

**TOWN OF WINFIELD, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2023

# TOWN OF WINFIELD, TENNESSEE

## Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Officials of the Town of Winfield, Tennessee . . . . .	I
FINANCIAL SECTION:	
Independent Auditor's Report . . . . .	1-3
Management's Discussion and Analysis . . . . .	4-10
Basic Financial Statements:	
Government - Wide Financial Statements	
Statement of Net Position . . . . .	11
Statement of Activities . . . . .	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds . . . . .	14
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities . .	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds . .	16
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance Of Governmental Funds to the Statement of Activities . . . . .	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) And Actual	
General Fund . . . . .	18-20
State Street Aid Fund . . . . .	21
Drug Fund . . . . .	22
Notes to Financial Statements . . . . .	24-32

# TOWN OF WINFIELD, TENNESSEE

## Table of Contents, Continued

### Page Number

#### SUPPLEMENTAL INFORMATION:

##### Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Changes in Capital Assets - By Type .....	34
Schedule of Cash and Cash Equivalents and Certificate of Deposit - All Funds . . . .	35
Schedule of Debt Service Requirements – General Obligation Debt .....	36
Schedule of Changes in Long-term Debt by Individual Issue .....	37
Schedule of State and Federal Financial Assistance .....	38

#### COMPLIANCE AND INTERNAL CONTROL:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	40-41
Schedule of Findings and Responses .....	42
Schedule of Disposition of Prior Year Comments .....	43
Management’s Corrective Action Plan .....	44

# INTRODUCTORY SECTION

**TOWN OF WINFIELD, TENNESSEE**

Officials of the Town of Winfield, Tennessee

June 30, 2023

Name

Title

Elected Officials:

Jerry Dodson

Mayor

Melvin Stephens

Alderman

Harold Chambers

Alderman

Donald Sexton

Alderman

Doug Wilson

Alderman

Management:

Robyn McBroom

City Recorder and CMFO

# FINANCIAL SECTION

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**Independent Auditor's Report**

Mayor and Board of Aldermen of the  
Town of Winfield, Tennessee  
Winfield, Tennessee

**Report on the Audit of the Financial Statements**

***Opinions***

I have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Town of Winfield, Tennessee (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Town, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, State Street Aid Fund, and the Drug Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement 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, I:

- ❖ 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 Town'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the

limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information – Introductory Section***

Management is responsible for the Introductory Section included in the annual report. The Introductory Section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the Introductory Section, and I do not express an opinion or any other assurance thereon.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, I have also issued my report dated November 3, 2023, on my consideration of the Town's internal control over financial reporting and on my 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 my 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 Town'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 Town's internal control over financial reporting and compliance.

*Joh R Poole, CPA*

November 3, 2023

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

## TOWN OF WINFIELD, TENNESSEE

### Management's Discussion and Analysis

As management of the Town of Winfield, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Town of Winfield exceeded its liabilities at the close of the most recent fiscal year by \$1,781,939. Of this amount, \$931,761 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased \$821,478 as the Town's revenues increased by \$576,895 from the sale of surplus Town assets and increased local tax revenues. Expenses were lower by \$26,902 as the Town maintained non-debt related expenses during the year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$991,451, an increase of \$194,710 in comparison to the prior year. The increase was due to an increase in miscellaneous revenues from the sale of assets, partially offset by the Town paying off \$376,025 of debt. During the year the Town made capital asset purchases of \$475,960 for highway infrastructure and equipment. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$935,315 or 77% of the total general fund expenditures.

#### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Town of Winfield's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as

soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town of Winfield include general government, personnel, finance, parks, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Town of Winfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Winfield adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-17 of this report. The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-32 of this report.

## Financial Analysis of the Financial Statements -- Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Winfield, assets exceeded liabilities by \$1,781,939 at the close of the most recent fiscal year. By far the largest portion of the Town's assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt use to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Financial Analysis of the Financial Statements -- Town of Winfield's Net Position - 2022

Current and other assets	\$ 964,661
Capital assets	<u>772,800</u>
Total assets	1,737,461
Long-term liabilities	602,916
Other liabilities	<u>27,630</u>
Total liabilities	630,546
Deferred Inflows:	146,454
Net position:	
Net investment in capital assets	342,885
Restricted	37,209
Unrestricted	<u>580,367</u>
Total net position	\$ 960,461

