

**CITY OF CARTHAGE, TEXAS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

ISSUED BY

CITY OF CARTHAGE, TEXAS

STEPHEN K. WILLIAMS, CPA  
CITY MANAGER

City of Carthage, Texas  
Annual Comprehensive Financial Report  
For The Year Ended September 30, 2021

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## Introductory Section



**City of Carthage**  
PO Box 400 • Carthage, Texas 75633  
Phone 903-693-3868 • Fax 903-693-3882

*Mayor*  
OLIN JOFFRION

*Mayor Pro Tem*  
IDA BECK

*City Commissioners*  
TATE BARBER Place 1  
WALTA COOKE Place 2  
JERRY T. HANSZEN Place 4

*City Manager*  
STEPHEN K. WILLIAMS

*City Secretary*  
DANA CLARK

February 9, 2022

Honorable Mayor and City Commission  
City of Carthage, Texas

The Annual Comprehensive Financial Report (ACFR) of the City of Carthage, Texas, for the fiscal year ended September 30, 2021, is hereby submitted. The purpose of the report is to provide the Commission, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

### **The Report**

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making the representations in these financial statements, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, misuse or theft, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various City funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Carthage's MD&A can be found immediately following the report of the independent auditors.

The City was required to undergo an audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Included in the compliance section is the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

## **Profile of the City**

The City of Carthage covers approximately 10.5 square miles in East Texas, near the Louisiana state line. As of the 2010 census, the population was 6,779. Carthage is the county seat of Panola County, Texas.

The City was incorporated in 1948 under a Home Rule Charter. All powers of the City are vested in a City Commission consisting of a mayor and four commissioners who are elected by the citizens for two-year terms of office. The City Manager is the chief executive officer for the City.

The City provides a full range of municipal services, including public safety (police and fire protection); sanitation services; the construction and maintenance of highways, streets, and infrastructure; planning and zoning; recreational activities and cultural events; and general administrative services. In addition, water and wastewater services are operated under an Enterprise Fund concept, with user charges set to ensure adequate coverage of operating expenses and payments on outstanding debt.

Also included in this report are two component units: Carthage Economic Development Corporation (CEDC) and Carthage Improvement Corporation (CIC). Both are non-profit corporations organized to promote and develop new and expanding businesses and each is funded by a  $\frac{1}{4}$  percent sales tax collected by the City. The CIC can also undertake municipal infrastructure improvements and other City projects. These corporations' financial statements are blended with the City's basic financial statements as special revenue funds since they meet the criteria set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards.

The City enacts the budget through passage of an ordinance prior to the start of each fiscal year. This budget serves as the foundation for the City of Carthage's financial planning and control. Annual budgets are prepared for the general fund, debt service fund, hotel/motel tax fund, Carthage Economic Development Corporation and Carthage Improvement Corporation. The City Manager is authorized to transfer resources within each department; Commission approval is required for all other transfers.

## **Local Economy**

The City has a diversified economy that includes one of the largest proven natural gas fields in the United States. In addition to plants processing petroleum and manufacturing or servicing oil field equipment, a major poultry processing plant and a plastic cup manufacturing plant are also located within the City. Additionally, Carthage is the home of Louisiana Pacific which, although it is located just outside the city limits, is a utility customer. The economic condition and outlook of the City have been steady during the past ten years. However, approximately 16% of the City's property tax base is represented by mineral values, and the City's economy is vulnerable to changes in natural gas values.

## **Long-term Financial Planning**

The City expects continuing growth through the diversification of industry. The City offers industrial and business prospects, a growing labor force available at competitive wage rates, adequate and reliable utilities offered at affordable prices, a ready market of office and industrial facilities, quality schools and advanced educational facilities.

## **Relevant Financial Policies**

The City has formally adopted a fund balance policy which states that the City will maintain a minimum of four months of average general fund operating expenditures in unassigned fund balance. The City strives to maintain sufficient reserves to ensure its ability to maintain services at a consistent level and respond to the demands of its economy.

In accordance with the Public Funds Investment Act, the City invests funds prudently and has adopted an investment policy reviewed annually by the City Commission as prescribed by State law. Staff provides a quarterly report of investments for Commission review. The City's current investment practice is limited to the purchase of certificates of deposit.

## **Major Initiatives**

**For the Current Year.** We developed a master plan for the City parks in 2018. A survey was conducted of our citizens to determine the preferences for improvements and needs of all our parks. This master plan will be used as a blueprint for future projects and to help with grant funding opportunities. In 2019 we completed a splash pad at Davis Park. This project was funded by the City, the Carthage Economic Development Corporation, the Carthage Improvement Corporation, and donations by the citizens of our community. We also completed a walking trail at the baseball complex. The funding was provided by a grant from the Texas Parks and Wildlife. Required matching funds were donated by the Charles C. Matthews Foundation. Any remaining expenses were covered by the City. Both projects were well received by our citizens and the surrounding communities. In 2020 we added a much-needed restroom to Davis park. Plans for 2021 included an all-abilities park on Bird Drive across from Panola College. Carthage Improvement Corporation and Carthage Economic Development Corporation committed a total of \$300,000 to the project. This project was completed early in FYE 2022 with additional funding by the City and donations of over \$340,000. The total cost of the park was approximately \$650,000.

The Carthage Fire Department is a very vital part of the City. It has six full-time firefighter employees and 45 volunteer firefighters. The fire department complies with and is regulated by the Texas Commission on Fire Protection, and the department equipment is continually maintained and kept in a constant state of readiness. Training and drills are a regular part of membership in the fire department. The department maintains a Fire Protection Rating of Class II through the Insurance Service Organization. A majority of the equipment is kept up to NFPA Standards. Our Chief, Brodie Akin, has served the department for 59 years, of which 52 have been as Chief, and has the respect and dedication of the firemen, which makes for an excellent volunteer department. As of this year, the Fire Department has three firemen who hold investigator and inspection licenses.

The Police Department is also a very vital department within the City of Carthage. We have a Chief of Police, Assistant Chief, Investigator and 14 patrol officers. We have four dispatchers, an Administrative Secretary to the Chief and an Animal Control Officer. In our Municipal Court, we have a part-time Judge and a full-time Court Clerk.

The Main Street program, under the direction of Cindy Deloney, continues to improve each year. For the 19th consecutive year, the program was awarded the designation of a National Main Street City. Cindy has been successful in bringing several new events to downtown and has also formed a working downtown group of merchants who strive together to make the downtown a better place to shop. The Carthage Main Street Youth Advisory Council (YAC) was formed in April 2016 with 12 members, and by 2017 it was already up to the max of 20 members. Each year this council is tasked with planning

an event and a project, as well as volunteering for both Carthage Main Street and Panola County Chamber of Commerce events, with their officers also being Junior Chamber Ambassadors. Each member also must volunteer two hours per semester working in the Carthage Main Street office.

The City of Carthage continues the programs needed to meet the citizens' needs for services and to safeguard the environment, in conformity with applicable federal and state standards.

**For the Future.** The budget for the General Fund for the 2021-2022 year is 9.3% less than the prior year. Most of the decrease is due to a new contract for waste collections. A change in billing method decreased revenue by \$611,756 and expenses by \$947,280. Citizens in Carthage depend heavily on the income from the oil and gas industry and related service companies which was in decline over the last several years. The year ending September 2022 has shown an increase in activity in these areas. Sales tax has shown a corresponding increase and if it continues to be strong it should come in over budget. The City budgeted a small increase in sales tax over the prior year, but this budget is 16.8% less than actual sales tax received in the fiscal year ended September 30, 2021. The 2022 budget includes \$400,000 to fund street repairs.

In the year ending 2021 the City of Carthage designed and began construction of a new park. This park is designed to be used by citizens of all ages and abilities. The College View Park was funded partially by the City, the Carthage Economic Development Corporation, the Carthage Improvement Corporation, and significant contributions by our community. The grand opening of the park was held on December 13, 2021 and has already proven to be a huge success.

Carthage continues to be a great place to live and work. With the guidance of a strong and stable City Commission and the dedicated employees of the City we will maintain the services and economic development needs of our community.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Carthage for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the City Accountant and her department along with our independent auditors. We would also like to express sincere appreciation to all employees who contributed to its preparation.

In closing, the City of Carthage will strive to be a good community partner to business and residents. We will continue to maintain and provide all services, constantly striving to do so in the most effective and economic way possible. The things that we strive to achieve for the good of Carthage are due to state/federal mandates are only possible through the stability of the Carthage City Commission. The

City Commission, under the leadership of Mayor Olin Joffrion, has always been available to the citizens of Carthage. I feel confident we will continue to see the cooperation, leadership and stability from the current City Commission that we have always maintained. I applaud their unselfish efforts and dedication of their time and energy to the betterment of the City of Carthage.

Sincerely,

*Stephen K. Williams, cpa*

Stephen K. Williams, CPA  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Carthage  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

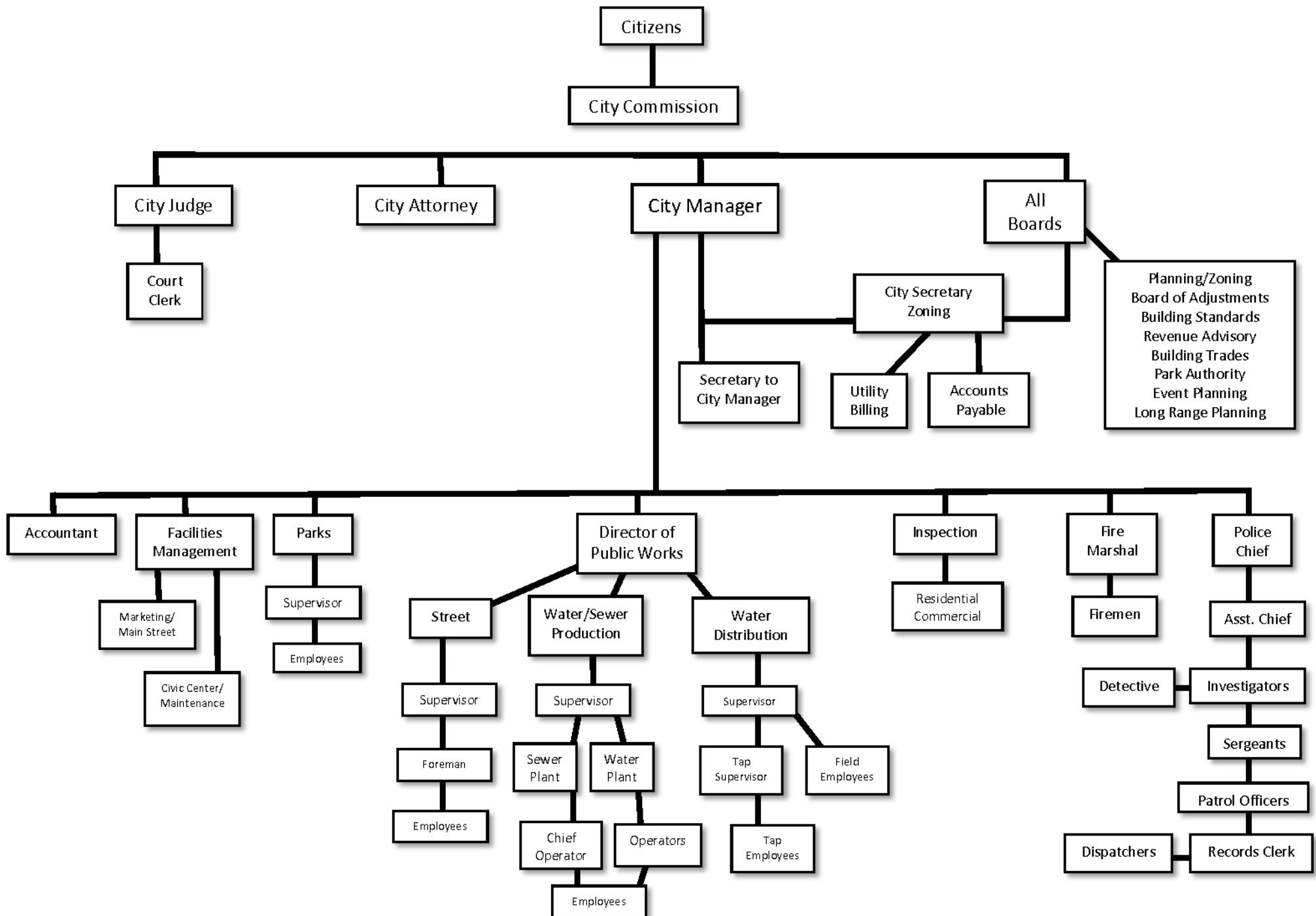
September 30, 2020

*Christopher P. Morill*

Executive Director/CEO



# CITY OF CARTHAGE, TEXAS



# CITY OF CARTHAGE, TEXAS

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2021

### Elected Officials

<u>Name</u>	<u>Office</u>
Olin Joffrion	Mayor
Ida Beck	Mayor Pro-Tem
Jerry T. Hanszen	Commissioner
Walta Cooke	Commissioner
Tate Barber	Commissioner

### Appointed Officials

<u>Name</u>	<u>Position</u>
Stephen K. Williams	City Manager
Dana Clark	City Secretary

## Financial Section

# KAREN A. JACKS & ASSOCIATES, P.C.

## Certified Public Accountants

P.O. Box 3167  
Longview, Texas 75606

Phone: 903-238-8822

1501 Colony Circle  
Longview, Texas 75604

Fax: 903-238-9838

Karen A. Jacks, CPA, CGMA  
Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

### Independent Auditors' Report

Mayor and City Commission  
City of Carthage, Texas  
812 West Panola  
Carthage, Texas 75633

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carthage, Texas ("the City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carthage, Texas as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budget comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and schedule of the City's net pension liability, schedule of City pension contributions, schedule of the City's total OPEB liability and schedule of City OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Carthage, Texas' basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our reported dated February 9, 2022 on our consideration of the City of Carthage, Texas' 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, Texas' 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, Texas' internal control over financial reporting and compliance.

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
Longview, Texas  
February 9, 2022

## **City of Carthage, Texas**

### **Management Discussion and Analysis For Year Ended September 30, 2021 (Unaudited)**

Our discussion and analysis of the City of Carthage's financial performance provides an overview of the City's financial activities for the year ended September 30, 2021. Please read it in conjunction with the transmittal letter beginning on page 5 and the City's financial statements, which begin on page 23.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 23-25) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 26. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### **Reporting the City as a Whole**

##### **The Statement of Net Position and the Statement of Activities**

Our analysis of the City as a whole begins on page 23. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. You can think of the City's net position—the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks, and sanitation. Property taxes, sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

- Business-type activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system services are reported here.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 26. The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- Proprietary funds—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary fund is the same as the business-type activities we report in the government-wide statements, but provides more detail and additional information, such as cash flows.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,395,950 at the close of the most recent fiscal year. Table 1 presents a condensed statement of net position for the current and prior year.

**Table 1**  
**Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$12,513,052	\$ 10,079,975	\$ 4,931,682	\$ 3,611,077	\$ 17,444,734	\$13,691,052
Capital assets	24,709,903	25,942,482	24,027,351	24,927,245	48,737,254	50,869,727
Total assets	37,222,955	36,022,457	28,959,033	28,538,322	66,181,988	64,560,779
<b>Deferred outflow s of resources:</b>						
Deferred outflow related to pensions	415,215	427,533	220,061	210,023	635,276	637,556
Deferred outflow related to OPEB	48,340	27,605	26,029	14,221	74,369	41,826
Loss on defeasance	16,971	20,814	77,444	94,978	94,415	115,792
Total deferred outflow s	480,526	475,952	323,534	319,222	804,060	795,174
<b>Long-term liabilities:</b>						
Due within 1 year	803,900	758,100	276,100	311,900	1,080,000	1,070,000
Due in more than 1 year	8,009,647	9,062,401	2,683,466	2,913,877	10,693,113	11,976,278
Other liabilities	888,500	488,928	385,315	377,339	1,273,815	866,267
Total liabilities	9,702,047	10,309,429	3,344,881	3,603,116	13,046,928	13,912,545
<b>Deferred inflow s of resources:</b>						
Deferred inflow related to pensions	615,328	892,488	329,679	459,726	945,007	1,352,214
Deferred inflow related to OPEB	11,767	18,021	6,336	9,284	18,103	27,305
Deferred gain on defeasance of debt	40,060	-	-	-	40,060	-
Total deferred inflow s	667,155	910,509	336,015	469,010	1,003,170	1,379,519
<b>Net position:</b>						
Net investment in capital assets	21,550,234	22,539,016	22,109,142	23,192,760	43,659,376	45,731,776
Restricted	3,655,632	2,855,654	796,756	-	4,452,388	2,855,654
Unrestricted	2,128,413	(116,199)	2,695,773	1,592,658	4,824,186	1,476,459
Total net position	\$27,334,279	\$ 25,278,471	\$ 25,601,671	\$24,785,418	\$ 52,935,950	\$50,063,889

The largest portion of the City's net position (82.48%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$4,452,388 of the City's net position (8.41%) represents resources that are subject to external restrictions on how they may be used.

Annual financial results in governmental activities increased net position by \$2,055,808, and the business-type activities increased net position by \$816,253 during the year.



