

## 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 CARTHAGE, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORT**

**SEPTEMBER 30, 2022**

**CITY OF CARTHAGE, MISSISSIPPI**

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**CITY OF CARTHAGE, MISSISSIPPI**

**FINANCIAL SECTION**

# Windham and Lacey, PLLC

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### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

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, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with cash basis of accounting.

#### **Basis for Opinion**

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Carthage, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **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.

#### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' 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 auditors' report that includes our opinion. 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 Carthage, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Carthage, Mississippi's ability to continue as a going concern for a reasonable period of time.

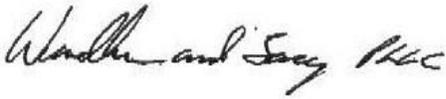
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

**Other Required Supplementary Information**

The Schedule of Changes in Long-term Debt, the Schedule of Capital Assets, and the Schedule of Surety Bonds for Municipal Officials and Employees 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.



Windham and Lacey, PLLC  
February 7, 2023

**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, 2022**

	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Cash Position</u>		
	<u>Cash Disbursements</u>	<u>Fines, Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/Programs</b>							
Governmental Activities:							
General government	\$ 1,002,369	2,910	11,131		(988,328)		(988,328)
Public safety	2,348,780	264,165	135,149		(1,949,466)		(1,949,466)
Public works	1,323,538	338,198		1,352,744	367,404		367,404
Health and welfare	35,107	66,451			31,344		31,344
Culture and recreation	546,539	161,418			(385,121)		(385,121)
Interest on long-term debt	27,695				(27,695)		(27,695)
Total Governmental Activities	<u>5,284,028</u>	<u>833,142</u>	<u>146,280</u>	<u>1,352,744</u>	<u>(2,951,862)</u>	<u>0</u>	<u>(2,951,862)</u>
Business-type Activities:							
Water/Sewer	<u>1,741,754</u>	<u>1,499,839</u>		<u>101,087</u>		<u>(140,828)</u>	<u>(140,828)</u>
Total Business-type Activities	<u>1,741,754</u>	<u>1,499,839</u>	<u>0</u>	<u>101,087</u>	<u>0</u>	<u>(140,828)</u>	<u>(140,828)</u>
Total Government	<u>\$ 7,025,782</u>	<u>2,332,981</u>	<u>146,280</u>	<u>1,453,831</u>	<u>(2,951,862)</u>	<u>(140,828)</u>	<u>(3,092,690)</u>
General Receipts							
Taxes:							
Property taxes					\$ 959,361		959,361
Road & bridge privilege taxes					423,912		423,912
Sales tax					2,438,777		2,438,777
Franchise taxes					144,463		144,463
Grants and contributions not restricted to specific programs					73,569		73,569
Unrestricted interest income					5,564	1,867	7,431
Miscellaneous					105,322		105,322
Debt proceeds					41,000		41,000
Total General Receipts					<u>4,191,968</u>	<u>1,867</u>	<u>4,193,835</u>
Change in Net Cash Position					1,240,106	(138,961)	1,101,145
Net Cash Position - Beginning					<u>3,118,849</u>	<u>1,372,361</u>	<u>4,491,210</u>
Net Cash Position - Ending					<u>\$ 4,358,955</u>	<u>1,233,400</u>	<u>5,592,355</u>

**CITY OF CARTHAGE, MISSISSIPPI**  
**Statement of Activities and Net Cash Position - Cash Basis**  
**As of and for the Year Ended September 30, 2022**

**(Continued)**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,167,126
Restricted cash	<u>1,425,229</u>
 Total Assets	 \$ <u><u>5,592,355</u></u>
<b>NET CASH POSITION</b>	
Restricted:	
Public safety	\$ 71,287
Public works	1,176,831
Meter deposits	177,111
Committed:	
Culture and recreation	86,764
Capital projects	1,032,225
Debt service	459,356
Assigned:	
Street paving	153,942
Unrestricted	<u>2,434,839</u>
 Total Net Cash Position	 \$ <u><u>5,592,355</u></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, 2022**

