

CITY OF CARTHAGE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

ISSUED BY

CITY OF CARTHAGE, TEXAS

STEPHEN K. WILLIAMS, CPA
CITY MANAGER

Introductory Section

City of Carthage, Texas
Annual Comprehensive Financial Report
For The Year Ended September 30, 2023

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City of Carthage
PO Box 400 • Carthage, Texas 75633
Phone 903.693.3868 • FAX 903.693.3882

Mayor
OLIN JOFFRION

Mayor Pro Tem
JERRY HANSZEN

City Commissioners
TATE BARBER Place 1
JOHN COOKE Place 2
ISHA BROWN Place 3

City Manager
STEPHEN K. WILLIAMS

February 21, 2024

Honorable Mayor and City Commission
City of Carthage, Texas

City Secretary
DANA GRIFFIN

The Annual Comprehensive Financial Report (ACFR) of the City of Carthage, Texas, for the fiscal year ended September 30, 2023, 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*.

The City was also required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB)

Uniform Guidance 2 CFR 200. Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the compliance section.

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 2020 census, the population was 6,569. 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 ¼ 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. The City's focus this year and for the next several years is to upgrade the water and wastewater facilities. The wastewater plant is being upgraded in two phases. Phase one was started this year and will be completed in 2024. Over one million dollars was spent this year on the project. Phase two will begin immediately after phase one and will cost approximately four million dollars. All three of the overhead storage tanks were refurbished this year at a cost of \$1.3 million. Another project was to replace all the City's water meters with an Advanced Metering Infrastructure (AMI) system. AMI improves a utility's ability to collect frequent and accurate water usage data to improve billing, leak detection, and water resource management. Other monitoring systems were installed to improve efficiency in the water distribution system. Over two million dollars were spent this year on these projects and upon completion will cost approximately three million dollars. It is also our intention to rehabilitate one of our water treatment plants in the next several years. Once all of these projects are completed, the City's water and wastewater facilities should serve the City for years to come.

The Carthage Fire Department is a very vital part of the City. It has six full-time firefighter employees and 46 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 63 years, of which 53 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 four 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 five 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 20th 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 2023-2024 year is 25.5% more than the prior year. Revenue is expected to be approximately 7.7% higher than that of the prior year. This increase is based on an increase in budgeted sales tax and property tax revenues. Citizens in Carthage depend heavily on the income from the oil and gas industry and related service companies. Budgeted expenditures for the year 2023-2024 reflect an overall loss of \$2,222,000; the loss represents use of prior year equity toward a much-needed new Police Station. The 2024 budget also includes \$625,000 to fund street repairs.

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, 2022. This was the 24th 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

Stephen K. Williams, CPA
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Carthage
Texas**

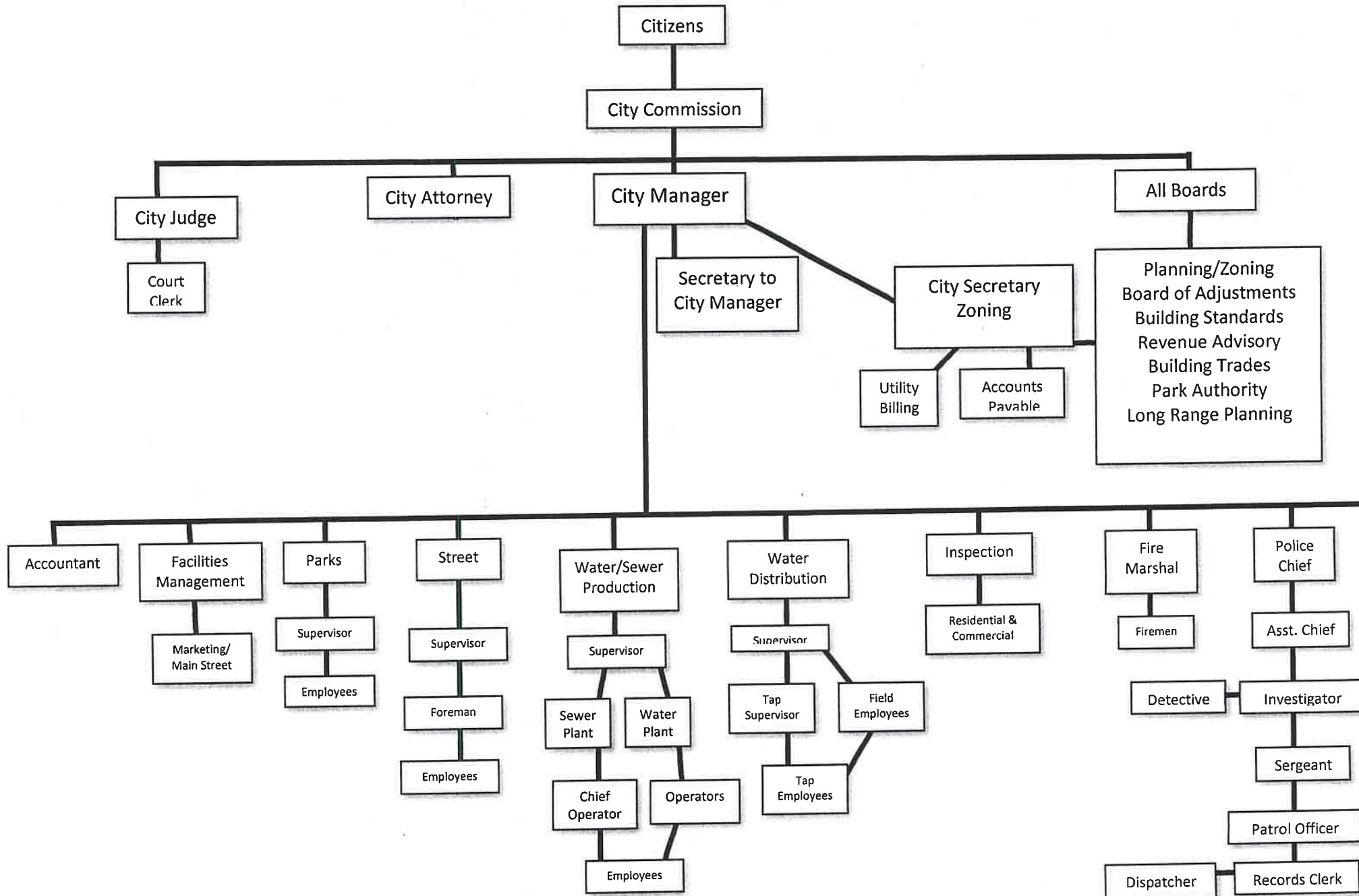
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrell

Executive Director/CEO

CITY OF CARTHAGE, TEXAS



CITY OF CARTHAGE, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2023

Elected Officials

<u>Name</u>	<u>Office</u>
Olin Joffrion	Mayor
Jerry T. Hanszen	Mayor Pro-Tem
Tate Barber	Commissioner
Isha Brown	Commissioner
John Cooke	Commissioner

Appointed Officials

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

Financial Section

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Longview, Texas 75606

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

Chanie A. Johnson, CPA

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Carthage, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carthage, Texas' basic financial statements. The accompanying combining nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards

as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carthage, Texas' internal control over financial reporting and compliance.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
February 21, 2024

City of Carthage, Texas

Management Discussion and Analysis For Year Ended September 30, 2023 (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, 2023. Please read it in conjunction with the transmittal letter beginning on page 5 and the City's financial statements, which begin on page 25.

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 25-27) 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 28. 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 25. 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 28. 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 \$57,193,774 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 17,727,357	\$ 13,620,411	\$ 9,393,041	\$ 8,507,164	\$ 27,120,398	\$ 22,127,575
Capital assets	21,849,295	23,518,284	28,418,673	23,596,208	50,267,968	47,114,492
Total assets	39,576,652	37,138,695	37,811,714	32,103,372	77,388,366	69,242,067
Deferred outflows of resources:						
Deferred outflow related to pensions	2,653,242	957,252	1,334,531	464,548	3,987,773	1,421,800
Deferred outflow related to OPEB	6,007	42,626	3,094	20,995	9,101	63,621
Loss on defeasance	9,286	13,128	42,375	59,909	51,661	73,037
Total deferred outflows	2,668,535	1,013,006	1,380,000	545,452	4,048,535	1,558,458
Long-term liabilities:						
Due within 1 year	900,225	825,050	482,813	439,443	1,383,038	1,264,493
Due in more than 1 year	9,053,082	6,446,427	11,959,628	4,927,259	21,012,710	11,373,686
Other liabilities	479,270	362,849	1,255,456	500,851	1,734,726	863,700
Total liabilities	10,432,577	7,634,326	13,697,897	5,867,553	24,130,474	13,501,879
Deferred inflows of resources:						
Deferred inflow related to pensions	596	1,423,020	-	687,687	596	2,110,707
Deferred inflow related to OPEB	52,325	6,902	26,956	3,400	79,281	10,302
Deferred gain on defeasance of debt	32,776	36,418	-	-	32,776	36,418
Total deferred inflows	85,697	1,466,340	26,956	691,087	112,653	2,157,427
Net position:						
Net investment in capital assets	19,659,145	20,925,927	23,821,767	22,357,499	43,480,912	43,283,426
Restricted	5,547,954	3,867,108	155,323	1,367,482	5,703,277	5,234,590
Unrestricted	6,519,814	4,258,000	1,489,771	2,365,203	8,009,585	6,623,203
Total net position	\$ 31,726,913	\$ 29,051,035	\$ 25,466,861	\$ 26,090,184	\$ 57,193,774	\$ 55,141,219

The largest portion of the City's net position (76.02%) 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 \$5,703,277 of the City's net position (9.97%) represents resources that are subject to external restrictions on how they may be used.

Annual financial results in governmental activities increased net position by \$2,675,878, and the business-type activities decreased net position by \$623,324 during the year.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,718,493	\$ 1,603,652	\$ 5,813,195	\$ 4,957,252	\$ 7,531,688	\$ 6,560,904
Operating grants and contribution	54,543	14,157	20,000	-	74,543	14,157
Capital grants and contributions	35,029	73,814	11,250	799,905	46,279	873,719
General revenues:						
Property taxes	2,734,267	2,672,829	-	-	2,734,267	2,672,829
Sales taxes	7,115,013	6,052,258	-	-	7,115,013	6,052,258
Franchise fees	603,341	582,634	-	-	603,341	582,634
Occupancy taxes	417,291	386,879	-	-	417,291	386,879
Investment earnings	416,505	66,267	382,157	48,460	798,662	114,727
Gain on sale of assets	-	-	-	-	-	-
Other	143,175	51,021	18,688	9,054	161,863	60,075
Total revenues	13,237,657	11,503,511	6,245,290	5,814,671	19,482,947	17,318,182
Expenses:						
General government	1,358,432	1,196,190	-	-	1,358,432	1,196,190
Building inspections	298,035	304,760	-	-	298,035	304,760
Community development	821,708	904,003	-	-	821,708	904,003
Streets	2,604,000	2,786,658	-	-	2,604,000	2,786,658
Sanitation	464,043	460,463	-	-	464,043	460,463
Public safety	3,859,964	3,030,145	-	-	3,859,964	3,030,145
Culture and recreation	872,443	867,221	-	-	872,443	867,221
Interest on long-term debt	78,175	100,639	-	-	78,175	100,639
Main Street program	204,979	136,676	-	-	204,979	136,676
Issuance cost and fees	-	-	-	-	-	-
Water and sewer	-	-	6,868,614	5,326,158	6,868,614	5,326,158
Total expenses	10,561,779	9,786,755	6,868,614	5,326,158	17,430,393	15,112,913
Increase in net position before transfers	2,675,878	1,716,756	(623,324)	488,513	2,052,554	2,205,269
Transfers	-	-	-	-	-	-
Increase in net position	2,675,878	1,716,756	(623,324)	488,513	2,052,554	2,205,269
Net position - beginning	29,051,035	27,334,279	20,909,185	25,601,672	49,960,220	52,935,951
Net position - ending	\$31,726,913	\$ 29,051,035	\$20,285,861	\$ 26,090,185	\$ 52,012,774	\$55,141,220

Governmental Activities

Governmental activities increased the City of Carthage's net position by \$2,675,878. See discussion of changes under the **Governmental Funds** heading on the next page.

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 \$10,561,779. However, 16.27% (\$1,718,493) of these costs were paid by those who directly benefited from the programs; \$89,572 was paid by grants and contributions, and the remaining 82.88% (\$8,753,714) 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.

