

**CITY OF WINFIELD, MISSOURI**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

## TABLE OF CONTENTS

	<u>Pages</u>
<b>FINANCIAL SECTION:</b>	
Independent Auditors' Report	1-2
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis	4
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis - Governmental Funds	5
Reconciliation of the Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis - Governmental Funds to the Statement of Net Position - Modified Cash Basis	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Governmental Funds to the Statement of Activities - Modified Cash Basis	8
Statement of Net Position - Modified Cash Basis - Proprietary Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Proprietary Funds	10
Statement of Cash Flow - Proprietary Funds	11
Notes to Financial Statements	12-19
<b>REQUIRED SUPPLEMENTAL INFORMATION:</b>	
Budgetary Comparison Schedule - General Fund	20
Notes to Required Supplemental Information	21
LAGERS Trend Information	22
<b>SUPPLEMENTAL INFORMATION:</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Summary of Auditors' Results	25
Schedule of Findings and Questioned Costs	26
Schedule of Resolution of Prior Year Audit Findings	27



# Fick, Eggemeyer & Williamson

Certified Public Accountants, PC

CPA  
MEMBERS OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Alderman  
City of Winfield, Missouri

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Winfield, Missouri, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 error or fraud.

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the City of Winfield, Missouri, as of December 31, 2014, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and LAGERS trend information on page 20-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Management has omitted the management discussion and analysis 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 considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, on our consideration of the City of Winfield, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Winfield, Missouri's internal control over financial reporting and compliance.



Fick, Eggemeyer, Williamson, CPA's  
St. Louis, Missouri  
January 29, 2016

**Basic Financial Statements**

CITY OF WINFIELD, MISSOURI  
STATEMENT OF NET POSITION  
MODIFIED CASH BASIS  
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 395,526	\$ 35,115	\$ 430,641
Certificate of deposit	452,468	114,776	567,244
<b>Total current assets</b>	<b>847,994</b>	<b>149,891</b>	<b>997,885</b>
<b>Noncurrent assets</b>			
Capital assets, net of depreciation	670,029	226,498	896,527
<b>Total noncurrent assets</b>	<b>670,029</b>	<b>226,498</b>	<b>896,527</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,518,023</b>	<b>\$ 376,389</b>	<b>\$ 1,894,412</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payroll tax and withholding	\$ 42,674	\$ -	\$ 42,674
<b>Total current liabilities</b>	<b>42,674</b>	<b>-</b>	<b>42,674</b>
<b>Noncurrent liabilities</b>			
None	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 42,674</b>	<b>\$ -</b>	<b>\$ 42,674</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 670,029	\$ 226,498	\$ 896,527
Restricted	155,707	-	155,707
Unrestricted	649,613	149,891	799,504
<b>TOTAL NET POSITION</b>	<b>\$ 1,475,349</b>	<b>\$ 376,389</b>	<b>\$ 1,851,738</b>

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

CITY OF WINFIELD, MISSOURI  
 STATEMENT OF ACTIVITIES  
 MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
Primary government:						
Governmental activities:						
General government	\$ 285,940	\$ -	\$ -	\$ (252,793)	\$ -	\$ (252,793)
Public safety	554,104	-	-	(211,313)	-	(211,313)
Streets	133,608	-	83,933	(49,675)	-	(49,675)
Total governmental activities	973,652	-	83,933	(513,781)	-	(513,781)
Business-type:						
Water & Sewer	386,228	-	-	-	18,329	18,329
Total business-type activities	386,228	-	-	-	18,329	18,329
<b>Total</b>	<b>\$ 1,359,880</b>	<b>\$ -</b>	<b>\$ 83,933</b>	<b>\$ (513,781)</b>	<b>\$ 18,329</b>	<b>\$ (495,452)</b>
General revenues:						
Taxes				457,097	-	457,097
Investment income				5,222	253	5,475
Miscellaneous				6,027	-	6,027
Transfer				23,051	(23,051)	-
Total general revenues and transfers				491,397	(22,798)	468,599
Change in net position				(22,384)	(4,469)	(26,853)
Net position - beginning				\$ 1,497,733	\$ 380,858	1,878,591
Net position - ending				\$ 1,475,349	\$ 376,389	\$ 1,851,738

