

REVIEWED

By SLGFD at 2:03 pm, Feb 21, 2022

Town of Windsor

FINANCIAL STATEMENTS

June 30, 2021

Town Council

Lewis W. Hoggard, Mayor

Randy Walston
Camille Rascoe

Lewis C. Hoggard III
Cathy Wilson

Randy Whitaker

Town Administrator

Allen Castelloe



Cumbee & Taylor, PA
CPAs and Advisors

Town of Windsor
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June 30, 2021

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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, 2021, 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, 2021, 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 58, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 59 and 60 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 61 and 62, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 nonmajor fund statements, budgetary schedules, other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

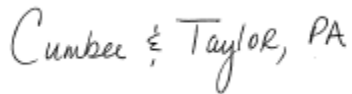
The combining and individual nonmajor fund statements, budgetary schedules, other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements, budgetary schedules, other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and
Members of the Town Council
Windsor, North Carolina
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2022 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windsor, North Carolina's internal control over financial reporting and compliance.

CUMBEE & TAYLOR, PA

A handwritten signature in cursive script that reads "Cumbie & Taylor, PA".

Williamston, North Carolina
February 5, 2022

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, 2021. 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

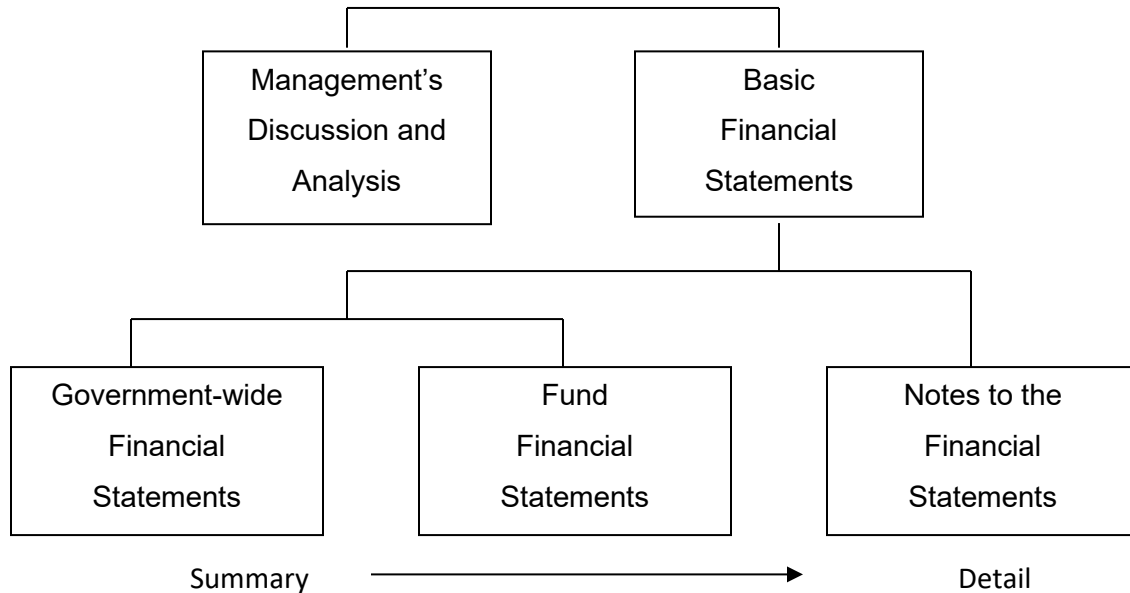
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,653,045 (net position).
- The government's total net position increased by \$678,145, primarily due to increases in both governmental and business activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,542,393 with a net increase of \$407,181 in fund balance. Approximately 52 percent of this total amount, or \$1,836,243, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,683,782 or 59.0 percent of total general fund expenditures for the fiscal year.
- The Town's total debt excluding compensated absences, pensions and other postemployment benefits decreased by \$40,862 or 7.2 percent during the current fiscal year. Total debt, excluding compensated absences and other postemployment benefits was \$523,254 as of June 30, 2021.

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 58 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

Government-Wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$3,774,961	\$ 3,216,125	\$ 6,378,288	\$ 5,802,460	\$ 10,153,249	\$ 9,018,585
Capital assets	6,307,161	6,231,022	7,685,882	7,850,718	13,993,043	14,081,740
Deferred outflows of resources	642,695	254,615	381,598	179,172	1,024,293	433,787
Total assets and deferred outflows of resources	10,724,817	9,701,762	14,445,768	13,832,350	25,170,585	23,534,112
Other liabilities	225,574	63,644	476,615	404,138	702,189	467,782
Long-term liabilities outstanding	2,530,202	1,992,849	1,902,280	1,645,634	4,432,482	3,638,483
Deferred inflows of resources	248,032	289,369	134,837	163,578	382,869	452,947
Total liabilities and deferred inflows of resources	3,003,808	2,345,862	2,513,732	2,213,350	5,517,540	4,559,212
Net position:						
Net investment in capital assets	6,307,161	6,231,022	7,162,629	7,286,602	13,469,790	13,517,624
Restricted	1,836,243	1,925,739	-	-	1,836,243	1,925,739
Unrestricted	(422,395)	(800,861)	4,769,407	4,332,398	4,347,012	3,531,537
Total net position	\$7,721,009	\$ 7,355,900	\$11,932,036	\$11,619,000	\$19,653,045	\$18,974,900

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 \$19,653,045 as of June 30, 2021. The Town's net position increased by \$678,145 for the fiscal year ended June 30, 2021. However, the largest portion (68.5%) 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, \$1,836,243 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,347,012 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 Hurricane Matthew mitigation efforts.

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			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 640,812	\$ 537,242	\$ 6,338,576	\$ 6,051,412	\$ 6,979,388	\$ 6,588,654
Operating grants and contributions	1,003,347	2,224,464	-	4,949	1,003,347	2,229,413
Capital grants and contributions	29,053	17,231	-	6,637	29,053	23,868
General revenues:						
Property taxes	207,286	199,406	-	-	207,286	199,406
Grants and contributions not restricted to specific programs	1,169,872	1,047,475	-	-	1,169,872	1,047,475
Other	29,618	23,443	100,673	180,694	130,291	204,137
Total revenues	3,079,988	4,049,261	6,439,249	6,243,692	9,519,237	10,292,953
Expenses:						
General government	419,020	444,899	-	-	419,020	444,899
Public safety	1,254,819	1,090,351	-	-	1,254,819	1,090,351
Highway/Streets	390,022	370,321	-	-	390,022	370,321
Environmental protection	494,559	389,984	-	-	494,559	389,984
Cultural and recreation	338,727	350,833	-	-	338,727	350,833
Economic and physical development	767,732	2,025,436	-	-	767,732	2,025,436
Water and Sewer	-	-	1,078,512	1,021,528	1,078,512	1,021,528
Electric	-	-	4,097,701	4,134,393	4,097,701	4,134,393
Total expenses	3,664,879	4,671,824	5,176,213	5,155,921	8,841,092	9,827,745
Increase (decrease) in net position before transfers	(584,891)	(622,563)	1,263,036	1,087,771	678,145	465,208
Transfers	950,000	1,048,000	(950,000)	(1,048,000)	-	-
Increase (decrease) in net position	365,109	425,437	313,036	39,771	678,145	465,208
Net position, July 1	7,355,900	6,913,117	11,619,000	11,579,229	18,974,900	18,492,346
Restatement	-	17,346	-	-	-	17,346
Net position, beginning, restated	7,355,900	6,930,463	11,619,000	11,579,229	18,974,900	18,509,692
Net position, June 30	\$ 7,721,009	\$ 7,355,900	\$ 11,932,036	\$ 11,619,000	\$ 19,653,045	\$ 18,974,900

Town of Windsor Management's Discussion and Analysis

Governmental activities. Governmental activities increased the Town's net position by \$365,109.