Table 3
Net Program Cost to Taxpayers
Governmental Activities
Year Ended September 30, 2023

	Charges for Services	Grants and Contributions	Expense	Net (Exp)/Rev
Governmental activities:				
General government and administration	\$ 19,124	\$ -	\$ 1,358,432	\$ (1,339,308)
Public safety	191,222	54,543	3,859,964	(3,614,199)
Sanitation	744,789	-	464,043	280,746
Main street program	32,295	-	204,979	(172,684)
Building inspections	160,233	-	298,035	(137,802)
Streets	450,000	-	2,604,000	(2,154,000)
Culture and recreation	120,830	35,029	872,443	(716,584)
Development activities	-	-	821,708	(821,708)
Interest on long-term debt	-	-	78,175	(78,175)
Total governmental activities	<u>\$ 1,718,493</u>	<u>\$ 89,572</u>	<u>\$ 10,561,779</u>	<u>\$ (8,753,714)</u>

Business-type Activities

The business-type activities decreased the City of Carthage's net position by \$623,324. Water and sewer operating revenues were more than the prior year by \$896,827, and operating expenses were up \$1,109,760. Grant revenues were down \$768,655.

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 \$17,239,540. Of this total, \$5,196,808 is restricted due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors. A total of \$398,249 of fund balance is considered non-spendable because it has been used for inventory, prepaid items, and notes receivable. A total of \$111,635 of fund balance is considered assigned for future public safety purchases. The remaining \$11,532,848 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, the unassigned fund balance of the general fund is \$11,532,848, while total fund balance is \$11,820,992. 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 150.05 percent of total general fund expenditures, while total fund balance represents 153.80 percent of that same amount.

General fund revenues were \$1,375,624 more than the prior year mainly due to increased sales tax revenues. Sales tax collections increased by approximately 17.5% over the prior year. Most of this increase was due to oil and gas related activity, which was approximately 24% greater than prior year collections. Retail sales, which account for approximately 34% of sales tax collections, were also up approximately 8% compared to the prior year.

General fund expenditures overall were more than the previous year's amounts by \$471,986. Part of the increase is due to a 4% raise over the prior year. This would account for approximately \$100,000 of the overall increase. Public Safety expenses increased by \$390,583. The majority of this increase was equipment purchases and payroll related expenses. Non-departmental expenses increased by \$267,045. This was due mainly to the purchase of property for the parks department of \$190,000 and increase in utility cost of \$25,000.

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. The total net position of the water and sewer fund decreased by \$623,324. Revenues from water services increased by \$887,193. This was due to increased water sales and also an increase in water rates. A 4% raise created approximately \$50,000 more in payroll expenses over the prior year. Salaries and Fringe Benefits were up \$714,157. This was due to the previously mentioned raises, but a significant portion was due to increased unfunded pension liabilities. Supplies and Maintenance items were up over \$141,000. Costs continue to increase due to inflation factors. Utilities also increased over \$100,000.

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, 2023, the City had \$50,267,966 invested in capital assets including police and fire equipment, buildings, park facilities, roads, and water and sewer system. This represents a net increase of \$3,153,476, or 6.69%, more 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,413,311	\$ 1,335,190	\$ 313,837	\$ 313,837	\$ 1,727,148	\$ 1,649,027
Construction in progress	90,715	131,095	5,672,734	424,079	5,763,449	555,174
Depreciable Assets:						
Buildings	5,794,691	5,794,691	104,740	104,740	5,899,431	5,899,431
Improvements	14,770,861	14,680,820	44,853,898	44,853,898	59,624,759	59,534,718
Machinery and equipment	5,691,852	5,338,074	2,333,515	2,238,972	8,025,367	7,577,046
Infrastructure	46,087,170	46,087,170	-	-	46,087,170	46,087,170
Accumulated depreciation	(51,999,306)	(49,848,757)	(24,860,052)	(24,339,318)	(76,859,358)	(74,188,075)
Totals	\$ 21,849,294	\$ 23,518,283	\$ 28,418,672	\$ 23,596,208	\$ 50,267,966	\$ 47,114,491

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

Asset Acquisitions

- Various SCADA and Monitoring Systems \$374,619

• Vehicles	\$ 328,839
• Wastewater Treatment Plant Improvements - CIP	\$1,216,945
• Elevated Storage Tanks Improvements – CIP	\$1,305,137
• Water meters – CIP	\$2,084,666
• Park Department Building Purchase	\$ 190,330
• Vacuum Truck	\$ 318,926
• Manhole Rehab	\$ 309,302

Additional information on the City of Carthage's capital asset activity can be found in Note D on pages 44-45 of the notes to the financial statements.

Debt

At year-end, the City had \$14,160,636 in long-term debt compared to \$9,793,205 last year, representing an increase of \$3,790,596 or 44.60% 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	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 3,274,600	\$ 3,984,650	\$ 930,400	\$ 1,210,350	\$ 4,205,000	\$ 5,195,000
Certificates of Obligation	905,000	1,020,000	5,495,000	-	6,400,000	1,020,000
Notes From Direct Borrowing	-	-	2,978,801	3,138,294	2,978,801	3,138,294
Unamortized bond premium	298,217	351,643	278,618	88,268	576,835	439,911
	<u>\$ 4,477,817</u>	<u>\$ 5,356,293</u>	<u>\$ 9,682,819</u>	<u>\$ 4,436,912</u>	<u>\$ 14,160,636</u>	<u>\$ 9,793,205</u>

Additional information on the City of Carthage's long-term debt activity can be found in Note E on pages 45-46 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's FY2023-2024 budget for its general fund reflects an anticipated deficit of \$2,222,000. This deficit includes \$2,000,000 expenditures for a new police station, \$150,000 for lighting at the ballpark, and \$72,000 for new equipment for the fire department. The budget includes an increase in revenues of \$581,137. This includes an increase in budgeted sales tax of \$105,000, an increase in expected property tax collections of \$289,440 and an anticipated increase in interest income of \$210,000. All other revenue budgets remained fairly consistent with prior year amounts.

The expense budget for FY2023-2024 increased by \$2,103,137. The construction of the new police station accounts for \$2,000,00 of the increase. The total cost of the police station is expected to be around \$3,500,000. The increase in the remainder of the budget was due primarily to payroll and related expenditures.

Sales tax revenue was approximately 20% higher in the 2023 fiscal year than 2022. Oil and gas and related activities helped keep sales tax collections strong. Collections so far in fiscal year 2024 are down approximately 12% from the prior year but is expected to meet the budgeted amount. 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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and temporary investments	\$ 16,567,995	\$ 3,411,727	\$ 19,979,722
Delinquent taxes receivable	43,127	--	43,127
Receivables, (net of allowances for uncollectibles)	40,715	610,790	651,505
Sales tax receivable	509,059	--	509,059
Note receivable	362,477	--	362,477
Other receivables	168,212	17,275	185,487
Inventories	12,522	106,562	119,084
Prepaid items	23,250	--	23,250
Restricted assets:			
Cash and cash equivalents	--	5,246,687	5,246,687
Capital assets not subject to depreciation	1,504,025	5,986,572	7,490,597
Capital assets, net of accumulated depreciation	20,345,270	22,432,101	42,777,371
Total Assets	<u>39,576,652</u>	<u>37,811,714</u>	<u>77,388,366</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflow related to pensions	2,653,242	1,334,531	3,987,773
Deferred outflow related to OPEB	6,007	3,094	9,101
Loss on defeasance	9,286	42,375	51,661
Total Deferred Outflows of Resources	<u>2,668,535</u>	<u>1,380,000</u>	<u>4,048,535</u>
LIABILITIES:			
Accounts payable	229,226	838,420	1,067,646
Accrued wages	109,924	53,592	163,516
Accrued compensated absences	83,384	48,563	131,947
Customer deposits	22,155	203,379	225,534
Interest payable	34,581	111,502	146,083
Non-current liabilities:			
Due within one year	900,225	482,813	1,383,038
Due in more than one year	3,577,592	9,200,006	12,777,598
Net pension liability	5,262,945	2,650,129	7,913,074
Net OPEB liability	212,545	109,493	322,038
Total Liabilities	<u>10,432,577</u>	<u>13,697,897</u>	<u>24,130,474</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflow related to pensions	596	--	596
Deferred inflow related to OPEB	52,325	26,956	79,281
Deferred gain on defeasance of debt	32,776	--	32,776
Total Deferred Inflows of Resources	<u>85,697</u>	<u>26,956</u>	<u>112,653</u>
NET POSITION:			
Net Investment in Capital Assets	19,659,145	23,821,767	43,480,912
Restricted For:			
Federal and State Programs	--	155,323	155,323
Debt Service	165,295	--	165,295
Community Development	4,840,891	--	4,840,891
Other Purposes	541,768	--	541,768
Unrestricted	6,519,814	1,489,771	8,009,585
Total Net Position	<u>\$ 31,726,913</u>	<u>\$ 25,466,861</u>	<u>\$ 57,193,774</u>

The accompanying notes are an integral part of this statement.

CITY OF CARTHAGE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government and administration	\$ 1,358,432	\$ 19,124	\$ --	\$ --
Public safety	3,859,964	191,222	54,543	--
Sanitation	464,043	744,789	--	--
Main street program	204,979	32,295	--	--
Building inspections	298,035	160,233	--	--
Streets	2,604,000	450,000	--	--
Culture and recreation	872,443	120,830	--	35,029
Development activities	821,708	--	--	--
Interest and fees on long-term debt	78,175	--	--	--
Total Governmental Activities	10,561,779	1,718,493	54,543	35,029
Business-type Activities:				
Water and Sewer	6,868,614	5,813,195	20,000	11,250
Total Business-type Activities	6,868,614	5,813,195	20,000	11,250
Total Primary Government	\$ 17,430,393	\$ 7,531,688	\$ 74,543	\$ 46,279

General Revenues:
Property taxes levied for general purposes
Property taxes levied for debt service
Sales taxes
Occupancy taxes
Franchise fees
Interest income
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>
\$ (1,339,308)		\$ (1,339,308)
(3,614,199)		(3,614,199)
280,746		280,746
(172,684)		(172,684)
(137,802)		(137,802)
(2,154,000)		(2,154,000)
(716,584)		(716,584)
(821,708)		(821,708)
(78,175)		(78,175)
<u>(8,753,714)</u>		<u>(8,753,714)</u>
--	\$ (1,024,169)	(1,024,169)
--	(1,024,169)	(1,024,169)
<u>(8,753,714)</u>	<u>(1,024,169)</u>	<u>(9,777,883)</u>
1,756,701	--	1,756,701
977,566	--	977,566
7,115,013	--	7,115,013
417,291	--	417,291
603,341	--	603,341
416,505	382,157	798,662
143,175	18,688	161,863
<u>11,429,592</u>	<u>400,845</u>	<u>11,830,437</u>
2,675,878	(623,324)	2,052,554
29,051,035	26,090,185	55,141,220
<u>\$ 31,726,913</u>	<u>\$ 25,466,861</u>	<u>\$ 57,193,774</u>

CITY OF CARTHAGE, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and temporary investments	\$ 11,627,001	\$ 199,876	\$ 4,741,117	\$ 16,567,994
Receivables (net of allowances):				
Delinquent taxes receivable	43,127	--	--	43,127
Accounts receivable	40,715	--	--	40,715
Sales tax receivable	381,795	--	127,264	509,059
Other receivable	131,818	--	36,394	168,212
Note receivable	--	--	362,477	362,477
Inventory of supplies, at cost	12,522	--	--	12,522
Prepaid items	--	--	23,250	23,250
Total Assets	<u>\$ 12,236,978</u>	<u>\$ 199,876</u>	<u>\$ 5,290,502</u>	<u>\$ 17,727,356</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 157,396	\$ --	\$ 71,830	\$ 229,226
Accrued wages	109,924	--	--	109,924
Accrued vacation payable	83,384	--	--	83,384
Deposits	22,155	--	--	22,155
Total Liabilities	<u>372,859</u>	<u>--</u>	<u>71,830</u>	<u>444,689</u>
Deferred Inflows of Resources - Property Taxes	43,127	--	--	43,127
Total Liabilities and Deferred Inflows of Resources	<u>415,986</u>	<u>--</u>	<u>71,830</u>	<u>487,816</u>
Fund Balances:				
Nonspendable: Inventory	12,522	--	--	12,522
Nonspendable: Prepaid Items	--	--	23,250	23,250
Nonspendable: Notes Receivable	--	--	362,477	362,477
Restricted For:				
Debt service	--	199,876	--	199,876
Economic development	6,478	--	4,448,686	4,455,164
Other purposes	157,509	--	384,259	541,768
Assigned for public safety equipment and supplies	111,635	--	--	111,635
Unassigned	11,532,848	--	--	11,532,848
Total Fund Balance	<u>11,820,992</u>	<u>199,876</u>	<u>5,218,672</u>	<u>17,239,540</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 12,236,978</u>	<u>\$ 199,876</u>	<u>\$ 5,290,502</u>	<u>\$ 17,727,356</u>

The accompanying notes are an integral part of this statement.