## Financial Analysis of the Financial Statements -- Town of Winfield's Net Position - 2023

Current and other assets	\$ 1,168,473
Capital assets	<u>1,187,749</u>
Total assets	2,356,222
Long-term liabilities	386,891
Other liabilities	<u>27,981</u>
Total liabilities	414,872
Deferred Inflows:	159,411
Net position:	
Net investment in capital assets	800,858
Restricted	49,320
Unrestricted	<u>931,761</u>
Total net position	\$ 1,781,939

### Financial Analysis of the Financial Statements

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### Governmental Funds

The focus of the Town of Winfield's governmental funds is to provide information on near-term inflows, outflows and balances of resources. Such information is useful in assessing the Town's financing requirements in particular, unassigned fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$935,315. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 77% of total general fund expenditures.

#### General Fund Budgetary Highlights

The Town exceeded one of its budget appropriations during the year. See pages 18-22 for an analysis of the budgets.

Comparison of revenues and expenses between 2022 and 2023

	2023 <u>Governmental</u> <u>Activities</u>	2022 <u>Governmental</u> <u>Activities</u>	<u>Change</u> <u>Between</u> <u>Years</u>
Revenues:			
Program revenues:			
Charges for services	1,400	990	410
Operating grants and contributions	52,152	44,873	7,279
Capital grants and contributions	185,147	232,055	(46,908)
Sales taxes	303,635	400,156	(96,521)
Other local taxes	122,453	9,833	112,620
Other state shared taxes	2,914	3,106	(192)
Other	607,428	7,221	600,207
Total revenues	<u>\$1,275,129</u>	<u>\$698,234</u>	<u>\$576,895</u>
Expenses:			
Administration	248,055	180,733	67,322
Municipal building	11,698	15,693	(3,995)
Fire department	6,856	15,190	(8,334)
Solid waste	3,695	5,805	(2,110)
Senior center	1,300	4,167	(2,867)
Parks and recreations	9,625	6,079	3,546
Highways and streets	172,422	252,886	(80,464)
Total expenses	<u>\$453,651</u>	<u>\$480,553</u>	<u>(\$26,902)</u>
Increases in net position	<u>\$821,478</u>	<u>\$217,681</u>	<u>\$603,797</u>

## Capital Assets

The Town of Winfield's investment in capital assets from its governmental activities at June 30, 2023, amounts to \$1,187,749 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, machinery and equipment.

### Town of Winfield's Capital Assets - 2022

	Governmental <u>Activities</u>
Land	\$ 155,582
Buildings	408,571
Infrastructure	969,789
Machinery and equipment	<u>997,441</u>
Less accumulated depreciation	(1,758,583)
Net Capital Assets	<u>\$ 772,800</u>

### Town of Winfield's Capital Assets - 2023

	Governmental <u>Activities</u>
Land	\$ 155,582
Buildings	408,571
Infrastructure	1,362,872
Machinery and equipment	<u>1,080,318</u>
Less accumulated depreciation	(1,819,594)
Net Capital Assets	<u>\$ 1,187,749</u>

Additional information on the Town of Winfield's capital assets can be found in the notes to the financial statements section of this report.

## Long-term Debt

At the end of the current year, the Town of Winfield had general obligation debt of \$386,891. The Town's total debt decreased by \$216,025 during the current fiscal year as the Town paid off its line of credit of \$333,000. The Town's loans are being paid as scheduled. Additional information on the Town of Winfield's debt can be found in the notes to the financial statements section of this report.

## **Economic Factors and Next Year's Budget and Rates**

In the 2023-2024 budget, General fund revenues are budgeted to increase from the 2022-2023 budget year primarily due to increases in the local revenues. The Town's budget has been increased due to an improving commercial and retail base producing increased local tax receipts. All of these factors were considered in preparing the Town's budget for the 2023-2024 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Winfield, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Robyn McBroom  
Town of Winfield