Business-type activities: Business-type activities increased the Town's net position by \$313,036. During the June 30, 2021 fiscal year, the Town transferred \$950,000 from the Electric Fund to the General Fund compared to \$1,048,000 transferred during the June 30, 2020 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 \$1,683,782, while total fund balance reached \$3,542,393.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$3,542,393 with a net increase in fund balance of \$407,181. 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 two 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 \$1,477,016 and those for the Electric Fund amounted to \$3,292,391. The total change in net position for both funds was \$182,309 and \$130,727, 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, 2021, totals \$13,993,043 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,871,390	\$ 1,811,716	\$ 21,025	\$ 21,025	\$ 1,892,415	\$ 1,832,741
Buildings	461,608	486,845	247,268	261,735	708,876	748,580
Improvements	1,259,109	1,268,998	-	-	1,259,109	1,268,998
Machinery and equipment	202,317	240,382	355,338	279,105	557,655	519,487
Vehicles	950,127	934,099	226,256	285,084	1,176,383	1,219,183
Infrastructure	1,529,940	1,408,609	6,621,875	6,857,894	8,151,815	8,266,503
Construction in progress	32,670	80,373	214,120	145,875	246,790	226,248
Total	\$ 6,307,161	\$ 6,231,022	\$ 7,685,882	\$ 7,850,718	\$ 13,993,043	\$ 14,081,740

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

Long-Term Debt. As of June 30, 2021, the Town had outstanding long-term debt of \$523,253.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct borrowings	\$ -	\$ -	\$ 523,253	\$ 564,116	\$ 523,253	\$ 564,116
Compensated absences	152,412	154,770	54,788	40,915	207,200	195,685
OPEB	1,728,774	1,370,468	1,094,375	855,505	2,823,149	2,225,973
Net pension liability (LGERS)	456,772	361,498	290,074	242,037	746,846	603,535
Total pension liability (LEO)	256,488	158,757	-	-	256,488	158,757
Total	\$ 2,594,446	\$ 2,045,493	\$1,962,490	\$1,702,573	\$4,556,936	\$3,748,066

Town of Windsor's Outstanding Debt

The Town's total debt, excluding compensated absences and other postemployment benefits decreased by \$40,863.

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 \$11,375,669.

Additional information regarding the Town's long-term obligations can be found in Note III 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 continues to implement 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 continue to 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, 2022

Governmental Activities: The property tax rate was set at \$0.145 per \$100 valuation. Budgeted expenditures in the General Fund are expected to decrease 4.16% to \$2,947,200. The largest expenditures are in employee compensation, including funding compensation and benefits adjustments and the maintenance of public buildings.

Business – type Activities: There are anticipated rate increases in electric rates (0.9%) and water/sewer rates (4.9%).

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, 2021
Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,846,667	\$ 3,360,260	\$ 5,206,927
US Government Treasury notes	-	1,144,147	1,144,147
Taxes receivables (net)	16,131	-	16,131
Accrued interest receivable on taxes	6,134	-	6,134
Accounts receivable (net)	48,973	779,935	828,908
Due from other governments	2,660,346	22,054	2,682,400
Internal balances	(825,658)	825,658	-
Prepaid expenses	22,368	21,491	43,859
Inventories	-	109,838	109,838
Restricted cash and cash equivalents	-	114,905	114,905
Total current assets	3,774,961	6,378,288	10,153,249
Non-current assets:			
Capital assets (Note III. A. 4):			
Land, non-depreciable improvements, and construction in progress	1,904,060	235,145	2,139,205
Other capital assets, net of depreciation	4,403,101	7,450,737	11,853,838
Total capital assets	6,307,161	7,685,882	13,993,043
Total assets	10,082,122	14,064,170	24,146,292
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	313,162	207,757	520,919
Pension deferrals	329,533	173,841	503,374
Total deferred outflows of resources	642,695	381,598	1,024,293
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	161,330	301,500	462,830
Current portion of long-term liabilities	64,244	60,210	124,454
Payable from restricted assets	-	114,905	114,905
Total current liabilities	225,574	476,615	702,189
Long-term liabilities:			
Net pension liability	456,772	290,074	746,846
Total pension liability	256,488	-	256,488
Total OPEB liability	1,728,774	1,094,375	2,823,149
Due in more than one year	88,168	517,831	605,999
Total liabilities	2,755,776	2,378,895	5,134,671
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	204,749	126,535	331,284
Pension deferrals	43,283	8,302	51,585
Total deferred inflows of resources	248,032	134,837	382,869
NET POSITION			
Net investment in capital assets	6,307,161	7,162,629	13,469,790
Restricted for:			
Stabilization by State Statute	1,836,243	-	1,836,243
Unrestricted	(422,395)	4,769,407	4,347,012
Total net position	\$ 7,721,009	\$ 11,932,036	\$ 19,653,045

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

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 419,020	\$ 141,335	\$ 61,425	\$ -
Public safety	1,254,819	422	78,456	-
Transportation	390,022	-	93,039	-
Environmental protection	494,559	406,258	2,695	29,053
Cultural and recreation	338,727	92,797	-	-
Economic and physical development	767,732	-	767,732	-
<hr/>				
Total governmental activities (See Note 1)	3,664,879	640,812	1,003,347	29,053
Business-type activities:				
Water and sewer	1,078,512	1,246,590	-	-
Electric	4,097,701	5,091,986	-	-
<hr/>				
Total business-type activities	5,176,213	6,338,576	-	-
<hr/>				
Total primary government	\$ 8,841,092	\$ 6,979,388	\$ 1,003,347	\$ 29,053

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

Town of Windsor
Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 2

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental Activities:			
General government	\$ (216,260)	\$ -	\$ (216,260)
Public safety	(1,175,941)	-	(1,175,941)
Transportation	(296,983)	-	(296,983)
Environmental protection	(56,553)	-	(56,553)
Cultural and recreation	(245,930)	-	(245,930)
Economic and physical development	-	-	-
Total governmental activities			
(See Note 1)	(1,991,667)	-	(1,991,667)
Business-type activities:			
Water and sewer	-	168,078	168,078
Electric	-	994,285	994,285
Total business-type activities	-	1,162,363	1,162,363
Total primary government	(1,991,667)	1,162,363	(829,304)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	207,286	-	207,286
Grants and contributions not restricted to specific programs	1,169,872	-	1,169,872
Unrestricted investment earnings	848	6,486	7,334
Miscellaneous	28,770	94,187	122,957
Total general revenues not including transfers	1,406,776	100,673	1,507,449
Transfers	950,000	(950,000)	-
Total general revenues and transfers	2,356,776	(849,327)	1,507,449
Change in net position	365,109	313,036	678,145
Net position, beginning	7,355,900	11,619,000	18,974,900
Net position, ending	\$ 7,721,009	\$ 11,932,036	\$ 19,653,045

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

Town of Windsor
Balance Sheet - Governmental Funds
June 30, 2021
Exhibit 3

	Major Funds		Total	Total
	General Fund	Hazard Mitigation	Non-Major Fund	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,846,667	\$ -	\$ -	\$ 1,846,667
Receivables (net):				
Taxes	16,131	-	-	16,131
Accounts	48,973	-	-	48,973
Due from other governments	488,438	2,090,836	81,072	2,660,346
Due from other funds	1,347,805	-	-	1,347,805
Prepaid expenses	22,368	-	-	22,368
Total assets	\$ 3,770,382	\$ 2,090,836	\$ 81,072	\$ 5,942,290
LIABILITIES				
Accounts payable and accrued liabilities	\$ 146,885	\$ 3,514	\$ 10,931	\$ 161,330
Due to other funds	16,000	2,087,322	70,141	2,173,463
Total liabilities	162,885	2,090,836	81,072	2,334,793
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	16,131	-	-	16,131
Assessments receivable	4,781	-	-	4,781
Other accounts receivable	44,192	-	-	44,192
Total deferred inflows of resources	65,104	-	-	65,104
FUND BALANCES				
Nonspendable				
Prepays	22,368	-	-	22,368
Restricted				
Stabilization by State Statute	1,836,243	-	-	1,836,243
Unassigned	1,683,782	-	-	1,683,782
Total fund balances	3,542,393	-	-	3,542,393
Total liabilities, deferred inflows of resources and fund balances	\$ 3,770,382	\$ 2,090,836	\$ 81,072	

