

# ***Town of Windsor, Virginia***

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2014



# *Town of Windsor, Virginia*

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# **TOWN OF WINDSOR, VIRGINIA**

## **Mayor**

Carita J. Richardson

## **Vice Mayor**

Wesley F. Garris

## **Council Members**

J. Clinton Bryant

N. Macon Edwards, III

Patty Flemming

Durwood V. Scott

Greg Willis

## **Town Manager**

Michael Stallings

## **Interim Treasurer**

Christina M. Newsome

## **Town Clerk**

Terry Whitehead

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## **Management's Discussion and Analysis**

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The following is management's discussion and analysis of this report. The discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements following this section.

### **Financial Highlights**

The following are a few financial highlights in the fund financial statements for the fiscal year ending June 30, 2014:

- General Fund revenues were \$87,816 more than originally anticipated by Town Council for the year's final operating budget.
- General fund expenditures were \$286,174 less than appropriated by Town Council for the year's final operating budget.
- The fund balance of the governmental funds was increased from \$1,532,457 to an ending balance of \$1,726,441.
- All of the departments within the General Fund had total operating expenditures that were less than the amount appropriated by Council for that the department, with the exception of debt service which was over budget by \$4,328.
- The revenues of the proprietary (water) fund were \$15,289 more than originally anticipated by Town Council for the final operating budget of the year.
- The expenditures of the proprietary (water) fund were \$114,431 greater than originally anticipated by Town Council for the final operating budget of the year. If the unfunded portion of depreciation expenses, or \$125,967, were removed, then expenditures would have been \$11,536 less than anticipated.
- The Proprietary fund balance decreased from \$709,594 to \$660,408 during the fiscal year ending June 30, 2013, due to depreciation expense of \$198,137 that was not fully funded.

### **Using This Report**

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

We intend that the reader use this discussion and analysis as an introduction to the Town of Windsor's basic financial statements. The following three components comprise the Town's basic financial statements:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

## Management's Discussion and Analysis

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This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

We have designed the government-wide financial statements so as to provide the reader with a broad overview of the Town's finances and in a manner that is similar to a private sector business. The Statement of Net Assets presents information on all of the Town's assets and liabilities, and we report the difference of the two as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the Town's financial position is improving or deteriorating. The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. We report all changes in net assets as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Therefore, we report revenues and expenses in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government administration, public safety, public works, and community development. The Town's business-type activities include the Water Fund.

The reader can find the government-wide financial statements on pages 3 and 4 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that the governmental unit segregates for specific activities or objectives. The Town of Windsor, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are divided into two categories: *governmental funds* and *proprietary funds*.

#### *Governmental funds.*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources. The reader may find such information useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## Management's Discussion and Analysis

The Town of Windsor adopts an annual appropriated budget for its General Fund. We provide a budgetary comparison statement for the General Fund to demonstrate compliance with this budget.

The reader can find the basic governmental fund financial statements on pages 5 through 9 of this report.

*Proprietary Funds.* The Town maintains the enterprise funds 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 Fund. This fund has been included in the government-wide financial statements.

The reader can find the basic proprietary fund financial statements on pages 10 through 15 of this report.

### 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 reader can find the notes to the financial statements on pages 16 through 27 of this report.

### Government-wide Financial Analysis

Key elements of the Town of Windsor's Net Assets on the government-wide basis are as follows:

|   | Governmental Activities |                     | Business-Type Activities |                     | Total               |                     |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|   | 2014                    | 2013                | 2014                     | 2013                | 2014                | 2013                |
| Current and other assets                        | \$ 1,879,141            | \$ 1,698,894        | \$ 619,152               | \$ 515,823          | \$ 2,498,293        | \$ 2,214,717        |
| Capital Assets                                  | 2,535,142               | 2,440,384           | 1,622,863                | 1,819,160           | 4,158,005           | 4,259,544           |
| <b>Total Assets</b>                             | <b>\$ 4,414,283</b>     | <b>\$ 4,139,278</b> | <b>\$ 2,242,015</b>      | <b>\$ 2,334,983</b> | <b>\$ 6,656,298</b> | <b>\$ 6,474,261</b> |
|   |                         |                     |                          |                     |                     |                     |
| Long-Term Liabilities                           | \$ 212,870              | \$ 316,898          | \$ 1,489,124             | \$ 1,529,921        | \$ 1,701,994        | \$ 1,846,819        |
| Other Liabilities                               | 197,355                 | 205,997             | 92,483                   | 95,468              | 289,838             | 301,465             |
| <b>Total Liabilities</b>                        | <b>\$ 410,225</b>       | <b>\$ 522,895</b>   | <b>\$ 1,581,607</b>      | <b>\$ 1,625,389</b> | <b>\$ 1,991,832</b> | <b>\$ 2,148,284</b> |
|   |                         |                     |                          |                     |                     |                     |
| Invested in Capital Assets, net of Related Debt | \$ 2,218,244            | \$ 2,021,031        | \$ 93,042                | \$ 248,408          | \$ 2,311,286        | \$ 2,269,439        |
| Unrestricted                                    | 1,785,814               | 1,595,352           | 567,366                  | 461,186             | 2,353,180           | 2,056,538           |
| <b>Total Net Assets</b>                         | <b>\$ 4,004,058</b>     | <b>\$ 3,616,383</b> | <b>\$ 660,408</b>        | <b>\$ 709,594</b>   | <b>\$ 4,664,466</b> | <b>\$ 4,325,977</b> |

By far, the largest portion of the Town of Windsor's net assets, 90%, reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, vehicles and equipment and software.)

## Management's Discussion and Analysis

### Governmental Activities

Key elements of the Town of Windsor's revenues on the government-wide basis are as follows:

|                          | Governmental Activities |                     | Business-Type Activities |                   | Total               |                     |
|--------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
| REVENUES                 | 2014                    | 2013                | 2014                     | 2013              | 2014                | 2013                |
| <b>Program Services:</b> |                         |                     |                          |                   |                     |                     |
| Charges for services     | \$ 327,420              | \$ 310,949          | \$ 495,289               | \$ 482,414        | \$ 822,709          | \$ 793,363          |
| Operating grants         | 121,971                 | 132,108             | -                        | -                 | 121,971             | 132,108             |
| <b>General Revenues:</b> |                         |                     |                          |                   |                     |                     |
| Property taxes           | 293,041                 | 291,614             | -                        | -                 | 293,041             | 291,614             |
| Other taxes              | 914,407                 | 876,936             | -                        | -                 | 914,407             | 876,936             |
| Interest                 | 12,321                  | 12,702              | 4,368                    | 4,199             | 16,689              | 16,901              |
| <b>Total Revenues</b>    | <b>\$ 1,669,160</b>     | <b>\$ 1,624,309</b> | <b>\$ 499,657</b>        | <b>\$ 486,613</b> | <b>\$ 2,168,817</b> | <b>\$ 2,110,922</b> |

Key elements of the Town of Windsor's expenditures on the government-wide basis are as follows:

|                           | Governmental Activities |                     | Business-Type Activity |                   | Total               |                     |
|---------------------------|-------------------------|---------------------|------------------------|-------------------|---------------------|---------------------|
| EXPENDITURES              | 2014                    | 2013                | 2014                   | 2013              | 2014                | 2013                |
| General government        | \$ 352,333              | \$ 369,902          | \$ -                   | \$ -              | \$ 352,333          | \$ 369,902          |
| Public safety             | 516,406                 | 555,873             | -                      | -                 | 516,406             | 555,873             |
| Public works              | 227,780                 | 232,768             | -                      | -                 | 227,780             | 232,768             |
| Community development     | 96,435                  | 85,810              | -                      | -                 | 96,435              | 85,810              |
| Non-departmental          | 88,531                  | 58,670              | -                      | -                 | 88,531              | 58,670              |
| Water services            | -                       | -                   | 548,843                | 541,407           | 548,843             | 541,407             |
| <b>Total Expenditures</b> | <b>\$ 1,281,485</b>     | <b>\$ 1,303,023</b> | <b>\$ 548,843</b>      | <b>\$ 541,407</b> | <b>\$ 1,830,328</b> | <b>\$ 1,844,430</b> |

## **Management's Discussion and Analysis**

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### **Financial Analysis of the Government's Funds**

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

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

General Fund revenues were \$87,816 more than anticipated, and expenditures were \$286,174 less than budgeted. The net outcome was that budgeted revenues exceeded budgeted expenditures by \$373,990.

The Water Fund's revenues exceeded the budget by \$15,289. Expenditures were \$114,431 greater than the budget, due to the fact that the Town does not fully fund depreciation expense in its Water Fund budget.

### **Economic Factors**

Despite a continuing lag in the economic market that existed throughout the fiscal year ending June 30, 2014, the Town's revenues remained strong. The Town receives the bulk of its revenues from real estate and personal property tax, meals tax, licenses and traffic fines. Since some of these revenues are economy driven, if there were to be a significant downturn in the economy, they could shrink. In this regard, the Town needs to diversify its tax base with additional commercial and industrial developments.

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## **FINANCIAL SECTION**

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Diane Y. Smith, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of Town Council  
Town of Windsor, Virginia

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activity, and each major fund of the Town of Windsor, Virginia as of and for the year ended June 30, 2014, 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 and each major fund of the Town of Windsor, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund and the Enterprise Fund.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budget comparison information on pages ii-vi and 42-48 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windsor, Virginia's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the Town of Windsor's Virginia'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 Town of Windsor, Virginia's internal control over financial reporting and compliance.

*Diane Y. Smith, CPA, PC*

Newport News, Virginia

November 4, 2014



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**TOWN OF WINDSOR, VIRGINIA**

## Statement of Net Assets

June 30, 2014

|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>   |                                    |                                     |                     |
| Cash and cash equivalents                               |                                    |                                     |                     |
| Unrestricted  | \$ 711,893                         | \$ 366,498                          | \$ 1,078,391        |
| Restricted  | 350,413                            | 22,007                              | 372,420             |
| Receivables   |                                    |                                     |                     |
| Taxes (net of allowance for<br>uncollectibles)          | 106,119                            | -                                   | 106,119             |
| Other receivables                                       | -                                  | 102,385                             | 102,385             |
| Prepaid expenses  | 3,804                              | -                                   | 3,804               |
| Due from other governmental units                       | 11,885                             | -                                   | 11,885              |
| Internal balances                                       | 181,012                            | (181,012)                           | -                   |
| Investments   | 502,263                            | 269,431                             | 771,694             |
| Capital assets (net of accumulated<br>depreciation)     | 977,024                            | 1,582,652                           | 2,559,676           |
| Capital assets (not being depreciated)                  | 1,558,118                          | 40,211                              | 1,598,329           |
| Deferred bond cost (net of<br>accumulated amortization) | 11,752                             | 39,843                              | 51,595              |
| Total assets  | <u>\$ 4,414,283</u>                | <u>\$ 2,242,015</u>                 | <u>\$ 6,656,298</u> |
| <b>LIABILITIES</b>                                      |                                    |                                     |                     |
| Accounts payable  | \$ 23,638                          | \$ 141                              | \$ 23,779           |
| Accrued expenses  | 68,599                             | 14,907                              | 83,506              |
| Deposits payable  | -                                  | 36,738                              | 36,738              |
| Deferred revenue  | 1,090                              | -                                   | 1,090               |
| Bonds payable   |                                    |                                     |                     |
| Due within one year                                     | 104,028                            | 40,697                              | 144,725             |
| Due in more than one year                               | 212,870                            | 1,489,124                           | 1,701,994           |
| Total liabilities                                       | <u>410,225</u>                     | <u>1,581,607</u>                    | <u>1,991,832</u>    |
| <b>NET ASSETS</b>                                       |                                    |                                     |                     |
| Invested in capital assets, net of<br>related debt      | 2,218,244                          | 93,042                              | 2,311,286           |
| Unrestricted  | 1,785,814                          | 567,366                             | 2,353,180           |
| Total net assets  | <u>4,004,058</u>                   | <u>660,408</u>                      | <u>4,664,466</u>    |
| Total liabilities and net assets                        | <u>\$ 4,414,283</u>                | <u>\$ 2,242,015</u>                 | <u>\$ 6,656,298</u> |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Statement of Activities**  
**Year Ended June 30, 2014**

