

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF CHARLESTON, MISSISSIPPI

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

**CITY OF CHARLESTON, MISSISSIPPI
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Alderpersons
City of Charleston
Charleston, Mississippi

Qualified and Unmodified Opinions

We have audited the Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities of the City of Charleston, MS, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Charleston, MS's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Units</u>	<u>Type of Opinion</u>
Governmental:	
General Fund	Qualified
Debt Service Fund	Unmodified
Airport Fund	Unmodified
Municipal Court Fund	Unmodified
Tourism Fund	Unmodified
Business-type:	
Water and Sewer Fund	Qualified

Qualified Opinions on the General Fund and Water and Sewer Fund

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the cash balances of the General Fund and Water and Sewer Fund of the City of Charleston, MS, as of September 30, 2022, and their respective cash receipts and disbursements, for the year then ended, on the basis of accounting described in Note 1.

Unmodified Opinions on the Debt Service Fund, Airport Fund, Municipal Court Fund, and Tourism Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Debt Service Fund, Airport fund, Municipal Court Fund, and Tourism Fund of the City of Charleston, MS, as of September 30, 2022, and their respective cash receipts and disbursements, for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 City of Charleston, MS, 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 qualified and unmodified audit opinions.

Matters Giving Rise to Qualified Opinions on the General Fund and Water and Sewer Fund

General Fund: Because of errors made in the City's payroll function, the sum of payroll related taxes, retirement contributions, and benefits paid are misstated (as reflected in the Payroll Taxes amount under Financial Administration). In addition, a principal debt payment due October 1, 2021, was not paid until after September 30, 2022 causing principal debt expenditures to be understated. The aggregate of these misstatements are material to the General Fund.

Water and Sewer Fund: Because of inadequacies in the City's billings and collections accounting records, we were unable to form an opinion regarding the amount of water and sewer utility revenues (stated at \$522,127.54) in the accompanying cash receipts and disbursements statement. In addition, the City had debt payments of \$79,473.72 due September 1, 2022, that were not paid before year end causing debt expenses to be materially understated.

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 receipts and disbursements basis of accounting as prescribed by the Office of the Mississippi State Auditor which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 City of Charleston, MS'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 City of Charleston, MS'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.

Other Information

This report is intended for the information of the City's management, the Office of the Mississippi State Auditor, and (if applicable) the appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Jayles, Powell, Wilson & Hartford, P.A.

October 16, 2023

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

RECEIPTS REVENUE RECEIPTS:	Governmental Activities					Business-Type	Totals	
	General	Debt Service Fund	Special Revenue Airport	2% Tourism Fund	Municipal Court Fund	Activities Water & Sewer Fund	(Memorandum Only)	
							September 30,	
							2022	2021
General property taxes:								
Current year levy	\$ 461,716.93	\$ 40,911.62	\$	\$	\$	\$	502,628.55	492,725.95
Prior year's levy								652.00
Autos	108,193.60	9,586.78					117,780.38	103,680.40
Penalties and interest	-	-					-	-
Total taxes	<u>569,910.53</u>	<u>50,498.40</u>					<u>620,408.93</u>	<u>597,058.35</u>
Licenses and permits:								
Permits and inspections	6,526.56						6,526.56	4,068.81
Franchise fees – utilities	<u>77,384.19</u>						<u>77,384.19</u>	<u>75,784.95</u>
Total licenses and permits	<u>83,910.75</u>						<u>83,910.75</u>	<u>79,853.76</u>
Fines and forfeits – net of amounts remitted to state, refunds and restitution	<u>-</u>				<u>57,855.11</u>		<u>57,855.11</u>	<u>34,290.77</u>
Intergovernmental revenue:								
Federal grants:								
Housing Project Grant								34,984.86
Pedestrian Sidewalk Grant								125,836.86
USDA Grant - Equipment								76,830.00
American Rescue Plan Act Funds	229,496.47						229,496.47	229,496.47
MS Dept. WFP Walking Trail Grant								84,849.00
Delta Regional Authority Grant	<u>-</u>					<u>126,864.65</u>	<u>126,864.65</u>	<u>-</u>
Total federal grants	<u>229,496.47</u>					<u>126,864.65</u>	<u>356,361.12</u>	<u>551,997.19</u>