**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,910,993	\$ 2,118,765	\$ 4,976,267	\$ 4,827,668	\$ 6,887,260	\$ 6,946,433
Operating grants and contribution	297,532	122,193	-	-	297,532	122,193
Capital grants and contributions	678,199	61,656	796,756	269,500	1,474,955	331,156
General revenues:						
Property taxes	2,587,228	2,641,594	-	-	2,587,228	2,641,594
Sales taxes	5,147,105	5,106,002	-	-	5,147,105	5,106,002
Franchise fees	528,853	390,839	-	-	528,853	390,839
Occupancy taxes	356,455	305,254	-	-	356,455	305,254
Investment earnings	50,725	51,230	33,989	38,224	84,714	89,454
Gain on sale of assets	5,300	10,603	-	-	5,300	10,603
Other	40,296	37,144	17,502	-	57,798	37,144
Total revenues	11,602,686	10,845,280	5,824,514	5,135,392	17,427,200	15,980,672
Expenses:						
General government	1,151,631	1,093,121	-	-	1,151,631	1,093,121
Building inspections	259,821	298,123	-	-	259,821	298,123
Community development	500,630	617,891	-	-	500,630	617,891
Streets	2,694,200	2,670,506	-	-	2,694,200	2,670,506
Sanitation	994,274	1,321,468	-	-	994,274	1,321,468
Public safety	2,877,708	3,037,726	-	-	2,877,708	3,037,726
Culture and recreation	720,907	770,697	-	-	720,907	770,697
Interest on long-term debt	112,669	162,782	-	-	112,669	162,782
Main Street program	130,398	139,966	-	-	130,398	139,966
Issuance cost and fees	104,640	-	-	-	104,640	-
Water and sewer	-	-	5,008,261	5,068,310	5,008,261	5,068,310
Total expenses	9,546,878	10,112,280	5,008,261	5,068,310	14,555,139	15,180,590
Increase in net position before transfers	2,055,808	733,000	816,253	67,082	2,872,061	800,082
Transfers	-	-	-	-	-	-
Increase in net position	2,055,808	733,000	816,253	67,082	2,872,061	800,082
Net position - beginning	25,278,471	24,545,471	24,785,418	24,718,336	50,063,889	49,263,807
Net position - ending	\$27,334,279	\$ 25,278,471	\$25,601,671	\$ 24,785,418	\$ 52,935,950	\$50,063,889

## Governmental Activities

Governmental activities increased the City of Carthage's net position by \$2,055,808.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from each related program reported to the right. The result is a Net (Expense)/Revenue. This presentation is designed to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

Public safety	Fines, arrest fees, court cost, state police grants
Sanitation	Solid waste collection fees
Building inspections	Building permits, occupational licenses, inspections
Streets	User fee paid by the Water and Sewer Fund
Culture/recreation	Community house rent

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

The cost of all governmental activities was \$9,546,878. However, 20.01% (\$1,910,993) of these costs were paid by those who directly benefited from the programs; \$975,731 was paid by grants and contributions, and the remaining 69.75% (\$6,660,154) was paid by general revenues such as taxes and franchise fees.

The significant functions of City government and their related net expense (revenue) are presented in Table 3.

Year Ended September 30, 2021

	Charges for Services	Grants and Contributions	Expense	Net (Exp)/Rev
Governmental activities:				
General government and administration	\$ 16,923	\$ -	\$ 1,151,631	\$ (1,134,708)
Public safety	190,086	297,532	2,877,708	(2,390,090)
Sanitation	1,095,594	-	994,274	101,320
Main street program	1,430	-	130,398	(128,968)
Building inspections	65,385	-	259,821	(194,436)
Streets	450,000	336,796	2,694,200	(1,907,404)
Culture and recreation	91,575	341,403	720,907	(287,929)
Development activities	-	-	500,630	(500,630)
Interest on long-term debt	-	-	112,669	(112,669)
Issuance costs and fees	-	-	104,640	(104,640)
Total governmental activities	<u>\$ 1,910,993</u>	<u>\$ 975,731</u>	<u>\$ 9,546,878</u>	<u>\$ (6,660,154)</u>

## **Business-type Activities**

The business-type activities increased the City of Carthage's net position by \$816,253. Water and sewer operating revenues were more than the prior year by \$166,101, and operating expenses were down \$54,868. Grant revenues were up \$527,256.

## **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,619,881. Of this total, \$3,702,936 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors. A total of \$29,448 of fund balance is considered non-spendable because it has been used for inventory and prepaid items. A total of \$49,126 of fund balance is considered assigned for future public safety purchases. The remaining \$7,838,371 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is \$7,838,371, while total fund balance is \$8,210,693. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 106.09 percent of total general fund expenditures, while total fund balance represents 111.13 percent of that same amount.

General fund revenues were more than budget expectations this year mainly due to increased sales tax revenues and franchise fees. Sales tax was over budget by approximately \$500,000. Most of this increase was due to oil and gas related activity which was approximately 18% greater than prior year collections. Retail sales, which account for approximately 40% of sales tax, collections were also up approximately 6% compared to the prior year. Franchise fees were up due to contract changes that increased the amount of fees owed to the City.

General fund expenditures were less than budgeted amounts by \$907,173. Most of the amount was in Public Safety and Streets. Public Safety expenditures were lower than budgeted mainly due to Corona Virus Relief Funds that were used to offset salaries of public safety employees. The Street Department expenditures were under budgeted amounts due to street projects not being completed prior to year-end. The fund balance increased by \$1,214,411 for the year.

The City's debt service fund experienced a \$79,900 decrease in fund balance. This decrease was budgeted at \$150,847.

## **Proprietary Funds**

The City's water and sewer fund is its proprietary fund. The water and sewer fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer fund was \$2,695,773.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Commission amended the General Fund budget as needed. Total General fund expenditures were less than appropriations, due to unexpected decreases in general governmental, public safety, streets and non-departmental costs.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2021, the City had \$48,737,254 invested in capital assets including police and fire equipment, buildings, park facilities, roads, and water and sewer system. This represents a net decrease of \$2,132,473, or 4.19%, less than last year. Table 4 presents a summary of the City's capital assets.

**Table 4**  
**Capital Assets at Year-End**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 717,844	\$ 717,844	\$ 313,837	\$ 313,837	\$ 1,031,681	\$ 1,031,681
Construction in progress	888,761	204,036	-	401,968	888,761	606,004
Depreciable Assets:						
Buildings	5,794,691	5,794,691	104,740	104,740	5,899,431	5,899,431
Improvements	13,545,734	13,340,477	44,853,898	44,451,284	58,399,632	57,791,761
Machinery and equipment	5,376,258	5,255,106	2,141,244	2,134,311	7,517,502	7,389,417
Infrastructure	46,087,170	46,087,170	-	-	46,087,170	46,087,170
Accumulated depreciation	(47,700,555)	(45,456,842)	(23,386,368)	(22,478,895)	(71,086,923)	(67,935,737)
Totals	\$ 24,709,903	\$ 25,942,482	\$ 24,027,351	\$ 24,927,245	\$ 48,737,254	\$ 50,869,727

Major capital asset events during the current fiscal year included the following:

#### Asset Acquisitions

- College View Park – Construction in Progress, \$455,466
- Street Improvements, \$351,715
- Vehicles, \$124,122
- Soccer Parking Lot, \$ 79,277

Additional information on the City of Carthage's capital asset activity can be found in Note D on pages 42-43 of the notes to the financial statements.

## Debt

At year-end, the City had \$7,806,753 in long-term debt compared to \$8,874,844 last year, representing a decrease of \$1,068,091 or 12.04% from the prior year. Table 5 presents a summary of the City's outstanding debt.

**Table 5**  
**Outstanding Debt at Year-End**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 4,678,550	\$ 2,327,900	\$ 1,486,450	\$ 1,737,100	\$ 6,165,000	\$ 4,065,000
Certificates of Obligation	1,130,000	4,400,000	-	-	1,130,000	4,400,000
Unamortized bond premium	405,068	317,481	106,685	92,363	511,753	409,844
	<u>\$ 6,213,618</u>	<u>\$ 7,045,381</u>	<u>\$ 1,593,135</u>	<u>\$ 1,829,463</u>	<u>\$ 7,806,753</u>	<u>\$ 8,874,844</u>

Additional information on the City of Carthage's long-term debt activity can be found in Note G on pages 43-45 of the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's FY2021-2022 budget for its general fund reflects a balanced budget. The budget includes a decrease in revenues from solid waste collections of \$412,830. This was due to a change in billing methods which also created a decrease in solid waste expenses of \$947,280. Sales tax projections remained approximately the same as the prior year. The property tax budget decreased by \$74,210. The property tax rate was increased by .012 to .6014 per \$100 valuation. There is still a decrease in property tax revenue budgeted because of a decrease in property values. Franchise fee budgets increased by \$100,000.

The expense budget for FY2021-2022 decreased by \$712,830 mainly due to the change in waste collection expenses as discussed above. The increase in the remainder of the budget was due primarily to payroll and related expenditures.

Sales tax revenue remained strong throughout the 2021 fiscal year. Increased prices in oil and gas have resulted in an increase of related activities. This has helped keep sales tax collection strong. The 2022 budget anticipates that sales tax revenues will be consistent with 2021. Collections so far in fiscal year 2022 have met these projections. We continue to keep reserves strong through strong leadership and fiscal management.

## THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Secretary's Office at 812 W. Panola, Carthage, Texas 75633.

## Basic Financial Statements

**CITY OF CARTHAGE, TEXAS**

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and temporary investments	\$ 11,666,685	\$ 4,012,539	\$ 15,679,224
Delinquent taxes receivable	51,964	--	51,964
Receivables, (net of allowances for uncollectibles)	39,892	594,895	634,787
Grant receivable	112,336	--	112,336
Sales tax receivable	474,705	--	474,705
Other receivables	138,022	--	138,022
Inventories	3,524	124,245	127,769
Prepaid items	25,924	25,924	51,848
Restricted assets:			
Cash and cash equivalents	--	174,079	174,079
Capital assets not subject to depreciation	1,606,605	313,837	1,920,442
Capital assets, net of accumulated depreciation	23,103,298	23,713,514	46,816,812
Total Assets	<u>37,222,955</u>	<u>28,959,033</u>	<u>66,181,988</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflow related to pensions	415,215	220,061	635,276
Deferred outflow related to OPEB	48,340	26,029	74,369
Loss on defeasance	16,971	77,444	94,415
Total Deferred Outflows of Resources	<u>480,526</u>	<u>323,534</u>	<u>804,060</u>
<b>LIABILITIES:</b>			
Accounts payable	642,897	106,951	749,848
Accrued wages	90,707	46,350	137,057
Accrued compensated absences	84,302	49,814	134,116
Customer deposits	23,290	174,079	197,369
Interest payable	47,304	8,121	55,425
Non-current liabilities:			
Due within one year	803,900	276,100	1,080,000
Due in more than one year	5,409,718	1,317,035	6,726,753
Net pension liability	2,329,222	1,220,666	3,549,888
Net OPEB liability	270,707	145,765	416,472
Total Liabilities	<u>9,702,047</u>	<u>3,344,881</u>	<u>13,046,928</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflow related to pensions	615,328	329,679	945,007
Deferred inflow related to OPEB	11,767	6,336	18,103
Deferred gain on defeasance of debt	40,060	--	40,060
Total Deferred Inflows of Resources	<u>667,155</u>	<u>336,015</u>	<u>1,003,170</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	21,550,234	22,109,142	43,659,376
Restricted For:			
Federal and State Programs	--	796,756	796,756
Debt Service	109,011	--	109,011
Community Development	2,934,513	--	2,934,513
Other Purposes	612,108	--	612,108
Unrestricted	2,128,413	2,695,773	4,824,186
Total Net Position	<u>\$ 27,334,279</u>	<u>\$ 25,601,671</u>	<u>\$ 52,935,950</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government and administration	1,151,631	16,923	--	--
Public safety	2,877,708	190,086	297,532	--
Sanitation	994,274	1,095,594	--	--
Main street program	130,398	1,430	--	--
Building inspections	259,821	65,385	--	--
Streets	2,694,200	450,000	--	336,796
Culture and recreation	720,907	91,575	--	341,403
Development activities	500,630	--	--	--
Interest and fees on long-term debt	112,669	--	--	--
Issuance costs and fees	104,640	--	--	--
Total Governmental Activities	9,546,878	1,910,993	297,532	678,199
Business-type Activities:				
Water and Sewer	5,008,261	4,976,267	--	796,756
Total Business-type Activities	5,008,261	4,976,267	--	796,756
Total Primary Government	\$ 14,555,139	\$ 6,887,260	\$ 297,532	\$ 1,474,955
General Revenues:				
Property taxes levied for general purposes				
Property taxes levied for debt service				
Sales taxes				
Occupancy taxes				
Franchise fees				
Interest income				
Gain on sale of asset				
Miscellaneous revenue				
Total General Revenues				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

The accompanying notes are an integral part of this statement.



Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(1,134,708)		(1,134,708)
(2,390,090)		(2,390,090)
101,320		101,320
(128,968)		(128,968)
(194,436)		(194,436)
(1,907,404)		(1,907,404)
(287,929)		(287,929)
(500,630)		(500,630)
(112,669)		(112,669)
(104,640)		(104,640)
<u>(6,660,154)</u>		<u>(6,660,154)</u>
--	\$ 764,762	764,762
--	764,762	764,762
<u>(6,660,154)</u>	<u>764,762</u>	<u>(5,895,392)</u>
1,657,943	--	1,657,943
929,285	--	929,285
5,147,105	--	5,147,105
356,455	--	356,455
528,853	--	528,853
50,725	33,989	84,714
5,300	--	5,300
40,296	17,502	57,798
<u>8,715,962</u>	<u>51,491</u>	<u>8,767,453</u>
2,055,808	816,253	2,872,061
25,278,471	24,785,418	50,063,889
<u>\$ 27,334,279</u>	<u>\$ 25,601,671</u>	<u>\$ 52,935,950</u>

**CITY OF CARTHAGE, TEXAS**

## BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and temporary investments	\$ 8,215,539	\$ 156,315	\$ 3,294,831	\$ 11,666,685
Receivables (net of allowances):				
Delinquent taxes receivable	51,964	--	--	51,964
Accounts receivable	39,892	--	--	39,892
Grants receivable	--	--	112,336	112,336
Sales tax receivable	356,029	--	118,676	474,705
Other receivable	110,044	--	27,978	138,022
Due from other funds	200,000	--	--	200,000
Inventory of supplies, at cost	3,524	--	--	3,524
Prepaid items	25,924	--	--	25,924
Total Assets	<u>\$ 9,002,916</u>	<u>\$ 156,315</u>	<u>\$ 3,553,821</u>	<u>\$ 12,713,052</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Due to other funds	\$ --	\$ --	\$ 200,000	\$ 200,000
Accounts payable	541,949	--	100,948	642,897
Accrued wages	90,707	--	--	90,707
Accrued vacation payable	84,302	--	--	84,302
Deposits	23,290	--	--	23,290
Total Liabilities	<u>740,248</u>	<u>--</u>	<u>300,948</u>	<u>1,041,196</u>
<b>Deferred Inflows of Resources:</b>				
Deferred property taxes	51,975	--	--	51,975
Total Liabilities and Deferred Inflows of Resources	<u>792,223</u>	<u>--</u>	<u>300,948</u>	<u>1,093,171</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	3,524	--	--	3,524
Prepaid items	25,924	--	--	25,924
<b>Restricted For:</b>				
Debt service	--	156,315	--	156,315
Economic development	14,978	--	2,919,535	2,934,513
Other purposes	278,770	--	333,338	612,108
<b>Assigned:</b>				
Public safety equipment and supplies	49,126	--	--	49,126
<b>Unassigned</b>	<u>7,838,371</u>	<u>--</u>	<u>--</u>	<u>7,838,371</u>
Total Fund Balance	<u>8,210,693</u>	<u>156,315</u>	<u>3,252,873</u>	<u>11,619,881</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,002,916</u>	<u>\$ 156,315</u>	<u>\$ 3,553,821</u>	<u>\$ 12,713,052</u>

**CITY OF CARTHAGE, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021

Total fund balances - governmental funds balance sheet	\$ 11,619,881
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	24,709,903
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	51,975
Payables for bond principal which are not due in the current period are not reported in the funds.	(5,808,550)
Payables for bond interest which are not due in the current period are not reported in the funds.	(47,304)
The deferred gain on defeasance of debt is not reported in the funds.	(23,089)
Recognition of the City's net pension liability is not reported in the funds.	(2,329,222)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(615,328)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	415,215
Bond premiums are amortized in the SNA but not in the funds.	(405,068)
Recognition of the City's total OPEB liability is not reported in the funds.	(270,707)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(11,767)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	48,340
Net position of governmental activities - Statement of Net Position	<u>\$ 27,334,279</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 5,519,623	\$ 929,285	\$ 1,640,174	\$ 8,089,082
Franchise fees	528,853	--	--	528,853
Licenses and permits	65,385	--	--	65,385
Sanitation collections	1,095,594	--	--	1,095,594
Fines-corporation court	190,086	--	--	190,086
Grant revenue	24,656	--	609,672	634,328
Interest revenue	38,702	--	12,023	50,725
Miscellaneous revenues	62,592	--	--	62,592
Rent and leases	542,930	--	--	542,930
Donations	341,403	--	--	341,403
Total Revenues	<u>8,409,824</u>	<u>929,285</u>	<u>2,261,869</u>	<u>11,600,978</u>
<b>Expenditures:</b>				
General government	480,096	--	--	480,096
Public safety	2,769,668	--	276,565	3,046,233
Sanitation	986,687	--	--	986,687
Main Street program	160,434	--	374,764	535,198
Building inspections	299,965	--	--	299,965
Streets	1,190,203	--	--	1,190,203
Culture and recreation	814,180	--	16,708	830,888
Developmental activities	--	--	505,847	505,847
Non-departmental	687,181	1,715	--	688,896
Debt service - principal	--	855,600	--	855,600
Debt service - interest and fees	--	153,248	--	153,248
Issuance costs	--	104,640	--	104,640
Total Expenditures	<u>7,388,414</u>	<u>1,115,203</u>	<u>1,173,884</u>	<u>9,677,501</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	1,021,410	(185,918)	1,087,985	1,923,477
<b>Other Financing Sources (Uses):</b>				
Bond proceeds - refunding issue	--	3,127,650	--	3,127,650
Bond premiums	--	206,574	--	206,574
Payment to refunding escrow agent	--	(3,228,206)	--	(3,228,206)
Transfers in	200,000	--	6,999	206,999
Transfers out	(6,999)	--	(200,000)	(206,999)
Total Other Financing Sources (Uses)	<u>193,001</u>	<u>106,018</u>	<u>(193,001)</u>	<u>106,018</u>
Net Change in Fund Balances	1,214,411	(79,900)	894,984	2,029,495
<b>Fund Balances - Beginning</b>	6,996,282	236,215	2,357,889	9,590,386
<b>Fund Balances - Ending</b>	<u>\$ 8,210,693</u>	<u>\$ 156,315</u>	<u>\$ 3,252,873</u>	<u>\$ 11,619,881</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	\$ 2,029,495
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,117,715
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,297,024)
The gain or loss on the sale of capital assets is not reported in the funds.	(47,969)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(5,300)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,706
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	855,600
Gains and losses on defeasance of debt are amortized in the SOA but not in the funds.	(2,629)
(Increase) decrease in accrued interest from beginning of period to end of period.	2,301
Payments to escrow for the defeasance of debt are reported in the funds but not in the SOA.	3,228,206
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(3,127,650)
Bond premiums are reported in the funds but not in the SOA.	(206,574)
Bond premiums are amortized in the SOA.	40,907
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	347,241
The City's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	401,049
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(264,657)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	4,029
The City's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(9,926)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(10,714)
Change in net position of governmental activities - Statement of Activities	\$ <u>2,055,806</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**
**EXHIBIT A-7**

