

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**TOWN OF WEBB, MISSISSIPPI**  
**COMPILATION REPORT AND COMPLIANCE LETTER**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**BFMW GROUP, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**GREENWOOD, MS**

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**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor and Board of Aldermen  
Town of Webb  
Webb, Mississippi

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Webb, Mississippi, solely to assist the Office of the State Auditor evaluate the financial compliance with certain laws and regulations as of September 30, 2018, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Account Number</u>	<u>Account Name</u>	<u>Fund</u>	<u>Balance</u>
Southern Bancorp	400317	General	General	\$ 22,098
Southern Bancorp	3542735	Police Fund	General	3,971
Southern Bancorp	372625	Civic Center	General	737
Southern Bancorp	580085	Community Resource	General	12,521
Total General Fund				<u>39,327</u>
Southern Bancorp	580220	Special Projects	Special Projects	<u>935</u>
Southern Bancorp	500074	Water & Sewer Fund	Proprietary	<u>9,662</u>
Southern Bancorp	580522	Payroll Clearing	Payroll Clearing	<u>13,530</u>
Total All Funds				<u>\$ 63,454</u>

2. There were no securities held for investment. The total of all funds, \$63,454, was adequately collateralized by the FDIC insurance carried for the Town by the banks.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
  - b. Examined uncollected taxes for proper handling, including tax sales;
  - c. Traced distribution of taxes collected to proper funds; and
  - d. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Section 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The entire 63.65 mill tax assessment as passed was assigned to and deposited in the General Fund, and General Obligation Debt payments are paid from the General Fund.

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 84,606
Municipal Aid	General Fund	282
Gasoline Tax	General Fund	1,695
Homestead Exemption	General Fund	8,013
In Lieu Taxes - Grand Gulf	General Fund	4,669
Department of Health and Public Safety	General Fund	2,175
Total		<u>\$ 101,440</u>

5. We selected a sample of purchases made by the town during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sampled Items	31
Dollar Value of Samples	\$ 14,077

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements:
  - a. Required trust funds have not been established for utility revenue bonds. The bonds are being paid out of the general fund. (Part IV, Question 3)
  - b. Fines and forfeitures are not all collected and remitted. Some are overdue. (Part V, Question 11)

Except for the comments in the paragraph above, for those items applicable to the municipality, no instances of non-compliance were noted.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



BFMW Group, PLLC  
April 30, 2019

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and  
Board of Aldermen  
Town of Webb  
Webb, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements—all fund types of the Town of Webb for the year ended September 30, 2018, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements—all fund types and, accordingly, do not express an opinion or any other form of assurance on it.

The town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements—all fund types is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on page 8 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Webb, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*BFMW Group, PLLC*

BFMW Group, PLLC  
April 30, 2019

**TOWN OF WEBB, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	General	Special Revenue	Capital Projects	Debt Service	Proprietary Funds	Payroll Clearance	Totals	
							(Memorandum Only) 2017	2018
<b>Revenue Receipts</b>								
General Property Taxes	\$ 143,919						\$ 151,881	\$ 143,919
Franchise Taxes	47,592						18,283	47,592
Intergovernmental Revenues								
General Municipal Aid	282						282	282
State Shared Revenues:								
Sales Tax	84,606						86,402	84,606
Gasoline Tax	1,695						1,695	1,695
Nuclear Plant	4,669						4,633	4,669
Homestead Exemption	8,013						7,598	8,013
Public Health and Safety	4,275						3,710	4,275
Revenues - Civic Center & Cell Tower	12,858						13,885	12,858
Other Income	4,569						12,178	4,569
Charges for Services								
Water & Sewer					174,932		166,403	174,932
Fines and Forfeits	12,782						11,924	12,782
Special Revenue - CDBG							30,469	-
<b>Total Revenue Receipts</b>	<u>325,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,932</u>	<u>-</u>	<u>509,343</u>	<u>500,192</u>
<b>Other Receipts</b>								
Loans and Transfers						256,650	294,532	256,650
<b>Total Other Receipts</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,650</u>	<u>301,040</u>	<u>256,650</u>
<b>Total Receipts</b>	<u>325,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,932</u>	<u>256,650</u>	<u>294,532</u>	<u>756,842</u>
<b>Cash Balance - Beginning of Year</b>	<u>21,516</u>	<u>995</u>			<u>4,892</u>	<u>1,293</u>	<u>33,546</u>	<u>28,696</u>
<b>Total Funds to Account For</b>	<u>\$ 346,776</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>179,824</u>	<u>257,943</u>	<u>328,078</u>	<u>785,538</u>

