

CITY OF WINFIELD, MISSOURI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
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, 2015, 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, the business-type activities and each major fund of the City of Winfield, Missouri, as of December 31, 2015, 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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winfield, Missouri's basic financial statements. The budgetary comparison schedule, schedule of changes in net pension liability and related ratios, and schedule of contributions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of changes in net pension liability and related ratios and schedules of contribution has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 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

June 22, 2016

Basic Financial Statements

CITY OF WINFIELD, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
DECEMBER 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 182,112	\$ 45,721	\$ 227,833
Certificates of deposit	455,428	114,932	570,360
Total current assets	<u>637,540</u>	<u>160,653</u>	<u>798,193</u>
Noncurrent assets			
Capital assets, net of depreciation	642,075	232,961	875,036
Total noncurrent assets	<u>642,075</u>	<u>232,961</u>	<u>875,036</u>
TOTAL ASSETS	<u>\$ 1,279,615</u>	<u>\$ 393,614</u>	<u>\$ 1,673,229</u>
LIABILITIES			
Current liabilities			
Payroll tax and withholding	\$ 8,489	\$ -	\$ 8,489
Total current liabilities	<u>8,489</u>	<u>-</u>	<u>8,489</u>
Noncurrent liabilities			
None	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 8,489</u>	<u>\$ -</u>	<u>\$ 8,489</u>
NET POSITION			
Net investment in capital assets	\$ 642,075	\$ 232,961	\$ 875,036
Restricted	53,589	-	53,589
Unrestricted	575,462	160,653	736,115
TOTAL NET POSITION	<u>\$ 1,271,126</u>	<u>\$ 393,614</u>	<u>\$ 1,664,740</u>

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, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government	
						Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Primary government:							
Governmental activities:							
General government	\$ 519,331	\$ 116,438	\$ -	\$ -	\$ (402,893)	\$ -	\$ (402,893)
Public safety	451,829	246,047	-	-	(205,782)	-	(205,782)
Streets	84,524	-	-	11,055	(73,469)	-	(73,469)
Total governmental activities	1,055,684	362,485	-	11,055	(682,144)	-	(682,144)
Business-type:							
Water and sewer	379,301	357,884	-	-	-	(21,417)	(21,417)
Total business-type activities	379,301	357,884	-	-	-	(21,417)	(21,417)
Total	\$ 1,434,985	\$ 720,369	\$ -	\$ 11,055	\$ (682,144)	\$ (21,417)	\$ (703,561)
General revenues:							
Taxes					462,571	-	462,571
Investment income					3,680	157	3,837
Miscellaneous					50,155	-	50,155
Transfer					(38,485)	38,485	-
Total general revenues and transfers					477,921	38,642	516,563
Change in net position					(204,223)	17,225	(186,998)
Net position - beginning					\$ 1,475,349	\$ 376,389	1,851,738
Net position - ending					\$ 1,271,126	\$ 393,614	1,664,740

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, 2015

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 182,112
Certificates of deposit	455,428
Total assets	\$ 637,540
 LIABILITIES	
Payroll tax and withholding	\$ 8,489
Total liabilities	8,489
 FUND BALANCES	
Restricted	53,589
Assigned	117,635
Unassigned	457,827
Total fund balances	629,051
Total liabilities and fund balances	\$ 637,540

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, 2015

Total fund balance - governmental funds	\$ 629,051
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 \$868,684 and the accumulated depreciation is \$226,609.	<u>642,075</u>
Net position of governmental activities	<u>\$ 1,271,126</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, 2015

	General
Revenues:	
Taxes	\$ 407,497
Intergovernmental	55,074
Fines and forfeitures	230,517
Licenses and permits	15,530
Grants and contributions	11,055
Charges for services	116,438
Investment income	3,680
Miscellaneous	50,155
Total revenues	889,946
Expenditures:	
Current	
Administration	511,175
Public safety	440,893
Streets	75,663
Total expenditures	1,027,731
Excess (deficiency) of revenue over expenditures	(137,785)
Other financing sources (uses):	
Transfers between funds	(38,485)
Excess (deficiency) of revenues and other expenditures and other sources (uses)	(176,270)
Fund balances - beginning	805,321
Fund balances - ending	\$ 629,051

