

# Town of Windsor

## FINANCIAL STATEMENTS

June 30, 2019

### Town Council

J.F. Hoggard, III, Mayor

Randy Walston  
Camille Rascoe

David Overton  
Cathy Wilson

Randy Whitaker

### Town Administrator

Allen Castelloe



**Cumbee, Taylor  
& Shook, PA**  
*CPAs and Advisors*

**Town of Windsor  
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June 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and  
Members of the Town Council  
Windsor, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12, the Other Postemployment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios on Page 57, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 58 and 59, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 60 and 61, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windsor, North Carolina's basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principals, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

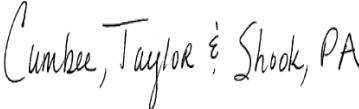
To the Honorable Mayor and  
Members of the Town Council  
Windsor, North Carolina  
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with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of the Town of Windsor, North Carolina'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 Town of Windsor, North Carolina'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 of Windsor, North Carolina's internal control over financial reporting and compliance.

CUMBEE, TAYLOR & SHOOK, PA



Williamston, North Carolina  
January 30, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **Town of Windsor Management's Discussion and Analysis**

As management of the Town of Windsor, 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, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

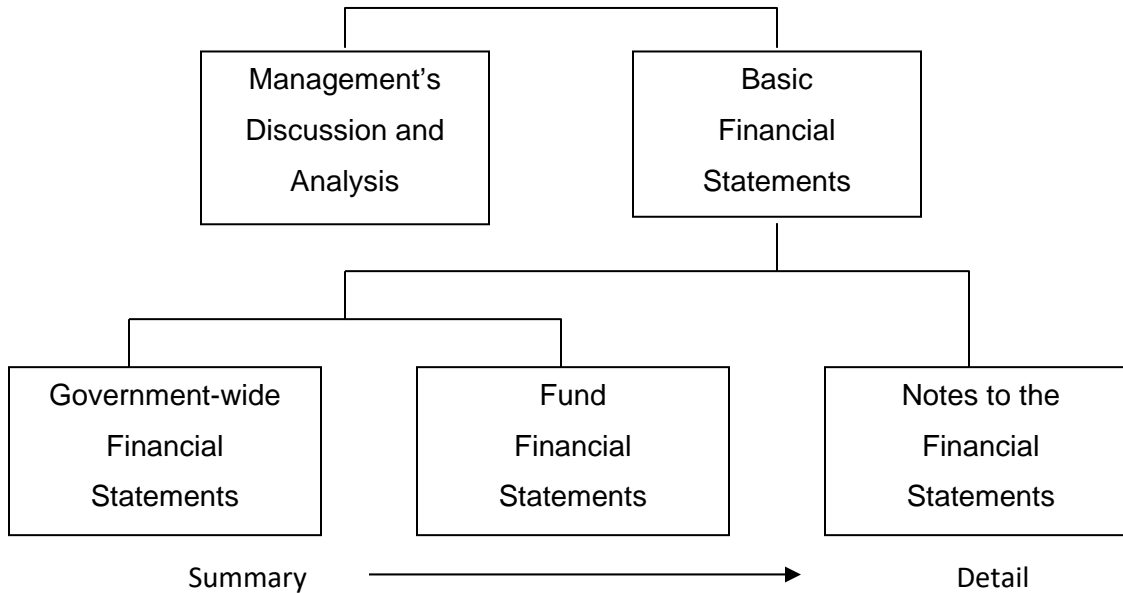
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,492,346 (net position).
- The government's total net position increased by \$1,281,612, primarily due to increase in net investment in capital assets which resulted in an increase of net position of \$906,554.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,852,633 with a net increase of \$289,140 in fund balance. Approximately 62.9 percent of this total amount, or \$1,793,615, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,059,018 or 35.3 percent of total general fund expenditures for the fiscal year.
- The Town's total debt excluding compensated absences and other postemployment benefits decreased by \$40,862 or 6.3 percent during the current fiscal year. Total debt, excluding compensated absences and other postemployment benefits was \$604,979 as of June 30, 2019.

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

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

# Town of Windsor Management's Discussion and Analysis

Required Components of Annual Financial Report  
Figure 1



## Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

## Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

## Town of Windsor Management's Discussion and Analysis

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, sanitation, transportation and general administration. Property taxes and state and federal revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and electric services offered by the Town.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format,

## Town of Windsor Management's Discussion and Analysis

language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The Town has only one kind of proprietary fund: the Enterprise Fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activity and for its electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to employees. Required supplementary information begins on page 57 of this report.

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## Town of Windsor Management's Discussion and Analysis

**The Town of Windsor's Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$2,951,537	\$2,650,539	\$ 6,068,637	\$ 551,148	\$ 9,020,174	\$ 3,201,687
Capital assets	5,963,667	5,471,798	7,939,761	7,565,938	13,903,428	13,037,736
Deferred outflows of resources	295,849	206,014	201,243	150,444	497,092	356,458
<b>Total assets and deferred outflows of resources</b>	<b>9,211,053</b>	<b>8,328,351</b>	<b>14,209,641</b>	<b>8,267,530</b>	<b>23,420,694</b>	<b>16,595,881</b>
Other liabilities	91,327	71,983	810,338	476,925	901,665	548,908
Long-term liabilities outstanding	1,992,696	1,881,378	1,707,388	1,708,760	3,700,084	3,590,138
Deferred inflows of resources	213,913	161,672	112,686	84,429	326,599	246,101
<b>Total liabilities and deferred inflows of resources</b>	<b>2,297,936</b>	<b>2,115,033</b>	<b>2,630,412</b>	<b>2,270,114</b>	<b>4,928,348</b>	<b>4,385,147</b>
<b>Net position:</b>						
Net investment in capital assets	5,963,667	5,471,798	7,334,782	6,920,097	13,298,449	12,391,895
Restricted	1,793,615	1,279,357	-	-	1,793,615	1,279,357
Unrestricted	(844,165)	(537,837)	4,244,447	4,077,319	3,400,282	3,539,482
<b>Total net position</b>	<b>\$6,913,117</b>	<b>\$6,213,318</b>	<b>\$11,579,229</b>	<b>\$10,997,416</b>	<b>\$18,492,346</b>	<b>\$17,210,734</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$18,492,346 as of June 30, 2019. The Town's net position increased by \$1,281,612 for the fiscal year ended June 30, 2019. However, the largest portion (71.9%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Windsor's net position, \$1,793,615, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,400,282 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Revenues have remained consistent with budget assumptions.
- Expenditures have been managed to ensure revenues are sufficient for the efficient operation of Town services.
- The Town has been successful in securing several grants to enhance quality of life initiatives with little impact on the financial stability of the Town.
- The Town has been successful in obtaining significant reimbursements from FEMA & NC Emergency Management for expenses related to Tropical Storm Julia and Hurricane Matthew.

## Town of Windsor Management's Discussion and Analysis

### The Town of Windsor's Changes in Net Position

Figure 3

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 505,862	\$ 491,424	\$ 6,500,971	\$ 6,316,246	\$ 7,006,833	\$ 6,807,670
Operating grants and contributions	2,653,083	147,886	-	-	2,653,083	147,886
Capital grants and contributions	238,176	218,445	470,701	25,900	708,877	244,345
General revenues:						
Property taxes	196,901	201,068	-	-	196,901	201,068
Other taxes	-	606	-	-	-	606
Grants and contributions not restricted to specific programs	1,008,148	966,368	-	-	1,008,148	966,368
Other	151,754	75,057	152,205	11,856	303,959	86,913
<b>Total revenues</b>	<b>4,753,924</b>	<b>2,100,854</b>	<b>7,123,877</b>	<b>6,354,002</b>	<b>11,877,801</b>	<b>8,454,856</b>
<b>Expenses:</b>						
General government	803,432	467,632	-	-	803,432	467,632
Public safety	1,050,792	1,028,054	-	-	1,050,792	1,028,054
Highway/Streets	371,290	328,571	-	-	371,290	328,571
Environmental protection	375,947	320,865	-	-	375,947	320,865
Cultural and recreation	605,550	389,198	-	-	605,550	389,198
Economic and physical development	1,847,114	148,683	-	-	1,847,114	148,683
Interest on long-term debt	-	4,234	-	-	-	4,234
Water and Sewer	-	-	1,079,024	1,002,036	1,079,024	1,002,036
Electric	-	-	4,463,040	4,594,404	4,463,040	4,594,404
<b>Total expenses</b>	<b>5,054,125</b>	<b>2,687,237</b>	<b>5,542,064</b>	<b>5,596,440</b>	<b>10,596,189</b>	<b>8,283,677</b>
Increase (decrease) in net position before transfers	(300,201)	(586,383)	1,581,813	757,562	1,281,612	171,179
Transfers	1,000,000	948,400	(1,000,000)	(948,400)	-	-
Increase (decrease) in net position	699,799	362,017	581,813	(190,838)	1,281,612	171,179
Net position, July 1	6,213,318	7,158,082	10,997,416	12,041,640	17,210,734	19,199,722
Restatement	-	(1,306,781)	-	(853,386)	-	(2,160,167)
Net position, beginning, restated	6,213,318	5,851,301	10,997,416	11,188,254	17,210,734	17,039,555
<b>Net position, June 30</b>	<b>\$ 6,913,117</b>	<b>\$ 6,213,318</b>	<b>\$ 11,579,229</b>	<b>\$ 10,997,416</b>	<b>\$ 18,492,346</b>	<b>\$ 17,210,734</b>

## Town of Windsor Management's Discussion and Analysis

**Governmental activities.** Governmental activities increased the Town's net position by \$699,799.

**Business-type activities:** Business-type activities increased the Town's net position by \$581,813. During the June 30, 2019 fiscal year, the Town transferred \$1,000,000 from the Electric Fund to the General Fund compared to \$948,400 transferred during the June 30, 2018 fiscal year.

### Financial Analysis of the Town's Funds

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's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of 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, the Town's fund balance unassigned in the General Fund was \$1,059,018, while total fund balance reached \$2,852,633.

At June 30, 2019, the governmental funds of the Town reported a combined fund balance of \$2,852,633 with a net increase in fund balance of \$289,140. Included in this change in fund balance are increases in fund balance for the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the originally budgeted amounts primarily because of conservative estimates. Actual revenues covered the slight expenditure increases between the original and final budget.