CITY OF CARTHAGE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total fund balances - governmental funds balance sheet	\$ 17,239,540
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.	21,849,295
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	43,127
The deferred gain on defeasance of debt is not reported in the funds.	(23,490)
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,179,600)
Payables for debt interest which are not due in the current period are not reported in the funds.	(34,581)
Recognition of the City's net pension liability is not reported in the funds.	(5,262,945)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(596)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,653,242
Bond premiums are amortized in the SNA but not in the funds.	(298,217)
Recognition of the City's net OPEB liability is not reported in the funds.	(212,545)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(52,325)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	6,007
Rounding	1
Net position of governmental activities - Statement of Net Position	<u>\$ 31,726,913</u>

The accompanying notes are an integral part of this statement.

CITY OF CARTHAGE, TEXASSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,103,305	\$ 977,566	\$ 2,189,961	\$ 10,270,832
Franchise fees	603,341	--	--	603,341
Licenses and permits	160,233	--	--	160,233
Sanitation collections	744,789	--	--	744,789
Fines-corporation court	150,722	--	--	150,722
Grant revenue	54,543	--	--	54,543
Interest revenue	332,042	--	84,463	416,505
Miscellaneous revenues	187,770	--	--	187,770
Rent and leases	572,281	--	--	572,281
Donations	35,029	--	--	35,029
Total Revenues	<u>9,944,055</u>	<u>977,566</u>	<u>2,274,424</u>	<u>13,196,045</u>
Expenditures:				
General government	507,852	--	--	507,852
Public safety	3,603,369	--	10,098	3,613,467
Sanitation	465,860	--	--	465,860
Main Street program	186,095	--	--	186,095
Building inspections	261,983	--	--	261,983
Streets	1,241,538	--	--	1,241,538
Culture and recreation	441,442	--	--	441,442
Developmental activities	--	--	937,677	937,677
Non-departmental	977,692	--	--	977,692
Debt service - principal	--	825,050	--	825,050
Debt service - interest and fees	--	137,870	--	137,870
Total Expenditures	<u>7,685,831</u>	<u>962,920</u>	<u>947,775</u>	<u>9,596,526</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	2,258,224	14,646	1,326,649	3,599,519
Other Financing Sources (Uses):				
Sale of capital assets	18,350	--	370,450	388,800
Total Other Financing Sources (Uses)	<u>18,350</u>	<u>--</u>	<u>370,450</u>	<u>388,800</u>
Net Change in Fund Balances	2,276,574	14,646	1,697,099	3,988,319
Fund Balances - Beginning	<u>9,544,418</u>	<u>185,230</u>	<u>3,521,573</u>	<u>13,251,221</u>
Fund Balances - Ending	<u>\$ 11,820,992</u>	<u>\$ 199,876</u>	<u>\$ 5,218,672</u>	<u>\$ 17,239,540</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, 2023

Net change in fund balances - total governmental funds	\$ 3,988,319
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,198,266
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,365,619)
The gain or loss on the sale of capital assets is not reported in the funds.	(112,836)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(388,800)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(4,262)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	825,050
Gains and losses on defeasance of debt are amortized in the SOA but not in the funds.	(201)
(Increase) decrease in accrued interest from beginning of period to end of period.	6,469
Bond premiums are reported in the funds but not in the SOA.	53,426
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	443,237
The City's unrecognized deferred inflows and outflows for the pension plan were amortized.	(759,076)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(211,430)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	4,801
The City's unrecognized deferred inflows and outflows for the OPEB plan were amortized.	8,673
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(10,139)
Change in net position of governmental activities - Statement of Activities	\$ <u>2,675,878</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,358,194	\$ 6,159,014	\$ 7,103,305	\$ 944,291
Franchise fees	584,300	567,300	603,341	36,041
Licenses and permits	50,000	50,000	160,233	110,233
Sanitation collections	743,284	743,284	744,789	1,505
Fines-corporation court	190,000	155,000	150,722	(4,278)
Grant revenue	40,000	40,000	54,543	14,543
Interest revenue	40,000	300,000	332,042	32,042
Miscellaneous revenues	32,132	135,047	187,770	52,723
Rent and leases	511,500	511,500	572,281	60,781
Donations	--	--	35,029	35,029
Total Revenues	<u>7,549,410</u>	<u>8,661,145</u>	<u>9,944,055</u>	<u>1,282,910</u>
Expenditures:				
General government	536,000	561,000	507,852	53,148
Public safety	4,355,200	4,152,040	3,603,369	548,671
Sanitation	454,500	461,000	465,860	(4,860)
Main Street program	177,500	177,500	186,095	(8,595)
Building inspections	264,250	271,250	261,983	9,267
Streets	1,364,760	1,613,825	1,241,538	372,287
Culture and recreation	295,000	454,725	441,442	13,283
Non-departmental	802,200	1,018,228	977,692	40,536
Total Expenditures	<u>8,249,410</u>	<u>8,709,568</u>	<u>7,685,831</u>	<u>1,023,737</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(700,000)	(48,423)	2,258,224	2,306,647
Other Financing Sources (Uses):				
Sale of equipment	--	--	18,350	18,350
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>18,350</u>	<u>18,350</u>
Net Change in Fund Balances	(700,000)	(48,423)	2,276,574	2,324,997
Fund Balances - Beginning	9,544,418	9,544,418	9,544,418	--
Fund Balances - Ending	<u>\$ 8,844,418</u>	<u>\$ 9,495,995</u>	<u>\$ 11,820,992</u>	<u>\$ 2,324,997</u>

The accompanying notes are an integral part of this statement.

CITY OF CARTHAGE, TEXAS

STATEMENT OF NET POSITION

ENTERPRISE FUND

SEPTEMBER 30, 2023

	Enterprise Fund Water and Sewer Fund
ASSETS:	
Current Assets:	
Cash and temporary investments	\$ 3,411,727
Restricted cash	5,246,687
Receivables (net of allowances)	610,790
Other receivables	17,275
Inventories	106,562
Total Current Assets	<u>9,393,041</u>
Noncurrent Assets:	
Capital assets not subject to depreciation	5,986,572
Capital assets, net of accumulated depreciation	22,432,101
Total Noncurrent Assets	<u>28,418,673</u>
Total Assets	<u>37,811,714</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflow Related to Pensions	1,334,531
Deferred Outflow Related to OPEB	3,094
Loss on Defeasance of Debt	42,375
Total Deferred Outflows of Resources	<u>1,380,000</u>
LIABILITIES:	
Current liabilities:	
Payable from current assets:	
Accounts payable	838,420
Accrued wages	53,592
Accrued compensated absences	48,563
Interest payable	111,502
Current portion of long-term debt	482,813
Payable from restricted assets:	
Meter deposits	203,379
Total Current Liabilities	<u>1,738,269</u>
Noncurrent Liabilities:	
Bonds, notes, and certificates payable, net of current portion	9,200,006
Net pension liability	2,650,129
Net OPEB liability	109,493
Total Noncurrent Liabilities	<u>11,959,628</u>
Total Liabilities	<u>13,697,897</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflow related to OPEB	26,956
Total Deferred Inflows of Resources	<u>26,956</u>
NET POSITION:	
Net investment in capital assets	23,821,767
Restricted for federal and state programs	155,323
Unrestricted	1,489,771
Total Net Position	<u>\$ 25,466,861</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 FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES:	
Charges for services	\$ 5,844,445
Other revenues	18,688
Total Operating Revenues	<u>5,863,133</u>
OPERATING EXPENSES:	
Salaries and fringe benefits	2,542,881
Contractual services	180,346
Depreciation	990,160
Supplies and maintenance	1,249,370
Utilities and telephone	428,973
Water purchases	311,045
Street usage fee	450,000
Insurance	109,262
Other expenses	102,467
Total Operating Expenses	<u>6,364,504</u>
Operating Income (Loss)	(501,371)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	382,157
Gain on disposition of assets	63,021
Interest and fees	(361,768)
Issuance costs	(205,363)
Total Non-operating Revenues (Expenses)	<u>(121,953)</u>
Income (Loss) before Transfers and Capital Contributions	(623,324)
TRANSFERS:	
Transfers in	--
Change in Net Position	<u>(623,324)</u>
Total Net Position - Beginning	26,090,185
Total Net Position - Ending	<u>\$ 25,466,861</u>

The accompanying notes are an integral part of this statement.

CITY OF CARTHAGE, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 5,843,347
Cash payments to employees for services	(2,224,398)
Cash payments to other suppliers for goods and services	(1,704,795)
Cash payments to other funds for operating expenses	(450,000)
Net Cash Provided (Used) by Operating Activities	<u>1,464,154</u>
Cash Flows from Non-capital Financing Activities:	
Transfers from other funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
Principal payments	(439,443)
Interest payments	(285,593)
Debt issuance costs	(205,363)
Proceeds from issuance of debt	5,714,274
Acquisition or construction of capital assets	(5,812,624)
Proceeds from sale of capital assets	63,021
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(965,728)</u>
Cash Flows from Investing Activities:	
Interest and dividends on investments	382,157
Net Cash Provided (Used) for Investing Activities	<u>382,157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	880,583
Cash and Cash Equivalents at Beginning of Year	7,777,831
Cash and Cash Equivalents at End of Year	<u>\$ 8,658,414</u>
Reported on Statement of Net Position as:	
Cash and temporary investments	\$ 3,411,727
Restricted cash	5,246,687
	<u>\$ 8,658,414</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (501,371)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	990,160
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(36,911)
Decrease (Increase) in Prepaid Expenses	25,924
Decrease (Increase) in Inventories	5,693
Increase (Decrease) in Accounts Payable	645,051
Increase (Decrease) in Accrued Wages Payable	2,950
Increase (Decrease) in Compensated Absences	1,914
Increase (Decrease) in Customer Deposits	17,125
Increase (Decrease) in Pension Liabilities	309,407
Increase (Decrease) in OPEB Liabilities	4,212
Total Adjustments	<u>1,965,525</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,464,154</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, 2023

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, 2023

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 funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund, which is a budgeted 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 leases and subscription-based information technology arrangements 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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, 2022, upon which the 2023 fiscal year levy was based was \$464,623,088. The tax assessment of October 1, 2022 set a tax levy at \$.58 per \$100 of assessed valuation. The 2023 fiscal year tax levy was \$2,694,814.

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, 2023.

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, 2023

Certain payments to vendors reflect costs applicable to future 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 payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which which disaggregates the payable balances. Note C provides a disaggregation of receivable 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, 2023

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 assets 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 assets 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 usage 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. The City reported no interfund transfers or interfund receivables and payables as of or for the year ended September 30, 2023.

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.

i. **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

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City 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 convey 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, 2023.

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).

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 department 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.

5. Implementation of New Standards

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Management did not identify any SBITAs for the year ended September 30, 2023.

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B. 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, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$25,226,409 and the bank balance was \$25,471,064. The City's cash deposits at September 30, 2023 and during the year ended September 30, 2023, 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, 2023 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
General Fund		
Certificates of Deposit	Various <1 year	\$ 7,500,000
Enterprise Fund		
Certificates of Deposit	Various <1 year	2,000,000
Other Governmental Funds		
Certificates of Deposit	Various <1 year	903,373
Total Investments		<u>\$ 10,403,373</u>

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.

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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.

