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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 REPORTS

SEPTEMBER 30, 2023

CITY OF CARTHAGE, MISSISSIPPI

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CITY OF CARTHAGE, MISSISSIPPI

FINANCIAL SECTION

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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, 2023, 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, 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carthage, Mississippi's cash basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the cash basis financial statements as a whole.

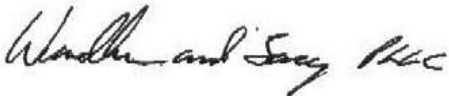
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedule, the Schedule of Changes in Long-term Debt, the Schedule of Capital Assets, the Schedule of Surety Bonds for Municipal Officials and Employees of Carthage, Mississippi, and the corresponding notes, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2024, on our consideration of the City of Carthage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Carthage'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's internal control over financial reporting and compliance.



Windham and Lacey, PLLC
May 22, 2024

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, 2023

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,437,060	2,780			(1,434,280)		(1,434,280)
Public safety	2,447,357	262,087	69,068		(2,116,202)		(2,116,202)
Public works	3,680,060	352,144	194,104	1,025,959	(2,107,853)		(2,107,853)
Health and welfare	42,754	57,840			15,086		15,086
Culture and recreation	585,697	160,841			(424,856)		(424,856)
Interest on long-term debt	145,413				(145,413)		(145,413)
Total Governmental Activities	8,338,341	835,692	263,172	1,025,959	(6,213,518)	0	(6,213,518)
Business-type Activities:							
Water/Sewer	2,327,597	1,689,272	120,992			(517,333)	(517,333)
Total Business-type Activities	2,327,597	1,689,272	120,992	0	0	(517,333)	(517,333)
Total Government	\$ 10,665,938	2,524,964	384,164	1,025,959	(6,213,518)	(517,333)	(6,730,851)
General Receipts							
Taxes:							
Property taxes					\$ 1,189,645		1,189,645
Road & bridge privilege taxes					521,653		521,653
Sales tax					2,638,885		2,638,885
Franchise taxes					158,560		158,560
Grants and contributions not restricted to specific programs					102,184		102,184
Unrestricted interest income					124,949	11,672	136,621
Miscellaneous					587,077		587,077
Debt proceeds					4,450,000		4,450,000
Transfers					121,450	(121,450)	
Total General Receipts					9,894,403	(109,778)	9,784,625
Change in Net Cash Position					3,680,885	(627,111)	3,053,774
Net Cash Position - Beginning					4,358,955	1,233,400	5,592,355
Net Cash Position - Ending					\$ 8,039,840	606,289	8,646,129

CITY OF CARTHAGE, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2023

(Continued)

ASSETS	
Cash and cash equivalents	\$ 8,432,794
Restricted cash	<u>213,335</u>
Total Assets	\$ <u><u>8,646,129</u></u>
NET CASH POSITION	
Restricted:	
Public safety	\$ 25,565
Public works	8,484
Meter deposits	179,286
Committed:	
Culture and recreation	63,322
Capital projects	6,001,800
Debt service	287,698
Assigned:	
Street paving	217,482
Unrestricted	<u>1,862,492</u>
Total Net Cash Position	\$ <u><u>8,646,129</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, 2023

	Governmental Activities							Business-type Activities	
	Major Funds							Major Funds	
	General Fund	ARPA Funds	Urban Renewal Fund	GO Bond Fund	House Bill 603 Fund	Non-Major Funds	Total	Water/Sewer Funds	Total
RECEIPTS									
Ad valorem taxes	\$ 853,080					336,565	1,189,645		
Road & bridge privilege taxes	521,653						521,653		
Licenses and permits	213,196						213,196		
Fines and forfeitures	249,575					12,512	262,087		
Intergovernmental revenues:									
Federal revenues:									
Grants	229,744						229,744	120,992	120,992
State shared revenues:									
Sales taxes	2,173,091					465,794	2,638,885		
In lieu tax	51,032						51,032		
General municipal aid	4,672						4,672		
Fire rebate	33,428						33,428		
Grand Gulf	44,230						44,230		
Liquor tax	2,250						2,250		
Other grants					1,000,000	25,959	1,025,959		
Charges for services:									
Garbage	352,144						352,144		
Rental income						25,575	25,575		
Other	2,780					138,470	141,250		
Water and sewer utility								1,689,272	1,689,272
Interest income	28,818	414	50,442	23,785	801	20,689	124,949	11,672	11,672
Miscellaneous revenue	211,035		350,159			25,883	587,077		
Total Receipts	<u>4,970,728</u>	<u>414</u>	<u>400,601</u>	<u>23,785</u>	<u>1,000,801</u>	<u>1,051,447</u>	<u>7,447,776</u>	<u>1,821,936</u>	<u>1,821,936</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, 2023