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities					Business-Type	Totals	
		Debt	Special		Municipal	Activities	(Memorandum Only)	
RECEIPTS	General	Service	Revenue	2% Tourism	Court	Water & Sewer	September 30,	
REVENUE RECEIPTS: (Cont'd)		Fund	Airport	Fund	Fund	Fund	2022	2021
Intergovernmental revenue: (Cont'd)								
State of Mississippi:								
Public Safety Grant	\$ 3,750.00	\$	\$	\$	\$	\$	\$ 3,750.00	\$ -
MEMA Grant	34,909.63						34,909.63	51,364.42
Small Munic. Ltd Population Grant	40,905.75						40,905.75	108,789.25
Hwy 32 Water Improvements Grant						430,434.56	430,434.56	322,692.50
Homestead exemption reimbursement	31,917.45	2,828.14					34,745.59	36,777.40
Grand Gulf funds	19,574.89						19,574.89	20,596.42
General sales tax diversion	358,960.35						358,960.35	366,997.93
2% Tourism sales tax diversion				67,328.16			67,328.16	74,137.86
Municipal Revolving fund	1,091.82						1,091.82	1,403.53
Gasoline tax	5,748.55						5,748.55	6,578.98
Alcoholic beverages licenses	2,700.00						2,700.00	1,800.00
State appropriations to City	150,000.00						150,000.00	
Fire state rebate and code funds	23,812.08						23,812.08	
Modernization use tax	94,227.67						94,227.67	
Police training reimbursement	4,403.51						4,403.51	7,200.00
Health Education and Farmer's Market Grants	1,750.00	-		-		-	1,750.00	4,850.00
Total State of Mississippi	773,751.70	2,828.14		67,328.16		430,434.56	1,274,342.56	1,003,188.29
County shared revenues:								
Road maintenance	103,679.95						103,679.95	129,607.17
Fire protection contribution	3,600.00						3,600.00	3,000.00
Total county shared revenues	107,279.95						107,279.95	132,607.17

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities					Business-Type	Totals	
		Debt	Special		Municipal	Activities	(Memorandum Only)	
RECEIPTS	General	Service	Revenue	2% Tourism	Court	Water & Sewer	September 30,	
REVENUE RECEIPTS: (Cont'd)		Fund	Airport	Fund	Fund	Fund	2022	2021
Intergovernmental Revenue: (Cont'd)								
Charges for services:								
Refuse collection fees	\$ 114,781.31	\$	\$	\$	\$	\$	\$ 114,781.31	\$ 144,023.51
Water and Sewer Fees						522,127.54	522,127.54	535,505.20
Total charges for services	114,781.31					522,127.54	636,908.85	679,528.71
Miscellaneous:								
Interest	60.88		158.38	3.90		444.58	667.74	982.61
Rent and lease – use of property	77,407.51		105,609.80				183,017.31	164,441.88
Sale of fixed assets	4,800.00						4,800.00	
Sundry receipts- includes insurance proceeds, donations, and private grants	27,723.68	-	-	-	-	-	27,723.68	19,075.26
Total miscellaneous	109,992.07		105,768.18	3.90	-	444.58	216,208.73	184,499.75
Total revenue receipts	1,989,122.78	53,326.54	105,768.18	67,332.06	57,855.11	1,079,871.33	3,353,276.00	3,263,023.99
OTHER FINANCING SOURCES:								
Loan Proceeds						2,253,900.00	2,253,900.00	221,791.85
Operating Transfers In:								
Airport fund – excess revenues	138,250.05						138,250.05	50,000.00
Tourism fund - city beautification							-	76,730.95
Interfund Loans	-	2,083.46	99,430.12	-	18,970.22	-	120,483.80	323,675.93
Total other sources	138,250.05	2,083.46	99,430.12	-	18,970.22	2,253,900.00	2,512,633.85	672,198.73
Total receipts	2,127,372.83	55,410.00	205,198.30	67,332.06	76,825.33	3,333,771.33	5,865,909.85	3,935,222.72

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISBURSEMENTS OPERATING DISBURSEMENTS:	Governmental Activities					Business-Type	Totals	
	General	Debt Service Fund	Special Revenue Airport	2% Tourism Fund	Municipal Court Fund	Activities Water & Sewer Fund	(Memorandum Only)	
							September 30,	
							2022	2021
General Government:								
Legislative:								
Commissioner's salaries	\$ 32,578.90	\$	\$	\$	\$	\$	32,578.90	27,140.00
Payroll taxes	2,492.29						2,492.29	2,076.21
State retirement	5,275.35						5,275.35	4,485.33
Total legislative	<u>40,346.54</u>						<u>40,346.54</u>	<u>33,701.54</u>
Judicial:								
Salaries	31,800.00				47,952.04		79,752.04	78,007.51
Payroll taxes	1,632.73				3,615.39		5,248.12	6,058.76
State retirement	5,533.20				8,343.65		13,876.85	12,592.02
Total judicial	<u>38,965.93</u>				<u>59,911.08</u>		<u>98,877.01</u>	<u>96,658.29</u>
Executive:								
Mayor's salary	44,166.62						44,166.62	27,083.29
Payroll taxes	3,378.75						3,378.75	1,953.62
State retirement	7,684.99						7,684.99	4,475.95
Benefits - medical insurance	3,029.67						3,029.67	-
Mayor's expenditures	10,756.23						10,756.23	7,655.50
Total executive	<u>69,016.26</u>						<u>69,016.26</u>	<u>41,168.36</u>
Financial Administration:								
Salaries	49,317.34						49,317.34	49,652.28
Payroll taxes	29,075.70						29,075.70	3,778.22
State retirement	8,581.22						8,581.22	8,205.85