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,198,754 and those for the Electric Fund amounted to \$3,045,693. The total change in net position for both funds was \$375,964 and 205,849, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

## Town of Windsor Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$13,903,428 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

**The Town of Windsor's Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,796,372	\$ 1,723,364	\$ 21,025	\$ 21,025	\$ 1,817,397	\$ 1,744,389
Buildings	512,083	438,060	276,204	290,672	788,287	728,732
Improvements	1,328,675	1,086,841	-	-	1,328,675	1,086,841
Machinery and equipment	254,668	264,362	298,483	334,535	553,151	598,897
Vehicles	726,807	849,954	225,293	58,874	952,100	908,828
Infrastructure	1,312,392	1,055,563	7,083,225	6,799,401	8,395,617	7,854,964
Construction in progress	32,670	53,654	35,531	61,431	68,201	115,085
<b>Total</b>	<b>\$ 5,963,667</b>	<b>\$ 5,471,798</b>	<b>\$ 7,939,761</b>	<b>\$ 7,565,938</b>	<b>\$ 13,903,428</b>	<b>\$ 13,037,736</b>

Additional information on the Town's capital assets can be found in Note II of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2019, the Town had outstanding long-term debt of \$604,979.

**The Town of Windsor's Outstanding Long-Term Liabilities  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct borrowings	\$ -	\$ -	\$ 604,979	\$ 645,841	\$ 604,979	\$ 645,841
Compensated absences	135,167	105,057	33,617	38,731	168,784	143,788
OPEB	1,458,879	1,493,553	911,182	933,015	2,370,061	2,426,568
Net pension liability (LGERS)	314,062	195,858	219,478	153,992	533,540	349,850
Total pension liability (LEO)	135,124	131,948	-	-	135,124	131,948
<b>Total</b>	<b>\$ 2,043,232</b>	<b>\$ 1,926,416</b>	<b>\$ 1,769,256</b>	<b>\$ 1,771,579</b>	<b>\$ 3,812,488</b>	<b>\$ 3,697,995</b>

### Town of Windsor's Outstanding Debt

The Town's total debt, excluding compensated absences and other postemployment benefits decreased by \$40,862.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$10,820,623.

Additional information regarding the Town's long-term obligations can be found in Note II of this report.



# Town of Windsor Management's Discussion and Analysis

## Economic Factors and Next Year's Budgets and Rates

The following key economic factors related to the growth of the Town.

- The Town is actively pursuing flood hazard mitigation and redevelopment plans that should be of great benefit to the future.
- The Town's increased commitment to recreation/tourism activities should increase visitors and visitor spending.
- The designation of the US Hwy 17 Corridor as future Interstate 87 from Williamston to Virginia should create growth opportunities for the Town.

## Budget Highlights for the Fiscal Year Ending June 30, 2020

**Governmental Activities:** The property tax rate was set at \$0.145 per \$100 valuation. Budgeted expenditures in the General Fund are expected to decrease 2.84% to \$2,863,000. The largest expenditures are in employee compensation, including funding compensation and benefits adjustments and the maintenance of public buildings.

**Business – type Activities:** There are no anticipated rate increases in curbside garbage and electric. There is an increase in water and sewer collection rates of approximately 14%.

## Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Allen Castelloe, PO Box 508, Windsor, NC 27983. Telephone – 252-794-2331 or Email – windsor.admin@mchsi.com

## **BASIC FINANCIAL STATEMENTS**

**Town of Windsor**  
**Statement of Net Position**  
**June 30, 2019**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,099,809	\$ 1,791,658	\$ 2,891,467
US Government Treasury notes	-	2,372,802	2,372,802
Taxes receivables (net)	18,881	-	18,881
Accrued interest receivable on taxes	4,834	-	4,834
Accounts receivable (net)	34,398	815,085	849,483
Due from other governments	2,153,849	518,168	2,672,017
Internal balances	(360,234)	360,234	-
Inventories	-	107,435	107,435
Restricted cash and cash equivalents	-	103,255	103,255
<b>Total current assets</b>	<b>2,951,537</b>	<b>6,068,637</b>	<b>9,020,174</b>
Non-current assets:			
Capital assets (Note II. A. 4):			
Land, non-depreciable improvements, and construction in progress	1,829,042	56,556	1,885,598
Other capital assets, net of depreciation	4,134,625	7,883,205	12,017,830
<b>Total capital assets</b>	<b>5,963,667</b>	<b>7,939,761</b>	<b>13,903,428</b>
<b>Total assets</b>	<b>8,915,204</b>	<b>14,008,398</b>	<b>22,923,602</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	41,078	26,348	67,426
Pension deferrals	254,771	174,895	429,666
<b>Total deferred outflows of resources</b>	<b>295,849</b>	<b>201,243</b>	<b>497,092</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	40,791	645,215	686,006
Current portion of long-term liabilities	50,536	61,868	112,404
Payable from restricted assets	-	103,255	103,255
<b>Total current liabilities</b>	<b>91,327</b>	<b>810,338</b>	<b>901,665</b>
Long-term liabilities:			
Net pension liability	314,062	219,478	533,540
Total pension liability	135,124	-	135,124
Total OPEB liability	1,458,879	911,182	2,370,061
Due in more than one year	84,631	576,728	661,359
<b>Total liabilities</b>	<b>2,084,023</b>	<b>2,517,726</b>	<b>4,601,749</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferrals	171,148	107,159	278,307
Pension deferrals	42,765	5,527	48,292
<b>Total deferred inflows of resources</b>	<b>213,913</b>	<b>112,686</b>	<b>326,599</b>
<b>NET POSITION</b>			
Net investment in capital assets	5,963,667	7,334,782	13,298,449
Restricted for:			
Stabilization by State Statute	1,793,615	-	1,793,615
Unrestricted	(844,165)	4,244,447	3,400,282
<b>Total net position</b>	<b>\$ 6,913,117</b>	<b>\$ 11,579,229</b>	<b>\$ 18,492,346</b>

*The accompanying notes are an integral part of these financial statements*

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 803,432	\$ 139,979	\$ 365,720	\$ -
Public safety	1,050,792	-	72,240	-
Transportation	371,290	-	96,971	-
Environmental protection	375,947	314,320	3,064	-
Cultural and recreation	605,550	51,563	-	238,176
Economic and physical development	1,847,114	-	2,115,088	-
Interest on long-term debt	-	-	-	-
<b>Total governmental activities</b> (See Note 1)	<b>5,054,125</b>	<b>505,862</b>	<b>2,653,083</b>	<b>238,176</b>
Business-type activities:				
Water and sewer	1,079,024	967,824	-	470,701
Electric	4,463,040	5,533,147	-	-
<b>Total business-type activities</b>	<b>5,542,064</b>	<b>6,500,971</b>	<b>-</b>	<b>470,701</b>
<b>Total primary government</b>	<b>\$ 10,596,189</b>	<b>\$ 7,006,833</b>	<b>\$ 2,653,083</b>	<b>\$ 708,877</b>

*The accompanying notes are an integral part of these financial statements*

**Town of Windsor**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 2**

Functions/Programs	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	Governmental	Business-type	Total
	Activities	Activities	
<b>Primary government:</b>			
Governmental Activities:			
General government	\$ (297,733)	\$ -	\$ (297,733)
Public safety	(978,552)	-	(978,552)
Transportation	(274,319)	-	(274,319)
Environmental protection	(58,563)	-	(58,563)
Cultural and recreation	(315,811)	-	(315,811)
Economic and physical development	267,974	-	267,974
Interest on long-term debt	-	-	-
Total governmental activities (See Note 1)	(1,657,004)	-	(1,657,004)
Business-type activities:			
Water and sewer	-	359,501	359,501
Electric	-	1,070,107	1,070,107
Total business-type activities	-	1,429,608	1,429,608
Total primary government	(1,657,004)	1,429,608	(227,396)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	196,901	-	196,901
Other taxes	-	-	-
Grants and contributions not restricted to			
specific programs	1,008,148	-	1,008,148
Unrestricted investment earnings	4,039	130,637	134,676
Miscellaneous	147,715	21,568	169,283
Total general revenues not including transfers	1,356,803	152,205	1,509,008
Transfers	1,000,000	(1,000,000)	-
Total general revenues and transfers	2,356,803	(847,795)	1,509,008
Change in net position	699,799	581,813	1,281,612
Net position, beginning	6,213,318	10,997,416	17,210,734
Net position, ending	\$ 6,913,117	\$ 11,579,229	\$ 18,492,346

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

**Town of Windsor**  
**Balance Sheet - Governmental Funds**  
**June 30, 2019**  
**Exhibit 3**

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	Hazard Mitigation		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,099,809	\$ -	\$ -	\$ 1,099,809
Receivables (net):				
Taxes	18,881	-	-	18,881
Accounts	34,398	-	-	34,398
Due from other governments	658,818	1,470,813	24,218	2,153,849
Due from other funds	1,134,797	-	-	1,134,797
Total assets	\$ 2,946,703	\$ 1,470,813	\$ 24,218	\$ 4,441,734
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 40,791	\$ -	\$ -	\$ 40,791
Due to other funds	-	1,470,813	24,218	1,495,031
Total liabilities	40,791	1,470,813	24,218	1,535,822
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	18,881	-	-	18,881
Other accounts receivable	34,398	-	-	34,398
Total deferred inflows of resources	53,279	-	-	53,279
<b>FUND BALANCES</b>				
Restricted				
Stabilization by State Statute	1,793,615	-	-	1,793,615
Unassigned	1,059,018	-	-	1,059,018
Total fund balances	2,852,633	-	-	2,852,633
Total liabilities, deferred inflows of resources and fund balances	\$ 2,946,703	\$ 1,470,813	\$ 24,218	

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

**Town of Windsor**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2019**  
**Exhibit 3**

Amounts reported for governmental activities in the statement of net position  
(Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 2,852,633
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	9,840,872	
Accumulated depreciation	(3,877,205)	5,963,667
<hr/>		
Deferred outflows of resources related to pensions are not reported in the funds		254,771
Deferred outflows of resources related to OPEB are not reported in the funds		41,078
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		4,834
Earned revenues considered deferred inflows of resources in fund statements		53,279
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Total pension liability	(135,124)	
Compensated absences	(135,167)	
OPEB liability	(1,458,879)	
Net pension liability	(314,062)	(2,043,232)
<hr/>		
Deferred inflows of resources related to pensions are not reported in the funds		(42,765)
Deferred inflows of resources related to OPEB are not reported in the funds		(171,148)
<hr/>		
Net position of governmental activities		<u>\$ 6,913,117</u>

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

**Town of Windsor**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 4**

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	Hazard Mitigation		
<b>Revenues:</b>				
Ad valorem taxes	\$ 199,142	\$ -	\$ -	\$ 199,142
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	1,008,148	-	-	1,008,148
Restricted intergovernmental	537,632	2,090,818	262,446	2,890,896
Sales and services	505,586	-	-	505,586
Investment earnings	4,425	-	-	4,425
Miscellaneous	24,662	-	-	24,662
Total revenues	2,279,595	2,090,818	262,446	4,632,859
<b>Expenditures:</b>				
Current:				
General government	803,890	-	-	803,890
Public safety	938,728	-	-	938,728
Transportation	675,789	-	-	675,789
Environment protection	297,567	-	-	297,567
Cultural and recreation	287,983	-	246,974	534,957
Economic and physical development	-	2,090,818	24,270	2,115,088
Total expenditures	3,003,957	2,090,818	271,244	5,366,019
Excess (deficiency) of revenues over expenditures	(724,362)	-	(8,798)	(733,160)
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,000,000	-	5,622	1,005,622
Transfers to other funds	(5,622)	-	-	(5,622)
Insurance recovery	22,300	-	-	22,300
Total other financing sources (uses)	1,016,678	-	5,622	1,022,300
Net change in fund balance	292,316	-	(3,176)	289,140
Fund balances, beginning	2,560,317	-	3,176	2,563,493
Fund balances, ending	\$ 2,852,633	\$ -	\$ -	\$ 2,852,633

