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**CITY OF CARTHAGE, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORTS**

**SEPTEMBER 30, 2020**

# CITY OF CARTHAGE, MISSISSIPPI

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**CITY OF CARTHAGE, MISSISSIPPI**

**FINANCIAL SECTION**

# Windham and Lacey, PLLC

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### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Board of Aldermen  
City of Carthage, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Carthage, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carthage, Mississippi, as of September 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

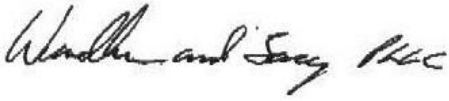
The Schedule of Changes in Long-term Debt, the Schedule of Capital Assets, the Schedule of Surety Bonds for Municipal Officials and Employees and the Statement of Cash Receipts and Disbursements - Water/Sewer Fund for the City of Carthage, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Requirements Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the City of Carthage, 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 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 the City of Carthage, 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 the City of Carthage, Mississippi's internal control over financial reporting and compliance.

**Emphasis of Matter**

As discussed in Note 1, the City of Carthage, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
January 15, 2021



**CITY OF CARTHAGE, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**City of Carthage, Mississippi**  
**Statement of Activities and Net Cash Position - Cash Basis**  
**As of and for the Year Ended September 30, 2020**

Program Cash Receipts					Net (Disbursements) Receipts and Changes in Net Cash Position		
	Cash Disbursements	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 955,109	3,310	4,239		(947,560)		(947,560)
Public safety	1,669,765	229,238	146,654		(1,293,873)		(1,293,873)
Public works	1,018,345	327,813		200,152	(490,380)		(490,380)
Health and welfare	23,638	36,863			13,225		13,225
Culture and recreation	933,421	60,443			(872,978)		(872,978)
Interest on long-term debt	47,285				(47,285)		(47,285)
Total Governmental Activities	4,647,563	657,667	150,893	200,152	(3,638,851)	0	(3,638,851)
Business-type Activities:							
Water/Sewer	1,231,299	1,410,707				179,408	179,408
Total Business-type Activities	1,231,299	1,410,707	0	0	0	179,408	179,408
Total Government	\$ 5,878,862	2,068,374	150,893	200,152	(3,638,851)	179,408	(3,459,443)
General Receipts							
Taxes:							
Property taxes					\$ 842,007		798,689
Road & bridge privilege taxes					225,533		268,851
Sales tax					2,170,939		2,170,939
Franchise taxes					134,424		134,424
Grants and contributions not restricted to specific programs					51,682		51,682
Unrestricted interest income					24,741	13,428	38,169
Miscellaneous					43,765		43,765
Total General Receipts					3,493,091	13,428	3,506,519
Change in Net Cash Position					(145,760)	192,836	47,076
Net Cash Position - Beginning					2,165,102	1,187,991	3,353,093
Net Cash Position - Ending					\$ 2,019,342	1,380,827	3,400,169

**City of Carthage, Mississippi**  
**Statement of Activities and Net Cash Position - Cash Basis**  
**As of and for the Year Ended September 30, 2020**

**(Continued)**

**ASSETS**

Cash and cash equivalents	\$ 3,266,951
Restricted cash	<u>133,218</u>
Total Assets	<u>\$ 3,400,169</u>

**NET CASH POSITION**

Restricted:	
Public safety	\$ 133,218
Meter deposits	173,753
Committed:	
Culture and recreation	102,035
Capital projects	286,638
Debt service	199,360
Assigned:	
Street paving	151,884
Unrestricted	<u>2,353,281</u>
Total Net Cash Position	<u>\$ 3,400,169</u>