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,857,693	\$ 4,869,943	\$ 5,519,623	\$ 649,680
Franchise fees	393,300	427,300	528,853	101,553
Licenses and permits	50,000	50,000	65,385	15,385
Sanitation collections	1,300,000	1,103,881	1,095,594	(8,287)
Fines-corporation court	190,000	170,000	190,086	20,086
Grant revenue	--	24,700	24,656	(44)
Interest revenue	40,000	40,000	38,702	(1,298)
Miscellaneous revenues	28,753	39,253	62,592	23,339
Rent and leases	511,500	527,500	542,930	15,430
Donations	--	341,403	341,403	--
Total Revenues	<u>7,371,246</u>	<u>7,593,980</u>	<u>8,409,824</u>	<u>815,844</u>
<b>Expenditures:</b>				
General government	523,500	523,500	480,096	43,404
Public safety	2,996,700	3,032,531	2,769,668	262,863
Sanitation	1,340,740	987,365	986,687	678
Main Street program	156,700	173,750	160,434	13,316
Building inspections	317,000	317,000	299,965	17,035
Streets	1,220,960	1,421,960	1,190,203	231,757
Culture and recreation	294,900	998,955	814,180	184,775
Non-departmental	819,746	840,526	687,181	153,345
Total Expenditures	<u>7,670,246</u>	<u>8,295,587</u>	<u>7,388,414</u>	<u>907,173</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(299,000)	(701,607)	1,021,410	1,723,017
<b>Other Financing Sources (Uses):</b>				
Transfers in	--	200,000	200,000	--
Transfers out	--	--	(6,999)	(6,999)
Total Other Financing Sources (Uses)	<u>--</u>	<u>200,000</u>	<u>193,001</u>	<u>(6,999)</u>
Net Change in Fund Balances	(299,000)	(501,607)	1,214,411	1,716,018
<b>Fund Balances - Beginning</b>	<u>6,996,282</u>	<u>6,996,282</u>	<u>6,996,282</u>	<u>--</u>
<b>Fund Balances - Ending</b>	<u>\$ 6,697,282</u>	<u>\$ 6,494,675</u>	<u>\$ 8,210,693</u>	<u>\$ 1,716,018</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**

## STATEMENT OF NET POSITION

## ENTERPRISE FUNDS

SEPTEMBER 30, 2021

	Enterprise Fund Water and Sewer Fund
<b>ASSETS:</b>	
Current Assets:	
Cash and temporary investments	\$ 4,012,539
Restricted cash	174,079
Receivables (net of allowances)	594,895
Inventories	124,245
Prepaid items	25,924
Total Current Assets	<u>4,931,682</u>
Noncurrent Assets:	
Capital assets not subject to depreciation	313,837
Capital assets, net of accumulated depreciation	23,713,514
Total Noncurrent Assets	<u>24,027,351</u>
Total Assets	<u>28,959,033</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflow Related to Pensions	220,061
Deferred Outflow Related to OPEB	26,029
Loss on Defeasance of Debt	77,444
Total Deferred Outflows of Resources	<u>323,534</u>
<b>LIABILITIES:</b>	
Current liabilities:	
Payable from current assets:	
Accounts payable	106,951
Accrued wages	46,350
Accrued compensated absences	49,814
Interest payable	8,121
Current portion of long-term debt	276,100
Payable from restricted assets:	
Meter deposits	174,079
Total Current Liabilities	<u>661,415</u>
Noncurrent Liabilities:	
Bonds, notes, and certificates payable, net of current portion	1,317,035
Net pension liability	1,220,666
Net OPEB liability	145,765
Total Noncurrent Liabilities	<u>2,683,466</u>
Total Liabilities	<u>3,344,881</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflow related to pensions	329,679
Deferred inflow related to OPEB	6,336
Total Deferred Inflows of Resources	<u>336,015</u>
<b>NET POSITION:</b>	
Net investment in capital assets	22,109,142
Restricted for federal and state programs	796,756
Unrestricted	2,695,773
Total Net Position	<u>\$ 25,601,671</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Fund Water and Sewer Fund
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 4,976,267
Other revenues	17,502
Total Operating Revenues	<u>4,993,769</u>
<b>OPERATING EXPENSES:</b>	
Salaries and fringe benefits	1,917,474
Contractual services	143,505
Depreciation	959,751
Supplies and maintenance	828,331
Utilities and telephone	320,484
Water purchases	135,302
Street rental	450,000
Insurance	94,162
Other expenses	97,000
Total Operating Expenses	<u>4,946,009</u>
Operating Income (Loss)	47,760
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest income	33,989
Gain (loss) on disposition of assets	13,400
Interest and fees	(51,035)
Issuance costs	(24,617)
Total Non-operating Revenues (Expenses)	<u>(28,263)</u>
Income (Loss) before Transfers and Capital Contributions	19,497
Capital grants and contributions	796,756
Change in Net Position	<u>816,253</u>
<b>Total Net Position - Beginning</b>	24,785,418
<b>Total Net Position - Ending</b>	<u><u>\$ 25,601,671</u></u>

The accompanying notes are an integral part of this statement.



**CITY OF CARTHAGE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Enterprise Fund Water and Sewer Fund
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 4,974,880
Cash payments to employees for services	(2,086,219)
Cash payments to other supplies for goods and services	(1,646,108)
Cash payments to other funds for operating expenses	(450,000)
Net Cash Provided (Used) by Operating Activities	<u>792,553</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Transfers from other funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal payments	(244,400)
Interest payments	(49,031)
Acquisition or construction of capital assets	(59,857)
Proceeds from the sale of capital assets	13,400
Grant proceeds	880,234
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>540,346</u>
<b>Cash Flows from Investing Activities:</b>	
Interest and dividends on investments	33,989
Net Cash Provided (Used) for Investing Activities	<u>33,989</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,366,888
Cash and Cash Equivalents at Beginning of Year	2,819,730
Cash and Cash Equivalents at End of Year	<u>\$ 4,186,618</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 47,760
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	959,751
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(40,439)
Decrease (Increase) in Inventories	3,244
Increase (Decrease) in Accounts Payable	(30,568)
Increase (Decrease) in Accrued Wages Payable	10,456
Increase (Decrease) in Compensated Absences	5,523
Increase (Decrease) in Customer Deposits	21,550
Increase (Decrease) in Pension Liabilities	(198,739)
Increase (Decrease) in OPEB Liabilities	14,015
Total Adjustments	<u>744,793</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 792,553</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTHAGE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**A. Summary of Significant Accounting Policies**

The combined financial statements of City of Carthage, Texas (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's "Codification of Governmental Accounting and Financial Reporting Standards," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. The GASB Codification requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, following is a brief review of each component unit addressed in defining the government's reporting entity. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Codification.

Carthage Economic Development Corporation is a nonprofit corporation organized to promote and develop new or expanding employment rolls within the City of Carthage or adjacent areas of Panola County. The economic benefits provided by the corporation will benefit the City by stimulating the need for housing, retail sales, entertainment, etc. within the City. The City Commissioners appoint the governing board and a majority of its members are City Commissioners. The City Commissioners that are also members of the corporation's board comprise a majority of the City Commissioners. The City Commission must also approve its budget. The services provided by the corporation are almost entirely for the benefit of the City. The 1/4 percent sales tax that funds Carthage Economic Development Corporation is received by the City from the State and is passed to the corporation. The corporation's financial statements are "blended" with the City of Carthage's Basic Financial Statements as a Special Revenue Fund. Complete financial statements for Carthage Economic Development Corporation may be obtained at City Hall, 812 W. Panola, Carthage, TX 75633.

Carthage Improvement Corporation is a nonprofit corporation organized to accomplish the same objectives as the Carthage Economic Development Corporation, as well as municipal infrastructure improvements and other projects that contribute to the quality of life within the City. The City Commissioners appoint the governing board and a majority of its members are City Commissioners. The City Commissioners that are also members of the corporation's board comprise a majority of the City Commissioners. The City Commission furnishes guidelines for its budget appropriations. The services provided by the corporation are almost entirely for the benefit of the City. The 1/4 percent sales tax that funds Carthage Improvement Corporation is received by the City from the State and is passed to the corporation. The corporation's financial statements are "blended" with the City of Carthage's Basic Financial Statements as a Special Revenue Fund. Complete financial statements for Carthage Improvement Corporation may be obtained at City Hall, 812 W. Panola, Carthage, TX 75633.

**CITY OF CARTHAGE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Debt Service Fund: The City accounts for resources used to pay general obligation debts of the City in the Debt Service Fund.

The City reports the following major enterprise fund:

The water and sewer fund accounts for the operations of the water and sewer system. Debt service and capital improvements related to water and sewer operations are also accounted for in this fund.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

**CITY OF CARTHAGE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Statutes authorize the City to invest in certificates of deposit and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

Investments are recorded at cost, which approximates fair value. All investments are short-term and have a maturity date of one year or less.

**b. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The City may assess penalties and interest. The assessment ratio of the City is 100% of market value. The assessed value for the roll of October 1, 2020, upon which the 2021 fiscal year levy was based was \$438,056,060. The tax assessment of October 1, 2020 set a tax levy at \$.5894 per \$100 of assessed valuation. The 2021 fiscal year tax levy was \$2,581,902.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for estimated uncollectibles is 85% of the total delinquent taxes receivable at September 30, 2021.

**c. Inventories and Prepaid Items**

Inventories on the balance sheet are stated at cost. Inventory items are recorded as expenditures when they are consumed.

**CITY OF CARTHAGE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the purchase method.

d. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$250,000 or more. Depreciation has been computed on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	40-50
Building Improvements	40-50
Equipment	5-10

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to or deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

g. Other Post-Employment Benefits (OPEB)

The total OPEB liability of the Texas Municipal Retirement System (TMRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

h. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary fund

**CITY OF CARTHAGE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Statement of Net Position and governmental fund balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

i. **Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability for the fund that will pay it. All vacation must be used or sold back to the City by December 31 of each year. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

j. **Interfund Activity**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception is a \$450,000 street rental fee that the water and sewer fund pays to the general fund annually. Indirect charges have been eliminated in the government-wide statements. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

k. **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. Actual results may differ from those estimates.

l. **Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the City Commission. Committed amounts cannot be used for any other purpose unless the City Commission removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Commission. Commitments are typically accomplished by a formal resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City

**CITY OF CARTHAGE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Commission or by the City Manager. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund equivalent to not less than 4 months of annual operating expenditures. The City's fund balance met this goal at September 30, 2021.

4. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund, and three special revenue funds (Carthage Economic Development Corporation, Carthage Improvement Corporation and Hotel Occupancy Tax Fund). These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Project length plans are adopted for all capital projects funds.

The City Commission approves, by ordinance, the level of budgetary control by function and activity within an individual fund (general government, public safety, etc.). Budgetary controls are imposed at the fund level and require Commission approval for amendment.

Appropriations lapse at year-end and encumbrances are not reported as expenditures in the current year budgetary presentations.

6. Implementation of New Standards

In the current fiscal year, the City did not implement any new standards from the Governmental Accounting Standards Board (GASB).

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Description</u>	<u>Action Taken</u>
Expenditures exceeded appropriations in the Debt Service Fund.	This appeared to be an isolated incident related to the bond refunding described on page 45. City staff will prepare budget amendments for any future refundings.

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2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At September 30, 2021, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$15,853,303 and the bank balance was \$16,059,836. The City's cash deposits at September 30, 2021 and during the year ended September 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>General Fund</u>		
Certificate of deposit	12/23/2021	\$ 500,000
Certificate of deposit	01/20/2022	500,000
Certificate of deposit	03/22/2022	500,000
Certificate of deposit	04/20/2022	500,000
Certificate of deposit	06/20/2022	500,000
Certificate of deposit	07/22/2022	500,000
Certificate of deposit	09/30/2022	500,000
<u>Other Governmental Funds</u>		
Certificate of deposit	02/17/2022	100,000
Total Investments		<u>\$ 3,600,000</u>



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Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Receivables

Receivables reported in the governmental and proprietary funds as of September 30, 2021 consist of the following:

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	General	Special Revenue	Proprietary	Total
Receivables:				
Property taxes	\$ 346,499	\$ --	\$ --	\$ 346,499
Accounts	158,103	--	993,165	1,151,268
Sales tax	356,029	118,676	--	474,705
Grants	--	112,336	--	112,336
Miscellaneous	110,044	27,978	--	138,022
Gross receivables	970,675	258,990	993,165	2,222,830
Less: Allowance for uncollectibles	(412,746)	--	(398,270)	(811,016)
Net total receivables	\$ 557,929	\$ 258,990	\$ 594,895	\$ 1,411,814

**E. Capital Assets**

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 717,844	\$ --	\$ --	\$ 717,844
Construction in progress	204,036	847,581	162,856	888,761
Total capital assets not being depreciated	921,880	847,581	162,856	1,606,605
Capital assets being depreciated:				
Buildings	5,794,691	--	--	5,794,691
Improvements other than buildings	13,340,477	205,257	--	13,545,734
Machinery and equipment	5,255,106	174,463	53,311	5,376,258
Infrastructure	46,087,170	--	--	46,087,170
Total capital assets being depreciated	70,477,444	379,720	53,311	70,803,853
Less accumulated depreciation for:				
Buildings	(3,052,287)	(134,928)	--	(3,187,215)
Improvements other than buildings	(3,022,957)	(358,559)	--	(3,381,516)
Machinery and equipment	(3,805,345)	(275,233)	(53,311)	(4,027,267)
Infrastructure	(35,576,253)	(1,528,304)	--	(37,104,557)
Total accumulated depreciation	(45,456,842)	(2,297,024)	(53,311)	(47,703,555)
Total capital assets being depreciated, net	25,020,602	(1,917,304)	--	23,103,298
Governmental activities capital assets, net	\$ 25,942,482	\$ (1,069,723)	\$ 162,856	\$ 24,709,903

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 313,837	\$ --	\$ --	\$ 313,837
Construction in progress	401,968	--	401,968	--
Total capital assets not being depreciated	715,805	--	401,968	313,837
Capital assets being depreciated:				
Buildings	104,740	--	--	104,740
Improvements other than buildings	44,451,284	402,614	--	44,853,898
Machinery and equipment	2,134,311	59,211	52,278	2,141,244
Total capital assets being depreciated	46,690,335	461,825	52,278	47,099,882

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Less accumulated depreciation for:				
Buildings	(79,759)	(1,915)	--	(81,674)
Improvements other than buildings	(20,487,376)	(905,521)	--	(21,392,897)
Machinery and equipment	(1,911,760)	(52,315)	(52,278)	(1,911,797)
Total accumulated depreciation	(22,478,895)	(959,751)	(52,278)	(23,386,368)
Total capital assets being depreciated, net	24,211,440	(497,926)	--	23,713,514
Business-type activities capital assets, net	<u>\$ 24,927,245</u>	<u>\$ (497,926)</u>	<u>\$ 401,968</u>	<u>\$ 24,027,351</u>

Depreciation was charged to functions as follows:

General Government	\$ 16,302
Public Safety	169,528
Sanitation	7,587
Streets	1,614,900
Culture and recreation	477,530
Developmental activities	11,177
	<u>\$ 2,297,024</u>

**F. Interfund Balances and Activity**

**1. Due To and From Other Funds**

Balances due to and due from other funds at September 30, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 200,000	Park project
	Total	<u>\$ 200,000</u>	

All amounts due are scheduled to be repaid within one year.