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

CITY OF WINFIELD, MISSOURI  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	General
<b>ASSETS</b>	
Cash and cash equivalents	\$ 395,526
Certificates of deposit	452,468
<b>Total assets</b>	<b>\$ 847,994</b>
 <b>LIABILITIES</b>	
Payroll tax and withholding	\$ 42,674
<b>Total liabilities</b>	<b>42,674</b>
 <b>FUND BALANCES</b>	
Restricted	155,707
Assigned	152,127
Unassigned	497,486
<b>Total fund balances</b>	<b>805,320</b>
<b>Total liabilities and fund balances</b>	<b>\$ 847,994</b>

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



CITY OF WINFIELD, MISSOURI  
RECONCILIATION OF STATEMENT OF ASSETS, LIABILITIES  
AND FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2014

Total fund balance - governmental funds	\$ 805,320
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$868,685 and the accumulated depreciation is \$198,656.	<u>670,029</u>
Net position of governmental activities	<u>\$ 1,475,349</u>

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

CITY OF WINFIELD, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

	General
Revenues:	
Taxes	\$ 404,154
Intergovernmental	52,942
Fines and forfeitures	342,791
Licenses and permits	18,409
Grants and contributions	83,934
Investment income	5,222
Miscellaneous	20,765
Total revenues	928,217
Expenditures:	
Current	
Administration	277,784
Public safety	543,168
Streets	124,747
Capital outlay	256,864
Total expenditures	1,202,563
Excess (deficiency) of revenue over expenditures	(274,346)
Other financing sources (uses):	
Transfers between funds	23,051
Excess (deficiency) of revenues and other expenditures and other sources (uses)	(251,295)
Fund balances - beginning	1,056,615
Fund balances - ending	\$ 805,320

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

CITY OF WINFIELD, MISSOURI  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES -  
 MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - total governmental funds	\$	(251,295)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.		
Capital outlay	256,864	
Depreciation expense	<u>(27,953)</u>	<u>228,911</u>
Change in net position of governmental activities	\$	<u><u>(22,384)</u></u>

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

CITY OF WINFIELD, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND  
DECEMBER 31, 2014

	Water & Sewer Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 35,115
Certificates of deposits	114,776
Total current assets	149,891
Noncurrent assets	
Capital assets, net of depreciation	226,498
Total noncurrent assets	226,498
Total assets	\$ 376,389
<b>LIABILITIES</b>	
Current liabilities	
None	\$ -
Total current liabilities	-
Noncurrent liabilities	
None	-
Total noncurrent liabilities	-
Total liabilities	\$ -
<b>NET POSITION</b>	
Net investment in capital assets	\$ 226,498
Restricted	-
Unrestricted	149,891
Total net position	\$ 376,389

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

CITY OF WINFIELD, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water & Sewer Fund
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 404,557
Total operating revenues	404,557
<b>OPERATING EXPENSES:</b>	
Cost of sales and service	369,539
Depreciation	16,689
Total operating expenses	386,228
Operating income	18,329
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment income	253
Total non-operating revenues (expenses)	253
Change in net position before transfers between funds	18,582
Transfer between funds	(23,051)
Change in net position after transfers between funds	(4,469)
Net position - beginning	380,858
Net position - ending	\$ 376,389

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

CITY OF WINFIELD, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Water &amp; Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 404,557
Payments for services	(258,897)
Payments to employees	<u>(110,642)</u>
<b>TOTAL OPERATING ACTIVITIES</b>	<u>35,018</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	<u>(25,588)</u>
<b>TOTAL FINANCING ACTIVITIES</b>	<u>(25,588)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of certificate of deposit	(241)
Interest and dividends	<u>253</u>
<b>TOTAL INVESTING ACTIVITIES</b>	<u>12</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Transfers to general fund	<u>(23,051)</u>
<b>TOTAL NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(23,051)</u>
Net increase (decrease) in cash	(13,609)
Cash and cash equivalents, beginning	<u>48,724</u>
Cash and cash equivalents, ending	<u><u>\$ 35,115</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 18,329
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	<u>16,689</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 35,018</u></u>