| Functions/Programs                      | Expenses     | Program Revenues        |  | Net Revenue (Expense) and<br>Changes in Net Assets |                           | Total        |
|---|--------------|-------------------------|--|--|---------------------------|--------------|
|   |              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government<br>Governmental<br>Activity     | Business-type<br>Activity |              |
| <b>Primary government:</b>              |              |                         |  |  |                           |              |
| General government                      |              |                         |  |  |                           |              |
| General government administration       | \$ 352,333   | \$ 165,431              | \$ 1,060                                 | \$ (185,842)                                       | \$ -                      | \$ (185,842) |
| Public safety                           | 516,406      | 152,289                 | 120,911                                  | (243,206)  | -                         | (243,206)    |
| Public works                            | 227,780      | 9,700                   | -  | (218,080)  | -                         | (218,080)    |
| Community development                   | 96,435       | -                       | -  | (96,435)   | -                         | (96,435)     |
| Nondepartmental                         | 88,531       | -                       | -  | (88,531)   | -                         | (88,531)     |
| Total governmental activities           | 1,281,485    | 327,420                 | 121,971                                  | (832,094)  | -                         | (832,094)    |
| <b>Business-type activities:</b>        |              |                         |  |  |                           |              |
| Water services                          | 548,843      | 495,289                 | -  | -  | (53,554)                  | (53,554)     |
| Total business-type activities          | 548,843      | 495,289                 | -  | -  | (53,554)                  | (53,554)     |
| Total primary government                | \$ 1,830,328 | \$ 822,709              | \$ 121,971                               | (832,094)  | (53,554)                  | (885,648)    |
| <b>General Revenues:</b>                |              |                         |  |  |                           |              |
| Real estate and personal property taxes |              |                         |  | 293,041  | -                         | 293,041      |
| Local sales and use taxes               |              |                         |  | 81,390   | -                         | 81,390       |
| Consumers' utility taxes                |              |                         |  | 93,345   | -                         | 93,345       |
| Merchants & other licenses              |              |                         |  | 150,612  | -                         | 150,612      |
| Bank franchise tax                      |              |                         |  | 136,884  | -                         | 136,884      |
| Communication taxes                     |              |                         |  | 67,147   | -                         | 67,147       |
| Meals taxes                             |              |                         |  | 301,447  | -                         | 301,447      |
| Other local revenue                     |              |                         |  | 83,582   | -                         | 83,582       |
| Investment earnings                     |              |                         |  | 12,321   | 4,368                     | 16,689       |
| Total general revenues                  |              |                         |  | 1,219,769  | 4,368                     | 1,224,137    |
| Change in net assets                    |              |                         |  | 387,675  | (49,186)                  | 338,489      |
| <b>NET ASSETS</b>                       |              |                         |  |  |                           |              |
| Beginning                               |              |                         |  | 3,616,383  | 709,594                   | 4,325,977    |
| Ending                                  |              |                         |  | \$ 4,004,058                                       | \$ 660,408                | \$ 4,664,466 |

See accompanying notes.

## **FUND FINANCIAL STATEMENTS**

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**TOWN OF WINDSOR, VIRGINIA****Balance Sheet  
Governmental Funds  
June 30, 2014**

|  | <u>General</u>      | <u>Other<br/>Governmental<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|--|---|
| <b>ASSETS</b>                                |                     |  |   |
| Cash and cash equivalents                    |                     |  |   |
| Unrestricted                                 | \$ 711,893          | \$ -                                   | \$ 711,893                              |
| Restricted                                   | 302,792             | 47,621                                 | 350,413                                 |
| Receivables                                  |                     |  |   |
| Taxes (net of allowances for uncollectibles) | 106,119             | -                                      | 106,119                                 |
| Prepaid expenses                             | 3,804               | -                                      | 3,804                                   |
| Due from other governmental units            | 11,885              | -                                      | 11,885                                  |
| Due from other funds                         | 181,012             | -                                      | 181,012                                 |
| Investments                                  | 502,263             | -                                      | 502,263                                 |
| Total assets                                 | <u>\$ 1,819,768</u> | <u>\$ 47,621</u>                       | <u>\$ 1,867,389</u>                     |
| <b>LIABILITIES</b>                           |                     |  |   |
| Accounts payable                             | \$ 23,638           | \$ -                                   | \$ 23,638                               |
| Accrued expenses                             | 68,599              | -                                      | 68,599                                  |
| Deferred revenue                             | 1,090               | -                                      | 1,090                                   |
| Total liabilities                            | 93,327              | -                                      | 93,327                                  |
| <b>FUND BALANCES</b>                         |                     |  |   |
| Unrestricted:                                |                     |  |   |
| Unassigned                                   | 1,726,441           | 47,621                                 | 1,774,062                               |
| Total liabilities and fund balances          | <u>\$ 1,819,768</u> | <u>\$ 47,621</u>                       | <u>\$ 1,867,389</u>                     |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Reconciliation of Total Governmental Fund Balances**  
**to Net Assets of Governmental Activities**  
**June 30, 2014**

---

|   |                     |
|---|---------------------|
| Total governmental fund balances  | \$ 1,774,062        |
| Amounts reported for government activities in the statement<br>of net assets are different because:                                 |                     |
| Capital assets used in the governmental activity are not<br>financial resources and, therefore, not reported in the funds.          | 2,535,142           |
| Deferred bond costs that are not available to pay for current-period<br>expenditures and, therefore, are not reported in the funds. | 11,752              |
| Long-term debt is not due and payable in the current period and<br>therefore, is not reported in the funds.                         | <u>(316,898)</u>    |
| Total net assets of governmental activities   | <u>\$ 4,004,058</u> |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2014**

|                                      | <u>General</u>      | <u>Other<br/>Governmental<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|---------------------|--|---|
| <b>REVENUES</b>                      |                     |  |   |
| General property taxes               | \$ 293,061          | \$ -                                   | \$ 293,061                              |
| Other local taxes                    | 753,147             | -                                      | 753,147                                 |
| Revenue from other sources           | 363,550             | -                                      | 363,550                                 |
| Miscellaneous revenue                | 69,651              | 396                                    | 70,047                                  |
| Revenue from the Federal Government  | 45,966              | -                                      | 45,966                                  |
| Revenues from the Commonwealth       | 78,763              | -                                      | 78,763                                  |
| Reimbursements from other funds      | <u>64,628</u>       | <u>-</u>                               | <u>64,628</u>                           |
| Total revenues                       | <u>1,668,766</u>    | <u>396</u>                             | <u>1,669,162</u>                        |
| <b>EXPENDITURES</b>                  |                     |  |   |
| General government administration    | 311,119             | -                                      | 311,119                                 |
| Public safety                        | 452,170             | -                                      | 452,170                                 |
| Public works                         | 203,008             | -                                      | 203,008                                 |
| Community development                | 96,435              | -                                      | 96,435                                  |
| Capital outlays                      | 208,191             | -                                      | 208,191                                 |
| Debt service                         | 115,328             | -                                      | 115,328                                 |
| Non-departmental                     | <u>88,531</u>       | <u>-</u>                               | <u>88,531</u>                           |
| Total expenditures                   | <u>1,474,782</u>    | <u>-</u>                               | <u>1,474,782</u>                        |
| Excess of expenditures over revenues | 193,984             | 396                                    | 194,380                                 |
| <b>FUND BALANCES</b>                 |                     |  |   |
| Beginning                            | <u>1,532,457</u>    | <u>47,225</u>                          | <u>1,579,682</u>                        |
| Ending                               | <u>\$ 1,726,441</u> | <u>\$ 47,621</u>                       | <u>\$ 1,774,062</u>                     |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2014**

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

|  |                   |
|--|-------------------|
| Net change in fund balance - total governmental funds  | \$ 194,380        |
| Governmental funds report bond payments as expenses. However, in the statement of net assets, the payments are offset against notes payable.   | 102,455           |
| Governmental funds report bond issuance costs as expenditures. However, in the statement of net assets the cost is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which amortization expense exceeded the bond costs in the current period.       | 3,918             |
| Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of those assets are 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. | <u>86,922</u>     |
| Change in net assets of governmental activities  | <u>\$ 387,675</u> |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Funds**  
**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|------------------------------------|
| <b>REVENUES</b>                         |                            |                         |                     |                                    |
| General property taxes                  | \$ 282,725                 | \$ 282,725              | \$ 293,061          | \$ 10,336                          |
| Other local taxes                       | 710,640                    | 710,640                 | 753,147             | 42,507                             |
| Revenue from other sources              | 315,000                    | 315,000                 | 363,550             | 48,550                             |
| Miscellaneous revenue                   | 29,500                     | 36,277                  | 69,651              | 33,374                             |
| Revenue from the Federal Government     | 58,569                     | 58,569                  | 45,966              | (12,603)                           |
| Revenues from the Commonwealth          | 114,189                    | 116,789                 | 78,763              | (38,026)                           |
| Reimbursements from other funds         | 60,950                     | 60,950                  | 64,628              | 3,678                              |
| Total revenues                          | <u>1,571,573</u>           | <u>1,580,950</u>        | <u>1,668,766</u>    | <u>87,816</u>                      |
| <b>EXPENDITURES</b>                     |                            |                         |                     |                                    |
| General government administration       | 369,580                    | 369,580                 | 311,119             | 58,461                             |
| Public safety                           | 515,595                    | 519,972                 | 452,170             | 67,802                             |
| Public works                            | 224,300                    | 224,300                 | 203,008             | 21,292                             |
| Community development                   | 93,390                     | 104,498                 | 96,435              | 8,063                              |
| Capital outlays                         | 208,000                    | 331,898                 | 208,191             | 123,707                            |
| Debt service                            | 111,000                    | 111,000                 | 115,328             | (4,328)                            |
| Non-departmental                        | 99,708                     | 99,708                  | 88,531              | 11,177                             |
| Total expenditures                      | <u>1,621,573</u>           | <u>1,760,956</u>        | <u>1,474,782</u>    | <u>286,174</u>                     |
| Excess of revenues<br>over expenditures | (50,000)                   | (180,006)               | 193,984             | 373,990                            |
| Transfers from reserves                 | <u>50,000</u>              | <u>180,006</u>          | <u>-</u>            | <u>(180,006)</u>                   |
|   | -                          | -                       | 193,984             | 193,984                            |
| <b>FUND BALANCES</b>                    |                            |                         |                     |                                    |
| Beginning                               | <u>-</u>                   | <u>-</u>                | <u>1,532,457</u>    | <u>1,532,457</u>                   |
| Ending                                  | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 1,726,441</u> | <u>\$ 1,726,441</u>                |

See accompanying notes.

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# TOWN OF WINDSOR, VIRGINIA

## Statement of Net Assets

### Proprietary Fund

June 30, 2014

|   | <u>Proprietary<br/>Fund<br/>(Water)</u> |
|---|---|
| <b>ASSETS</b>   |   |
| <b>CURRENT ASSETS</b>   |   |
| Cash and cash equivalents                                     |   |
| Unrestricted  | \$ 366,498                              |
| Restricted  | 22,007                                  |
| Accounts receivable (net of<br>allowances for uncollectibles) | 102,385                                 |
| Investments   | <u>269,431</u>                          |
| Total current assets  | <u>760,321</u>                          |
| <b>NONCURRENT ASSETS</b>                                      |   |
| Capital assets, net of accumulated depreciation               | 1,582,652                               |
| Capital assets, not being depreciated                         | 40,211                                  |
| Deferred bond costs (net of<br>accumulated amortization)      | <u>39,843</u>                           |
| Total noncurrent assets                                       | <u>1,662,706</u>                        |
| Total assets  | <u>\$ 2,423,027</u>                     |

See accompanying notes.