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISBURSEMENTS (Cont'd)	<u>Governmental Activities</u>					<u>Business-Type Activities</u>	<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>Debt Service Fund</u>	<u>Special Revenue Airport</u>	<u>2% Tourism Fund</u>	<u>Municipal Court Fund</u>	<u>Water & Sewer Fund</u>	<u>September 30,</u>	
							<u>2022</u>	<u>2021</u>
General Government: (Cont'd)								
Financial Administration: (Cont'd)								
Benefits – medical insurance	\$ 7,083.39	\$	\$	\$	\$ 7,456.15	\$	\$ 14,539.54	\$ 13,642.56
Office supply	32,167.39				143.49		32,310.88	21,876.28
Professional fees	31,255.85						31,255.85	57,169.99
Telephone	12,003.93						12,003.93	11,472.37
Travel and convention	25,910.85				216.78		26,127.63	20,494.18
Publishing	4,698.49						4,698.49	2,548.28
Insurance	5,408.35				720.13		6,128.48	6,499.77
Dues and subscriptions	12,288.24				-		12,288.24	7,510.01
Computer expense	16,173.07						16,173.07	17,867.02
Office equipment maintenance	659.00						659.00	1,050.00
Election expense	-						-	14,720.73
Miscellaneous	<u>34,081.02</u>	<u>823.66</u>		<u>324.00</u>	<u>351.00</u>		<u>35,579.68</u>	<u>24,367.76</u>
Total financial administration	<u>268,703.84</u>	<u>823.66</u>		<u>324.00</u>	<u>8,887.55</u>		<u>278,739.05</u>	<u>260,855.30</u>
Building and plant:								
Salaries	18,011.25						18,011.25	15,768.00
Payroll taxes	1,341.63						1,341.63	1,165.49
State retirement	3,133.96						3,133.96	2,605.91
Benefits - medical insurance	7,099.74						7,099.74	4,652.16
Supplies	9,701.16						9,701.16	8,162.85
Repairs	6,724.95						6,724.95	21,239.59
Utilities	15,351.67						15,351.67	9,120.09
Insurance	<u>411.01</u>						<u>411.01</u>	<u>413.53</u>
Total building and plant	<u>61,775.37</u>	<u>-</u>		<u>-</u>	<u>-</u>		<u>61,775.37</u>	<u>63,127.62</u>
Total general government	<u>478,807.94</u>	<u>823.66</u>		<u>324.00</u>	<u>68,798.63</u>		<u>548,754.23</u>	<u>495,511.11</u>

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISBURSEMENTS (Cont'd)	Governmental Activities					Business-Type	Totals	
	General	Debt	Special	2% Tourism Fund	Municipal	Activities	(Memorandum Only)	
		Service	Revenue		Court	Water & Sewer	September 30,	
		Fund	Airport		Fund	Fund	2022	2021
Public Safety:								
Police:								
Salaries	\$ 403,924.55	\$	\$	\$	\$	\$	403,924.55	\$ 321,049.90
Payroll taxes	30,018.18						30,018.18	23,819.54
State retirement	70,166.66						70,166.66	53,058.72
Benefits – medical insurance	55,407.77						55,407.77	49,176.17
Supplies and uniforms	12,511.07						12,511.07	23,298.27
Fuel	26,627.03						26,627.03	19,207.49
Repairs	14,659.95						14,659.95	10,810.95
Travel and training	9,153.71						9,153.71	11,010.89
Telephone and utilities	1,012.29						1,012.29	789.24
Insurance	27,591.70						27,591.70	29,735.06
Crime lab and professional fees	-						-	540.00
Office and computer supplies	2,039.95						2,039.95	4,597.51
Prisoner expense	129.00						129.00	
Dispatcher service-county	15,000.00						15,000.00	6,000.00
Medical expense	1,179.00						1,179.00	2,427.27
Miscellaneous	<u>13,833.12</u>						-	-
Total police	<u>683,253.98</u>						<u>683,253.98</u>	<u>555,521.01</u>
Fire:								
Salaries	28,448.62						28,448.62	30,756.50
Payroll taxes	3,051.54						3,051.54	2,396.01
Supplies and uniforms	-						-	283.00

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Governmental Activities										
DISBURSEMENTS (Cont'd)							Business-Type	Totals		
							Activities	(Memorandum Only)		
		General	Debt	Special	2% Tourism	Municipal	Water & Sewer	September 30,		
			Service	Revenue		Court				
		Fund	Airport	Fund	Fund	Fund	2022	2021		
<hr/>										
Public Safety: (Cont'd)										
Fire: (Cont'd)										
Fuel	\$	695.23	\$		\$		\$	695.23	\$	35.84
Repairs		4,026.50						4,026.50		2,013.00
Utilities		1,812.38						1,812.38		1,334.08
Insurance		11,488.64						11,488.64		14,262.59
Miscellaneous		555.00						555.00		
Total fire		<u>50,077.91</u>						<u>50,077.91</u>		<u>51,081.02</u>
Total public safety		<u>733,331.89</u>						<u>733,331.89</u>		<u>606,602.03</u>
<hr/>										
Public Works:										
Streets:										
Salaries		55,382.43						55,382.43		42,776.50
Payroll taxes		4,136.85						4,136.85		3,160.38
State retirement		9,523.09						9,523.09		7,069.51
Benefits – medical insurance		16,149.94						16,149.94		14,148.36
Materials and supplies		27,909.72						27,909.72		25,984.36
Fuel		19,438.08						19,438.08		9,874.93
Repairs and maintenance		35,902.00						35,902.00		33,337.31
Utilities – street lights		59,587.33						59,587.33		65,217.23
Insurance		13,161.54						13,161.54		15,058.40
Miscellaneous		2,386.07						2,386.07		87.95
Total streets		<u>243,577.05</u>						<u>243,577.05</u>		<u>216,714.93</u>

