

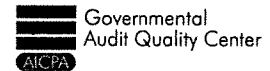
**TOWN OF WEBB
WEBB, ALABAMA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**TOWN OF WEBB
WEBB, ALABAMA
SEPTEMBER 30, 2023
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James Q.
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CPA, INC.

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Councilmembers
Town of Webb
PO Box 127
Webb, Alabama 36312

Report on the Financial Statements

I have audited the accompanying financial statements of governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Webb, Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In my 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, the major fund and the aggregate fund information of the Town of Webb as of September 30, 2023, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Webb and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Town of Webb 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.

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

Exercise professional judgement 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 Town of Webb'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 the management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in my judgement, there are conditions or events, considering in the aggregate, that raise substantial doubt about the Town of Webb's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 and budgetary comparison information 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 Government 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. Management has omitted the management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

Respectfully submitted,


James Q. Whitehead CPA, Inc.
Certified Public Accountants

BASIC FINANCIAL STATEMENTS

**THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

| | PRIMARY GOVERNMENT | | |
|---|----------------------------|-----------------------------|------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 42,577.00 | \$ 52,504.00 | \$ 95,081.00 |
| Cash and cash equivalents-restricted | 704,908.00 | 111,482.00 | 816,390.00 |
| Accounts receivable | 12,628.00 | 43,898.00 | 56,526.00 |
| Due from other funds | 15,030.00 | | 15,030.00 |
| Net pension asset | 58,685.00 | | 58,685.00 |
| Capital assets: | | | - |
| Non-depreciable | 178,000.00 | - | 178,000.00 |
| Depreciable, net | 586,335.00 | 2,051,429.00 | 2,637,764.00 |
| Total Assets | <u>1,598,163.00</u> | <u>2,259,313.00</u> | <u>3,857,476.00</u> |
| Deferred Outflows of Resources-Pensions | 80,872.00 | - | 80,872.00 |
| Total Assets and Deferred Outflows of Resources | <u>1,679,035.00</u> | <u>2,259,313.00</u> | <u>3,938,348.00</u> |
| LIABILITIES: | | | |
| Accounts payable | - | 27,184.00 | 27,184.00 |
| Accrued liabilities | - | - | - |
| Accrued interest payable | - | 10,083.00 | 10,083.00 |
| Customer deposits | | 40,647.00 | 40,647.00 |
| Due to other funds | - | 15,030.00 | 15,030.00 |
| Notes payable-due within one year | 10,000.00 | 20,000.00 | 30,000.00 |
| Bonds payable due within one year | - | 50,000.00 | 50,000.00 |
| Notes payable-due after one year | 23,023.00 | 305,000.00 | 328,023.00 |
| Bonds payable due after one year | - | 1,250,000.00 | 1,250,000.00 |
| Total Liabilities | <u>33,023.00</u> | <u>1,717,944.00</u> | <u>1,750,967.00</u> |
| NET POSITION: | | | |
| Invested in capital assets, net of debt | 731,312.00 | 426,429.00 | 1,157,741.00 |
| Restricted | 704,908.00 | 111,482.00 | 816,390.00 |
| Unrestricted | (167,656.00) | 3,458.00 | (164,198.00) |
| Total Net Position | <u>1,268,564.00</u> | <u>541,369.00</u> | <u>1,809,933.00</u> |
| Total Liabilities and Net Position | 1,301,587.00 | 2,259,313.00 | 3,560,900.00 |
| Deferred Inflows of Resources-ARPA | 323,534.00 | | 323,534.00 |
| Deferred Inflows of Resources-Pensions | 53,914.00 | | 53,914.00 |
| Total Deferred Inflows of Resources | <u>377,448.00</u> | | <u>377,448.00</u> |
| Total Liabilities and Net Position and Deferred Inflows of Resources | <u>\$ 1,679,035.00</u> | <u>\$ 2,259,313.00</u> | <u>\$ 3,938,348.00</u> |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| FUNCTION / PROGRAMS | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | | |
|---|------------------------|----------------------|------------------------------------|---|---|--------------------------|------------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES | | TOTAL |
| | | | | | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | |
| PRIMARY GOVERNMENT: Governmental Activities: | | | | | | | |
| General government | \$ 417,123.00 | \$ 288,448.00 | \$ - | \$ - | \$ (128,675.00) | \$ - | \$ (128,675.00) |
| Public safety | 389,928.00 | 313,370.00 | - | - | (76,558.00) | - | (76,558.00) |
| Street and sanitation | - | - | - | - | - | - | - |
| Recreation, culture, and welfare | 195,741.00 | 46,696.00 | - | - | (149,045.00) | - | (149,045.00) |
| Interest/fiscal charges on long-term debt | 1,101.00 | - | - | - | (1,101.00) | - | (1,101.00) |
| Total Governmental Activities | 1,003,893.00 | 648,514.00 | - | - | (355,379.00) | - | (355,379.00) |
| Business-Type Activities: | | | | | | | |
| Utility | 366,345.00 | 306,635.00 | - | - | (59,710.00) | - | (59,710.00) |
| Total Business-Type Activities | 366,345.00 | 306,635.00 | - | - | (59,710.00) | - | (59,710.00) |
| Total Primary Government | \$ 1,370,238.00 | \$ 955,149.00 | \$ - | \$ - | (355,379.00) | (59,710.00) | (415,089.00) |
| GENERAL REVENUES: | | | | | | | |
| Taxes | | | | | 267,163.00 | | 267,163.00 |
| Unrestricted investment earnings | | | | | 7,669.00 | 287.00 | 7,956.00 |
| Transfers | | | | | 20,000.00 | (20,000.00) | - |
| Total General Revenues, Special Items, and Transfers | | | | | 294,832.00 | (19,713.00) | 275,119.00 |
| Change in Net Position | | | | | (60,547.00) | (79,423.00) | (139,970.00) |
| Net Position - Beginning Restated | | | | | 1,329,111.00 | 620,792.00 | 1,949,903.00 |
| Net Position - Ending | | | | | \$ 1,268,564.00 | \$ 541,369.00 | \$ 1,809,933.00 |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

| | General Fund | Senior Citizens Fund | Excise Tax Fund | Capital Improvement Fund | Total |
|--|-------------------------|-------------------------------------|--------------------------------|---|----------------------|
| ASSETS: | | | | | |
| Cash and cash equivalents | \$ 623,696.00 | \$ 19,617.00 | \$ 102,899.00 | \$ 1,273.00 | \$ 747,485.00 |
| Accounts receivable | 12,628.00 | | | | \$ 12,628.00 |
| Due from other funds | 15,030.00 | | | | 15,030.00 |
| Total Assets | 651,354.00 | 19,617.00 | 102,899.00 | 1,273.00 | 775,143.00 |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts payable, accrued expenses | | | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total Liabilities | - | - | - | - | - |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Capital projects | - | | | 1,273.00 | 1,273.00 |
| Recreation | 4,745.00 | | | | 4,745.00 |
| Debt service | - | | | | - |
| Road projects | | | 102,899.00 | | 102,899.00 |
| Public safety | 81,222.00 | | | | 81,222.00 |
| Senior Citizens | | 19,617.00 | | | 19,617.00 |
| Unreserved | 537,729.00 | | | | 537,729.00 |
| Non-spendable | 27,658.00 | | | | 27,658.00 |
| Total Fund Balance | 651,354.00 | 19,617.00 | 102,899.00 | 1,273.00 | 775,143.00 |
| Total Liabilities and Fund Balances | \$ 651,354.00 | \$ 19,617.00 | \$ 102,899.00 | \$ 1,273.00 | \$ 775,143.00 |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023**