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

**City of Carthage, Mississippi**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2020**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>	
	<b><u>Major Fund</u></b>			<b><u>Major Funds</u></b>	
	<b><u>General Fund</u></b>	<b><u>Non-Major Funds</u></b>	<b><u>Total</u></b>	<b><u>Water/Sewer Funds</u></b>	<b><u>Total</u></b>
<b>RECEIPTS</b>					
Ad valorem taxes	\$ 587,113	254,894	842,007		
Road & bridge privilege taxes	225,533		225,533		
Licenses and permits	163,593		163,593		
Fines and forfeitures	219,663	9,575	229,238		
Intergovernmental revenues:					
Federal revenues:					
Grants	57,002		57,002		
State shared revenues:					
Sales taxes	1,838,092	332,847	2,170,939		
General municipal aid	7,255		7,255		
Fire rebate		30,617	30,617		
Grand Gulf	44,427		44,427		
Other grants	4,239	259,187	263,426		
Charges for services:					
Garbage	327,813		327,813		
Rental income		26,501	26,501		
Other	3,310	41,636	44,946		
Water and sewer utility				1,410,707	1,410,707
Interest income	13,796	10,945	24,741	13,428	13,428
Miscellaneous revenue	41,214	2,551	43,765		
Total Receipts	<u>3,533,050</u>	<u>968,753</u>	<u>4,501,803</u>	<u>1,424,135</u>	<u>1,424,135</u>

**(Continued)**

**City of Carthage, Mississippi**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2020**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>	
	<b>Major Fund</b>			<b>Major Funds</b>	
	<b>General Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Funds</b>	<b>Total</b>
<b>DISBURSEMENTS</b>					
General government	613,779		613,779		
Public safety	1,527,241	29,270	1,556,511		
Public works	746,379	9,911	756,290		
Health and welfare	23,638		23,638		
Culture and recreation	237,902	676,328	914,230		
Water and sewer utility and cemetery:					
Personal services				632,715	632,715
Contractual services				240,843	240,843
Materials and supplies				87,133	87,133
Utilities				85,543	85,543
Other expenses				17,461	17,461
Total Disbursements	<u>3,148,939</u>	<u>715,509</u>	<u>3,864,448</u>	<u>1,063,695</u>	<u>1,063,695</u>
Excess of Receipts Over (Under) Disbursements	<u>388,272</u>	<u>249,083</u>	<u>637,355</u>	<u>360,440</u>	<u>360,440</u>
<b>OTHER CASH SOURCES (USES)</b>					
Capital outlay	(59,013)	(158,776)	(217,789)		
Principal paid on loan and lease purchase		(28,041)	(28,041)	(148,850)	(148,850)
Interest paid on loan and lease purchase		(1,329)	(1,329)	(18,754)	(18,754)
Principal paid on bonds		(490,000)	(490,000)		
Interest and fiscal fees paid on bonds		(45,956)	(45,956)		
Transfers in (out) to other funds	<u>(130,446)</u>	<u>130,446</u>			
Total Other Cash Sources and (Uses)	<u>(189,459)</u>	<u>(593,656)</u>	<u>(783,115)</u>	<u>(167,604)</u>	<u>(167,604)</u>

**(Continued)**

City of Carthage, Mississippi  
Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental and Business-type Funds  
As of and for the Year Ended September 30, 2020

	<u>Governmental Activities</u>			<u>Business-type Activities</u>	
	<u>Major Fund</u>			<u>Major Funds</u>	
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Funds</u>	<u>Total</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	194,652	(340,412)	(145,760)	192,836	192,836
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>946,941</u>	<u>1,218,161</u>	<u>2,165,102</u>	<u>1,187,991</u>	<u>1,187,991</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 1,141,593</u>	<u>877,749</u>	<u>2,019,342</u>	<u>1,380,827</u>	<u>1,380,827</u>
<b>CASH BASIS ASSETS - End of Year</b>					
Cash and cash equivalents	\$ 1,141,593	744,531	1,886,124	1,380,827	1,380,827
Restricted cash		<u>133,218</u>	<u>133,218</u>		
Total Cash Basis Assets	<u>\$ 1,141,593</u>	<u>877,749</u>	<u>2,019,342</u>	<u>1,380,827</u>	<u>1,380,827</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>					
Restricted:					
Public safety	\$	133,218	133,218		
Meter deposits				173,753	173,753
Committed:					
Public works					
Culture and recreation		102,035	102,035		
Capital projects		286,638	286,638		
Debt service		199,360	199,360		
Assigned:					
Street paving		151,884	151,884		
Unassigned	<u>1,141,593</u>	<u>4,614</u>	<u>1,146,207</u>	<u>1,207,074</u>	<u>1,207,074</u>
Total Cash Basis Fund Balances	<u>\$ 1,141,593</u>	<u>877,749</u>	<u>2,019,342</u>	<u>1,380,827</u>	<u>1,380,827</u>