C. Receivables

Receivables reported in the governmental and proprietary funds as of September 30, 2023 consist of the following:

	General	Debt Service	Other Governmental	Proprietary	Total
Receivables:					
Property taxes	\$ 287,519	\$ --	\$ --	\$ --	\$ 287,519
Accounts	161,346	--	--	1,028,328	1,189,674
Sales tax	381,795	--	127,264	--	509,059
Notes	--	--	362,477	--	362,477
Miscellaneous	131,818	--	36,394	17,275	185,487
Gross receivables	962,478	--	526,135	1,045,603	2,534,216
Less: Allowance for uncollectibles	(365,023)	--	--	(417,538)	(782,561)
Net total receivables	<u>\$ 597,455</u>	<u>\$ --</u>	<u>\$ 526,135</u>	<u>\$ 628,065</u>	<u>\$ 1,751,655</u>

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D. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,335,190	\$ 236,830	\$ 158,709	\$ 1,413,311
Construction in progress	131,095	300,070	340,450	90,715
Total capital assets not being depreciated	<u>1,466,285</u>	<u>536,900</u>	<u>499,159</u>	<u>1,504,026</u>
Capital assets being depreciated:				
Buildings	5,794,691	--	--	5,794,691
Improvements other than buildings	14,680,820	90,041	--	14,770,861
Machinery and equipment	5,326,443	571,325	205,916	5,691,852
Infrastructure	46,087,170	--	--	46,087,170
Total capital assets being depreciated	<u>71,889,124</u>	<u>661,366</u>	<u>205,916</u>	<u>72,344,574</u>
Less accumulated depreciation for:				
Buildings	(3,320,415)	(132,630)	--	(3,453,045)
Improvements other than buildings	(3,792,478)	(428,808)	--	(4,221,286)
Machinery and equipment	(4,086,333)	(263,785)	(203,439)	(4,146,679)
Infrastructure	(38,637,900)	(1,540,396)	--	(40,178,296)
Total accumulated depreciation	<u>(49,837,126)</u>	<u>(2,365,619)</u>	<u>(203,439)</u>	<u>(51,999,306)</u>
Total capital assets being depreciated, net	<u>22,051,998</u>	<u>(1,704,253)</u>	<u>2,477</u>	<u>20,345,268</u>
Governmental activities capital assets, net	<u>\$ 23,518,283</u>	<u>\$ (1,167,353)</u>	<u>\$ 501,636</u>	<u>\$ 21,849,294</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 313,837	\$ --	\$ --	\$ 313,837
Construction in progress	424,079	5,368,655	120,000	5,672,734
Total capital assets not being depreciated	<u>737,916</u>	<u>5,368,655</u>	<u>120,000</u>	<u>5,986,571</u>
Capital assets being depreciated:				
Buildings	104,740	--	--	104,740
Improvements other than buildings	44,853,898	--	--	44,853,898
Machinery and equipment	2,238,972	563,969	469,426	2,333,515
Total capital assets being depreciated	<u>47,197,610</u>	<u>563,969</u>	<u>469,426</u>	<u>47,292,153</u>
Less accumulated depreciation for:				
Buildings	(83,590)	(1,915)	--	(85,505)
Improvements other than buildings	(22,298,865)	(905,985)	--	(23,204,850)
Machinery and equipment	(1,956,863)	(82,260)	(469,426)	(1,569,697)
Total accumulated depreciation	<u>(24,339,318)</u>	<u>(990,160)</u>	<u>(469,426)</u>	<u>(24,860,052)</u>
Total capital assets being depreciated, net	<u>22,858,292</u>	<u>(426,191)</u>	<u>--</u>	<u>22,432,101</u>
Business-type activities capital assets, net	<u>\$ 23,596,208</u>	<u>\$ 4,942,464</u>	<u>\$ 120,000</u>	<u>\$ 28,418,672</u>
Depreciation was charged to functions as follows:				
General Government	\$ 18,426			
Public Safety	169,037			
Sanitation	6,578			
Streets	1,605,016			
Culture and recreation	555,385			
Development activities	11,177			
Total	<u>\$ 2,365,619</u>			

CITY OF CARTHAGE, TEXAS
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E. 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, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 3,984,650	\$ --	\$ 710,050	\$ 3,274,600	726,800
Tax & revenue certificates of obligation	1,020,000	--	115,000	905,000	120,000
Net pension liability *	1,617,261	3,645,684	--	5,262,945	--
Total OPEB liability *	297,923	--	85,378	212,545	--
Unamortized bond premium	351,643	--	53,426	298,217	53,425
Total governmental activities	<u>\$ 7,271,477</u>	<u>\$ 3,645,684</u>	<u>\$ 963,854</u>	<u>\$ 9,953,307</u>	<u>\$ 900,225</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 1,210,350	\$ --	\$ 279,950	\$ 930,400	288,200
Tax & revenue certificates of obligation	--	5,495,000	--	5,495,000	--
Net pension liability	783,052	1,867,077	--	2,650,129	--
Total OPEB liability	146,738	--	37,245	109,493	--
Unamortized bond premium	88,268	219,274	28,924	278,618	29,405
Notes from direct borrowings	3,138,294	--	159,493	2,978,801	165,208
Total business-type activities	<u>\$ 5,366,702</u>	<u>\$ 7,581,351</u>	<u>\$ 505,612</u>	<u>\$ 12,442,441</u>	<u>\$ 482,813</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, 2023, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 846,800	\$ 111,251	\$ 958,051
2025	878,450	85,846	964,296
2026	500,600	59,493	560,093
2027	356,200	44,475	400,675
2028	365,550	36,051	401,601
2029-2032	1,232,000	60,909	1,292,909
Totals	<u>\$ 4,179,600</u>	<u>\$ 398,025</u>	<u>\$ 4,577,625</u>

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Year Ending September 30,	Business-type Activities				
	Bonds		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2024	\$ 288,200	\$ 265,319	\$ 165,208	\$ 112,897	\$ 831,624
2025	301,550	256,672	171,469	106,635	836,326
2026	209,400	245,676	177,968	100,136	733,180
2027	223,800	235,569	184,713	93,392	737,474
2028	234,450	226,368	191,713	86,391	738,922
2029-2033	1,363,000	965,550	1,073,223	317,299	3,719,072
2034-2038	1,710,000	621,021	1,014,507	97,911	3,443,439
2039-2043	2,095,000	233,264	--	--	2,328,264
Totals	<u>\$ 6,425,400</u>	<u>\$ 3,049,439</u>	<u>\$ 2,978,801</u>	<u>\$ 914,661</u>	<u>\$ 13,368,301</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.

Long-term debt at September 30, 2023, 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 \$ 951,700

\$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 2,322,900

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% 905,000

Total governmental activities debt 4,179,600

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 583,300

\$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 347,100

Tax & revenue certificates of obligation:

\$5,495,000 2022 certificates of obligation due in annual installments of \$80,000 to \$455,000 through 2042; interest 4.00%-5.00% 5,495,000

Direct placement debt:

\$3,138,294 financed purchase agreement due in annual installments of \$278,104 through 2037 with interest at 3.79% 2,978,801

Total business-type activities debt 9,404,201

Total governmental and business-type activities debt \$ 13,583,801

CITY OF CARTHAGE, TEXAS
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F. 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 2023, 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.

G. Pension Plan

TEXAS MUNICIPAL RETIREMENT SYSTEM

1. Plan Description

The City participates as one of 919 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.

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 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% (Transfers)
Annuity increase	70.00%

Employees covered by benefit terms:

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

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Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	43
Active employees	74
Total covered employees	<hr/> 183

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 18.53% and 19.65% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$898,508, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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

CITY OF CARTHAGE, TEXAS
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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 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.7%
Core Fixed Income	6%	4.9%
Non-Core Fixed Income	20%	8.7%
Other Public and Private Mkts	12%	8.1%
Real Estate	12%	5.8%
Hedge Funds	5%	6.9%
Private Equity	10%	11.8%
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.

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 37,059,325	\$ 34,686,440	\$ 2,372,885
Changes for the year			
Service cost	754,542	--	754,542
Interest	2,468,092	--	2,468,092
Change of benefit terms	--	--	--
Difference between expected and actual experience	855,999	--	855,999
Changes of assumptions	--	--	--
Contributions - employer	--	857,771	(857,771)
Contributions - employee	--	324,037	(324,037)
Net investment income	--	(2,529,022)	2,529,022
Benefit payments, including refunds of employee contributions	(1,744,529)	(1,744,529)	--
Administrative expense	--	(21,910)	21,910
Other changes	--	26,145	(26,145)
Net changes	2,334,104	(3,087,508)	5,421,612
Balance at 12/31/2022	\$ 39,393,429	\$ 31,598,932	\$ 7,794,497

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.

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	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
City's net pension liability (asset)	\$ 12,818,276	\$ 7,794,497	\$ 3,637,284

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.

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,719,211.

At September 30, 2023, 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	\$ 1,105,603	\$ --
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	2,169,794	--
Contributions subsequent to the measurement date	649,698	--
Total	<u>\$ 3,925,095</u>	<u>\$ --</u>

\$649,698 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, 2024. 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:	
2023	\$ 630,339
2024	947,236
2025	723,753
2026	974,069
2027	--
Thereafter	--
	<u>\$ 3,275,397</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. The System issues a stand-alone financial report that is available to the public at 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

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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>
2022	239
2021	239

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 sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

3. Covered Membership

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

	<u>2022</u>	<u>2021</u>
Retirees and beneficiaries currently receiving benefits	3,991	3,843
Terminated members entitled to but not yet receiving benefits	1,813	1,706
Active participants	3,379	3,571

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 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

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 August 31, 2022 actuarial valuation, 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, 2022, total contributions of \$4,049,093 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,262,763 for the fiscal year ended August 31, 2022.

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, 2022 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022

Total pension liability	\$ 165,375,669
Plan fiduciary net position	124,345,593
System's net pension liability	<u>\$ 41,030,076</u>

Plan fiduciary net position as a percentage of the total pension liability	75.2%
--	-------

Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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%	6.17%
Emerging markets	5%	7.36%
Global infrastructure	5%	6.61%
Real estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Total	100%	
Weighted average		4.61%

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, 2022 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	\$ 186,015	\$ 118,577	\$ 63,967
System's net pension liability	64,365,050	41,030,076	22,133,739

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.

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

At September 30, 2023, the City reported a liability of \$118,577 for its proportionate share of the TESRS's net pension liability.

The net pension liability was measured as of August 31, 2022 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, 2021 through August 31, 2022.

For the year ended September 30, 2023, the City recognized pension expense of \$25,055.

At September 30, 2023, 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	\$ 4,514	\$ --
Difference between projected and actual investment earnings	43,729	--
Changes of assumptions	--	596
Contributions subsequent to the measurement date	14,435	--
Total	<u>\$ 62,678</u>	<u>\$ 596</u>

\$14,435 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, 2024. 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:	
2023	\$ 13,748
2024	8,535
2025	8,911
2026	16,453
	<u>\$ 47,647</u>

AGGREGATION OF PENSION RELATED BALANCES

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

	TMRS	TESRS	Total
Deferred outflows of resources related to pensions	\$ 3,925,095	\$ 62,678	\$ 3,987,773
Net pension liability	7,794,497	118,577	7,913,074
Deferred inflows of resources related to pensions	--	596	596
Pension expense/expenditures	1,719,211	25,055	1,744,266

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

H. Other Post-Employment Benefits

Supplemental Death Benefits Plan

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	14
Active employees	74
Total	<u>142</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 0.20% and 0.22% in calendar years 2022 and 2023, respectively. The City's contributions to the SDBF for the year ended September 30, 2023 were \$9,963, and were equal to the required contributions.

4. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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5. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2022 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	4.05%
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.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period from 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 4.05% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

6. Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability - December 31, 2021	\$ 444,661
Changes for the year:	
Service cost	15,739
Interest on total OPEB liability	8,241
Differences between expected and actual experience	6,510
Changes in assumptions or other inputs	(143,855)
Benefit payments	(9,258)
Net changes	(122,623)
Total OPEB liability - December 31, 2022	\$ 322,038

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 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.05%) or 1% higher (5.05%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
City's total OPEB liability	\$ 377,999	\$ 322,038	\$ 277,385

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$10,839. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,827	\$ --
Change in assumptions and other inputs	--	79,281
Contributions made subsequent to measurement date	7,274	--
Total	<u>\$ 9,101</u>	<u>\$ 79,281</u>

\$7,274 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, 2024. 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:	
2023	\$ (11,584)
2024	(18,096)
2025	(27,565)
2026	(20,209)
2027	--
Thereafter	--
	<u>\$ (77,454)</u>

I. 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, 2023.

3. The City has the following contractual commitments as of September 30, 2023:

Wastewater Treatment Plant Phase 1	\$ 539,243
Elevated Storage Tank Rehabilitation	108,047
Water and Sewer Line Replacement	443,642
Water Meter Replacement	444,455
	<u>\$ 1,535,387</u>

These projects will be paid for with grant and certificate of obligation proceeds held in the Water and Sewer Fund.

J. Tax Abatements

1. Property Tax Abatements

The City enters into property tax abatement agreements with local businesses under Texas Local Government

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023:

Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Expand and retain local businesses	60%	\$ 3,717
Build a business park	100%	3,433
		<u>\$ 7,150</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 \$124,054 to the developer with \$23,224 of that amount occurring during the year ended September 30, 2023.

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 \$47,806 to the developer with \$6,828 of that amount occurring during the year ended September 30, 2023.

K. 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 \$15,749.

All cost estimates are in 2022 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.