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



**Town of Windsor**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of the Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2019**

**Exhibit 4**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ 289,140
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	779,460	
Depreciation expense for governmental assets	(388,344)	
Asset impairment loss	(19,555)	371,561
<hr/>		
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		73,807
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		38,662
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated property		120,307
Change in unavailable revenue for tax revenues	(2,241)	
Change in unavailable revenues for garbage revenues	300	
Change in unavailable revenues for street assessment revenues	(47)	(1,988)
<hr/>		
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(30,110)	
Pension expense	(109,846)	
OPEB plan expense	(51,734)	(191,690)
<hr/>		
Total changes in net position of governmental activities		\$ 699,799
<hr/>		

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

**Town of Windsor**

**General Fund Statement of Revenues, Expenditures, and Changes  
in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2019**

**Exhibit 5**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 206,000	\$ 206,000	\$ 199,142	\$ (6,858)
Other taxes and licenses	600	600	-	(600)
Unrestricted intergovernmental	1,003,500	1,004,500	1,008,148	3,648
Restricted intergovernmental	223,300	543,300	537,632	(5,668)
Sales and services	478,600	477,600	505,586	27,986
Investment earnings	3,200	3,200	4,425	1,225
Miscellaneous	11,000	11,000	24,662	13,662
Total revenues	1,926,200	2,246,200	2,279,595	33,395
<b>Expenditures:</b>				
Current:				
General government	569,800	884,100	803,890	80,210
Public safety	1,036,400	1,036,400	938,728	97,672
Transportation	722,200	722,200	675,789	46,411
Environment protection	328,500	328,500	297,567	30,933
Cultural and recreation	289,800	289,800	287,983	1,817
Total expenditures	2,946,700	3,261,000	3,003,957	257,043
Revenues over (under) expenditures	(1,020,500)	(1,014,800)	(724,362)	290,438
<b>Other financing sources (uses):</b>				
Transfer from other funds	1,005,500	1,005,500	1,000,000	(5,500)
Transfer to other funds	-	(5,700)	(5,622)	78
Insurance recovery	15,000	15,000	22,300	7,300
Total other financing sources (uses)	1,020,500	1,014,800	1,016,678	1,878
Net change in fund balance	\$ -	\$ -	292,316	\$ 292,316
Fund balances, beginning			2,560,317	
Fund balances, ending			\$ 2,852,633	

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

**Town of Windsor**  
**Statement of Fund Net Position – Proprietary Funds**  
**June 30, 2019**  
**Exhibit 6**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 873,348	\$ 918,310	\$ 1,791,658
Investments	2,122,382	250,420	2,372,802
Accounts receivable (net) - billed	453,354	80,396	533,750
Accounts receivable (net) - unbilled	238,139	43,196	281,335
Due from other governments	10,653	507,515	518,168
Due from other funds	576,280	600,000	1,176,280
Inventories	107,435	-	107,435
Restricted cash and cash equivalents	103,255	-	103,255
Total current assets	4,484,846	2,399,837	6,884,683
Noncurrent assets:			
Capital assets:			
Land and construction in progress	16,525	40,031	56,556
Other capital assets, net of depreciation	2,367,725	5,515,480	7,883,205
Capital assets	2,384,250	5,555,511	7,939,761
Total noncurrent assets	2,384,250	5,555,511	7,939,761
Total assets	\$ 6,869,096	\$ 7,955,348	\$ 14,824,444
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	\$ 16,744	\$ 9,604	\$ 26,348
Pension deferrals	86,156	88,739	174,895
Total deferred outflows of resources	102,900	98,343	201,243
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	444,976	200,239	645,215
Compensated absences - current	11,804	9,201	21,005
Due to other funds	450,621	365,425	816,046
Direct borrowings - current	-	40,863	40,863
Liabilities payable from restricted assets:			
Customer deposits	103,255	-	103,255
Total current liabilities	1,010,656	615,728	1,626,384
Noncurrent liabilities:			
Total OPEB liability	359,080	552,102	911,182
Compensated absences	12,612	-	12,612
Direct borrowings - noncurrent	-	564,116	564,116
Net pension liability	107,919	111,559	219,478
Total noncurrent liabilities	479,611	1,227,777	1,707,388
Total liabilities	1,490,267	1,843,505	3,333,772
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferrals	50,397	56,762	107,159
Pension deferrals	1,389	4,138	5,527
Total deferred inflows of resources	51,786	60,900	112,686
<b>NET POSITION</b>			
Net Investment in capital assets	2,384,250	4,950,532	7,334,782
Unrestricted	3,045,693	1,198,754	4,244,447
Total net position	\$ 5,429,943	\$ 6,149,286	\$ 11,579,229

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

**Town of Windsor**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 7**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
<b>Operating revenues:</b>			
Charges for services	\$ 5,493,425	\$ 944,984	\$ 6,438,409
Water and sewer taps and connection fees	-	5,250	5,250
Other operating revenues	39,722	17,590	57,312
Total operating revenues	5,533,147	967,824	6,500,971
<b>Operating expenses:</b>			
Water and sewer operations	-	861,847	861,847
Electric operations	1,197,354	-	1,197,354
Electric power purchases	3,111,569	-	3,111,569
Depreciation	154,117	217,177	371,294
Total operating expenses	4,463,040	1,079,024	5,542,064
Operating income (loss)	1,070,107	(111,200)	958,907
<b>Non-operating revenues (expenses):</b>			
Investment earnings (loss)	125,089	5,548	130,637
Sales tax refunds	10,653	10,915	21,568
Total non-operating revenues (expenses)	135,742	16,463	152,205
Income (loss) before contributions and transfers	1,205,849	(94,737)	1,111,112
Capital contributions	-	470,701	470,701
Transfers to other funds	(1,000,000)	-	(1,000,000)
Change in net position	205,849	375,964	581,813
Total net position, beginning	5,224,094	5,773,322	10,997,416
Total net position, ending	\$ 5,429,943	\$ 6,149,286	\$ 11,579,229

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

**Town of Windsor**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 8**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Totals
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 5,527,116	\$ 941,752	\$ 6,468,868
Cash paid for goods and services	(3,832,504)	(226,409)	(4,058,913)
Cash paid to or on behalf of employees for services	(300,157)	(451,243)	(751,400)
Customer deposits received (refunded)	1,980	-	1,980
Other revenues	39,722	17,590	57,312
Net cash provided by operating activities	1,436,157	281,690	1,717,847
<b>Cash flows from non-capital financing activities:</b>			
Sales tax refunds	12,939	10,894	23,833
Due to (from) other funds	(400,000)	(600,000)	(1,000,000)
Transfers to other funds	(1,000,000)		(1,000,000)
Net cash provided (used) by non-capital financing activities	(1,387,061)	(589,106)	(1,976,167)
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(217,739)	(527,378)	(745,117)
Principal paid - installment purchase	-	(40,862)	(40,862)
Net cash provided (used) by capital and related	(217,739)	(568,240)	(785,979)
<b>Cash flows from investing activities:</b>			
Investment earnings (loss)	60,007	3,996	64,003
Investment in treasury notes	(249,042)	-	(249,042)
Net cash provided (used) by investing activities	(189,035)	3,996	(185,039)
Net increase (decrease) in cash and cash equivalents	(357,678)	(871,660)	(1,229,338)
Cash balances, beginning	1,334,281	1,789,970	3,124,251
Cash balances, ending	\$ 976,603	\$ 918,310	\$ 1,894,913

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

**Town of Windsor**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 8**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Totals
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	\$1,070,107	\$ (111,200)	\$ 958,907
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	154,117	217,177	371,294
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	33,691	(8,482)	25,209
(Increase) decrease in inventory	12,076	-	12,076
(Increase) decrease in deferred outflows of resources - pensions	(21,743)	(28,623)	(50,366)
(Increase) decrease in deferred outflows of resources - OPEB	(280)	(153)	(433)
Increase (decrease) in net pension liability	28,270	37,216	65,486
Increase (decrease) in OPEB liability	(14,126)	(7,707)	(21,833)
Increase (decrease) in deferred inflows of resources - pensions	(968)	(1,274)	(2,242)
Increase (decrease) in deferred inflows of resources - OPEB	19,733	10,766	30,499
Increase (decrease) in accounts payable and accrued liabilities	145,888	186,496	332,384
Increase (decrease) in customer deposits	1,980	-	1,980
Increase (decrease) in accrued vacation pay	7,412	(12,526)	(5,114)
<b>Total adjustments</b>	<b>366,050</b>	<b>392,890</b>	<b>758,940</b>
<b>Net cash provided by operating activities</b>	<b>\$1,436,157</b>	<b>\$ 281,690</b>	<b>\$1,717,847</b>

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

## Town of Windsor Notes to Financial Statements

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Windsor conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### ***A. Reporting Entity***

The Town of Windsor is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town.

#### ***B. Basis of Presentation***

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

## Town of Windsor Notes to Financial Statements

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, sanitation services and general government services.

**Hazard Mitigation Grant Program Special Revenue Fund.** This fund is used to account for grant funds that are restricted for the purpose of mitigating the vulnerability of life and property to future disasters during the recovery and reconstruction process following a disaster.

The Town reports the following non-major governmental funds:

**Cashie River Access Capital Projects Fund.** This fund is used to account for the acquisition and construction of Cashie River access facilities including treehouses and boardwalks.

**Flood Mitigation Assistance Special Revenue Fund.** This fund is used to account for grant funds that are restricted for the elevation of two structures that are subject to flooding.

**Community Development Block Grant Special Revenue Fund.** This fund is used to account for grant funds that are restricted for neighborhood revitalization.

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's electric operations.

**Water and Sewer Fund.** This fund is used to account for the Town's water and sewer operations. A water and sewer capital projects fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

### ***C. Measurement Focus and Basis of Accounting***

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



## Town of Windsor Notes to Financial Statements

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Windsor because the tax is levied by Bertie County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-

## Town of Windsor Notes to Financial Statements

reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

### ***D. Budgetary Data***

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Hazard Mitigation Grant Program, Flood Mitigation Assistance and Community Development Block Grant Special Revenue Funds, the Cashie River Access Capital Project Fund and the Enterprise Capital Projects Funds. The enterprise fund capital projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### ***E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity***

#### ***1. Deposits and Investments***

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust, (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as in investment with a maturity of less than 6 months.