| | |
|--|------------------------|
| Total Fund Balances - Governmental Funds | \$ 775,143.00 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Deferred outflows of assets-pensions | 80,872.00 |
| Deferred inflows of assets-pensions | (377,448.00) |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | |
| Governmental capital assets | 1,961,110.00 |
| Less: Depreciation expense to date | (1,196,775.00) |
| | 764,335.00 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. | (33,023.00) |
| Net pension assets | 58,685.00 |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. | - |
| Total Net Position - Governmental Activities | \$ 1,268,564.00 |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| | General Fund | Senior Citizens Fund | Excise Tax Fund | Capital Improvement Fund | Total |
|---|----------------------|----------------------------|-----------------------|--------------------------------|--------------------|
| REVENUES: | | | | | |
| Total taxes | \$ 206,729.00 | \$ 15,625.00 | \$ 30,673.00 | \$ 14,136.00 | \$ 267,163.00 |
| Total licenses and permits | 270,812.00 | | - | - | 270,812.00 |
| Total intergovernmental revenue | - | | - | - | - |
| Fines and forfeitures | 313,370.00 | - | - | - | 313,370.00 |
| Interest earned | 7,669.00 | - | - | - | 7,669.00 |
| Miscellaneous revenues | 64,332.00 | | - | - | 64,332.00 |
| Total Revenues | 862,912.00 | 15,625.00 | 30,673.00 | 14,136.00 | 923,346.00 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General and administrative | 390,740.00 | | - | | 390,740.00 |
| Public safety | 359,928.00 | - | - | - | 359,928.00 |
| Street and sanitation | - | | - | - | - |
| Recreation, culture, & welfare | 175,814.00 | | - | - | 175,814.00 |
| Capital outlay | 48,476.00 | - | - | - | 48,476.00 |
| Debt service: | | | | | |
| Interest | 1,101.00 | - | - | - | 1,101.00 |
| Principal retirement | 10,000.00 | - | - | - | 10,000.00 |
| Total Expenditures | 986,059.00 | - | - | - | 986,059.00 |
| Excess of Revenues Over (Under) Expenditures | (123,147.00) | 15,625.00 | 30,673.00 | 14,136.00 | (62,713.00) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers (out) | | (21,664.00) | (8,765.00) | (34,481.00) | (64,910.00) |
| Transfers in | 88,600.00 | | | - | 88,600.00 |
| Total Other Financing Sources (Uses) | 88,600.00 | (21,664.00) | (8,765.00) | (34,481.00) | 23,690.00 |
| Net Changes in Fund Balance | (34,547.00) | (6,039.00) | 21,908.00 | (20,345.00) | (39,023.00) |
| Fund Balances, Beginning Restated | 685,901.00 | 25,656.00 | 80,991.00 | 21,618.00 | 814,166.00 |
| Fund Balances, Ending | \$ 651,354.00 | \$ 19,617.00 | \$ 102,899.00 | \$ 1,273.00 | 775,143.00 |

The accompanying notes are an integral part of this statement.

**THE TOWN OF WEBB
WEBB, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|--|-----------|---------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | (39,023.00) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | (31,524.00) |
| Principal retirements shown as an expenditure in governmental funds | | 10,000.00 |
| | | _____ |
| Change in Net Position of Governmental Activities | \$ | <u>(60,547.00)</u> |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023**

**BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS**

UTILITY

ASSETS:

Current Assets:

| | | |
|---------------------|----|-----------|
| Cash | \$ | 52,504.00 |
| Accounts receivable | | 43,898.00 |

Restricted Assets:

| | | |
|-----------------------------|--|------------|
| Debt reserve cash | | 111,482.00 |
| Total Restricted Assets | | 111,482.00 |
| Total Current Assets | | 207,884.00 |

Non-Current Assets:

Capital Assets:

| | | |
|---------------------------------|--|----------------|
| Water System | | 3,957,889.00 |
| Machinery and equipment | | 143,404.00 |
| Furniture and equipment | | 35,534.00 |
| Accumulated depreciation | | (2,085,398.00) |
| Total Non-Current Assets | | 2,051,429.00 |
| Total Assets | | 2,259,313.00 |

LIABILITIES:

Current Liabilities:

| | | |
|---------------------------------------|--|------------|
| Accounts payable and accrued expenses | | 27,184.00 |
| Current portion of bonds payable | | 50,000.00 |
| Current portion of notes payable | | 20,000.00 |
| Due to general fund | | 15,030.00 |
| Accrued interest payable | | 10,083.00 |
| Total Current Liabilities | | 122,297.00 |

Noncurrent Liabilities:

Payable from restricted assets:

| | | |
|--------------------------------------|--|--------------|
| Customer deposits | | 40,647.00 |
| Notes payable-DWSRF | | 305,000.00 |
| Bonds payable (net of bond discount) | | 1,250,000.00 |
| Total Non-Current Liabilities | | 1,595,647.00 |
| Total Liabilities | | 1,717,944.00 |

NET POSITION:

| | | |
|---|-----------|-------------------|
| Investment in capital assets, net of debt | | 426,429.00 |
| Restricted | | 111,482.00 |
| Unrestricted | | 3,458.00 |
| Total Net Position | \$ | 541,369.00 |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS**

| | UTILITY |
|--|----------------|
| OPERATING REVENUES: | |
| Water sales | \$ 290,335.00 |
| Reconnect and installation | 8,500.00 |
| Late fees | 7,800.00 |
| Total Operating Revenues | 306,635.00 |
| OPERATING EXPENSES: | |
| Bank service charges | 42.00 |
| Electricity | 29,262.00 |
| Insurance | 22,542.00 |
| Water salaries | 61,462.00 |
| Travel | 1,835.00 |
| Water samples | 5,744.00 |
| Truck and tractor expense | 3,885.00 |
| Professional fees | 16,433.00 |
| Payroll taxes & retirement | 4,499.00 |
| Office supplies and postage | 8,736.00 |
| Water supplies | 4,918.00 |
| Dues | 27,845.00 |
| Water system repairs | 24,609.00 |
| Depreciation | 105,000.00 |
| Total Operating Expenses | 316,812.00 |
| Operating Income | (10,177.00) |
| NONOPERATING REVENUES (EXPENSES): | |
| Interest earned | 287.00 |
| Interest expense | (49,533.00) |
| Total Nonoperating Revenues (Expenses) | (49,246.00) |
| Income (Loss) Before Contributions and Transfers | (59,423.00) |

The accompanying notes are an integral part of this statement.

THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS |
|---------------------------------------|--|
| Operating transfers(out) | <u>UTILITY</u> (20,000.00) |
| Change In Net Position | (79,423.00) |
| Total Net Position - Beginning | <u>620,792.00</u> |
| Total Net Position - Ending | <u><u>\$ 541,369.00</u></u> |

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

**THE TOWN OF WEBB
WEBB, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| | BUSINESS TYPE ACTIVITIES ENTERPRISE FUNDS |
|--|--|
| | UTILITY |
| CASH FLOWS FROM OPERATIONS: | |
| Receipts from customers | \$ 315,145.00 |
| Payments to suppliers | (135,862.00) |
| Payments to employees | (65,414.00) |
| Other receipts (payments) | - |
| Net Cash Provided by (Used in) Operating Activities | 113,869.00 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Capital improvements | (15,908.00) |
| Principal paid on bonds payable | (65,000.00) |
| Interest paid on bonds and notes payable | (51,027.00) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (131,935.00) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Operating transfers out | (20,000.00) |
| Interest earnings on investments | 1,226.00 |
| Net Cash Provided by (Used in) Investing Activities | (18,774.00) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (36,840.00) |
| Cash and Cash Equivalents at Beginning of Year | 200,826.00 |
| Cash and Cash Equivalents at End of Year | \$ 163,986.00 |

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

**THE TOWN OF WEBB
WEBB ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS |
|--|--|
| | UTILITY |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities: | |
| Operating Income(Loss) | <u>\$ (10,177.00)</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation | 105,000.00 |
| (Increase) in accounts receivable | (7,343.00) |
| Increase in accrued expenses | 19,069.00 |
| Increase in customer deposits | 7,320.00 |
| Total Adjustments | <u>124,046.00</u> |
| Net Cash Provided by (Used) in Operating Activities | <u><u>\$ 113,869.00</u></u> |

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

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Webb have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the enterprise fund types in accordance with GASB Statement No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and account-ability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Included within the reporting entity:

TOWN OF WEBB WATER AUTHORITY. The Town of Webb Water Authority's governing board is appointed by the government's governing body. The rates for user charges and bond issuance authorizations also are approved by the government's governing body and the legal liability for the general obligation portion of the Water Authority's debt remains with the government.

B. Basis of Presentation

The government-wide financial statements (the statement of net position and statement of changes in net position) report information on all of the activities of the Town. The effect on inter-fund activity, within the governmental and business-type activities columns, has not been removed from these statements. All inter-fund charges are charges for goods or services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

B. Basis of Presentation (Cont.)

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of the governmental funds is on the sources, users and balances of current financial resources.

The Town has presented the following major governmental funds:

General Fund-General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from the General Fund.

Additionally, the government reports the following non-major governmental funds:

Senior Citizen Fund-Senior Citizen Funds are used to account for revenue sources. Some that are legally required to be maintained in separate accounts. This fund is also used to account for all expenditures of the Senior Citizens activities.

Excise Tax Fund-Excise Tax Funds are used to account for certain taxes required to be held in separate accounts and have restrictions on how they can be spent.

Capital Project Fund-Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position.

The Town has presented the following major proprietary funds:

Utility Funds-Utility Funds is used to account for the provisions of water services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include all cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary fund are reported using the economic resources measurement focus and accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales tax collected and held by the State at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before unassigned fund balances.

D. Compensated Absences

The Town's policy is to not pay for any compensated absences of any form.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Government-wide and Proprietary Net Position

In June 2011, the Governmental Accounting Standards Board (GASB), issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources and Net Position. This Statement provides financial reporting guidance for deferred outflows and inflows of resources, which Concepts Statements No. 4 introduced and defined those elements as consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that applicable to the future reporting period, respectively. This Statement amends the net assets reporting requirements of Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the required components of residual measure and by renaming that measure as net position, rather than net assets. This Statement became effective for the current fiscal year and has been adopted accordingly. All references in the report, financial statements and footnotes to net assets have been changed to net position.

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets-consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position- consist of assets that are restricted by the Town's creditors, by enabling legislation, by grantors and by other contributors.

Unrestricted-all other net position is reported in this category.

The Town has implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions which provides clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent

In accordance with the Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town of Webb classifies governmental fund balances as follows:

Non-Spendable-includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

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

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

Assigned-includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the mayor.

Unassigned-includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances of other governmental funds.

Order of spending- Unassigned fund balances are spent first, then assigned, then committed. When restricted and unassigned fund balances are available unassigned are spent before restricted or committed.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Government-wide and Proprietary Net Position

When both restricted and unrestricted- resources are available, it is the Town's policy is that when an expenditure is incurred it is considered to be spent from unrestricted resources.

The Town also has a policy that when an expenditure is incurred and the following unrestricted fund balances are available-committed, assigned, and unassigned, unassigned is considered to have been spent.

G. Assets, Liabilities, and Net Position

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The replacement cash account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The debt reserve cash account is used to accumulate payments for debt service on the bonds.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Net Position (Continued)

4. Capital Assets (Cont.)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives.

| <u>ASSETS</u> | <u>YEARS</u> |
|----------------------------|--------------|
| Buildings and improvements | 39 |
| Infrastructure | 10-50 |
| Machinery and equipment | 5-7 |

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. Inter-fund Transactions

During the course of normal operations, the Town has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The majority of these transfers occur because profits from the Town's general operations are used to provide operating subsidies to the Utility Fund. The accompanying financial statements reflect such transactions as transfers.

I. Cash Flows Statement

For purposes of the "Statement of Cash Flows – Proprietary Funds," these funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

1. Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

On or before the end of September of each year, all agencies of the government submit requests for appropriation to the government's management so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before September 30, the proposed budget is presented to the government's council for review. The government's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the government's management or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

For the year ending September 2023, the Town of Webb did prepare a budget.

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net positions – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$33,023) are as follows:

| | |
|---|-------------------|
| Notes payable- | <u>(\$33,023)</u> |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>(\$33,023)</u> |

TOWN OF WEBB
 WEBB, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$31,524) difference are as follows:

| | |
|--|-------------------|
| Capital outlay | \$48,476 |
| Depreciation expense | <u>(80,000)</u> |
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>(\$31,524)</u> |

Another element of that reconciliation states that principal retirements as expenditure in governmental funds as follows:

| | |
|--|--------------------|
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$10,000.00</u> |
|--|--------------------|

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government’s carrying amount of deposits was \$911,471.00 and the total bank balance was \$929,405.00. Of the bank balance, \$250,000.00 was covered by federal depository insurance. Each of the banks holding the Town’s deposits is a certified participant in the Alabama State Treasury Security for Alabama Funds Enhancement (SAFE) Program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

Deposits and investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government’s name.
- (2) Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the government’s name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government’s name.

