

CITY OF WINFIELD, MISSOURI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Winfield, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the City of Winfield, Missouri (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2024, on our consideration of the City’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

F.E.W. CPAs

F.E.W. CPAs
Saint Louis, Missouri
July 18, 2024

Basic Financial Statements

CITY OF WINFIELD, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 483,473	\$ 368,434	\$ 851,907
Certificates of deposit	11,149	-	11,149
Total current assets	<u>494,622</u>	<u>368,434</u>	<u>863,056</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	706,000	4,481,042	5,187,042
Total noncurrent assets	<u>706,000</u>	<u>4,481,042</u>	<u>5,187,042</u>
Total assets	<u>\$ 1,200,622</u>	<u>\$ 4,849,476</u>	<u>\$ 6,050,098</u>
LIABILITIES			
Current liabilities			
Payroll tax and withholding	\$ 5,818	\$ -	\$ 5,818
Notes payable - current portion	-	90,449	90,449
Total current liabilities	<u>5,818</u>	<u>90,449</u>	<u>96,267</u>
Noncurrent liabilities			
Notes payable	-	4,735,521	4,735,521
Total noncurrent liabilities	<u>-</u>	<u>4,735,521</u>	<u>4,735,521</u>
Total liabilities	<u>\$ 5,818</u>	<u>\$ 4,825,970</u>	<u>\$ 4,831,788</u>
NET POSITION			
Net investment in capital assets	\$ 706,000	\$ (344,928)	\$ 361,072
Restricted for:			
Transportation sales tax	458,704	-	458,704
DWI/drug enforce	2,853	-	2,853
Police training fund	7,459	-	7,459
Police grants fund	5,227	-	5,227
USDA loan	-	215,792	215,792
Unrestricted	14,561	152,642	167,203
Total net position	<u>\$ 1,194,804</u>	<u>\$ 23,506</u>	<u>\$ 1,218,310</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, 2023

FUNCTIONS/PROGRAMS	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	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 803,368	\$ 109,658	\$ 166,140	\$ -	\$ (527,570)	\$ -	\$ (527,570)
Public safety	455,279	73,702	-	-	(381,577)	-	(381,577)
Streets	35,637	-	-	-	(35,637)	-	(35,637)
Total governmental activities	<u>1,294,284</u>	<u>183,360</u>	<u>166,140</u>	<u>-</u>	<u>(944,784)</u>	<u>-</u>	<u>(944,784)</u>
Business-type activities:							
Water and sewer	772,415	720,146	-	-	-	(52,269)	(52,269)
Total business-type activities	<u>772,415</u>	<u>720,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,269)</u>	<u>(52,269)</u>
Total	<u>\$ 2,066,699</u>	<u>\$ 903,506</u>	<u>\$ 166,140</u>	<u>\$ -</u>	<u>(944,784)</u>	<u>(52,269)</u>	<u>(997,053)</u>
General revenues and transfers:							
Real and personal property taxes					59,842	-	59,842
City sales taxes					238,549	-	238,549
Franchise Taxes					98,624	-	98,624
Surtax					1,997	-	1,997
Transportation taxes					93,035	-	93,035
Motor vehicle sales taxes					15,330	-	15,330
Motor vehicle fees					6,476	-	6,476
Motor fuel taxes					49,228	-	49,228
Investment income					2,242	-	2,242
Miscellaneous					54,076	-	54,076
Transfers					(231,321)	231,321	-
Total general revenues and transfers					<u>388,078</u>	<u>231,321</u>	<u>619,399</u>
Change in net position					(556,706)	179,052	(377,654)
Net position - beginning					1,751,510	(49,965)	1,701,545
Net position - ending					<u>\$ 1,194,804</u>	<u>\$ 129,087</u>	<u>\$ 1,323,891</u>

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 FUND
DECEMBER 31, 2023

	General
ASSETS	
Cash and cash equivalents	\$ 483,473
Certificates of deposit	11,149
	494,622
Total assets	\$ 494,622
 LIABILITIES	
Payroll tax and withholding	\$ 5,818
Total liabilities	5,818
 FUND BALANCES	
Restricted for:	
Transportation sales tax	458,704
DWI/drug enforce	2,853
Police training fund	7,459
Police grants fund	5,227
Assigned	10,002
Unassigned	4,559
	488,804
Total fund balances	488,804
Total liabilities and fund balances	\$ 494,622