	<u>Governmental Activities</u>					<u>Business-type Activities</u>	
	<u>Major Funds</u>					<u>Major Funds</u>	
	<u>General Fund</u>	<u>ARPA Funds</u>	<u>House Bill 1353 Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Funds</u>	<u>Total</u>
<b>RECEIPTS</b>							
Ad valorem taxes	\$ 701,591			257,770	959,361		
Road & bridge privilege taxes	423,912				423,912		
Licenses and permits	209,321				209,321		
Fines and forfeitures	239,466			24,699	264,165		
Intergovernmental revenues:							
Federal revenues:							
Grants	20,010	587,816	600,000	164,928	1,372,754	101,087	101,087
State shared revenues:							
Sales taxes	2,006,269			432,508	2,438,777		
In lieu tax	19,969				19,969		
General municipal aid	7,254				7,254		
Fire rebate				60,963	60,963		
Grand Gulf	46,346				46,346		
Other grants	5,000			60,307	65,307		
Charges for services:							
Garbage	338,198				338,198		
Rental income				26,485	26,485		
Other	2,910			136,526	139,436		
Water and sewer utility						1,499,839	1,499,839
Interest income	2,567	1,059	79	1,859	5,564	1,867	1,867
Miscellaneous revenue	105,272			50	105,322		
Total Receipts	<u>4,128,085</u>	<u>588,875</u>	<u>600,079</u>	<u>1,166,095</u>	<u>6,483,134</u>	<u>1,602,793</u>	<u>1,602,793</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, 2022**

	<u>Governmental Activities</u>					<u>Business-type Activities</u>	
	<u>Major Funds</u>					<u>Major Funds</u>	
	<u>General Fund</u>	<u>ARPA Funds</u>	<u>House Bill 1353 Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Funds</u>	<u>Total</u>
<b>DISBURSEMENTS</b>							
General government	\$ 714,986				714,986		
Public safety	1,767,763			21,776	1,789,539		
Public works	799,412			1,509	800,921		
Health and welfare	35,107				35,107		
Culture and recreation	253,679			266,446	520,125		
Water and sewer utility and cemetery:							
Personal services						661,790	661,790
Contractual services						419,095	419,095
Materials and supplies						270,769	270,769
Utilities						100,728	100,728
Other expenses						18,004	18,004
Total Disbursements	<u>3,570,947</u>	<u>0</u>	<u>0</u>	<u>289,731</u>	<u>3,860,678</u>	<u>1,470,386</u>	<u>1,470,386</u>
Excess of Receipts Over (Under) Disbursements	<u>557,138</u>	<u>588,875</u>	<u>600,079</u>	<u>876,364</u>	<u>2,622,456</u>	<u>132,407</u>	<u>132,407</u>
<b>OTHER CASH SOURCES (USES)</b>							
Capital outlay	(291,061)			(588,164)	(879,225)	(130,868)	(130,868)
Principal paid on loan and lease purchase	(8,200)			(71,230)	(79,430)	(128,327)	(128,327)
Interest paid on loan and lease purchase				(3,410)	(3,410)	(12,173)	(12,173)
Principal paid on bonds				(437,000)	(437,000)		
Interest and fiscal fees paid on bonds				(24,285)	(24,285)		
Debt proceeds	41,000				41,000		
Transfers in (out) to other funds	(287,616)			287,616			
Total Other Cash Sources and (Uses)	<u>(545,877)</u>	<u>0</u>	<u>0</u>	<u>(836,473)</u>	<u>(1,382,350)</u>	<u>(271,368)</u>	<u>(271,368)</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, 2022**