Based on the three levels of risk, all of the Town’s cash deposits are classified as Category 1.

Statutes authorize the Town to invest in obligations of the U.S. Treasury and U. S. agencies, municipal securities and repurchase agreements. At this time, the Town has no investments.

A. Receivables

Receivables at September 30, 2023 consist of the following:

| | General | Utility | Total |
|-------------------|--------------|------------------|--------------------|
| Sales tax & other | \$12,658.00 | | \$12,658.00 |
| Accounts | | 43,898.00 | 43,898.00 |
| Total | <u>\$ 00</u> | <u>43,898.00</u> | <u>\$56,526.00</u> |

C. Capital Assets

Capital asset activity for the year ended September 30, 2023 was as shown on the following pages.

THE TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

| | PRIMARY GOVERNMENT | | | |
|---|------------------------|-----------------------|-------------|------------------------|
| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
| Capital assets, not being depreciated: | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Capital assets, being depreciated: | | | | |
| Total capital assets, not being depreciated | | | | |
| Improvements other than buildings | 3,891,981.00 | 15,908.00 | | 3,907,889.00 |
| Machinery and equipment | 228,938.00 | - | | 228,938.00 |
| Total capital assets, being depreciated | 4,120,919.00 | 15,908.00 | - | 4,136,827.00 |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | 1,818,658.00 | 100,000.00 | | 1,918,658.00 |
| Machinery and equipment | 161,740.00 | 5,000.00 | | 166,740.00 |
| Total accumulated depreciation | 1,980,398.00 | 105,000.00 | - | 2,085,398.00 |
| Total capital assets, being depreciated, net | 2,140,521.00 | (89,092.00) | - | 2,051,429.00 |
| Business-type activities capital assets, net | \$ 2,140,521.00 | \$ (89,092.00) | \$ - | \$ 2,051,429.00 |

THE TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

| | PRIMARY GOVERNMENT | | |
|--|----------------------|-----------------------|----------------------|
| | BEGINNING BALANCE | INCREASES | DECREASES |
| | ENDING BALANCE | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| Capital assets, not being depreciated: | | | |
| Land | \$ 178,000.00 | \$ - | \$ - |
| Total capital assets, not being depreciated | <u>178,000.00</u> | <u>-</u> | <u>178,000.00</u> |
| Capital assets, being depreciated: | | | |
| Buildings and improvements | 1,055,681.00 | - | 1,055,681.00 |
| Machinery and equipment | 678,953.00 | 48,476.00 | 727,429.00 |
| Total capital assets, being depreciated | <u>1,734,634.00</u> | <u>48,476.00</u> | <u>1,783,110.00</u> |
| Less accumulated depreciation for: | | | |
| Buildings and improvements | 593,408.00 | 65,000.00 | 658,408.00 |
| Machinery and equipment | 523,367.00 | 15,000.00 | 538,367.00 |
| Total accumulated depreciation | <u>1,116,775.00</u> | <u>80,000.00</u> | <u>1,196,775.00</u> |
| Total capital assets, being depreciated, net | <u>617,859.00</u> | <u>(31,524.00)</u> | <u>586,335.00</u> |
| Governmental activities capital assets, net | <u>\$ 795,859.00</u> | <u>\$ (31,524.00)</u> | <u>\$ 764,335.00</u> |

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|----------------------|
| Governmental activities: | |
| General government | \$ 30,000.00 |
| Public safety | 25,000.00 |
| Street and sanitation | - |
| Recreation, culture, and welfare | <u>25,000.00</u> |
| Total depreciation expense - governmental activities | <u>\$ 80,000.00</u> |
| Business-type activities: | |
| Utility | <u>\$ 105,000.00</u> |
| Total depreciation expense - business-type activities | <u>\$ 105,000.00</u> |

D. Net Position

The government-wide and business type Fund Financial Statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets (net of related debt) – is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt.

The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted – are liquid assets which have third-party (statutory, bond covenant or granting agency) limitations on their use. The Town would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted – represent unrestricted liquid assets. This amount is available for spending at the government’s discretion.

E. Long-Term Debt

Changes in Long-Term Liabilities. During the year ended September 30, 2023, the following changes occurred in liabilities reported in the general long-term debt account group:

| GOVERNMENTAL- TYPE ACTIVITIES: | BEGINNING BALANCE | ADDITIONS | REDUCTIONS | ENDING BALANCE | DUE WITHIN ONE YEAR |
|--------------------------------------|----------------------|-----------|---------------------|---------------------|---------------------------|
| Notes Payable | | | | | |
| Notes | <u>\$ 43,023.00</u> | <u>\$</u> | <u>\$ 10,000.00</u> | <u>\$ 33,023.00</u> | <u>\$ 10,000.00</u> |

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

| BUSINESS-TYPE ACTIVITIES: | BEGINNING BALANCE | ADDITIONS | REDUCTIONS | ENDING BALANCE | DUE WITHIN ONE YEAR |
|------------------------------|----------------------|-----------|-----------------|-------------------|---------------------------|
| Notes Payable-DWSRF | 250,000 | | 15,000 | 235,000 | 15,000 |
| Notes Payable-DWSRF | 95,000 | | 5,000 | 90,000 | 5,000 |
| Bonds Payable-2013 | <u>1,345,000</u> | | <u>45,000</u> | <u>1,300,000</u> | <u>50,000</u> |
| | <u>\$ 1,820,000</u> | <u>\$</u> | <u>\$65,000</u> | <u>1,690,000</u> | <u>\$70,000</u> |

Maturities of the one note payable of general fund is as follows:

| GENERAL FUND | | | |
|--------------|---------------------|--------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | 10,000.00 | 2,500.00 | 12,500.00 |
| 2025 | 10,000.00 | 2,000.00 | 12,000.00 |
| 2026 | 13,023.00 | 1,000.00 | 14,023.00 |
| 2027 | - | - | - |
| | <u>\$ 33,023.00</u> | <u>\$ 5,500.00</u> | <u>\$ 38,523.00</u> |

Annual debt service requirements to maturity for the Series 2013 in the Utility Fund is as follows:

| | Principal | Interest | Total |
|-----------|------------------------|----------------------|------------------------|
| 2024 | 50,000.00 | 40,904.00 | 90,904.00 |
| 2025 | 50,000.00 | 39,554.00 | 89,554.00 |
| 2026 | 50,000.00 | 38,204.00 | 88,204.00 |
| 2027 | 50,000.00 | 36,854.00 | 86,854.00 |
| 2028-2032 | 285,000.00 | 160,711.00 | 445,711.00 |
| 2033-2037 | 330,000.00 | 112,982.00 | 442,982.00 |
| 2038-2042 | 395,000.00 | 51,142.00 | 446,142.00 |
| 2043 | 90,000.00 | 1,575.00 | 91,575.00 |
| | <u>\$ 1,300,000.00</u> | <u>\$ 481,926.00</u> | <u>\$ 1,781,926.00</u> |

In January 2013, the Town of Webb issued warrants dated January 2013 for a total of \$1,625,000.00. The purpose of these bonds was for the construction of new water lines.