**2. Transfers To and From Other Funds**

Transfers to and from other funds at September 30, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 6,999	Fund local match on sidewalk project
Other Governmental Funds	General Fund	200,000	Fund park project
	Total	<u>\$ 206,999</u>	

**G. Long-Term Obligations**

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

**1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

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	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 2,327,900	\$ 3,127,650	\$ 777,000	\$ 4,678,550	693,900
Tax & revenue certificates of obligation	4,400,000	--	3,270,000	1,130,000	110,000
Net pension liability *	2,548,013	--	218,791	2,329,222	--
Total OPEB liability *	227,107	43,600	--	270,707	--
Unamortized bond premium	317,481	206,574	118,987	405,068	--
Total governmental activities	<u>\$ 9,820,501</u>	<u>\$ 3,377,824</u>	<u>\$ 4,384,778</u>	<u>\$ 8,813,547</u>	<u>\$ 803,900</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 1,737,100	\$ 467,350	\$ 718,000	\$ 1,486,450	276,100
Net pension liability	1,279,320	--	58,654	1,220,666	--
Total OPEB liability	116,994	28,771	--	145,765	--
Unamortized bond premium	92,363	30,868	16,546	106,685	--
Total business-type activities	<u>\$ 3,225,777</u>	<u>\$ 526,989</u>	<u>\$ 793,200</u>	<u>\$ 2,959,566</u>	<u>\$ 276,100</u>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net pension liability *	Governmental	General
Total OPEB liability *	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 803,900	\$ 160,119	\$ 964,019
2023	825,050	136,002	961,052
2024	846,800	111,251	958,051
2025	878,450	85,846	964,296
2026	500,600	59,493	560,093
2027-2031	1,705,800	136,476	1,842,276
2032	247,950	4,959	252,909
Totals	<u>\$ 5,808,550</u>	<u>\$ 694,146</u>	<u>\$ 6,502,696</u>

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 276,100	\$ 42,481	\$ 318,581
2023	279,950	34,198	314,148
2024	288,200	25,800	314,000
2025	301,550	17,153	318,703
2026	129,400	8,107	137,507
2027-2031	174,200	14,274	188,474
2032	37,050	741	37,791
Totals	<u>\$ 1,486,450</u>	<u>\$ 142,754</u>	<u>\$ 1,629,204</u>

Certain general obligation bonds were utilized for proprietary fund projects and are being retired by the proprietary fund. Accordingly, those general obligation bonds are reported as debts of the proprietary fund.

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Long-term debt at September 30, 2021, consisted of:

Governmental Activities:

General obligation refunding bonds:

\$4,300,000 2016 general obligation refunding bonds due in annual installments of \$655,000 to \$15,000 through 2026; interest 2.0% - 3.0%; 62% of debt allocated to general fund	\$ 1,698,800
---	--------------

\$3,595,000 2021 general obligation refunding bonds due in annual installments of \$250,000 to \$405,000 through 2032; interest 2.0%-3.00%; 87% of debt allocated to general fund	2,979,750
---	-----------

Tax & revenue certificates of obligation:

\$1,445,000 2016 certificates of obligation due in annual installments of \$100,000 to \$140,000 through 2030; interest 3.0%	1,130,000
--	-----------

Total governmental activities debt	<u>5,808,550</u>
------------------------------------	------------------

Business-type Activities

General obligation refunding bonds:

\$4,300,000 2016 general obligation refunding bonds due in annual installments of \$655,000 to \$15,000 through 2026; interest 2.0% - 3.0%; 38% of debt allocated to water and sewer fund	1,041,200
---	-----------

\$3,595,000 2021 general obligation refunding bonds due in annual installments of \$250,000 to \$405,000 through 2032; interest 2.0%-3.00%; 13% of debt allocated to water and sewer fund	445,250
---	---------

Total business-type activities debt	<u>1,486,450</u>
-------------------------------------	------------------

Total governmental and business-type activities debt	<u>\$ 7,295,000</u>
--	---------------------

3. Advance Refunding of Debt

On March 25, 2021, the City issued \$3,595,000 in general obligation refunding bonds with an interest rate of 2.00-3.00%. The City issued the bonds to advance refund the outstanding series 2010 general obligation refunding bonds and series 2012 tax and revenue certificates of obligation. The City used the net proceeds to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded debt. As a result, the 2010 and 2012 debt is considered defeased, and the City has removed the liability from its accounts.

The proceeds of the refunding was used to pay \$3,191,400 of governmental activities debt and \$473,600 of business-type activities debt. The new debt is allocated as \$3,127,650 to governmental activities and \$467,350 to business-type activities.

The advanced refunding reduced total debt service payments over the next 11 years by \$163,674. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$154,166.

The net carrying value of the old debt exceeded the reacquisition price by \$41,274. This amount is being netted against the new debt and amortized over the life of the new debt, which is the same as the life of the old debt.

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**H. Risk Management**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**I. Pension Plan**

**1. Plan Description**

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

**2. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the City-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7.00%
Matching ratio (city to employee)	2:1
Vesting requirements	5 years
Service retirement eligibility	Vested and age 60 or 20 years and any age
Updated service credit rate	100%
Annuity increase	70.00%

Employees covered by benefit terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

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Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	43
Active employees	73
Total covered employees	<u>178</u>

3. Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.97% and 18.62% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$771,612, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to

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produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30%	5.30%
Core Fixed Income	10%	1.25%
Non-Core Fixed Income	20%	4.14%
Real Estate	10%	4.00%
Real Return	10%	3.85%
Absolute Return	10%	3.48%
Private Equity	10%	7.75%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase (Decrease)		
Changes in Net Pension Liability	\$ Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 33,367,348	\$ 29,604,643	\$ 3,762,705
Changes for the year			
Service cost	689,616	--	689,616
Interest	2,216,835	--	2,216,835
Change of benefit terms	--	--	--
Difference between expected and actual experience	111,524	--	111,524
Changes of assumptions	--	--	--
Contributions - employer	--	764,984	(764,984)
Contributions - employee	--	297,982	(297,982)
Net investment income	--	2,245,206	(2,245,206)
Benefit payments, including refunds of employee contributions	(1,740,309)	(1,740,309)	--
Administrative expense	--	(14,541)	14,541
Other changes	--	(568)	568
Net changes	1,277,666	1,552,754	(275,088)
Balance at 12/31/2020	\$ 34,645,014	\$ 31,157,397	\$ 3,487,617



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Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
City's net pension liability (asset)	\$ 8,003,504	\$ 3,487,617	\$ (238,184)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of \$92,515.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ --	\$ 103,591
Changes in actuarial assumptions	21,273	--
Difference between projected and actual investment earnings	--	838,349
Contributions subsequent to the measurement date	607,473	--
Total	<u>\$ 628,746</u>	<u>\$ 941,940</u>

\$607,473 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement	
Year ending Dec. 31:	
2021	\$ (441,099)
2022	52,829
2023	(483,017)
2024	(49,380)
2025	--
Thereafter	--
	<u>\$ (920,667)</u>

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)

1. Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the "System") established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial

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activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at [www.tesrs.org](http://www.tesrs.org).

Of the nine member State Board of Trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, and/or pension administration. On August 31 of the following years, contributing fire and/or emergency service department members participating in TESRS were:

	<u>Contributing Departments</u>
2019	237
2020	238

Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

**2. Benefits Provided**

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at a rate of 6.2% compounded annually. There is no provision for automatic post-retirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

**3. Covered Membership**

On August 31 of the following fiscal years, the pension system membership consisted of:

	<u>2020</u>	<u>2019</u>
Retirees and beneficiaries currently receiving benefits	3,837	3,649
Terminated members entitled to but not yet receiving benefits	1,787	1,842
Active participants	3,634	3,702

**4. Funding Policy**

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

According to the state law governing the System, the State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions

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made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2020, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for prior service per member. Prior service must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

**5. Contributions Required and Contributions Made**

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ended August 31, 2020, total contributions of \$3,755,240 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,329,224 for the fiscal year ended August 31, 2020.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recently completed biennial actuarial valuation as of August 31, 2020 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the State. The expected contributions from the State are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

**6. Net Pension Liability**

The System's net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

Total pension liability	\$ 150,440,543
Plan fiduciary net position	125,229,661
System's net pension liability	<u>\$ 25,210,882</u>

Plan fiduciary net position as a percentage of the total pension liability	83.2%
--	-------

**Actuarial Assumptions**

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	20%	5.83%
Small/mid cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global infrastructure	5%	6.41%
Real estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Total	100%	
Weighted average		4.60%

#### Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments to current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the System, calculated using the discount rate of 7.5%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
City's proportionate share of the net pension liability	\$ 119,976	\$ 62,271	\$ 22,178
System's net pension liability	48,573,075	25,210,882	8,978,976

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TESRS financial report. That report may be obtained on the internet at [www.tesrs.org](http://www.tesrs.org).

7. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported a liability of \$62,271 for its proportionate share of the TESRS's net pension liability.

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions to the pension plan relative to the contributions of all participating departments to the plan for the period September 1, 2019 through August 31, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$(13,945).

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ --	\$ 2,965
Difference between projected and actual investment earnings	338	--
Changes of assumptions	--	102
Contributions subsequent to the measurement date	6,192	--
Total	<u>\$ 6,530</u>	<u>\$ 3,067</u>

\$6,192 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement	
Year ending August 31:	
2021	\$ (2,649)
2022	(544)
2023	2,141
2024	(1,677)
	<u>\$ (2,729)</u>

AGGREGATION OF PENSION RELATED BALANCES

The following is an aggregation of pension related balances reflected in the financial statements:

	<u>TMRS</u>	<u>TESRS</u>	<u>Total</u>
Deferred outflows of resources related to pensions	\$ 628,746	\$ 6,530	\$ 635,276
Net pension liability	3,487,617	62,271	3,549,888
Deferred inflows of resources related to pensions	941,940	3,067	945,007
Pension expense/expenditures	92,515	(13,945)	78,570

**CITY OF CARTHAGE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**J. Other Post-Employment Benefits**

**1. Plan Description**

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefit Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

**2. Benefits Provided**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post employment benefit (OPEB) and is a fixed amount of \$7,500.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	14
Active employees	73
Total	<u>137</u>

**3. Contributions**

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City were 0.08% and 0.19% in calendar years 2020 and 2021, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$7,006, and were equal to the required contributions.

**4. Total OPEB Liability**

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

**5. Actuarial Assumptions**

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The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.00%
Retiree's share of benefit-related costs	--

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.00% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

6. Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability - December 31, 2019	\$ 344,101
Changes for the year:	
Service cost	12,771
Interest on total OPEB liability	9,592
Differences between expected and actual experience	804
Changes in assumptions or other inputs	52,610
Benefit payments	(3,406)
Net changes	72,371
Total OPEB liability - December 31, 2020	\$ 416,472

7. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.00%) or 1% higher (3.00%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
City's total OPEB liability	\$ 503,391	\$ 416,472	\$ 348,386

8. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$37,633. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF CARTHAGE, TEXAS**  
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 18,103
Change in assumptions and other inputs	68,170	--
Contributions made subsequent to measurement date	6,199	--
Total	<u>\$ 74,369</u>	<u>\$ 18,103</u>

\$6,199 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year ending December 31:	
2020	\$ 12,734
2021	13,577
2022	15,134
2023	8,622
2024	--
Thereafter	--
	<u>\$ 50,067</u>

**K. Commitments and Contingencies**

**1. Contingencies**

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

**2. Litigation**

No reportable litigation was pending against the City at September 30, 2021.

**L. Closure and Postclosure Care Cost**

30 Texas Administrative Code (TAC) requires the City to be financially capable of properly closing their municipal solid waste transfer station (Permit No. MSW 40172), if it becomes necessary. Closure costs will be paid only near or after the date that the station ceases operations so the City will not report any of these closure costs as operating expenses until the closure actually occurs. The estimated closure cost is \$14,126.

All cost estimates are in 2020 dollars (based on most recent inflation factors provided by TCEQ) and actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City demonstrated its financial assurance for these closure and post-closure care costs by submitting a financial test to the Texas Commission on Environmental Quality as specified in 30 Texas Administrative Code (TAC) Chapter 37.



**CITY OF CARTHAGE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**M. Tax Abatements**

**1. Property Tax Abatements**

The City enters into property tax abatement agreements with local businesses under Texas Local Government Code Chapter 312. The tax abatement is an economic development tool used to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions.

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with three entities as of September 30, 2021:

Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Provide additional lodging opportunities	60%	\$ 2,715
Expand and retain local businesses	60%	3,816
Build a business park	100%	3,657
		<u>\$ 10,188</u>

**2. Rebate of Utility Infrastructure Costs**

The City's Code of Ordinances Appendix B allows for 50% of the cost of installing water and sewer lines to be returned to the developer upon occupancy and payment of Panola County taxes by the new occupants. The developer is subject to a 15 year time limit that begins on the date the City approves the subdivision or business park.

The City is currently in the process of tracking the progress of a subdivision with the developer. The City has paid a total of \$80,121 to the developer with \$19,133 of that amount occurring during the year ended September 30, 2021.

The City is currently in the process of tracking the progress of a business park with the developer. The City has paid a total of \$34,247 to the developer with \$6,473 of that amount occurring during the year ended September 30, 2021.

**N. Tax Revenue**

The source of tax revenues reported in the governmental funds is detailed below:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes, penalty and interest	\$ 1,656,237	\$ 929,285	\$ --	\$ 2,585,522
Sales and beverage taxes	3,863,386	--	1,283,719	5,147,105
Hotel occupancy tax	--	--	356,455	356,455
	<u>\$ 5,519,623</u>	<u>\$ 929,285</u>	<u>\$ 1,640,174</u>	<u>\$ 8,089,082</u>

**CITY OF CARTHAGE, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
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O. Fund Balance/Net Position Restrictions

Certain fund balances are restricted to special purposes as follows:

	General Fund	Other Governmental Funds	Total
Tourism and promotion	\$ --	\$ 284,417	\$ 284,417
Main street program	7,591	--	7,591
Municipal court security and technology	60,364	--	60,364
Time payment fee	2,217	--	2,217
Truancy prevention	8,744	--	8,744
Municipal court jury fee	113	--	113
Police department - purchase vests	11,501	--	11,501
Park donations	188,240	--	188,240
Police department drug seizure funds	--	48,921	48,921
	<u>\$ 278,770</u>	<u>\$ 333,338</u>	<u>\$ 612,108</u>

Certain net position balances are restricted to special purposes as follows:

Tourism and promotion	\$ 284,417
Main street program	7,591
Municipal court security and technology	60,364
Time payment fee	2,217
Truancy prevention	8,744
Municipal court jury fee	113
Police department - purchase vests	11,501
Park donations	188,240
Police department drug seizure funds	48,921
	<u>\$ 612,108</u>

P. Subsequent Events

Management has evaluated subsequent events through February 9, 2022, the date on which the financial statements were available to be issued.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**CITY OF CARTHAGE, TEXAS**

SCHEDULE OF THE CITY'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Measurement Period Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City's proportion of the net pension liability (asset)	0.247%	0.228%	0.307%	0.281%	0.296%	0.270%	0.271%	--	--	--
City's proportionate share of the net pension liability (asset)	\$ 62,271	\$ 64,628	\$ 73,685	\$ 67,445	\$ 86,219	\$ 72,070	\$ 49,245	--	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the City	24,830	27,255	25,534	32,842	45,556	38,235	25,134	--	--	--
Total	<u>\$ 87,101</u>	<u>\$ 91,883</u>	<u>\$ 99,219</u>	<u>\$ 100,287</u>	<u>\$ 131,775</u>	<u>\$ 110,305</u>	<u>\$ 74,379</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	83.20%	80.25%	84.30%	81.40%	76.30%	76.90%	83.50%	--	--	--

Note: GASB Statement No. 68, Paragraph 81.2a requires that the information on this schedule be data from the period corresponding with the period covered as of the TESRS measurement date of August 31, 2020 - the period from September 1, 2019 - August 31, 2020.

Note: Only seven years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**CITY OF CARTHAGE, TEXAS**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 6,192	\$ 11,520	\$ 10,228	\$ 14,720	\$ 13,572	\$ 13,572	\$ 12,276	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(6,192)	(11,520)	(10,228)	(14,720)	(13,572)	(13,572)	(12,276)	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	--	--	--

Note: GASB Statement No. 68, Paragraph 81.2b requires that the data in this schedule be presented as of the City's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2019 - August 31, 2020.