# BASIC FINANCIAL STATEMENTS

**TOWN OF WINFIELD, TENNESSEE**

**Statement of Net Position**

**June 30, 2023**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>	<u>Component Unit Industrial Development</u>
Cash and cash equivalents	\$793,263	793,263	284,463
Certificate of deposit	250,000	250,000	0
Accounts receivable	118,394	118,394	0
Prepaid expenses	6,816	6,816	0
Capital assets not being depreciated	155,582	155,582	0
Capital assets, net of accumulated depreciation	1,032,167	1,032,167	0
Total Assets	<u>2,356,222</u>	<u>2,356,222</u>	<u>284,463</u>
 <u>Liabilities, Deferred Inflows, and Net Position</u>			
Liabilities:			
Accounts payable	12,438	12,438	0
Accrued expenses	15,543	15,543	0
Long-term liabilities due within one year	49,385	49,385	0
Long-term liabilities due in more than one year	337,506	337,506	0
Total Liabilities	<u>414,872</u>	<u>414,872</u>	<u>0</u>
 Deferred Inflows:			
Deferred inflow of resources - unspent grant receipts	159,411	159,411	0
Total Deferred Inflows	<u>159,411</u>	<u>159,411</u>	<u>0</u>
 Net Position:			
Net investment in capital assets	800,858	800,858	0
Restricted - Drug fund	12,599	12,599	0
Restricted - State street aid	36,721	36,721	0
Unrestricted	931,761	931,761	284,463
Total Net Position	<u>1,781,939</u>	<u>1,781,939</u>	<u>284,463</u>

See accompanying notes to financial statements.

TOWN OF WINFIELD, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2023

Function/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Component Unit Industrial Development
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total	
<b>Government Activities:</b>							
Administration	248,055	1,400	17,333	185,147	(44,175)	(44,175)	0
Municipal building	11,698	0	0	0	(11,698)	(11,698)	0
Fire department	6,856	0	0	0	(6,856)	(6,856)	0
Solid waste	3,695	0	0	0	(3,695)	(3,695)	0
Senior center	1,300	0	0	0	(1,300)	(1,300)	0
Parks and recreations	9,625	0	0	0	(9,625)	(9,625)	0
Highways and streets	172,422	0	34,819	0	(137,603)	(137,603)	0
Total Governmental Activities	<u>453,651</u>	<u>1,400</u>	<u>52,152</u>	<u>185,147</u>	<u>(214,952)</u>	<u>(214,952)</u>	<u>0</u>
Component Unit - Industrial Board	<u>3,000</u>	<u>66,000</u>	<u>0</u>	<u>0</u>	<u>63,000</u>	<u>0</u>	<u>63,000</u>
General Revenues							
Sales taxes					303,635	303,635	0
Business taxes					11,386	11,386	0
Beer taxes					111,067	111,067	0
Income, excise and franchise taxes					2,914	2,914	0
Other					607,428	607,428	0
Total general revenues					<u>1,036,430</u>	<u>1,036,430</u>	<u>63,000</u>
Changes in net position					<u>821,478</u>	<u>821,478</u>	<u>63,000</u>
Net Position - beginning of year					960,461	960,461	221,463
Net position - ending of year					<u>1,781,939</u>	<u>1,781,939</u>	<u>284,463</u>

See accompanying notes to financial statements.

# FUND FINANCIAL STATEMENTS

**TOWN OF WINFIELD, TENNESSEE**

**Balance Sheet**

**Governmental Funds**

**June 30, 2023**

<u>Assets</u>	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Total</u>
Cash and cash equivalents	\$754,503	\$26,161	\$12,599	\$793,263
Certificate of deposit	250,000	0	0	250,000
Accounts receivable:				
Accounts receivable	14,565	0	0	14,565
Due from other governments	98,091	5,738	0	103,829
	<u>112,656</u>	<u>5,738</u>	<u>0</u>	<u>118,394</u>
Due from General Fund	0	5,824	0	5,824
Prepaid assets	6,816	0	0	6,816
 Total Assets	 <u>\$1,123,975</u>	 <u>\$37,723</u>	 <u>\$12,599</u>	 <u>\$1,174,297</u>
 <u>Liabilities, Deferred Inflow and Fund Balance</u>				
Liabilities:				
Accounts payable	\$11,436	\$1,002	\$0	\$12,438
Accrued expenses	5,173	0	0	5,173
Due to other funds	5,824	0	0	5,824
	<u>22,433</u>	<u>1,002</u>	<u>0</u>	<u>23,435</u>
 Deferred Inflow of Resources:				
Deferred inflow- unearned grant funds	159,411	0	0	159,411
Total Deferred Inflow of Resources	159,411	0	0	159,411
 Fund Balance:				
Unassigned	935,315	0	0	935,315
Non-spendable	6,816	0	0	6,816
Restricted	0	36,721	12,599	49,320
Total Fund balance	<u>\$942,131</u>	<u>\$36,721</u>	<u>\$12,599</u>	<u>\$991,451</u>
 Total Liabilities, Deferred Inflow and Fund balance	 <u>\$1,123,975</u>	 <u>\$37,723</u>	 <u>\$12,599</u>	 <u>\$1,174,297</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF WINFIELD, TENNESSEE**