In October 2018, the Town of Webb entered into a State Revolving Fund forgiveness project. The total project was for water system upgrades and was for \$615,000.00. \$290,000.00 was forgiven leaving a total of 325,000.00 to be paid by the Town. \$30,000.00 of that was paid before amortization of \$295,000.00 for 20 years at 2.20%. See page 34 for further details.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Annual debt service requirements to maturity for the Notes payable in the Utility Fund is as follows:

| | UTILITY FUND | | |
|-----------|---------------|--------------|---------------|
| | Principal | Interest | Total |
| 2024 | 20,000.00 | 7,907.00 | 27,907.00 |
| 2025 | 20,000.00 | 7,439.00 | 27,439.00 |
| 2026 | 25,000.00 | 6,903.00 | 31,903.00 |
| 2027 | 25,000.00 | 5,968.00 | 30,968.00 |
| 2028 | 25,000.00 | 5,226.00 | 30,226.00 |
| 2029-2033 | 135,000.00 | 23,267.00 | 158,267.00 |
| 2034-2037 | 90,000.00 | 3,520.00 | 93,520.00 |
| | \$ 340,000.00 | \$ 60,230.00 | \$ 400,230.00 |

IV. DETAILED NOTES ON ALL FUNDS (Continued)

F. Property Tax

Property taxes are levied as of October 1 of each year on property assessed the preceding October 1. The taxes are due on October 1 and become delinquent on the lien date of January 1. Billings are mailed out on October 1 of each year. Property taxes are received monthly from Houston County. The Town's tax rate is \$.50 per \$100 of assessed valuation.

If property taxes are not paid by December 31, the taxpayer is sent a letter from the revenue commissioner. If they are still unpaid after two weeks, a certified letter is sent to the taxpayer. If there is no response to the certified letter, there is a legal notice of the property placed in the local newspaper notifying that it will be put up for public auction. This legal notice will run for three weeks. After the legal notice has run the required length of time, the property can be sold at public action; however, most property is auctioned off on May 1 of each year.

V. OTHER INFORMATION

7. RETIREMENT PLAN

Plan description

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of the ERS is vested in its Board of Control. The ERS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa.al.gov.

**TOWN OF WEBB
WEBB, ALABAMA
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SEPTEMBER 30, 2023**

The ERS Board of Control consists of 15 trustees as follows:

- 1) The Governor, ex officio
- 2) The State Treasurer, ex officio
- 3) The State Personnel Director, ex officio
- 4) The State Director of Finance, ex officio
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight members of ERS who are elected by the members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One vested active employee of a participating municipality or city in the ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - d. One vested active employee of a participating county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - e. One vested active employee or retiree of a participating employer in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
 - f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

Benefits provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of the average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of STATE Police service computing the formula method. Act 377 of the Legislature of 202 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method. The Authority has elected to grant Tier 1 benefits to its Tier 2 employees effective January 1, 2021.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 2022, membership consisted of:

| | |
|---|----------------|
| Retirees and beneficiaries currently receiving benefits | 30,598 |
| Terminated employees entitled to but not yet receiving benefits | 2,286 |
| Terminated employees not entitled to a benefit | 18,869 |
| Active members | 57,278 |
| <u>Post-Drop participants who are still in active service</u> | <u>39</u> |
| Total | <u>108,890</u> |

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.25% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by the statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2022 the organization's active employee contribution rate was 7.50%(Tier 1) and 6%(Tier 2) of covered employee payroll. For the year ended September 30, 2020, the Authority's actuarially determined contribution rates for active employees (including pre-retirement death benefits of 0.02% and administrative expenses of 0.35%) expressed as a percentage of covered employee payroll was as 5.88%.

The Board's contractually required contribution for the year ended September 30 2023 was 7.50% of pensionable pay for Tier 1 employees, and 5.20% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan for the Town were \$7,748 for the year ended September 30, 2023.

Net Pension Liability

The Board's net pension liability was measured as of September 30, 2022 and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 rolled forward to September 30, 2022 using standard roll-forward techniques as shown in the following table:

| | TRL Roll-Forward | Expected | Actual Before | Actual After |
|--|------------------|------------------|----------------|--------------|
| | | | Plan Changes | Plan Changes |
| (a) TPL as of September 30, 2021 | \$300,164 | \$268,103 | \$268,539 | |
| (b) Discount rate | 7.45% | 7.45% | 7.45% | |
| (c) Entry Age Normal Cost for the period October 1, 2021-September 30, 2022 | 28,972 | 28,972 | 29,124 | |
| (d) Transfers among employers | 0 | 27,649 | 27,649 | |
| (e) Actual Benefits Payments and Refunds for the period October 1, 2021-September 30, 2022 | (18,832) | (18,832) | (18,832) | |
| (f) TPL as of September 30, 2022 =([a]X(1.08)]+(b)-[(c)x(1.04)] | <u>\$331,965</u> | <u>\$325,164</u> | <u>325,785</u> | |
| (g) Difference between Expected and Actual | | (6,801) | 27,649 | |
| (h) Less Liability Transferred for Immediate Recognition | | | (\$34,450) | |
| (i) Difference between Expected and Actual-Experience (Gain)/Loss: | | | \$8,237 | |
| (j) Difference between Actual TPL Before and After Plan Changes- Benefit Change (Gain)/Loss | | | | \$621 |

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Actuarial assumptions

The total pension liability in September 30, 2022, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

| | |
|----------------------------|--|
| Inflation | 2.50% |
| Projected salary increases | 3.25%-6.00% for State and Local Employees and 4.00%-7.75% for State Police, including inflation |
| Investment rate of return* | 7.45%, including inflation |

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generally using the MP-2020 Scale, which is adjusted by 66-2/3% beginning with year 2019.

| Group | Membership Table | Set Forward (+)/ Setback (-) | Adjustment to Rates |
|-----------------------------------|------------------------------------|------------------------------|---|
| Non-FLC Service Retirees | General Healthy Below Median | Male: +2, Female: +2 | Male: 90% ages <65, 96% ages >= 65 Female: All ages |
| FLC/State Police Service Retirees | Public Safety Healthy Below Median | Male: +1, Female: none | None |
| Beneficiaries | Contingent Survivor Below Median | Male: +2, Female: +2 | None |
| Non-FLC Disabled Retirees | General Disability | Male: +7, Female: +3 | None |
| FLC/State Police Retirees | Disabled Public Safety Disability | Male: +7, Female: none | None |