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

CITY OF WINFIELD, MISSOURI
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023

Total fund balance - governmental fund	\$ 488,804
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources, and therefore, are not reported on the governmental funds balance sheet.	<u>706,000</u>
Net position of governmental activities	<u><u>\$ 1,194,804</u></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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	General
Revenues	
Taxes	\$ 492,047
Intergovernmental	71,034
Fines and forfeitures	60,612
Licenses and permits	13,090
Charges for services	109,658
Operating grants	166,140
Investment income	2,242
Miscellaneous	54,076
Total revenues	968,899
Expenditures	
Current	
Administration	783,223
Public safety	446,320
Streets	22,107
Capital outlay	77,752
Total expenditures	1,329,402
Excess (deficiency) of revenues over expenditures	(360,503)
Other financing sources (uses):	
Transfers between funds	(231,321)
Total other financing sources (uses)	(231,321)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(591,824)
Fund balances - beginning	1,080,628
Fund balances - ending	\$ 488,804

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 - GOVERNMENTAL FUND TO
 THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental fund	\$ (591,824)
<p>Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	77,752
Depreciation expense	(42,634)
	(42,634)
Change in net position of governmental activities	\$ (556,706)

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, 2023

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 368,434
Total current assets	<u>368,434</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>4,481,042</u>
Total noncurrent assets	<u>4,481,042</u>
Total assets	<u><u>\$ 4,849,476</u></u>
LIABILITIES	
Current liabilities	
Notes payable - current portion	\$ 90,449
Total current liabilities	<u>90,449</u>
Noncurrent liabilities	
Notes payable	<u>4,735,521</u>
Total noncurrent liabilities	<u>4,735,521</u>
Total liabilities	<u><u>4,825,970</u></u>
NET POSITION	
Net investment in capital assets	(344,928)
Unrestricted	<u>368,434</u>
Total net position	<u><u>\$ 23,506</u></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 NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water and Sewer Fund
Operating revenue	
Charges for services	\$ 720,146
Total operating revenues	720,146
Operating expenses	
Cost of sales and service	635,209
Depreciation	137,206
Total operating expenses	772,415
Operating income	(52,269)
Non-operating revenues (expenses)	
Interest	(105,581)
Total non-operating revenues (expenses)	(105,581)
Change in net position before transfers between funds	(157,850)
Transfer between funds	231,321
Change in net position after transfers between funds	73,471
Net position - beginning	(49,965)
Net position - ending	\$ 23,506

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

CITY OF WINFIELD, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 720,146
Payments for services	(590,677)
Payments to employees	(44,532)
TOTAL OPERATING ACTIVITIES	84,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from notes payable	4,900,000
Payoff of notes payable	(4,867,378)
Purchase of capital assets	(10,000)
TOTAL CAPITAL AND RELATED FINANCING ACTIVITIES	22,622
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds of certificates of deposit	10,982
TOTAL INVESTING ACTIVITIES	10,982
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Interest	(105,581)
Transfers between funds	231,321
TOTAL NON-CAPITAL FINANCING ACTIVITIES	125,740
Net increase (decrease) in cash and cash equivalents	244,281
Cash and cash equivalents - beginning	124,153
Cash and cash equivalents - ending	\$ 368,434
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (52,269)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	137,206
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 84,937

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

CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Winfield, Missouri (the “City”) 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 the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for the 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 can 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 - modified cash basis and the statement of activities - modified cash basis) 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 - modified cash basis 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 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.

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.

CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Governmental activities and business-type activities in the government-wide financial statements and the governmental fund 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, payroll tax and withholding, and notes payable.

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, the sewage pumping station, and sewage treatment lagoons.

Cash and Cash Equivalents

The Board of Aldermen has 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 the 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.

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.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities - modified cash basis, all interfund transfers between individual governmental funds have been eliminated.

CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Capital Assets

Capital assets, which include land, vehicles, 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 an 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 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.