Note: Only seven years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**CITY OF CARTHAGE, TEXAS**  
**SCHEDULE OF CHANGES IN THE CITY'S**  
**NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Measurement Period									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total pension liability:</b>										
Service cost	\$ 689,616	\$ 643,792	\$ 643,893	\$ 645,677	\$ 673,594	\$ 649,973	\$ 599,056	--	\$ --	\$ --
Interest	2,216,835	2,143,304	2,116,518	2,049,791	1,987,136	2,012,343	1,931,823	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	111,524	(107,363)	(755,727)	(89,133)	589	(543,434)	(89,825)	--	--	--
Changes of assumptions	--	46,903	--	--	--	150,900	--	--	--	--
Benefit payments, including refunds of employee contributions	(1,740,309)	(1,580,095)	(1,635,503)	(1,598,287)	(1,839,984)	(1,340,608)	(1,291,855)	--	--	--
<b>Net change in total pension liability</b>	<b>1,277,666</b>	<b>1,146,541</b>	<b>369,181</b>	<b>1,008,048</b>	<b>821,335</b>	<b>929,174</b>	<b>1,149,199</b>	--	--	--
<b>Total pension liability - beginning</b>	<b>33,367,348</b>	<b>32,220,807</b>	<b>31,851,626</b>	<b>30,843,578</b>	<b>30,022,243</b>	<b>29,093,069</b>	<b>27,943,870</b>	--	--	--
<b>Total pension liability - ending (a)</b>	<b>\$ 34,645,014</b>	<b>\$ 33,367,348</b>	<b>\$ 32,220,807</b>	<b>\$ 31,851,626</b>	<b>\$ 30,843,578</b>	<b>\$ 30,022,243</b>	<b>\$ 29,093,069</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 764,984	\$ 754,825	\$ 741,657	\$ 729,339	\$ 785,527	\$ 794,456	\$ 785,128	--	\$ --	\$ --
Contributions - employee	297,982	281,659	280,476	280,053	297,266	298,255	282,130	--	--	--
Net investment income	2,245,206	4,037,732	(826,166)	3,431,867	1,616,809	35,650	1,320,264	--	--	--
Benefit payments, including refunds of employee contributions	(1,740,309)	(1,580,095)	(1,635,503)	(1,598,287)	(1,839,984)	(1,340,608)	(1,291,855)	--	--	--
Administrative expense	(14,541)	(22,829)	(15,973)	(17,789)	(18,261)	(21,715)	(13,785)	--	--	--
Other	(568)	(687)	(834)	(901)	(984)	(1,073)	(1,133)	--	--	--
<b>Net change in plan fiduciary net position</b>	<b>1,552,754</b>	<b>3,470,605</b>	<b>(1,456,343)</b>	<b>2,824,282</b>	<b>840,373</b>	<b>(235,035)</b>	<b>1,080,749</b>	--	--	--
<b>Plan fiduciary net position - beginning</b>	<b>29,604,643</b>	<b>26,134,038</b>	<b>27,590,381</b>	<b>24,766,099</b>	<b>23,925,726</b>	<b>24,160,761</b>	<b>23,080,012</b>	--	--	--
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 31,157,397</b>	<b>\$ 29,604,643</b>	<b>\$ 26,134,038</b>	<b>\$ 27,590,381</b>	<b>\$ 24,766,099</b>	<b>\$ 23,925,726</b>	<b>\$ 24,160,761</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 3,487,617</b>	<b>\$ 3,762,705</b>	<b>\$ 6,086,769</b>	<b>\$ 4,261,245</b>	<b>\$ 6,077,479</b>	<b>\$ 6,096,517</b>	<b>\$ 4,932,308</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.93%</b>	<b>88.72%</b>	<b>81.11%</b>	<b>86.62%</b>	<b>80.30%</b>	<b>79.69%</b>	<b>83.05%</b>	--	--	--
<b>Covered payroll</b>	<b>\$ 4,256,887</b>	<b>\$ 4,023,698</b>	<b>\$ 3,941,775</b>	<b>\$ 3,998,001</b>	<b>\$ 4,191,622</b>	<b>\$ 4,174,524</b>	<b>\$ 4,030,428</b>	--	\$ --	\$ --
<b>City's net pension liability as a percentage of covered payroll</b>	<b>81.93%</b>	<b>93.51%</b>	<b>154.42%</b>	<b>106.58%</b>	<b>144.99%</b>	<b>146.04%</b>	<b>122.38%</b>	--	--	--

**Notes to Schedule:**

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**CITY OF CARTHAGE, TEXAS**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 771,612	\$ 766,327	\$ 745,195	\$ 719,965	\$ 734,606	\$ 825,193	\$ 778,943	--	\$ --	\$ --
Contributions in relation to the actuarially determined contribution	(771,612)	(766,327)	(745,195)	(719,965)	(734,606)	(825,193)	(778,943)	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered payroll	\$ 4,178,360	\$ 4,157,820	\$ 3,934,668	\$ 3,903,379	\$ 3,955,038	\$ 4,351,660	\$ 4,088,981	--	\$ --	\$ --
Contributions as a percentage of covered payroll	18.47%	18.43%	18.94%	18.44%	18.57%	18.96%	19.05%	--	--	--

**Notes to Schedule**

**Valuation date:**

Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10-year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.5%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**CITY OF CARTHAGE, TEXAS**

## SCHEDULE OF CITY CONTRIBUTIONS

## SUPPLEMENTAL DEATH BENEFITS FUND ADMINISTERED BY TEXAS MUNICIPAL RETIREMENT SYSTEM

## LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 7,006	\$ 3,219	\$ 3,115	\$ 2,689	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the actuarially determined contribution	(7,006)	(3,219)	(3,115)	(2,689)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
City's covered-employee payroll	\$ 4,271,580	\$ 4,023,700	\$ 4,014,461	\$ 3,974,170	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.16%	0.08%	0.08%	0.07%	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.



**CITY OF CARTHAGE, TEXAS**

## SCHEDULE OF CHANGES IN THE CITY'S

## TOTAL OPEB LIABILITY AND RELATED RATIOS

## SUPPLEMENTAL DEATH BENEFITS FUND ADMINISTERED BY TEXAS MUNICIPAL RETIREMENT SYSTEM

## LAST TEN FISCAL YEARS \*

	Measurement Period Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 12,771	\$ 8,450	\$ 9,616	\$ 8,396	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	9,592	11,137	10,569	10,506	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	804	(24,193)	(14,987)	--	--	--	--	--	--	--
Changes of assumptions or other inputs	52,610	54,365	(20,737)	24,459	--	--	--	--	--	--
Benefit payments	(3,406)	(3,219)	(2,805)	(2,399)	--	--	--	--	--	--
Net change in total OPEB liability	72,371	46,540	(18,344)	40,962	--	--	--	--	--	--
Total OPEB liability - beginning	344,101	297,561	315,905	274,943	--	--	--	--	--	--
Total OPEB liability - ending	<u>\$ 416,472</u>	<u>\$ 344,101</u>	<u>\$ 297,561</u>	<u>\$ 315,905</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll	\$ 4,256,887	\$ 4,023,698	\$ 4,006,799	\$ 3,998,001	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total OPEB liability as a percentage of covered-employee payroll	9.78%	8.55%	7.43%	7.90%	--	--	--	--	--	--

The TMRS Supplemental Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**CITY OF CARTHAGE, TEXAS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

**SPECIAL REVENUE FUNDS**

To account for revenues that are legally restricted to expenditures for particular purposes.

**BUDGETED FUNDS**

Hotel-Motel Occupancy Tax Fund:

To account for the levy and utilization of the hotel-motel room tax. State law requires that revenues from this tax be used for advertising and promotion of the City.

Carthage Economic Development Corporation:

To account for economic development corporation funds for the promotion and development of new and expanded businesses. (A component unit.)

Carthage Improvement Corporation:

To account for improvement corporation funds for the promotion and development of new and expanded businesses and for various other City projects that provide quality of life improvements. (A component unit.)

**NON-BUDGETED FUNDS**

Coronavirus Relief Fund:

To account for grant funds received to address financial needs created by the COVID-19 public health emergency.

Drug Seizure Fund:

To account for confiscated assets seized by law enforcement officers. This fund is restricted to law enforcement use only.

Texas Community Development Block Grant Project 712262:

To account for a Main Street Grant project.

**DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

**CITY OF CARTHAGE, TEXAS**  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021

	Drug Seizure Fund	Hotel/Motel Occupancy Tax Fund
<b>ASSETS:</b>		
Cash and temporary investments	\$ 48,921	\$ 264,618
Receivables (net of allowances):		
Grants receivable	--	--
Sales tax receivable	--	--
Other receivable	--	27,978
Total Assets	<u>\$ 48,921</u>	<u>\$ 292,596</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>		
<b>Liabilities:</b>		
Due to other funds	\$ --	\$ --
Accounts payable	--	8,179
Total Liabilities	<u>--</u>	<u>8,179</u>
<b>Deferred Inflows of Resources:</b>		
Total Liabilities and Deferred Inflows of Resources	<u>--</u>	<u>8,179</u>
<b>Fund Balances:</b>		
Nonspendable:		
Restricted For:		
Economic development	--	--
Other purposes	48,921	284,417
Assigned:		
Total Fund Balance	<u>48,921</u>	<u>284,417</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 48,921</u>	<u>\$ 292,596</u>

EXHIBIT B-1

Main Street Project	Carthage Economic Development Corporation	Carthage Improvement Corporation	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
\$ (19,567)	\$ 1,924,993	\$ 1,075,866	\$ 3,294,831
112,336	--	--	112,336
--	59,338	59,338	118,676
--	--	--	27,978
<u>\$ 92,769</u>	<u>\$ 1,984,331</u>	<u>\$ 1,135,204</u>	<u>\$ 3,553,821</u>
\$ --	\$ 200,000	\$ --	\$ 200,000
92,769	--	--	100,948
<u>92,769</u>	<u>200,000</u>	<u>--</u>	<u>300,948</u>
<u>92,769</u>	<u>200,000</u>	<u>--</u>	<u>300,948</u>
--	1,784,331	1,135,204	2,919,535
--	--	--	333,338
<u>--</u>	<u>1,784,331</u>	<u>1,135,204</u>	<u>3,252,873</u>
<u>\$ 92,769</u>	<u>\$ 1,984,331</u>	<u>\$ 1,135,204</u>	<u>\$ 3,553,821</u>

**CITY OF CARTHAGE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Coronavirus Relief Fund	Drug Seizure Fund	Hotel/Motel Occupancy Tax Fund
<b>Revenues:</b>			
Taxes	\$ --	\$ --	\$ 356,455
Grant revenue	272,876	--	--
Interest revenue	--	--	--
Total Revenues	<u>272,876</u>	<u>--</u>	<u>356,455</u>
<b>Expenditures:</b>			
Public safety	272,876	3,689	--
Main Street program	--	--	--
Culture and recreation	--	--	--
Developmental activities	--	--	242,181
Total Expenditures	<u>272,876</u>	<u>3,689</u>	<u>242,181</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	--	(3,689)	114,274
<b>Other Financing Sources (Uses):</b>			
Transfers in	--	--	--
Transfers out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	(3,689)	114,274
<b>Fund Balances - Beginning</b>	--	52,610	170,143
<b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ 48,921</u>	<u>\$ 284,417</u>

Main Street Project	Carthage Economic Development Corporation	Carthage Improvement Corporation	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
\$ --	\$ 641,859	\$ 641,860	\$ 1,640,174
336,796	--	--	609,672
--	8,292	3,731	12,023
<u>336,796</u>	<u>650,151</u>	<u>645,591</u>	<u>2,261,869</u>
--	--	--	276,565
374,764	--	--	374,764
--	16,708	--	16,708
--	134,844	128,822	505,847
<u>374,764</u>	<u>151,552</u>	<u>128,822</u>	<u>1,173,884</u>
(37,968)	498,599	516,769	1,087,985
6,999	--	--	6,999
--	(200,000)	--	(200,000)
<u>6,999</u>	<u>(200,000)</u>	<u>--</u>	<u>(193,001)</u>
(30,969)	298,599	516,769	894,984
30,969	1,485,732	618,435	2,357,889
<u>\$ --</u>	<u>\$ 1,784,331</u>	<u>\$ 1,135,204</u>	<u>\$ 3,252,873</u>

**CITY OF CARTHAGE, TEXAS**  
HOTEL/MOTEL OCCUPANCY TAX FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**EXHIBIT B-3**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 228,000	\$ 289,000	\$ 356,455	\$ 67,455
Total Revenues	<u>228,000</u>	<u>289,000</u>	<u>356,455</u>	<u>67,455</u>
<b>Expenditures:</b>				
Developmental activities	<u>255,000</u>	<u>289,000</u>	<u>242,181</u>	<u>46,819</u>
Total Expenditures	<u>255,000</u>	<u>289,000</u>	<u>242,181</u>	<u>46,819</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(27,000)	--	114,274	114,274
<b>Other Financing Sources (Uses):</b>				
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(27,000)	--	114,274	114,274
<b>Fund Balances - Beginning</b>	170,143	170,143	170,143	--
<b>Fund Balances - Ending</b>	<u>\$ 143,143</u>	<u>\$ 170,143</u>	<u>\$ 284,417</u>	<u>\$ 114,274</u>



**CITY OF CARTHAGE, TEXAS**

CARTHAGE ECONOMIC DEVELOPMENT CORPORATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**EXHIBIT B-4**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 550,750	\$ 555,625	\$ 641,859	\$ 86,234
Interest revenue	4,000	4,000	8,292	4,292
Total Revenues	<u>554,750</u>	<u>559,625</u>	<u>650,151</u>	<u>90,526</u>
<b>Expenditures:</b>				
Culture and recreation	418,750	193,625	16,708	176,917
Developmental activities	136,000	166,000	134,844	31,156
Total Expenditures	<u>554,750</u>	<u>359,625</u>	<u>151,552</u>	<u>208,073</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	--	200,000	498,599	298,599
<b>Other Financing Sources (Uses):</b>				
Transfers out	--	(200,000)	(200,000)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>--</u>
Net Change in Fund Balances	--	--	298,599	298,599
<b>Fund Balances - Beginning</b>	1,485,732	1,485,732	1,485,732	--
<b>Fund Balances - Ending</b>	<u>\$ 1,485,732</u>	<u>\$ 1,485,732</u>	<u>\$ 1,784,331</u>	<u>\$ 298,599</u>

**CITY OF CARTHAGE, TEXAS**  
CARTHAGE IMPROVEMENT CORPORATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**EXHIBIT B-5**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 552,750	\$ 555,625	\$ 641,860	\$ 86,235
Interest revenue	1,000	1,000	3,731	2,731
Total Revenues	<u>553,750</u>	<u>556,625</u>	<u>645,591</u>	<u>88,966</u>
<b>Expenditures:</b>				
Developmental activities	<u>553,750</u>	<u>556,625</u>	<u>128,822</u>	<u>427,803</u>
Total Expenditures	<u>553,750</u>	<u>556,625</u>	<u>128,822</u>	<u>427,803</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	--	--	516,769	516,769
<b>Other Financing Sources (Uses):</b>				
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	--	516,769	516,769
<b>Fund Balances - Beginning</b>	<u>618,435</u>	<u>618,435</u>	<u>618,435</u>	<u>--</u>
<b>Fund Balances - Ending</b>	<u>\$ 618,435</u>	<u>\$ 618,435</u>	<u>\$ 1,135,204</u>	<u>\$ 516,769</u>

**CITY OF CARTHAGE, TEXAS**  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**EXHIBIT B-6**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 840,714	\$ 860,000	\$ 929,285	\$ 69,285
Total Revenues	<u>840,714</u>	<u>860,000</u>	<u>929,285</u>	<u>69,285</u>
<b>Expenditures:</b>				
Non-departmental	2,000	2,000	1,715	285
Debt service - principal	758,100	855,600	855,600	--
Debt service - interest and fees	180,614	153,247	153,248	(1)
Issuance costs	--	--	104,640	(104,640)
Total Expenditures	<u>940,714</u>	<u>1,010,847</u>	<u>1,115,203</u>	<u>(104,356)</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(100,000)	(150,847)	(185,918)	(35,071)
<b>Other Financing Sources (Uses):</b>				
Bond proceeds - refunding issue	--	--	3,127,650	3,127,650
Bond premiums	--	--	206,574	206,574
Payment to refunding escrow agent	--	--	(3,228,206)	(3,228,206)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>106,018</u>	<u>106,018</u>
Net Change in Fund Balances	(100,000)	(150,847)	(79,900)	70,947
<b>Fund Balances - Beginning</b>	<u>236,215</u>	<u>236,215</u>	<u>236,215</u>	<u>--</u>
<b>Fund Balances - Ending</b>	<u>\$ 136,215</u>	<u>\$ 85,368</u>	<u>\$ 156,315</u>	<u>\$ 70,947</u>

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## STATISTICAL SECTION

Unaudited

## STATISTICAL SECTION (UNAUDITED)

This section of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The independent auditor has not audited this information.

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time.	76-80
<b>REVENUE CAPACITY</b>	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and sales tax.	81-89
<b>DEBT CAPACITY</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	90-94
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95-97
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	98-102

### **SOURCES:**

Unless otherwise noted, the information in these schedules is derived from the City's annual comprehensive financial reports for the relevant year.

**CITY OF CARTHAGE, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

TABLE 1

Fiscal Year	Governmental Activities			Business-type Activities			Total
	Net Investment in Capital Assets	Restricted	Unrestricted	Net Investment in Capital Assets	Restricted	Unrestricted	
2012	32,427,874	1,999,629	4,611,520	17,824,757	859,798	1,444,628	59,168,206
2013	29,739,386	2,741,484	2,553,173	20,794,371	-	1,748,065	57,576,479
2014	30,995,973	1,959,698	198,019	21,826,090	-	2,276,087	57,255,867
2015	29,801,034	1,943,410	(2,136,326)	21,713,394	-	809,444	52,130,956
2016	28,557,865	3,025,141	(5,572,962)	23,628,186	-	678,637	50,316,867
2017	26,644,225	1,837,436	(4,221,561)	23,614,168	-	942,115	48,816,383
2018	25,048,493	1,877,463	(3,341,486)	23,538,951	-	1,067,791	48,191,212
2019	23,573,519	2,148,634	(1,176,681)	23,332,672	-	1,385,665	49,263,809
2020	22,539,016	2,855,654	(116,199)	23,192,760	-	1,592,658	50,063,889
2021	21,550,234	3,655,632	2,128,413	22,109,142	796,756	2,695,773	52,935,950

The City adopted GASB Statement No. 63 during fiscal year ended September 30, 2013. Prior to the adoption, the City's net position was titled net assets. Net investment in capital assets was previously titled Invested in capital assets, net of related debt.