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

## CITY OF CARTHAGE, MISSISSIPPI

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

The City of Carthage, Mississippi, (the City) is a special-charter municipality governed by an elected mayor and four aldermen.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The following component unit's balances and transactions are blended with the balances and transactions of the primary government:

The Carthage Preservation Commission members are appointed by the City and shall serve at the will and pleasure of the City and shall serve staggered terms. The Commission is comprised of not fewer than five (5) or more than nine (9) members who are residents of the City. Although it is created legally separate from the City under *Section 39-13-3, Mississippi Code of 1972, as amended*, the Commission is reported as if it were part of the primary government because its sole purpose is to develop the City's historical resources and to advise the City on the designation of historic districts, landmarks, and landmark sites and perform such other functions as may be provided by law.

##### B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The City combines the Statement of Activities and Statement of Net Cash Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

## CITY OF CARTHAGE, MISSISSIPPI

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

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

The government reports the following major Governmental Funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major Proprietary Fund:

The *Water and Sewer Fund* accounts for the activities of the water and sewer system.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Assets and Net Assets or Equity.

##### 1. Cash.

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

##### 2. 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.

Committed net position - Consists of net position with constraints for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.



## **CITY OF CARTHAGE, MISSISSIPPI**

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

Assigned net position - Includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

Unrestricted net position - All other net position not meeting the definition of "restricted" or "committed."

#### **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 restricted, assigned or unassigned. The following are descriptions of fund classifications used by the City:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned - Includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

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

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

#### **E. Property Tax Receipts.**

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. 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.

## CITY OF CARTHAGE, MISSISSIPPI

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

The Board of Aldermen, 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.

Leake County collects the City's property taxes.

(2) Deposits.

At year-end, the City's carrying amount of deposits was \$3,400,169 and the bank balance was \$3,501,124. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the City'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 Depository Insurance Corporation.

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. 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 the behalf of the City.

(3) Interfund Transfers.

The following is a summary of interfund transfers as of September 30, 2020:

**City of Carthage  
Transfers In/Out  
FYE 9/30/20**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Library Fund	General Fund	\$ 38,200
Capital Improvements	General Fund	72,000
Police Special Assessment	General Fund	22,980
Police Special Assessment	Police-Confiscated Equip	14,000
Street Paving	General Fund	(2,615)
Fire Protection	General Fund	<u>(119)</u>
		144,446
		<u>(14,000)</u>
Total Transfers In/Out		\$ <u><u>130,446</u></u>

## CITY OF CARTHAGE, MISSISSIPPI

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

(4) Defined Benefit Pension Plan.

Plan Description: The City of Carthage, 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. 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 to Public Employees' Retirement System, PERS Building, at 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 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 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 to PERS for the years ended September 30, 2020, 2019 and 2018 were \$340,461, \$311,703 and \$289,936, respectively, which is equal to the required contributions for each year.

(5) Tax Abatements.

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

The Carthage Board of Aldermen and the Leake County Board of Supervisors negotiates property tax abatements on an individual basis. The City has tax abatement agreements with two entities as of September 30, 2020.