#### ***2. Cash and Cash Equivalents***

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

**Town of Windsor**  
**Notes to Financial Statements**

**3. Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Windsor Restricted Cash

Business-type Activities

Electric Fund

Customer deposits	\$ 103,255
<u>Total business-type activities</u>	<u>\$ 103,255</u>
<u>Total restricted cash</u>	<u>\$ 103,255</u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st, (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

**5. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**6. Inventory**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when used rather than when purchased.

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$2,500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**Town of Windsor**  
**Notes to Financial Statements**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	40
Buildings	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

**8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension and OPEB deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial 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 and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable, other accounts receivable, pension and OPEB deferrals.

**9. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**10. Compensated Absences**

The vacation policies of the Town provide for the accumulation of up to fifteen (15) days earned vacation leave with such leave being fully vested when earned. When the maximum vacation leave has been accumulated, employees will have until the end of the calendar year to reduce the balance below the maximum. As of December 31, all vacation leave balances in excess of the maximum shall be reduced to fifteen days and carried into the new calendar year. Employees may be paid for the excess accumulated vacation leave at their regular rate of pay. For the Town’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

## Town of Windsor Notes to Financial Statements

The Town's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **11. Net Position/Fund Balances**

#### *Net Position*

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

#### *Fund Balances*

In the governmental fund financial statements, fund balance is composed of five classifications, as applicable designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization by State Statute* – North Carolina G. S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

## **Town of Windsor Notes to Financial Statements**

*Committed Fund Balance* – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Windsor’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – portion of fund balance that Town of Windsor intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds with notification to the board.

*Unassigned fund balance* – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Windsor has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town Administrator will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Town Administrator has the authority to deviate from this policy if it is in the best interest of the Town.

### **12. Defined Benefit Cost-Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Windsor’s employer contributions are recognized when due and the Town of Windsor has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

### **13. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Town of Windsor**  
**Notes to Financial Statements**

**14. Subsequent Events – Date of Management’s Evaluation**

Management has evaluated subsequent events through January 30, 2020 the date which the financial statements were available to be issued. See Note VI for subsequent event.

**NOTE II – DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town’s agents in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town’s agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town’s deposits had a carrying amount of \$2,881,800 and a bank balance of \$3,285,688. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the Town’s petty cash fund totaled \$600.

**2. Investments**

At June 30, 2019, the Town had \$112,322 invested with the North Carolina Capital Management Trust’s Government Portfolio which carried a credit rating of AAAM by Standard and Poor’s. The investment’s valuation measurement method is Fair Value – Level 1 and has no maturity. The investment amount is included in cash and cash equivalents. The Town has no formal policy regarding credit risk of its investments.

**Town of Windsor**  
**Notes to Financial Statements**

As of June 30, 2019, the Town had the following investments and maturities.

Investment Type	Valuation Measurement Method	Book Value at 6/30/2019	Maturity	Rating
US Government Treasury Note	Fair Value Level 1	\$ 522,634	2/15/2024	AAA
US Government Treasury Note	Fair Value Level 1	249,355	11/30/2019	AAA
US Government Treasury Note	Fair Value Level 1	353,157	11/30/2022	AAA
US Government Treasury Note	Fair Value Level 1	252,568	11/15/2020	AAA
US Government Treasury Note	Fair Value Level 1	494,355	2/28/2021	AAA
US Government Treasury Note	Fair Value Level 1	250,313	6/30/2022	AAA
US Government Treasury Note	Fair Value Level 1	250,420	3/31/2020	AAA
Total		<u>\$ 2,372,802</u>		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted priced (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The Town has no formal policy as a means of limiting its exposure to fair value losses arising from rising interest rates.

*Credit Risk.* The Town limits investments to the provisions of G.S. 159-30, but has no formal policy regarding credit risk.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's \$2,372,802 investment in US Treasury notes are held by the counterparty, or by its trust department but not in the Town's name. The Town's informal policy indicates that the Town shall utilize a third party custodial agent for book entry transactions, all of which shall be a bank or trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve.

*Concentration of Credit Risk.* The Town has no formal policy of maximum exposure in US Government Agencies.



**Town of Windsor**  
**Notes to Financial Statements**

**3. Receivables – Allowances for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 6,474
Accounts receivable	23,171
<b>Total General Fund</b>	<b>29,645</b>
Enterprise Funds	
Electric Fund - accounts receivable	145,155
Water and Sewer Fund - accounts receivable	72,809
<b>Total Enterprise Funds</b>	<b>217,964</b>
<b>Total</b>	<b>\$ 247,609</b>

**4. Capital Assets**  
**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,723,364	\$ 73,008	\$ -	\$ 1,796,372
Construction in progress	53,654	-	20,984	32,670
<b>Total capital assets not being depreciated:</b>	<b>1,777,018</b>	<b>73,008</b>	<b>20,984</b>	<b>1,829,042</b>
<b>Capital assets being depreciated:</b>				
Buildings	765,709	97,819	-	863,528
Improvements	2,024,078	306,121	158,033	2,172,166
Vehicles	1,881,196	88,639	29,332	1,940,503
Equipment	1,059,484	43,150	165,713	936,921
Computer equipment	1,000	-	-	1,000
Infrastructure	1,785,697	312,015	-	2,097,712
<b>Total capital assets being depreciated:</b>	<b>7,517,164</b>	<b>847,744</b>	<b>353,078</b>	<b>8,011,830</b>
<b>Less accumulated depreciation for:</b>				
Buildings	327,649	23,796	-	351,445
Improvements	937,237	64,287	158,033	843,491
Vehicles	1,031,242	192,231	9,777	1,213,696
Equipment	795,122	52,844	165,713	682,253
Computer equipment	1,000	-	-	1,000
Infrastructure	730,134	55,186	-	785,320
<b>Total accumulated depreciation</b>	<b>3,822,384</b>	<b>388,344</b>	<b>333,523</b>	<b>3,877,205</b>
<b>Total capital assets being depreciated, net</b>	<b>3,694,780</b>			<b>4,134,625</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 5,471,798</b>			<b>\$ 5,963,667</b>

**Town of Windsor**  
**Notes to Financial Statements**

Increases in primary government assets for the year ended June 30, 2019 include donated land valued at \$52,008 and buildings valued at \$68,299. Increases also include land valued at \$21,000 from property buyouts associated with the Hazard Mitigation Grant Program.

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

General Government	\$	22,722
Public safety		156,559
Transportation		71,806
Environmental protection		73,438
Cultural and recreational		63,819
<u>Total depreciation expense</u>	<u>\$</u>	<u>388,344</u>

**Town of Windsor**  
**Notes to Financial Statements**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<i>Electric Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 16,525	\$ -	\$ -	\$ 16,525
Total capital assets not being depreciated:	16,525	-	-	16,525
<b>Capital assets being depreciated:</b>				
Substation lines	5,211,352	6,665	-	5,218,017
Buildings	552,209	-	-	552,209
Equipment	1,267,586	23,875	145,951	1,145,510
Computer equipment	33,054	-	-	33,054
Vehicles	332,887	187,199	-	520,086
Total capital assets being depreciated:	7,397,088	217,739	145,951	7,468,876
<b>Less accumulated depreciation for:</b>				
Substation lines	3,578,404	67,528	-	3,645,932
Buildings	261,537	14,468	-	276,005
Equipment	942,078	57,465	145,951	853,592
Computer equipment	24,027	2,462	-	26,489
Vehicles	286,939	12,194	-	299,133
Total accumulated depreciation	5,092,985	154,117	145,951	5,101,151
Total capital assets being depreciated, net	2,304,103			2,367,725
<b>Electric fund capital assets, net</b>	2,320,628			2,384,250
<i>Water and Sewer Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Construction in progress	61,431	-	25,900	35,531
Total capital assets not being depreciated:	65,931	-	25,900	40,031
<b>Capital assets being depreciated:</b>				
Distribution system	10,520,347	553,278	22,753	11,050,872
Vehicles	112,428	-	-	112,428
Total capital assets being depreciated:	10,632,775	553,278	22,753	11,163,300
<b>Less accumulated depreciation for:</b>				
Distribution system	5,353,894	208,591	22,753	5,539,732
Vehicles	99,502	8,586	-	108,088
Total accumulated depreciation	5,453,396	217,177	22,753	5,647,820
Total capital assets being depreciated, net	5,179,379			5,515,480
<b>Water and Sewer Fund capital assets, net</b>	5,245,310			5,555,511
<b>Business-type activities capital assets, net</b>	\$ 7,565,938			\$ 7,939,761

## Town of Windsor Notes to Financial Statements

### **5. Cost-sharing commitments**

The Town and Bertie County and Bertie County Water District II entered into an agreement on June 10, 2002 to purchase land jointly. The land was purchased in August 2003 and the North Carolina Department of Corrections completed constructing a 1,000 bed detention center on the land in July 2006. The Bertie County Water District II is the exclusive provider of water services to the detention center and the Town provides electric and sewer utility services. Once the prison was completed, the Town and County began deducting monthly 10% of the gross revenue for each utility and equally dividing between the Town and the County. These payments will continue until the purchase price and costs of establishing each utility service is paid in full. For the fiscal year ending June 30, 2019, the Town has suspended payments to Bertie County since the county's cost have been recouped. For the fiscal year ending June 30, 2019, Bertie County paid the Town \$20,880 for water.

After the net purchase price and the net costs as defined have been paid in full, the obligation of the Town and the County to monthly deduct 10% of gross revenue for each utility shall cease. The Town and the County will then monthly deduct 1% of the gross revenue for each utility, which monies will be applied towards an economic development fund to be administered by a joint Town and County board for the benefit of the citizens of the Town and County. The Town is in the process of meeting with County representatives to determine setting up and administering the economic development fund.

### **B. Liabilities**

#### **1. Pension Plan and Postemployment Obligations**

##### *a. Local Governmental Employees' Retirement System*

*Plan Description.* The Town of Windsor is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with

## Town of Windsor Notes to Financial Statements

full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Windsor employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Windsor's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Windsor were \$114,696 for the year ended June 30, 2019.