**Reconciliation of the Balance Sheet to the Statement of Net Position  
of Governmental Activities**

**June 30, 2023**

Amounts reported for fund balance - total governmental funds	\$ 991,451
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 governmental funds	1,187,749
Long-term liabilities, including bonds payable and accrued vacation are not due and payable in the current period and therefore are not recorded in the funds	
Accrued vacation	(10,370)
Long-term debt	<u>(386,891)</u>
Net position of governmental activities	\$ <u>1,781,939</u>

See accompanying notes to financial statements.

**TOWN OF WINFIELD, TENNESSEE**

**Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Taxes	314,520	0	0	314,520
Intergovernmental	301,364	33,084	0	334,448
Licenses and permits	1,400	0	0	1,400
Miscellaneous	624,761	0	0	624,761
Total Revenues	\$1,242,045	\$33,084	\$0	1,275,129
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	159,626	0	0	159,626
Municipal Buildings	11,698	0	0	11,698
Fire department	5,617	0	0	5,617
Parks and recreation	8,477	0	0	8,477
Senior center	1,300	0	0	1,300
Solid waste	3,695	0	0	3,695
Highway and streets	111,506	20,973	0	132,479
<b>Capital outlay:</b>				
Highways and streets	475,960	0	0	475,960
<b>Debt service:</b>				
Principal	376,025	0	0	376,025
Interest	65,542	0	0	65,542
Total Expenditures	\$1,219,446	\$20,973	\$0	1,240,419
Excess (deficiency) of Revenues over Expenditures	22,599	12,111	0	34,710
Other operating revenues - loan proceeds	160,000	0	0	160,000
Net change in fund balance	182,599	12,111	0	194,710
Fund Balance, Beginning of year	759,532	24,610	12,599	796,741
Fund Balance, End of Year	\$942,131	\$36,721	\$12,599	\$991,451

See accompanying notes to financial statements.

TOWN OF WINFIELD, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds:	\$	194,710
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Acquisition of capital assets		475,960
Depreciation expense		(61,011)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds		
Change in accrued vacation - governmental funds		(4,206)
Revenues in the statement of activities that increases long-term debt		(160,000)
Expenses reported in the governmental funds as expenses that reduce long-term debt in the statement of activities		
Principal debt payments		<u>376,025</u>
Change in net position of governmental activities	\$	<u>821,478</u>

See accompanying notes to financial statements.

**TOWN OF WINFIELD, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund**

**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes:				
Local sales tax	120,000	120,000	200,971	80,971
Beer and liquor tax	136,575	136,575	110,635	(25,940)
Franchise tax	3,585	3,585	2,914	(671)
Total Taxes	<u>260,160</u>	<u>260,160</u>	<u>314,520</u>	<u>54,360</u>
Intergovernmental:				
State sales tax	96,000	96,000	102,664	6,664
State - TVA in lieu	9,000	9,000	11,386	2,386
State beer and mixed drink tax	450	450	432	(18)
Grants	616,650	616,650	185,147	(431,503)
State special petroleum tax	2,200	2,200	1,735	(465)
Corporate excise tax and income tax	2,500	2,500	0	(2,500)
Total Intergovernmental	<u>726,800</u>	<u>726,800</u>	<u>301,364</u>	<u>(425,436)</u>
Permits and licenses:				
Permits and licenses	900	900	1,400	500
	<u>900</u>	<u>900</u>	<u>1,400</u>	<u>500</u>
Miscellaneous:				
Sale of assets	0	0	596,610	596,610
Insurance recoveries	0	0	7,184	7,184
Donations	8,000	8,000	17,333	9,333
Miscellaneous	6,000	6,000	3,634	(2,366)
Total Miscellaneous	<u>14,000</u>	<u>14,000</u>	<u>624,761</u>	<u>610,761</u>
Total Revenues	<u>1,001,860</u>	<u>1,001,860</u>	<u>1,242,045</u>	<u>240,185</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF WINFIELD, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