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, 2021
Exhibit 3

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

Total Fund Balance, Governmental Funds		\$ 3,542,393
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	10,507,156	
Accumulated depreciation	(4,199,995)	6,307,161
Deferred outflows of resources related to pensions are not reported in the funds		329,533
Deferred outflows of resources related to OPEB are not reported in the funds		313,162
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		6,134
Earned revenues considered deferred inflows of resources in fund statements		65,104
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Total pension liability	(256,488)	
Compensated absences	(152,412)	
OPEB liability	(1,728,774)	
Net pension liability	(456,772)	(2,594,446)
Deferred inflows of resources related to pensions are not reported in the funds		(43,283)
Deferred inflows of resources related to OPEB are not reported in the funds		(204,749)
Net position of governmental activities		\$ 7,721,009

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, 2021
Exhibit 4

	Major Funds		Total	Total
	General Fund	Hazard Mitigation	Non-Major Fund	Governmental Funds
Revenues:				
Ad valorem taxes	\$ 209,298	\$ -	\$ -	\$ 209,298
Unrestricted intergovernmental	1,169,872	-	-	1,169,872
Restricted intergovernmental	264,668	724,873	42,859	1,032,400
Sales and services	637,478	-	-	637,478
Investment earnings	848	-	-	848
Miscellaneous	13,024	-	-	13,024
Total revenues	2,295,188	724,873	42,859	3,062,920
Expenditures:				
Current:				
General government	455,289	-	-	455,289
Public safety	1,036,713	-	-	1,036,713
Transportation	474,897	-	-	474,897
Environment protection	605,771	-	-	605,771
Cultural and recreation	281,083	-	-	281,083
Economic and physical development	-	724,873	42,859	767,732
Total expenditures	2,853,753	724,873	42,859	3,621,485
Excess (deficiency) of revenues over expenditures	(558,565)	-	-	(558,565)
Other financing sources (uses):				
Transfers from other funds	950,000	-	-	950,000
Sale of capital assets	15,746	-	-	15,746
Total other financing sources (uses)	965,746	-	-	965,746
Net change in fund balance	407,181	-	-	407,181
Fund balances, beginning	3,135,212	-	-	3,135,212
Fund balances, ending	\$ 3,542,393	\$ -	\$ -	\$ 3,542,393

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, 2021
Exhibit 4**

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

Net changes in fund balances - total governmental funds		\$ 407,181
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.		
Capital outlay expenditures which were capitalized	614,267	
Depreciation expense for governmental assets	(490,426)	
Asset impairment loss	(47,702)	76,139
<hr/>		
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		104,210
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		32,469
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues	(2,012)	
Change in unavailable revenues for garbage revenues	5,730	
Change in unavailable revenues for street assessment revenues	(2,396)	1,322
<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	2,358	
Pension expense	(188,686)	
OPEB plan expense	(69,884)	(256,212)
<hr/>		
Total changes in net position of governmental activities		\$ 365,109
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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, 2021
Exhibit 5**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 200,000	\$ 200,000	\$ 209,298	\$ 9,298
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	938,000	1,096,500	1,169,872	73,372
Restricted intergovernmental	231,700	231,700	264,668	32,968
Sales and services	558,700	558,700	637,478	78,778
Investment earnings	2,200	2,200	848	(1,352)
Miscellaneous	11,000	11,000	13,024	2,024
Total revenues	1,941,600	2,100,100	2,295,188	195,088
Expenditures:				
Current:				
General government	492,000	514,700	455,289	59,411
Public safety	1,063,400	1,112,500	1,036,713	75,787
Transportation	491,100	494,200	474,897	19,303
Environment protection	629,600	643,400	605,771	37,629
Cultural and recreation	309,100	310,300	281,083	29,217
Total expenditures	2,985,200	3,075,100	2,853,753	221,347
Revenues over (under) expenditures	(1,043,600)	(975,000)	(558,565)	416,435
Other financing sources (uses):				
Transfer from other funds	1,018,600	950,000	950,000	-
Sale of capital assets	25,000	25,000	15,746	(9,254)
Total other financing sources (uses)	1,043,600	975,000	965,746	(9,254)
Net change in fund balance	\$ -	\$ -	407,181	\$ 407,181
Fund balances, beginning			3,135,212	
Fund balances, ending			\$ 3,542,393	

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

Town of Windsor
Statement of Fund Net Position – Proprietary Funds
June 30, 2021
Exhibit 6

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,118,659	\$ 1,241,601	\$ 3,360,260
Investments	890,054	254,093	1,144,147
Accounts receivable (net) - billed	402,797	92,275	495,072
Accounts receivable (net) - unbilled	233,038	51,825	284,863
Due from other governments	11,095	10,959	22,054
Due from other funds	742,290	900,000	1,642,290
Prepaid expenses	11,403	10,088	21,491
Inventories	109,838	-	109,838
Restricted cash and cash equivalents	114,905	-	114,905
Total current assets	4,634,079	2,560,841	7,194,920
Noncurrent assets:			
Capital assets:			
Land and construction in progress	16,525	218,620	235,145
Other capital assets, net of depreciation	2,229,266	5,221,471	7,450,737
Capital assets	2,245,791	5,440,091	7,685,882
Total noncurrent assets	2,245,791	5,440,091	7,685,882
Total assets	\$ 6,879,870	\$ 8,000,932	\$ 14,880,802
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	\$ 127,573	\$ 80,184	\$ 207,757
Pension deferrals	85,066	88,775	173,841
Total deferred outflows of resources	212,639	168,959	381,598
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	270,690	30,810	301,500
Compensated absences - current	11,729	7,618	19,347
Due to other funds	450,621	366,011	816,632
Direct borrowings - current	-	40,863	40,863
Liabilities payable from restricted assets:			
Customer deposits	114,905	-	114,905
Total current liabilities	847,945	445,302	1,293,247
Noncurrent liabilities:			
Total OPEB liability	469,007	625,368	1,094,375
Compensated absences	30,024	5,417	35,441
Direct borrowings - noncurrent	-	482,390	482,390
Net pension liability	140,629	149,445	290,074
Total noncurrent liabilities	639,660	1,262,620	1,902,280
Total liabilities	1,487,605	1,707,922	3,195,527
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	64,092	62,443	126,535
Pension deferrals	2,630	5,672	8,302
Total deferred inflows of resources	66,722	68,115	134,837
NET POSITION			
Net Investment in capital assets	2,245,791	4,916,838	7,162,629
Unrestricted	3,292,391	1,477,016	4,769,407
Total net position	\$ 5,538,182	\$ 6,393,854	\$ 11,932,036

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, 2021
Exhibit 7

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
Operating revenues:			
Charges for services	\$ 5,091,986	\$ 1,241,090	\$ 6,333,076
Water and sewer taps and connection fees	-	5,500	5,500
Total operating revenues	5,091,986	1,246,590	6,338,576
Operating expenses:			
Water and sewer operations	-	831,098	831,098
Electric operations	1,152,609	-	1,152,609
Electric power purchases	2,752,898	-	2,752,898
Depreciation	192,194	247,414	439,608
Total operating expenses	4,097,701	1,078,512	5,176,213
Operating income (loss)	994,285	168,078	1,162,363
Non-operating revenues (expenses):			
Investment earnings (loss)	7,011	(525)	6,486
Sales tax refunds	11,330	10,959	22,289
Sale of equipment	16,000	-	16,000
Miscellaneous	52,101	3,797	55,898
Total non-operating revenues (expenses)	86,442	14,231	100,673
Income (loss) before contributions and transfers	1,080,727	182,309	1,263,036
Transfers to other funds	(950,000)	-	(950,000)
	(950,000)	-	(950,000)
Change in net position	130,727	182,309	313,036
Total net position, beginning	5,407,455	6,211,545	11,619,000
Total net position, ending	\$ 5,538,182	\$ 6,393,854	\$ 11,932,036