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, 2015

Net change in fund balances - total governmental funds		\$ (176,270)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	-	
Depreciation expense	(27,953)	(27,953)
Change in net position of governmental activities		\$ (204,223)

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, 2015

	Water & Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 45,721
Certificates of deposits	114,932
Total current assets	160,653
Noncurrent assets	
Capital assets, net of depreciation	232,961
Total noncurrent assets	232,961
Total assets	\$ 393,614
LIABILITIES	
Current liabilities	
None	\$ -
Total current liabilities	-
Noncurrent liabilities	
None	-
Total noncurrent liabilities	-
Total liabilities	\$ -
NET POSITION	
Net investment in capital assets	\$ 232,961
Restricted	-
Unrestricted	160,653
Total net position	\$ 393,614

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, 2015

	Water & Sewer Fund
OPERATING REVENUES:	
Charges for services	\$ 357,884
Total operating revenues	357,884
OPERATING EXPENSES:	
Cost of sales and service	361,393
Depreciation	17,908
Total operating expenses	379,301
Operating income	(21,417)
NON-OPERATING REVENUES (EXPENSES):	
Investment income	157
Total non-operating revenues (expenses)	157
Change in net position before transfers between funds	(21,260)
Transfer between funds	38,485
Change in net position after transfers between funds	17,225
Net position - beginning	376,389
Net position - ending	\$ 393,614

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, 2015

	Water & Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 357,884
Payments for services	(246,346)
Payments to employees	(115,047)
TOTAL OPERATING ACTIVITIES	(3,509)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(24,371)
TOTAL FINANCING ACTIVITIES	(24,371)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of certificate of deposit	(157)
Interest and dividends	157
TOTAL INVESTING ACTIVITIES	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers from general fund	38,485
TOTAL NON-CAPITAL FINANCING ACTIVITIES	38,485
Net increase (decrease) in cash	10,605
Cash and cash equivalents, beginning	35,116
Cash and cash equivalents, ending	\$ 45,721
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (21,417)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	17,908
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (3,509)

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

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Winfield was incorporated on February 14, 1882 and operates under a Mayor/Board of Aldermen 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 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, 2015**

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

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Use of Estimates

The preparation of basic financial statements in conformity with 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, 2015**

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, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
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 & Autos	176,597	-	-	176,597
Infrastructure	583,670	-	-	583,670
Total capital assets being depreciated	<u>760,267</u>	<u>-</u>	<u>-</u>	<u>760,267</u>
<i>Less accumulated depreciation for:</i>				
Equipment & Autos	118,299	13,361	-	131,660
Infrastructure	80,357	14,592	-	94,949
Total accumulated depreciation	<u>198,656</u>	<u>27,953</u>	<u>-</u>	<u>226,609</u>
Total net capital assets being depreciated	<u>561,611</u>	<u>(27,953)</u>	<u>-</u>	<u>533,658</u>
Governmental activity				
Capital assets, net	<u>\$ 670,028</u>	<u>\$ (27,953)</u>	<u>\$ -</u>	<u>\$ 642,075</u>

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015</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, 2015, were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Vehicles and equipment	\$ 23,550	\$ -	\$ -	\$ 23,550
Infrastructure	507,420	24,370	-	531,790
Total capital assets being depreciated	<u>530,970</u>	<u>24,370</u>	<u>-</u>	<u>555,340</u>
<i>Less accumulated depreciation for:</i>				
Vehicles and equipment	18,028	3,365	-	21,393
Infrastructure	286,443	14,543	-	300,986
Total accumulated depreciation	<u>304,472</u>	<u>17,908</u>	<u>-</u>	<u>322,380</u>
Total net capital assets being depreciated	<u>\$ 226,499</u>	<u>\$ 6,462</u>	<u>\$ -</u>	<u>\$ 232,961</u>
Business-type activities Capital assets, net	<u>\$ 226,499</u>	<u>\$ 6,462</u>	<u>\$ -</u>	<u>\$ 232,961</u>

Depreciation expense of \$17,908 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, 2015**

NOTE 3 - DEPOSITS (cont.)