**General Fund**

**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
Administration:				
Board members	22,200	22,200	21,600	600
Salaries	49,000	49,000	45,985	3,015
Employee benefits	22,200	22,200	16,825	5,375
Dues and publications	1,720	1,720	1,165	555
Professional services	8,800	8,800	23,479	(14,679)
Maintenance and supplies	3,150	3,150	2,325	825
Insurance	40,000	40,000	41,332	(1,332)
Library	4,740	4,740	4,205	535
Miscellaneous	1,500	1,500	2,710	(1,210)
	<u>153,310</u>	<u>153,310</u>	<u>159,626</u>	<u>(6,316)</u>
Debt service	62,460	62,460	441,567	(379,107)
Total Administration	<u>215,770</u>	<u>215,770</u>	<u>601,193</u>	<u>(385,423)</u>
Municipal Buildings:				
Utilities	7,600	7,600	6,569	1,031
Repair and maintenance	6,000	6,000	4,692	1,308
Supplies	550	550	437	113
Miscellaneous	0	0	0	0
	<u>14,150</u>	<u>14,150</u>	<u>11,698</u>	<u>2,452</u>
Capital outlay	0	0	0	0
Total Municipal Buildings	<u>14,150</u>	<u>14,150</u>	<u>11,698</u>	<u>2,452</u>
Fire Department:				
Current:				
Utilities	2,900	2,900	2,819	81
Vehicle expenses	1,550	1,550	2,527	(977)
Supplies and maintenance	1,750	1,750	271	1,479
Miscellaneous	50	50	0	50
	<u>6,250</u>	<u>6,250</u>	<u>5,617</u>	<u>633</u>
Capital outlay	0	0	0	0
Total Fire Department	<u>6,250</u>	<u>6,250</u>	<u>5,617</u>	<u>633</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF WINFIELD, TENNESSEE

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures, Continued:				
Highway and Streets:				
Current:				
Salaries	\$74,000	\$74,000	\$78,331	(4,331)
Employee benefits	200	200	75	125
Supplies and maintenance	59,550	59,550	17,242	42,308
Vehicle expenses	12,500	12,500	13,708	(1,208)
Inmate expenses	3,500	3,500	2,150	1,350
Miscellaneous	300	300	0	300
	<u>150,050</u>	<u>150,050</u>	<u>111,506</u>	<u>38,544</u>
Capital outlay	454,600	454,600	475,960	(21,360)
Total Highway and Streets	<u>604,650</u>	<u>604,650</u>	<u>587,466</u>	<u>17,184</u>
Parks and Recreation:				
Maintenance and supplies	4,000	4,000	5,864	(1,864)
Utilities	1,300	1,300	922	378
Special events	3,250	3,250	1,691	1,559
Miscellaneous	0	0	0	0
	<u>8,550</u>	<u>8,550</u>	<u>8,477</u>	<u>73</u>
Capital outlay	0	0	0	0
Total Parks and Recreation	<u>8,550</u>	<u>8,550</u>	<u>8,477</u>	<u>73</u>
Solid Waste:				
Contract services	7,000	7,000	1,996	5,004
Vehicle expenses	1,000	1,000	1,699	(699)
	<u>8,000</u>	<u>8,000</u>	<u>3,695</u>	<u>4,305</u>
Capital outlay	0	0	0	0
Total Solid Waste	<u>8,000</u>	<u>8,000</u>	<u>3,695</u>	<u>4,305</u>
Senior Center:				
Rent	3,600	3,600	1,300	2,300
Miscellaneous	0	0	0	0
	<u>3,600</u>	<u>3,600</u>	<u>1,300</u>	<u>2,300</u>
Capital outlay	0	0	0	0
Total Senior Center	<u>3,600</u>	<u>3,600</u>	<u>1,300</u>	<u>2,300</u>
Total Expenditures	<u>860,970</u>	<u>860,970</u>	<u>1,219,446</u>	<u>(358,476)</u>
Excess (deficiency) of Revenues over Expenditures	140,890	140,890	22,599	(118,291)
Other operating revenues - loan proceeds	<u>0</u>	<u>0</u>	<u>160,000</u>	<u>160,000</u>
Net change in Fund balance	<u>140,890</u>	<u>140,890</u>	<u>182,599</u>	<u>41,709</u>
Fund Balance, July 1, 2022	759,532	759,532	759,532	-
Fund Balance, June 30, 2023	<u>\$900,422</u>	<u>\$900,422</u>	<u>\$942,131</u>	<u>\$41,709</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF WINFIELD, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