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, 2020
Exhibit 8

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 5,062,058	\$ 1,252,450	\$ 6,314,508
Cash paid for goods and services	(3,527,727)	(388,823)	(3,916,550)
Cash paid to or on behalf of employees for services	(294,243)	(391,397)	(685,640)
Customer deposits received (refunded)	4,300	-	4,300
Net cash provided by operating activities	1,244,388	472,230	1,716,618
Cash flows from non-capital financing activities:			
Sales tax refunds	11,330	10,958	22,288
Due to (from) other funds	(167,701)	(297,342)	(465,043)
Non-operating revenues	52,101	3,797	55,898
Transfers to other funds	(950,000)	-	(950,000)
Net cash provided (used) by non-capital financing activities	(1,054,270)	(282,587)	(1,336,857)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(149,857)	(124,915)	(274,772)
Sale of capital assets	16,000	-	16,000
Principal paid - direct borrowings	-	(40,863)	(40,863)
Net cash provided (used) by capital and related	(133,857)	(165,778)	(299,635)
Cash flows from investing activities:			
Investment earnings (loss)	33,451	3,169	36,620
Proceeds from treasury notes	1,005,000	308,000	1,313,000
Net cash provided (used) by investing activities	1,038,451	311,169	1,349,620
Net increase (decrease) in cash and cash equivalents	1,094,712	335,034	1,429,746
Cash balances, beginning	1,138,852	906,566	2,045,418
Cash balances, ending	\$ 2,233,564	\$ 1,241,600	\$ 3,475,164

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, 2020
Exhibit 8

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 994,285	\$ 168,078	\$ 1,162,363
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	192,194	247,414	439,608
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(29,928)	5,860	(24,068)
(Increase) decrease in prepaid expenses	(846)	(488)	(1,334)
(Increase) decrease in inventory	1,229	-	1,229
(Increase) decrease in deferred outflows of resources - pensions	(9,400)	(11,289)	(20,689)
(Increase) decrease in deferred outflows of resources - OPEB	(111,041)	(70,696)	(181,737)
Increase (decrease) in net pension liability	21,826	26,211	48,037
Increase (decrease) in OPEB liability	145,950	92,921	238,871
Increase (decrease) in deferred inflows of resources - pensions	1,567	1,883	3,450
Increase (decrease) in deferred inflows of resources - OPEB	(19,669)	(12,522)	(32,191)
Increase (decrease) in accounts payable and accrued liabilities	43,153	21,753	64,906
Increase (decrease) in customer deposits	4,300	-	4,300
Increase (decrease) in accrued vacation pay	10,768	3,105	13,873
Total adjustments	250,103	304,152	554,255
Net cash provided by operating activities	\$ 1,244,388	\$ 472,230	\$ 1,716,618

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 specific 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 City has no fiduciary funds to report. 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 fund:

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. Water and sewer capital projects funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Funds have 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.

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.

Town of Windsor

Notes to Financial Statements

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

Town of Windsor

Notes to Financial Statements

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 and the Community Development Block Grant Special Revenue Funds 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. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market fund is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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.

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
Notes to Financial Statements

Town of Windsor Restricted Cash

Business-type Activities

Electric Fund

Customer deposits	\$ 114,905
Total business-type activities	\$ 114,905
<hr/>	
Total restricted cash	\$ 114,905

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, 2020.

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 and Prepaid Items

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 consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements and expensed as the items are used.

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 2021 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, assessment 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 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.

Prepays – portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending prepaids, which are not spendable, available resources.

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 February 5, 2022 the date which the financial statements were available to be issued. See Note VIII for subsequent events.

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 except as disclosed in Note II above.

At June 30, 2021, the Town’s deposits had a carrying amount of \$5,197,781 and a bank balance of \$5,530,699. 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, 2021, the Town’s petty cash fund totaled \$600.

2. Investments

At June 30, 2021, the Town had \$123,451 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, 2021, the Town had the following investments and maturities.

Investment Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Moody Rating
US Government Treasury Note	Fair Value Level 1	\$ 530,975	2/15/2024	Aaa
US Government Treasury Note	Fair Value Level 1	359,079	11/30/2022	Aaa
US Government Treasury Note	Fair Value Level 1	254,093	6/30/2022	Aaa
Total		<u>\$ 1,144,147</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 \$1,144,147 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, 2021, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 6,216
Accounts receivable	25,688
Total General Fund	31,904
Enterprise Funds	
Electric Fund - accounts receivable	135,857
Water and Sewer Fund - accounts receivable	97,066
Total Enterprise Funds	232,923
Total	\$ 264,827

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,811,716	\$ 59,674	\$ -	\$ 1,871,390
Construction in progress	80,373	-	47,703	32,670
Total capital assets not being depreciated:	1,892,089	59,674	47,703	1,904,060
Capital assets being depreciated:				
Buildings	863,528	-	-	863,528
Improvements	2,183,345	61,612	156,425	2,088,532
Vehicles	2,221,034	272,528	24,955	2,468,607
Equipment	961,124	14,889	94,595	881,418
Computer equipment	9,967	9,496	1,000	18,463
Infrastructure	2,263,970	196,068	177,490	2,282,548
Total capital assets being depreciated:	8,502,968	554,593	454,465	8,603,096
Less accumulated depreciation for:				
Buildings	376,683	25,237	-	401,920
Improvements	914,347	71,502	156,426	829,423
Vehicles	1,286,935	256,500	24,955	1,518,480
Equipment	727,218	57,351	94,595	689,974
Computer equipment	3,491	5,099	1,000	7,590
Infrastructure	855,361	74,737	177,490	752,608
Total accumulated depreciation	4,164,035	490,426	454,466	4,199,995
Total capital assets being depreciated, net	4,338,933			4,403,101
Governmental activity capital assets, net	\$ 6,231,022			\$ 6,307,161

Town of Windsor
Notes to Financial Statements

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

General Government	\$ 27,140
Public safety	219,057
Transportation	98,386
Environmental protection	76,746
Cultural and recreational	69,097
Total depreciation expense	<u>\$ 490,426</u>

Town of Windsor
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 16,525	\$ -	\$ -	\$ 16,525
Total capital assets not being depreciated:	16,525	-	-	16,525
Capital assets being depreciated:				
Substation lines	5,262,599	6,725	-	5,269,324
Buildings	552,209	-	-	552,209
Equipment	1,158,662	139,429	119,958	1,178,133
Computer equipment	42,021	3,707	-	45,728
Vehicles	525,708	-	-	525,708
Total capital assets being depreciated:	7,541,199	149,861	119,958	7,571,102
Less accumulated depreciation for:				
Substation lines	3,714,082	69,501	-	3,783,583
Buildings	290,474	14,467	-	304,941
Equipment	890,137	60,628	119,958	830,807
Computer equipment	31,441	6,275	-	37,716
Vehicles	343,462	41,327	-	384,789
Total accumulated depreciation	5,269,596	192,198	119,958	5,341,836
Total capital assets being depreciated, net	2,271,603			2,229,266
Electric fund capital assets, net	2,288,128			2,245,791
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Construction in progress	145,875	68,245	-	214,120
Total capital assets not being depreciated:	150,375	68,245	-	218,620
Capital assets being depreciated:				
Distribution system	11,076,601	56,670	108,428	11,024,843
Vehicles	217,432	-	13,909	203,523
Total capital assets being depreciated:	11,294,033	56,670	122,337	11,228,366
Less accumulated depreciation for:				
Distribution system	5,767,224	229,913	108,428	5,888,709
Vehicles	114,594	17,501	13,909	118,186
Total accumulated depreciation	5,881,818	247,414	122,337	6,006,895
Total capital assets being depreciated, net	5,412,215			5,221,471
Water and Sewer Fund capital assets, net	5,562,590			5,440,091
Business-type activities capital assets, net	\$ 7,850,718			\$ 7,685,882

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, 2021, Bertie County paid the Town \$28,302 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

Town of Windsor Notes to Financial Statements

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 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, 2021, was 10.84% of compensation for law enforcement officers and 10.15% 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 \$156,754 for the year ended June 30, 2021.