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

**CITY OF WINFIELD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Winfield was incorporated on February 14, 1882 and operates under a Mayor/Board of Alderman form of government, providing the following services: legislative, public safety, highways and streets, water and sewer, trash collection, and general administrative services. The City, for financial purposes, includes all of the funds relevant to the operations of the City of Winfield. The City is considered to be a primary government pursuant to GASB Statement No. 14, since it is legally separate and fiscally independent.

Reporting Entity

The City defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the City's governing body has any significant amount of financial accountability for potential component units. The City's is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the potential component unit may provide specific financial benefits to, or impose specific financial burdens on, the City. Currently, the City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The statements distinguish between governmental and business-type activities. As a general rule, the effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds and proprietary funds. The City's water and sewer services are classified as business-type activities.

Measurement Focus and Basis of Accounting

Measurement focus is the term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

In the government-wide statement of net position - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

Governmental activities and business-type activities in the government-wide financial statements and the governmental funds financial statements are presented on the modified cash basis of accounting. Accordingly, revenue is recognized and recorded when cash is received and expenditures are recognized and recorded when checks are written. This differs from the accounting principles generally accepted in the United States of America of recording revenues and expenditures of governmental funds when they become measurable and available and when the related liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. Modifications to the cash basis include certificates of deposit, capital assets, and payroll tax and withholding.

The government reports the following major governmental fund:

General Fund – This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

The City reports the following major proprietary fund:

Water and Sewer Fund – This fund accounts for activities related to the water distribution system and the sewage pumping station and sewage treatment lagoons..

Cash and Cash Equivalents

The Board of Alderman have not adopted a formal investment policy for investing City monies. However, the City has determined through experience that savings accounts and certificates of deposit are appropriate type of deposits and investments for its needs.

The City considers all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less to be cash and cash equivalents. Missouri State Statute requires that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Certificates of deposits held at local banks with an original maturity of more than three months are valued at cost and labeled as certificates of deposits in the financial statements.



**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Use of Estimates

The preparation of basic financial statements in conformity in a comprehensive basis of accounting other than U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include land, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with initial, individual cost of more than \$5,000 and estimated useful lives in excess of one year. 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 on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Infrastructure	20-40
Vehicles	7
Machinery and equipment	7

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Governmental Fund Balances

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Restricted - the portion of a Governmental Fund's balance that is subject to external enforceable legal restrictions.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by management. The assigned fund balance is made up of management approved reservations in the following fund: General.

**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Unassigned - available expendable financial resources in a Governmental Fund that are not designated for a specific purpose. The following account comprises the unassigned fund balance: General Fund.

The City uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**NOTE 2 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended December 31, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Land	\$ 108,417	\$ -	\$ -	\$ 108,417
Total capital assets not being depreciated	<u>108,417</u>	<u>-</u>	<u>-</u>	<u>108,417</u>
<i>Capital assets being depreciated:</i>				
Equipment and autos	159,618	16,979	-	176,597
Buildings/Improvements/Infrastructure	343,785	239,885	-	583,670
Total capital assets being depreciated	<u>503,403</u>	<u>256,864</u>	<u>-</u>	<u>760,267</u>
<i>Less accumulated depreciation for:</i>				
Equipment and autos	104,937	13,362	-	118,299
Buildings/Improvements/Infrastructure	65,765	14,592	-	80,357
Total accumulated depreciation	<u>170,702</u>	<u>27,953</u>	<u>-</u>	<u>198,656</u>
Total net capital assets being depreciated	<u>332,701</u>	<u>228,911</u>	<u>-</u>	<u>561,612</u>
Governmental activity capital assets, net	<u>\$ 441,118</u>	<u>\$ 228,911</u>	<u>\$ -</u>	<u>\$ 670,029</u>