**State Street Aid Fund**

**For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Gasoline .03 tax	5,000	5,000	4,886	(114)
Gasoline 1989 tax	3,000	3,000	2,645	(355)
Gasoline and motor fuel	17,000	17,000	16,941	(59)
Gasoline 2017 tax	10,000	10,000	8,539	(1,461)
Miscellaneous	0	0	73	73
<b>Total Revenues</b>	<b>35,000</b>	<b>35,000</b>	<b>33,084</b>	<b>(1,916)</b>
<b>Expenditures:</b>				
<b>Streets:</b>				
Street lighting	12,000	12,000	12,459	(459)
Vehicles expenses	9,000	9,000	6,294	2,706
Maintenance and supplies	14,000	14,000	2,220	11,780
	35,000	35,000	20,973	14,027
Capital outlay	0	0	0	0
<b>Total Expenditures</b>	<b>35,000</b>	<b>35,000</b>	<b>20,973</b>	<b>14,027</b>
<b>Excess (deficiency) of revenues   over expenditures</b>	0	0	12,111	12,111
 Fund Balance, July 1, 2022	 24,610	 24,610	 24,610	 -
Fund Balance, June 30, 2023	<b>\$24,610</b>	<b>\$24,610</b>	<b>\$36,721</b>	<b>12,111</b>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF WINFIELD, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

**Drug Fund**

**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Fines	175	175	0	(175)
Miscellaneous:				
Interest	0	0	0	0
Total Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>175</u>	<u>175</u>	<u>0</u>	<u>(175)</u>
Expenditures:				
Supplies	150	150	0	150
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>150</u>	<u>150</u>	<u>0</u>	<u>150</u>
Excess (deficiency) of revenues over expenditures	<u>25</u>	<u>25</u>	<u>0</u>	<u>(25)</u>
Fund Balance, July 1, 2022	<u>12,599</u>	<u>12,599</u>	<u>12,599</u>	<u>0</u>
Fund Balance, June 30, 2023	<u><u>\$12,624</u></u>	<u><u>\$12,624</u></u>	<u><u>12,599</u></u>	<u><u>(25)</u></u>

The notes accompanying the financial statements are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

# TOWN OF WINFIELD, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies

The Town of Winfield, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, sanitation, public improvements, and general administrative services. The accounting policies of the Town of Winfield, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

#### Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has one component unit at yearend, the Industrial Development Board of the Town of Winfield. The financial statements of the Industrial Development Board of the Town of Winfield have been included in this report.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. The reporting includes the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

#### Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Government activities are supported by taxes and intergovernmental revenues.

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

# TOWN OF WINFIELD, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes, state shared revenues, interest and other governmental revenues as available if received within 45 days of years end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

**State Street Aid Fund** - This fund is used to account for the Town's share of motor fuel tax revenues and special state grants that are legally restricted to the maintenance of state highways within the Town's boundaries.

**Drug Fund** - This fund accounts for drug fund fines and proceeds from the sale of seized property. These funds can be used for drug investigations or to help finance any other law enforcement activities.

# TOWN OF WINFIELD, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

#### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less.

#### Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

All trade receivables are shown net of an allowance for uncollectible, if applicable.

#### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### Inventory

Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

# TOWN OF WINFIELD, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including streets and sidewalks, and drainage systems are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$3,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The estimated useful lives are as follows:

Infrastructure	10-50 years
Buildings	10-50 years
Furniture and Equipment	5-20 years

#### Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

#### Estimates

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

# TOWN OF WINFIELD, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

**Nonspendable Fund Balance** - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance** - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

**Committed Fund Balance** - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority, the Town Council of the Town of Winfield, Tennessee. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally (for example: ordinance).

**Assigned Fund Balance** - This classification included amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. The Town Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

**Unassigned Fund Balance** - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

#### Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of Net Position.

# TOWN OF WINFIELD, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by the Board of Mayor and Aldermen who vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Board of Mayor and Aldermen approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Board of Mayor and Aldermen.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: unspent grant receipts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Compensated Absences

The Town has accrued a liability for unused sick and vacation pay which is earned but not taken by Town employees.