# **TOWN OF WINDSOR, VIRGINIA**

## **Statement of Net Assets**

### **Proprietary Fund**

**June 30, 2014**

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|  | <b>Proprietary<br/>Fund<br/>(Water)</b> |
|--|---|
| <b>LIABILITIES</b>                                       |   |
| <b>CURRENT LIABILITIES</b>                               |   |
| Accounts payable   | \$ 141                                  |
| Accrued expenses   | 14,907                                  |
| Deposits payable   | 36,738                                  |
| Due to other fund  | 181,012                                 |
| General obligation bonds - current portion               | <u>40,697</u>                           |
| Total current liabilities                                | 273,495                                 |
| <b>NONCURRENT LIABILITIES</b>                            |   |
| General obligation bonds payable, net of current portion | <u>1,489,124</u>                        |
| Total liabilities  | <u>1,762,619</u>                        |
| <b>NET ASSETS</b>  |   |
| Investment in capital assets, net of related debt        | 93,042                                  |
| Unrestricted   | <u>567,366</u>                          |
| Total net assets   | <u>660,408</u>                          |
| Total liabilities and net assets                         | <u>\$ 2,423,027</u>                     |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended June 30, 2014**

|                                       | <u>Proprietary Fund<br/>(Water)</u> |
|---------------------------------------|-------------------------------------|
| <b>OPERATING REVENUES</b>             |                                     |
| Water sales                           | \$ 431,089                          |
| Tap, connection and other fees        | <u>64,200</u>                       |
| Total operating revenues              | <u>495,289</u>                      |
| <b>OPERATING EXPENSES</b>             |                                     |
| Bank fees                             | 1,096                               |
| Clothing - uniforms                   | 466                                 |
| Depreciation and amortization         | 198,137                             |
| Dues and subscriptions                | 595                                 |
| Equipment                             | 5,217                               |
| Equipment repairs and maintenance     | 4,621                               |
| Maintenance contracts                 | 22,170                              |
| Meters                                | 1,924                               |
| Professional fees                     | 2,406                               |
| State fees                            | 3,726                               |
| System repairs and maintenance        | 11,417                              |
| Telephone-communications              | 1,524                               |
| Travel and training                   | 1,514                               |
| Utilities                             | 17,008                              |
| Vehicle fuel                          | 3,279                               |
| Vehicle maintenance and repair        | 535                                 |
| Payments to General Fund:             |                                     |
| Salaries                              | 159,039                             |
| Protection of water system            | 13,200                              |
| Indirect costs                        | <u>51,557</u>                       |
| Total operating expenses              | <u>499,431</u>                      |
| Total operating loss                  | <u>(4,142)</u>                      |
| <b>NONOPERATING REVENUE (EXPENSE)</b> |                                     |
| Interest income                       | 4,368                               |
| Interest expense                      | <u>(49,412)</u>                     |
| Total nonoperating revenue (expense)  | <u>(45,044)</u>                     |
| Change in net assets                  | (49,186)                            |
| <b>NET ASSETS</b>                     |                                     |
| Beginning                             | <u>709,594</u>                      |
| Ending                                | <u><u>\$ 660,408</u></u>            |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Budget and Actual - Proprietary (Water) Fund**  
**Year Ended June 30, 2014**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|----------------------------|-------------------------|---------------|------------------------------------|
| <b>REVENUES</b>                       |                            |                         |               |                                    |
| Water sales                           | \$ 435,000                 | \$ 435,000              | \$ 431,089    | \$ (3,911)                         |
| Tap, connection and other fees        | 45,000                     | 45,000                  | 64,200        | 19,200                             |
| Total revenues                        | 480,000                    | 480,000                 | 495,289       | 15,289                             |
| <b>OPERATING EXPENSES</b>             |                            |                         |               |                                    |
| Advertising                           | 100                        | 100                     | -             | 100                                |
| Bank fees                             | 850                        | 1,150                   | 1,096         | 54                                 |
| Clothing - uniforms                   | 500                        | 500                     | 466           | 34                                 |
| Depreciation and amortization         | 72,170                     | 72,170                  | 198,137       | (125,967)                          |
| Dues and subscriptions                | 800                        | 800                     | 595           | 205                                |
| Equipment                             | 3,500                      | 6,000                   | 5,217         | 783                                |
| Equipment rental                      | 500                        | 500                     | -             | 500                                |
| Equipment repairs and maintenance     | 3,500                      | 4,500                   | 4,621         | (121)                              |
| Maintenance contracts                 | 23,000                     | 23,000                  | 22,170        | 830                                |
| Meters                                | 1,000                      | 1,000                   | 1,924         | (924)                              |
| Professional fees                     | 5,000                      | 2,700                   | 2,406         | 294                                |
| Publications                          | 200                        | 200                     | -             | 200                                |
| State fees                            | 5,000                      | 5,000                   | 3,726         | 1,274                              |
| System repairs and maintenance        | 15,000                     | 12,500                  | 11,417        | 1,083                              |
| Telephone-communications              | 1,600                      | 1,600                   | 1,524         | 76                                 |
| Temporary help                        | 1,000                      | 1,000                   | -             | 1,000                              |
| Travel and training                   | 2,500                      | 2,500                   | 1,514         | 986                                |
| Utilities                             | 18,500                     | 18,500                  | 17,008        | 1,492                              |
| Vehicle fuel                          | 2,500                      | 3,500                   | 3,279         | 221                                |
| Vehicle maintenance and repair        | 900                        | 900                     | 535           | 365                                |
| Water main replacement                | 5,000                      | 5,000                   | -             | 5,000                              |
| Payments to General Fund for:         |                            |                         |               |                                    |
| Salaries                              | 161,655                    | 161,655                 | 159,039       | 2,616                              |
| Protection of water system            | 13,200                     | 13,200                  | 13,200        | -                                  |
| Indirect costs                        | 47,025                     | 47,025                  | 51,557        | (4,532)                            |
| Total operating expenses              | 385,000                    | 385,000                 | 499,431       | (114,431)                          |
| Operating income (loss)               | 95,000                     | 95,000                  | (4,142)       | (99,142)                           |
| <b>NONOPERATING REVENUE (EXPENSE)</b> |                            |                         |               |                                    |
| Interest income                       | 3,000                      | 3,000                   | 4,368         | 1,368                              |
| Interest expense                      | (98,000)                   | (98,000)                | (49,412)      | 48,588                             |
| Total nonoperating revenue (expense)  | (95,000)                   | (95,000)                | (45,044)      | 49,956                             |
| Change in net assets                  | -                          | -                       | (49,186)      | (49,186)                           |
| <b>NET ASSETS</b>                     |                            |                         |               |                                    |
| Beginning                             | -                          | -                       | 709,594       | 709,594                            |
| Ending                                | \$ -                       | \$ -                    | \$ 660,408    | \$ 660,408                         |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**

## Statement of Cash Flows

## Proprietary Fund

Year Ended June 30, 2014

|   | <b>Proprietary<br/>Fund<br/>(Water)</b> |
|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |   |
| Receipts from customers and users                                   | \$ 469,346                              |
| Payments to employees   | (161,656)                               |
| Payments to suppliers   | <u>(142,489)</u>                        |
| Net cash provided by operating activities                           | <u>165,201</u>                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b> |   |
| General obligation bond payments:                                   |   |
| Principal   | (40,931)                                |
| Interest  | <u>(49,412)</u>                         |
| Net cash used in capital and related financing activities           | <u>(90,343)</u>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |   |
| Purchase of investments   | (3,607)                                 |
| Interest income   | <u>4,368</u>                            |
| Net cash provided by investing activities                           | <u>761</u>                              |
| Net change in cash and cash equivalents                             | 75,619                                  |
| <b>CASH AND CASH EQUIVALENTS</b>                                    |   |
| Beginning   | <u>312,886</u>                          |
| Ending  | <u>\$ 388,505</u>                       |
| <b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>                        |   |
| Unrestricted cash   | \$ 366,498                              |
| Restricted cash   | <u>22,007</u>                           |
| Total cash  | <u>\$ 388,505</u>                       |

(Continued)

See accompanying notes.

# TOWN OF WINDSOR, VIRGINIA

## Statement of Cash Flows

### Proprietary Fund

Year Ended June 30, 2014

(Concluded)

|   | <u>Proprietary<br/>Fund<br/>(Water)</u> |
|---|---|
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES:</b> |   |
| Operating loss  | \$ (4,142)                              |
| Reconciliation of operating loss to net cash provided<br>by operating activities          |   |
| Depreciation and amortization   | 198,137                                 |
| Deposits  | 3,019                                   |
| Changes in assets and liabilities:  |   |
| Accounts receivable   | (25,943)                                |
| Accrued expenses  | (2,617)                                 |
| Accounts payable  | <u>(3,253)</u>                          |
| Net cash provided by operating activities   | <u>\$ 165,201</u>                       |

See accompanying notes.

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Reporting Entity*

The Town of Windsor is a municipal corporation governed by an elected mayor, vice mayor and a five-member council. The accompanying financial statements present the financial position of the Town of Windsor, Virginia.

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. All significant interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenditures of a given function or segment is offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and proprietary fund. The major individual governmental funds and proprietary fund are reported as separate columns in the fund financial statements.

#### *Measurement Focus, Basis of Accounting, and Financial Statement Preparation*

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

(Continued)

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 1. SUMMARY OF ACCOUNTING POLICIES AND PROCEDURES (Continued)

Property taxes, sales and use taxes, other local taxes, licenses and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

#### *Funds*

Governmental Funds are those which are used to account for most governmental functions of the Town. The government reports two major Governmental Funds – the General Fund and Other Governmental Fund. The General Fund is the government's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Other Governmental Fund accounts for monies received from the Community Development Block Grant.

Proprietary Funds are used to account for Town operations, which are similar to those often found in the private sector. The operations of such Funds are generally intended to be self-supporting. The government reports one Proprietary Fund – the Water Fund. The Water Fund accounts for the operation of water services for the Town.

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.

The Proprietary Fund distinguishes operating revenues and expenditures from non-operating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with each fund's principal ongoing operations. The principal operating revenues of the Water Fund 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 system. Operating expenses for the Water Fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenditures.

When both restricted and unrestricted resources are available-for-use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Proprietary and Fiduciary (Trust) Funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

(Continued)

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 1. SUMMARY OF ACCOUNTING POLICIES AND PROCEDURES (Continued)

#### *Assets, Liabilities and Net Assets or Equity*

##### Deposits and Investments

The government's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of certificates of deposit with original maturities exceeding three months at the date of acquisition.

##### Receivables and Payables

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes amounted to \$39,214 at June 30, 2014.

Real estate taxes, levied July 1, and personal property taxes, levied January 1, are billed annually and are due December 5 of each year. Tax rates for bills due December 5, 2013, were \$.10 per \$100 assessed value for real estate, \$.50 per \$100 assessed value for personal property, \$.10 per \$100 assessed value of machinery and tools, and \$.10 per \$100 assessed value for mobile homes.

A ten-percent penalty is imposed on all delinquent taxes collected after the due date. Interest is imposed at the next billing cycle at the rate of ten percent annually. Real estate taxes receivable are maintained for ten years and personal property taxes receivable for five years before they are written off.

The Town bills and collects its own property taxes. Property taxes are based upon the rate levied by Town Council multiplied by the taxable assessed value. The assessed value of real estate and personal property is determined for the Town by the Commissioner of Revenue of the County of Isle of Wight.

##### Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

(Continued)

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 1. SUMMARY OF ACCOUNTING POLICIES AND PROCEDURES (Continued)

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

|                            |             |
|----------------------------|-------------|
| Buildings and improvements | 25-40 years |
| Infrastructure             | 25 years    |
| Water system and towers    | 25 years    |
| Furniture and equipment    | 5-10 years  |
| Computer software          | 3 years     |

#### Long-term Obligations

In the government-wide financial statements, bond repayment obligations are reported as liabilities in the applicable governmental activities, business-type activity, or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond issuance costs during the period incurred. The face amount of the debt issued is reported as an "other financing source."

#### Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in two components as follows:

- *Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Unrestricted* – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

#### Fund Balances

In the fund financial statements, fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are reported in five components as follows:

- *Unassigned* – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only that reports a positive unassigned fund balance amount.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### *Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities*

The reconciliation of the statement of revenues, expenditures, and changes in fund balances reconciles the *net change in fund balance – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$193,295 difference are as follows:

|   |                   |
|---|-------------------|
| Capital outlays   | \$ 187,261        |
| Depreciation expense  | <u>(100,339)</u>  |
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>Changes in net assets of Governmental Funds</i> | \$ <u>86,922</u>  |
| Long-term debt payments   | \$ <u>102,455</u> |
| Amortization expense  | \$ <u>3,918</u>   |

### NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### *Budgets and Budgetary Accounting*

Formal budgetary integration is employed as a management control device during the year for the General and Water Funds. Annual operating budgets are adopted by ordinances and resolutions passed by the Town Council for those funds. The Town does not integrate the use of encumbrance accounting in any of its funds. The Town Council authorizes the original budgets and revisions, if any, at the department level.

### NOTE 4. CASH AND INVESTMENTS

#### *Deposits*

At year-end, the carrying value of the Town’s deposits with banks and savings institutions was \$1,450,811 and the bank balance was \$1,501,595. The bank balance was covered by Federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

(Continued)

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 4. CASH AND INVESTMENTS (Concluded)

Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. There were no uninsured or uncollateralized amounts at June 30, 2014.

#### *Investments*

At June 30, 2014, the Town's investment balance consists of the following:

##### General Fund

|                         |            |
|-------------------------|------------|
| Certificates of deposit | \$ 502,263 |
|-------------------------|------------|

##### Business-type Funds

|                         |            |
|-------------------------|------------|
| Certificates of deposit | \$ 269,431 |
|-------------------------|------------|

### NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at year-end are as follows:

| <u>Fund</u>      | <u>Receivable</u> | <u>Payable</u>    |
|------------------|-------------------|-------------------|
| General Fund     | \$ 181,012        | \$ -              |
| Proprietary Fund | -                 | 181,012           |
|                  | <u>\$ 181,012</u> | <u>\$ 181,012</u> |

### NOTE 6. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at year-end are as follows:

Isle of Wight County:

|               |           |
|---------------|-----------|
| Traffic fines | \$ 11,885 |
|---------------|-----------|

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 7. CAPITAL ASSETS

Capital asset activity at year-end was as follows:

Governmental activities:

|  | Balance<br>July 1,<br>2013 | Additions         | Deletions        | Balance<br>June 30,<br>2014 |
|--|----------------------------|-------------------|------------------|-----------------------------|
| Capital assets not<br>being depreciated:       |                            |                   |                  |                             |
| Construction in process                        | \$ 78,360                  | \$ -              | \$ 78,360        | \$ -                        |
| Land   | <u>1,558,118</u>           | <u>-</u>          | <u>-</u>         | <u>1,558,118</u>            |
| Total capital assets not<br>being depreciated  | <u>1,636,478</u>           | <u>-</u>          | <u>78,360</u>    | <u>1,558,118</u>            |
| Capital assets being<br>depreciated:           |                            |                   |                  |                             |
| Buildings and<br>improvements                  | 872,515                    | 196,484           | -                | 1,068,999                   |
| Infrastructure                                 | 212,936                    | 30,008            | -                | 242,944                     |
| Vehicles and equipment                         | 616,546                    | 59,489            | 147,138          | 528,897                     |
| Software                                       | <u>45,860</u>              | <u>-</u>          | <u>-</u>         | <u>45,860</u>               |
| Total capital assets<br>being depreciated      | <u>1,747,857</u>           | <u>285,981</u>    | <u>147,138</u>   | <u>1,886,700</u>            |
| Less accumulated<br>depreciation for:          |                            |                   |                  |                             |
| Buildings and<br>improvements                  | 339,195                    | 33,895            | -                | 373,090                     |
| Infrastructure                                 | 79,227                     | 10,272            | -                | 89,499                      |
| Vehicles and equipment                         | 479,669                    | 60,595            | 139,037          | 401,227                     |
| Software                                       | <u>45,860</u>              | <u>-</u>          | <u>-</u>         | <u>45,860</u>               |
| Total accumulated<br>depreciation              | <u>943,951</u>             | <u>104,761</u>    | <u>139,037</u>   | <u>909,676</u>              |
| Total capital assets being<br>depreciated, net | <u>803,906</u>             | <u>181,220</u>    | <u>8,101</u>     | <u>977,024</u>              |
| Capital assets, net                            | <u>\$ 2,440,383</u>        | <u>\$ 181,220</u> | <u>\$ 86,461</u> | <u>\$ 2,535,142</u>         |

Depreciation expense for the governmental funds was charged to the following:

|                            |                   |
|----------------------------|-------------------|
| General government         | \$ 19,073         |
| Public safety              | 60,123            |
| Public works               | <u>21,143</u>     |
| Total depreciation expense | <u>\$ 100,339</u> |

(Continued)

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 7. CAPITAL ASSETS (Concluded)

Business-type activities:

|   | Balance<br>July 1,<br>2013 | Additions    | Deletions | Balance<br>June 30,<br>2014 |
|---|----------------------------|--------------|-----------|-----------------------------|
| Capital assets not being depreciated:       |                            |              |           |                             |
| Land  | \$ 40,211                  | \$ -         | \$ -      | \$ 40,211                   |
| Capital assets being depreciated:           |                            |              |           |                             |
| Structures and improvements                 | 2,364,854                  | -            | -         | 2,364,854                   |
| Water mains                                 | 1,590,012                  | -            | -         | 1,590,012                   |
| Meters and equipment                        | 479,382                    | -            | -         | 479,382                     |
| Total capital assets being depreciated      | 4,434,248                  | -            | -         | 4,434,248                   |
| Less accumulated depreciation for:          |                            |              |           |                             |
| Structures and improvements                 | 842,604                    | 79,957       | -         | 922,561                     |
| Water mains                                 | 1,386,262                  | 79,571       | -         | 1,465,833                   |
| Meters and equipment                        | 426,433                    | 36,769       | -         | 463,202                     |
| Total accumulated depreciation              | 2,655,299                  | 196,297      | -         | 2,851,596                   |
| Total capital assets being depreciated, net | 1,778,949                  | (196,297)    | -         | 1,582,652                   |
| Capital assets, net                         | \$ 1,819,160               | \$ (196,297) | \$ -      | \$ 1,622,863                |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 8. LONG-TERM DEBT OBLIGATIONS

#### Government-type activities

The Town authorized and issued a general obligation bond to provide funds for the acquisition and construction of major capital facilities. The original amount of this general obligation bond is \$520,284. The general obligation bond is a direct obligation and pledges the full faith and credit of the Town. Payments of principal and interest of 3.07% per year are due annually through April 2017.

\$ 316,898

Due within one year

104,028

Due in more than one year

\$ 212,870

The annual future debt service requirement of the general obligation bond for fiscal years ended June 30 is as follows:

|      | <u>Principal</u>  | <u>Interest</u>  |
|------|-------------------|------------------|
| 2015 | \$ 104,028        | \$ 9,729         |
| 2016 | 105,624           | 6,535            |
| 2017 | 107,246           | 3,292            |
|      | <u>\$ 316,898</u> | <u>\$ 19,556</u> |

#### Business-type activities

The Town authorized and issued a general obligation bond to provide funds for the acquisition and construction of major capital facilities. The original amount of this general obligation bond is \$774,742. The general obligation bond is a direct obligation and pledges the full faith and credit of the Town. Payments of principal and interest of 3.07% per year are due monthly through April 2032.

\$ 719,102

The Town authorized and issued a general obligation bond to provide funds for the acquisition and construction of major capital facilities. The original amount of this general obligation bond was \$879,000. The general obligation bond is a direct obligation and pledges the full faith and credit of the Town. Beginning April 2011, payments of principal and interest of 3.25% per year are due monthly in the amount of \$3,323 through September 2047.

810,719

Total debt

1,529,821

Due within one year

40,697

Due in more than one year

\$ 1,489,124

(Continued)

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 8. LONG-TERM DEBT OBLIGATIONS (Concluded)

The annual future debt service requirement of the general obligation bond for fiscal years ended June 30 is as follows:

|             | <u>Principal</u>    | <u>Interest</u>   |
|-------------|---------------------|-------------------|
| 2015        | \$ 40,697           | \$ 48,228         |
| 2016        | 40,553              | 46,947            |
| 2017        | 40,399              | 45,669            |
| 2018        | 49,128              | 44,396            |
| 2019        | 50,627              | 42,853            |
| 2020 – 2024 | 280,216             | 189,268           |
| 2025 – 2029 | 326,408             | 142,456           |
| 2030 – 2034 | 271,275             | 89,533            |
| 2035 – 2039 | 140,289             | 59,061            |
| 2040 – 2044 | 165,008             | 34,372            |
| 2045 – 2048 | 125,221             | 7,085             |
|             | <u>\$ 1,529,821</u> | <u>\$ 749,868</u> |

The following is a summary of changes in the Town's long-term debt obligations for the fiscal year ended June 30, 2014:

Business-type activities:

|                         | <u>Balance<br/>July 1,<br/>2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance<br/>June 30,<br/>2014</u> |
|-------------------------|-------------------------------------|------------------|------------------|--------------------------------------|
| General obligation debt | \$ 1,570,752                        | \$ -             | \$ 40,931        | \$ 1,529,821                         |

### NOTE 9. SURETY BONDS OF PRINCIPAL OFFICIALS

The Town maintained blanket insurance for Public Employees Dishonesty coverage in the amount of \$100,000 through the Virginia Municipal League Insurance Program during the year ended June 30, 2014.

### NOTE 10. GRANTS

In the normal course of operations, the Town receives grant funds from various state and Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 11. LEASING ARRANGEMENTS

The Town leases a building to the U.S. Postal Service under a non-cancelable lease expiring May 26, 2016. The building is adjacent to the Town Hall and the lease calls for monthly rent of \$1,500.

Future minimum rental income under non-cancelable operating leases for the years ending June 30:

|      |          |
|------|----------|
| 2015 | \$18,000 |
| 2016 | 16,500   |

The Town leases a copy machine for General Administration under a non-cancelable lease agreement. The lease term requires 60 monthly payments of \$216 ending June 2019.

The Town leases a copy machine for Public Safety administration under a non-cancelable lease agreement. The lease term requires 60 monthly payments of \$103 ending December 2018.