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2019, the Town reported a liability of \$533,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

**Town of Windsor**  
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December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the Town's proportion was 0.02249%, which was an decrease of .00041% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$150,820. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 82,313	\$ 2,762
Changes of assumptions	141,581	-
Net difference between projected and actual earnings on pension plan investments	73,239	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	8,319	11,401
Town contributions subsequent to the measurement date	114,696	-
Total	\$ 420,148	\$ 14,163

\$114,696 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 140,369
2021	91,092
2022	18,445
2023	41,383
2024	-
Thereafter	-
	\$ 291,289

## Town of Windsor Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

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The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 1,281,609	\$ 533,540	\$ (91,558)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

*b. Law Enforcement Officers Special Separation Allowance*

*Plan Description*

The Town of Windsor administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143



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assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	9
Total	9

Summary of Significant Accounting Policies

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on the Scale AA.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be

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amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 in benefits as they came due for the reporting period.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2019, the Town reported a total pension liability of \$135,124. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$12,793.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 23,706
Changes of assumptions and other inputs	9,518	10,423
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
Total	\$ 9,518	\$ 34,129

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (4,454)
2021	(4,454)
2022	(4,454)
2023	(4,316)
2024	(3,692)
Thereafter	(3,241)
	\$ (24,611)

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*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated during the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	\$ 153,828	\$ 135,124	\$ 118,564

**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>
Beginning balance	\$ 131,948
Service cost	13,077
Interest on the total pension liability	4,170
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(5,371)
Changes of assumptions or other inputs	(8,700)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 135,124

The Plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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Total Expense, Liabilities, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 150,820	\$ 12,793	\$ 163,613
Pension Liability	533,540	135,124	668,664
Proportionate share of the net pension liability	0.02249%	n/a	
 Deferred Outflow of Resources			
Differences between expected and actual experience	82,313	-	82,313
Changes of assumptions	141,581	9,518	151,099
Net difference between projected and actual earnings on plan investments	73,239	-	73,239
Changes in proportion and differences between contributions and proportionate share of contributions	8,319	-	8,319
Benefit payments and administrative costs paid subsequent to the measurement date	114,696	-	114,696
 Deferred Inflows of Resources			
Differences between expected and actual experience	2,762	23,706	26,468
Changes of assumptions	-	10,423	10,423
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,401	-	11,401

*c. Supplemental Retirement Income Plan for Law Enforcement Officers and General Employees*

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. The Town has also elected to contribute to the Plan for its general employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer’s and general employee’s salaries, and all amounts contributed are vested immediately. Also, the law enforcement officers and general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$96,040, which consisted of \$19,427 and \$52,695 from the Town for law enforcement officers and general employees, respectively and \$4,825 and \$19,093 from the law enforcement officers and general employees, respectively. No amounts were forfeited.

**2. Other Postemployment Benefits**

*a. Healthcare Benefits*

*Plan Description.* Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Council may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* This plan provides post-employment health care benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System) and have at least thirty years of service regardless of age at retirement or twenty years of service and attainment of age 62 at retirement. The Town pays the full cost of coverage for these benefits. Also, the Town’s retirees can purchase coverage for their dependents at the Town’s group rates. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2018 the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	7	4
Active plan members	22	8
Total	29	12

*Total OPEB Liability*

The Town’s total OPEB liability of \$2,370,061 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

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*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Salary increases	3.50% - 7.75%
Discount Rate	3.89%
Healthcare cost trend rate	
Pre-Medicare	7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.5% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer as of the measurement date.

*Changes in Total OPEB Liability*

	Total OPEB Liability
<b>Balance at July 1 , 2018</b>	\$ 2,426,568
<b>Changes for the year</b>	
Service cost	64,997
Interest	85,029
Changes of benefit items	-
Differences between expected and actual experience	(758)
Changes in assumptions or other inputs	(128,882)
Benefit payments	(76,893)
<b>Net Changes</b>	<b>(56,507)</b>
<b>Balance at June 30, 2019</b>	<b>\$ 2,370,061</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were base on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

	<b>1% Decrease (2.89%)</b>	<b>Discount Rate (3.89%)</b>	<b>1% Increase (4.89%)</b>
Total OPEB liability	\$ 2,793,393	\$ 2,370,061	\$ 2,033,605

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 1,994,790	\$ 2,370,061	\$ 2,851,732

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2019, the Town recognized OPEB expense of \$100,084. At June 30, 2019 the Town reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,922	\$ 652
Changes of assumptions	-	277,655
Town contributions subsequent to the measurement date	63,504	-
Total	\$ 67,426	\$ 278,307

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\$63,504 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (49,942)
2021	(49,942)
2022	(49,942)
2023	(49,942)
2024	(49,942)
Thereafter	(24,675)
	<u>\$ (274,385)</u>

*b. Other Employee Benefits*

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death but the benefit may not exceed \$50,000 or be less than \$25,000. Because, all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engagement in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.



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**3. Deferred Outflows and Inflows of Resources**

The town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to the pension plan in the current fiscal year	\$ 114,696
Benefit payments for LEOSSA made subsequent to measurement date	-
Benefit payments for OPEB made subsequent to measurement date	63,504
Differences between expected and actual experience	86,235
Changes in assumptions	151,099
Net difference between projected and actual experience	73,239
Changes in proportion and differences between employer contributions	8,319
Total	\$ 497,092

Statement of General Fund  
Net Position Balance Sheet

Deferred inflows of resources at year-end is comprised of the following:

Taxes receivable (General Fund)	\$ -	\$ 18,881
Accounts receivable (General Fund)	-	34,398
Other receivable (General Fund)	-	-
Unearned revenue	-	-
Differences between expected and actual experience	27,120	-
Changes in assumptions	288,078	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,401	-
Net difference between projected and actual earnings on pension plan investments	-	-
Total	\$ 326,599	\$ 53,279

**4. Risk Management**

The Town 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 Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, and worker's compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims up in excess of retentions as selected by the Board of Commissioners each year. Specific information on the limit of the reinsurance and excess policies purchased by the Board of Commissioners can be obtained by contacting the Risk Management

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Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Services using Capital Town Insurance Company, a commercial provider. Because the Town is in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage through the National Flood Insurance Plan (NFIP) but has chosen not to do so. The Town has purchased commercial flood insurance for \$675,200 of building coverage and an additional \$204,700 in contents coverage.

In accordance with G.S. 159-29, The Town’s employees that have access to \$100 or more at any given time of the Town’s funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. Other accounting employees who have access to funds are performance bonded through a \$20,000 blanket bond.

**5. Long-Term Obligations**

*a. Direct Borrowings*

The Town’s loans were issued to finance the construction of facilities utilized in the operations of the Sewer system and which are being retired by its resources are reported as long-term debt in the Sewer Fund. Principal requirements are appropriated when due.

Loans payable at June 30, 2019 are comprised of the following individual issues:

\$159,176 - State Emergency Loan due in annual installments of \$7,959 through May 2033, interest at 0.0%. Payments began in 2014.	\$ 111,422
\$658,074, net of principal forgiveness of \$548,395 - Clean Water State Revolving Loan Fund due in annual installments of \$32,904 through May 2034, interest at 0.0%. Payments began in 2015.	493,557
	\$ 604,979

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Annual debt service requirements to maturity for the loans as of June 30, 2019 are as follows:

Year Ending June 30	Loans Principal
2020	\$ 40,863
2021	40,863
2022	40,863
2023	40,863
2024	40,862
2025-2029	204,313
2030-2034	196,352
	<b>\$ 604,979</b>

At June 30, 2019, the Town of Windsor had a legal debt margin of \$10,820,623.

*c. Changes in Long-Term Liabilities*

Compensated absences have been liquidated in the General Fund, Water and Sewer Fund and Electric Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion Of Balance
<b>Governmental Activities:</b>					
Compensated absences	\$ 105,057	\$ 80,646	\$ 50,536	\$ 135,167	\$ 50,536
Total OPEB liability	1,493,553	-	34,674	1,458,879	-
Total pension liability (LEO)	131,948	3,176	-	135,124	-
Net pension liability (LGERS)	195,858	118,204	-	314,062	-
<b>Total Governmental Activities</b>	<b>\$1,926,416</b>	<b>\$202,026</b>	<b>\$ 85,210</b>	<b>\$ 2,043,232</b>	<b>\$ 50,536</b>
<b>Business-type Activities:</b>					
<u>Water and Sewer Fund</u>					
Direct borrowings	\$ 645,841	\$ -	\$ 40,862	\$ 604,979	\$ 40,863
Compensated absences	21,727	13,895	26,421	9,201	9,201
Total OPEB liability	559,809	-	7,707	552,102	-
Net pension liability (LGERS)	74,343	37,216	-	111,559	-
Total Water and Sewer Fund	1,301,720	51,111	74,990	1,277,841	50,064
<u>Electric Fund</u>					
Compensated absences	17,004	19,216	11,804	24,416	11,804
Total OPEB liability	373,206	-	14,126	359,080	-
Net pension liability (LGERS)	79,649	28,270	-	107,919	-
Total Electric Fund	469,859	47,486	25,930	491,415	11,804
<b>Total Business-type Activities</b>	<b>\$1,771,579</b>	<b>\$ 98,597</b>	<b>\$100,920</b>	<b>\$ 1,769,256</b>	<b>\$ 61,868</b>

**Town of Windsor  
Notes to Financial Statements**

***C. Interfund Balances and Activity***

Balances due to/from other funds at June 30, 2019 consist of the following:

Due to the Electric Fund for expenditures paid on behalf of the Water and Sewer Fund	\$ 176,280
Due to the General Fund from the Electric Fund	\$ 450,621
Due to the General Fund from the Water and Sewer Fund	\$ 189,145
Due to the General Fund for expenditures paid on behalf of the CDBG Fund	\$ 24,218
Due to the General Fund for expenditures paid on behalf of the Hazard Mitigation Grant Program Fund	\$ 470,813
Due to the Electric Fund for expenditures paid on behalf of the Hazard Mitigation Grant Program Fund	\$ 400,000
Due to the Water and Sewer Fund for expenditures paid on behalf of the Hazard Mitigation Grant Program Fund	\$ 600,000

The inter-fund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2019, consist of the following:

From the General Fund to the Cashie River Access Fund for town match	\$ 5,622
From the Electric Fund to the General Fund for general fund operations	\$ 1,000,000

***D. Net Investment in Capital Assets***

	Governmental Activities	Business-type Activities
Capital Assets	\$ 5,963,667	\$ 7,939,761
less: long-term debt	-	604,979
<u>Net investment in capital assets</u>	<u>\$ 5,963,667</u>	<u>\$ 7,334,782</u>

**Town of Windsor**  
**Notes to Financial Statements**

**E. Fund Balance**

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance – General Fund	\$	2,852,633
Less:		
Stabilization by State Statute		1,793,615
Remaining Fund Balance	\$	1,059,018

**F. Lease Income**

The Town leases office space to the US Fish and Wildlife Service under an operating lease with defined rents including operating costs through August 31, 2023, however the lease may be terminated at any time after January 16, 2019 by providing not less than 90 days written notice. Absent early termination, monthly rents for the office lease range from \$3,822 to \$4,014 during the lease term. The Town has not received notice of early termination. The Town also leases the US Fish and Wildlife Service warehouse space under a separate lease including operating costs that that was renewed in August 2018. The renewed warehouse lease is for five years firm, terminating in August 2023. Monthly rents under the renewed warehouse lease are \$3,020. In addition, the Town has short term rentals for the use of fire department facilities, community building, farmers market, campground and related tree houses and other. Total rents received from the US Fish and Wildlife Service were \$84,141 and rents received for all other short-term rentals were \$107,023 for the year ended June 30, 2019.