# CITY OF CARTHAGE, TEXAS CHANGE IN NET POSITION LAST TEN FISCAL YEARS

TABLE 2

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental activities:										
General government and administration	\$ 1,151,631	\$ 1,093,121	\$ 1,199,500	\$ 1,235,014	\$ 2,484,742	\$ 2,401,264	\$ 2,173,622	\$ 2,522,899	\$ 2,477,115	\$ 2,217,719
Public safety	2,877,708	3,037,726	2,781,056	2,963,172	2,160,532	2,166,666	2,118,158	2,140,931	2,030,020	1,931,928
Sanitation	994,274	1,321,468	1,300,860	1,265,612	1,270,092	1,311,584	1,208,456	1,299,467	1,213,587	1,745,386
Main street program	130,398	139,966	139,315	130,223	97,166	100,296	87,801	61,945	23,138	28,598
Building inspections	259,821	298,123	294,381	284,890	209,362	216,958	208,012	204,332	206,608	221,453
Streets	2,694,200	2,670,506	2,414,259	2,588,096	2,823,226	2,619,414	2,525,843	2,630,635	2,451,579	2,420,498
Cultural and recreation	720,907	770,697	714,472	719,506	670,611	660,392	717,615	783,246	924,902	1,424,450
Developmental activities	500,630	617,891	662,427	684,903	638,705	721,687	1,073,070	685,969	954,751	543,515
Debt issuance costs	112,669	-	-	-	-	155,504	-	81,500	-	-
Interest on long term debt	104,640	162,782	188,030	212,907	241,462	229,412	297,034	243,833	246,260	229,030
Total government activities	9,546,878	10,112,280	9,694,300	10,084,323	10,595,898	10,583,177	10,409,611	10,654,757	10,527,960	10,762,577
Business-type activities:										
Water and sewer	5,008,261	5,068,310	5,360,845	5,190,720	5,018,300	5,471,758	5,486,629	5,068,224	5,229,838	5,112,983
Total business-type activities	5,008,261	5,068,310	5,360,845	5,190,720	5,018,300	5,471,758	5,486,629	5,068,224	5,229,838	5,112,983
Total governmental expenses	14,555,139	15,180,590	15,055,145	15,275,043	15,614,198	16,054,935	15,896,240	15,722,981	15,757,798	15,875,560
<b>Program Revenues</b>										
Governmental Activities:										
General government and administration	16,923	8,156	5,398	13,000	14,624	11,509	11,760	14,092	12,094	13,432
Public safety	190,086	232,937	225,050	191,861	187,387	172,304	205,288	203,994	202,471	214,354
Sanitation	1,095,594	1,283,053	1,271,083	1,357,844	1,304,273	1,305,067	1,335,855	1,247,096	1,176,730	1,699,367
Main street program	1,430	3,885	5,944	4,227	5,580	9,905	6,938	7,508	3,625	11,045
Building inspections	65,385	74,269	51,775	61,205	49,111	89,761	69,121	162,907	116,345	55,952
Streets	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Cultural and recreation	91,575	66,465	150,993	190,215	169,607	188,938	183,690	192,697	152,550	197,099
Developmental activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	297,532	122,193	13,342	61,610	1,623	1,645	1,669	1,615	-	-
Capital grants and contributions	678,199	61,656	316,639	-	80,000	38	413,714	61,744	487,712	320,424
Total governmental activities	2,886,724	2,302,614	2,490,224	2,329,962	2,262,205	2,229,157	2,678,035	2,341,653	2,601,527	2,961,673
Business-type activities:										
Water and sewer	4,976,267	4,827,668	5,121,188	5,090,463	5,028,541	5,118,907	5,129,792	5,163,036	5,016,142	4,794,703
Capital grants and contributions	796,756	269,500	-	-	-	-	-	-	-	-
Total business-type activities	5,773,023	5,097,168	5,121,188	5,090,463	5,028,541	5,118,907	5,129,792	5,163,036	5,016,142	4,794,703
Total program revenues	8,659,747	7,399,782	7,611,412	7,420,425	7,290,746	7,348,064	7,807,827	7,504,689	7,617,669	7,756,376
<b>Net (Expenses) Revenues (1)</b>										
Governmental activities	(6,660,154)	(7,809,666)	(7,204,076)	(7,754,361)	(8,333,693)	(8,354,020)	(7,731,576)	(8,313,104)	(7,926,433)	(7,800,904)
Business-type activities	764,762	28,858	(239,657)	(100,257)	10,241	(352,851)	(356,837)	94,812	(213,696)	(318,280)
Total net (expenses)	(5,895,392)	(7,780,808)	(7,443,733)	(7,854,618)	(8,323,452)	(8,706,871)	(8,088,413)	(8,218,292)	(8,140,129)	(8,119,184)
<b>General Revenues</b>										
Governmental Activities:										
Ad valorem taxes	2,587,228	2,641,594	2,465,581	2,453,114	2,493,718	2,485,900	2,330,869	2,237,967	2,266,958	1,905,801
Sales taxes	5,147,105	5,106,002	5,200,231	4,171,700	3,549,992	3,594,191	4,129,229	4,159,216	3,970,905	4,204,919
Occupancy taxes	356,455	305,254	342,288	319,316	245,864	229,645	326,256	298,018	285,047	299,756
Franchise fees	528,853	390,839	402,112	414,093	404,610	503,611	429,160	449,145	423,298	449,930
(all based on gross receipts)										
Interest income	50,725	51,230	51,262	36,622	26,856	25,882	23,595	29,847	60,192	80,473
Miscellaneous	40,296	37,144	32,915	60,425	44,291	31,544	62,447	482,500	208,869	217,554
Gain on disposition of assets	5,300	10,603	25,767	21,515	42,664	9,500	8,872	-	-	-
Transfers	-	-	(355,078)	(215,075)	(224,250)	(2,124,325)	(293,044)	(1,223,941)	(3,078,327)	(468,612)
Total governmental activities	8,715,962	8,542,666	8,165,078	7,261,710	6,583,745	4,755,948	7,017,384	6,432,752	4,136,942	6,689,821
Business-type Activities:										
Interest income	33,989	38,224	38,039	22,914	14,968	12,511	10,695	10,292	13,197	22,381
Gain (loss) on disposition of assets	-	-	(47,365)	-	-	-	-	-	-	-
Grant revenue	-	-	5,500	-	-	-	-	-	-	-
Miscellaneous	17,502	-	-	2,850	-	-	-	230,695	-	-
Transfers	-	-	355,078	215,075	224,250	2,124,325	293,044	1,223,941	3,078,327	468,612
Total business-type activities	51,491	38,224	351,252	240,839	239,218	2,136,836	303,739	1,464,928	3,091,524	490,993
Total general revenue	8,767,453	8,580,890	8,516,330	7,502,549	6,822,963	6,892,784	7,321,123	7,897,680	7,228,466	7,180,814
<b>Change in Net Position</b>										
Governmental activities	2,055,808	733,000	961,002	(492,651)	(1,749,948)	(3,598,072)	(714,192)	(1,880,352)	(3,789,491)	(1,111,083)
Business-type activities	816,253	67,082	111,595	140,582	249,459	1,783,985	(53,098)	1,559,740	2,877,828	172,713
Total change in net position	\$ 2,872,061	\$ 800,082	\$ 1,072,597	\$ (352,069)	\$ (1,500,489)	\$ (1,814,087)	\$ (767,290)	\$ (320,612)	\$ (911,663)	\$ (938,370)

(1) Net (expenses) is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus reliance upon funding from taxes and other general revenues. Numbers with parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

The City adopted GASB Statement No. 63 during fiscal year ended September 30, 2013. Prior to the adoption, the City's change in net position was titled change in net assets.



**CITY OF CARTHAGE, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

TABLE 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>General Fund</u>										
Nonspendable	\$ 53,574	\$ 53,921	\$ 53,594	\$ 55,022	\$ 39,752	\$ 41,943	\$ 38,060	\$ 35,390	\$ 42,402	\$ 29,448
Restricted	208,939	112,093	74,985	71,931	59,476	59,883	96,159	204,372	311,157	293,748
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	125,851	109,650	144,350	145,352	151,693	17,796	49,126
Unassigned	4,377,691	3,712,030	3,406,929	3,675,436	3,661,865	4,147,290	4,628,048	5,914,635	6,624,927	7,838,371
Total general fund	4,640,204	3,878,044	3,535,508	3,928,240	3,870,743	4,393,466	4,907,619	6,306,090	6,996,282	8,210,693
<u>All Other Governmental Funds</u>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,909,654	2,695,492	1,920,530	1,896,349	3,039,053	1,843,054	1,841,964	1,998,890	2,594,102	3,409,188
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(9,960)	(18,687)	(16,193)	(18,686)	(11,854)	(175)	-	-
Total all other governmental funds	1,909,654	2,695,492	1,910,570	1,877,662	3,022,860	1,824,368	1,830,110	1,998,715	2,594,102	3,409,188
Total governmental fund balances	<u>\$ 6,549,858</u>	<u>\$ 6,573,536</u>	<u>\$ 5,446,078</u>	<u>\$ 5,805,902</u>	<u>\$ 6,893,603</u>	<u>\$ 6,217,834</u>	<u>\$ 6,737,729</u>	<u>\$ 8,304,805</u>	<u>\$ 9,590,384</u>	<u>\$ 11,619,881</u>

**CITY OF CARTHAGE, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

TABLE 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Taxes	6,864,816	6,948,768	7,155,369	7,220,310	6,811,029	6,684,655	7,353,803	8,406,672	8,442,053	8,089,082
Franchise fees	-	-	-	-	-	-	-	-	-	528,853
Licenses and permits	55,952	116,345	162,907	69,121	89,761	49,111	61,205	51,775	74,269	65,385
Sanitation collections	1,699,367	1,176,730	1,247,096	1,335,855	1,305,057	1,304,273	1,357,844	1,271,083	1,283,053	1,095,594
Fines - municipal court	214,354	202,471	203,028	205,288	172,304	187,387	191,861	221,406	226,757	190,086
Investment earnings	71,160	60,192	29,847	23,595	25,882	26,856	36,622	51,262	51,230	50,725
Miscellaneous revenues	90,444	131,097	87,563	230,015	78,602	72,449	87,161	46,228	54,493	62,592
Grant revenue	320,424	487,712	63,359	279,555	1,683	1,623	1,610	213,342	139,693	634,328
Rents and leases	653,646	606,686	623,509	617,064	622,797	610,025	630,706	602,667	517,337	542,930
Donations	150,000	100,000	436,054	600	-	80,000	60,000	116,639	44,156	341,403
<b>Total revenues</b>	<b>10,120,163</b>	<b>9,830,001</b>	<b>10,008,732</b>	<b>9,981,403</b>	<b>9,107,115</b>	<b>9,016,379</b>	<b>9,780,812</b>	<b>10,981,074</b>	<b>10,833,041</b>	<b>11,600,978</b>
<b>Expenditures:</b>										
General government	515,920	549,107	574,138	409,948	441,584	405,343	521,120	477,405	473,023	480,096
Public safety	2,015,155	1,951,546	2,001,832	2,037,683	2,096,694	2,137,243	2,923,224	2,766,702	3,276,036	3,046,233
Sanitation	1,737,257	1,205,458	1,291,338	1,200,327	1,303,455	1,261,963	1,257,578	1,293,273	1,313,883	986,687
Main street program	28,598	23,138	61,945	267,436	100,296	97,166	130,223	139,315	198,498	535,198
Building inspections	221,453	206,608	204,332	216,262	216,958	209,362	284,890	294,381	298,123	299,965
Streets	861,598	1,573,896	1,652,922	928,988	1,219,504	1,666,428	963,176	805,500	1,069,447	1,190,203
Culture and recreation	1,085,123	570,414	1,874,277	280,033	250,188	220,043	315,102	890,984	458,072	830,888
Developmental activities	923,019	1,868,930	751,990	1,067,213	838,250	661,580	717,125	649,389	612,344	505,847
Non-departmental	1,700,867	1,804,145	2,055,819	1,866,840	1,794,060	1,771,719	768,529	701,284	689,437	688,896
Debt issuance costs	-	-	81,500	-	153,263	-	-	-	-	104,640
Debt service:										
Principal	705,633	680,106	688,039	751,063	795,579	800,987	931,785	842,045	963,900	855,600
Interest and fees	181,445	269,805	306,118	306,992	232,629	286,846	255,243	231,559	205,302	153,248
<b>Total expenditures</b>	<b>9,976,068</b>	<b>10,703,153</b>	<b>11,544,250</b>	<b>9,332,785</b>	<b>9,442,460</b>	<b>9,518,680</b>	<b>9,067,995</b>	<b>9,091,837</b>	<b>9,558,065</b>	<b>9,677,501</b>
Excess(deficiency) of revenues over(under) expenditures	144,095	(873,152)	(1,535,518)	648,618	(335,345)	(502,301)	712,817	1,889,237	1,274,976	1,923,477
<b>Other financing sources(uses):</b>										
Bonds issued	-	3,985,000	1,500,000	-	1,445,000	-	-	-	-	-
Refunding bond proceeds	-	-	-	-	2,666,000	-	-	-	-	3,127,650
Bond premiums	-	131,063	-	-	398,196	-	-	-	-	206,574
Payment to refunded bond escrow agent	-	-	-	-	(961,825)	-	-	-	-	(3,228,206)
Capital lease proceeds	-	-	132,000	-	-	-	-	-	-	-
Sale of assets	139,590	-	-	4,251	-	50,780	22,155	32,917	10,603	-
Transfers in	69,859	749,623	184,378	540,010	384,051	736,481	716,087	674,975	442,507	206,999
Transfers out	(538,471)	(3,827,950)	(1,408,319)	(833,055)	(2,508,376)	(960,731)	(931,162)	(1,030,054)	(442,507)	(206,999)
<b>Total other financing sources(uses)</b>	<b>(329,022)</b>	<b>1,037,736</b>	<b>408,059</b>	<b>(288,794)</b>	<b>1,423,046</b>	<b>(173,470)</b>	<b>(192,920)</b>	<b>(322,162)</b>	<b>10,603</b>	<b>106,018</b>
<b>Net change in fund balances</b>	<b>\$ (184,927)</b>	<b>\$ 164,584</b>	<b>\$ (1,127,459)</b>	<b>\$ 359,824</b>	<b>\$ 1,087,701</b>	<b>\$ (675,771)</b>	<b>\$ 519,897</b>	<b>\$ 1,567,075</b>	<b>\$ 1,285,579</b>	<b>\$ 2,029,495</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>11.0%</b>	<b>9.7%</b>	<b>9.4%</b>	<b>12.8%</b>	<b>13.0%</b>	<b>12.3%</b>	<b>13.4%</b>	<b>12.9%</b>	<b>13.1%</b>	<b>11.8%</b>

Note: noncapital expenditures are calculated as total expenditures reduced by capital outlay as reported on Exhibit A-6.

TABLE 5

**CITY OF CARTHAGE, TEXAS**  
**CHANGES IN NET POSITION OF WATER & SEWER FUND**  
**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>OPERATING REVENUES</b>										
Charges for services	\$ 4,976,267	\$ 4,817,700	\$ 5,109,757	\$ 5,017,495	\$ 5,016,788	\$ 5,117,852	\$ 5,115,957	\$ 5,138,431	\$ 5,001,182	\$ 4,731,796
Other revenues	17,502	9,968	11,431	72,968	11,753	1,055	13,835	24,605	14,960	17,576
<b>TOTAL OPERATING REVENUES</b>	<b>4,993,769</b>	<b>4,827,668</b>	<b>5,121,188</b>	<b>5,090,463</b>	<b>5,028,541</b>	<b>5,118,907</b>	<b>5,129,792</b>	<b>5,163,036</b>	<b>5,016,142</b>	<b>4,749,372</b>
<b>OPERATING EXPENSES</b>										
Salaries and fringe benefits	1,917,474	1,946,481	2,136,834	1,852,351	1,806,806	2,004,275	1,985,151	1,855,975	1,767,520	1,740,489
Contractual services	143,505	208,940	202,515	208,395	240,342	230,921	228,290	169,038	250,109	110,216
Depreciation	959,751	966,579	974,203	983,611	1,002,403	1,030,825	1,038,548	981,836	949,608	942,335
Supplies and maintenance	828,331	801,790	864,085	866,721	760,518	797,917	762,923	634,695	688,655	272,723
Utilities and telephone	320,484	303,509	323,352	370,146	281,670	333,100	310,017	234,518	355,489	294,618
Water purchases	135,302	134,581	124,401	139,410	124,032	119,316	148,334	122,892	106,409	78,880
Street rental	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Insurance	94,162	96,521	97,899	96,558	95,403	110,936	127,028	114,636	109,960	107,595
Other expenses	97,000	92,476	108,809	109,577	102,596	117,360	156,634	123,827	134,338	581,741
<b>TOTAL OPERATING EXPENSES</b>	<b>4,946,009</b>	<b>5,000,877</b>	<b>5,282,098</b>	<b>5,076,769</b>	<b>4,863,770</b>	<b>5,194,650</b>	<b>5,206,925</b>	<b>4,687,417</b>	<b>4,812,088</b>	<b>4,578,597</b>
<b>OPERATING INCOME (LOSS)</b>	<b>47,760</b>	<b>(173,209)</b>	<b>(160,910)</b>	<b>13,694</b>	<b>164,771</b>	<b>(75,743)</b>	<b>(77,133)</b>	<b>475,619</b>	<b>204,054</b>	<b>170,775</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Interest income	33,989	38,224	38,039	22,914	14,968	12,511	10,695	10,292	13,197	22,381
Interest expense & related fees	(51,035)	(67,433)	(78,747)	(113,951)	(154,530)	(277,108)	(263,033)	(380,807)	(417,750)	(489,055)
Debt issuance costs	(24,617)	-	-	-	-	-	-	-	-	-
Gain (loss) on asset disposition	13,400	-	(47,365)	2,850	-	-	(16,671)	-	-	-
Donations	-	-	-	-	-	-	-	230,695	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(28,263)</b>	<b>(29,209)</b>	<b>(88,073)</b>	<b>(88,187)</b>	<b>(139,562)</b>	<b>(264,597)</b>	<b>(269,009)</b>	<b>(139,820)</b>	<b>(404,553)</b>	<b>(466,674)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS</b>	<b>19,497</b>	<b>(202,418)</b>	<b>(248,983)</b>	<b>(74,493)</b>	<b>25,209</b>	<b>(340,340)</b>	<b>(346,142)</b>	<b>335,799</b>	<b>(200,499)</b>	<b>(295,899)</b>
<b>TRANSFERS AND CAPITAL GRANTS</b>										
Transfers in	-	-	355,078	215,075	224,250	2,124,325	293,044	1,223,941	3,422,093	468,612
Transfers out	-	-	-	-	-	-	-	-	(343,766)	-
Capital Grants	796,756	269,500	5,500	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND CAPITAL GRANTS</b>	<b>796,756</b>	<b>269,500</b>	<b>360,578</b>	<b>215,075</b>	<b>224,250</b>	<b>2,124,325</b>	<b>293,044</b>	<b>1,223,941</b>	<b>3,078,327</b>	<b>468,612</b>
<b>CHANGE IN NET POSITION</b>	<b>816,253</b>	<b>67,082</b>	<b>111,595</b>	<b>140,582</b>	<b>249,459</b>	<b>1,783,985</b>	<b>(53,098)</b>	<b>1,559,740</b>	<b>2,877,828</b>	<b>172,713</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>24,785,418</b>	<b>24,718,336</b>	<b>24,606,742</b>	<b>24,556,283</b>	<b>24,306,824</b>	<b>22,522,838</b>	<b>24,102,177</b>	<b>22,542,437</b>	<b>20,129,180</b>	<b>19,956,470</b>
Prior period adjustments	-	-	-	(90,123)	-	-	(1,526,241)	-	(464,572)	-
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 25,601,671</b>	<b>\$ 24,785,418</b>	<b>\$ 24,718,337</b>	<b>\$ 24,606,742</b>	<b>\$ 24,556,283</b>	<b>\$ 24,306,823</b>	<b>\$ 22,522,838</b>	<b>\$ 24,102,177</b>	<b>\$ 22,542,436</b>	<b>\$ 20,129,183</b>

The City adopted GASB Statement No. 63 during fiscal year ended September 30, 2013. Prior to the adoption, the City's change in net position was titled change in net assets.