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.

Town of Windsor
Notes to Financial Statements

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

At June 30, 2021, the Town reported a liability of \$746,846 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.02090%, which was an decrease of .00120% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$248,636. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,314	\$ -
Changes of assumptions	55,580	-
Net difference between projected and actual earnings on pension plan investments	105,098	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,663	22,362
Town contributions subsequent to the measurement date	156,754	-
Total	\$ 414,409	\$ 22,362

\$156,754 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, 2022. 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:

2022	\$ 66,768
2023	87,901
2024	49,520
2025	31,104
2026	-
Thereafter	-
	\$ 235,293

Town of Windsor Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2020 are summarized in the following table:

Asset Class	Long-Term Expected	
	Target Allocation	Real Rate of Return
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%	

Town of Windsor

Notes to Financial Statements

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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 2.50%. 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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 1,515,269	\$ 746,846	\$ 108,232

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

Town of Windsor Notes to Financial Statements

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 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, 2019, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	8
Total	8

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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

Town of Windsor Notes to Financial Statements

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates use Pub-2010 amount-weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

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 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, 2021, the Town reported a total pension liability of \$256,488. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$23,393.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,698
Changes of assumptions and other inputs	88,965	6,525
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
Total	<u>\$ 88,965</u>	<u>\$ 29,223</u>

\$0 paid as benefits that came due subsequent to the measurement date have been reported as deferred outflow of resources. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Town of Windsor
Notes to Financial Statements

Year ended June 30:

2022	\$ 5,945
2023	6,083
2024	6,707
2025	7,789
2026	9,768
Thereafter	23,450
	<u>\$ 59,742</u>

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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 292,573	\$ 256,488	\$ 224,057

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

	2021
Beginning balance	\$ 158,757
Service cost	12,273
Interest on the total pension liability	5,175
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(7,389)
Changes of assumptions or other inputs	87,672
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 256,488</u>

Town of Windsor Notes to Financial Statements

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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	\$ 248,636	\$ 23,393	\$ 272,029
Pension Liability	746,846	256,488	1,003,334
Proportionate share of the net pension liability	0.02090%	n/a	
Deferred Outflow of Resources			
Differences between expected and actual experience	94,314	-	94,314
Changes of assumptions	55,580	88,965	144,545
Net difference between projected and actual earnings on plan investments	105,098	-	105,098
Changes in proportion and differences between contributions and proportionate share of contributions	2,663	-	2,663
Benefit payments and administrative costs paid subsequent to the measurement date	156,754	-	156,754
Deferred Inflows of Resources			
Differences between expected and actual experience	-	22,698	22,698
Changes of assumptions	-	6,525	6,525
Changes in proportion and differences between contributions and proportionate share of contributions	22,362	-	22,362

Town of Windsor

Notes to Financial Statements

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

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, 2021 were \$110,637, which consisted of \$23,289 and \$52,347 from the Town for law enforcement officers and general employees, respectively and \$15,332 and \$19,669 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, 2020 the date of the latest actuarial valuation:

Town of Windsor
Notes to Financial Statements

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	9	4
Active plan members	23	9
Total	32	13

Total OPEB Liability

The Town's total OPEB liability of \$2,823,150 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 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	2.21%
Healthcare cost trend rate	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

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

Town of Windsor Notes to Financial Statements

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	\$ 2,225,973
Changes for the year	
Service cost	55,491
Interest	78,501
Changes of benefit items	-
Differences between expected and actual experience	(374)
Changes in assumptions or other inputs	541,377
Benefit payments	(77,818)
Net Changes	597,177
Balance at June 30, 2020	\$ 2,823,150

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$3,378,307	\$2,823,150	\$2,389,477

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$2,341,244	\$2,823,150	\$3,455,778

Town of Windsor
Notes to Financial Statements

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$129,941. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,394	\$ 135,982
Changes of assumptions	465,341	195,302
Town contributions subsequent to the measurement date	53,184	-
Total	<u>\$ 520,919</u>	<u>\$ 331,284</u>

\$53,184 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, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ (4,051)
2023	(4,051)
2024	(4,051)
2025	23,582
2026	43,525
Thereafter	81,497
	<u>\$ 136,451</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.

Town of Windsor
Notes to Financial Statements

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	\$ 156,754
Benefit payments for OPEB made subsequent to measurement date	53,184
Differences between expected and actual experience	96,708
Changes in assumptions	609,886
Net difference between projected and actual experience	105,098
Changes in proportion and differences between employer contributions	2,663
Total	\$ 1,024,293

	Statement of Net Position	General Fund Balance Sheet
Deferred inflows of resources at year-end is comprised of the following:		
Taxes receivable (General Fund)	\$ -	\$ 16,131
Accounts receivable (General Fund)	-	44,192
Other receivable (General Fund)	-	4,781
Differences between expected and actual experience	158,680	-
Changes in assumptions	201,827	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,362	-
Total	\$ 382,869	\$ 65,104

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 in excess of retentions as selected by the Board of Trustees each year. Specific information on the limit of the reinsurance and excess policies purchased by the Board of Trustees can be obtained by contacting the Risk Management 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.

Town of Windsor

Notes to Financial Statements

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 \$678,800 of building coverage and an additional \$205,800 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, 2021 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.	\$ 95,505
\$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.	427,748
	<u>\$ 523,253</u>

Annual debt service requirements to maturity for the loans as of June 30, 2021 are as follows:

Year Ending June 30	Loans Principal
2022	\$ 40,863
2023	40,863
2024	40,863
2025	40,863
2026	40,863
2027-2031	204,315
2032-2034	114,623
	<u>\$ 523,253</u>

Town of Windsor Notes to Financial Statements

At June 30, 2021, the Town of Windsor had a legal debt margin of \$11,375,669.

b. 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, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion Of Balance
Governmental Activities:					
Compensated absences	\$ 154,770	\$ 61,886	\$ 64,244	\$ 152,412	\$ 64,244
Total OPEB liability	1,370,468	404,997	46,691	1,728,774	-
Total pension liability (LEO)	158,757	126,479	28,748	256,488	-
Net pension liability (LGERS)	361,498	206,327	111,053	456,772	-
Total Governmental Activities	\$2,045,493	\$799,689	\$250,736	\$ 2,594,446	\$ 64,244
Business-type Activities:					
<u>Water and Sewer Fund</u>					
Direct borrowings	\$ 564,116	\$ -	\$ 40,863	\$ 523,253	\$ 40,863
Compensated absences	9,930	10,723	7,618	13,035	7,618
Total OPEB liability	532,448	105,028	12,108	625,368	-
Net pension liability (LGERS)	123,234	56,764	30,553	149,445	-
Total Water and Sewer Fund	1,229,728	172,515	91,142	1,311,101	48,481
<u>Electric Fund</u>					
Compensated absences	30,985	22,497	11,729	41,753	11,729
Total OPEB liability	323,057	167,212	21,262	469,007	-
Net pension liability (LGERS)	118,803	47,267	25,441	140,629	-
Total Electric Fund	472,845	236,976	58,432	651,389	11,729
Total Business-type Activities	\$1,702,573	\$409,491	\$149,574	\$ 1,962,490	\$ 60,210