The future minimum rentals on noncancellable leases are as follows:

Year Ending June 30	Lease Income
2020	\$ 36,240
2021	36,240
2022	36,240
2023	36,240
2024	3,020
	\$ 147,980

**Note III. Jointly Governed Organization**

The Town, in conjunction with five counties and forty other municipalities, is a member of the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from Federal and State agencies. Each participating municipality appoints one member and each participating county government appoints three members to the Commission's governing board. The Town paid membership fees of \$1,171 to the Commission during the fiscal year ended June 30, 2019.

**Town of Windsor**  
**Notes to Financial Statements**

**Note IV. Summary Disclosures of Significant Contingencies**

*Federal and State Assisted Programs*

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**Note V. Major Customers**

The Town has one major customer who comprised approximately 16% of total utility billings for electric and 20% of the total utility billings for water/sewer for the fiscal year ending June 30, 2019. This customer is a department of the State of North Carolina and is considered a long-term reliable customer.

**Note VI. Subsequent Event**

In October 2019, the Town approved the purchase of a used ladder truck for \$329,000.

**Note VII. Grant Commitments**

At June 30, 2019, the Town had remaining contract commitments for grant administration/engineering under the following grant programs.

Community Development Block Grant	\$ 62,033
Hazard Mitigation Grant Program	\$ 107,599

## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principles.

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- Schedule of Changes in Total OPEB Liability and Related Ratios
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance

**Town of Windsor**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Required Supplementary Information**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 64,997	\$ 74,840
Interest	85,029	76,483
Changes of benefit items	-	-
Differences between expected and actual experience	(758)	5,450
Changes of assumptions or other inputs	(128,882)	(231,897)
Benefit payments	(76,893)	(78,101)
<b>Net Changes</b>	<b>(56,507)</b>	<b>(153,225)</b>
<b>Balance at July 1, 2018</b>	<b>2,426,568</b>	<b>2,579,793</b>
<b>Balance at June 30, 2019</b>	<b>\$ 2,370,061</b>	<b>\$ 2,426,568</b>

<b>Covered Payroll</b>	\$ 1,291,908	\$ 1,291,908
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>183.45%</b>	<b>187.83%</b>

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2019	3.89%
2018	3.56%



**Town of Windsor**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years\***

**Local Governmental Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Windsor's proportion of the net pension liability (asset) (%)	0.02249%	0.02290%	0.02123%	0.02409%	0.02433%	0.02290%
Windsor's proportion of the net pension liability (asset) (\$)	\$ 533,540	\$ 349,850	\$ 452,056	\$ 108,115	\$ (143,485)	276,033
Windsor's covered-employee payroll	\$ 1,408,767	\$ 1,416,464	\$ 1,314,602	\$ 1,430,265	\$ 1,348,188	\$ 1,458,885
Windsor's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.87%	24.70%	34.39%	7.56%	-10.64%	18.92%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**Town of Windsor  
Schedule of Contributions  
Required Supplementary Information  
Last Six Fiscal Years**

**Local Governmental Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 114,696	\$ 108,721	\$ 105,690	\$ 89,456	\$ 102,550	\$ 97,474
Contributions in relation to the contractually required contribution	114,696	108,721	105,690	89,456	102,550	97,474
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Windsor's covered-employee payroll	\$ 1,442,348	\$ 1,408,767	\$ 1,416,464	\$ 1,314,602	\$ 1,430,265	\$ 1,348,188
Contributions as a percentage of covered-employee payroll	7.95%	7.72%	7.46%	6.80%	7.17%	7.23%

**Town of Windsor**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 131,948	\$ 128,247	\$ 127,386
Service cost	13,077	11,845	13,827
Interest on the total pension liability	4,170	4,950	4,332
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(5,371)	(26,144)	-
Changes of assumptions or other inputs	(8,700)	13,050	(5,196)
Benefit payments	-	-	(12,102)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 135,124</u>	<u>\$ 131,948</u>	<u>\$ 128,247</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

**Town of Windsor**

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 135,124	\$ 131,948	\$ 128,247
Covered payroll	\$ 430,928	\$ 430,928	\$ 508,683
Total pension liability as a percentage of covered payroll	31.36%	30.62%	25.21%

Notes to the schedules:

The Town of Windsor has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**Town of Windsor  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual – General Fund  
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variable Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 197,194	\$
Interest		1,948	
Total	206,000	199,142	(6,858)
Other taxes and licenses:			
Cable franchise fees		-	
Total	600	-	(600)
Unrestricted Intergovernmental:			
Local option sales tax		784,824	
Payment in lieu of taxes - outside sources		2,124	
Telecommunications tax		23,706	
Utilities sales tax		118,659	
Beer and wine tax		14,998	
Sales tax refunds		29,340	
Video franchise fee		34,374	
ABC profit distribution		123	
Total	1,004,500	1,008,148	3,648
Restricted Intergovernmental:			
Powell Bill allocation		96,608	
Fire protection services		46,624	
Fire grants		25,301	
Police - drug task		315	
FEMA		365,720	
Solid waste disposal tax		3,064	
Total	543,300	537,632	(5,668)
Sales and services:			
Street assessments		24	
Court fees		378	
Refuse collection		277,420	
Recycling		-	
Rents		191,164	
Cemetery		36,600	
Total	477,600	505,586	27,986
Investment earnings	3,200	4,425	1,225
Miscellaneous:			
Other		24,662	
Total	11,000	24,662	13,662
<b>Total revenues</b>	<b>\$ 2,246,200</b>	<b>\$ 2,279,595</b>	<b>\$ 33,395</b>

**Town of Windsor**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual – General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variable Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and benefits		62,130	
Other operating expenditures		2,639	
Total	66,300	64,769	1,531
Administration:			
Salaries and employee benefits		122,110	
Other operating expenditures		107,290	
Hurricane Matthew expenditures		365,720	
Tropical Storm Julia expenditures		692	
Equipment < \$2,500		500	
Total	658,900	596,312	62,588
Public buildings:			
Salaries and employee benefits		50,447	
Utilities		23,888	
Maintenance and repairs		9,416	
Departmental supplies		3,697	
Insurance and bonds		7,000	
Other operating expenditures		18,841	
Capital outlay		29,520	
Total	158,900	142,809	16,091
Total general government	884,100	803,890	80,210
Police:			
Salaries and employee benefits		592,458	
Maintenance and repairs		8,639	
Automotive supplies		18,476	
Departmental supplies		4,041	
Uniforms		4,270	
Insurance and bonds		20,000	
Other operating expenditures		10,194	
Equipment < \$2,500		3,409	
Capital outlay		59,722	
Total	774,600	721,209	53,391

**Town of Windsor**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual – General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variable Positive (Negative)
Public Safety (continued):			
Fire:			
Salaries and employee benefits		68,899	
Utilities		13,109	
Maintenance and repairs		19,748	
Automotive supplies		2,681	
Departmental supplies		2,163	
Emergency services - coordinator		2,359	
Insurance and bonds		9,000	
Other operating expenditures		56,193	
Equipment < \$2,500		5,205	
Capital outlay:			
Equipment		38,162	
Total	261,800	217,519	44,281
Total public safety	1,036,400	938,728	97,672
Transportation:			
Salaries and employee benefits		206,129	
Maintenance and repairs - streets		29,482	
Maintenance and repairs - vehicles		15,626	
Automotive supplies		10,508	
Departmental supplies		16,885	
Insurance and bonds		9,000	
Equipment < \$2,500		1,006	
Other operating expenditures		3,071	
Capital outlay:			
Street improvements		312,015	
Vehicles		72,067	
Total transportation	722,200	675,789	46,411
Sanitation:			
Salaries and employee benefits		177,489	
Maintenance and repairs		23,718	
Trash pile		4,200	
Automotive supplies		19,296	
Departmental supplies		1,318	
Insurance and bonds		9,000	
Ditching and piping		39,836	
Equipment < \$2,500		1,560	
Other operating expenditures		1,801	
Total sanitation	303,500	278,217	25,283



**Town of Windsor  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual – General Fund  
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variable Positive (Negative)
Environmental protection (continued):			
Cemetery:			
Maintenance and repairs		189	
Departmental supplies		661	
Insurance and bonds		2,000	
Other operating expenditures		16,500	
Total cemetery	25,000	19,350	5,650
Total environmental protection	328,500	297,567	30,933
Cultural and Recreation:			
Salaries and employee benefits		201,966	
Utilities		8,091	
Maintenance and repairs		8,390	
Automotive supplies		5,028	
Departmental supplies		32,982	
Insurance and bonds		5,000	
Other operating expenditures		26,037	
Capital outlay < \$2,500		489	
Total cultural and recreation	289,800	287,983	1,817
Total expenditures	3,261,000	3,003,957	257,043
Revenues over (under) expenditures	(1,014,800)	(724,362)	290,438
<b>Other financing sources (uses):</b>			
Transfers from (to) other funds:			
Enterprise funds	1,005,500	1,000,000	(5,500)
Capital Projects/Special Revenue funds	(5,700)	(5,622)	78
Insurance recovery	15,000	22,300	7,300
Total other financing sources (uses)	1,014,800	1,016,678	1,878
Net change in fund balance	<u>\$ -</u>	292,316	<u>\$ 292,316</u>
Fund balances, beginning		2,560,317	
Fund balances, ending		<u>\$ 2,852,633</u>	

**Town of Windsor**

**Hazard Mitigation Grant Program - Schedule of Revenues, Expenditures,  
And Changes in Fund Balances – Budget and Actual  
From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted					
Intergovernmental:					
NC Dept of Public Safety					
HMGP - Acquisition	\$ 3,784,229	\$ -	\$ 1,996,642	\$ 1,996,642	\$ (1,787,587)
HMGP - Elevation	1,487,735	-	94,176	94,176	(1,393,559)
State Acquisition Relocation					
Funds (SARF)	2,057,000	-	-	-	(2,057,000)
Total revenues	7,328,964	-	2,090,818	2,090,818	(5,238,146)
<b>Expenditures:</b>					
Economic and physical development:					
Acquisition	3,784,229	-	1,996,642	1,996,642	1,787,587
Elevation	1,487,735	-	94,176	94,176	1,393,559
SARF	2,057,000	-	-	-	2,057,000
Total expenditures	7,328,964	-	2,090,818	2,090,818	5,238,146
Revenues over (under) expenditures/ Net change in fund balance					
	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning					
			\$ -		
Fund balance, ending					
			\$ -		

**Town of Windsor  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

<b>Assets</b>	<u>Capital Projects Fund</u>	<u>Special Revenue Funds</u>		Total Nonmajor Funds
	Cashie River Access	Flood Mitigation Assistance	Community Development Block Grant	
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	24,218	24,218
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,218</b>	<b>\$ 24,218</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	24,218	24,218
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>24,218</b>	<b>24,218</b>
Fund balances	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,218</b>	<b>\$ 24,218</b>