**CITY OF CARTHAGE, TEXAS  
ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

TABLE 6

	<u>Real Property</u>	<u>Minerals and Personal Property</u>	<u>Totals</u>	
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Direct Tax Rate</u>
2011	376,782,330	255,799,546	632,581,876	0.4600
2012	451,468,480	199,334,570	650,803,050	0.4600
2013	488,203,830	178,034,450	666,238,280	0.4800
2014	488,847,238	145,138,330	633,985,568	0.5000
2015	490,489,030	154,721,320	645,210,350	0.5200
2016	503,032,440	177,032,440	680,064,880	0.5200
2017	503,804,550	136,823,900	640,628,450	0.5744
2018	498,708,180	120,201,440	618,909,620	0.5744
2019	499,142,490	116,992,880	616,135,370	0.5894
2020	525,510,507	127,602,490	653,112,997	0.5894
2021	542,068,489	103,514,430	645,582,919	0.5894

Source: Panola County Appraisal District

Note: Property is assessed at actual value. The taxable values are equal to actual values less exemptions. Tax rates are per \$100 of assessed value.

**CITY OF CARTHAGE, TEXAS  
DIRECT AND OVERLAPPING  
PROPERTY TAX RATES AND TAX LEVIES  
LAST TEN FISCAL YEARS**

TABLE 7

	Fiscal Year	City of Carthage			Overlapping			Total All Entities
		General Fund	Debt Service Fund	Totals	Panola County	Carthage I.S.D.	Panola College	
Tax Rates (Per \$100 of assessed value)	2012	0.21000	0.25000	0.46000	0.46110	1.14000	0.13407	2.19517
	2013	0.24000	0.24000	0.48000	0.47255	1.14000	0.14519	2.23774
	2014	0.24000	0.26000	0.50000	0.45580	1.14000	0.21483	2.31063
	2015	0.30260	0.21740	0.52000	0.46940	1.14000	0.21483	2.34423
	2016	0.30190	0.21810	0.52000	0.48370	1.14000	0.20787	2.35157
	2017	0.35010	0.22430	0.57440	0.59830	1.14000	0.24334	2.55604
	2018	0.35010	0.22430	0.57440	0.59830	1.28000	0.25700	2.70970
	2019	0.34800	0.24140	0.58940	0.60800	1.28000	0.27039	2.74779
	2020	0.35960	0.22980	0.58940	0.55140	1.21000	0.25112	2.60192
	2021	0.37090	0.21850	0.58940	0.61350	1.19640	0.29079	2.69009
Tax Levies	2012	973,165	1,158,530	2,131,695	18,757,346	35,773,674	5,864,000	62,526,715
	2013	1,127,403	1,127,402	2,254,805	18,164,919	34,343,279	5,971,045	60,734,048
	2014	1,073,691	1,163,166	2,236,857	20,220,025	38,760,413	9,618,399	70,835,694
	2015	1,378,762	990,557	2,369,319	21,017,917	38,960,414	9,619,090	71,966,740
	2016	1,477,127	1,067,113	2,544,240	21,460,930	38,668,580	9,229,375	71,903,125
	2017	1,563,490	1,001,688	2,565,178	21,338,275	28,027,000	8,600,726	60,531,179
	2018	1,411,989	904,625	2,316,614	21,149,892	31,695,983	8,686,796	63,849,285
	2019	1,456,373	1,010,383	2,466,756	20,024,265	33,791,127	9,037,882	65,320,030
	2020	1,606,604	1,026,689	2,633,293	21,083,217	38,216,246	9,984,389	71,917,145
	2021	1,624,750	957,152	2,581,902	22,827,138	34,507,305	10,652,716	70,569,061
Tax rate limit, City:		\$2.50						
Is limitation by statute or constitution?		Constitution - Article XI, Section 5 of the State of Texas Constitution						
Do they include debt service?		Yes						
Levy date:		October 1						
Tax due date:		January 31						
Tax past due date:		February 1						
Tax delinquent date:		July 1						
Lien date:		January 1						
Discount allowed?		Yes						

Source: Tax departments of respective entities

**CITY OF CARTHAGE, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS\*  
LAST TEN FISCAL YEARS**

TABLE 8

Fiscal Year	Taxes Levied	Collected Within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent Years	Total Collections to Date		Delinquent Taxes Receivable
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2012	2,131,695	2,085,913	97.85%	38,308	2,124,221	99.65%	7,474
2013	2,254,805	2,177,113	96.55%	68,266	2,245,379	99.58%	9,426
2014	2,236,857	2,187,424	97.79%	36,948	2,224,372	99.44%	12,485
2015	2,369,319	2,244,369	94.73%	106,876	2,351,245	99.24%	18,074
2016	2,544,240	2,486,781	97.74%	30,791	2,517,572	98.95%	26,668
2017	2,565,178	2,469,539	96.27%	48,110	2,517,649	98.15%	47,529
2018	2,453,873	2,377,510	96.89%	45,842	2,423,352	98.76%	30,521
2019	2,466,756	2,341,065	94.90%	89,427	2,430,492	98.53%	36,264
2020	2,633,293	2,489,618	94.54%	96,468	2,586,086	98.21%	47,207
2021	2,581,902	2,456,525	95.14%	-	2,456,525	95.14%	64,695

Source: Panola County Tax Assessor-Collector and City Manager, City of Carthage, Texas

\*Includes General Fund and Debt Service Fund tax revenues

**CITY OF CARTHAGE, TEXAS  
PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2021**

TABLE 9

Taxable Assessed Value by Tax Year

Taxpayer	Type of Business	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Jim Pattison Dev US Inc	Manufacturing	6,164,890	6,171,180	-	-	-	-	-	-	-	-
CCI East Tx Upstream	Oil & Gas Interests	-	9,814,650	23,256,820	25,815,820	-	-	-	-	-	-
Genpack LLC	Manufacturing	7,029,990	11,772,260	12,881,830	11,862,180	12,320,010	14,216,380	12,919,840	11,971,910	14,666,380	10,594,050
Circle 8 Fluid Serv/Crane Div	Oil & Gas Service	-	3,626,940	6,357,770	7,542,540	4,757,060	-	-	-	-	-
Pinnergy Ltd	Oil & Gas Interests	8,293,960	7,953,650	5,532,430	4,941,080	4,307,240	5,724,810	6,245,540	4,880,670	14,180,730	12,816,270
XTO Energy Inc.	Oil & Gas Interests	-	-	5,572,710	4,685,840	6,755,890	14,506,760	15,402,650	17,244,220	20,626,550	25,788,580
AEP Southwestern Electric Power Co.	Electric Utility	6,291,960	6,261,030	5,044,200	4,630,470	4,819,140	-	4,672,070	-	-	-
DCP East TX Gathering LP	Oil & Gas Interests	-	-	3,877,780	4,250,120	4,682,880	6,084,480	6,431,530	5,799,270	5,878,290	4,402,470
XTO Energy Inc.	Oil & Gas Interests	-	-	4,351,890	4,205,230	-	-	-	-	-	-
BNSF Railway Co	Transportation	4,076,190	3,936,620	3,652,780	3,320,030	-	-	-	-	-	-
Key Energy Services	Oil & Gas Interests	-	-	2,449,220	-	-	-	-	-	-	-
J-W Power Company	Oil & Gas Service	-	-	-	2,893,240	-	-	-	-	-	-
Anadarko E&P Onshore LLC (Min)	Oil & Gas Interests	-	-	-	-	22,529,200	25,617,460	22,424,320	11,262,470	11,460,400	15,899,640
Anadarko E&P Onshore LLC (Mi)	Oil & Gas Interests	-	-	-	-	12,962,130	22,598,260	-	-	-	-
Wal-Mart Stores Texas LP	Department Store	4,527,880	4,404,460	-	-	6,112,800	6,350,340	6,815,490	6,815,490	-	-
XTO Energy Inc. Min	Oil & Gas Interests	-	-	-	-	4,445,350	10,747,280	14,153,330	-	-	-
Nuverra Environ Solutions	Oil & Gas Interests	-	-	-	-	-	6,171,830	6,036,960	-	-	-
Smith Gas Field Svc LLC	Oil & Gas Service	-	-	-	-	-	-	-	-	-	5,592,840
Nabors Drilling USA Co.	Oil & Gas Service	-	-	-	-	-	-	-	-	6,542,000	10,840,000
Wal-Mart /Sam's Club	Department Store	3,463,290	3,300,187	-	-	-	5,139,770	5,181,660	5,113,450	-	-
Exxon Mobil Corp.	Oil & Gas Interests	3,121,100	3,446,980	-	-	-	-	-	16,866,290	19,106,600	26,462,730
Heckmann Water Res (CVR) Inc	Oil & Gas Service	-	-	-	-	-	-	-	7,637,970	10,620,000	-
VFS Leasing Co.	Leasing	-	-	-	-	-	-	-	5,150,080	-	-
Hadco Rental Tools	Oil & Gas Service	-	-	-	-	-	-	-	-	5,751,560	-
O-Tex Pumping	Oil & Gas Interests	-	-	-	-	-	-	-	-	4,236,650	-
Complete Vacuum & Rental Service	Oil & Gas Service	-	-	-	-	-	-	-	-	-	10,605,000
TGNR East Texas LLC (MIN-WI)	Oil & Gas Interests	5,224,090	-	-	-	-	-	-	-	-	4,237,960
Trendsetter Construction Inc	Oil & Gas Interests	3,283,650	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>51,477,000</b>	<b>60,687,957</b>	<b>72,977,430</b>	<b>74,146,550</b>	<b>83,691,700</b>	<b>117,157,370</b>	<b>100,283,390</b>	<b>92,741,820</b>	<b>113,069,160</b>	<b>127,239,540</b>
<b>Total Taxable Assessed Valuation</b>		<b>\$ 459,141,954</b>	<b>\$ 467,099,370</b>	<b>\$ 429,255,790</b>	<b>\$ 440,600,870</b>	<b>\$ 446,583,914</b>	<b>\$ 455,638,269</b>	<b>\$ 447,371,364</b>	<b>\$ 469,751,042</b>	<b>\$ 463,411,956</b>	<b>\$ 474,877,391</b>

**CITY OF CARTHAGE, TEXAS  
PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2021**

TABLE 9

Percentage of Total Assessed Valuation by Tax Year

Taxpayer	Type of Business	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Jim Pattison Dev US Inc	Manufacturing	1.34%	1.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CCI East Tx Upstream	Oil & Gas Interests	0.00%	2.10%	5.42%	5.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Genpack LLC	Manufacturing	1.53%	2.52%	3.00%	2.69%	2.76%	3.12%	2.89%	2.55%	3.16%	2.23%
Circle 8 Fluid Serv/Crane Div	Oil & Gas Service	0.00%	0.78%	1.48%	1.71%	1.07%	0.00%	0.00%	0.00%	0.00%	0.00%
Pinnergy Ltd	Oil & Gas Interests	1.81%	1.70%	1.29%	1.12%	0.96%	1.26%	1.40%	1.04%	3.06%	2.70%
XTO Energy Inc.	Oil & Gas Interests	0.00%	0.00%	1.30%	1.06%	1.51%	3.18%	3.44%	3.67%	4.45%	5.43%
AEP Southwestern Electric Power Co.	Electric Utility	1.37%	1.34%	1.18%	1.05%	1.08%	0.00%	1.04%	0.00%	0.00%	0.00%
DCP East TX Gathering LP	Oil & Gas Interests	0.00%	0.00%	0.90%	0.96%	1.05%	1.34%	1.44%	1.23%	1.27%	0.93%
XTO Energy Inc.	Oil & Gas Interests	0.00%	0.00%	1.01%	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BNSF Railway Co	Transportation	0.89%	0.84%	0.85%	0.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Key Energy Services	Oil & Gas Interests	0.00%	0.00%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
J-W Power Company	Oil & Gas Service	0.00%	0.00%	0.00%	0.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Anadarko E&P Onshore LLC (Min)	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	5.04%	5.62%	5.01%	2.40%	2.47%	3.35%
Anadarko E&P Onshore LLC (Mi)	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	2.90%	4.96%	0.00%	0.00%	0.00%	0.00%
Wal-Mart Stores Texas LP	Department Store	0.99%	0.94%	0.00%	0.00%	1.37%	1.39%	1.52%	1.45%	0.00%	0.00%
XTO Energy Inc. Min	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	1.00%	2.36%	3.16%	0.00%	0.00%	0.00%
Nuverra Environ Solutions	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.00%	1.35%	1.35%	0.00%	0.00%	0.00%
Smith Gas Field Svc LLC	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.18%
Nabors Drilling USA Co.	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.41%	2.28%
Wal-Mart /Sam's Club	Department Store	0.75%	0.71%	0.00%	0.00%	0.00%	1.13%	1.16%	1.09%	0.00%	0.00%
Exxon Mobil Corp.	Oil & Gas Interests	0.68%	0.74%	0.00%	0.00%	0.00%	0.00%	0.00%	3.59%	4.12%	5.57%
Heckmann Water Res (CVR) Inc	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.63%	2.29%	0.00%
VFS Leasing Co.	Leasing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.10%	0.00%	0.00%
Hadco Rental Tools	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.24%	0.00%
O-Tex Pumping	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.91%	0.00%
Complete Vacuum & Rental Service	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.23%
Sand Hill Foundation LLC	Oil & Gas Interests	1.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.89%
CC Forbes Company LP	Oil & Gas Interests	0.72%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		<u>11.21%</u>	<u>12.99%</u>	<u>17.00%</u>	<u>16.83%</u>	<u>18.74%</u>	<u>25.71%</u>	<u>22.42%</u>	<u>19.74%</u>	<u>24.40%</u>	<u>26.79%</u>



**CITY OF CARTHAGE, TEXAS  
TAX REVENUES BY SOURCE  
GENERAL FUND ONLY  
LAST TEN FISCAL YEARS**

TABLE 10

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Sales Tax</u>	<u>Beverage Taxes</u>	<u>Totals</u>
2012	1,022,664	3,153,689	4,353	4,180,706
2013	1,154,006	2,978,179	6,656	4,138,841
2014	1,102,174	3,119,412	7,494	4,229,080
2015	1,371,150	3,096,921	7,984	4,476,055
2016	1,464,489	2,697,688	8,183	4,170,360
2017	1,536,181	2,655,801	8,923	4,200,905
2018	1,297,374	3,120,632	10,858	4,428,864
2019	1,489,421	3,891,120	12,071	5,392,612
2020	1,612,758	3,821,375	10,836	5,444,969
2021	1,656,237	3,851,158	12,237	5,519,632

Source: City Manager, City of Carthage, Texas

**CITY OF CARTHAGE, TEXAS  
MUNICIPAL SALES TAX  
LAST TEN FISCAL YEARS**

TABLE 11

<u>Fiscal Year Ended 9/30</u>	<u>General Fund</u>	<u>Economic Development</u>	<u>Total</u>	<u>Percentage of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
2012	3,153,689	1,051,230	4,204,919	147.94%	0.3107	465.21
2013	2,978,179	992,726	3,970,905	132.08%	0.3170	432.69
2014	3,119,412	1,039,804	4,159,216	139.45%	0.3347	453.21
2015	3,096,921	1,032,308	4,129,229	130.71%	0.3955	449.94
2016	2,689,505	896,502	3,586,007	105.71%	0.3191	390.75
2017	2,655,801	885,267	3,541,068	103.53%	0.3625	390.62
2018	3,120,632	1,040,210	4,160,842	127.17%	0.4452	458.98
2019	3,891,120	1,297,040	5,188,160	157.74%	0.5489	596.71
2020	3,821,375	1,273,792	5,095,167	154.91%	0.5571	594.21
2021	3,851,158	1,283,719	5,134,877	146.25%	0.5424	586.26

The City has adopted the provision of V.T.C.A., Tax Code, Chapter 321, as amended, which grants the City the power to impose and levy a 1.5 % Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and may not be pledged to debt service and are not pledged to the payment of debt. Collections and enforcement are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

**CITY OF CARTHAGE, TEXAS  
DIRECT AND OVERLAPPING SALES TAX RATES  
CURRENT AND PRIOR YEARS**

TABLE 12

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Carthage Economic Development Corporation</u>	<u>Carthage Improvement Corporation</u>	<u>Panola County</u>
2012	1.50%	0.25%	0.25%	0.00%
2013	1.50%	0.25%	0.25%	0.00%
2014	1.50%	0.25%	0.25%	0.00%
2015	1.50%	0.25%	0.25%	0.00%
2016	1.50%	0.25%	0.25%	0.00%
2017	1.50%	0.25%	0.25%	0.00%
2018	1.50%	0.25%	0.25%	0.00%
2019	1.50%	0.25%	0.25%	0.00%
2020	1.50%	0.25%	0.25%	0.00%
2021	1.50%	0.25%	0.25%	0.00%

**CITY OF CARTHAGE, TEXAS  
SALES TAX REVENUE BY CATEGORY  
CURRENT AND PRIOR FISCAL YEAR**

TABLE 13

	<u>2021</u>	<u>2020</u>
Agricultural	\$ 554,628	\$ 525,705
Manufacturing	464,493	523,440
General Services	669,286	813,578
Professional Services	345,542	492,032
Retail	2,084,455	1,904,378
Wholesale	487,834	467,024
Food	476,661	395,794
Accommodations	95	1,460
Miscellaneous	77,558	27,257
	<u>\$ 5,160,552</u>	<u>\$ 5,150,668</u>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of income. The tax revenue includes the City sales tax rate of 1.50% and the two blended component unit rates of .25% each. Sales tax totals are based on when payment was actually received.