L. 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 \$	1,760,962 \$	977,566 \$	--	\$ 2,738,528
Sales and beverage taxes	5,342,343	--	1,772,670	7,115,013
Hotel occupancy tax	--	--	417,291	417,291
	<u>\$ 7,103,305</u>	<u>\$ 977,566</u>	<u>\$ 2,189,961</u>	<u>\$ 10,270,832</u>

CITY OF CARTHAGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

M. Fund Balance

Certain fund balances are restricted to special purposes as follows:

	General Fund	Other Governmental Funds	Total
Tourism and promotion	\$ --	\$ 349,012	\$ 349,012
Main street program	16,408	--	16,408
Municipal court security and technology	70,117	--	70,117
Time payment fee	4,564	--	4,564
Truancy prevention	19,815	--	19,815
Municipal court jury fee	342	--	342
Omni reimb payment fund	15	--	15
Police department - equip/training	29,845	--	29,845
Park donations	10,029	--	10,029
Cable PEG fees	2,988	--	2,988
Opioid settlement	3,386	--	3,386
Police department drug seizure funds	--	35,247	35,247
	<u>\$ 157,509</u>	<u>\$ 384,259</u>	<u>\$ 541,768</u>

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

Tourism and promotion	\$ 349,012
Main street program	16,408
Municipal court security and technology	70,117
Time payment fee	4,564
Truancy prevention	19,815
Municipal court jury fee	342
Omni reimb payment fund	15
Police department - equip/training	29,845
Park donations	10,029
Cable PEG fees	2,988
Opioid settlement	3,386
Police department drug seizure funds	35,247
	<u>\$ 541,768</u>

N. Subsequent Events

Management has evaluated subsequent events through February 21, 2024, the date on which the financial statements were available to be issued.

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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 August 31, **									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.289%	0.256%	0.247%	0.228%	0.307%	0.281%	0.296%	0.270%	0.271%	--
City's proportionate share of the net pension liability (asset)	\$ 118,577	\$ 27,428	\$ 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	41,571	10,501	24,830	27,255	25,534	32,842	45,556	38,235	25,134	--
Total	<u>\$ 160,148</u>	<u>\$ 37,929</u>	<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>
City's covered-employee 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-employee 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	75.20%	93.10%	83.20%	80.25%	84.30%	81.40%	76.30%	76.90%	83.50%	--

* 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.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 14,435	\$ 12,276	\$ 6,192	\$ 11,520	\$ 10,228	\$ 14,720	\$ 13,572	\$ 13,572	\$ 12,276	\$ --
Contributions in relation to the contractually required contribution	(14,435)	(12,276)	(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-employee payroll	N/A	\$ N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ --
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	--

* 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
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Measurement Period									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability:										
Service cost	\$ 754,542	\$ 742,751	\$ 689,616	\$ 643,792	\$ 643,893	\$ 645,677	\$ 673,594	\$ 649,973	\$ 599,056	\$ --
Interest	2,468,092	2,306,711	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	855,999	1,050,632	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	(1,744,529)	(1,685,783)	(1,740,309)	(1,580,095)	(1,635,503)	(1,598,287)	(1,839,984)	(1,340,608)	(1,291,855)	--
Net change in total pension liability	2,334,104	2,414,311	1,277,666	1,146,541	369,181	1,008,048	821,335	929,174	1,149,199	--
Total pension liability - beginning	37,059,325	34,645,014	33,367,348	32,220,807	31,851,626	30,843,578	30,022,243	29,093,069	27,943,870	--
Total pension liability - ending (a)	\$ 39,393,429	\$ 37,059,325	\$ 34,645,014	\$ 33,367,348	\$ 32,220,807	\$ 31,851,626	\$ 30,843,578	\$ 30,022,243	\$ 29,093,069	\$ --
Plan fiduciary net position:										
Contributions - employer	\$ 857,771	\$ 854,233	\$ 764,984	\$ 754,825	\$ 741,657	\$ 729,339	\$ 785,527	\$ 794,456	\$ 785,128	\$ --
Contributions - employee	324,037	321,140	297,982	281,659	280,476	280,053	297,266	298,255	282,130	--
Net investment income	(2,529,022)	4,058,119	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	(1,744,529)	(1,685,783)	(1,740,309)	(1,580,095)	(1,635,503)	(1,598,287)	(1,839,984)	(1,340,608)	(1,291,855)	--
Administrative expense	(21,910)	(18,794)	(14,541)	(22,829)	(15,973)	(17,789)	(18,261)	(21,715)	(13,785)	--
Other	26,145	128	(568)	(687)	(834)	(901)	(984)	(1,073)	(1,133)	--
Net change in plan fiduciary net position	(3,087,508)	3,529,043	1,552,754	3,470,605	(1,456,343)	2,824,282	840,373	(235,035)	1,080,749	--
Plan fiduciary net position - beginning	34,686,440	31,157,397	29,604,643	26,134,038	27,590,381	24,766,099	23,925,726	24,160,761	23,080,012	--
Plan fiduciary net position - ending (b)	\$ 31,598,932	\$ 34,686,440	\$ 31,157,397	\$ 29,604,643	\$ 26,134,038	\$ 27,590,381	\$ 24,766,099	\$ 23,925,726	\$ 24,160,761	\$ --
City's net pension liability - ending (a) - (b)	\$ 7,794,497	\$ 2,372,885	\$ 3,487,617	\$ 3,762,705	\$ 6,086,769	\$ 4,261,245	\$ 6,077,479	\$ 6,096,517	\$ 4,932,308	\$ --
Plan fiduciary net position as a percentage of the total pension liability	80.21%	93.60%	89.93%	88.72%	81.11%	86.62%	80.30%	79.69%	83.05%	--
Covered-employee payroll	\$ 4,629,093	\$ 4,587,717	\$ 4,256,887	\$ 4,023,698	\$ 3,941,775	\$ 3,998,001	\$ 4,191,622	\$ 4,174,524	\$ 4,030,428	\$ --
City's net pension liability as a percentage of covered-employee payroll	168.38%	51.72%	81.93%	93.51%	154.42%	106.58%	144.99%	146.04%	122.38%	--

* 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 898,508	\$ 855,359	\$ 771,612	\$ 766,327	\$ 745,195	\$ 719,965	\$ 734,606	\$ 825,193	\$ 778,943	--
Contributions in relation to the actuarially determined contribution	(898,508)	(855,359)	(771,612)	(766,327)	(745,195)	(719,965)	(734,606)	(825,193)	(778,943)	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 4,649,094	\$ 4,609,595	\$ 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-employee payroll	19.33%	18.56%	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
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Single Discount Rate	6.75%
Long-Term Expected Rate	6.75%
Municipal Bond Rate as of Aug. 2022	4.05% - The Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	N/A
Inflation	2.5%
Salary Increases	3.5% to 11.5%, including inflation
Ad hoc post-employment benefit changes	None

* 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 THE CITY'S OPEB CONTRIBUTIONS

SUPPLEMENTAL DEATH BENEFITS FUND ADMINISTERED BY TEXAS MUNICIPAL RETIREMENT SYSTEM

LAST TEN FISCAL YEARS *

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 9,963	\$ 9,087	\$ 7,006	\$ 3,219	\$ 3,115	\$ 2,689	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to actuarially determined contribution	(9,963)	(9,087)	(7,006)	(3,219)	(3,115)	(2,689)	--	--	--	--
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-employee payroll	\$ 4,649,094	\$ 4,609,595	\$ 4,271,580	\$ 4,023,700	\$ 4,014,461	\$ 3,974,170	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.21%	0.20%	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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	\$ 15,739	\$ 16,516	\$ 12,771	\$ 8,450	\$ 9,616	\$ 8,396	\$ --	\$ --	\$ --	\$ --
Interest	8,241	8,407	9,592	11,137	10,569	10,506	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	6,510	(760)	804	(24,193)	(14,987)	--	--	--	--	--
Changes of assumptions or other inputs	(143,855)	12,743	52,610	54,365	(20,737)	24,459	--	--	--	--
Benefit payments	(9,258)	(8,717)	(3,406)	(3,219)	(2,805)	(2,399)	--	--	--	--
Net change in total OPEB liability	(122,623)	28,189	72,371	46,540	(18,344)	40,962	--	--	--	--
Total OPEB liability - beginning	444,661	416,472	344,101	297,561	315,905	274,943	--	--	--	--
Total OPEB liability - ending	<u>\$ 322,038</u>	<u>\$ 444,661</u>	<u>\$ 416,472</u>	<u>\$ 344,101</u>	<u>\$ 297,561</u>	<u>\$ 315,905</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll	\$ 4,629,093	\$ 4,587,717	\$ 4,256,887	\$ 4,023,698	\$ 4,006,799	\$ 3,998,001	\$ --	\$ --	\$ --	\$ --
Total OPEB liability as a percentage of covered-employee payroll	6.96%	9.69%	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, 2023**

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

Drug Seizure Fund:

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

CITY OF CARTHAGE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023

	Drug Seizure Fund	Hotel/Motel Occupancy Tax Fund
ASSETS:		
Cash and temporary investments	\$ 35,247	\$ 337,948
Receivables (net of allowances):		
Sales tax receivable	--	--
Other receivable	--	36,394
Note receivable	--	--
Prepaid items	--	--
Total Assets	<u>\$ 35,247</u>	<u>\$ 374,342</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:		
Liabilities:		
Accounts payable	\$ --	\$ 25,330
Total Liabilities	<u>--</u>	<u>25,330</u>
 Total Liabilities and Deferred Inflows of Resources	<u>--</u>	<u>25,330</u>
Fund Balances:		
Nonspendable: Prepaid Items	--	--
Nonspendable: Notes Receivable	--	--
Restricted For:		
Economic development	--	--
Other purposes	35,247	349,012
Total Fund Balance	<u>35,247</u>	<u>349,012</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 35,247</u>	<u>\$ 374,342</u>

EXHIBIT B-1

Carthage Economic Development Corporation	Carthage Improvement Corporation	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
\$ 2,202,410	\$ 2,165,512	\$ 4,741,117
63,632	63,632	127,264
--	--	36,394
362,477	--	362,477
--	23,250	23,250
<u>\$ 2,628,519</u>	<u>\$ 2,252,394</u>	<u>\$ 5,290,502</u>
\$ 46,500	\$ --	\$ 71,830
46,500	--	71,830
<u>46,500</u>	<u>--</u>	<u>71,830</u>
--	23,250	23,250
362,477	--	362,477
2,219,542	2,229,144	4,448,686
--	--	384,259
<u>2,582,019</u>	<u>2,252,394</u>	<u>5,218,672</u>
<u>\$ 2,628,519</u>	<u>\$ 2,252,394</u>	<u>\$ 5,290,502</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, 2023

	Drug Seizure Fund	Hotel/Motel Occupancy Tax Fund
Revenues:		
Taxes	\$ --	\$ 417,291
Interest revenue	--	--
Total Revenues	--	417,291
Expenditures:		
Public safety	10,098	--
Developmental activities	--	413,157
Total Expenditures	10,098	413,157
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(10,098)	4,134
Other Financing Sources (Uses):		
Sale of capital assets	--	--
Total Other Financing Sources (Uses)	--	--
Net Change in Fund Balances	(10,098)	4,134
Fund Balances - Beginning	45,345	344,878
Fund Balances - Ending	\$ 35,247	\$ 349,012

EXHIBIT B-2

Carthage Economic Development Corporation	Carthage Improvement Corporation	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
\$ 886,335	\$ 886,335	\$ 2,189,961
42,702	41,761	84,463
<u>929,037</u>	<u>928,096</u>	<u>2,274,424</u>
--	--	10,098
394,783	129,737	937,677
<u>394,783</u>	<u>129,737</u>	<u>947,775</u>
534,254	798,359	1,326,649
370,450	--	370,450
<u>370,450</u>	<u>--</u>	<u>370,450</u>
904,704	798,359	1,697,099
1,677,315	1,454,035	3,521,573
<u>\$ 2,582,019</u>	<u>\$ 2,252,394</u>	<u>\$ 5,218,672</u>

CITY OF CARTHAGE, TEXAS
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 350,000	\$ 350,000	\$ 417,291	\$ 67,291
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>417,291</u>	<u>67,291</u>
Expenditures:				
Developmental activities	<u>411,670</u>	<u>411,670</u>	<u>413,157</u>	<u>(1,487)</u>
Total Expenditures	<u>411,670</u>	<u>411,670</u>	<u>413,157</u>	<u>(1,487)</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(61,670)	(61,670)	4,134	65,804
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(61,670)	(61,670)	4,134	65,804
Fund Balances - Beginning	<u>344,878</u>	<u>344,878</u>	<u>344,878</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 283,208</u>	<u>\$ 283,208</u>	<u>\$ 349,012</u>	<u>\$ 65,804</u>

CITY OF CARTHAGE, TEXAS

CARTHAGE ECONOMIC DEVELOPMENT CORPORATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-4