The actuarial assumptions used in September 30, 2021 valuations were based on the results of an actuarial experience study for the period October 1, 2015-September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

| | <u>Target Allocation</u> | <u>Long-term Expected Rate of Return</u> |
|---------------------------------------|--------------------------|--|
| Fixed Income | 15.00% | 2.80% |
| US Large Stocks | 32.00% | 8.00% |
| US Mid Stocks | 9.00% | 10.00% |
| US Small Stocks | 4.00% | 11.00% |
| International Developed Market Stocks | 12.00% | 9.50% |
| International Emerging Market Stocks | 3.00% | 11.00% |
| Alternatives | 10.00% | 10.10% |
| Real Estate | 10.00% | 6.50% |
| Cash | 5.00% | 1.50% |
| <u>Total</u> | <u>100.00%</u> | |

Includes assumed rate of inflation of 2.00%

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Discount rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefits payments of current plan 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.

| <u>Changes in Net Pension Liability</u> | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--|----------------------------|--------------------------------|----------------------------------|
| Balances at September 30, 2021 | 300,164 | 411,544 | (\$111,380) |
| Changes for the year: | | | |
| Service cost | 28,972 | | 28,972 |
| Interest | 21,661 | | 21,661 |
| Change of benefit terms | 621 | | 621 |
| Changes of assumptions | 0 | | 0 |
| Difference between expected and Actual experience | (34,450) | | (34,450) |
| Contributions-employer | | 3,310 | (3,310) |
| Contributions-employee | | 15,178 | (15,178) |
| Net investment income | | (54,379) | 54,379 |
| Benefit payments, including refunds | (18,832) | (18,832) | |
| Employee contributions | | | |
| Administrative expense | | | |
| Transfers among employers | 27,649 | 27,649 | |
| Net Changes | 25,621 | (27,074) | 52,695 |
| Balances as of September 30, 2022 | \$325,785 | \$384,470 | (\$58,685) |

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

The following table presents the organization's net pension liability calculated using the discount rate of 7.45%, as well as what the organization's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.45%) or 1% higher (8.45%) than the current rate:

| | <u>1% Decrease (6.45%)</u> | <u>Current Discount Rate (7.45%)</u> | <u>1% Increase (8.45%)</u> |
|------------------------------|----------------------------|--------------------------------------|----------------------------|
| Plan's Net Pension Liability | (\$22,711) | (\$58,685) | (\$88,942) |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report dated April 18, 2023 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa.al.gov/index.php/employers/financial-reports/gasb-68-reports/.

**TOWN OF WEBB
WEBB, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

For the year ended September 30, 2023, the Board recognized pension expense of \$13,791. At September 30, 2023, the organization reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions of the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 7,993 | \$ 53,914 |
| Changes of assumptions | 19,778 | |
| Net difference between projected and actual earnings on plan investments | 45,353 | |
| Employer contributions subsequent to the Measurement date | 7,748 | |
| Total | <u>\$80,872</u> | <u>\$53,914</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ended Date:

| | |
|------------|---------|
| 2024 | 14,473 |
| 2025 | 9,394 |
| 2026 | 3,190 |
| 2027 | 12,543 |
| 2028 | (8,720) |
| Thereafter | (3,922) |

8. UNCERTAINTIES

In March 11, 2020, The World Health Organization characterized the COVID-19 outbreak as a pandemic, as the rates of infection continue to rise in many locations around the world and across the United States. On March 13, 2020, President Donald J. Trump declared the COVID-19 outbreak in the United States a national emergency and Governor Kay Ivey declared a state public health emergency in Alabama. The Board is considered an essential service and is following recommended guidelines for operations and social distancing. The loss of revenues related to the emergency measures implemented to prevent the spread of the COVID-19 outbreak is not presently determinable.

9. RESTATEMENT

Net assets as of September 30, 2022 were restated due to an error in fixed assets:

| | |
|---------------------------|--------------------|
| Net position, as reported | \$1,333,439 |
| Adjustment | (4,328) |
| Net position as restated | <u>\$1,329,111</u> |

**THE TOWN OF WEBB
WEBB, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

The following is a debt service schedule for the Drinking Water State Revolving Fund Loan-2018. The loan is for twenty years with semi-annual payments and a interest rate of 2.20%.

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|
| 2/15/2024 | - | 2,585.00 | 2,585.00 |
| 8/15/2024 | 15,000.00 | 2,585.00 | 17,585.00 |
| 2/15/2025 | - | 2,420.00 | 2,420.00 |
| 8/15/2025 | 15,000.00 | 2,420.00 | 17,420.00 |
| 2/15/2026 | - | 2,255.00 | 2,255.00 |
| 8/15/2026 | 15,000.00 | 2,255.00 | 17,255.00 |
| 2/15/2027 | - | 2,090.00 | 2,090.00 |
| 8/15/2027 | 15,000.00 | 2,090.00 | 17,090.00 |
| 2/15/2028 | - | 1,925.00 | 1,925.00 |
| 8/15/2028 | 15,000.00 | 1,925.00 | 16,925.00 |
| 2/15/2029 | - | 1,760.00 | 1,760.00 |
| 8/15/2029 | 15,000.00 | 1,760.00 | 16,760.00 |
| 5/15/2030 | - | 1,595.00 | 1,595.00 |
| 8/15/2030 | 15,000.00 | 1,595.00 | 16,595.00 |
| 2/15/2031 | - | 1,430.00 | 1,430.00 |
| 8/15/2031 | 15,000.00 | 1,430.00 | 16,430.00 |
| 2/15/2032 | - | 1,265.00 | 1,265.00 |
| 8/15/2032 | 15,000.00 | 1,265.00 | 16,265.00 |
| 2/15/2033 | - | 1,100.00 | 1,100.00 |
| 8/15/2033 | 20,000.00 | 1,100.00 | 21,100.00 |
| 2/15/2034 | - | 880.00 | 880.00 |
| 8/15/2034 | 20,000.00 | 880.00 | 20,880.00 |
| 2/15/2035 | - | 660.00 | 660.00 |
| 8/15/2035 | 20,000.00 | 660.00 | 20,660.00 |
| 2/15/2036 | - | 440.00 | 440.00 |
| 8/15/2036 | 20,000.00 | 440.00 | 20,440.00 |
| 2/15/2037 | - | 220.00 | 220.00 |
| 8/15/2037 | 20,000.00 | 220.00 | 20,220.00 |
| | <u>\$ 235,000.00</u> | <u>\$ 41,250.00</u> | <u>\$ 276,250.00</u> |

**THE TOWN OF WEBB
WEBB, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

The following is a debt service schedule for the Series 2013 Warrants. The warrants are for thirty years with annual payments and a interest rates varied from 1.35% to 3.50%. Payments are due Jaunary 1 each year.