	Governmental Activities							Business-type Activities	
	Major Funds							Major Funds	
	General Fund	ARPA Funds	Urban Renewal Fund	GO Bond Fund	House Bill 603 Fund	Non-Major Funds	Total	Water/Sewer Funds	Total
DISBURSEMENTS									
General government	804,541					350,160	1,154,701		
Public safety	2,139,735					12,799	2,152,534		
Public works	1,098,151	1,605,211	83,000	33,283			2,819,645		
Health and welfare	42,754						42,754		
Culture and recreation	266,160					319,537	585,697		
Water and sewer utility and cemetery:									
Personal services								699,407	699,407
Contractual services								551,726	551,726
Materials and supplies								473,992	473,992
Utilities								129,345	129,345
Other expenses								21,496	21,496
Total Disbursements	<u>4,351,341</u>	<u>1,605,211</u>	<u>83,000</u>	<u>33,283</u>	<u>0</u>	<u>682,496</u>	<u>6,755,331</u>	<u>1,875,966</u>	<u>1,875,966</u>
Excess of Receipts Over									
(Under) Disbursements	<u>619,387</u>	<u>(1,604,797)</u>	<u>317,601</u>	<u>(9,498)</u>	<u>1,000,801</u>	<u>368,951</u>	<u>692,445</u>	<u>(54,030)</u>	<u>(54,030)</u>
OTHER CASH SOURCES (USES)									
Capital outlay	(250,821)					(579,442)	(830,263)	(324,683)	(324,683)
Principal paid on loan and lease purchase						(72,334)	(72,334)	(117,098)	(117,098)
Interest paid on loan and lease purchase						(2,291)	(2,291)	(9,850)	(9,850)
Principal paid on bonds			(255,000)			(280,000)	(535,000)		
Interest and fiscal fees paid on bonds			(95,160)	(34,082)		(13,880)	(143,122)		
Debt proceeds			3,000,000	1,450,000			4,450,000		
Transfers in (out) to other funds	<u>(311,627)</u>	<u>436,450</u>	<u>175,796</u>			<u>(179,169)</u>	<u>121,450</u>	<u>(121,450)</u>	<u>(121,450)</u>
Total Other Cash Sources and (Uses)	<u>(562,448)</u>	<u>436,450</u>	<u>2,825,636</u>	<u>1,415,918</u>	<u>0</u>	<u>(1,127,116)</u>	<u>2,988,440</u>	<u>(573,081)</u>	<u>(573,081)</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, 2023

	Governmental Activities							Business-type Activities	
	Major Funds							Major Funds	
	General Fund	ARPA Funds	Urban Renewal Fund	GO Bond Fund	House Bill 603 Fund	Non-Major Funds	Total	Water/Sewer Funds	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	56,939	(1,168,347)	3,143,237	1,406,420	1,000,801	(758,165)	3,680,885	(627,111)	(627,111)
CASH BASIS FUND BALANCE – Beginning of Year	<u>1,378,550</u>	<u>1,176,831</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,803,574</u>	<u>4,358,955</u>	<u>1,233,400</u>	<u>1,233,400</u>
CASH BASIS FUND BALANCE – End of Year	<u>\$ 1,435,489</u>	<u>8,484</u>	<u>3,143,237</u>	<u>1,406,420</u>	<u>1,000,801</u>	<u>1,045,409</u>	<u>8,039,840</u>	<u>606,289</u>	<u>606,289</u>
CASH BASIS ASSETS – End of Year									
Cash and cash equivalents	\$ 1,435,489		3,143,237	1,406,420	1,000,801	1,019,844	8,005,791	427,003	427,003
Restricted cash		<u>8,484</u>				<u>25,565</u>	<u>34,049</u>	<u>179,286</u>	<u>179,286</u>
Total Cash Basis Assets	<u>\$ 1,435,489</u>	<u>8,484</u>	<u>3,143,237</u>	<u>1,406,420</u>	<u>1,000,801</u>	<u>1,045,409</u>	<u>8,039,840</u>	<u>606,289</u>	<u>606,289</u>
CASH BASIS FUND BALANCES - End of Year									
Restricted:									
Public safety	\$					25,565	25,565		
Public works		8,484					8,484		
Meter deposits								179,286	179,286
Committed:									
Culture and recreation						63,322	63,322		
Capital projects			3,143,237	1,406,420	1,000,801	451,342	6,001,800		
Debt service						287,698	287,698		
Assigned:									
Street paving						217,482	217,482		
Unassigned	<u>1,435,489</u>						<u>1,435,489</u>	<u>427,003</u>	<u>427,003</u>
Total Cash Basis Fund Balances	<u>\$ 1,435,489</u>	<u>8,484</u>	<u>3,143,237</u>	<u>1,406,420</u>	<u>1,000,801</u>	<u>1,045,409</u>	<u>8,039,840</u>	<u>606,289</u>	<u>606,289</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, 2023

(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, 2023

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 603* is a special project fund to account for the revenue and expenditures of the coliseum project.