<u>Category</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and renovation of retail facilities (ad valorem tax on real property only)	100	\$ 889

Each agreement was negotiated in accordance with Sections 27-31-101, et. seq., Miss. Code (Ann.) 1972, which allows localities to abate property taxes for a variety of economic development purposes. The abatements may be granted for a period up to ten years and for up to 100% of annual property taxes through a direct reduction in the entity's property tax bill.

The City has not made any commitments as part of the agreements other than to reduce taxes.

**CITY OF CARTHAGE, MISSISSIPPI**

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

(6) Subsequent Events.

Events that occur after the Statement of Net Cash Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Cash Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through January 15, 2021, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

**CITY OF CARTHAGE, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Carthage, Mississippi**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2020 - UNAUDITED**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 561,962	587,113	587,113	
Road and bridge privilege	180,000	225,533	225,533	
Licenses and permits	173,185	163,593	163,593	
Fines and forfeitures	200,500	219,253	219,253	
Intergovernmental revenues	1,868,189	1,951,015	1,951,015	
Charges for services	300,271	331,123	331,123	
Interest earned	2,030	13,796	13,796	
Miscellaneous revenues	34,369	41,214	41,214	
Total Revenues	<u>3,320,506</u>	<u>3,533,050</u>	<u>3,533,050</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	794,808	617,109	617,109	
Public safety	1,735,434	1,582,345	1,582,345	
Public works	797,883	746,958	746,958	
Health and welfare	30,000	23,638	23,638	
Culture and recreation	291,713	237,902	237,902	
Total Expenditures	<u>3,649,838</u>	<u>3,207,952</u>	<u>3,207,952</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(329,332)</u>	<u>329,259</u>	<u>329,259</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in/out		(130,446)	(130,446)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(134,607)</u>	<u>(134,607)</u>	<u>0</u>
Net Change in Fund Balance	(329,332)	194,652	194,652	
Fund Balances - Beginning	<u>593,635</u>	<u>946,941</u>	<u>946,941</u>	
Fund Balances - Ending	<u>\$ 264,303</u>	<u>1,141,593</u>	<u>1,141,593</u>	<u>0</u>

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

**CITY OF CARTHAGE, MISSISSIPPI**

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

**A. Budgetary Information.**

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

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

**B. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

**CITY OF CARTHAGE, MISSISSIPPI**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**



**City of Carthage, Mississippi**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2020**

<b>Description</b>	<b>Outstanding Balance Sept. 30, 2019</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Outstanding Balance Sept. 30, 2020</b>
<b><u>Bonds:</u></b>				
Governmental Activities:				
General obligation bonds, Series 2011 street improvements	\$ 467,000		152,000	315,000
State Tax and GO bonds, Series 2017	841,000		278,000	563,000
General obligation bonds, Series 2018	588,000		60,000	528,000
Total Bonds	<u>1,896,000</u>	<u>0</u>	<u>490,000</u>	<u>1,406,000</u>
<b><u>Other Long-term Debt:</u></b>				
Governmental Activities:				
Lease purchase - rescue van	<u>56,083</u>		<u>28,041</u>	<u>28,042</u>
Total Governmental Activities	<u>56,083</u>	<u>0</u>	<u>28,041</u>	<u>28,042</u>
Business-type Activities:				
Drinking water systems improvement revolving loan fund (DWSIRLF)	91,507		38,436	53,071
State of Mississippi capital improvement (CAP)	98,019		11,052	86,967
State of Mississippi capital improvement (CAP)	135,055		16,015	119,040
Water pollution control revolving loan fund (WPCRLF)	329,698		54,652	275,046
Water pollution control revolving loan fund (WPCRLF)	350,767		28,695	322,072
Total Business-type Activities	<u>1,005,046</u>	<u>0</u>	<u>148,850</u>	<u>856,196</u>
Total Other Long-term Debt	<u>1,061,129</u>	<u>0</u>	<u>176,891</u>	<u>884,238</u>
Total Long-term Debt	<u>\$ 2,957,129</u>	<u>0</u>	<u>666,891</u>	<u>2,290,238</u>

**City of Carthage, Mississippi**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Fiscal Year Ended September 30, 2020**