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2024 | 50,000.00 | 40,904.00 | 90,904.00 |
| 2025 | 50,000.00 | 39,554.00 | 89,554.00 |
| 2026 | 50,000.00 | 38,204.00 | 88,204.00 |
| 2027 | 50,000.00 | 36,854.00 | 86,854.00 |
| 2028 | 55,000.00 | 35,436.00 | 90,436.00 |
| 2029 | 55,000.00 | 33,869.00 | 88,869.00 |
| 2030 | 55,000.00 | 32,218.00 | 87,218.00 |
| 2031 | 60,000.00 | 30,494.00 | 90,494.00 |
| 2032 | 60,000.00 | 28,694.00 | 88,694.00 |
| 2033 | 60,000.00 | 26,894.00 | 86,894.00 |
| 2034 | 65,000.00 | 24,897.00 | 89,897.00 |
| 2035 | 65,000.00 | 22,703.00 | 87,703.00 |
| 2036 | 70,000.00 | 20,425.00 | 90,425.00 |
| 2037 | 70,000.00 | 18,063.00 | 88,063.00 |
| 2038 | 75,000.00 | 15,616.00 | 90,616.00 |
| 2039 | 75,000.00 | 13,038.00 | 88,038.00 |
| 2040 | 80,000.00 | 10,325.00 | 90,325.00 |
| 2041 | 80,000.00 | 7,525.00 | 87,525.00 |
| 2042 | 85,000.00 | 4,638.00 | 89,638.00 |
| 2043 | 90,000.00 | 1,575.00 | 91,575.00 |
| | <u>1,300,000.00</u> | <u>481,926.00</u> | <u>1,781,926.00</u> |

**THE TOWN OF WEBB
WEBB, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

The following is a debt service schedule for the Drinking Water State Revolving Fund Loan. The loan is for twenty years with semi-annual payments and a interest rate of 2.75%.

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|---------------------|----------------------|
| 2/15/2024 | 5,000.00 | 1,238.00 | 6,238.00 |
| 8/15/2024 | - | 1,169.00 | 1,169.00 |
| 2/15/2025 | 5,000.00 | 1,169.00 | 6,169.00 |
| 8/15/2025 | - | 1,100.00 | 1,100.00 |
| 2/15/2026 | 10,000.00 | 1,100.00 | 11,100.00 |
| 8/15/2026 | - | 963.00 | 963.00 |
| 2/15/2027 | 10,000.00 | 963.00 | 10,963.00 |
| 8/15/2027 | - | 825.00 | 825.00 |
| 2/15/2028 | 10,000.00 | 825.00 | 10,825.00 |
| 8/15/2028 | - | 688.00 | 688.00 |
| 2/15/2029 | 10,000.00 | 688.00 | 10,688.00 |
| 8/15/2029 | - | 550.00 | 550.00 |
| 5/15/2030 | 10,000.00 | 550.00 | 10,550.00 |
| 8/15/2030 | - | 413.00 | 413.00 |
| 2/15/2031 | 10,000.00 | 413.00 | 10,413.00 |
| 8/15/2031 | - | 275.00 | 275.00 |
| 2/15/2032 | 10,000.00 | 275.00 | 10,275.00 |
| 8/15/2032 | - | 138.00 | 138.00 |
| 2/15/2033 | 10,000.00 | 138.00 | 10,138.00 |
| | <u>\$ 90,000.00</u> | <u>\$ 13,480.00</u> | <u>\$ 103,480.00</u> |

**THE TOWN OF WEBB
WEBB, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

| | General Fund | Senior Citizens Fund | Excise Tax Fund | Capital Improvement Fund | Total |
|--|-------------------------|-------------------------------------|--------------------------------|---|----------------------|
| VI. Fund Balance-Governmental Funds | | | | | |
| Fund Balances: | | | | | |
| Unassigned | 537,729.00 | | | | 537,729.00 |
| Restricted | 85,967.00 | | | 1,273.00 | 87,240.00 |
| Restricted | | | 102,899.00 | | 102,899.00 |
| Restricted | | 19,617.00 | | | 19,617.00 |
| Non-spendable | 27,658.00 | | | | 27,658.00 |
| Total Fund Balance | <u>651,354.00</u> | <u>19,617.00</u> | <u>102,899.00</u> | <u>1,273.00</u> | <u>775,143.00</u> |
| Total Liabilities and Fund Balances | <u>\$ 651,354.00</u> | <u>\$ 19,617.00</u> | <u>\$ 102,899.00</u> | <u>\$ 1,273.00</u> | <u>\$ 775,143.00</u> |

Non-Spendable amounts are comprised of accounts receivable of \$27,658.00
The restricted amounts are restricted as to the purpose of each minor fund and its specific uses.
The unassigned fund balances can be spent on any purpose for town business.
As of September 30, 2023, the Town has no fund balance classifications for Committed and Assigned.

VII. Subsequent Events

Management has evaluated subsequent events through March 17, 2025, the first date that the financial statements were available.

VIII. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The Town had three items that qualified for reporting in this category for the year ended September 30, 2023. Deferred outflows of resources of \$80,872 in pension expense and deferred inflows of resources of \$53,914 for pensions. Deferred inflows of resources of \$323,534 in ARPA funds not spent. In addition to liabilities, the Statement of Net Position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Town had three items that qualified for reporting in this category for the year ended September 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**THE TOWN OF WEBB
WEBB, ALABAMA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|---|----------------------|----------------------|---|
| REVENUES: | | | |
| Total taxes | \$ 275,000.00 | \$ 267,163.00 | \$ (7,837.00) |
| Total licenses and permits | 270,000.00 | 270,812.00 | 812.00 |
| Total intergovernmental revenue | - | - | - |
| Fines and forfeitures | 320,000.00 | 313,370.00 | (6,630.00) |
| Interest earned | 8,000.00 | 7,669.00 | (331.00) |
| Miscellaneous revenues | 65,000.00 | 64,332.00 | (668.00) |
| Total Revenues | <u>938,000.00</u> | <u>923,346.00</u> | <u>(14,654.00)</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General and administrative | 350,000.00 | 390,740.00 | (40,740.00) |
| Public safety | 255,000.00 | 359,928.00 | (104,928.00) |
| Street and sanitation | - | - | - |
| Recreation, culture, and welfare | 195,000.00 | 175,814.00 | 19,186.00 |
| Capital outlay | 50,000.00 | 48,476.00 | 1,524.00 |
| Debt service: | | | |
| Interest | 1,200.00 | 1,101.00 | 99.00 |
| Principal retirement | 10,000.00 | 10,000.00 | - |
| Total Expenditures | <u>861,200.00</u> | <u>986,059.00</u> | <u>(124,859.00)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>76,800.00</u> | <u>(62,713.00)</u> | <u>(139,513.00)</u> |
| Transfers in | - | 23,690.00 | 23,690.00 |
| Net Change in Fund Balances | 76,800.00 | (39,023.00) | (115,823.00) |
| Fund Balances - Beginning-Restated | <u>814,165.00</u> | <u>814,165.00</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 890,965.00</u> | <u>\$ 775,142.00</u> | <u>\$ (115,823.00)</u> |

The accompanying notes are an integral part of this statement.