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISBURSEMENTS (Cont'd)	Governmental Activities					Business-Type	Totals	
	General	Debt Service Fund	Special Revenue Airport	2% Tourism Fund	Municipal Court Fund	Activities Water & Sewer Fund	(Memorandum Only)	
							September 30,	
							2022	2021
Public Works: (Cont'd)								
Health and Welfare:								
Sanitation:								
Closing landfill costs	\$	\$	\$	\$	\$	\$	\$ -	\$ -
Refuse collection-Waste Mgt., Inc.	202,569.91						202,569.91	174,693.65
Total sanitation	202,569.91						202,569.91	174,693.65
Appropriations for the benefit of:								
Public library	3,850.00						3,850.00	4,900.00
Total program appropriations	3,850.00						3,850.00	4,900.00
Special Revenue – Airport:								
Supply, repairs and maintenance			5,094.01				5,094.01	2,342.65
Utilities			6,703.58				6,703.58	6,951.30
Professional fees			10,000.00				10,000.00	8,000.00
Insurance			1,180.07				1,180.07	1,192.67
Total municipal airport			22,977.66				22,977.66	18,486.62
Enterprise:								
Water and Sewer Fund:								
Salaries and water service assistance						206,280.57	206,280.57	198,084.90
Payroll taxes						15,355.14	15,355.14	13,953.09
State retirement						35,549.08	35,549.08	32,736.75

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities					Business-Type	Totals	
	General	Debt Service Fund	Special Revenue Airport	2% Tourism Fund	Municipal Court Fund	Activities Water & Sewer Fund	(Memorandum Only)	
(Cont'd)							September 30,	
							2022	2021
Enterprise: (Cont'd)								
Water and Sewer Fund: (Cont'd)								
Benefits – medical insurance	\$	\$	\$	\$	\$	\$ 34,967.88	\$ 34,967.88	\$ 40,147.38
Repairs, maintenance and supplies						72,070.14	72,070.14	74,344.53
Chemicals and water analysis						94,706.28	94,706.28	81,228.28
Telephone							-	-
Utilities						20,544.75	20,544.75	23,326.75
Insurance						18,743.32	18,743.32	22,392.08
Professional fees						105,776.10	105,776.10	30,158.84
Collection fees including East Charleston							-	5,054.70
Fuel and travel						11,855.56	11,855.56	10,576.48
Total water and sewer fund	-	-	-	-	-	615,848.82	615,848.82	532,003.78
Total operating disbursements	1,662,136.79	823.66	22,977.66	324.00	68,798.63	615,848.82	2,370,909.56	2,048,912.12
OTHER DISBURSEMENTS:								
Debt service:								
Interfund Loans	34,512.96			67,328.16		18,642.68	120,483.80	323,675.93
FMHA – sewer improvement bonds:								
Principal								
Interest								
Bank of Commerce - capital improvements:								
Principal								
Interest	5,039.29						5,039.29	

See Accompanying Notes to the Financial Statements.

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

DISBURSEMENTS OTHER DISBURSEMENTS: (Cont'd)	Governmental Activities					Business-Type	Totals	
	General	Debt	Special	2% Tourism	Municipal	Activities	(Memorandum Only)	
		Service	Revenue		Court	Water & Sewer	September 30,	
		Fund	Airport		Fund	Fund	Fund	2022
Trustmark National Bank - Equipment Loans:								
Principal	\$ 11,019.61	\$	\$	\$	\$	\$	\$ 11,019.61	\$ 35,156.83
Interest	61.73						61.73	653.63
Capital Improvements Loans:								
Principal	17,437.80						17,437.80	120,808.38
Interest	2,762.05						2,762.05	9,616.75
General Obligation Bonds, Series 2014:								
Principal		40,000.00					40,000.00	40,000.00
Interest		14,910.00					14,910.00	16,590.00
Rural Development - Water/Sewer Bonds:								
Principal						2,241,554.50	2,241,554.50	68,736.16
Interest	-	-	-	-		46,595.04	46,595.04	99,762.92
Total debt service	<u>70,833.44</u>	<u>54,910.00</u>	-	<u>67,328.16</u>		<u>2,306,792.22</u>	<u>2,499,863.82</u>	<u>715,000.60</u>
Operating transfers			138,250.05				138,250.05	126,730.95
Capital outlay:								
Police equipment/vehicles	1,688.00						1,688.00	
Water and Sewer equipment						14,934.34	14,934.34	
Playground improvements								