	<u>Beginning Balance</u>	<u>Reclassification</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Land	\$ 744,907				744,907
Construction in progress	171,429		111,844		283,273
Buildings	3,937,524				3,937,524
Improvements other than buildings	9,876,095		14,117		9,890,212
Streets	1,894,944				1,894,944
Machinery and equipment	<u>4,204,786</u>		<u>91,828</u>		<u>4,296,614</u>
Governmental activities capital assets	<u>\$ 20,829,685</u>	<u>0</u>	<u>217,789</u>	<u>0</u>	<u>21,047,474</u>
<b>Business-type Activities:</b>					
Land	\$ 140,672				140,672
Water and sewer system	<u>7,911,011</u>				<u>7,911,011</u>
Business-type activities capital assets	<u>\$ 8,051,683</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,051,683</u>

**City of Carthage, Mississippi**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**For the Year Ended September 30, 2020**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Surety Agency</u></b>	<b><u>Bond Amount</u></b>
Laura Henderson	Alderwoman	SouthGroup Insurance	\$ 50,000
David Cockroft	Alderman	SouthGroup Insurance	\$ 50,000
David Herrington	Alderman	SouthGroup Insurance	\$ 50,000
Miracle Matlock	Alderwoman	SouthGroup Insurance	\$ 50,000
Penny Spears	City Clerk	SouthGroup Insurance	\$ 50,000
Mary Ann Vivans	Mayor	SouthGroup Insurance	\$ 50,000
Chase Quimby	DUI Officer	SouthGroup Insurance	\$ 50,000
Cynthia Middlebrook	Court Clerk	SouthGroup Insurance	\$ 50,000
Various	Police Officer, each	SouthGroup Insurance	\$ 50,000
Various	Dispatcher, each	SouthGroup Insurance	\$ 50,000
Various	Deputy Clerk, each	SouthGroup Insurance	\$ 50,000
Annette Malone	Water Clerk	SouthGroup Insurance	\$ 50,000
Penny Spears	Payroll/Accounts Payable Clerk	SouthGroup Insurance	\$ 50,000
Jason Burt	Parks Director	SouthGroup Insurance	\$ 50,000
Taylor Parker	Investigator	SouthGroup Insurance	\$ 50,000
Kim Ganann	Payroll/Accounts Payable Clerk	SouthGroup Insurance	\$ 50,000

**CITY OF CARTHAGE, MISSISSIPPI**

**SPECIAL REPORTS**

# Windham and Lacey, PLLC

*Certified Public Accountants*

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Mississippi Society of CPAs

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

Honorable Mayor and  
Members of the Board of Aldermen  
City of Carthage, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carthage, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 15, 2021.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Carthage, Mississippi's internal control over financial reporting (internal control) to determine the auditing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

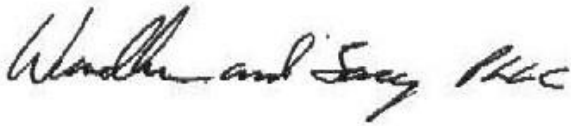
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

### **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
January 15, 2021

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

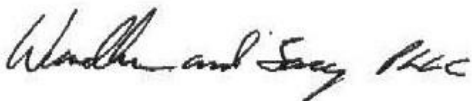
Honorable Mayor and  
Members of the Board of Aldermen  
City of Carthage, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information of the City of Carthage, Mississippi, as of and for the year ended September 30, 2020, and have issued our report thereon dated January 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of our compliance tests and our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

The purpose of this report is solely to describe the scope of our testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on 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.



Windham and Lacey, PLLC  
January 15, 2021

**CITY OF CARTHAGE, MISSISSIPPI**

**SCHEDULE OF FINDINGS**



**CITY OF CARTHAGE, MISSISSIPPI**

**Schedule of Findings  
For the Year Ended September 30, 2020**

**Section 1: Summary of Auditor's Results**

*Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements:        | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.