Fund Equity

In accordance with the Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the City classifies governmental fund balances as follows:

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The following fund balance is restricted by City ordinance, taxing authority, or grant agreements: General

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by management. The following fund comprises the assigned fund balance: General

Unassigned - This consists of the available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following fund comprises the unassigned fund balance: General

The City uses restricted amounts to be spent first when both restricted and unassigned fund balances are available unless there are legal contracts that prohibit doing this.

Compensated Absences

City employees earn vacation and accumulate sick days based on years of continuous service. Vacation earned within a service year must be used before the expiration of the succeeding service year. Employees who are separated from service are compensated for vacation accrued up to the date of separation. Because of the accounting method used, the City does not record a liability for unused sick or vacation time.

CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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.

The City uses restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term liabilities consist primarily of finance lease obligations and notes payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

NOTE 2 - 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 2023 for purposes of local taxation was \$18,411,812. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2023 for the purposes of location taxation was \$0.3210.

NOTE 3 - FUND BALANCE TRANSFERS

The General Fund transferred \$231,321 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, 2023

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Land	\$ 108,918	\$ -	\$ -	\$ 108,918
Total capital assets not being depreciated	<u>108,918</u>	<u>-</u>	<u>-</u>	<u>108,918</u>
<i>Capital assets being depreciated:</i>				
Vehicles and equipment	347,681	7,297	25,518	329,460
Infrastructure	743,070	70,455	-	813,525
Total capital assets being depreciated	<u>1,090,751</u>	<u>77,752</u>	<u>25,518</u>	<u>1,142,985</u>
<i>Less accumulated depreciation for:</i>				
Vehicles and equipment	284,775	19,052	25,518	278,309
Infrastructure	244,012	23,583	-	267,595
Total accumulated depreciation	<u>528,787</u>	<u>42,634</u>	<u>25,518</u>	<u>545,903</u>
Total net capital assets being depreciated	<u>561,964</u>	<u>35,118</u>	<u>-</u>	<u>597,082</u>
Governmental activities capital assets, net	<u>\$ 670,882</u>	<u>\$ 35,118</u>	<u>\$ -</u>	<u>\$ 706,000</u>

Depreciation expense for the year ended December 31, 2023 was charged to general government, public safety, and street functions/programs in the amounts of \$20,145, \$8,959 and \$13,530, respectively.

Capital asset activity for business-type activities for the year ended December 31, 2023, 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	65,789	10,000	-	75,789
Infrastructure	5,137,159	-	-	5,137,159
Total capital assets being depreciated	<u>5,202,948</u>	<u>10,000</u>	<u>-</u>	<u>5,212,948</u>
<i>Less accumulated depreciation for:</i>				
Vehicles and equipment	56,682	5,736	-	62,418
Infrastructure	538,018	131,470	-	669,488
Less accumulated depreciation	<u>594,700</u>	<u>137,206</u>	<u>-</u>	<u>731,906</u>
Total net capital assets being depreciated	<u>4,608,248</u>	<u>(127,206)</u>	<u>-</u>	<u>4,481,042</u>
Business-type activities capital assets, net	<u>\$ 4,608,248</u>	<u>\$ (127,206)</u>	<u>\$ -</u>	<u>\$ 4,481,042</u>

Depreciation expense of \$137,206, was charged to the Water and Sewer Fund.

CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term commitments:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental Activities					
Note payable	\$ 4,793,349	\$ 4,900,000	\$ 4,867,378	\$ 4,825,970	\$ 90,449
Total governmental activities	<u>\$ 4,793,349</u>	<u>\$ 4,900,000</u>	<u>\$ 4,867,378</u>	<u>\$ 4,825,970</u>	<u>\$ 90,449</u>

Note Payable

In March 2023, the City entered into two loan agreements with United States Department of Agriculture of \$4,231,000 and \$669,000 to refinance the Waste water project construction loan from the prior year. It accrues interest at a rate of 2.75% and 1.75% respectively. The payments of principal or interest are \$15,817 and \$2,144 respectively per month. The balance as of December 31, 2023 was \$4,825,970. Two reserves are required for the bonds, Debt Service Reserve (DSR) and Repair and Extension Reserve (R&E) with monthly payments of \$1,582 and \$215 until the reserves is fully funded. The DSR fund is restricted to bond payments should the funds not be available. The R&E reserve will be funded as long as the bonds are outstanding.