See Accompanying Notes to the Financial

CITY OF CHARLESTON, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities					Business-Type	Totals	
	General	Debt Service Fund	Special Revenue Airport	2% Tourism Fund	Municipal Court Fund	Activities	(Memorandum Only)	
						Water & Sewer	September 30,	
						Fund	2022	2021
DISBURSEMENTS								
OTHER DISBURSEMENTS: (Cont'd)								
Capital outlay: (Cont'd)								
Street Dept. equipment	\$ 11,178.00	\$	\$	\$	\$	\$ -	\$ 11,178.00	\$ -
Federal Grant Capital Outlay:								
Housing Preservation grant								35,234.86
Pedestrian Sidewalk grant	121,250.30						121,250.30	36,045.78
USDA grant - equipment								68,328.42
MS Dept. WFP walking trail grant								84,849.00
Delta Regional Authority grant						126,855.65	126,855.65	
MS Dept. WFP walking trail grant								
State Grant Capital Outlay:								
Hwy 32 Water Improvements						430,614.56	430,614.56	22,692.50
grant	40,905.75						40,905.75	108,789.25
City/Local matching grant funds capital								
outlay:								
MEMA -city portion of county grant								13,750.00
City portion of federal and state grants	-	-	-	-	-	155,056.79	155,056.79	78,442.95
Total other disbursements	245,855.49	54,910.00	138,250.05	67,328.16	-	3,034,253.56	3,540,597.26	1,289,864.31
Total disbursements	1,907,992.28	55,733.66	161,227.71	67,652.16	68,798.63	3,650,102.38	5,911,506.82	3,338,776.43
EXCESS RECEIPTS,								
DISBURSEMENTS (-)	219,380.55	(323.66)	43,970.59	(320.10)	8,026.70	(316,331.05)	(45,596.97)	596,446.29
CASH AND INVESTMENTS -								
BEGINNING, as restated	216,609.83	1,616.22	222,024.89	39,354.36	9,892.89	625,156.99	1,114,655.18	518,208.89
CASH AND INVESTMENTS – ENDING	\$ 435,990.38	\$ 1,292.56	\$ 265,995.48	\$ 39,034.26	\$ 17,919.59	\$ 308,825.94	\$ 1,069,058.21	\$ 1,114,655.18

See Accompanying Notes to the Financial Statements.

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Charleston, Mississippi (“the City”) operates under the Mayor-Board of Alderman form of government and provides the following services: public safety (police and fire protection), streets, sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, and water and sewer services.

Reporting Entity – This report includes all of the funds of the City, and there are no component units as defined by GASB Statement 14.

Basis of Accounting – All governmental and proprietary funds are accounted for using the cash receipts and disbursements basis of accounting, as prescribed by the Mississippi State Department of Audit. This basis of accounting differs from generally accepted accounting principles in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with generally accepted accounting principles. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), Required Supplemental Information (Budgetary Reporting), and other Supplemental Information – the aforementioned are not required when presenting using the cash receipts and disbursements basis of accounting (essentially the cash basis of accounting).

Basis of Presentation – Fund Accounting – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise revenues/receipts and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The City uses the following funds:

Governmental Fund Types:

General Fund

The General Fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditures for specified purposes. For purposes of the City, the Airport Fund, Tourism Fund, and Municipal Court Fund are considered special revenue funds for reporting purposes.

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types: (Continued)

Debt Service Fund

Debt service funds are used to account for and report the accumulation of funds restricted or committed for the periodic payment of principal and interest on general long-term debt.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for acquisition and/or construction of major capital facilities (other than those financed by proprietary funds including proprietary fund grants). Such resources are derived principally from proceeds of revenue bonds and federal or state grants.

Proprietary Fund Types:

Proprietary Funds are used to account for operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Proprietary Fund for the City is the Water and Sewer Fund which is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collections thereof. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

The reporting model for financial statement format and presentation requirements of the Governmental Accounting Standards Board Statement Numbers do not apply when only a Statement of Cash Receipts and Disbursements prepared on an other comprehensive basis of accounting is presented.

Budget – The budget for all funds is prepared and adopted on the cash basis of accounting, a basis of accounting other than generally accepted accounting principles. This basis is consistent with the applicable laws of the State of Mississippi. Revenues which are legally receipted from October 1 through September 30 may be credited to the budget. Expenditures which may be charged to the budget are those which were legally budgeted, incurred prior to the end of the fiscal year, and disbursed during the fiscal year or within 30 days thereafter.

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types: (Continued)

Cash and Investments – For the purpose of the financial statement, cash includes all demand, savings accounts, and certificates of deposits of the City.

Capital Assets – Capital asset purchases are recorded as expenditures at the time of acquisition. Such assets are not capitalized but instead are fully expensed in the year of purchase. Consequently, depreciation has not been provided on fixed assets.

Revenues and Expenditures/Expenses – Revenues for governmental and proprietary funds are recorded when they are received. Expenditures for governmental funds are recorded when the warrant is issued.

Total Columns on Statements – The “Total” columns on the statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Adjustments to eliminate interfund transactions have not been recorded in arriving at such amounts and the memorandum totals are not intended to fairly present the financial position or results of operations of the City, taken as a whole.

NOTE 2 – PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of February 1. The City bills and collects its own property tax. The primary months of collection are December and January.

The City’s millage rate for 2021 taxes, which were collected in the year ended September 30, 2022, was at a rate of 86 mills.