	<u>Governmental Activities</u>					<u>Business-type Activities</u>	
	<u>Major Funds</u>					<u>Major Funds</u>	
	<u>General Fund</u>	<u>ARPA Funds</u>	<u>House Bill 1353 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	11,261	588,875	600,079	39,891	1,240,106	(138,961)	(138,961)
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>1,367,289</u>	<u>587,956</u>		<u>1,163,604</u>	<u>3,118,849</u>	<u>1,372,361</u>	<u>1,372,361</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 1,378,550</u>	<u>1,176,831</u>	<u>600,079</u>	<u>1,203,495</u>	<u>4,358,955</u>	<u>1,233,400</u>	<u>1,233,400</u>
<b>CASH BASIS ASSETS - End of Year</b>							
Cash and cash equivalents	\$ 1,378,550			1,132,208	2,510,758	1,056,289	1,056,289
Restricted cash		<u>1,176,831</u>	<u>600,079</u>	<u>71,287</u>	<u>1,848,197</u>	<u>177,111</u>	<u>177,111</u>
Total Cash Basis Assets	<u>\$ 1,378,550</u>	<u>1,176,831</u>	<u>600,079</u>	<u>1,203,495</u>	<u>4,358,955</u>	<u>1,233,400</u>	<u>1,233,400</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>							
Restricted:							
Public safety	\$			71,287	71,287		
Public works		1,176,831			1,176,831		
Meter deposits						177,111	177,111
Committed							
Culture and recreation				86,764	86,764		
Capital projects			600,079	432,146	1,032,225		
Debt service				459,356	459,356		
Assigned:							
Street paving				153,942	153,942		
Unassigned	<u>1,378,550</u>				<u>1,378,550</u>	<u>1,056,289</u>	<u>1,056,289</u>
Total Cash Basis Fund Balances	<u>\$ 1,378,550</u>	<u>1,176,831</u>	<u>600,079</u>	<u>1,203,495</u>	<u>4,358,955</u>	<u>1,233,400</u>	<u>1,233,400</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, 2022

(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, 2022**

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 *ARPA Fund* is a special revenue fund to account for the revenue and expenditures of the ARPA grant received.

The *House Bill 1353* is a special project fund to account for the revenue and expenditures of the coliseum project.

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 constrains 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, 2022

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, 2022**

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 \$5,592,355 and the bank balance was \$5,907,049. 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, 2022:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Library Fund	General Fund	\$ 39,627
Capital Improvements	General Fund	72,000
Modernization Fund	General Fund	175,989
Total Transfers In/Out		\$ 287,616

(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.

**CITY OF CARTHAGE, MISSISSIPPI**

**Notes to Financial Statements  
For the Year Ended September 30, 2022**

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, 2022, 2021 and 2020 were \$364,260, \$335,534 and \$340,461, 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, 2022.

Category	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Construction and renovation of retail facilities (ad valorem tax on real property only)	100	\$ 11,337

Each agreement was negotiated in accordance with Section 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.

(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 February 7, 2023, 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, 2022 - 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	\$ 656,974	701,591	701,591	
Road and bridge privilege	260,500	423,912	423,912	
Licenses and permits	167,930	209,321	209,321	
Fines and forfeitures	250,250	239,466	239,466	
Intergovernmental revenues	2,143,016	2,104,848	2,104,848	
Charges for services	325,000	341,108	341,108	
Interest earned	3,575	2,567	2,567	
Miscellaneous revenues	17,000	105,272	105,272	
Total Revenues	<u>3,824,245</u>	<u>4,128,085</u>	<u>4,128,085</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	935,372	724,369	724,369	
Public safety	1,886,276	1,889,818	1,889,818	
Public works	846,952	908,371	908,371	
Health and welfare	29,500	35,107	35,107	
Culture and recreation	333,982	271,543	271,543	
Total Expenditures	<u>4,032,082</u>	<u>3,829,208</u>	<u>3,829,208</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(207,837)</u>	<u>298,877</u>	<u>298,877</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in/out	100,000	(287,616)	(287,616)	
Total Other Financing Sources and Uses	<u>100,000</u>	<u>(287,616)</u>	<u>(287,616)</u>	<u>0</u>
Net Change in Fund Balance	(107,837)	11,261	11,261	
Fund Balances - Beginning	<u>(792,866)</u>	<u>1,367,289</u>	<u>1,367,289</u>	
Fund Balances - Ending	<u>\$ (900,703)</u>	<u>1,378,550</u>	<u>1,378,550</u>	<u>0</u>