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 625,000	\$ 625,000	\$ 886,335	\$ 261,335
Interest revenue	8,000	8,000	42,702	34,702
Total Revenues	<u>633,000</u>	<u>633,000</u>	<u>929,037</u>	<u>296,037</u>
Expenditures:				
Developmental activities	<u>633,000</u>	<u>633,000</u>	<u>394,783</u>	<u>238,217</u>
Total Expenditures	<u>633,000</u>	<u>633,000</u>	<u>394,783</u>	<u>238,217</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	--	--	534,254	534,254
Other Financing Sources (Uses):				
Sale of capital assets	--	--	370,450	370,450
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>370,450</u>	<u>370,450</u>
Net Change in Fund Balances	--	--	904,704	904,704
Fund Balances - Beginning	<u>1,677,315</u>	<u>1,677,315</u>	<u>1,677,315</u>	--
Fund Balances - Ending	<u>\$ 1,677,315</u>	<u>\$ 1,677,315</u>	<u>\$ 2,582,019</u>	<u>\$ 904,704</u>

CITY OF CARTHAGE, TEXAS
CARTHAGE IMPROVEMENT CORPORATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-5

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 625,000	\$ 625,000	\$ 886,335	\$ 261,335
Interest revenue	4,000	4,000	41,761	37,761
Total Revenues	<u>629,000</u>	<u>629,000</u>	<u>928,096</u>	<u>299,096</u>
Expenditures:				
Developmental activities	<u>629,000</u>	<u>629,000</u>	<u>129,737</u>	<u>499,263</u>
Total Expenditures	<u>629,000</u>	<u>629,000</u>	<u>129,737</u>	<u>499,263</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	--	--	798,359	798,359
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	--	798,359	798,359
Fund Balances - Beginning	1,454,035	1,454,035	1,454,035	--
Fund Balances - Ending	<u>\$ 1,454,035</u>	<u>\$ 1,454,035</u>	<u>\$ 2,252,394</u>	<u>\$ 798,359</u>

CITY OF CARTHAGE, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 863,052	\$ 863,052	\$ 977,566	\$ 114,514
Total Revenues	<u>863,052</u>	<u>863,052</u>	<u>977,566</u>	<u>114,514</u>
Expenditures:				
Debt service - principal	825,050	825,050	825,050	--
Debt service - interest and fees	<u>138,002</u>	<u>138,002</u>	<u>137,870</u>	<u>132</u>
Total Expenditures	<u>963,052</u>	<u>963,052</u>	<u>962,920</u>	<u>132</u>
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	(100,000)	(100,000)	14,646	114,646
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(100,000)	(100,000)	14,646	114,646
Fund Balances - Beginning	185,230	185,230	185,230	--
Fund Balances - Ending	<u>\$ 85,230</u>	<u>\$ 85,230</u>	<u>\$ 199,876</u>	<u>\$ 114,646</u>

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STATISTICAL SECTION

Unaudited

STATISTICAL SECTION (UNAUDITED)

This section of the City's ACFR 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.

<u>CONTENTS</u>	<u>PAGES</u>
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time.	78-82
REVENUE CAPACITY	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and sales tax.	83-91
DEBT CAPACITY	
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.	92-96
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	97-99
OPERATING INFORMATION	
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.	100-104

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			
	Net Investment in Capital	Restricted	Unrestricted	Net Investment in Capital	Restricted	Unrestricted	Total
	Assets			Assets			
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
2022	20,925,927	3,867,108	4,258,000	22,357,499	1,367,482	2,365,203	55,141,219
2023	19,659,145	5,547,954	6,519,814	23,821,767	155,323	1,489,771	57,193,774

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

TABLE 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General government and administration	\$ 1,358,432	\$ 1,196,190	\$ 1,151,631	\$ 1,093,121	\$ 1,199,500	\$ 1,235,014	\$ 2,484,742	\$ 2,401,264	\$ 2,173,622	\$ 2,522,899
Public safety	3,859,964	3,030,145	2,877,708	3,037,726	2,781,056	2,963,172	2,160,532	2,166,666	2,118,158	2,140,931
Sanitation	464,043	460,463	994,274	1,321,468	1,300,860	1,265,612	1,270,092	1,311,584	1,208,456	1,299,467
Main street program	204,979	136,676	130,398	139,966	139,315	130,223	97,166	100,296	87,801	61,945
Building inspections	298,035	304,760	259,821	298,123	284,890	209,362	216,958	208,012	204,332	
Streets	2,604,000	2,786,658	2,694,200	2,670,506	2,414,259	2,588,096	2,823,226	2,619,414	2,525,843	2,630,635
Cultural and recreation	872,443	867,221	720,907	770,697	714,472	719,506	670,611	660,392	717,615	783,246
Developmental activities	821,708	904,003	500,630	617,891	662,427	684,903	638,705	721,687	1,073,070	685,969
Debt issuance costs	-	-	112,669	-	-	-	-	155,504	-	81,500
Interest on long term debt	78,175	100,639	104,640	162,782	188,030	212,907	241,462	229,412	297,034	243,833
Total government activities	10,561,779	9,786,755	9,546,878	10,112,280	9,694,300	10,084,323	10,595,898	10,583,177	10,409,611	10,654,757
Business-type activities:										
Water and sewer	6,868,614	5,326,158	5,008,261	5,068,310	5,360,845	5,190,720	5,018,300	5,471,758	5,486,629	5,068,224
Total business-type activities	6,868,614	5,326,158	5,008,261	5,068,310	5,360,845	5,190,720	5,018,300	5,471,758	5,486,629	5,068,224
Total governmental expenses	17,430,393	15,112,913	14,555,139	15,180,590	15,055,145	15,275,043	15,614,198	16,054,935	15,896,240	15,722,981
Program Revenues										
Governmental Activities:										
General government and administration	19,124	17,444	16,923	8,156	5,398	13,000	14,624	11,509	11,760	14,092
Public safety	191,222	186,071	190,086	232,937	225,050	191,861	187,387	172,304	205,288	203,994
Sanitation	744,789	738,169	1,095,594	1,283,053	1,271,083	1,357,844	1,304,273	1,305,057	1,335,855	1,247,096
Main street program	32,295	3,620	1,430	3,885	5,944	4,227	5,580	9,905	6,938	7,508
Building inspections	160,233	86,943	65,385	74,269	51,775	61,205	49,111	89,761	69,121	162,907
Streets	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Cultural and recreation	120,830	121,405	91,575	66,465	150,993	190,215	169,607	188,938	183,690	192,697
Developmental activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	54,543	14,157	297,532	122,193	13,342	61,610	1,623	1,645	1,669	1,615
Capital grants and contributions	35,029	73,814	678,199	61,656	316,639	-	80,000	38	413,714	61,744
Total governmental activities	1,808,065	1,691,623	2,886,724	2,302,614	2,490,224	2,329,962	2,262,205	2,229,157	2,678,035	2,341,653
Business-type activities:										
Water and sewer	5,813,195	4,957,252	4,976,267	4,827,668	5,121,188	5,090,463	5,028,541	5,118,907	5,129,792	5,163,036
Operating grants	20,000	-	-	-	-	-	-	-	-	-
Capital grants and contributions	11,250	799,905	796,756	269,500	-	-	-	-	-	-
Total business-type activities	5,844,445	5,757,157	5,773,023	5,097,168	5,121,188	5,090,463	5,028,541	5,118,907	5,129,792	5,163,036
Total program revenues	7,652,510	7,448,780	8,659,747	7,399,782	7,611,412	7,420,425	7,290,746	7,348,064	7,807,827	7,504,689
Net (Expenses) Revenues (1)										
Governmental activities	(8,753,714)	(8,095,132)	(6,660,154)	(7,809,666)	(7,204,076)	(7,754,361)	(8,333,693)	(8,354,020)	(7,731,576)	(8,313,104)
Business-type activities	(1,024,169)	430,999	764,762	28,858	(239,657)	(100,257)	10,241	(352,851)	(356,837)	94,812
Total net (expenses)	(9,777,883)	(7,664,133)	(5,895,392)	(7,780,808)	(7,443,733)	(7,854,618)	(8,323,452)	(8,706,871)	(8,088,413)	(8,218,292)
General Revenues										
Governmental Activities:										
Ad valorem taxes	2,734,267	2,672,829	2,587,228	2,641,594	2,465,581	2,453,114	2,493,718	2,485,900	2,330,869	2,237,967
Sales taxes	7,115,013	6,052,258	5,147,105	5,106,002	5,200,231	4,171,700	3,549,992	3,594,191	4,129,229	4,159,216
Occupancy taxes	417,291	386,879	356,455	305,254	342,288	319,316	245,864	229,645	326,256	298,018
Franchise fees	603,341	582,634	528,853	390,839	402,112	414,093	404,610	503,611	429,160	449,145
(all based on gross receipts)										
Interest income	416,505	66,267	50,725	51,230	51,262	36,622	26,856	25,882	23,595	29,847
Miscellaneous	143,175	51,021	40,296	37,144	32,915	60,425	44,291	31,544	62,447	482,500
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)
Total governmental activities	11,429,592	9,811,888	8,715,962	8,542,666	8,165,078	7,261,710	6,583,745	4,755,948	7,017,384	6,432,752
Business-type Activities:										
Interest income	382,157	48,460	33,989	38,224	38,039	22,914	14,968	12,511	10,695	10,292
Gain (loss) on disposition of assets	-	-	-	-	(47,365)	-	-	-	-	-
Grant revenue	-	-	-	-	5,500	-	-	-	-	-
Miscellaneous	18,688	9,054	17,502	-	-	2,850	-	-	-	230,695
Transfers	-	-	-	-	355,078	215,075	224,250	2,124,325	293,044	1,223,941
Total business-type activities	400,845	57,514	51,491	38,224	351,252	240,839	239,218	2,136,836	303,739	1,464,928
Total general revenue	11,830,437	9,869,402	8,767,453	8,580,890	8,516,330	7,502,549	6,822,963	6,892,784	7,321,123	7,897,680
Change in Net Position										
Governmental activities	2,675,878	1,716,756	2,055,808	733,000	961,002	(492,651)	(1,749,948)	(3,598,072)	(714,192)	(1,880,352)
Business-type activities	(623,324)	488,513	816,253	67,082	111,595	140,582	249,459	1,783,985	(53,098)	1,559,740
Total change in net position	\$ 2,052,554	\$ 2,205,269	\$ 2,872,061	\$ 800,082	\$ 1,072,597	\$ (352,069)	\$ (1,500,489)	\$ (1,814,087)	\$ (767,290)	\$ (320,612)

(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.

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

TABLE 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>General Fund</u>										
Nonspendable	\$ 53,594	\$ 55,022	\$ 39,752	\$ 41,943	\$ 38,060	\$ 35,390	\$ 42,402	\$ 29,448	\$ 32,291	\$ 12,522
Restricted	74,985	71,931	59,476	59,883	96,159	204,372	311,157	293,748	160,304	163,987
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	125,851	109,650	144,350	145,352	151,693	17,796	49,126	80,193	111,635
Unassigned	3,406,929	3,675,436	3,661,865	4,147,290	4,628,048	5,914,635	6,624,927	7,838,371	9,271,630	11,532,848
Total general fund	3,535,508	3,928,240	3,870,743	4,393,466	4,907,619	6,306,090	6,996,282	8,210,693	9,544,418	11,820,992
<u>All Other Governmental Funds</u>										
Nonspendable	-	-	-	-	-	-	-	-	-	385,727
Restricted	1,920,530	1,896,349	3,039,053	1,843,054	1,841,964	1,998,890	2,594,102	3,409,188	3,706,803	5,032,821
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(9,960)	(18,687)	(16,193)	(18,686)	(11,854)	(175)	-	-	-	-
Total all other governmental funds	1,910,570	1,877,662	3,022,860	1,824,368	1,830,110	1,998,715	2,594,102	3,409,188	3,706,803	5,418,548
Total governmental fund balances	<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>	<u>\$ 13,251,221</u>	<u>\$ 17,239,540</u>