Town of Windsor
Notes to Financial Statements

c. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021 consist of the following:

Due to the Electric Fund for expenditures paid on behalf of the Water and Sewer Fund	\$ 176,290
Due to the General Fund from the Electric Fund	\$ 450,621
Due to the General Fund from the Water and Sewer Fund	\$ 189,721
Due to the General Fund for expenditures paid on behalf of the CDBG Fund	\$ 70,141
Due to the General Fund for expenditures paid on behalf of the Hazard Mitigation Grant Program Fund	\$ 637,322
Due to the Electric Fund for expenditures paid on behalf of the Hazard Mitigation Grant Program Fund	\$ 550,000
Due to the Electric Fund or expenditures paid on behalf of the General Fund	\$ 16,000
Due to the Water and Sewer Fund for expenditures paid on behalf of the Hazard Mitigation Grant Program Fund	\$ 900,000

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, 2021, consist of the following:

From the Electric Fund to the General Fund for general fund operations	\$ 950,000
--	------------

d. Net Investment in Capital Assets

	Governmental Activities	Business-type Activities
Capital Assets	\$ 6,307,161	\$ 7,685,882
less: long-term debt	-	523,253
Net investment in capital assets	\$ 6,307,161	\$ 7,162,629

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	\$ 3,542,393
Less:	
Prepays	22,368
Stabilization by State Statute	1,836,243
Remaining Fund Balance	<u>\$ 1,683,782</u>

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. During the June 30, 2020 fiscal year, the Town in conjunction with Bertie County entered into an operating lease agreement for fifteen years with Duke Energy for land on which a solar farm exists. The Town's 50% annual share is \$7,833. 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 and Duke Energy were \$84,571 and \$7,833, respectively and rents received for all other short-term rentals were \$141,729 for the year ended June 30, 2021.

The future minimum rentals on noncancellable leases are as follows:

Year Ending June 30	Lease Income
2022	\$ 89,942
2023	89,942
2024	21,518
2025	7,833
2026	7,833
Thereafter	62,663
	<u>\$ 279,731</u>

Town of Windsor

Notes to Financial Statements

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, 2021.

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 15% of total utility billings for electric and 19% of the total utility billings for water/sewer for the fiscal year ending June 30, 2021. This customer is a department of the State of North Carolina and is considered a long-term reliable customer.

Note VI. Grant Commitments

At June 30, 2021, the Town had remaining contract commitments for grant administration, engineering or construction under the following grant programs.

Community Development Block Grant	\$	7,593
Hazard Mitigation Grant Program	\$	81,747
Sewer Rehabilitation Grant Program	\$	1,480,113

Town of Windsor

Notes to Financial Statements

Note VII. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Town continues to develop contingency plans to mitigate work stoppage where possible. Absent any government order or contagion of its workforce, the Town plans to continue its normal operations while taking all reasonable efforts to protect its citizens and employees. The Town's financial position and results of operations as of and for the fiscal year ended June 30, 2021 have not been materially impacted with this pandemic through that date. However, the Town cannot reasonably estimate the length or severity of this pandemic or the extent to which the disruption may materially impact its future financial statements through the distribution of intergovernmental revenues by the State of North Carolina, state and federal grant funding and collection of property and vehicle taxes and customer utility payments. The Town has re-instated the collection of utilities billings after executive order of the Governor suspended its cut-off policies for non-payment of utilities and extended payment options for its utilities customers to begin the fiscal year. The Town received funds under the Coronavirus Relief Fund (CRF) in the amount of \$61,425 and these funds have been spent on items to facilitate compliance with COVID-19 related public health measures.

Note VIII. Subsequent Events

On March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed into law and the State of North Carolina will receive a share of the funding and will disburse funds to municipalities. In August 2021, the Town was awarded \$1,074,966 of funding through the State of North Carolina's Local Fiscal Recovery Funds. The funds are to be used for COVID-19 relief and economic recovery measures. The Town has until 2026 to expend these funds as long as the funds are obligated by 2024. The Town received its first installment of \$537,483 in August 2021. The second installment will be released no sooner than one year after the first installment. The Town has appropriated a contribution of \$160,000 to the Partners for Bertie County Public Schools affordable housing initiative from its ARP funding.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 55,491	\$ 60,633	\$ 64,997	\$ 74,840
Interest	78,501	90,635	85,029	76,483
Changes of benefit items	-	-	-	-
Differences between expected and actual experience	(374)	(188,043)	(758)	5,450
Changes of assumptions or other inputs	541,377	(26,209)	(128,882)	(231,897)
Benefit payments	(77,818)	(81,104)	(76,893)	(78,101)
Net Changes	597,177	(144,088)	(56,507)	(153,225)
Balance at July 1, 2019	2,225,973	2,370,061	2,426,568	2,579,793
Balance at June 30, 2020	\$ 2,823,150	\$ 2,225,973	\$ 2,370,061	\$ 2,426,568
Covered Payroll	\$ 1,425,808	\$ 1,425,808	\$ 1,291,908	\$ 1,291,908
Total OPEB liability as a percentage of covered payroll	198.00%	156.12%	183.45%	187.83%

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>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

Local Governmental Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Windsor's proportion of the net pension	0.02090%	0.02210%	0.02249%	0.02290%	0.02123%	0.02409%	0.02433%	0.02290%
Windsor's proportion of the net pension	\$ 746,846	\$ 603,535	\$ 533,540	\$ 349,850	\$ 452,056	\$ 108,115	\$ (143,485)	\$ 276,033
Windsor's covered-employee payroll	\$1,427,380	\$1,442,348	\$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	52.32%	41.84%	37.87%	24.70%	34.39%	7.56%	-10.64%	18.92%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	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 Seven Fiscal Years

	Local Governmental Employees' Retirement System							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 156,754	\$ 130,932	\$ 114,696	\$ 108,721	\$ 105,690	\$ 89,456	\$ 102,550	\$ 97,474
Contributions in relation to the contractually required contribution	156,754	130,932	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>	<u>\$ -</u>	<u>\$ -</u>
Windsor's covered-employee payroll	\$ 1,512,706	\$ 1,427,380	\$ 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	10.36%	9.17%	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, 2021

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

	2021	2020	2019	2018	2017
Beginning balance	\$ 158,757	\$ 135,124	\$ 131,948	\$ 128,247	\$ 127,386
Service cost	12,273	12,288	13,077	11,845	13,827
Interest on the total pension liability	5,175	4,919	4,170	4,950	4,332
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(7,389)	(1,399)	(5,371)	(26,144)	-
Changes of assumptions or other inputs	87,672	7,825	(8,700)	13,050	(5,196)
Benefit payments	-	-	-	-	(12,102)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 256,488</u>	<u>\$ 158,757</u>	<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, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 256,488	\$ 158,757	\$ 135,124	\$ 131,948	\$ 128,247
Covered payroll	\$ 447,529	\$ 401,004	\$ 415,966	\$ 430,928	\$ 508,683
Total pension liability as a percentage of covered payroll	57.31%	39.59%	32.48%	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, 2021

	Budget	Actual	Variable Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 207,671	\$
Interest		1,627	
Total	200,000	209,298	9,298
Other taxes and licenses:			
Cable franchise fees		-	
Total	-	-	-
Unrestricted Intergovernmental:			
Local option sales tax		955,780	
Payment in lieu of taxes - outside sources		3,196	
Telecommunications tax		18,926	
Utilities sales tax		116,974	
Beer and wine tax		15,036	
Sales tax refunds		25,013	
Video franchise fee		33,490	
ABC profit distribution		1,457	
Total	1,096,500	1,169,872	73,372
Restricted Intergovernmental:			
Powell Bill allocation		93,039	
Fire protection services		46,413	
Police grants		32,043	
Recycling grant		29,053	
Bertie County COVID Relief		61,425	
Solid waste disposal tax		2,695	
Total	231,700	264,668	32,968
Sales and services:			
Street assessments		2,396	
Court fees		422	
Refuse collection		339,328	
Rents		234,132	
Cemetery		61,200	
Total	558,700	637,478	78,778
Investment earnings	2,200	848	(1,352)
Miscellaneous:			
Other		13,024	
Total	11,000	13,024	2,024
Total revenues	2,100,100	2,295,188	195,088