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



**TOWN OF WEBB, MISSISSIPPI**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	General	Special Revenue	Capital Projects	Debt Service	Proprietary Funds	Payroll Clearance	Totals	
							(Memorandum Only) 2017	2018
<b>Operating Disbursements</b>								
General Government								
Payroll Expenses						78,212	92,432	78,212
Contractual Services							82,522	77,631
Supplies and Other							7,305	19,341
Public Safety								
Police								
Payroll Expense						90,433	106,875	90,433
Contractual Services							10,322	8,241
Supplies and Other							720	-
Civic Center								-
Supplies							4,876	580
Utilities							911	4,063
Enterprises								-
Payroll Expenses						75,768	91,084	75,768
Water and Sewer							72,045	100,684
Interest and Fees - Long-Term Debt							1,522	3,521
<b>Total Operating Disbursements</b>								
	124,699	-	-	-	89,362	244,413	470,614	458,474
<b>Other Disbursements</b>								
Special Project								
Long-Term Debt Retired							30,469	60
Payment - IRS Debt							10,360	6,900
Loans and Transfers							6,500	-
<b>Total Other Disbursements</b>								
	175,850	60	-	-	80,800	-	290,780	256,650
	182,750				80,800		338,109	263,610
<b>Total Disbursements</b>								
	307,449	60	-	-	170,162	244,413	808,723	722,084
<b>Cash Balance - End of Year</b>								
	39,327	935			9,662	13,530	(808,723)	63,454
<b>TOTAL AMOUNT ACCOUNTED FOR</b>								
	\$ 346,776	995	-	-	179,824	257,943	-	785,538

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

**TOWN OF WEBB, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENT**  
**SEPTEMBER 30, 2018**

**NOTE A: Summary of Significant Accounting Policies**

**General Information**

The Town of Webb, Mississippi, operates under the mayor/board of alderman form of government and provides services as authorized by law.

**Reporting Entity**

The financial statement of the town consists of all the funds of the town.

**Fund Accounting**

The accounts of the town are organized on the basis of funds, each of which is considered a separate accounting entity.

**Basis of Accounting**

The financial statement is prepared on a cash receipts and disbursements basis as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

**NOTE B: Report Classification**

Receipts and disbursements are classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

**NOTE C: Other Matters**

The Internal Revenue Service made an assessment against the Town of Webb, Mississippi, for unpaid payroll taxes and withheld federal income taxes in the amount of \$467,592. This assessment is the result of the Town of Webb apparently collecting these taxes through withholding on employee pay checks but failing to remit them to the Department of the Treasury (Internal Revenue Service).

It appears that these failures took place from June, 2005, until September, 2009. None of the town officials who were responsible for remitting these funds are in office at this time. Since September, 2009, the Town of Webb appears to be in compliance with all payroll taxes. The town is remitting \$500 per month toward this debt, which at the date of this report (May 31, 2018) totaled in excess of \$600,000 including penalties and interest. It is highly doubtful that the Town of Webb will be able to liquidate this debt considering its present revenue structure. Consequently, it is reported here as an assessment rather than on page 8, Schedule of Long-Term Debt.

**TOWN OF WEBB, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<u>Definition and Purpose</u>	<u>Balance Outstanding 10/01/17</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding 09/30/18</u>
		<u>Issued</u>	<u>Redeemed</u>	
General Obligation Bonds:				
General Obligation Street Improvement Bond Service 2007 Original \$67,700 4% - 4.6% Payment varies \$6,860 - \$7,059 annually - A	\$ 13,140		6,900	6,240
Revenue Bonds:				
Berkadia 5% Bond for Sewer System Improvements Currently paying \$500 per month - B	48,748			48,748
				-
	<u>\$ 61,888</u>	<u>\$ -</u>	<u>\$ 6,900</u>	<u>\$ 54,988</u>

- A. Interest expense on the General Obligation bonds during fiscal year ended September 30, 2018      \$ 317  
Paying Agent Fee      \$ 75
- B. Total of \$2,500 paid during fiscal year ended September 30, 2018, \$2,500 credited to Interest and \$0 credited to Principal. Negotiations are presently underway to refinance the balance.
- C. See also Note C, Page 7 of this report.

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

**TOWN OF WEBB, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2018**

<b>NAME</b>	<b>POSITION</b>	<b>COMPANY</b>	<b>BOND</b>
Tracy T. Mims	Mayor	Mississippi Municipalities Bond Program	\$ 25,000
Maggie Outlaw	Alderman	Mississippi Municipalities Bond Program	\$ 25,000
Hilary Benson	Alderman	Mississippi Municipalities Bond Program	\$ 25,000
Willie Garner	Alderman	Mississippi Municipalities Bond Program	\$ 25,000
Chiquita Jones	Alderman	Mississippi Municipalities Bond Program	\$ 25,000
Betty J. Powell	Alderman	Mississippi Municipalities Bond Program	\$ 25,000
Quartasha Kindle	City Clerk	Travelers	\$ 50,000

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