**CITY OF CARTHAGE  
LEGAL DEBT MARGIN INFORMATION**

TABLE 14

Article XI, Section 5 of the State of Texas Constitution states in part: "...no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

As a home rule city, the City of Carthage is not limited by law in the amount of debt it may issue.

The tax rate for fiscal year 2021 was established at \$.5894 per \$100 of assessed valuation based on 100% of appraised value, which includes \$.2185 for the payment of principal and interest on general obligation bonds.

**CITY OF CARTHAGE, TEXAS  
TOTAL CITY DEBT BY TYPE  
LAST TEN FISCAL YEARS**

TABLE 15

Fiscal Year	Governmental Activities					Business-Type Activities				Total City Debt	Total Debt Per Capita
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Capital Leases	Unamortized Bond Premium	General Obligation Bonds	Certificates of Obligation	Capital Leases	Unamortized Bond Premium		
2012	4,057,000	-	-	319,801	-	7,008,000	3,000,000	117,612	-	14,502,413	2,139
2013	3,429,000	-	3,985,000	267,695	124,928	6,096,000	2,920,000	60,179	-	16,882,802	2,453
2014	2,970,000	1,330,000	3,985,000	340,656	118,236	5,280,000	2,755,000	-	-	16,778,892	2,438
2015	2,556,000	1,120,000	3,935,000	263,593	111,543	4,544,000	2,580,000	-	-	15,110,136	2,195
2016	3,851,100	900,000	5,330,000	185,517	482,836	3,758,900	600,000	-	154,806	15,263,159	2,230
2017	3,400,800	680,000	5,280,000	104,830	441,497	2,969,200	400,000	-	139,195	13,415,522	1,973
2018	2,992,400	460,000	5,060,000	21,445	400,158	2,257,600	200,000	-	123,584	11,515,187	1,718
2019	2,726,800	230,000	4,735,000	-	358,819	2,038,200	-	-	107,974	10,196,793	1,564
2020	2,327,900	-	4,400,000	-	317,481	1,737,100	-	-	92,363	8,874,844	1,380
2021	4,678,550	-	1,130,000	-	405,068	1,486,450	-	-	106,685	7,806,753	1,188

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF CARTHAGE, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

TABLE 16

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Taxable Assessed Value</u>	<u>General Bonded Debt</u>	<u>Debt Service Fund Balance</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2012	6,779	463,441,956	14,065,000	299,935	13,765,065	2.9702%	2,031
2013	6,883	469,751,042	16,554,928	424,941	16,129,987	3.4337%	2,343
2014	6,883	447,371,364	16,438,236	270,210	16,168,026	3.6140%	2,349
2015	6,883	455,638,269	14,846,543	77,653	14,768,890	3.2414%	2,146
2016	6,844	452,224,626	15,077,642	164,453	14,913,189	3.2977%	2,179
2017	6,799	412,491,086	13,310,692	121,218	13,189,474	3.1975%	1,940
2018	6,702	440,600,870	11,493,742	127,128	11,366,614	2.5798%	1,696
2019	6,521	375,262,320	10,196,793	145,447	10,051,346	2.6785%	1,541
2020	6,431	446,786,637	8,874,844	236,214	8,638,630	1.9335%	1,343
2021	6,569	438,056,060	7,806,753	156,315	7,650,438	1.7465%	1,165

Source: US Census data

**CITY OF CARTHAGE, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENT DEBTS**  
**SEPTEMBER 30, 2021**

TABLE 17

<u>Taxing Authority</u>	<u>**Net Debt Outstanding</u>	<u>***Percentage Applicable to City of Carthage</u>	<u>Amount Applicable to City of Carthage</u>
Panola County	\$ -	0.00%	\$ -
Carthage I.S.D.	17,297,000	15.17%	2,623,955
Panola College District	25,425,000	12.53%	<u>3,185,753</u>
Subtotal, overlapping debt			5,809,708
City of Carthage direct debt*	\$ 6,213,618	100.00%	<u>6,213,618</u>
Total direct and overlapping debt			<u><u>\$ 12,023,326</u></u>

\*Excludes business-type activities debt

\*\*Source: Auditors of respective entities

\*\*\*The percentage of overlapping debt is estimated using taxable assessed property values. The City of Carthage is within the boundaries of the other entities. The overlapping percentage is the City's taxable assessed value divided by the other entities' taxable assessed value.



**CITY OF CARTHAGE, TEXAS  
REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

TABLE 18

Fiscal Year	Water & Sewer				Annual Requirements			
	Operating Revenue	Non-Operating Revenue	*Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2012	4,794,703	22,381	3,681,593	1,135,491	960,000	423,412	1,383,412	0.82
2013	5,016,142	13,197	3,862,480	1,166,859	992,000	402,312	1,394,312	0.84
2014	5,138,431	24,605	3,705,581	1,457,455	981,000	380,807	1,361,807	1.07
2015	5,129,792	10,695	4,168,377	972,110	911,000	263,033	1,174,033	0.83
2016	5,118,907	12,511	4,163,825	967,593	777,500	167,360	944,860	1.02
2017	5,028,541	14,968	3,861,367	1,182,142	989,700	154,530	1,144,230	1.03
2018	5,090,463	25,764	4,093,158	1,023,069	911,600	113,951	1,025,551	1.00
2019	5,121,188	(3,826)	4,307,895	809,467	419,400	78,747	498,147	1.62
2020	5,097,168	38,224	4,034,298	1,101,094	301,100	67,433	368,533	2.99
2021	4,993,769	47,389	3,986,258	1,054,900	718,000	51,035	769,035	1.37

Source: City Manager, City of Carthage, Texas

\*Excludes depreciation in direct operating expenses

**CITY OF CARTHAGE, TEXAS  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

TABLE 19

<u>Fiscal Year</u>	<u>*Estimated Population</u>	<u>**Estimated Income Per Family</u>
2012	6,779	42,931
2013	6,883	50,865
2014	6,883	50,053
2015	6,883	48,822
2016	6,844	47,163
2017	6,799	50,518
2018	6,702	48,191
2019	6,521	50,670
2020	6,431	50,670
2021	6,569	51,758

Source: United States Census information

**PANOLA COUNTY, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

TABLE 20

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>College / School Enrollment</u>
2011	24,058	953,996	39,654	6.70%	6,265
2012	24,020	1,000,264	40,962	5.60%	6,502
2013	23,870	1,070,065	44,549	5.10%	6,932
2014	23,769	1,091,774	45,738	4.90%	6,574
2015	23,766	1,049,942	44,173	5.20%	6,516
2016	23,492	952,436	40,543	7.10%	6,533
2017	23,243	891,054	37,930	4.40%	6,805
2018	23,796	939,265	40,411	3.60%	6,918
2019	24,611	1,007,115	43,508	3.90%	6,735
2020	23,796	1,054,569	45,467	8.40%	6,310

Demographic and economic statistics are presented for Panola County, Texas. The City of Carthage is the county seat and largest city in Panola County. Due to the City's size, data is only available for the county.

Sources: Panola County Annual Comprehensive Financial Report

**PANOLA COUNTY, TEXAS  
PRINCIPAL EMPLOYERS BY INDUSTRY  
CURRENT AND PRIOR FISCAL YEARS**

TABLE 21

Employer	Fiscal Year 2021		Fiscal Year 2020	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Natural Resource and Mining	646	9.08%	969	12.08%
Construction	841	11.83%	1,159	14.44%
Manufacturing	1,012	14.23%	1,033	12.88%
Trade, Transportation, Utilities	1,364	19.18%	1,358	16.93%
Information	42	0.59%	45	0.56%
Financial Activities	224	3.15%	305	3.80%
Professional Business Services	639	8.98%	627	7.82%
Education Health Services	636	8.94%	697	8.69%
Leisure Hospitality	422	5.93%	442	5.51%
Other Services	120	1.69%	148	1.84%
Federal Government	76	1.07%	58	0.72%
State Government	30	0.42%	30	0.37%
Local Government	1,060	14.90%	1,152	14.36%
Total	<u>7,112</u>	<u>100.00%</u>	<u>8,023</u>	<u>100.00%</u>

Demographic and economic statistics are presented for Panola County, Texas. The City of Carthage is the county seat and largest city in Panola County. Due to the City's size, data is only available for the county.

Source: Texas Workforce Commission

Note: Percentages are calculated using the midpoints of the ranges.

**CITY OF CARTHAGE, TEXAS  
CITY EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

TABLE 22

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Governmental Activities</u>										
Administrative	4	4	4	5	5	5	5	5	10	10
Public safety:										
Police	17	15	16	17	17	17	17	17	23	23
Fire	6	6	6	6	6	7	7	7	7	7
Streets	8	8	8	9	11	9	12	12	10	12
Inspection	2	2	2	2	2	2	2	2	3	3
Cultural and recreation	3	3	3	3	3	3	3	7	3	3
Clerical	<u>13</u>	<u>13</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>-</u>	<u>-</u>
Total governmental activities	53	51	50	54	56	55	58	63	56	58
<u>Business-Type Activities</u>										
Water and sewer utilities	<u>20</u>	<u>20</u>	<u>20</u>	<u>21</u>	<u>20</u>	<u>23</u>	<u>27</u>	<u>23</u>	<u>24</u>	<u>28</u>
Total primary government	<u><u>73</u></u>	<u><u>71</u></u>	<u><u>70</u></u>	<u><u>75</u></u>	<u><u>76</u></u>	<u><u>78</u></u>	<u><u>85</u></u>	<u><u>86</u></u>	<u><u>80</u></u>	<u><u>86</u></u>

**CITY OF CARTHAGE, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

TABLE 23

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Certificate of deposit interest rates	.5 to .75%	.750 to 1.350%	1.195 to 2.268%	1.503 to 2.268%	N/A	N/A	N/A	N/A	N/A	1.10%
Houses removed or secured	-	-	-	2	2	15	9	13	4	-
Public Safety - Police:										
Physical arrests	379	326	357	561	645	553	596	733	500	439
Parking violations	16	6	26	64	36	67	95	11	32	31
Class C & Traffic violations	2,086	2,185	2,785	1,777	2,605	2,013	2,695	2,682	2,680	3,064
Fire:										
Fire department responses inside city limits	197	155	136	155	140	123	130	115	95	126
Number of fire responses within 5 minutes or less	148	155	136	155	140	123	129	108	85	125
Fire inspections	116	92	90	95	93	95	93	82	61	78
Streets:										
Tons of asphalt laid for repairs	440	343	676	511	376	391	731	1,854	1,543	684
Street sweeping in lane miles	1,265	1,265	1,263	1,265	1,265	1,265	1,265	1,265	1,265	1,263
Solid Waste Management:										
Refuse collected in tons per day	56	23	22	46	45	89	85	88	93	48
Inspection:										
Building permits issued	65	54	35	46	41	45	48	68	76	76
Vital Statistics:										
Birth certificates filed	1	1	-	1	1	1	-	3	4	6
Death certificates filed	141	134	102	115	117	122	110	113	130	91
Birth certificates issued	711	262	186	549	663	546	539	524	704	571
Death certificates issued	574	455	414	226	153	63	69	74	317	161
Cultural and Recreation:										
Youth enrolled in athletic leagues	1,013	702	1,173	1,214	1,145	1,245	984	1,162	1,045	1,196
Water and Sewer Utilities:										
Linear feet sewer lines repaired/constructed	745	3,200	200	1,980	1,820	1,425	500	2,525	875	851
Linear feet water lines repaired/constructed	925	1,145	2,176	2,520	2,375	1,895	2,875	3,690	3,152	1,368
Water consumption in thousands of gallons	777	635	711	679	657	715	925	856	938	890
Wastewater treated in thousands of gallons	819	747	885	827	700	763	730	623	671	624

**CITY OF CARTHAGE  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

TABLE 24

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public Safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	7	7
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	7	7	7	7	7	7	7	7	7	7
Highways and Streets:										
Streets (miles)	63	63	64	64	64	50	50	53	53	53
Street lights	132	132	141	141	143	143	143	132	132	0
Traffic signals	9	9	9	9	9	9	9	9	9	9
Cultural and Recreation:										
Parks acreage	50	50	50	50	50	50	50	51	51	51
Parks	4	4	4	4	4	4	4	5	5	5
Splash pad	-	-	-	-	-	-	-	1	1	1
Community centers	1	1	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	339	338	339	339	340	340	341	341	342	342
Fire hydrants	500	499	499	524	527	533	536	537	537	539
Maximum daily capacity (thousands of gallons)	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Sewer:										
Sanitary sewers (miles)	319	320	321	321	322	322	323	323	324	324
Storm sewers (miles)	115	115	116	116	116	116	116	116	116	116
Maximum daily treatment capacity (thousands of gallons)	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200

Sources: Various city departments

Note: No capital asset indicators are available for the general government function

**CITY OF CARTHAGE, TEXAS  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2021**

TABLE 25

**GOVERNMENT**

Form of government	Commission-Manager
	November 30, 1948
Area in square miles	10.4 square miles
Original charter, home-rule city	November 30, 1948
Amendment to charter	April 6, 1971/April 6, 1986

**GOVERNMENTAL FACILITIES\***

Fire Protection

Number of stations	1
Number of hydrants	539
Number of fighters	6 full-time, 42 volunteer
Employees per 1,000 population	1.0

Police Protection

Number of stations	1
Number of sworn officers	17 full-time, 3 reserve
Employees per 1,000 population	2.48

Libraries

Number of libraries (public)	1
Number of volumes	42,355
Circulation of volumes	50,346
Circulation per capita	2.16
Library cards in force	10,181
Service population	23,243

Parks and Recreation

Park acreage developed	50
Park acreage undeveloped	1
Playgrounds	3

Streets (all figures approximate)

Paved streets	53 miles
Unpaved streets	0 miles
Paved alleys	1 mile

Utilities

Water system	
Miles of water mains	342
Daily average consumption	1,700,000 gallons
Plant capacity	8.0 million gallons daily
Number of active connections	3,181
Source of water	Surface water - Lake Murvaul
	2 deep water wells NOT USED
Sewer system	
Miles of sanitary sewers	324
Number of lift stations	15
Daily average treatment	2.0 million gallons daily
Number of disposal plants	1
Number of active connections	2,857

**PANOLA COLLEGE\*\***

Number of classrooms	90
Number of administrative personnel	80
Number of full-time instructors	66
Number of for-credit students	2,475
Counties served	Panola, Harrison, Marion, Shelby
Annual budget	\$20,571,926



**CITY OF CARTHAGE, TEXAS  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2021  
(Continued)**

TABLE 25

**CARTHAGE INDEPENDENT SCHOOL DISTRICT\*\*\***

District administrators	16
<u>High Schools</u>	
Senior high schools	1
Number of classrooms	65
Number of administrative personnel	3
Number of teachers	60
Number of students	805
<u>Middle Schools</u>	
Middle schools	1
Number of classrooms	38
Number of administrative personnel	2
Number of teachers	30
Number of students	425
<u>Elementary Schools</u>	
Elementary schools	3
Number of classrooms	108
Number of administrative personnel	6
Number of teachers	107
Number of students	1,419
Annual budget	\$26,781,492

**PRIVATE SCHOOLS**

Northside Christian Academy, Kindergarten through 12th grade

**HIGHER EDUCATIONAL INSTITUTIONS (within 80 miles of Carthage)**

Angelina College  
 Baptist M.A. Theological Seminary  
 Centenary College of Louisiana  
 East Texas Baptist University  
 Jacksonville College  
 Kilgore College  
 LeTourneau University  
 Louisiana State University at Shreveport  
 Northeast Texas Community College  
 Panola College  
 Stephen F. Austin State University  
 Texas College  
 Texas State Technical College  
 Tyler Junior College  
 University of Texas at Tyler  
 University of Texas Health Center  
 Wiley College

\* Source: City of Carthage

\*\* Source: Panola College

\*\*\* Source: Carthage I.S.D.

## COMPLIANCE SECTION

# KAREN A. JACKS & ASSOCIATES, P.C.

## Certified Public Accountants

P.O. Box 3167  
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Phone: 903-238-8822

1501 Colony Circle  
Longview, Texas 75604

Fax: 903-238-9838

Karen A. Jacks, CPA, CGMA  
Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Mayor and City Commission  
City of Carthage, Texas  
812 West Panola  
Carthage, Texas 75633

Honorable Mayor and City Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Carthage, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Carthage, Texas' basic financial statements, and have issued our report thereon dated February 9, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Carthage, Texas' 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 City of Carthage, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Carthage, Texas' 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Carthage, Texas' 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
Longview, Texas  
February 9, 2022

# CITY OF CARTHAGE, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

### A. Summary of Auditors' Results

#### 1. Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

\_\_\_\_\_ Yes      X No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?

\_\_\_\_\_ Yes      X None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_\_ Yes      X No

### B. Financial Statement Findings

NONE

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