**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 - CAPITAL ASSETS (cont.)**

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

Governmental Activities:	<u>Year ended December 31, 2014</u>
General government	\$ 8,156
Public safety	10,936
Streets	8,861
Total	<u>\$ 27,953</u>

Capital asset activity for business-type activities for the year ended December 31, 2014, were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<i>Capital assets being depreciated:</i>				
Vehicles and equipment	\$ 23,550	\$ -	\$ -	\$ 23,550
Infrastructure	481,832	25,588	-	507,420
Total capital assets being depreciated	<u>505,382</u>	<u>25,588</u>	<u>-</u>	<u>530,970</u>
<i>Less accumulated depreciation for:</i>				
Vehicles and equipment	14,664	3,364	-	18,028
Infrastructure	273,118	13,325	-	286,443
Total accumulated depreciation	<u>287,783</u>	<u>16,689</u>	<u>-</u>	<u>304,472</u>
Total net capital assets being depreciated	<u>\$ 217,600</u>	<u>\$ 8,899</u>	<u>\$ -</u>	<u>\$ 226,499</u>

Depreciation expense of \$16,689 was charged to the Water and Sewer fund.

**NOTE 3 - DEPOSITS**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City has a deposit policy for custodial credit risk that follows Missouri Statutes for deposits. The City maintains a cash pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the statement of position or balance sheet under each fund’s caption. In accordance with applicable Missouri Statute, the City maintains deposits at depository banks authorized by the City’s elected officials. Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS (cont.)**

At year-end, the carrying amount of the City's demand deposits totaled \$430,642 and bank balances totaled \$435,551. At year-end, the City also had certificates of deposit with a total carrying amount, which approximates fair value, of \$567,244. These are shown as certificates of deposit due to their original maturity dates.

Of the bank balances (including demand deposits and certificate of deposit), \$391,335 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$611,460 was collateralized by securities held by the pledging financial institution's trust department

**NOTE 4 - PROPERTY TAX**

The City's property tax is levied each year on all taxable real property located in the City on January 1. The property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable by December 31. The county collects the property tax and remits it to the City. The assessed valuation of the tangible real and personal taxable property for the calendar year 2014 for purposes of local taxation was \$12,383,147. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2014 for the purposes of location taxation was \$.3833.

**NOTE 5 - MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS**

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations. Total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$221,601. "Annual general operating revenue of the City" is not defined in the amended statute and may or may not include various sources of the City's revenues. The City is defining "annual general operating revenues of the City" as "Total General Fund Revenues." Amounts in excess of 30% are required to be remitted to the State of Missouri.

Total court fines and costs (HB 103)	\$ 221,601
Total general operating revenue of the City	\$ 636,383
Court fines and costs as a percentage of total general operating revenues	34.82%
Fines to be remitted to the State	\$ 30,686

**NOTE 6 - FUND BALANCE TRANSFERS**

The water and sewer fund transferred \$23,051 to the general fund . These transfers were used to pay for general operating expenditures.

**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS**

Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

The City of Winfield participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, early retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Receipt Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of Winfield contribute 4% of gross pay to the pension plan. The June 30<sup>th</sup> statutorily required contribution rate is 7.5% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2014, the political subdivision's annual pension cost of \$16,020 was equal to the required and actual contributions. The required contribution was determined as a part of the February 29, 2012 and February 28, 2013 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women.

**CITY OF WINFIELD, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEMS (Cont.)**

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2013 was 6 years for the general division.

Three-year trend information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 12,577	100%	\$ -
6/30/2013	11,252	100%	-
6/30/2012	16,020	100%	-

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 29, 2016, the date which the financial statements were available for issue. The following subsequent events have been identified:

1. Pending ligation between the City of Winfield and Public Water Service District #1 related to a faulty water meter was settled in June 2015 for \$40,000.
2. The City of Winfield was assessed a fine by the Missouri Department of Natural Resources for a lagoon violation in the amount of \$20,000. To date the penalty has not been paid, however ½ of the penalty will be abated if certain Department of National Resource requirements are met.
3. During fiscal year 2015. \$117,000 of storm drain and sewer infrastructure was damaged due to flooding.