**THE TOWN OF WEBB
WEBB, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
UNAUDITED
SEPTEMBER 30, 2023**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------|-----------|----------|----------|----------|----------|----------|----------|----------|------|
| Total pension liability | | | | | | | | | | |
| Service Cost | 28,972 | 24,002 | 22,717 | 12,769 | 18,526 | 16,121 | 14,294 | 11,814 | 13,874 | |
| Interest | 21,661 | 17,893 | 16,655 | 16,710 | 16,392 | 17,819 | 13,613 | 13,405 | 11,729 | |
| Changes of benefits terms | 621 | - | - | - | - | - | - | - | - | |
| Difference between expected and actual experience | (34,450) | 8,237 | (2,737) | (9,782) | (5,402) | (39,383) | 14,349 | (6,308) | | |
| Change in assumptions | - | 20,799 | - | - | 1,173 | - | 31,592 | | | |
| Benefit payments, including refunds of employee contributions | (18,832) | (29,712) | (20,494) | (47,776) | (14,553) | (9,197) | (25,716) | (6,897) | (2,408) | |
| Transfer among employers | 27,649 | 11,717 | 4,537 | 13,729 | 5,983 | (1,099) | 3,365 | | | |
| Net change in total pension liability | 25,621 | 52,936 | 20,678 | (14,350) | 22,119 | (15,739) | 51,497 | 12,014 | 23,193 | |
| Total pension liability-beginning | 300,164 | 247,228 | 226,550 | 240,900 | 218,781 | 234,520 | 183,023 | 171,009 | 147,814 | |
| Total pension liability-ending(a) | 325,785 | 300,164 | 247,228 | 226,550 | 240,900 | 218,781 | 234,520 | 183,023 | 171,009 | |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-employer | 3,310 | 1,512 | 1,549 | 199 | 1,827 | 512 | 970 | 2,086 | 4,729 | |
| Contributions-employee | 15,178 | 14,715 | 12,047 | 12,946 | 9,897 | 8,980 | 9,298 | 7,378 | 6,537 | |
| Net investment income | (54,379) | 74,944 | 18,354 | 8,334 | 28,238 | 34,501 | 25,501 | 2,992 | 26,402 | |
| Benefit payments, including refunds of employee contributions | (18,832) | (29,712) | (20,494) | (47,776) | (14,553) | (9,197) | (25,716) | (6,897) | (2,408) | |
| Transfer among employers | 27,649 | 11,717 | 4,537 | 13,729 | 5,983 | (1,099) | 3,365 | | | |
| Other | | | | | | | | | | |
| Net change in plan fiduciary net position | (27,074) | 73,176 | 15,993 | (12,568) | 31,392 | 33,697 | 13,418 | 5,559 | 35,260 | |
| Plan fiduciary net position-beginning | 411,544 | 338,368 | 322,375 | 334,943 | 303,551 | 269,854 | 256,436 | 250,877 | 215,617 | |
| Plan fiduciary net position-ending(b) | 384,470 | 411,544 | 338,368 | 322,375 | 334,943 | 303,551 | 269,854 | 256,436 | 250,877 | |
| Net pension liability(asset)-ending (a)-(b) | (58,685) | (111,380) | (91,140) | (95,825) | (94,043) | (84,770) | (35,334) | (73,413) | (79,868) | |
| Plan fiduciary net position as a percentage of total pension liability | 118.01% | 137.11% | 136.86% | 142.30% | 139.04% | 138.75% | 115.07% | 140.11% | 146.70% | |
| Covered employee payroll | 297,824 | 297,824 | 280,334 | 295,963 | 278,366 | 192,758 | 215,415 | 119,975 | 125,741 | |
| Net pension liability(asset) as a percentage of covered employee payroll | 37.40% | 37.40% | 32.51% | 32.38% | 33.78% | 43.98% | 16.40% | 61.19% | 63.52% | |

**THE TOWN OF WEBB
WEBB, ALABAMA
SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)**

SEPTEMBER 30, 2023

| | Fiscal year 2023 | Fiscal year 2022 | Fiscal year 2021 | Fiscal year 2020 | Fiscal year 2019 | Fiscal year 2018 | Fiscal year 2017 | Fiscal year 2016 | Fiscal year 2015 | Fiscal year 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | 7,748.00 | 3,310.00 | 1,512.00 | 1,549.00 | 199.00 | 1,827.00 | 512.00 | 970.00 | 2,086.00 | 4,729.00 |
| Contributions in relation of the actuarially determined contribution | - | - | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | 7,748.00 | 3,310.00 | 1,512.00 | 1,549.00 | 199.00 | 1,827.00 | 512.00 | 970.00 | 2,086.00 | 4,729.00 |
| Covered employee payroll | 345,625.00 | 297,824.00 | 280,334.00 | 295,963.00 | 278,366.00 | 192,758.00 | 215,415.00 | 119,975.00 | 125,741.00 | - |
| Contributions as a percentage of covered employee payroll | 2.24% | 1.11% | 0.50% | 0.07% | 0.66% | 0.30% | 0.35% | 0.81% | 0.81% | 0.00% |

Notes to the Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which the contributions are reported. Contributions for the fiscal year 2023 were based on the September 30, 2020 actuarial valuation.

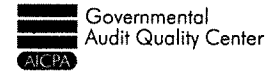
Methods and assumptions used to determine contribution rates for the period October 1, 2022 to September 30, 2023*:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage closed |
| Remaining amortization period | 34.9 years |
| Asset valuation method | Five year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.25-5.00%, including inflation |
| Investment rate of return | 7.70%, net of pension plan investment expense, including inflation |

* If the employer's financial reporting period end is other than September 30, 2023, additional assumptions should be reported for the basis of determining the portion of the contribution prior to or subsequent to this period.

James Q.
WHITEHEAD
CPA, INC.

PO Box 489 • Headland, AL 36345
334-726-2168 • Fax 334-323-5602



INDEPENDENT AUDITOR'S 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 Honorable Mayor and Councilmembers
Town of Webb
PO Box 127
Webb, Alabama 36376

I 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, the major fund, and the aggregate remaining fund information of the Town of Webb, Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Webb's basic financial statements and have issued my report thereon dated March 17, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Webb's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Webb's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Webb's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

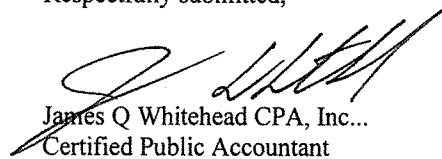
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Webb's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, Accordingly, I do not express such an opinion. The results of my 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 my 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 in 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.

Respectfully submitted,



James Q Whitehead CPA, Inc...
Certified Public Accountant

March 17, 2025