Minimum lease payments under these leases are as follows:

|      |                  |
|------|------------------|
| 2015 | \$ 3,824         |
| 2016 | 3,824            |
| 2017 | 3,824            |
| 2018 | 3,824            |
| 2019 | <u>3,311</u>     |
|      | <u>\$ 18,607</u> |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 12. GENERAL FUND REIMBURSEMENTS

Within the revenue from local sources, the General Fund includes reimbursements from the Water Fund in the amount of \$223,796. The reimbursements result from three sources: payroll, protection provided to the water system and indirect costs paid by the General Fund on behalf of the other Fund. The reimbursements are to cover the following expenditures that were paid by the General Fund on behalf of the other fund:

Water Fund:

|                                |    |                |
|--------------------------------|----|----------------|
| Payroll                        | \$ | 159,039        |
| Protection of the water system |    | 13,200         |
| Overtime                       |    | 300            |
| Equipment                      |    | 1,050          |
| Equipment rental               |    | 1,650          |
| Information technology         |    | 13,650         |
| Insurance                      |    | 8,400          |
| Interest                       |    | 4,532          |
| Maintenance contracts          |    | 1,800          |
| Postal services                |    | 1,860          |
| Professional services          |    | 4,500          |
| Supplies                       |    | 2,775          |
| Telephone                      |    | 2,100          |
| Travel and training            |    | 2,700          |
| Vehicle allowance              |    | 1,440          |
| Repair and maintenance         |    | 2,100          |
| Utilities                      |    | 2,700          |
| Bond interest                  |    | 4,532          |
|                                | \$ | <u>223,796</u> |

These costs are reflected as reimbursements from the Water Fund in the General Fund revenues and the costs included within the related expenditure categories of the General Fund, to comply with the budget that was adopted for the 2013-2014 year. In the Water Fund, they are reflected as payments to the General Fund within the expenditures and not allocated to the various expenditure categories.

### NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2014, expenditures exceeded appropriations in the following budget line items:

*General Management:*

|              |    |       |
|--------------|----|-------|
| DMV stop fee | \$ | 2,660 |
|--------------|----|-------|

*Public Safety:*

|                         |    |       |
|-------------------------|----|-------|
| Community relations     | \$ | 346   |
| DMV grant disbursements |    | 7,543 |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (continued)

#### *Public Works:*

|                        |    |       |
|------------------------|----|-------|
| Health insurance       | \$ | 35    |
| Street light utilities |    | 326   |
| Refuse collection      |    | 1,066 |

#### *Community Development:*

|                    |    |    |
|--------------------|----|----|
| Salaries and wages | \$ | 72 |
|--------------------|----|----|

#### *Debt Service*

|          |    |       |
|----------|----|-------|
| Interest | \$ | 4,328 |
|----------|----|-------|

#### *Non-Departmental*

|           |    |       |
|-----------|----|-------|
| Insurance | \$ | 2,192 |
|-----------|----|-------|

#### *Water Fund*

|                                   |    |         |
|-----------------------------------|----|---------|
| Depreciation and amortization     | \$ | 125,967 |
| Equipment repairs and maintenance |    | 121     |
| Meters                            |    | 924     |
| Indirect costs                    |    | 4,532   |

### NOTE 15. SUBSEQUENT EVENT

Management has evaluated subsequent events through November 4, 2014, the date on which financial statements were available to be issued.

### NOTE 16. RETIREMENT PLAN

#### *Plan Description*

|                         |   |
|-------------------------|---|
| Name of Plan:           | Virginia Retirement System (VRS)                      |
| Identification of Plan: | Agent and Cost Sharing Multiple-Employer Pension Plan |
| Administering Entity:   | Virginia Retirement System (VRS)                      |

All full time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan1, Plan 2 and Hybrid. Each plan has a different eligibility and benefit structure as set out in the table below:

| VRS<br>PLAN 1   | VRS<br>PLAN 2   | HYBRID<br>RETIREMENT PLAN  |
|---|---|--|
| <p><b>About VRS Plan 1</b><br/>VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.</p> | <p><b>About VRS Plan 2</b><br/>VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010 or their membership date is before July 1, 2010 and they were not vested as of January 1, 2013.</p> | <p><b>About the Hybrid Retirement Plan</b><br/>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window.<br/>(See "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses and any required fees.</li> </ul> |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 16. RETIREMENT PLAN (continued)

|   |   |   |
|---|---|---|
| <p><b>Eligible Members</b><br/>Employees are in VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b><br/>VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p> | <p><b>Eligible Members</b><br/>Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010 or their membership date is before July 1, 2010 and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b><br/>VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p> | <p><b>Eligible Members</b><br/>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• State employees*</li> <li>• School division employees</li> <li>• Political subdivision employees*</li> <li>• Judges appointed or elected to an original term on or after January 1, 2014</li> <li>• Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1 – April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p>*Non-Eligible members<br/>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Members of the State Police Officers' Retirement System (SPORS)</li> <li>• Members of the Virginia Law Officers' Retirement System (VaLORS)</li> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> |
|---|---|---|

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|   |   |  |
|---|---|--|
|   |   | Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2 they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.  |
| <p><b>Retirement Contributions</b><br/>Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> | <p><b>Retirement Contributions</b><br/>Same as VRS Plan 1</p> | <p><b>Retirement Contributions</b><br/>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan and the employer is required to match those voluntary contributions according to the specified percentages.</p> |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|   |  |  |
|---|--|--|
| <p><b>Creditable Service</b><br/>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> | <p><b>Creditable Service</b><br/>Same as VRS Plan 1.</p> | <p><b>Creditable Service</b><br/><b><u>Defined Benefit</u></b><br/><b><u>Component:</u></b><br/>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions</u></b><br/><b><u>Component:</u></b><br/>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p> |
| <p><b>Vesting</b><br/>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service.</p>   | <p><b>Vesting</b><br/>Same as VRS Plan 1.</p>            | <p><b>Vesting</b><br/><b><u>Defined Benefit</u></b><br/><b><u>Component:</u></b><br/>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit.</p>   |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 16. RETIREMENT PLAN (continued)

|   |  |  |
|---|--|--|
| <p>Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p> |  | <p>Members are vested under the defined benefit component of the</p> <p>Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li></ul> |
|---|--|--|

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|   |   |  |
|---|---|--|
|   |   | <ul style="list-style-type: none"> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70 ½.</p>   |
| <p><b>Calculating the Benefit</b><br/>The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p> | <p><b>Calculating the Benefit</b><br/>See definition under VRS Plan 1</p>   | <p><b>Calculating the Benefit</b><br/><b><u>Defined Benefit</u></b><br/><b><u>Component:</u></b><br/>See definition under VRS Plan 1</p> <p><b><u>Defined Contribution</u></b><br/><b><u>Component:</u></b><br/>The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p> |
| <p><b>Average Final Compensation</b><br/>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>   | <p><b>Average Final Compensation</b><br/>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p> | <p><b>Average Final Compensation</b><br/>Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>   |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|   |   |  |
|---|---|--|
| <p><b>Service Retirement Multiplier</b><br/>The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p> | <p><b>Service Retirement Multiplier</b><br/>Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>                                      | <p><b>Service Retirement Multiplier</b><br/>The retirement multiplier is 1.0%<br/><br/>For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>              |
| <p><b>Normal Retirement Age</b><br/>Age 65.</p>   | <p><b>Normal Retirement Age</b><br/>Normal Social Security retirement age.</p>  | <p><b>Normal Retirement Age</b><br/><b><u>Defined Benefit Component:</u></b><br/>Same as VRS Plan 2.<br/><br/><b><u>Defined Contribution Component:</u></b><br/>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>  |
| <p><b>Earliest Unreduced Retirement Eligibility</b><br/>Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least 5 years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>   | <p><b>Earliest Unreduced Retirement Eligibility</b><br/>Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> | <p><b>Earliest Unreduced Retirement Eligibility</b><br/><b><u>Defined Benefit Component:</u></b><br/>Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|  |   |  |
|--|---|--|
| <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>  | <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>                           | <p><b><u>Defined Contribution Component:</u></b><br/>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>   |
| <p><b>Earliest Reduced Retirement Eligibility</b><br/>Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>                                  | <p><b>Earliest Reduced Retirement Eligibility</b><br/>Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>  | <p><b>Earliest Reduced Retirement Eligibility</b><br/><b><u>Defined Benefit Component:</u></b><br/>Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution Component:</u></b><br/>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%</p> | <p><b>Cost-of-Living Adjustment (COLA) in Retirement</b><br/>Same as VRS Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b><br/>Not applicable.</p>  |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|  |  |  |
|--|--|--|
| <p><b><u>Eligibility:</u></b><br/>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul> <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> | <p><b><u>Eligibility:</u></b><br/>Same as VRS Plan 1.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/>Same as VRS Plan 1.</p> | <p><b><u>Eligibility:</u></b><br/>Same as VRS Plan 1 and VRS Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b><br/>Same as VRS Plan 1 and VRS Plan 2.</p> |
|--|--|--|

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|  |  |   |
|--|--|---|
| <ul style="list-style-type: none"> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul> |  |   |
| <p><b>Disability Coverage</b><br/>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia</p> <p>Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p>  | <p><b>Disability Coverage</b><br/>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia</p> <p>Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> | <p><b>Disability Coverage Eligibility</b><br/>Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

**NOTE 16. RETIREMENT PLAN (continued)**

|   |  |  |
|---|--|--|
| <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>   | <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits</p> | <p>State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> |
| <p><b>Purchase of Prior Service</b><br/>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan.</p> <p>Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p> | <p><b>Purchase of Prior Service</b><br/>Same as VRS Plan 1.</p>  | <p><b>Purchase of Prior Service</b><br/><u><b>Defined Benefit</b></u><br/><u><b>Component:</b></u><br/>Same as VRS Plan 1.</p> <p><u><b>Defined Contribution</b></u><br/><u><b>Component:</b></u><br/>Not applicable</p>   |

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

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### NOTE 16. RETIREMENT PLAN (continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

#### **Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Town's (non-professional employees) contribution rate for the fiscal year ended June 30, 2014 was 6.68% of the annual covered payroll.

#### **Annual Pension Cost**

For the fiscal year ended June 30, 2014, the Town's annual pension cost of \$39,820 for VRS was equal to the required and actual contributions.

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued liability (UAAL) was 30 years.

# TOWN OF WINDSOR, VIRGINIA

## Notes to Financial Statements

June 30, 2014

### NOTE 16. RETIREMENT PLAN (concluded)

#### Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 81.47% funded. The actuarial accrued liability for benefits was \$608,897, and the actuarial value of assets was \$496,051, resulting in an unfunded actuarial liability (UAAL) of \$112,846. The covered payroll (annual payroll of active employees covered by the plan) was \$554,855, and the ratio of the UAAL to the covered payroll was 20.34%.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

#### *Schedule of Funding Progress for the Town of Windsor, Virginia*

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL<br>as a<br>Percentage<br>of<br>Covered<br>Payroll |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|--|
| 6/30/2013                      | \$496,051                       | \$608,897                                  | \$112,846   | 81.47%          | \$554,855          | 20.34%   |
| 6/30/2012                      | \$416,531                       | \$543,054                                  | \$126,523   | 76.70%          | \$516,604          | 24.49%   |
| 6/30/2011                      | \$360,318                       | \$510,695                                  | \$150,377   | 70.55%          | \$505,807          | 29.73%   |
| 6/30/2010                      | \$307,904                       | \$402,456                                  | \$94,552  | 76.51%          | \$411,599          | 22.97%   |
| 6/30/2009                      | \$263,088                       | \$350,757                                  | \$87,669  | 75.01%          | \$415,657          | 21.09%   |