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

TABLE 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	7,155,369	7,220,310	6,811,029	6,684,655	7,353,803	8,406,672	8,442,053	8,089,082	9,116,552	10,270,832
Franchise fees	-	-	-	-	-	-	-	528,853	582,634	603,341
Licenses and permits	162,907	69,121	89,761	49,111	61,205	51,775	74,269	65,385	86,943	160,233
Sanitation collections	1,247,096	1,335,855	1,305,057	1,304,273	1,357,844	1,271,083	1,283,053	1,095,594	738,169	744,789
Fines - municipal court	203,028	205,288	172,304	187,387	191,861	221,406	226,757	190,086	186,071	150,722
Investment earnings	29,847	23,595	25,882	26,856	36,622	51,262	51,230	50,725	66,266	416,505
Miscellaneous revenues	87,563	230,015	78,602	72,449	87,161	46,228	54,493	62,592	65,051	187,770
Grant revenue	63,359	279,555	1,683	1,623	1,610	213,342	139,693	634,328	38,641	54,543
Rents and leases	623,509	617,064	622,797	610,025	630,706	602,667	517,337	542,930	573,318	572,281
Donations	436,054	600	-	80,000	60,000	116,639	44,156	341,403	49,330	35,029
Total revenues	10,008,732	9,981,403	9,107,115	9,016,379	9,780,812	10,981,074	10,833,041	11,600,978	11,502,975	13,196,045
Expenditures:										
General government	574,138	409,948	441,584	405,343	521,120	477,405	473,023	480,096	498,717	507,852
Public safety	2,001,832	2,037,683	2,096,694	2,137,243	2,923,224	2,766,702	3,276,036	3,046,233	3,218,077	3,613,467
Sanitation	1,291,338	1,200,327	1,303,455	1,261,963	1,257,578	1,293,273	1,313,883	986,687	453,742	465,860
Main street program	61,945	267,436	100,296	97,166	130,223	139,315	198,498	535,198	200,732	186,095
Building inspections	204,332	216,262	216,958	209,362	284,890	294,381	298,123	299,965	340,831	261,983
Streets	1,652,922	928,988	1,219,504	1,666,428	963,176	805,500	1,069,447	1,190,203	1,295,011	1,241,538
Culture and recreation	1,874,277	280,033	280,188	220,043	315,102	890,984	458,072	830,888	551,843	441,442
Developmental activities	751,990	1,067,213	838,250	661,580	717,125	649,389	612,344	505,847	1,641,268	937,677
Non-departmental	2,055,819	1,866,840	1,794,060	1,771,719	768,529	701,284	689,437	688,896	712,515	977,692
Debt issuance costs	81,500	-	153,263	-	-	-	-	104,640	-	-
Debt service:										
Principal	688,039	751,063	795,579	800,987	931,785	842,045	963,900	855,600	803,900	825,050
Interest and fees	306,118	306,992	232,629	286,846	255,243	231,559	205,302	153,248	160,119	137,870
Total expenditures	11,544,250	9,332,785	9,442,460	9,518,680	9,067,995	9,091,837	9,558,065	9,677,501	9,876,755	9,596,526
Excess(deficiency) of revenues over(under) expenditures	(1,535,518)	648,618	(335,345)	(502,301)	712,817	1,889,237	1,274,976	1,923,477	1,626,220	3,599,519
Other financing sources(uses):										
Bonds issued	1,500,000	-	1,445,000	-	-	-	-	-	-	-
Refunding bond proceeds	-	-	2,666,000	-	-	-	-	3,127,650	-	-
Bond premiums	-	-	398,196	-	-	-	-	206,574	-	-
Payment to refunded bond escrow agent	-	-	(961,825)	-	-	-	-	(3,228,206)	-	-
Lease proceeds	132,000	-	-	-	-	-	-	-	-	-
Sale of assets	-	4,251	-	50,780	22,155	32,917	10,603	-	5,121	388,800
Transfers in	184,378	540,010	384,051	736,481	716,087	674,975	442,507	206,999	25,981	-
Transfers out	(1,408,319)	(833,055)	(2,508,376)	(960,731)	(931,162)	(1,030,054)	(442,507)	(206,999)	(25,981)	-
Total other financing sources(uses)	408,059	(288,794)	1,423,046	(173,470)	(192,920)	(322,162)	10,603	106,018	5,121	388,800
Net change in fund balances	\$ (1,127,459)	\$ 359,824	\$ 1,087,701	\$ (675,771)	\$ 519,897	\$ 1,567,075	\$ 1,285,579	\$ 2,029,495	\$ 1,631,341	\$ 3,988,319
Debt service as a percentage of noncapital expenditures	9.4%	12.8%	13.0%	12.3%	13.4%	12.9%	13.1%	11.8%	11.0%	11.4%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OPERATING REVENUES										
Charges for services	\$ 5,844,445	\$ 4,957,252	\$ 4,976,267	\$ 4,817,700	\$ 5,109,757	\$ 5,017,495	\$ 5,016,788	\$ 5,117,852	\$ 5,115,957	\$ 5,138,431
Other revenues	18,688	9,054	17,502	9,968	11,431	72,968	11,753	1,055	13,835	24,605
TOTAL OPERATING REVENUES	5,863,133	4,966,306	4,993,769	4,827,668	5,121,188	5,090,463	5,028,541	5,118,907	5,129,792	5,163,036
OPERATING EXPENSES										
Salaries and fringe benefits	2,542,881	1,828,724	1,917,474	1,946,481	2,136,834	1,852,351	1,806,806	2,004,275	1,985,151	1,855,975
Contractual services	180,346	148,107	143,505	208,940	202,515	208,395	240,342	230,921	228,290	169,038
Depreciation	990,160	952,950	959,751	966,579	974,203	983,611	1,002,403	1,030,825	1,038,548	981,836
Supplies and maintenance	1,249,370	1,107,828	828,331	801,790	864,085	866,721	760,518	797,917	762,923	634,695
Utilities and telephone	428,973	325,781	320,484	303,509	323,352	370,146	281,670	333,100	310,017	234,518
Water purchases	311,045	246,985	135,302	134,581	124,401	139,410	124,032	119,316	148,334	122,892
Street usage fee	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Insurance	109,262	100,258	94,162	96,521	97,899	96,558	95,403	110,936	127,028	114,636
Other expenses	102,467	94,111	97,000	92,476	108,809	109,577	102,596	117,360	156,634	123,827
TOTAL OPERATING EXPENSES	6,364,504	5,254,744	4,946,009	5,000,877	5,282,098	5,076,769	4,863,770	5,194,650	5,206,925	4,687,417
OPERATING INCOME (LOSS)	(501,371)	(288,438)	47,760	(173,209)	(160,910)	13,694	164,771	(75,743)	(77,133)	475,619
NONOPERATING REVENUES (EXPENSES)										
Interest income	382,157	48,460	33,989	38,224	38,039	22,914	14,968	12,511	10,695	10,292
Interest expense & related fees	(361,768)	(71,414)	(51,035)	(67,433)	(78,747)	(113,951)	(154,530)	(277,108)	(263,033)	(380,807)
Debt issuance costs	(205,363)	-	(24,617)	-	-	-	-	-	-	-
Gain (loss) on asset disposition	63,021	-	13,400	-	(47,365)	2,850	-	-	(16,671)	-
Donations	-	-	-	-	-	-	-	-	-	230,695
TOTAL NONOPERATING REVENUES (EXPENSES)	(121,953)	(22,954)	(28,263)	(29,209)	(88,073)	(88,187)	(139,562)	(264,597)	(269,009)	(139,820)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS	(623,324)	(311,392)	19,497	(202,418)	(248,983)	(74,493)	25,209	(340,340)	(346,142)	335,799
TRANSFERS AND CAPITAL GRANTS										
Transfers in	-	-	-	-	355,078	215,075	224,250	2,124,325	293,044	1,223,941
Transfers out	-	-	-	-	-	-	-	-	-	-
Capital Grants	-	799,905	796,756	269,500	5,500	-	-	-	-	-
TOTAL TRANSFERS AND CAPITAL GRANTS	-	799,905	796,756	269,500	360,578	215,075	224,250	2,124,325	293,044	1,223,941
CHANGE IN NET POSITION	(623,324)	488,513	816,253	67,082	111,595	140,582	249,459	1,783,985	(53,098)	1,559,740
TOTAL NET POSITION - BEGINNING	26,090,185	25,601,671	24,785,418	24,718,336	24,606,742	24,556,283	24,306,824	22,522,838	24,102,177	22,542,437
Prior period adjustments	-	-	-	-	-	(90,123)	-	-	(1,526,241)	-
TOTAL NET POSITION - ENDING	\$ 25,466,861	\$ 26,090,184	\$ 25,601,671	\$ 24,785,418	\$ 24,718,337	\$ 24,606,742	\$ 24,556,283	\$ 24,306,823	\$ 22,522,838	\$ 24,102,177

**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>
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
2022	559,999,126	84,681,200	644,680,326	0.6014
2023	579,142,311	99,237,790	678,380,101	0.5800

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)	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
	2022	0.36790	0.23350	0.60140	0.57249	1.19610	0.27775	2.64774
	2023	0.36780	0.21220	0.58000	0.45926	1.08460	0.21847	2.34233
Tax Levies	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
	2022	1,593,729	965,805	2,605,242	22,941,750	35,566,934	11,472,121	72,586,047
	2023	1,695,661	978,301	2,673,962	23,732,413	50,005,948	12,810,172	89,222,495

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	
2014	2,236,857	2,187,424	97.79%	39,899	2,227,323	99.57%	9,534
2015	2,369,319	2,244,369	94.73%	115,192	2,359,561	99.59%	9,758
2016	2,544,240	2,486,781	97.74%	46,795	2,533,576	99.58%	10,664
2017	2,565,178	2,469,539	96.27%	65,346	2,534,885	98.82%	30,293
2018	2,453,873	2,377,510	96.89%	55,610	2,433,120	99.15%	20,753
2019	2,466,756	2,341,065	94.90%	105,364	2,446,429	99.18%	20,327
2020	2,633,293	2,489,618	94.54%	122,527	2,612,145	99.20%	21,148
2021	2,581,902	2,456,525	95.14%	100,909	2,557,434	99.05%	24,468
2022	2,605,242	2,474,347	94.98%	99,416	2,573,763	98.79%	31,479
2023	2,673,962	2,612,769	97.71%	-	2,612,769	97.71%	61,193

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, 2023**

TABLE 9

Taxable Assessed Value by Tax Year

Taxpayer	Type of Business	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Genpack LLC	Manufacturing	15,840,500	8,065,940	7,029,990	11,772,260	12,881,830	11,862,180	12,320,010	14,216,380	12,919,840	11,971,910
TGNR East Texas LLC (MIN-WI)	Oil & Gas Interests	10,881,680	9,521,720	5,224,090	-	-	-	-	-	-	-
AEP Southwestern Electric Power Co.	Electric Utility	7,336,210	7,313,680	6,291,960	6,261,030	5,044,200	4,630,470	4,819,140	-	4,672,070	-
Pinnergy Ltd	Oil & Gas Interests	7,014,480	7,934,550	8,293,960	7,953,650	5,532,430	4,941,080	4,307,240	5,724,810	6,245,540	4,880,670
Loves Travel Stops & Country Store	Gas & Convenience Store	6,843,290	-	-	-	-	-	-	-	-	-
Exxon Mobil Corp.	Oil & Gas Interests	5,956,870	5,095,390	3,121,100	3,446,980	-	-	-	-	-	16,866,290
Jim Pattison Dev US Inc	Manufacturing	5,812,780	6,149,710	6,164,890	6,171,180	-	-	-	-	-	-
BNSF Railway Co	Transportation	5,003,670	4,439,550	4,076,190	3,936,620	3,652,780	3,320,030	-	-	-	-
XTO Energy Inc.	Oil & Gas Interests	4,536,960	-	-	-	4,351,890	4,205,230	-	-	-	-
Wal-Mart Stores Texas LP	Department Store	4,489,310	4,466,160	4,527,880	4,404,460	-	-	6,112,800	6,350,340	6,815,490	6,815,490
Randhawa Brothers Inc	Hotel Industry	-	4,540,427	-	-	-	-	-	-	-	-
Bisayan LLC	Hotel Industry	-	4,217,364	-	-	-	-	-	-	-	-
CCI East Tx Upstream	Oil & Gas Interests	-	-	-	9,814,650	23,256,820	25,815,820	-	-	-	-
Circle 8 Fluid Serv/Crane Div	Oil & Gas Service	-	-	-	3,626,940	6,357,770	7,542,540	4,757,060	-	-	-
XTO Energy Inc.	Oil & Gas Interests	-	-	-	-	5,572,710	4,685,840	6,755,890	14,506,760	15,402,650	17,244,220
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
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
Anadarko E&P Onshore LLC (Mi)	Oil & Gas Interests	-	-	-	-	-	-	12,962,130	22,598,260	-	-
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	-
Wal-Mart /Sam's Club	Department Store	-	-	3,463,290	3,300,187	-	-	-	5,139,770	5,181,660	5,113,450
Heckmann Water Res (CVR) Inc	Oil & Gas Service	-	-	-	-	-	-	-	-	-	7,637,970
Total		73,715,750	61,744,491	51,477,000	60,687,957	72,977,430	74,146,550	83,691,700	117,157,370	100,283,390	92,741,820
Total Taxable Assessed Valuation		\$ 484,990,951	\$ 455,416,136	\$ 459,141,954	\$ 467,099,370	\$ 429,255,790	\$ 440,600,870	\$ 446,583,914	\$ 455,638,269	\$ 447,371,364	\$ 469,751,042