**Town of Windsor**

**Combining Statement of Revenues, Expenditures, and Changes In Fund  
Balances – Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2019**

	<u>Capital Projects Fund</u>	<u>Special Revenue Funds</u>		
	Cashie River Access	Flood Mitigation Assistance	Community Development Block Grant	Total Nonmajor Funds
<b>Revenues:</b>				
Restricted intergovernmental	\$ 238,176	\$ 52	\$ 24,218	\$ 262,446
Total revenues	238,176	52	24,218	262,446
<b>Expenditures:</b>				
Recreation	246,974	-	-	246,974
Economic and physical development	-	52	24,218	24,270
Total expenditures	246,974	52	24,218	271,244
Revenues over (under) expenditures	(8,798)	-	-	(8,798)
<b>Other Financing Sources (Uses):</b>				
Transfer from other funds:				
General Fund	5,622	-	-	5,622
Total other financing sources (uses)	5,622	-	-	5,622
Net change in fund balance	(3,176)	-	-	(3,176)
Fund balance, beginning	3,176	-		3,176
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**Town of Windsor**  
**Cashie River Access - Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted:					
Intergovernmental:					
PARTF Phase 1 - Treehouse	\$	\$ 180,542	\$ 17,459	\$ 198,001	\$
State of North Carolina		95,000	-	95,000	
NC Wildlife Commission		30,000	-	30,000	
Town of Windsor Match		97,609	-	97,609	
<b>Subtotal Phase I Treehouse/Campground</b>	397,400	403,151	17,459	420,610	23,210
NCDEQ 7039 Phase 2 - Treehouse	125,000	-	118,100	118,100	(6,900)
Town of Windsor Match	125,000	3,465	-	3,465	(121,535)
NCDEQ 7388 Phase 2 - Boardwalk	102,773	-	102,617	102,617	(156)
Town of Windsor Match - inkind	5,709	-	-	-	(5,709)
<b>Subtotal Phase II - Treehouse/Boardwalk</b>	358,482	3,465	220,717	224,182	(134,300)
<b>Total Revenues</b>	755,882	406,616	238,176	644,792	(111,090)
<b>Expenditures:</b>					
Recreation:					
PARTF Phase 1 Treehouse/Campground					
Permit & design fees	15,600	79,341	-	79,341	(63,741)
Site improvement costs	322,000	318,660	-	318,660	3,340
Administrative costs	59,800	5,150	-	5,150	54,650
<b>Subtotal Phase 1 Treehouse/Campground</b>	397,400	403,151	-	403,151	(5,751)
NCDEQ 7039 Phase 2 Treehouse					
Administrative costs	8,000	-	3,690	3,690	4,310
Permit & design fees	10,000	3,465	-	3,465	6,535
Construction	232,000	-	57,785	57,785	174,215
<b>Total</b>	250,000	3,465	61,475	64,940	185,060
NCDEQ 7388 Phase 2 Boardwalk					
Administrative costs	1,750	-	-	-	1,750
Permit & design fees	20,594	-	-	-	20,594
Construction	91,848	-	180,000	180,000	(88,152)
<b>Total</b>	114,192	-	180,000	180,000	(65,808)
Non grant costs					
Comfort station		-	529	529	
Campsite		-	3,180	3,180	
Permit & design fees		475	-	475	
Administrative costs		12,450	1,790	14,240	
Recreation planning		4,594	-	4,594	
<b>Total</b>	20,000	17,519	5,499	23,018	(3,018)
<b>Subtotal Phase II Treehouse/Boardwalk</b>	384,192	20,984	246,974	267,958	116,234
<b>Total expenditures</b>	781,592	424,135	246,974	671,109	110,483
Revenues over (under) expenditures	(25,710)	(17,519)	(8,798)	(26,317)	(607)
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund - Non grant	20,000	20,695	-	20,695	695
General Fund - Phase 2 - Boardwalk	5,710	-	5,622	5,622	(88)
<b>Total transfers</b>	25,710	20,695	5,622	26,317	607
<b>Total transfers, less completed</b>	25,710	20,695	5,622	26,317	607
Revenues and other sources over (under) expenditures	\$ -	\$ 3,176	\$ (3,176)	\$ -	\$ -
Fund balance, beginning			3,176		
<b>Fund balance, ending</b>			\$ -		

**Town of Windsor**

**Flood Mitigation Assistance - Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted					
Intergovernmental:					
NC Department of					
Emergency Management	\$ 221,866	\$ 4,670	\$ 52	\$ 4,722	\$ (217,144)
Total revenues	221,866	4,670	52	4,722	(217,144)
<b>Expenditures:</b>					
Economic and physical development:					
Elevation	175,366	-	-	-	175,366
Administration	46,500	4,670	52	4,722	41,778
Total expenditures	221,866	4,670	52	4,722	217,144
Revenues over (under) expenditures/ Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning					-
Fund balance, ending			\$ -		-

**Town of Windsor**

**Community Development Block Grant - Schedule of Revenues,  
Expenditures, and Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted					
Intergovernmental:					
NC Department of Commerce	\$ 750,000	\$ -	\$ 24,218	\$ 24,218	\$(725,782)
Town of Windsor	35,000	-	-	-	(35,000)
Total revenues	785,000	-	24,218	24,218	(760,782)
<b>Expenditures:</b>					
Economic and physical development :					
Design/Construction Admin	785,000	-	24,218	24,218	760,782
Total expenditures	785,000	-	24,218	24,218	760,782
Revenues over (under) expenditures/ Net change in fund balance					
	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning					
			-		
Fund balance, ending					
			\$ -		

**Town of Windsor**  
**Electric Fund**

**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 5,550,000	\$ 5,493,425	\$ (56,575)
Non-operating revenues:			
Investment earnings (loss)		125,089	
Underground fees		300	
Sales tax refunds		10,653	
Other		39,422	
<b>Total non-operating revenues</b>	<b>97,500</b>	<b>175,464</b>	<b>77,964</b>
<b>Total revenues</b>	<b>5,647,500</b>	<b>5,668,889</b>	<b>21,389</b>
<b>Expenditures:</b>			
Operating:			
Salaries and employee benefits		318,455	
Telephone and postage		13,678	
Utilities		15,636	
Maintenance and repairs		28,100	
Load management - fuel		20,310	
Street lights		44,028	
Special events		35,964	
Special appropriations		105,281	
Automotive supplies		8,813	
Departmental supplies		61,756	
Uniforms		2,254	
Professional fees		1,933	
Contract Services		58,276	
Electric purchases for resale		3,111,569	
Sales tax on electricity		352,254	
Insurance and bonds		39,991	
Capital outlay < \$2,500		4,966	
Other operating expenditures		67,600	
<b>Total operating expenditures</b>	<b>4,311,000</b>	<b>4,290,864</b>	<b>20,136</b>



**Town of Windsor  
Electric Fund**

**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Equipment		215,209	
Improvements		2,530	
Total capital outlay	331,000	217,739	113,261
Total expenditures	4,642,000	4,508,603	133,397
Revenues over (under) expenditures	1,005,500	1,160,286	154,786
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
General Fund	(1,005,500)	(1,000,000)	5,500
Total transfers	(1,005,500)	(1,000,000)	5,500
Revenues and other sources over (under) expenditures and other uses	\$ -	160,286	\$ 160,286
 Reconciliation from budgetary basis <b>(modified accrual) to full accrual:</b>			
Reconciling items:			
Capital outlay		217,739	
Depreciation		(154,117)	
Bad debts		239	
(Increase) decrease in accrued vacation pay		(7,412)	
Increase (decrease) in deferred outflows of resources - pensions		21,743	
(Increase) decrease in net pension liability		(28,270)	
(Increase) decrease in deferred inflows of resources - pensions		968	
Increase (decrease) in deferred outflows of resources - OPEB		280	
(Increase) decrease in deferred inflows of resources - OPEB		(19,733)	
(Increase) decrease in OPEB liability		14,126	
Total		45,563	
Change in net position		\$ 205,849	

**Town of Windsor**  
**Water and Sewer Fund**

**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for services:			
Water	\$	\$ 316,858	\$
Sewer		628,126	
Total charges for services	942,000	944,984	2,984
Water and sewer taps and connection fees	5,000	5,250	250
Total operating revenues	947,000	950,234	3,234
Non-operating revenues:			
Interest earned		5,548	
Sales tax refunds		10,915	
Other		17,590	
Total non-operating revenues	5,000	34,053	29,053
Total revenues	952,000	984,287	32,287
<b>Expenditures:</b>			
Operating:			
Water:			
Salaries and employee benefits		216,588	
Utilities		22,517	
Maintenance and repairs		36,335	
Automotive supplies		7,745	
Departmental supplies		27,258	
Uniforms		795	
Contract services		25,925	
Insurance and bonds		10,000	
Capital outlay < \$2,500		1,736	
Other operating expenditures		15,913	
Total water expenditures	376,400	364,812	11,588
Sewer:			
Salaries and employee benefits		232,354	
Utilities		80,550	
Maintenance and repairs		25,517	
Automotive supplies		6,973	
Departmental supplies		54,092	
Uniforms		1,058	
Contract services		38,096	
Insurance and bonds		20,000	
Telephone and postage		4,009	
Capital outlay < \$2,500		11,774	
Other operating expenditures		20,382	
Total sewer expenditures	496,500	494,805	1,695
Total operating expenditures	872,900	859,617	13,283

**Town of Windsor**  
**Water and Sewer Fund**

**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal retirement		40,862	38
Total debt service	40,900	40,862	38
Capital outlay:			
Improvements		32,905	
Equipment		23,771	
Total capital outlay	110,000	56,676	53,324
<b>Total expenditures</b>	<b>1,023,800</b>	<b>957,155</b>	<b>66,645</b>
Revenues over (under) expenditures	(71,800)	27,132	98,932
Appropriated fund balance	71,800	-	(71,800)
Revenues and appropriated fund balance over (under) expenditures	\$ -	27,132	\$ 27,132

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Reconciling items:

Capital contribution - Rescue Pump Station	470,701
Principal retirement	40,862
Capital outlay	56,676
Depreciation	(217,177)
Bad debts recovery	(4,532)
(Increase) decrease in accrued vacation pay	12,527
Increase (decrease) in deferred outflows of resources - pensions	28,623
(Increase) decrease in net pension liability	(37,216)
(Increase) decrease in deferred inflows of resources - pensions	1,274
Increase (decrease) in deferred outflows of resources - OPEB	153
(Increase) decrease in deferred inflows of resources - OPEB	(10,766)
(Increase) decrease in OPEB liability	7,707
<b>Total</b>	<b>348,832</b>
<b>Change in net position</b>	<b>\$ 375,964</b>