The City utilized the county tax rolls and values in assessing the ad valorem taxes on real and personal property within the City boundaries. Taxes on autos are billed and collected by the county and remitted to the City in the month following the month of collection.

Property for which ad valorem taxes have not been paid is advertised for sale in April and September each year. Property not sold at auction is purchased by the City.

A reconciliation of assessed properties and property taxes is contained in Note 11 of this report.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments consist of bank deposits in the form of checking accounts, savings accounts and certificates of deposit with the City’s depository banks. At September 30, 2022, the carrying amount of the City’s deposits with financial institutions was \$1,069,058.21 and the bank balance was \$1,382,952.37. The collateral for public entities’ deposits in financial institutions are now 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).

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Under this program, the entity's funds are protected through the 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 Depository Insurance Corporation.

The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 500,000.00
Amount collateralized through the Statewide Collateral Pool Program Sponsored by the State of Mississippi Treasury Department	882,952.37
Uncollateralized	<hr/>
Total bank balance	<u>\$1,382,952.37</u>

NOTE 4 – BOND RESERVE REQUIREMENTS

On April 8, 2022 the City refinanced its Sewer System Revenue Bond and Combined Water and Sewer System Jr. Lien Revenue Bond previously financed through USDA Rural Development. The new \$2,253,900 Combined Water and Sewer System Revenue Refunding Bond, Series 2022 financed through the Bank of Commerce requires the City to maintain a bond reserve in the amount of \$163,720. The reserve requirement was fully funded at September 30, 2022.

NOTE 5 – PENSION PLAN

The City 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. Benefit provisions are established by State law 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 Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy – PERS members are required to contribute 9.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2022 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 City's contributions for the years ending September 30, 2022, 2021, and 2020 were \$145,447.55, \$125,735.52, and \$147,398.03, respectively, equal to the required contributions for each year.

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following:

	Balance Outstanding 10-1-2021	Transactions During Fiscal Year		Balance Outstanding 9-30-2022
		Issued	Redeemed	
REVENUE BONDS:				
Sewer System Revenue Bond, issued on 4-5-2000. Payment of interest only shall be made on the first anniversary of the bond. Principal payments with interest on the unpaid balance from the date thereof, at the rate of 4.50% per annum shall be paid in equal annual installments of principal and interest in the amount of \$6,953.00 beginning on the second anniversary date of the bond and continuing through the 13 th anniversary of the bond. Final payment if not sooner paid shall be due and payable 35 years from date of bond.	\$ 48,982.45	\$	\$ 48,982.45	\$
Combined Water and Sewer System Junior Lien Revenue Bond \$2,867,220 dated as of 5-30-2008 payable in monthly installments of \$13,461.59 for 35 years maturing 5-30-2043 at a rate of 4.375%. First payment due 6-30-2008.	2,192,572.05		2,192,572.05	
Bank of Commerce: Combined Water and Sewer Revenue Refunding Bonds, Series 2022, \$2,253,900.00 dated as of 4-8-2022, interest is payable on March 1 st and interest and principal are payable on September 1 st of each year at an effective interest rate of 3.75%. Payments are to begin 9-1-2022. Final maturity is scheduled for 9-1-2042.		2,253,900.00		2,253,900.00
General Obligation Street Improvement Bonds, Series 2014 \$600,000 dated as of 8-18-2014. Interest is payable on June 1 st and interest and principal are payable on December 1 st of each year at an effective interest rate of 4.2%. Principal amounts will vary and increase over time. Final maturity, if not paid sooner, shall be 12-1-2029.	355,000.00		40,000.00	315,000.00

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 6 – LONG-TERM DEBT (Continued)

	Balance Outstanding 10-1-2021	Transactions During Fiscal Year	Balance Outstanding 9-30-2022
	<u>10-1-2021</u>	<u>Issued</u> <u>Redeemed</u>	<u>9-30-2022</u>
OTHER LONG-TERM DEBT:			
Bank of Commerce loan, dated 10-5-20 matures on 10-5-35. Original loan amount is \$115,730.60 at 5.75% fixed rate. Annual payments of principal and interest starting 10-5-21.	\$ 115,730.60	\$	\$ 115,730.60
2009 Capital Improvements Revolving Loan for \$324,000 at 233 months at 3% per annum with a monthly payment of \$1,836.35 beginning 10-1-2010, maturing 02-1-2030.	161,228.76		17,437.80 143,790.96
Trustmark National Bank, Dated 3-6-2013 for \$182,119 payable in 120 payments of \$1,705.26, including interest at 2.36%. First payment due 4-5-2013, maturing 3-5-2023.	<u>11,019.61</u>	<u>11,019.61</u>	
Total long-term debt	<u>\$ 2,884,533.47</u>	<u>\$ 2,253,900.00</u> <u>\$ 2,310,011.91</u>	<u>\$ 2,828,421.56</u>