At year-end, the carrying amount of the City's demand deposits totaled \$227,833 and bank balances totaled \$271,456. At year-end, the City also had certificates of deposit with a total carrying amount, which approximates fair value, of \$570,360. These are shown as certificates of deposit due to their original maturity dates.

Of the bank balances (including demand deposits and certificates of deposit), \$391,335 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$450,481 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 2015 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 2015 for the purposes of location taxation was \$.3740.

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 \$133,049. Amounts in excess of 30% are required to be remitted to the State of Missouri.

Total court fines and costs (HB 103)	\$ 133,049
Total general operating revenue of the City	\$ 577,559
Court fines and costs as a percentage of total general operating revenues	23.0%
Fines to be remitted to the State	\$ -

NOTE 6 - FUND BALANCE TRANSFERS

The general fund transferred \$38,485 to the water and sewer fund. These transfers were used to pay for general operating expenditures.

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 7 - QUALIFIED RETIREMENT PLAN

Missouri Local Government Employees Retirement System (LAGERS)

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. City of Winfield (the City) defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	June 30 ,2015 Valuation
Benefit multiplier:	1.00%
Final average salary:	5 years
Member contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 7 - QUALIFIED RETIREMENT PLAN (continued)

Employees covered by benefit terms. At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	5
	6

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of annual covered payroll to the pension plan. Employer contribution rate is 7.5% (General) of annual covered payroll.

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial assumptions. The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary Increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 7 - QUALIFIED RETIREMENT PLAN (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/2014	<u>\$ 140,315</u>	<u>\$ 122,608</u>	<u>\$ 17,707</u>
Changes for the year:			
Service Cost	15,990	-	15,990
Interest	10,248	-	10,248
Difference between expected	11,891	-	11,891
Contributions - employer	-	15,727	(15,727)
Contributions - employee	-	9,428	(9,428)
Net investment income	-	2,432	(2,432)
Benefit payments, including refunds	(13,890)	(13,890)	-
Administrative expense	-	(652)	652
Other changes	-	(5,110)	5,110
Net changes	<u>24,239</u>	<u>7,935</u>	<u>16,304</u>
Balances at 6/30/2015	<u>\$ 164,554</u>	<u>\$ 130,543</u>	<u>\$ 34,011</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.25%	7.25%	8.25%
\$ 53,336	\$ 34,011	\$ 17,680

**CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 7 - QUALIFIED RETIREMENT PLAN (continued)

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

For the year ended June 30, 2015 the employer recognized pension expense of \$0. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	1,498	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	1,331	-
Total	2,829	-

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

Year ending June 30	Net Deferred Outflows of Resources
2016	\$ 2,829
2017	2,829
2018	2,829
2019	2,827
2020	1,498
Thereafter	2,903
Total	\$ 15,715

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2016, the date which the financial statements were available for issue. No reportable events were noted.