**CITY OF CARTHAGE, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2023**

TABLE 9

Percentage of Total Assessed Valuation by Tax Year

Taxpayer	Type of Business	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Genpack LLC	Manufacturing	3.27%	1.77%	1.53%	2.52%	3.00%	2.69%	2.76%	3.12%	2.89%	2.55%
TGMR East Texas LLC (MIN-WI)	Oil & Gas Interests	2.24%	2.09%	1.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AEP Southwestern Electric Power Co.	Electric Utility	1.51%	1.61%	1.37%	1.34%	1.18%	1.05%	1.08%	0.00%	1.04%	0.00%
Pinnergy Ltd	Oil & Gas Interests	1.45%	1.74%	1.81%	1.70%	1.29%	1.12%	0.96%	1.26%	1.40%	1.04%
Loves Travel Stops & Country Store	Gas & Convenience Store	1.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Exxon Mobil Corp.	Oil & Gas Interests	1.23%	1.12%	0.68%	0.74%	0.00%	0.00%	0.00%	0.00%	0.00%	3.59%
Jim Pattison Dev US Inc	Manufacturing	1.20%	1.35%	1.34%	1.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BNSF Railway Co	Transportation	1.03%	0.97%	0.89%	0.84%	0.85%	0.75%	0.00%	0.00%	0.00%	0.00%
XTO Energy Inc.	Oil & Gas Interests	0.94%	0.00%	0.00%	0.00%	1.01%	0.95%	0.00%	0.00%	0.00%	0.00%
Wal-Mart Stores Texas LP	Department Store	0.93%	0.98%	0.99%	0.94%	0.00%	0.00%	1.37%	1.39%	1.52%	1.45%
Randhawa Brothers Inc	Hotel Industry	0.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bisayan LLC	Hotel Industry	0.00%	0.93%	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%	0.00%	0.00%	2.10%	5.42%	5.86%	0.00%	0.00%	0.00%	0.00%
Circle 8 Fluid Serv/Crane Div	Oil & Gas Service	0.00%	0.00%	0.00%	0.78%	1.48%	1.71%	1.07%	0.00%	0.00%	0.00%
XTO Energy Inc.	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	1.30%	1.06%	1.51%	3.18%	3.44%	3.67%
DCP East TX Gathering LP	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.90%	0.96%	1.05%	1.34%	1.44%	1.23%
Key Energy Services	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%
J-W Power Company	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.66%	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%	0.00%	0.00%	5.04%	5.62%	5.01%	2.40%
Anadarko E&P Onshore LLC (Mi)	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.90%	4.96%	0.00%	0.00%
XTO Energy Inc. Min	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.36%	3.16%	0.00%
Nuverra Environ Solutions	Oil & Gas Interests	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.35%	1.35%	0.00%
Wal-Mart /Sam's Club	Department Store	0.00%	0.00%	0.75%	0.71%	0.00%	0.00%	0.00%	1.13%	1.16%	1.09%
Heckmann Water Res (CVR) Inc	Oil & Gas Service	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.63%
VFS Leasing Co.	Leasing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.10%
		<u>15.20%</u>	<u>13.56%</u>	<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>

**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>
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
2022	1,682,611	4,526,993	16,268	6,225,872
2023	1,760,951	5,317,876	24,330	7,103,157

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>
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
2022	4,526,992	1,508,997	6,035,989	175.34%	0.6451	692.94
2023	5,317,876	1,772,535	7,090,411	198.88%	0.7315	810.40

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>
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%
2022	1.50%	0.25%	0.25%	0.00%
2023	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>2023</u>	<u>2022</u>
Agricultural	\$ 1,338,316	\$ 848,605
Manufacturing	465,532	565,734
General Services	1,209,633	850,200
Professional Services	375,968	379,689
Retail	2,404,848	2,218,113
Wholesale	642,162	612,257
Food	593,200	484,916
Accommodations	2,126	126
Miscellaneous	58,626	75,349
	<u>\$ 7,090,411</u>	<u>\$ 6,034,989</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 2023 was established at \$.58 per \$100 of assessed valuation based on 100% of appraised value, which includes \$.2122 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	Other	Unamortized Bond Premium		
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
2022	3,984,650	-	1,020,000	-	351,643	1,210,350	-	3,138,294	88,268	9,793,205	1,499
2023	3,274,600	-	905,000	-	298,217	930,400	5,495,000	2,978,801	278,618	14,160,636	2,158

(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>Net Position Restricted for Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2022	6,533	420,525,607	6,654,911	185,230	6,469,681	1.5385%	990
2023	6,562	464,623,088	11,181,835	199,876	10,981,959	2.3636%	1,674

Source: US Census data

CITY OF CARTHAGE, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENT DEBTS
SEPTEMBER 30, 2023

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.	20,461,000	15.17%	3,103,934
Panola College District	22,995,000	12.53%	<u>2,881,274</u>
Subtotal, overlapping debt			5,985,207
City of Carthage direct debt*	\$ 10,605,000	100.00%	<u>10,605,000</u>
Total direct and overlapping debt			<u><u>\$ 16,590,207</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
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
2022	4,957,252	57,514	4,301,794	712,972	276,100	71,414	347,514	2.05
2023	5,863,134	445,178	5,374,344	933,968	279,950	166,599	446,549	2.09

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>
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
2022	6,533	44,951
2023	6,562	44,951

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>
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
2021	22,675	1,094,229	47,191	5.70%	6,337
2022	22,675	1,208,405	53,292	4.10%	6,465

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 2023		Fiscal Year 2022	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Natural Resource and Mining	835	10.71%	755	9.66%
Construction	1,157	14.84%	1,244	15.92%
Manufacturing	856	10.98%	880	11.26%
Trade, Transportation, Utilities	1,386	17.78%	1,568	20.07%
Information	59	0.76%	58	0.74%
Financial Activities	211	2.71%	214	2.74%
Professional Business Services	785	10.07%	696	8.91%
Education Health Services	632	8.11%	628	8.04%
Leisure Hospitality	460	5.90%	426	5.45%
Other Services	212	2.72%	157	2.01%
Federal Government	57	0.73%	59	0.76%
State Government	32	0.41%	30	0.38%
Local Government	1,112	14.27%	1,097	14.04%
Total	7,794	100.00%	7,812	100.00%

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>2023</u>	<u>2022</u>	<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>Governmental Activities</u>										
Administrative	4	4	4	4	4	5	5	5	5	5
Public safety:										
Police	15	15	17	15	16	17	17	17	17	17
Fire	7	6	6	6	6	6	6	7	7	7
Streets	7	7	8	8	8	9	11	9	12	12
Inspection	1	2	2	2	2	2	2	2	2	2
Cultural and recreation	4	4	3	3	3	3	3	3	3	7
Clerical	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>
Total governmental activities	50	50	53	51	50	54	56	55	58	63
<u>Business-Type Activities</u>										
Water and sewer utilities	<u>19</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>21</u>	<u>20</u>	<u>23</u>	<u>27</u>	<u>23</u>
Total primary government	<u><u>69</u></u>	<u><u>70</u></u>	<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>

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

TABLE 23

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government:										
Certificate of deposit interest rates	.75 to 5.13%	.75 to 3.29%	.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
Houses removed or secured	-	-	-	-	-	2	2	15	9	13
Public Safety - Police:										
Physical arrests	303	296	379	326	357	561	645	553	596	733
Parking violations	10	8	16	6	26	64	36	67	95	11
Class C & Traffic violations	1,285	1,757	2,086	2,185	2,785	1,777	2,605	2,013	2,695	2,682
Fire:										
Fire department responses inside city limits	307	240	197	155	136	155	140	123	130	115
Number of fire responses within 5 minutes or less	244	192	148	155	136	155	140	123	129	108
Fire inspections	98	120	116	92	90	95	93	95	93	82
Streets:										
Tons of asphalt laid for repairs	277	680	440	343	676	511	376	391	731	1,854
Street sweeping in lane miles	1,265	1,285	1,265	1,265	1,263	1,265	1,265	1,265	1,265	1,265
Solid Waste Management:										
Refuse collected in tons per day	57	53	56	23	22	46	45	89	85	88
Inspection:										
Building permits issued	55	48	65	54	35	46	41	45	48	68
Vital Statistics:										
Birth certificates filed	-	-	1	1	-	1	1	1	-	3
Death certificates filed	119	120	141	134	102	115	117	122	110	113
Birth certificates issued	829	727	711	262	186	549	663	546	539	524
Death certificates issued	336	362	574	455	414	226	153	63	69	74
Cultural and Recreation:										
Youth enrolled in athletic leagues	1,242	1,055	1,013	702	1,173	1,214	1,145	1,245	984	1,162
Water and Sewer Utilities:										
Linear feet sewer lines repaired/constructed	300	2,200	745	3,200	200	1,980	1,820	1,425	500	2,525
Linear feet water lines repaired/constructed	2,845	509	925	1,145	2,176	2,520	2,375	1,895	2,875	3,690
Water consumption in thousands of gallons	843	780	777	635	711	679	657	715	925	856
Wastewater treated in thousands of gallons	829	633	819	747	885	827	700	763	730	623

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

TABLE 24

<u>Function</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>	<u>2022</u>	<u>2023</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	6
Highways and Streets:										
Streets (miles)	64	64	64	50	50	53	53	53	53	53
Street lights	141	141	143	143	143	132	132	132	132	132
Traffic signals	9	9	9	9	9	9	9	9	9	9
Cultural and Recreation:										
Parks acreage	50	50	50	50	50	51	51	51	51	51
Parks	4	4	4	4	4	5	5	5	5	5
Splash pad	-	-	-	-	-	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	339	339	340	340	341	341	342	342	343	343
Fire hydrants	499	524	527	533	536	537	537	539	542	542
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)	321	321	322	322	323	323	324	324	325	325
Storm sewers (miles)	116	116	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, 2023**

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	7 full-time, 47 volunteer
Employees per 1,000 population	1.0

Police Protection

Number of stations	1
Number of sworn officers	16 full-time, 3 reserve
Employees per 1,000 population	2.00

Libraries

Number of libraries (public)	1
Number of volumes	80,127
Circulation of volumes	54,439
Circulation per capita	2.40
Library cards in force	8,991
Service population	23,187

Parks and Recreation

Park acreage developed	50
Park acreage undeveloped	1
Playgrounds	4

Streets (all figures approximate)

Paved streets	55 miles
Unpaved streets	0 miles
Paved alleys	1 mile

Utilities

Water system	
Miles of water mains	343
Daily average consumption	2,311,000 gallons
Plant capacity	8.0 million gallons daily
Number of active connections	3,196
Source of water	Surface water - Lake Murvaul
	2 deep water wells NOT USED

Sewer system

Miles of sanitary sewers	325
Number of lift stations	15
Daily average treatment	2.2 million gallons daily
Number of disposal plants	1
Number of active connections	3,285

PANOLA COLLEGE**

Number of classrooms	90
Number of administrative personnel	81
Number of full-time instructors	71
Number of for-credit students	2,385
Counties served	Panola, Harrison, Marion, Shelby
Annual budget	\$22,240,027

**CITY OF CARTHAGE, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2023
(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	69
Number of students	790
<u>Middle Schools</u>	
Middle schools	1
Number of classrooms	38
Number of administrative personnel	2
Number of teachers	36
Number of students	374
<u>Elementary Schools</u>	
Elementary schools	3
Number of classrooms	108
Number of administrative personnel	6
Number of teachers	94
Number of students	1,433
Annual budget	\$41,269,892

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

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Karen A. Jacks, CPA, CGMA
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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

We have audited, in accordance with the 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, 2023, 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 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 or significant deficiencies may exist that were not identified.

Report on 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 21, 2024

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Chanie A. Johnson, CPA

Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
February 21, 2024

CITY OF CARTHAGE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 Noted

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

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 Noted

Type of auditors' report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: May 2023

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF CARTHAGE, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
OTHER PROGRAMS:				
<u>U.S. Department of Justice</u>				
Passed Through Texas Office of the Governor:				
Edward Byrne Memorial Justice Assistance Grant	16.738	4445601	\$ --	\$ 24,000
Total U.S. Department of Justice			--	24,000
<u>U.S. Department of Homeland Security</u>				
Passed Through Texas Office of the Governor:				
Homeland Security Grant Program	97.067	4418101	--	17,473
Total U.S. Department of Homeland Security			--	17,473
<u>U.S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Community Development Block Grant	14.228	CDV21-0071	--	11,250
Total U.S. Department of Agriculture			--	11,250
<u>U. S. Department of the Treasury</u>				
Passed Through Texas Division of Emergency Management:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	TX-0263	--	1,212,159
Total U. S. Department of the Treasury			--	1,212,159
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 1,264,882

The accompanying notes are an integral part of this schedule.

CITY OF CARTHAGE, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of City of Carthage, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

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

City of Carthage, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.