Town of Windsor
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variable Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		65,447	
Other operating expenditures		1,570	
Total	68,700	67,017	1,683
Administration:			
Salaries and employee benefits		137,109	
Other operating expenditures		87,966	
Capital outlay		9,496	
Equipment < \$2,500		3,906	
Total	250,700	238,477	12,223
Public buildings:			
Salaries and employee benefits		8,802	
Utilities		24,918	
Maintenance and repairs		23,813	
Departmental supplies		2,761	
Insurance and bonds		7,200	
Other operating expenditures		17,741	
Capital outlay		64,560	
Total	195,300	149,795	45,505
Total general government	514,700	455,289	59,411
Police:			
Salaries and employee benefits		672,969	
Maintenance and repairs		12,798	
Automotive supplies		19,492	
Departmental supplies		4,050	
Uniforms		1,664	
Insurance and bonds		21,000	
Other operating expenditures		26,158	
Equipment < \$2,500		4,471	
Capital outlay		50,153	
Total	829,700	812,755	16,945

Town of Windsor
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variable Positive (Negative)
Public Safety (continued):			
Fire:			
Salaries and employee benefits		72,956	
Utilities		10,840	
Maintenance and repairs		33,740	
Automotive supplies		2,297	
Departmental supplies		1,751	
Emergency services - coordinator		1,887	
Insurance and bonds		9,017	
Other operating expenditures		56,403	
Equipment < \$2,500		3,135	
Capital outlay:			
Vehicles		31,932	
Total	282,800	223,958	58,842
Total public safety	1,112,500	1,036,713	75,787
Transportation:			
Salaries and employee benefits		199,278	
Maintenance and repairs - streets		30,642	
Maintenance and repairs - vehicles		11,089	
Automotive supplies		9,853	
Departmental supplies		8,249	
Insurance and bonds		9,000	
Equipment < \$2,500		5,012	
Other operating expenditures		5,706	
Capital outlay:			
Street improvements		196,068	
Total transportation	494,200	474,897	19,303
Sanitation:			
Salaries and employee benefits		198,983	
Maintenance and repairs		21,324	
Trash pile		6,000	
Automotive supplies		22,586	
Departmental supplies		3,822	
Insurance and bonds		9,000	
Ditching and piping		8,171	
Equipment < \$2,500		107,003	
Other operating expenditures		1,854	
Capital outlay:			
Equipment		205,332	
Total sanitation	620,400	584,075	36,325

Town of Windsor
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variable Positive (Negative)
Environmental protection (continued):			
Cemetery:			
Departmental supplies		19	
Insurance and bonds		600	
Other operating expenditures		21,077	
Total cemetery	23,000	21,696	1,304
Total environmental protection	643,400	605,771	37,629
Cultural and Recreation:			
Salaries and employee benefits		196,353	
Utilities		10,732	
Maintenance and repairs		8,638	
Automotive supplies		5,941	
Departmental supplies		37,640	
Insurance and bonds		4,500	
Other operating expenditures		6,619	
Capital outlay		9,025	
Capital outlay < \$2,500		1,635	
Total cultural and recreation	310,300	281,083	29,217
Total expenditures	3,075,100	2,853,753	221,347
Revenues over (under) expenditures	(975,000)	(558,565)	416,435
Other financing sources (uses):			
Transfers from (to) other funds:			
Enterprise funds	950,000	950,000	-
Sale of capital assets	25,000	15,746	(9,254)
Total other financing sources (uses)	975,000	965,746	(9,254)
Net change in fund balance	<u>\$ -</u>	407,181	<u>\$ 407,181</u>
Fund balances, beginning		3,135,212	
Fund balances, ending		<u>\$ 3,542,393</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, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted					
Intergovernmental:					
NC Dept of Public Safety					
HMGP - Acquisition	\$ 3,784,229	\$ 3,395,783	\$ 97,143	\$ 3,492,926	\$ (291,303)
HMGP - Elevation	1,487,735	603,887	541,256	1,145,143	(342,592)
State Aquisition Relocation Funds (SARF)	2,057,000	114,062	86,299	200,361	(1,856,639)
Florence anticipated grant - (local money)	-	526	175	701	701
Total revenues	7,328,964	4,114,258	724,873	4,839,131	(2,489,833)
Expenditures:					
Economic and physical development:					
Acquisition	3,784,229	3,395,783	97,143	3,492,926	291,303
Elevation	1,487,735	603,887	541,256	1,145,143	342,592
SARF	2,057,000	114,062	86,299	200,361	1,856,639
Florence	-	526	-	526	(526)
Freeman Hotel Relocation		-	175	175	(175)
Total expenditures	7,328,964	4,114,258	724,873	4,839,131	2,489,833
Revenues over (under) expenditures/ net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

Town of Windsor
Balance Sheet
Nonmajor Governmental Fund
June 30, 2021

Assets	<u>Special Revenue Fund</u>		<u>Community Development Block Grant</u>		<u>Total Nonmajor Fund</u>	
Cash and cash equivalents	\$	-	\$	-		
Due from other governments		81,072		81,072		
Total assets	\$	81,072	\$	81,072		
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$	10,931	\$	10,931		
Due to other funds		70,141		70,141		
Total liabilities		81,072		81,072		
Fund balance		-		-		
Total fund balance		-		-		
Total liabilities and fund balance	\$	81,072	\$	81,072		

Town of Windsor

**Statement of Revenues, Expenditures, and Changes In Fund Balances –
Nonmajor Governmental Fund
For the Fiscal Year Ended June 30, 2021**

	<u>Special Revenue Fund</u>	
	Community Development Block Grant	Total Nonmajor Fund
Revenues:		
Restricted intergovernmental	\$ 42,859	\$ 42,859
Total revenues	42,859	42,859
Expenditures:		
Economic and physical development	42,859	42,859
Total expenditures	42,859	42,859
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, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted					
Intergovernmental:					
NC Department of Commerce	\$ 750,000	\$ 38,214	\$ 42,859	\$ 81,073	\$ (668,927)
Town of Windsor	35,000	-	-	-	(35,000)
Total revenues	785,000	38,214	42,859	81,073	(703,927)
Expenditures:					
Economic and physical development :					
Design/Construction Admin	785,000	38,214	42,859	81,073	703,927
Total expenditures	785,000	38,214	42,859	81,073	703,927
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, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 5,488,000	\$ 5,091,986	\$ (396,014)
Non-operating revenues:			
Investment earnings (loss)		7,011	
Underground fees		14,301	
Sales tax refunds		11,330	
Other		37,800	
Total non-operating revenues	87,000	70,442	(16,558)
Total revenues	5,575,000	5,162,428	(412,572)
Expenditures:			
Operating:			
Salaries and employee benefits		334,244	
Telephone and postage		10,554	
Utilities		23,208	
Maintenance and repairs		48,553	
Load management - fuel		7,673	
Street lights		44,658	
Special events		2,124	
Special appropriations		112,281	
Automotive supplies		11,207	
Departmental supplies		62,759	
Uniforms		3,115	
Professional fees		750	
Contract Services		63,502	
Electric purchases for resale		2,752,898	
Sales tax on electricity		324,741	
Insurance and bonds		18,073	
Capital outlay < \$2,500		5,340	
Other operating expenditures		39,826	
Total operating expenditures	4,878,300	3,865,506	1,012,794