	Balance July 1, <u>2022</u>	Addi- tions	Retire- ments	Balance June 30, <u>2023</u>
Governmental activities	6,164	4,206	-	10,370

**TOWN OF WINFIELD, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(2) Cash and Cash Equivalents**

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the Town invested funds that were not immediately needed in certificates of deposits and savings accounts. The Town has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Town. The Town's deposits with financial institutions are fully insured or collateralized by securities held in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

**(3) Accounts Receivable**

Accounts receivable at June 30, 2023, consist of the following:

<u>Fund</u>	<u>Other Receivables</u>	<u>Total</u>
General Fund	\$ 112,656	112,656
Special Revenue Funds	<u>5,738</u>	<u>5,738</u>
Total	\$ <u>118,394</u>	<u>118,394</u>

**TOWN OF WINFIELD, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(4) Capital Assets**

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	Balance July 1, 2022	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2023
Land	\$ 155,582	-	-	155,582
Infrastructure	969,789	393,083	-	1,362,872
Building and improvements	408,571	-	-	408,571
Equipment	<u>997,441</u>	<u>82,877</u>	<u>-</u>	<u>1,080,318</u>
Total	\$ <u>2,531,383</u>	<u>475,960</u>	<u>-</u>	<u>3,007,343</u>
Accumulated depreciation	<u>(1,758,583)</u>			<u>(1,819,594)</u>
Capital Assets - net	<u>772,800</u>			<u>1,187,749</u>

All assets, except land of \$155,582, are being depreciated.

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

General Fund:	
General government	\$ 18,681
Fire department	1,239
Highways and Streets	39,943
Parks department	<u>1,148</u>
Total	\$ <u>61,011</u>

**(5) General Obligation Long-Term Debt**

Direct Borrowings

A summary of changes in general obligation long - term debt follows:

Loans Payable:	Balance July 1, 2022	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2023	Due Within One Year
Line of Credit	\$ 173,000	160,000	333,000	0	0
Road Paving	<u>429,916</u>	<u>0</u>	<u>43,025</u>	<u>386,891</u>	<u>49,385</u>
Total	\$ <u>602,916</u>	<u>160,000</u>	<u>376,025</u>	<u>386,891</u>	<u>49,385</u>

**TOWN OF WINFIELD, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(5) General Obligation Long-Term Debt, continued**

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2023, are as follows:

Year Ending	<u>General Long-Term Debt</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	49,385	13,074
2025	51,349	11,111
2026	53,350	9,109
2027	55,430	7,030
2028	57,575	4,885
2029-2030	<u>119,802</u>	<u>3,085</u>
Total	<u>\$ 386,891</u>	<u>48,294</u>

The above bond payable contains provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

**(6) Insurance**

The Town carries commercial insurance for the majority of risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Commitments and Contingencies**

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

**(8) Interfund Transactions**

Interfund receivables and payables at June 30, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	5,824
State Street Aid	\$ 5,824	-

SUPPLEMENTAL  
INFORMATION

**TOWN OF WINFIELD, TENNESSEE**

**Capital Assets Used in the Operation of the Governmental Funds**

**Schedule of Changes in Capital Assets - By Type**

**For the Year Ended June 30, 2023**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$155,582	0	0	155,582
Infrastructure	969,789	393,083	0	1,362,872
Buildings and improvements	408,571	0	0	408,571
Machinery and equipment	997,441	82,877	0	1,080,318
Total Capital assets	<u>\$2,531,383</u>	<u>475,960</u>	<u>0</u>	<u>3,007,343</u>



**TOWN OF WINFIELD, TENNESSEE**

**Schedule of Debt Service Requirements-  
General Long-Term Debt**

**June 30, 2023**

Year	CAPITAL OUTLAY NOTE		TOTAL	TOTAL
	Road Paving			
	Principal	Interest	Principal	Interest
2024	\$ 49,385	13,074	49,385	13,074
2025	51,349	11,111	51,349	11,111
2026	53,350	9,109	53,350	9,109
2027	55,430	7,030	55,430	7,030
2028	57,575	4,885	57,575	4,885
2029	59,835	2,625	59,835	2,625
2030	59,967	460	59,967	460
	<u>386,891</u>	<u>48,294</u>	<u>386,891</u>	<u>48,294</u>

**TOWN OF WINFIELD, TENNESSEE**

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2023

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
<b>Governmental Activities</b>									
<b>NOTES PAYABLE</b>									
Line of Credit	\$ 333,000	Variable	2022	6/30/2023	\$ 173,000	\$ 160,000	\$ 333,000	\$ -	\$ -
Road Paving	\$ 600,000	3.83%	2018	7/2/2030	\$ 429,916	\$ -	\$ 43,025	\$ -	\$ 386,891
<b>Total Notes Payable</b>					<b>\$ 602,916</b>	<b>\$ 160,000</b>	<b>\$ 376,025</b>	<b>\$ -</b>	<b>\$ 386,891</b>