## **INDIVIDUAL STATEMENTS**

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Revenues - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------|------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>             |                            |                         |                |                                    |
| General property taxes:                       |                            |                         |                |                                    |
| Real estate tax                               | \$ 182,850                 | \$ 182,850              | \$ 186,642     | \$ 3,792                           |
| Mobile home tax                               | 4,650                      | 4,650                   | 4,525          | (125)                              |
| Personal property tax                         | 63,200                     | 63,200                  | 68,598         | 5,398                              |
| Personal property tax relief                  | 19,525                     | 19,525                  | 19,527         | 2                                  |
| Public Service Corporation tax                | 9,500                      | 9,500                   | 10,130         | 630                                |
| Penalties and interest on<br>delinquent taxes | <u>3,000</u>               | <u>3,000</u>            | <u>3,639</u>   | <u>639</u>                         |
| Total general property taxes                  | <u>282,725</u>             | <u>282,725</u>          | <u>293,061</u> | <u>10,336</u>                      |
| Other local taxes:                            |                            |                         |                |                                    |
| Bank franchise tax                            | 128,000                    | 128,000                 | 136,884        | 8,884                              |
| Communication/Cable franchise tax             | 65,000                     | 65,000                  | 67,147         | 2,147                              |
| Cigarette tax                                 | 45,000                     | 45,000                  | 72,934         | 27,934                             |
| Local sales tax                               | 82,640                     | 82,640                  | 81,390         | (1,250)                            |
| Meals tax                                     | 300,000                    | 300,000                 | 301,447        | 1,447                              |
| Consumer utility tax                          | <u>90,000</u>              | <u>90,000</u>           | <u>93,345</u>  | <u>3,345</u>                       |
| Total other local taxes                       | <u>710,640</u>             | <u>710,640</u>          | <u>753,147</u> | <u>42,507</u>                      |
| Revenue from other sources:                   |                            |                         |                |                                    |
| Licenses:                                     |                            |                         |                |                                    |
| Merchants & other licenses                    | 120,000                    | 120,000                 | 150,612        | 30,612                             |
| Motor vehicle licenses                        | <u>40,000</u>              | <u>40,000</u>           | <u>42,649</u>  | <u>2,649</u>                       |
| Total licenses                                | 160,000                    | 160,000                 | 193,261        | 33,261                             |
| Post office rental                            | 18,000                     | 18,000                  | 18,000         | -                                  |
| Traffic fines                                 | <u>137,000</u>             | <u>137,000</u>          | <u>152,289</u> | <u>15,289</u>                      |
| Total revenue from other sources              | <u>315,000</u>             | <u>315,000</u>          | <u>363,550</u> | <u>48,550</u>                      |
| Miscellaneous revenues:                       |                            |                         |                |                                    |
| Administrative collection fee                 | 4,000                      | 4,000                   | 6,114          | 2,114                              |
| Cemetery plot sales                           | 1,000                      | 1,000                   | 9,700          | 8,700                              |
| Credit card convenience fee                   | 500                        | 500                     | 674            | 174                                |
| Donations                                     | -                          | -                       | 1,777          | 1,777                              |
| Other miscellaneous revenue                   | 7,500                      | 14,277                  | 37,505         | 23,228                             |
| Zoning fees                                   | 1,500                      | 1,500                   | 1,975          | 475                                |
| Interest earned                               | <u>15,000</u>              | <u>15,000</u>           | <u>11,906</u>  | <u>(3,094)</u>                     |
| Total miscellaneous revenue                   | <u>29,500</u>              | <u>36,277</u>           | <u>69,651</u>  | <u>33,374</u>                      |

(Continued)

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Revenues - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

(Concluded)

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|------------------------------------|
| <b>REVENUE FROM LOCAL SOURCES</b>                  |                            |                         |                     |                                    |
| Reimbursements from water fund                     | <u>60,950</u>              | <u>60,950</u>           | <u>64,628</u>       | <u>3,678</u>                       |
| Total revenue from local sources                   | <u>1,398,815</u>           | <u>1,405,592</u>        | <u>1,544,037</u>    | <u>138,445</u>                     |
| <b>REVENUE FROM FEDERAL<br/>GOVERNMENT</b>         |                            |                         |                     |                                    |
| COPS grant   | <u>58,569</u>              | <u>58,569</u>           | <u>45,966</u>       | <u>(12,603)</u>                    |
| Total revenue from the<br>Federal Government       | <u>58,569</u>              | <u>58,569</u>           | <u>45,966</u>       | <u>(12,603)</u>                    |
| <b>REVENUE FROM COMMONWEALTH<br/>OF VIRGINIA</b>   |                            |                         |                     |                                    |
| Categorical aid:                                   |                            |                         |                     |                                    |
| Litter control                                     | <u>1,200</u>               | <u>1,200</u>            | <u>1,060</u>        | <u>(140)</u>                       |
| Fire program funds                                 | <u>7,200</u>               | <u>9,800</u>            | <u>9,800</u>        | <u>-</u>                           |
| Six-Year Improvement Fund                          | <u>45,000</u>              | <u>45,000</u>           | <u>-</u>            | <u>(45,000)</u>                    |
| Total categorical aid                              | <u>53,400</u>              | <u>56,000</u>           | <u>10,860</u>       | <u>(45,140)</u>                    |
| Noncategorical aid:                                |                            |                         |                     |                                    |
| Mobile home titling taxes                          | <u>3,500</u>               | <u>3,500</u>            | <u>2,275</u>        | <u>(1,225)</u>                     |
| Police 599 funding                                 | <u>57,289</u>              | <u>57,289</u>           | <u>57,288</u>       | <u>(1)</u>                         |
| DMV grant  | <u>-</u>                   | <u>-</u>                | <u>6,080</u>        | <u>6,080</u>                       |
| DMV fees for DMV stops                             | <u>-</u>                   | <u>-</u>                | <u>2,260</u>        | <u>2,260</u>                       |
| Total non-categorical aid                          | <u>60,789</u>              | <u>60,789</u>           | <u>67,903</u>       | <u>7,114</u>                       |
| Total revenue from the<br>Commonwealth of Virginia | <u>114,189</u>             | <u>116,789</u>          | <u>78,763</u>       | <u>(38,026)</u>                    |
| Total revenues                                     | <u>1,571,573</u>           | <u>1,580,950</u>        | <u>1,668,766</u>    | <u>87,816</u>                      |
| Transfer from reserves                             | <u>50,000</u>              | <u>180,006</u>          | <u>-</u>            | <u>-</u>                           |
|  | <u>\$ 1,621,573</u>        | <u>\$ 1,760,956</u>     | <u>\$ 1,668,766</u> | <u>\$ 87,816</u>                   |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|----------------|------------------------------------|
| <b>GENERAL GOVERNMENT</b>                  |                            |                         |                |                                    |
| <b>ADMINISTRATION</b>                      |                            |                         |                |                                    |
| <b>Legislative</b>                         |                            |                         |                |                                    |
| Mayor and Council compensation             | \$ 9,600                   | \$ 9,600                | \$ 8,400       | \$ 1,200                           |
| Advertising                                | 1,650                      | 1,650                   | 1,374          | 276                                |
| Audit                                      | 15,000                     | 15,000                  | 14,000         | 1,000                              |
| Special meetings                           | 1,000                      | 1,000                   | 63             | 937                                |
| Travel and training                        | 7,000                      | 7,000                   | 5,795          | 1,205                              |
| Total legislative expenses                 | <u>34,250</u>              | <u>34,250</u>           | <u>29,632</u>  | <u>4,618</u>                       |
| <b>Legal</b>                               |                            |                         |                |                                    |
| Legal services                             | 36,000                     | 36,000                  | 29,816         | 6,184                              |
| Dues and subscriptions                     | 350                        | 350                     | -              | 350                                |
| Publications                               | 300                        | 300                     | -              | 300                                |
| Supplies                                   | 100                        | 100                     | -              | 100                                |
| Travel and training                        | 500                        | 500                     | -              | 500                                |
| Total legal expenses                       | <u>37,250</u>              | <u>37,250</u>           | <u>29,816</u>  | <u>7,434</u>                       |
| <b>General Management</b>                  |                            |                         |                |                                    |
| Salaries and wages                         | 128,100                    | 122,100                 | 97,562         | 24,538                             |
| Overtime                                   | 1,000                      | 1,000                   | 848            | 152                                |
| Non-compensation expenses:                 |                            |                         |                |                                    |
| FICA                                       | 8,125                      | 8,125                   | 7,003          | 1,122                              |
| Health Insurance                           | 21,750                     | 21,750                  | 18,456         | 3,294                              |
| Retirement                                 | 11,355                     | 11,355                  | 7,069          | 4,286                              |
| Life Insurance                             | 3,000                      | 3,000                   | 2,213          | 787                                |
| Advertising                                | 500                        | 500                     | 442            | 58                                 |
| Bank fees                                  | 1,000                      | 1,000                   | 938            | 62                                 |
| DMV stop fee                               | -                          | -                       | 2,660          | (2,660)                            |
| Dues and subscriptions                     | 3,600                      | 3,600                   | 3,401          | 199                                |
| Education - Town Manager                   | 4,400                      | 4,400                   | 2,749          | 1,651                              |
| Equipment                                  | 3,500                      | 3,500                   | 3,423          | 77                                 |
| Equipment rental                           | 5,500                      | 5,500                   | 4,933          | 567                                |
| Information technology                     | 46,000                     | 51,000                  | 45,891         | 5,109                              |
| Maintenance contracts                      | 6,000                      | 6,000                   | 4,259          | 1,741                              |
| Postal services                            | 6,200                      | 6,200                   | 6,194          | 6                                  |
| Professional services                      | 15,000                     | 15,000                  | 11,674         | 3,326                              |
| Publications                               | 2,500                      | 2,500                   | 2,282          | 218                                |
| Supplies                                   | 9,250                      | 9,250                   | 9,158          | 92                                 |
| Telephone-communications                   | 7,500                      | 7,500                   | 6,541          | 959                                |
| Travel and training                        | 9,000                      | 10,000                  | 9,175          | 825                                |
| Vehicle allowance                          | 4,800                      | 4,800                   | 4,800          | -                                  |
| Total general management                   | <u>298,080</u>             | <u>298,080</u>          | <u>251,671</u> | <u>46,409</u>                      |
| Total General Government<br>Administration | <u>369,580</u>             | <u>369,580</u>          | <u>311,119</u> | <u>58,461</u>                      |

(Continued)

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

(Continued)

|                                 | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Favorable<br/>(Unfavorable)</u> |
|---------------------------------|----------------------------|-------------------------|----------------|------------------------------------|
| <b>PUBLIC SAFETY</b>            |                            |                         |                |                                    |
| <b>Police Department</b>        |                            |                         |                |                                    |
| Salaries and wages              | \$ 230,440                 | \$ 225,940              | \$ 193,795     | \$ 32,145                          |
| Special grant funded position   | 59,670                     | 59,670                  | 46,432         | 13,238                             |
| Overtime                        | 25,000                     | 24,000                  | 18,795         | 5,205                              |
| Non-compensation expenses:      |                            |                         |                |                                    |
| FICA                            | 19,545                     | 19,545                  | 15,574         | 3,971                              |
| Health insurance                | 52,720                     | 52,720                  | 45,719         | 7,001                              |
| Retirement                      | 19,775                     | 19,775                  | 16,299         | 3,476                              |
| Life insurance                  | 3,045                      | 3,045                   | 2,267          | 778                                |
| Advertising                     | 500                        | 500                     | -              | 500                                |
| Building - Utilities            | 6,700                      | 6,700                   | 4,460          | 2,240                              |
| Building - Equipment rental     | 3,000                      | 3,000                   | 2,777          | 223                                |
| Building - Maintenance          | 2,000                      | 2,000                   | 1,162          | 838                                |
| Community relations             | 600                        | 2,377                   | 2,723          | (346)                              |
| Dues and subscriptions          | 1,500                      | 1,500                   | 521            | 979                                |
| Equipment                       | 8,000                      | 12,500                  | 12,469         | 31                                 |
| DMV grant disbursements         | -                          | -                       | 7,543          | (7,543)                            |
| Information technology          | 3,000                      | 4,000                   | 3,984          | 16                                 |
| Investigations                  | 400                        | 400                     | 65             | 335                                |
| Postage                         | 1,000                      | 1,000                   | 673            | 327                                |
| Supplies                        | 4,000                      | 4,000                   | 3,979          | 21                                 |
| Telephone-communications        | 12,000                     | 11,000                  | 9,533          | 1,467                              |
| Travel and training             | 8,500                      | 8,500                   | 8,179          | 321                                |
| Vehicle fuel and tires          | 30,000                     | 30,000                  | 28,157         | 1,843                              |
| Vehicle repairs and maintenance | 17,000                     | 18,000                  | 17,264         | 736                                |
| Total police                    | <u>508,395</u>             | <u>510,172</u>          | <u>442,370</u> | <u>67,802</u>                      |
| <b>Fire Department</b>          |                            |                         |                |                                    |
| Grant                           | <u>7,200</u>               | <u>9,800</u>            | <u>9,800</u>   | <u>-</u>                           |
| Total fire department           | <u>7,200</u>               | <u>9,800</u>            | <u>9,800</u>   | <u>-</u>                           |
| Total public safety             | <u>515,595</u>             | <u>519,972</u>          | <u>452,170</u> | <u>67,802</u>                      |