**Required Supplementary Information  
(Other than Management Discussion and Analysis)**

CITY OF WINFIELD, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 398,600	\$ 398,600	\$ 404,154	\$ 5,554
Intergovernmental	50,800	50,800	52,942	2,142
Fines and forfeitures	334,100	334,100	342,791	8,691
Licenses and permits	20,500	20,500	18,409	(2,091)
Grants and contributions	104,092	104,092	83,934	(20,158)
Investment income	6,045	6,045	5,222	(823)
Miscellaneous	22,500	22,500	20,765	(1,735)
<b>Total revenues:</b>	<u>936,637</u>	<u>936,637</u>	<u>928,217</u>	<u>(8,420)</u>
<b>Expenditures:</b>				
Administration	331,460	331,460	277,784	53,676
Public safety	482,970	482,970	543,168	(60,198)
Streets	184,135	184,135	124,747	59,388
Capital outlay	10,000	10,000	256,864	(246,864)
<b>Total expenditures:</b>	<u>1,008,565</u>	<u>1,008,565</u>	<u>1,202,563</u>	<u>(193,998)</u>
Excess (deficiency) of revenues over expenditures	(71,928)	(71,928)	(274,346)	(202,418)
<b>Other financing sources (uses):</b>				
Transfer between funds	-	-	23,051	23,051
Excess (deficiency) of revenues over expenditures and other financing sources (uses):	<u>\$ (71,928)</u>	<u>\$ (71,928)</u>	(251,295)	<u>\$ (179,367)</u>
Fund balance - beginning			<u>1,056,615</u>	
Fund balance - ending			<u>\$ 805,320</u>	



CITY OF WINFIELD, MISSOURI  
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
 DECEMBER 31, 2014

**Note 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The Board follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Formal budgetary integration is employed as a management control device during the year for all governmental funds. The budgets are adopted on a modified cash basis of accounting.
2. The Board of Alderman approves the tax rate by ordinance. Once this rate has been established, the Board approves the total budget appropriation and amendments.
3. Unused appropriations lapse at the end of the year.

**Note 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

	<b>Expenditures</b>	<b>Appropriations</b>	<b>Expenditures over Appropriations</b>
<b>General Fund</b>	\$ 1,202,563	\$ 1,008,565	\$ 193,998

CITY OF WINFIELD, MISSOURI  
LAGERS TREND INFORMATION  
DECEMBER 31, 2014

Missouri Local Government Employees Retirement System (LAGERS)  
Schedule of Funding Progress

Actuarial Valuation Date	(a) Valuation of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as of Percentage of Covered Payroll
2/29/2012	94,218	127,552	33,334	74%	121,911	27%
2/28/2013	122,598	147,457	24,859	83%	126,384	20%
2/28/2014	(21,577)	32,552	54,129	0%	212,124	26%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**Federal Compliance Section**



# Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



---

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

---

To the Board of Alderman  
City of Winfield  
Winfield, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Winfield, Missouri, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Winfield, Missouri's basic financial statements, and have issued our report thereon dated January 29, 2016.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Winfield, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Winfield, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Winfield, Missouri'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.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer & Williamson, CPA's  
Saint Louis, Missouri  
January 29, 2016

CITY OF WINFIELD, MISSOURI  
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified \_\_\_\_\_ Yes     X  No

Reportable conditions identified that are not considered to be material weaknesses \_\_\_\_\_ Yes     X  No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

**Federal Awards - N/A**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes    \_\_\_\_\_ No

Reportable conditions identified that are not considered to be material weaknesses \_\_\_\_\_ Yes    \_\_\_\_\_ No

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) \_\_\_\_\_ Yes    \_\_\_\_\_ No

Identification of major program:

CFDA Numbers                      Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs:                      \$ 300,000

Auditee qualified as low risk auditee? \_\_\_\_\_ Yes    \_\_\_\_\_ No

CITY OF WINFIELD, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Section II - Financial Statement Findings

There are no significant deficiencies to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

CITY OF WINFIELD, MISSOURI  
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2014

There were no prior year audit findings.