TOWN OF WINFIELD, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2023

<u>Assistance Listing Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2022</u>	<u>Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2023</u>
<b>Federal Programs:</b>								
10.766	N/A	Community Assistance	US Department of Agricultural thru Rural Development	<u>0</u>	<u>7,869</u>	<u>0</u>	<u>7,869</u>	<u>0</u>
97.029	N/A	Flood Mitigation	US Department of Homeland Security Federal Emergency Management Agency	<u>0</u>	<u>40,987</u>	<u>0</u>	<u>40,987</u>	<u>0</u>
21.027	N/A	American Rescue Plan Act	US Department of Treasury thru the State of Tennessee	<u>(146,455)</u>	<u>149,247</u>	<u>0</u>	<u>136,291</u>	<u>(159,411)</u>
Total Federal Programs				<u>(146,455)</u>	<u>198,103</u>	<u>0</u>	<u>185,147</u>	<u>(159,411)</u>

This schedule is prepared on the modified basis of accounting.

# COMPLIANCE AND INTERNAL CONTROL

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

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

Mayor and Board of Aldermen  
Town of Winfield, Tennessee  
Winfield, Tennessee

I have audited 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, the financial statements of the governmental activities, the discretely presented component unit, and each major fund as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Winfield's basic financial statements, and have issued a report thereon dated November 3, 2023.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town of Winfield's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Winfield's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Winfield'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002, that I consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Winfield’s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2023-002.

**Response to Findings**

The Town of Winfield’s response to the finding identified in the audit is described in the Schedule of Findings and Responses. The Town of Winfield’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

*Jodi R Poole, CPA*

November 3, 2023

## TOWN OF WINFIELD, TENNESSEE

### Schedule of Findings and Responses

June 30, 2023

#### 2023-001 - Separation of Duties

Condition: The Town of Winfield currently has two employees that work in performing the majority of the accounting functions for the Town. Due to only having two employees performing the accounting transactions, there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The Town has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: "We agree that the staff size will not allow the Town to segregate duties to the optimum level desired. There are only two employees working in the department, so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small Town, we could not financially hire additional office help."

#### 2023-002 - Expenditures in Excess of Appropriations in Government Funds

Condition: Actual expenditures exceeded budgeted expenditures in the General fund.

Criteria: TCA 6-56-203 states in part: The governing body of each municipality shall adopt and operate under an annual budget ordinance. ...all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other law, no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance adopted under this section.

Cause: The Town made increased expenditures for debt service in the current year. These increased expenditures were approved by the Mayor and Board of Aldermen, but a budget amendment was not made.

Effect: Expenditures could exceed approved budgeted amounts, compromising the Town's financial position.

Recommendation: If it appears during the fiscal year that actual expenditures will exceed budgeted amounts, the Mayor and Board of Aldermen should amend the budget or provide supplemental appropriations.

Response and Corrective Action: We concur. In the future, expenditures will be closely monitored to ensure that actual expenditures do not exceed budgeted amounts without a corresponding budget amendment or supplemental appropriation.

**TOWN OF WINFIELD, TENNESSEE**

Schedule of Disposition of Prior Year Comments

June 30, 2023

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2022 – 001	Expenditures in Excess of Appropriations in Government Funds	Repeated

The original finding number was 2022-001. The current year finding number is 2023-002.

# **TOWN OF WINFIELD**

**24961 SCOTT HWY**

**WINFIELD, TENNESSEE 37892**

**PHONE: 423-569-6139 FAX 423-569-2569**

## Management's Corrective Action Plan

Audit period: June 30, 2023

The findings from the June 30, 2023, Schedule of Findings and Responses are discussed below:

### 2023-001 Segregation of Duties (Internal Control)

Contact person: Robyn McBroom

Planned Corrective Actions: It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties.

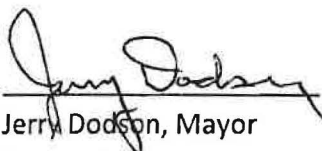
The Board of Aldermen continues to monitor our finances and internal control.

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.

### 2023-002 Expenditures in Excess of Appropriations in Government Funds

Contact person: Robyn McBroom

Planned Corrective Action: The Town will more closely monitor financial performances to prevent overspending on budgets in future periods.



Jerry Dodson, Mayor

Town of Winfield, Tennessee