The annual aggregate maturities for the Combined Water and Sewer System Revenue Refunding Bonds, Series 2022 for the years subsequent to September 30, 2022 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 126,800.00	\$ 116,373.72	\$ 243,173.72
2024	83,900.00	79,766.26	163,666.26
2025	87,100.00	76,620.00	163,720.00
2026	90,300.00	73,353.76	163,653.76
2027	93,700.00	69,967.50	163,667.50
2028-2032	506,100.00	294,941.28	801,041.28
2033-2037	588,900.00	194,827.54	783,727.54
2038-2042	<u>677,100.00</u>	<u>75,806.28</u>	<u>752,906.28</u>
Total	<u>\$ 2,253,900.00</u>	<u>\$ 981,656.34</u>	<u>\$ 3,235,556.34</u>

The annual aggregate maturities for the General Obligations Street Improvement Bond for the years subsequent to September 30, 2022 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 40,000.00	\$ 13,230.00	\$ 53,230.00
2024	40,000.00	11,550.00	51,550.00
2025	45,000.00	9,870.00	54,870.00
2026	45,000.00	7,980.00	52,980.00
2027	45,000.00	6,090.00	51,090.00
2028-2029	<u>100,000.00</u>	<u>6,300.00</u>	<u>106,300.00</u>
Total	<u>\$ 315,000.00</u>	<u>\$ 55,020.00</u>	<u>\$ 370,020.00</u>

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 6 – LONG-TERM DEBT (Continued)

The annual aggregate maturities for the 2009 Capital Improvements Revolving Loan for the years subsequent to September 30, 2022 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,968.20	\$ 4,068.00	\$ 22,036.20
2024	18,514.73	3,521.47	22,036.20
2025	19,077.88	2,958.32	22,036.20
2026	19,658.11	2,378.09	22,036.20
2027	20,256.05	1,780.15	22,036.20
2028-2030	<u>48,315.99</u>	<u>1,724.10</u>	<u>50,040.09</u>
Total	<u>\$ 143,790.96</u>	<u>\$ 16,430.13</u>	<u>\$ 160,221.09</u>

The annual aggregate maturities for the Bank of Commerce note dated October 5, 2020, for the years subsequent to September 30, 2022 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,372.36	\$ 8,160.79	\$ 18,533.15
2024	5,643.98	6,142.24	11,786.22
2025	5,957.09	5,829.13	11,786.22
2026	6,320.31	5,465.91	11,786.22
2027	6,688.77	5,097.45	11,786.22
2028-2032	39,754.12	19,176.98	58,931.10
2033-2036	<u>40,993.97</u>	<u>6,150.96</u>	<u>47,144.93</u>
Total	<u>\$ 115,730.60</u>	<u>\$ 56,023.46</u>	<u>\$ 171,754.06</u>

NOTE 7 – SHORT-TERM DEBT

The City had no short-term debt or lines of credit at year end September 30, 2022.

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The City participates in federally assisted grant programs, principal of which are Community Development Block Grants and Rural Development Grants. These programs are subject to program compliance audits by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or applicable fund. In general, the City expects amounts disallowed, if any, to be immaterial.

The City is occasionally involved in various other legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the City.

NOTE 9 – RISK MANAGEMENT

The City has entered into a joint and several relationships with other public entities in the Mississippi Municipal Worker's Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contribution based on payroll and their own loss experiences as well as assessments needed for fund inadequacies. They also share the benefit of fund surplus in the form of dividends when applicable.

NOTE 10 – SCHEDULE OF CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases(-)</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets:				
Land	\$ 116,310	\$	\$	\$ 116,310
Buildings and improvements	1,673,857			1,673,857
Machinery and equipment	1,043,468	12,866		1,056,334
Infrastructure	3,583,722	449,416		4,033,138
Construction in process	<u>287,260</u>		<u>(287,260)</u>	
Total governmental activities	<u>\$ 6,704,617</u>	<u>\$ 462,282</u>	<u>\$ (287,260)</u>	<u>\$ 6,879,639</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets:				
Land, buildings and Infrastructure	\$ 3,583,198	\$ 468,712	\$	\$ 4,051,910
Machinery and equipment	1,170,462	14,934		1,185,396
Construction in process	<u>497,483</u>	<u>712,527</u>	<u>(468,712)</u>	<u>741,298</u>
Total business-type activities	<u>\$ 5,251,143</u>	<u>\$ 1,196,173</u>	<u>\$ (468,712)</u>	<u>\$ 5,978,604</u>

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 11-RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS

Tax assessments were found to be mathematically correct and in agreement with collections as follows:

	Taxable Assessed Values	Millage	Tax
Realty	\$ 5,399,309	86	\$ 464,341
Personal other than autos	841,914	86	72,405
Public utilities	683,995	86	58,824
Mobile homes	57,103	86	4,911
Autos collected by county	<u>1,369,539</u>	86	<u>117,780</u>
	<u>\$ 8,351,860</u>		718,261
Homestead exemptions allowed	<u>\$ 1,052,880</u>		-90,548
Homestead exemption reimbursement- state			34,745
Prior year taxes collected			
Penalties and interest-delinquent taxes			
Adjustment to Rolls			
Total taxes to account for			<u>\$ 662,458</u>
	Taxes, Penalties and Interest	Homestead Exemption Reimbursement from State	Total
Credits:			
General Fund	\$ 569,911	\$ 31,917	\$ 601,828
Debt Service Fund	<u>50,499</u>	<u>2,828</u>	<u>53,327</u>
	<u>\$ 620,410</u>	<u>\$ 34,745</u>	655,155
Balance represented by:			
Unpaid personalty and mobile home			7,026
Unsettled – (over)/under			<u>277</u>
Total taxes accounted for			<u>\$ 662,458</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem taxes were found to be within the limitation of Section 27-39-320 to 27-39-323 Mississippi Code Annotated (1972).