Town of Windsor
Electric Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Equipment		143,132	
Improvements		6,725	
Total capital outlay	164,000	149,857	14,143
Total expenditures	5,042,300	4,015,363	1,026,937
Revenues over (under) expenditures	532,700	1,147,065	614,365
Other financing sources (uses):			
Transfers to other funds:			
General Fund	(950,000)	(950,000)	-
Sale of Equipment		16,000	
Total transfers	(950,000)	(934,000)	-
Fund balance appropriated	417,300	-	(417,300)
Revenues and other sources over (under) expenditures and other uses	\$ -	213,065	\$ 197,065
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		149,857	
Depreciation		(192,194)	
(Increase) decrease in accrued vacation pay		(10,768)	
Increase (decrease) in deferred outflows of resources - pensions		9,400	
(Increase) decrease in net pension liability		(21,826)	
(Increase) decrease in deferred inflows of resources - pensions		(1,567)	
Increase (decrease) in deferred outflows of resources - OPEB		111,041	
(Increase) decrease in deferred inflows of resources - OPEB		19,669	
(Increase) decrease in OPEB liability		(145,950)	
Total		(82,338)	
Change in net position		\$ 130,727	

Town of Windsor
Water and Sewer Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water	\$	\$ 436,743	\$
Sewer		804,347	
Total charges for services	1,130,500	1,241,090	110,590
Water and sewer taps and connection fees	5,000	5,500	500
Total operating revenues	1,135,500	1,246,590	111,090
Non-operating revenues:			
Interest earned		(525)	
Sales tax refunds		10,959	
Other		3,797	
Total non-operating revenues	10,200	14,231	4,031
Total revenues	1,145,700	1,260,821	115,121
Expenditures:			
Operating:			
Water:			
Salaries and employee benefits		201,932	
Utilities		22,317	
Maintenance and repairs		19,199	
Automotive supplies		4,610	
Departmental supplies		21,733	
Uniforms		610	
Contract services		36,270	
Insurance and bonds		11,000	
Capital outlay < \$2,500		2,823	
Other operating expenditures		15,499	
Total water expenditures	383,700	335,993	47,707
Sewer:			
Salaries and employee benefits		225,086	
Utilities		81,831	
Maintenance and repairs		18,416	
Automotive supplies		5,029	
Departmental supplies		45,906	
Uniforms		703	
Contract services		37,457	
Insurance and bonds		21,000	
Telephone and postage		3,841	
Capital outlay < \$2,500		5,727	
Other operating expenditures		20,496	
Total sewer expenditures	518,100	465,492	52,608
Total operating expenditures	901,800	801,485	100,315

Town of Windsor
Water and Sewer Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Total water and sewer expenditures	901,800	801,485	100,315
Debt service:			
Principal retirement		40,862	
Total debt service	40,900	40,862	38
Capital outlay:			
Improvements		10,486	
Equipment		46,184	
Total capital outlay	123,000	56,670	66,330
Total expenditures	1,065,700	899,017	166,683
Revenues over (under) expenditures	80,000	361,804	281,804
Other financing sources (uses):			
Transfer to other fund:			
Sewer Rehab Capital Project Fund	(80,000)	(71,948)	(8,052)
Revenues and fund balance appropriated over (under) expenditures and other uses	\$ -	289,856	\$ 273,752

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

Reconciling items:

Transfer to Sewer Rehab Capital Projects Fund	71,948
Principal retirement	40,862
Capital outlay	56,670
Depreciation	(247,414)
(Increase) decrease in accrued vacation pay	(3,105)
Increase (decrease) in deferred outflows of resources - pensions	11,289
(Increase) decrease in net pension liability	(26,211)
(Increase) decrease in deferred inflows of resources - pensions	(1,883)
Increase (decrease) in deferred outflows of resources - OPEB	70,696
(Increase) decrease in deferred inflows of resources - OPEB	12,522
(Increase) decrease in OPEB liability	(92,921)
Total	(107,547)
Change in net position	\$ 182,309

Town of Windsor

Sewer Rehabilitation Capital Projects Fund

Schedule of Revenues and Expenditures – Budget and Actual

From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted					
Intergovernmental:					
State Revolving Loan	\$ 1,597,412	\$ -	\$ -	\$ -	\$ (1,597,412)
Total revenues	1,597,412	-	-	-	(1,597,412)
Expenditures:					
Construction	1,243,784	-	-	-	1,243,784
Engineering: Planning	122,000	110,344	12,136	122,480	(480)
Engineering: Construction	257,250	-	20,921	20,921	236,329
Administration	31,948	-	34,948	34,948	(3,000)
Contingency	124,378	-	240	240	124,138
Total expenditures	1,779,360	110,344	68,245	178,589	1,600,771
Revenues over (under) expenditures	(181,948)	(110,344)	(68,245)	(178,589)	3,359
Other financing sources (uses):					
Transfers from other funds:					
Water Fund	181,948	110,000	71,948	181,948	-
Revenues and other sources over (under) expenditures	\$ -	\$ (344)	\$ 3,703	\$ 3,359	\$ 3,359

OTHER SCHEDULES

This section contains additional information on property taxes.

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

Town of Windsor
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 206,184	\$ 202,985	\$ 3,199
2019-2020	5,524	-	3,962	1,562
2018-2019	1,118	-	335	783
2017-2018	1,210	-	275	935
2016-2017	1,692	-	357	1,335
2015-2016	13,789	-	755	13,034
2014-2015	255	-	71	184
2013-2014	560	-	-	560
2012-2013	372	-	-	372
2011-2012	383	-	-	383
2010-2011	229	-	229	-
Total	\$ 25,132	\$ 206,184	\$ 208,969	22,347

Less: allowance for uncollectible accounts:
General fund

6,216

Ad valorem taxes receivable - net

\$ 16,131

Reconcilement with Revenues:

Ad valorem taxes - General Fund

\$ 209,298

Reconciling items:

Interest collected

(1,627)

Taxes written off

229

Releases - prior year taxes

1,069

Subtotal

(329)

Total collections and credits

\$ 208,969

Town of Windsor
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2021

	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	\$ 142,518,621	0.145	\$ 206,652	\$ 169,415	\$ 37,237
Releases	(322,759)		(468)	(468)	-
Total property valuation	\$ 142,195,862				
Net levy			206,184	168,947	37,237
Unpaid (by taxpayer) taxes at June 30, 2021			(3,199)	(3,117)	(82)
Current year's taxes collected			\$ 202,985	\$ 165,830	\$ 37,155
Current levy collection percentage			98.45%	98.16%	99.78%

COMPLIANCE SECTION

**Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

To the 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, 2021, 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 February 5, 2022.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first preceding paragraph of this section, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-1 that we consider to be a significant deficiency.

Compliance and Other Matters

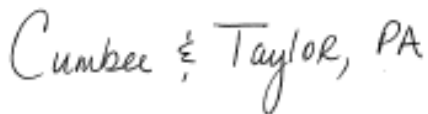
As part of obtaining reasonable assurance about whether the Town of Windsor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 responses. 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.

A handwritten signature in dark ink that reads "Cumber & Taylor, PA". The signature is written in a cursive, slightly slanted style.

Williamston, North Carolina
February 5, 2022

Town of Windsor
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021

SIGNIFICANT DEFICIENCY

2021-1 Proceeds from sell of asset recorded in wrong fund.

Criteria: Proceeds from sale of assets should be deposited into the fund that owns the assets.

Condition: Sales proceeds of \$16,000 for a fully depreciated tractor owned by the Electric Fund were deposited into the General Fund in error.

Effect: Gain (loss) on sale of assets was overstated by \$16,000 in the General Fund and understated by same amount in the Electric Fund.

Cause: The Town did not review depreciation schedules at time of sale and recorded the transaction in the wrong fund.

Recommendation: When assets are sold, the Town should review it's depreciation schedules to identify the asset sold and record such sale in appropriate fund.

View of responsible officials and planned corrective action: The Town agrees with this finding and will review depreciation schedules to identify assets sold and record such sale in the appropriate fund.