(Continued)

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

(Continued)

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|----------------|------------------------------------|
| <b>PUBLIC WORKS</b>                          |                            |                         |                |                                    |
| <b>Public works and property maintenance</b> |                            |                         |                |                                    |
| Salaries and wages                           | \$ 41,080                  | \$ 41,080               | \$ 41,025      | \$ 55                              |
| Overtime                                     | 2,000                      | 2,000                   | -              | 2,000                              |
| Part-time temporary                          | 7,500                      | 7,500                   | 6,100          | 1,400                              |
| Non-compensation expenses:                   |                            |                         |                |                                    |
| FICA   | 3,150                      | 3,150                   | 2,371          | 779                                |
| Health insurance                             | 9,485                      | 9,485                   | 9,520          | (35)                               |
| Retirement                                   | 3,535                      | 3,535                   | 2,852          | 683                                |
| Life insurance                               | 550                        | 550                     | 268            | 282                                |
| Building repairs and maintenance             | 18,000                     | 18,000                  | 14,220         | 3,780                              |
| Clothing - uniforms                          | 500                        | 500                     | 466            | 34                                 |
| Equipment                                    | 3,500                      | 3,500                   | 2,640          | 860                                |
| Equipment rental                             | 500                        | 500                     | -              | 500                                |
| Equipment repairs and maintenance            | 3,500                      | 3,500                   | 3,490          | 10                                 |
| Rental property repairs and maintenance      | 2,500                      | 2,500                   | 1,819          | 681                                |
| Street and sidewalk maintenance              | 8,000                      | 8,000                   | 79             | 7,921                              |
| Street light utilities                       | 33,000                     | 33,000                  | 33,326         | (326)                              |
| Utilities                                    | 9,000                      | 9,000                   | 8,724          | 276                                |
| Vehicle fuel                                 | 4,000                      | 4,000                   | 2,619          | 1,381                              |
| Vehicle repairs and maintenance              | 1,000                      | 1,000                   | 23             | 977                                |
| Total public works and property maintenance  | <u>150,800</u>             | <u>150,800</u>          | <u>129,542</u> | <u>21,258</u>                      |
| <b>Refuse collection</b>                     |                            |                         |                |                                    |
| Residential collection                       | 70,500                     | 70,500                  | 71,566         | (1,066)                            |
| Seasonal clean-ups                           | <u>3,000</u>               | <u>3,000</u>            | <u>1,900</u>   | <u>1,100</u>                       |
| Total refuse collection                      | <u>73,500</u>              | <u>73,500</u>           | <u>73,466</u>  | <u>34</u>                          |
| Total public works                           | <u>224,300</u>             | <u>224,300</u>          | <u>203,008</u> | <u>21,292</u>                      |

(Continued)

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

(Continued)

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------|------------------------------------|
| <b>COMMUNITY DEVELOPMENT</b>                    |                            |                         |               |                                    |
| <b>Planning and community development</b>       |                            |                         |               |                                    |
| Salaries and wages                              | \$ 46,800                  | \$ 46,800               | \$ 46,872     | \$ (72)                            |
| Compensation - Planning Commission              | 2,200                      | 2,200                   | 2,200         | -                                  |
| Non-compensation expense:                       |                            |                         |               |                                    |
| FICA  | 3,590                      | 3,590                   | 3,125         | 465                                |
| Health insurance                                | 10,550                     | 10,550                  | 10,543        | 7                                  |
| Retirement                                      | 4,025                      | 4,025                   | 3,604         | 421                                |
| Life insurance                                  | 625                        | 625                     | 511           | 114                                |
| Advertising                                     | 1,000                      | 1,700                   | 1,128         | 572                                |
| Dues and subscriptions                          | 600                        | 650                     | 335           | 315                                |
| Professional services                           | 3,000                      | 14,108                  | 11,238        | 2,870                              |
| Publications                                    | 100                        | 100                     | -             | 100                                |
| Supplies  | 200                        | 200                     | 22            | 178                                |
| Telephone-communications                        | 850                        | 850                     | 599           | 251                                |
| Travel and training                             | 3,000                      | 1,750                   | 577           | 1,173                              |
| Vehicle fuel                                    | 400                        | 900                     | 591           | 309                                |
| Vehicle repairs and maintenance                 | 400                        | 400                     | 101           | 299                                |
|   | <u>77,340</u>              | <u>88,448</u>           | <u>81,446</u> | <u>7,002</u>                       |
| <b>Total planning and community development</b> |                            |                         |               |                                    |
|   | <u>77,340</u>              | <u>88,448</u>           | <u>81,446</u> | <u>7,002</u>                       |
| <b>Cultural events</b>                          |                            |                         |               |                                    |
| 4th of July Celebration                         | 3,500                      | 3,500                   | 3,500         | -                                  |
| Christmas Holidays                              | 500                        | 500                     | 394           | 106                                |
| Other events                                    | 1,500                      | 1,500                   | 1,500         | -                                  |
|   | <u>5,500</u>               | <u>5,500</u>            | <u>5,394</u>  | <u>106</u>                         |
| <b>Total cultural events</b>                    |                            |                         |               |                                    |
|   | <u>5,500</u>               | <u>5,500</u>            | <u>5,394</u>  | <u>106</u>                         |
| <b>Economic development</b>                     |                            |                         |               |                                    |
| Business appreciation                           | 1,300                      | 1,300                   | 563           | 737                                |
| Chamber of Commerce:                            |                            |                         |               |                                    |
| Dues and subscriptions                          | 3,500                      | 3,500                   | 3,500         | -                                  |
| Activities                                      | 750                        | 750                     | 532           | 218                                |
| Other economic development activities           | 5,000                      | 5,000                   | 5,000         | -                                  |
|   | <u>10,550</u>              | <u>10,550</u>           | <u>9,595</u>  | <u>955</u>                         |
| <b>Total economic development</b>               |                            |                         |               |                                    |
|   | <u>10,550</u>              | <u>10,550</u>           | <u>9,595</u>  | <u>955</u>                         |
| <b>Total community development</b>              |                            |                         |               |                                    |
|   | <u>93,390</u>              | <u>104,498</u>          | <u>96,435</u> | <u>8,063</u>                       |

(Continued)

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

(Concluded)

|                                     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Favorable<br/>(Unfavorable)</u> |
|-------------------------------------|----------------------------|-------------------------|---------------------|------------------------------------|
| <b>CAPITAL OUTLAY</b>               |                            |                         |                     |                                    |
| Police vehicles                     | \$ 63,000                  | \$ 63,000               | \$ 59,487           | \$ 3,513                           |
| Information technology upgrades     | 7,000                      | 7,000                   | 5,352               | 1,648                              |
| Fianancial software upgrade         | 36,000                     | 36,000                  | -                   | 36,000                             |
| Sidewalks - SYIP funds              | 45,000                     | 45,000                  | -                   | 45,000                             |
| Street lights extension             | 2,000                      | 2,000                   | -                   | 2,000                              |
| Sidewalk repairs                    | 5,000                      | 5,000                   | -                   | 5,000                              |
| Replacement signs                   | -                          | 30,000                  | 29,425              | 575                                |
| Cemetery paving                     | -                          | 14,250                  | 14,250              | -                                  |
| Police building renovations         | -                          | 79,648                  | 79,455              | 193                                |
| Space needs - professional services | 50,000                     | 50,000                  | 20,222              | 29,778                             |
| Total capital outlay                | <u>208,000</u>             | <u>331,898</u>          | <u>208,191</u>      | <u>123,707</u>                     |
| <b>DEBT SERVICE</b>                 |                            |                         |                     |                                    |
| Principal                           | 111,000                    | 111,000                 | 102,455             | 8,545                              |
| Interest                            | -                          | -                       | 12,873              | (12,873)                           |
| Total debt service                  | <u>111,000</u>             | <u>111,000</u>          | <u>115,328</u>      | <u>(4,328)</u>                     |
| <b>NON-DEPARTMENTAL</b>             |                            |                         |                     |                                    |
| Contingency                         | 9,508                      | 9,508                   | 6,341               | 3,167                              |
| Contribution - Library              | 1,200                      | 1,200                   | 1,200               | -                                  |
| Contribution - TRIAD                | 1,000                      | 1,000                   | 1,000               | -                                  |
| Grant Funded Position Set Aside     | 10,000                     | 10,000                  | -                   | 10,000                             |
| Insurance                           | 28,000                     | 28,000                  | 30,192              | (2,192)                            |
| Payments to other governments       | 50,000                     | 50,000                  | 49,798              | 202                                |
| Total non-departmental              | <u>99,708</u>              | <u>99,708</u>           | <u>88,531</u>       | <u>11,177</u>                      |
| Total expenditures                  | <u>\$ 1,621,573</u>        | <u>\$ 1,760,956</u>     | <u>\$ 1,474,782</u> | <u>\$ 286,174</u>                  |

See accompanying notes.

**TOWN OF WINDSOR, VIRGINIA**  
Computation of Legal Debt Margin  
Year Ended June 30, 2014

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|  |                       |
|--|-----------------------|
| Total assessed value of taxed real property            | <u>\$ 205,572,685</u> |
| Legal debt limit:                                      |                       |
| 10 percent of total assessed value of taxable property | 20,557,269            |
| Less:  |                       |
| General obligation bonds outstanding                   | <u>1,846,719</u>      |
| Legal debt margin                                      | <u>\$ 18,710,550</u>  |

**NOTE:**

Virginia state statute limits bond issuing authority of Virginia cities and towns to 10% of assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the Town.

There are no overlapping or underlying tax jurisdictions.