**Town of Windsor  
Rescue Pump Station Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures – Budget and Actual  
From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted					
Intergovernmental:					
Golden Leaf Foundation	\$ 508,885	\$ 25,900	\$ 470,701	\$496,601	\$ (12,284)
Total revenues	508,885	25,900	470,701	496,601	(12,284)
<b>Expenditures:</b>					
Construction	398,987	-	427,248	427,248	(28,261)
Contingency	39,898	-	-	-	39,898
Engineering Design	28,600	25,900	2,700	28,600	-
Construction Admin/Observation	41,400	-	40,753	40,753	647
Total expenditures	508,885	25,900	470,701	496,601	12,284
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

## **OTHER SCHEDULES**

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This section contains additional information on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**Town of Windsor  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 196,124	\$ 191,893	\$ 4,231
2017-2018	5,450	-	3,060	2,390
2016-2017	4,363	-	1,863	2,500
2015-2016	14,208	-	165	14,043
2014-2015	490	-	81	409
2013-2014	713	-	151	562
2012-2013	404	-	31	373
2011-2012	390	-	7	383
2010-2011	238	-	9	229
2009-2010	266	-	31	235
2008-2009	402	-	402	-
<b>Total</b>	<b>\$ 26,924</b>	<b>\$ 196,124</b>	<b>\$ 197,693</b>	<b>\$ 25,355</b>

Less: allowance for uncollectible accounts:

General fund 6,474

**Ad valorem taxes receivable - net \$ 18,881**

Reconcilement with Revenues:

Ad valorem taxes - General Fund \$ 199,142

Reconciling items:

Interest collected (1,948)

Taxes written off 402

Releases - prior year taxes 97

**Subtotal (1,449)**

**Total collections and credits \$ 197,693**

**Town of Windsor  
Analysis of Current Tax Levy  
Town-Wide Levy  
For the Fiscal Year Ended June 30, 2019**

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy: Property taxed at current year's rate	\$ 135,283,448	0.145	\$ 196,161	\$ 165,251	\$ 30,910
Releases	(25,655)		(37)	(37)	-
<b>Total property valuation</b>	<b>\$ 135,257,793</b>				
 Net levy			196,124	165,214	30,910
 Unpaid (by taxpayer) taxes at June 30, 2019			(4,231)	(4,199)	(32)
 Current year's taxes collected			\$ 191,893	\$ 161,015	\$ 30,878
 Current levy collection percentage			97.84%	97.46%	99.90%

## **COMPLIANCE SECTION**





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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***

To the Honorable Mayor and the Town Council  
Town of Windsor, North Carolina

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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, North Carolina as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Windsor's basic financial statements, and have issued our report thereon dated January 30, 2020.

**Internal Control Over Financial Reporting**

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

Our consideration of 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. 2019-1

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. 2019-2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Windsor'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*.

### **Town of Windsor, North Carolina's Response to Findings**

The Town of Windsor's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Cumbee, Taylor & Shook, PA*

Williamston, North Carolina

January 30, 2020



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**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor and Town Council  
Town of Windsor, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Windsor, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Windsor's major federal programs for the year ended June 30, 2019. The Town of Windsor's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Windsor's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Windsor's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Windsor's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town of Windsor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

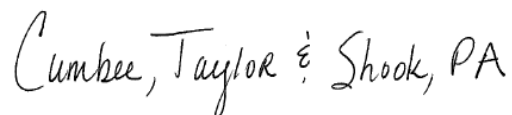
### **Report on Internal Control Over Compliance**

Management of the Town of Windsor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Windsor's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Williamston, North Carolina  
January 30, 2020



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**Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor and Town Council  
Town of Windsor, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the Town of Windsor, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Windsor's major state programs for the year ended June 30, 2019. The Town of Windsor's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Windsor's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Windsor's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Windsor's compliance.

## Opinion on Each Major State Program

In our opinion, the Town of Windsor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

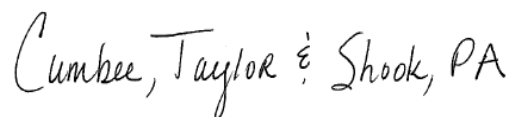
## Report on Internal Control Over Compliance

Management of the Town of Windsor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Windsor's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Williamston, North Carolina  
January 30, 2020

**Town of Windsor, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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**Section I. Summary of Auditor's Results**

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Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  X yes  no
- Significant Deficiency(s)  X yes  none reported

Noncompliance material to financial statements noted?  yes  X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?  yes  X no
- Significant Deficiency(s) identified  yes  X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  X no

Identification of major federal programs:

CFDA No(s).	Names of Federal Program or Cluster
97.039	Hazard Mitigation Grant Program - Acquisition

Dollar threshold used to distinguish between Type A and Type B Programs \$  750,000

Auditee qualified as low-risk auditee?  yes  X no

**Town of Windsor, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

State Awards

Internal control over major State programs:

- Material weakness(es) identified?      \_\_\_yes      Xno
- Significant Deficiency(s) identified      \_\_\_yes      Xnone reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act

\_\_\_yes      Xno

Identification of major State programs:

Program Name

Hazard Mitigation Grant Program – Acquisition (State Match of Federal Program)  
NC General Assembly Special Appropriation  
Pass thru the Golden Leaf Foundation:  
Windsor Rescue Pump Station Improvements



**Town of Windsor, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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MATERIAL WEAKNESS

2019-1 Accounting for LGERS Pension Liability and related GASB 68 Adjustments and OPEB Liability and related GASB 75 adjustments.

Criteria: GASB 68 requires units of government to record its share of the pension assets or liabilities of the Local Governmental Employees' Retirement System and GASB 75 requires units of government to record its liability for other post employment benefits .

Condition: Due to the small size of the Town, the Town has a limited staff with the technical ability to record adjustments required to its pension or OPEB assets or liabilities, deferred inflows, deferred outflows and pension and OPEB expense under GASB 68 and 75 across the Town's various funds.

Effect: The Town has a material weakness in its internal control over accounting for its pension and OPEB asset or liability according to GASB 68 and 75.

Cause: Due to the small size of the Town, the Town has a limited staff and has not trained its staff to make these entries.

Recommendation: The Town may consider additional training of its staff to make these entries at year end from the information provided by the Local Government Commission or accept this control deficiency.

View of responsible officials and planned corrective action: The Town agrees with this finding and will adhere to the corrective action plan on page 90 in this audit report.

**Town of Windsor, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

SIGNIFICANT DEFICIENCY

2019-2 Controls over Recreational Rental Revenues

Criteria: Good internal controls including separation of duties should be in place over cash receipts of recreational rental revenues.

Condition: One individual is generally responsible for reservations and collections of camp ground and tree house rentals. There also does not appear to be an easy way to verify / reconcile revenues collected to the manual notebook/ reservation calendar maintained by the individual.

Effect: Increased potential for misappropriation of funds.

Cause: New facilities have increased short-term recreational rentals resulting in inadequate controls over collection of related revenues.

Recommendation: The Town should consider use of a third party online reservation system similar to those utilized by other campgrounds and state parks to reserve and pay for camp ground and tree house rentals. If this is not feasible, at a minimum, collections should be reconciled and initialed as received in the manual notebook/reservations calendar when turned in for deposit by someone other than the individual responsible for reservations and collections.

View of responsible officials and planned corrective action: The Town agrees with this finding and will adhere to the corrective action plan on page 90 in this audit report.

**Town of Windsor, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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NONE REPORTED

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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NONE REPORTED



# TOWN OF WINDSOR

Windsor, North Carolina 27983

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MAYOR

James F. Hoggard

COMMISSIONERS

Cathy E. Wilson

Randy Walston

Camille Holmes Rascoe

Randy Whitaker

David O. Overton

TOWN ADMINISTRATOR

L. Allen Castelloe

## Corrective Action Plan For the Fiscal Year Ended June 30, 2019

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### Section II – Financial Statement Findings

---

#### MATERIAL WEAKNESS

#### **2019 – 1** Accounting for LGERS Pension Liability & Related GASB 68 Adjustments and OPEB Liability and related GASB 75 Adjustments

Name of contact person: L. Allen Castelloe, Town Administrator

Corrective Action: Staff will seek training from either the NC Treasurer training programs or from a CPA familiar with the requirements to better equip staff to correctly record these adjustments.

Proposed Completion Date: Staff will enroll in a class as soon as one is found or engage a CPA as soon as possible.

#### SIGNIFICANT DEFICIENCY

#### **2019 – 2** Controls over Recreational Rental Revenues (Segregation of Duties)

Name of contact person: L. Allen Castelloe, Town Administrator

Corrective Action: Staff will create procedures to reconcile the campground and treehouse occupancy records with the deposits. This will be done by someone other than the individual responsible for reservations and collections.

Proposed Completion Date: The Town Administrator will implement the above procedure immediately.

**Town of Windsor, North Carolina  
Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2019**

No Single Audit was performed in the previous year.

**Town of Windsor, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2019**

Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	State/ Pass-through Grantor's <u>Number</u>	Fed. (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Local <u>Expenditures</u>
<b>Federal Grants:</b>					
<b>Cash Programs:</b>					
<u>U. S. Department of Homeland Security</u>					
<u>Federal Emergency Management Agency</u>					
Passed-through N.C. Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4285-DR-NC	\$ 274,290	\$ 91,430	\$ -
Flood Mitigation Assistance Grant Program	97.029	FMA-PH-04-NC-2015-006	52	-	-
Hazard Mitigation Grant Program - Acquisition	97.039	HMPG 4285-061-R	1,497,482	499,161	-
Hazard Mitigation Grant Program -Elevations	97.039	HMPG 4285-062-R	70,632	23,544	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through N.C. Department of Commerce Rural Economic Development Division					
Community Development Block Grants (State Administered Small Cities Program)	14.228	14-D-2973	24,218	-	-
Total assistance - federal programs			<u>1,866,674</u>	<u>614,135</u>	<u>-</u>
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N.C. Department of Natural and Cultural Resources:</u>					
Park and Recreation Trust Fund		2016-813	-	17,459	-
<u>N.C. Department of Environmental Quality:</u>					
Cashie River Treehouse (Phase II)		7039	-	118,100	3,691
Cashie River Boardwalk (Phase II)		7388	-	102,617	5,107
<u>N.C. General Assembly Special Appropriation passed through the Golden Leaf Foundation</u>					
Windsor Rescue Pump Station Improvements		2018-133	-	470,701	-
<u>N.C. Department of Insurance:</u>					
Volunteer Fire Department Fund Program		2018 VFDF Grant	-	25,301	25,349
<u>N.C. Department of Transportation:</u>					
Powell Bill		38570	-	96,608	-
Total assistance - State programs			<u>-</u>	<u>830,786</u>	<u>34,147</u>
Total assistance			<u>\$ 1,866,674</u>	<u>\$ 1,444,921</u>	<u>\$ 34,147</u>

**Town of Windsor, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2019**

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Windsor under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Windsor, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Windsor.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

The Town of Windsor has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.