**CITY OF CHARLESTON, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 12-SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS

Sedrick Smith	Mayor	Travelers Casualty & Surety Co.	\$ 50,000
Ana Ealy	City clerk	Travelers Casualty & Surety Co.	50,000
Vanisha Powell	Water clerk	Travelers Casualty & Surety Co.	50,000
Felicia Porter	Asst. Water clerk	Travelers Casualty & Surety Co.	50,000
Perry Herron	Alderman	Travelers Casualty & Surety Co.	50,000
Sandy F. Smith	Alderman	Travelers Casualty & Surety Co.	50,000
Brenda Willis	Alderman	Travelers Casualty & Surety Co.	50,000
Lloyd C. Smith	Alderman	Travelers Casualty & Surety Co.	50,000
Gyrone Kenniel	Alderman	Travelers Casualty & Surety Co.	50,000
Jerry Williams	Chief of Police	Travelers Casualty & Surety Co.	50,000
Priscilla Curtis	Fine Clerk	Brierfield Insurance Company	10,000
Wendy Jones	Police officer	Travelers Casualty & Surety Co.	25,000

NOTE 13-SCHEDULE OF INVESTMENTS – ALL FUNDS

Airport Fund:

Bank of Commerce, Certificate of Deposit

#20382, renewed on October 6, 2021 at a rate of
.25%, maturing November 6, 2022

\$ 114,844.33

NOTE 14-RESTATEMENT

The beginning cash and investments total for the General Fund was restated by increasing the beginning balance by \$5,304.85, and the Water and Sewer Fund was restated by increasing the beginning balance by \$200 – both of which were due to voiding old or duplicate outstanding checks.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2023, the date the financial statements were available to be issued.

On December 1, 2022 the City obtained \$500,000 in General Obligation Public Improvement Bonds, Series 2022 at a rate of 5.25% over 10 years for the purpose of making improvements and repairs to City infrastructure. The first payment is due November 1, 2023.

On September 16, 2021 the City was awarded a federal Land and Water Conservation Fund grant of \$215,810 for the construction of a municipal swimming pool. This grant requires the City to match 50%. The period of the project is from October 1, 2021 to March 31, 2024.

TAYLOR, POWELL, WILSON & HARTFORD, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

To the Honorable Mayor and
Board of Commissioners
City of Charleston, MS

We have audited the Statement of Cash Receipts and Disbursements – All Funds of the City of Charleston, MS as of and for the year ended September 30, 2022 and have issued our report dated October 16, 2023. We have conducted our audit in accordance with auditing standards prescribed by the Office of the State Auditor.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following instances of noncompliance with state laws and regulations that we presume to be material.

Finding 2022-1: Section 21-17-5 of the Miss. Code states that the municipal governing authority is responsible for the custody of its assets. The Office of the State Auditor requires municipalities to conduct an annual inventory of its assets and to properly account for and tag all fixed assets. There were two “No” answers in the City’s Municipal Compliance Questionnaire stating that the City did not conduct an annual inventory of its assets and; therefore, all of its fixed assets are not properly accounted for and tagged. This is a repeat finding.

Finding 2022-2A: Section 21-35-13 of the Miss. Code states that the municipal clerk submit to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item. The municipal clerk did submit a monthly report of expenditures to the board, but it did not contain a comparison to unexpended budgeted amounts monthly or fiscal year to date. Due to the lack of reporting expenditures to budgeted amounts resulted in the next findings (2022-2B).

Finding 2022-2B: Section 21-35-17 states that the board and city clerk not issue warrants in excess of budgeted amounts. Section 21-35-25 of the Miss. Code states that a municipality must comply with legal publication requirements when budgetary changes of 10% or more are made to a department’s budget. In the General Fund, revenues increased by more than 10% and expenditures under the General Government Department increased by more than 10% - the budget was not amended. In the Airport Fund, expenditures increased more than 10% due to transfers of monies to the General Fund – the budget was not amended. In the Water and Sewer Fund, revenues increased by more than 10% and expenditures increased by more than 10% - the budget was not amended.

Finding 2022-3: The municipality is legally required to be in compliance with debt covenants of any loans or bonds in which the City participates. The following debt payments were either not paid or were not paid in full by September 30, 2022:

General Fund Debt – Negotiable Note, Series 2020 loan payment due October 5, 2021 for \$5,039.29 principal and \$6,746.93 interest. The City made a payment of \$5,039.29 on June 15, 2022 which was applied to interest. The balance due was not paid before September 30, 2022.

Water and Sewer Debt – Combined Water and Sewer System Revenue Refunding Bonds, Series 2022 payment was due September 1, 2022 for \$79,473.72 principal and interest. Neither principal nor interest were paid by September 30, 2022.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Jayles, Powell, Wilson & Hartford, P.A.

October 16, 2023