**TOWN OF WINDSOR, VIRGINIA**  
Government-wide Revenues by Source  
Last Ten Fiscal Years

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Charges<br/>for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>General<br/>Property<br/>Taxes</b> | <b>Miscellaneous<br/>Revenue and<br/>Other Local Taxes</b> | <b>Investment<br/>Earnings</b> | <b>Totals</b> |
|--|-------------------------------------|---|---------------------------------------|--|--------------------------------|---------------|
| 2008                                     | 479,497                             | 77,622  | 259,415                               | 655,031  | 46,257                         | 1,517,822     |
| 2009                                     | 556,365                             | 117,343   | 312,852                               | 747,494  | 22,772                         | 1,756,826     |
| 2010                                     | 741,584                             | 89,068  | 308,117                               | 716,194  | 43,080                         | 1,898,043     |
| 2011                                     | 740,537                             | 94,788  | 294,556                               | 726,887  | 8,441                          | 1,865,209     |
| 2012                                     | 657,976                             | 162,045   | 296,978                               | 765,963  | 28,257                         | 1,911,219     |
| 2013                                     | 793,363                             | 132,108   | 291,614                               | 876,936  | 16,901                         | 2,110,922     |
| 2014                                     | 822,709                             | 121,971   | 293,041                               | 914,407  | 16,689                         | 2,168,817     |

**TOWN OF WINDSOR, VIRGINIA**  
**General Government Revenues by Source**  
**Last Ten Fiscal Years**

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| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>General<br/>Property<br/>Taxes</b> | <b>Other<br/>Local<br/>Taxes</b> | <b>Miscellaneous</b> | <b>Inter-<br/>Governmental</b> | <b>Totals</b> |
|--|---------------------------------------|----------------------------------|----------------------|--------------------------------|---------------|
| 2005                                     | 164,505                               | 545,527                          | 148,032              | 18,220                         | 876,284       |
| 2006                                     | 179,879                               | 535,071                          | 179,141              | 14,151                         | 908,242       |
| 2007                                     | 203,287                               | 639,594                          | 140,354              | 24,811                         | 1,008,046     |
| 2008                                     | 259,416                               | 681,312                          | 218,775              | 88,287                         | 1,247,790     |
| 2009                                     | 303,725                               | 784,127                          | 174,687              | 110,429                        | 1,372,968     |
| 2010                                     | 308,117                               | 589,314                          | 299,526              | 292,797                        | 1,489,754     |
| 2011                                     | 294,556                               | 598,974                          | 476,909              | 177,591                        | 1,548,030     |
| 2012                                     | 301,505                               | 635,768                          | 406,257              | 160,309                        | 1,503,839     |
| 2013                                     | 291,614                               | 721,780                          | 508,278              | 136,850                        | 1,658,522     |
| 2014                                     | 293,061                               | 753,147                          | 433,201              | 189,357                        | 1,668,766     |

**TOWN OF WINDSOR, VIRGINIA**  
Government-wide Expenditures by Function  
Last Ten Years

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| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>General<br/>Administration</b> | <b>Public<br/>Safety</b> | <b>Public<br/>Works</b> | <b>Community<br/>Development</b> | <b>Water<br/>Services</b> | <b>Cemetery</b> | <b>Non-<br/>departmental</b> | <b>Totals</b> |
|--|-----------------------------------|--------------------------|-------------------------|----------------------------------|---------------------------|-----------------|------------------------------|---------------|
| 2008                                     | 508,797                           | 385,767                  | 126,423                 | 20,622                           | 476,176                   | 2,111           | 49,090                       | 1,568,986     |
| 2009                                     | 496,292                           | 436,382                  | 116,126                 | 15,515                           | 467,726                   | 2,276           | 38,490                       | 1,572,807     |
| 2010                                     | 456,512                           | 435,309                  | 223,313                 | 72,097                           | 499,608                   | 7,091           | 74,129                       | 1,768,059     |
| 2011                                     | 405,389                           | 396,341                  | 259,180                 | 76,110                           | 520,452                   | -               | 75,424                       | 1,732,896     |
| 2012                                     | 320,860                           | 572,075                  | 214,324                 | 84,129                           | 548,391                   | -               | 76,628                       | 1,816,407     |
| 2013                                     | 365,563                           | 555,873                  | 232,768                 | 85,810                           | 541,407                   | -               | 63,009                       | 1,844,430     |
| 2014                                     | 352,333                           | 516,406                  | 227,780                 | 96,435                           | 548,843                   | -               | 88,531                       | 1,830,328     |

**TOWN OF WINDSOR, VIRGINIA**  
**General Government Expenditures by Function**  
**Last Ten Fiscal Years**

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| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>General<br/>Adminis-<br/>tration</b> | <b>Public<br/>Safety</b> | <b>Public<br/>Works</b> | <b>Community<br/>Development</b> | <b>Capital<br/>Outlay</b> | <b>Non-<br/>departmental</b> | <b>Debt<br/>Service</b> | <b>Total</b> |
|--|---|--------------------------|-------------------------|----------------------------------|---------------------------|------------------------------|-------------------------|--------------|
| 2005                                     | 349,278                                 | 259,209                  | 88,049                  | 16,574                           | 377,949                   | 40,649                       | -                       | 1,131,708    |
| 2006                                     | 362,479                                 | 221,604                  | 85,342                  | 22,195                           | 84,553                    | 47,378                       | -                       | 823,551      |
| 2007                                     | 389,408                                 | 265,780                  | 110,453                 | 18,354                           | 76,920                    | 23,893                       | -                       | 884,808      |
| 2008                                     | 425,239                                 | 385,767                  | 126,423                 | 20,622                           | 96,459                    | 49,090                       | -                       | 1,103,600    |
| 2009                                     | 418,599                                 | 436,382                  | 116,126                 | 15,515                           | 9,052                     | 38,490                       | -                       | 1,034,164    |
| 2010                                     | 364,373                                 | 456,700                  | 223,313                 | 72,097                           | 58,451                    | 74,129                       | -                       | 1,249,063    |
| 2011                                     | 386,726                                 | 440,151                  | 236,531                 | 76,110                           | 81,834                    | 75,424                       | -                       | 1,296,776    |
| 2012                                     | 323,214                                 | 533,566                  | 191,674                 | 84,129                           | 1,096,747                 | 76,628                       | -                       | 2,305,958    |
| 2013                                     | 328,781                                 | 517,850                  | 208,726                 | 85,809                           | 531,129                   | 63,009                       | 114,861                 | 1,850,165    |
| 2014                                     | 311,119                                 | 452,170                  | 203,008                 | 96,435                           | 208,191                   | 88,531                       | 115,328                 | 1,474,782    |

**TOWN OF WINDSOR, VIRGINIA**  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

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| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Real Estate</b> | <b>Personal<br/>Property</b> | <b>Public Utility<br/>Real<br/>Estate</b> | <b>Public Utility<br/>Personal<br/>Property</b> | <b>Total</b> |
|--|--------------------|------------------------------|---|---|--------------|
| 2005                                     | 110,627,800        | 19,739,925                   | 3,675,956                                 | 493,752   | 134,537,433  |
| 2006                                     | 115,734,200        | 21,100,862                   | 3,755,112                                 | 448,661   | 141,038,835  |
| 2007                                     | 170,233,000        | 25,628,613                   | 3,605,725                                 | 390,186   | 199,857,524  |
| 2008                                     | 177,637,100        | 25,129,326                   | 4,917,427                                 | 585,997   | 208,269,850  |
| 2009                                     | 198,682,100        | 26,802,743                   | 5,327,000                                 | 580,940   | 231,392,783  |
| 2010                                     | 199,729,947        | 24,044,087                   | 6,139,873                                 | 558,683   | 230,472,590  |
| 2011                                     | 199,523,700        | 24,073,454                   | 6,538,981                                 | 591,852   | 230,727,987  |
| 2012                                     | 200,454,800        | 25,202,983                   | 5,876,794                                 | 621,606   | 232,156,183  |
| 2013                                     | 198,099,100        | 26,774,815                   | 7,351,636                                 | 560,870   | 232,786,421  |
| 2014                                     | 198,153,400        | 26,957,484                   | 7,419,285                                 | 542,060   | 233,072,229  |

NOTE: Assessed values provided by Isle of Wight County, Commissioner of Revenue.

# **TOWN OF WINDSOR, VIRGINIA**

## **Property Tax Rates Last Ten Fiscal Years**

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| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Real Estate</b> | <b>Personal<br/>Property</b> | <b>Machinery<br/>and Tools</b> | <b>Mobile<br/>Homes</b> |
|--|--------------------|------------------------------|--------------------------------|-------------------------|
| 2005                                     | 0.10               | 0.50                         | 0.10                           | 0.08                    |
| 2006                                     | 0.10               | 0.50                         | 0.10                           | 0.08                    |
| 2007                                     | 0.08               | 0.50                         | 0.10                           | 0.08                    |
| 2008                                     | 0.10               | 0.50                         | 0.10                           | 0.08                    |
| 2009                                     | 0.10               | 0.50                         | 0.10                           | 0.08                    |
| 2010                                     | 0.10               | 0.50                         | 0.10                           | 0.10                    |
| 2011                                     | 0.10               | 0.50                         | 0.10                           | 0.10                    |
| 2012                                     | 0.10               | 0.50                         | 0.10                           | 0.10                    |
| 2013                                     | 0.10               | 0.50                         | 0.10                           | 0.10                    |
| 2014                                     | 0.10               | 0.50                         | 0.10                           | 0.10                    |

NOTE: Per \$100 of assessed value.

**TOWN OF WINDSOR, VIRGINIA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Total<br/>Tax Levy</b> | <b>Current Tax<br/>Collections</b> | <b>Percent<br/>of Levy<br/>Collected</b> | <b>Delinquent<br/>Tax<br/>Collections</b> | <b>Total Tax<br/>Collections</b> | <b>Percent of<br/>Total Tax<br/>Collections<br/>to Tax Levy</b> | <b>Outstanding<br/>Delinquent<br/>Taxes</b> | <b>Percent of<br/>Delinquent<br/>Taxes to<br/>Levy</b> |
|--|---------------------------|------------------------------------|--|---|----------------------------------|---|---|--|
| 2005                                     | 165,000                   | 162,316                            | 98.37%                                   | 2,189                                     | 164,505                          | 99.70%  | 14,166                                      | 8.59%  |
| 2006                                     | 192,806                   | 173,385                            | 89.93%                                   | 6,494                                     | 179,879                          | 93.30%  | 16,097                                      | 8.35%  |
| 2007                                     | 213,600                   | 199,999                            | 93.63%                                   | 1,194                                     | 201,193                          | 94.19%  | 24,060                                      | 11.26%   |
| 2008                                     | 262,468                   | 246,069                            | 93.75%                                   | 516                                       | 246,585                          | 93.95%  | 20,470                                      | 7.80%  |
| 2009                                     | 338,615                   | 291,911                            | 86.21%                                   | 921                                       | 292,832                          | 86.48%  | 48,448                                      | 14.31%   |
| 2010                                     | 318,084                   | 301,268                            | 94.71%                                   | 12,934                                    | 314,202                          | 98.78%  | 54,996                                      | 17.29%   |
| 2011                                     | 315,787                   | 298,748                            | 94.60%                                   | 14,165                                    | 312,913                          | 99.09%  | 55,494                                      | 17.57%   |
| 2012                                     | 320,179                   | 304,162                            | 95.00%                                   | 23,970                                    | 328,132                          | 102.48%   | 47,541                                      | 14.85%   |
| 2013                                     | 312,352                   | 295,901                            | 94.73%                                   | 10,384                                    | 306,285                          | 98.06%  | 53,109                                      | 17.00%   |
| 2014                                     | 313,147                   | 279,762                            | 89.34%                                   | 9,660                                     | 289,422                          | 92.42%  | 39,214                                      | 12.52%   |

## **COMPLIANCE SECTION**

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Diane Y. Smith, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

**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**

The Honorable Members of Town Council  
Town of Windsor, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Windsor, Virginia's basic financial statements, and have issued our report thereon dated November 4, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Windsor'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, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Windsor, Virginia'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. We noted no deficiencies that we would consider to be significant deficiencies.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or, significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses that are described in the accompanying schedule of findings and questioned costs: 2010-1 Financial Statements.



### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Windsor, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*David L. Smith, CPA, PC*

Newport News, Virginia

November 4, 2014



**TOWN OF WINDSOR, VIRGINIA**  
**Schedule of Findings**  
**June 30, 2014**

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**FINDINGS – FINANCIAL STATEMENTS**

**MATERIAL WEAKNESS**

**2010-1 – Financial Statements**

Condition: Management seeks the assistance of the auditor in drafting the financial statements, recording debt and major capital assets, and conversion of financial statements to comply with GASB 34.

Criteria: Internal controls should be in place that provides reasonable assurance that the system will prevent, detect, and correct potential misstatements in the financial statements and disclosures.

Effect: Management relied on the auditor to draft the financial statements and make significant adjusting journal entries to the financial statements.

Recommendation: Town Council should evaluate the finding disclosed to assess the cost benefit of training accounting staff to obtain a level of expertise necessary to prepare the financial statements and disclosures that would be required for an ideal system of internal control.