The *Urban Renewal Fund* is a capital projects fund to account for the revenue and expenditures of the bond money received.

The *GO Bond Fund* is a capital projects fund to account for the revenue and expenditures of the bond money received.

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, 2023

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, 2023

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 \$8,646,129 and the bank balance was \$8,947,902. 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 behalf of the City.

(3) 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, 2023

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, 2023, 2022, and 2021 were \$412,930, \$364,260, and \$335,534, respectively, which is equal to the required contributions for each year.

(4) 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, 2023.

<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	\$ 9,911

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.

(5) 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 May 22, 2024, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

CITY OF CARTHAGE, MISSISSIPPI

SUPPLEMENTARY INFORMATION

CITY OF CARTHAGE, MISSISSIPPI
Schedule of Expenditures of Federal Awards
September 30, 2023

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Major Program:			
U.S. Department of Treasury/ Coronavirus State and Local/ ARPA	21.027		\$ 1,175,632
U.S. Department of Treasury/ Coronavirus State and Local/ Premium Pay	21.027	IO HB 1542.A	<u>15,000</u>
Total Major Program			<u>1,190,632</u>
Non-Major Programs:			
U.S. Department of Agriculture/ Emergency Watershed Protection Program Project/ DSR No. 5313-215	10.923	NR224423XXXXC068	121,523
Department of Housing and Urban Development/ Community Development Block Grant/ Sewer System Rehabilitation	14.228	1136-20-140-PF-01	193,574
U.S. Department of Justice/ MS Department of Public Safety/ JAG Local Law	16.580	15PBJA-21-00251-MUMU	4,992
U.S. Department of Homeland Security/ MS Office of Highway Safety/ Occupant Protection	20.600	OP-203-OP-25-51	8,041
U.S. Department of Homeland Security/ MS Office of Highway Safety/ DUI Grant	20.607	154AL-203-ST-25-51	<u>12,599</u>
Total Non-Major Programs			<u>340,729</u>
Total Major and Non-Major Programs			\$ <u><u>1,531,361</u></u>

(Continued)

CITY OF CARTHAGE, MISSISSIPPI
Schedule of Expenditures of Federal Awards
September 30, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Carthage under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Carthage, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Carthage.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

The City of Carthage has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF CARTHAGE, MISSISSIPPI

OTHER INFORMATION

CITY OF CARTHAGE, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2023 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 690,701	853,080	853,080	
Road and bridge privilege	350,000	521,653	521,653	
Licenses and permits	199,725	213,196	213,196	
Fines and forfeitures	275,000	249,575	249,575	
Intergovernmental revenues	6,989,329	2,538,447	2,538,447	
Charges for services	370,000	354,924	354,924	
Interest earned	3,575	28,818	28,818	
Miscellaneous revenues	107,412	211,035	211,035	
Total Revenues	<u>8,985,742</u>	<u>4,970,728</u>	<u>4,970,728</u>	<u>0</u>
EXPENDITURES				
General government	794,358	806,900	806,900	
Public safety	2,358,720	2,358,108	2,358,108	
Public works	983,738	1,128,240	1,128,240	
Health and welfare	38,176	42,754	42,754	
Culture and recreation	321,823	266,160	266,160	
Total Expenditures	<u>4,496,815</u>	<u>4,602,162</u>	<u>4,602,162</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>4,488,927</u>	<u>368,566</u>	<u>368,566</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in/out	100,000	(311,627)	(311,627)	
Total Other Financing Sources and Uses	<u>100,000</u>	<u>(311,627)</u>	<u>(311,627)</u>	<u>0</u>
Net Change in Fund Balance	4,588,927	56,939	56,939	
Fund Balances - Beginning	<u>(900,703)</u>	<u>1,378,550</u>	<u>1,378,550</u>	
Fund Balances - Ending	<u>\$ 3,688,224</u>	<u>1,435,489</u>	<u>1,435,489</u>	<u>0</u>

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

CITY OF CARTHAGE, MISSISSIPPI
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2023 - UNAUDITED