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

**CITY OF CARTHAGE, MISSISSIPPI**

**Notes to the Required Supplementary Information  
For the Year Ended September 30, 2022  
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**  
**For the Year Ended September 30, 2022 - UNAUDITED**

Description	Outstanding Balance Sept. 30, 2021	Issued	Redeemed	Outstanding Balance Sept. 30, 2022
<u>Bonds:</u>				
Governmental Activities:				
General obligation bonds, Series 2011 street improvements	\$ 159,000		159,000	
State tax and G.O. bonds, Series 2017	400,000		28,000	372,000
General obligation bonds, Series 2018	428,000		250,000	178,000
Total Bonds	987,000	0	437,000	550,000
<u>Other Long-term Debt:</u>				
Governmental Activities:				
Note - fire truck	217,019		71,230	145,789
Lease purchase - tasers		41,000	8,200	32,800
Total Governmental Activities	217,019	41,000	79,430	178,589
Business-type Activities:				
Drinking water systems improvement revolving loan fund (DWSIRLF)	13,468		13,468	
State of Mississippi capital improvement (CAP)	75,665		11,542	64,123
State of Mississippi capital improvement (CAP)	102,664		16,721	85,943
Water pollution control revolving loan fund (WPCRLF)	219,291		56,880	162,411
Water pollution control revolving loan fund (WPCRLF)	292,871		29,716	263,155
Total Business-type Activities	703,959	0	128,327	575,632
Total Other Long-term Debt	920,978	41,000	207,757	754,221
Total Long-term Debt	\$ 1,907,978	41,000	644,757	1,304,221

**CITY OF CARTHAGE, MISSISSIPPI**  
**Schedule of Capital Assets**  
**For the Fiscal Year Ended September 30, 2022 - UNAUDITED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	\$ 744,907			744,907
Construction in progress	844,529	254,658		1,099,187
Buildings	3,937,524			3,937,524
Improvements other than buildings	9,890,212			9,890,212
Streets	1,894,944			1,894,944
Machinery and equipment	<u>4,291,492</u>	<u>624,567</u>	<u>163,354</u>	<u>4,752,705</u>
Governmental Activities Capital Assets	<u>\$ 21,603,608</u>	<u>879,225</u>	<u>163,354</u>	<u>22,319,479</u>
Business-type Activities:				
Land	\$ 140,672			140,672
Construction in progress		81,286		81,286
Water and sewer system	<u>8,098,565</u>	<u>49,582</u>		<u>8,148,147</u>
Business-type Activities Capital Assets	<u>\$ 8,239,237</u>	<u>130,868</u>	<u>0</u>	<u>8,370,105</u>

**CITY OF CARTHAGE, MISSISSIPPI**  
**Schedule of Surety Bonds For Municipal Officials and Employees**  
**For the Year Ended September 30, 2022 - UNAUDITED**

<b>Name</b>	<b>Position</b>	<b>Surety Agency</b>	<b>Bond Amount</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
Ray Chamblee	Investigator	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
Kim Ganann	Payroll/Accounts Payable Clerk	SouthGroup Insurance	\$ 50,000

**CITY OF CARTHAGE, MISSISSIPPI**

**SPECIAL REPORT**

# Windham and Lacey, PLLC

*Certified Public Accountants*

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Mississippi Society of CPAs

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

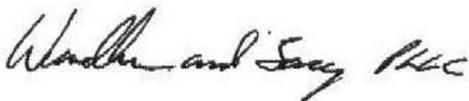
Honorable Mayor and  
Members of the Board of Aldermen  
City of Carthage, Mississippi

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, 2022, and have issued our report thereon dated February 7, 2023. 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  
February 7, 2023

**CITY OF CARTHAGE, MISSISSIPPI**

**SCHEDULE OF FINDINGS**

**CITY OF CARTHAGE, MISSISSIPPI**

**Schedule of Findings  
For the Year Ended September 30, 2022**

**Section 1: Summary of Auditors' Results**

*Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditors' 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*.