CITY OF WINFIELD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 451,632	\$ 451,632	\$ 407,497	\$ (44,135)
Intergovernmental	88,250	88,250	55,074	(33,176)
Fines and forfeitures	321,496	321,496	230,517	(90,979)
Licenses and permits	15,880	15,880	15,530	(350)
Grants and contributions	-	-	11,055	11,055
Charges for service	134,340	134,340	116,438	(17,902)
Investment income	-	-	3,680	3,680
Miscellaneous	33,516	33,516	50,155	16,639
Total revenues:	<u>1,045,114</u>	<u>1,045,114</u>	<u>889,946</u>	<u>(155,168)</u>
Expenditures:				
Administration	309,843	309,843	511,175	(201,332)
Public safety	468,594	468,594	440,893	27,701
Streets	114,645	114,645	75,663	38,982
Total expenditures:	<u>893,082</u>	<u>893,082</u>	<u>1,027,731</u>	<u>(134,649)</u>
Excess (deficiency) of revenues over expenditures	152,032	152,032	(137,785)	(289,817)
Other financing sources (uses):				
Transfer between funds	-	-	(38,485)	(38,485)
Excess (deficiency) of revenues over expenditures and other financing sources (uses):	<u>\$ 152,032</u>	<u>\$ 152,032</u>	(176,270)	<u>\$ (328,302)</u>
Fund balance - beginning			<u>805,321</u>	
Fund balance - ending			<u>\$ 629,051</u>	

CITY OF WINFIELD, MISSOURI
 NOTES TO SUPPLEMENTAL INFORMATION
 DECEMBER 31, 2015

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

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures over Appropriations</u>
General Fund	\$ 1,027,731	\$ 893,082	\$ 134,649

Other Information

CITY OF WINFIELD
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

Fiscal year ending June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability										
Service cost	\$ 15,990									
Interest on the total pension liability	10,248									
Benefit changes	-									
Difference between expected and actual results	11,891									
Assumption changes	-									
Benefit payments and refunds	(13,890)									
Net change in total pension liability	24,239									
Total pension liability - beginning	140,315									
Total pension liability - ending (a)	\$ 164,554									
Plan Fiduciary Net Position										
Contributions - employer	\$ 15,727									
Contributions - member	9,428									
Pension plan net investment income	2,432									
Pension plan administrative expense	(652)									
Benefit payments and refunds	(13,890)									
Other	(5,110)									
Net change in plan fiduciary net position	7,935									
Plan fiduciary net position - beginning	122,608									
Plan fiduciary net position - ending (b)	\$ 130,543									
Net pension liability - ending (a) - (b)	\$ 34,011									
Net position as a percentage of pension liability	79.33%									
Covered-employee payroll	\$ 227,279									
Net pension liability as a percentage of payroll	14.96%									

Notes to schedule:

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF WINFIELD
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 13,286	\$ 18,670	\$ 12,025	\$ 11,948	\$ 8,905	\$ 4,800	\$ 4,146	\$ 4,004	\$ 3,899	\$ 3,826
Contributions in relation to the actuarially determined contribution	13,286	18,670	12,025	11,948	8,905	4,627	4,146	4,004	3,786	3,109
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173	\$ -	\$ -	\$ 113	\$ 717
Covered-employee payroll	\$ 233,086	\$ 248,933	\$ 141,471	\$ 125,770	\$ 83,229	\$ 43,289	\$ 42,739	\$ 40,440	\$ 37,487	\$ 34,161
Contributions as a percentage of covered-employee payroll	5.70%	7.50%	8.50%	9.50%	10.70%	10.69%	9.70%	9.90%	10.10%	9.10%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of February 28, 2015 prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
- Amortization method
- Remaining amortization period
- Asset valuation method
- Inflation
- Salary increases
- Investment rate of return
- Retirement age
- Mortality
- Other information:*

Notes

There were no benefit changes during the year.

Federal Compliance Section



**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 Aldermen
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, 2015, 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 June 22, 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, CPA's
Saint Louis, Missouri
June 22, 2016

CITY OF WINFIELD, MISSOURI
FOR THE YEAR ENDED DECEMBER 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified Yes No

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

Noncompliance material to financial statements noted? Yes 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: \$ 750,000

Auditee qualified as low risk auditee? Yes No

CITY OF WINFIELD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015

There were no prior year audit findings.