<u>Description</u>	<u>Outstanding Balance Sept. 30, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2023</u>
<u>Bonds:</u>				
Governmental Activities:				
General Obligation Bonds, Series 2022	\$	1,450,000		1,450,000
Urban Revenue Bond, Series 2022		3,000,000	255,000	2,745,000
State Tax and GO Bonds, Series 2017	372,000		150,000	222,000
General Obligation Bonds, Series 2018	178,000		130,000	48,000
Total Bonds	<u>550,000</u>	<u>4,450,000</u>	<u>535,000</u>	<u>4,465,000</u>
<u>Other Long-term Debt:</u>				
Governmental Activities:				
Note - fire truck	145,789		72,334	73,455
Lease purchase - tasers	32,800			32,800
Total Governmental Activities	<u>178,589</u>	<u>0</u>	<u>72,334</u>	<u>106,255</u>
Business-type Activities:				
State of Mississippi capital improvement (CAP)	64,123		11,773	52,350
State of Mississippi capital improvement (CAP)	85,943		17,056	68,887
Water pollution control revolving loan fund (WPCRLF)	162,411		58,029	104,382
Water pollution control revolving loan fund (WPCRLF)	263,155		30,240	232,915
Total Business-type Activities	<u>575,632</u>	<u>0</u>	<u>117,098</u>	<u>458,534</u>
Total Other Long-term Debt	<u>754,221</u>	<u>0</u>	<u>189,432</u>	<u>564,789</u>
Total Long-term Debt	\$ <u>1,304,221</u>	<u>4,450,000</u>	<u>724,432</u>	<u>5,029,789</u>

CITY OF CARTHAGE, MISSISSIPPI
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2023 - UNAUDITED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Governmental Activities:					
Land	\$ 744,907				744,907
Construction in progress	1,099,187	575,326		(379,682)	1,294,831
Buildings	3,937,524				3,937,524
Improvements other than buildings	9,890,212	2,256		379,682	10,272,150
Streets	1,894,944				1,894,944
Machinery and equipment	<u>4,752,705</u>	<u>252,681</u>	<u>22,377</u>		<u>4,983,009</u>
Governmental Activities Capital Assets	<u>\$ 22,319,479</u>	<u>830,263</u>	<u>22,377</u>	<u>0</u>	<u>23,127,365</u>
Business-type Activities:					
Land	\$ 140,672				140,672
Construction in progress	81,286	162,749			244,035
Water and sewer system	<u>8,148,147</u>	<u>161,934</u>			<u>8,310,081</u>
Business-type Activities Capital Assets	<u>\$ 8,370,105</u>	<u>324,683</u>	<u>0</u>	<u>0</u>	<u>8,694,788</u>

CITY OF CARTHAGE, MISSISSIPPI
Schedule of Surety Bonds For Municipal Officials and Employees
For the Year Ended September 30, 2023 - UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Surety Agency</u>	<u>Bond Amount</u>
Britt Barnes	Alderman	SouthGroup Insurance	\$50,000
Robin Burgess	Alderman	SouthGroup Insurance	\$50,000
Josh Stokes	Alderman	SouthGroup Insurance	\$50,000
Marcus Williams	Alderman	SouthGroup Insurance	\$50,000
Penny Spears	City Clerk	SouthGroup Insurance	\$50,000
Laura Henderson	Mayor	SouthGroup Insurance	\$50,000
Ray Chamblee	Investigator	SouthGroup Insurance	\$50,000
Bradley Horn	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

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

SPECIAL REPORTS

Windham and Lacey, PLLC

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

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 (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Carthage (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Carthage's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carthage'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.

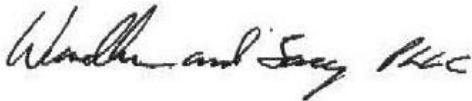
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

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 dark ink, appearing to read "Windham and Lacey, PLLC". The signature is fluid and cursive, with the letters "W" and "L" being particularly prominent.

Windham and Lacey, PLLC
May 22, 2024

Windham and Lacey, PLLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE*

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Carthage's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City of Carthage's major federal program for the year ended September 30, 2023. The City of Carthage's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Carthage, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibility of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Carthage's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Carthage's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Carthage's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items. Our opinion on the major federal program is not modified with respects to these matters.

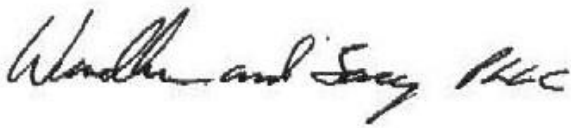
Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
May 22, 2024

Windham and Lacey, PLLC

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

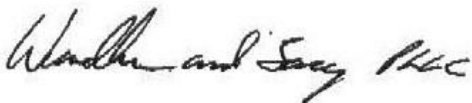
Honorable Mayor and
Members of the Board of Aldermen
City of Carthage, Mississippi

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, 2023, and have issued our report thereon dated May 22, 2024. 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
May 22, 2024

CITY OF CARTHAGE, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF CARTHAGE, MISSISSIPPI

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

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 |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over the major program: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditors' report issued on compliance for the major federal program: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Federal program identified as a major program: | |
| | U.S. Department of Treasury/Coronavirus State and Local Fiscal Recovery Fund/ARPA and Premium Pay, Assistance Listing #21.027 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which require the auditee to prepare a Summary Schedule of Prior Audit Findings in accordance with 2CFR 200.511(b)? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements.

Section 3: Federal Award Findings and Questioned Costs

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