an unnecessary liability being incurred in the event of a loss of public funds.

Recommendation The County should implement procedures to ensure all Deputy Tax Collectors are bonded for the entire year.

Views of Responsible Official(s) Usually bonds are done the same day as drug testing. I am not sure where the ball was dropped but I will require proof they have been to the insurance company from now on.

Former Chancery Clerk.

6. The former Chancery Clerk claimed unallowable expenses on the Annual Financial Report.

Repeat Finding Yes

Criteria *Section 9-1-43(1), Mississippi Code of 1972 Annotated,* limits the compensation of the Chancery Clerk to $99,500 after making adjustments for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be adequately documented and both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15 for the preceding calendar year.

Condition As reported in the prior years' audit report, the former Chancery Clerk claimed expenses in the amount of $19,501 for which there was no documentation and were therefore unallowable on the 2023 Annual Financial Report.

Cause The Chancery Clerk did not comply with state laws.

Effect Failure to claim only allowable expenses on the Annual Financial Report resulted in the Chancery Clerk overstating expenses by $19,501.

Recommendation The former Chancery Clerk should have ensured that only allowable expenses were claimed on the Annual Financial Report and should repay the unallowable expenses to the County's General Fund.

Views of Responsible Official(s) We were unable to obtain a response from the former Chancery Clerk.

Justice Court Clerk.

7. The Justice Court Clerk's Office should make timely deposits.

Repeat Finding No

Criteria *Section 25-1-72, Mississippi Code of 1972 Annotated,* requires all county officers who receive funds payable into the county treasury to deposit such funds into the county depository on the day they are received or on the next business day thereafter.

Condition During our testwork, it was noted that funds received in the Justice Court Clerk's office were deposited as many as four (4) days after they were received.

Cause The Justice Court Clerk failed to comply with state law applicable to the depositing of funds received.

Effect Failure to deposit funds no later than one (1) business day after the day received placed the Justice Court Clerk in direct violation of state law and could result in the loss or misappropriation of public funds.

Recommendation The Justice Court Clerk should implement procedures to ensure that all funds received are deposited into the county depository no later than the next business day after receipt.

Views of Responsible Official(s)

This office is committed to strengthening internal controls. Going forward, all deposits will be made daily as recommended. In the past, deposits were occasionally delayed due to staffing shortages, inability to close the office, inclement weather, or other unforeseen circumstances. Since taking office on October 1, 2024, we recognize the importance of timely deposits and will take all necessary steps to ensure daily deposits are made consistently.

Tax Assessor-Collector.

8. The Tax Assessor-Collector should ensure all collections are deposited and settled as required by state law.

Repeat Finding No

Criteria *Section 27-29-11, Mississippi Code of 1972 Annotated,* requires the tax collector to make reports in writing, verified by his affidavit, on the first day of each month or within twenty (20) days thereafter, to the clerk of the board of supervisors, of all taxes collected by him during the preceding month for the county; and if he has collected none, the report shall be made out and state that fact. He shall, at or within the same time, pay over all taxes collected to the State Treasurer; however, all taxes collected by him for the county shall be paid into the county depository on the day such taxes are collected or on the next business day thereafter.

Condition During our testwork, we noted the following deficiencies:

a. Settlements of taxes collected were made to the County as many as five (5) days after the due date; and
b. Collections were deposited into the County's general depository as many as three (3) business days after the date collected.

Cause The Tax Assessor-Collector failed to comply with state law applicable to the settlement to the County and the deposit to the county depository of taxes collected.

Effect Failure to deposit receipts on a daily basis and to make timely settlements in accordance with state law could result in the loss or misappropriation of public funds.

Recommendation The Tax Assessor-Collector should implement procedures to ensure that settlement of taxes collected are made by the 20th day of the subsequent month and that all funds received are deposited into the county depository no later than the next business day after receipt.

Views of Responsible Official(s)

My bookkeeper of 13 years retired and I moved a clerk from the counter. She has not been able to do the job satisfactorily. I have moved her back to the counter until I can get someone hired and trained. My retired bookkeeper is working part-time.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception and disposition are as follows:

Exception Issued On:
Angie Chisolm-Gibbs, Former Chancery Clerk

Nature of Exception:
See Finding #6 described in this report.

Amount of Exception:
$19,501

Clarke 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.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 26, 2026

SCHEDULE OF FINDINGS AND RESPONSES

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Schedule of Findings and Responses
For the Year Ended September 30, 2023

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
General Road Fund	Unmodified
COVID Rescue Fund	Unmodified
Road and Bridge Use Tax Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a.	Material weaknesses identified?	Yes
b.	Significant deficiency identified?	Yes

3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness
Material Noncompliance

2023-001. Controls over the repayment of interfund advances should be strengthened.

Repeat Finding No

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

Condition The County has interfund loans that have been outstanding for over a year. These loans were made when receipts were posted to the incorrect fund in prior years. However, these loans were not repaid as of September 30, 2023.

Cause The County failed to repay outstanding interfund loans.

Effect Failure to repay these loans is an illegal diversion of legally restricted funds.

Recommendation For any interfund loans made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of the funds for repayment. The Board of Supervisors should ensure these loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.

Views of Responsible Official(s) The County is aware and will fix the situation.

Significant Deficiency.

2023-002. Controls over the recording of receipts should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over the recording of transactions should include the proper classification of receipts.

Condition During the audit, we noted numerous coding errors in the recording of receipts.

Cause The Board of Supervisors lacked the necessary controls to ensure that receipts are classified correctly.

Effect The failure to properly classify receipts could result in the misclassification of receipts in the financial statements.

Recommendation The Board of Supervisors should implement control procedures to ensure all receipts are recorded in the correct general ledger account.

Views of Responsible Official(s) The Board of Supervisors are aware of the issue. They will take proper steps to correct this issue.

Tax Assessor-Collector.

Material Weakness

2023-003. Controls over the Tax Assessor-Collector's cash journal and bank reconciliations should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Assessor-Collector's office should include proper maintenance of a cash journal and the reconciliation of the bank account to the cash journal monthly.

Condition During test work it was noted that the Tax Assessor-Collector's bank statements had not been reconciled to the cash journal for the past three months.

Cause The Tax Assessor-Collector lacked the necessary controls over cash.

Effect Failure to properly maintain the cash journal and reconcile the bank account could result in incorrect settlements and the loss or misappropriation of public funds.

Recommendation The Tax Assessor-Collector should ensure that the cash journal is properly maintained and that the bank statements are accurately reconciled to the cash journal on a monthly basis.

Views of Responsible Official(s) Bank statements were not reconciled for three months. My long-time bookkeeper of 13 years retired and I moved a clerk from the counter. She has not been able to do the job satisfactory. My retired bookkeeper has come back part-time until I can hire and train someone. The clerk has moved back to the counter.