Payments due on Notes payable are as follows:

Year Ending December 31,	Principle	Interest	Total
2024	\$ 90,449	\$ 125,084	\$ 215,533
2025	92,821	122,712	215,533
2026	95,257	120,276	215,533
2027	97,759	117,774	215,533
2028	100,327	115,206	215,533
2029-2058	4,349,357	1,739,422	6,088,779
Total	<u>\$ 4,825,970</u>	<u>\$ 2,340,474</u>	<u>\$ 7,166,444</u>

NOTE 6 - EMPLOYEE RETIREMENT SYSTEMS

Plan Description

The City 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, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state 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 Revenue Code Section 401 (a) and it is tax-exempt. LAGERS 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.

CITY OF WINFIELD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 - EMPLOYEE RETIREMENT SYSTEMS (cont.)

Funding Policy

Full-time employees of the employer contribute 4% of annual covered payroll to the pension plan. The employer contribution rate is 7.5% (General) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute. For the years ended December 31, 2023, 2022 and 2021, the City contributed \$21,010, \$19,572, and \$24,385, respectively, as required.

NOTE 7 - 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 the 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.

At year-end, the carrying amount of the City's demand deposits totaled \$851,907 and bank balances totaled \$862,548. At year-end, the City also had certificates of deposit with a total carrying amount, which approximates fair value, of \$11,205. These are shown as certificates of deposit due to their original maturity dates.

Of the bank balances (including demand deposits and certificates of deposit), \$ 261,205 was insured by the Federal Deposit Insurance Corporation (FDIC), \$612,548 was collateralized by securities held by the pledging financial institution's trust department.

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 18, 2024, the date which the financial statements were available for issue, and noted no reportable events.

Other Information

CITY OF WINFIELD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 471,200	\$ 471,200	\$ 492,047	\$ 20,847
Intergovernmental	66,600	66,600	71,034	4,434
Fines and forfeitures	215,958	215,958	60,612	(155,346)
Licenses and permits	22,695	22,695	13,090	(9,605)
Charges for service	141,000	141,000	109,658	(31,342)
Operating grants	175,000	175,000	166,140	(8,860)
Investment income	-	-	2,242	2,242
Miscellaneous	46,300	46,300	54,076	7,776
Total revenues	<u>1,138,753</u>	<u>1,138,753</u>	<u>968,899</u>	<u>(169,854)</u>
Expenditures				
Current operating				
Administration	675,044	675,044	783,223	(108,179)
Public safety	526,452	526,452	446,320	80,132
Streets	66,950	66,950	22,107	44,843
Capital outlay	-	-	77,752	(77,752)
Total expenditures	<u>1,268,446</u>	<u>1,268,446</u>	<u>1,329,402</u>	<u>(60,956)</u>
Excess (deficiency) of revenues over expenditures	<u>(129,693)</u>	<u>(129,693)</u>	<u>(360,503)</u>	<u>(230,810)</u>
Other financing sources (uses)				
Transfer between funds	-	-	(231,321)	(231,321)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(231,321)</u>	<u>(231,321)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (129,693)</u>	<u>\$ (129,693)</u>	(591,824)	<u>\$ (462,131)</u>
Fund balance - beginning			<u>1,080,628</u>	
Fund balance - ending			<u>\$ 488,804</u>	

CITY OF WINFIELD, MISSOURI
NOTES TO OTHER INFORMATION
DECEMBER 31, 2023

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	\$ 1,329,402	\$ 1,268,446	\$ 60,956

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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*

Honorable Mayor and 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 (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated July 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’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.

F.E.W. CPAs

F.E.W. CPAs
Saint Louis, Missouri
July 18, 2024

CITY OF WINFIELD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditors' Results
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Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with federal Uniform Guidance	_____ Yes	_____ No
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Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low risk auditee?	_____ Yes	_____ No
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CITY OF WINFIELD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section II - Financial Statement Findings

There are no reportable conditions 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, 2023

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2022-001	Written Policies and Procedures	Resolved