

TOWN OF WINDSOR, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TOWN OF WINDSOR, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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TOWN OF WINDSOR, VIRGINIA

TOWN COUNCIL

Walter Bernacki
George Stubbs
J. Randy Carr

Glyn T. Willis, Mayor

Kelly Blankenship
Jake Redd
Greg Willis

GENERAL TOWN GOVERNMENT

Town Manager
Town Clerk
Town Treasurer
Town Attorney

William G. Saunders, IV
Terry Whitehead
Cheryl McClanahan
Fred D. Taylor

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TOWN OF WINDSOR, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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Independent Auditors' Report

**To the Honorable Members of the Town Council
Town of Windsor
Windsor, Virginia**

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of Windsor, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the Town of Windsor, Virginia, as of and for the year ended June 30, 2022, 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.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 15 to the financial statements, in 2022, the Town of Windsor, Virginia adopted new accounting guidance, GASB Statement Nos. 87, *Leases*, and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Windsor, Virginia's basic financial statements. The accompanying individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022, on our consideration of Town of Windsor, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Windsor, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Windsor, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
September 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Town Council
To the Citizens of the Town of Windsor, Virginia

As management of Town of Windsor, Virginia (the "Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town's basic financial statements, which follow this section.

Financial Highlights

- General Fund revenues were \$582,023 less than anticipated by Town Council for the year's final operating budget
- General Fund expenditures were \$1,251,600 less than appropriated by Town Council for the year's final operating budget
- The Fund Balance of the General Fund was increased from \$1,984,741 to an ending balance of \$2,226,318.
- The Water Fund saw an increase in net position from \$890,449 to an ending balance of \$937,482.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components:

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

The statement of net position presents information on all of the Town's assets and deferred outflows and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 governmental activities of the Town include general government, police protection, cultural events, recreation, and community development.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Windsor, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town has three major governmental funds - the General Fund, Future Development Fund, and Forfeited Assets Fund.

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Water Fund provides a centralized source for water services.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedules related to pension funding. Other supplementary information consists of detailed budgetary schedules and statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. The following table summarizes the Town's Statement of Net Position:

Town of Windsor, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 3,492,450	\$ 3,186,767	\$ 1,132,330	\$ 1,063,830	\$ 4,624,780	\$ 4,250,597
Capital assets	3,365,735	3,110,316	862,120	954,439	4,227,855	4,064,755
Total assets	\$ 6,858,185	\$ 6,297,083	\$ 1,994,450	\$ 2,018,269	\$ 8,852,635	\$ 8,315,352
Deferred outflows of resources	\$ 122,653	\$ 138,282	\$ -	\$ -	\$ 122,653	\$ 138,282
Current liabilities	\$ 1,022,753	\$ 1,163,698	\$ 59,381	\$ 69,095	\$ 1,082,134	\$ 1,232,793
Long-term liabilities outstanding	252,482	329,514	997,587	1,058,725	1,250,069	1,388,239
Total liabilities	\$ 1,275,235	\$ 1,493,212	\$ 1,056,968	\$ 1,127,820	\$ 2,332,203	\$ 2,621,032
Deferred inflows of resources	\$ 269,689	\$ 8,529	\$ -	\$ -	\$ 269,689	\$ 8,529
Net investment in capital assets	\$ 3,193,549	\$ 2,966,848	\$ (135,467)	\$ (104,286)	\$ 3,058,082	\$ 2,862,562
Restricted	347,520	119,997	-	-	347,520	119,997
Unrestricted	1,894,845	1,846,779	1,072,949	994,735	2,967,794	2,841,514
Total net position	\$ 5,435,914	\$ 4,933,624	\$ 937,482	\$ 890,449	\$ 6,373,396	\$ 5,824,073

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the Town's net position increased by a total of \$549,323. The following table summarizes the Town's Statement of Activities:

Town of Windsor, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Charges for services	\$ 62,698	\$ 99,515	\$ 589,542	\$ 688,434	\$ 652,240	\$ 787,949
Operating grants and contributions	125,585	468,602	-	-	125,585	468,602
General property taxes	390,631	440,696	-	-	390,631	440,696
Other local taxes	1,253,177	1,110,407	-	-	1,253,177	1,110,407
Grants and other contributions not restricted	75,876	255,486	-	-	75,876	255,486
Other general revenues	179,731	52,829	2,325	6,376	182,056	59,205
Transfers	318,031	293,684	(318,031)	(293,684)	-	-
Total revenues	\$ 2,405,729	\$ 2,721,219	\$ 273,836	\$ 401,126	\$ 2,679,565	\$ 3,122,345
General government administration	\$ 699,892	\$ 787,927	\$ -	\$ -	\$ 699,892	\$ 787,927
Public safety	749,286	733,685	-	-	749,286	733,685
Public works	359,951	260,918	226,803	294,908	586,754	555,826
Parks, recreation, and cultural	8,099	1,673	-	-	8,099	1,673
Community development	80,795	170,710	-	-	80,795	170,710
Interest and other fiscal charges	5,416	695	-	-	5,416	695
Total expenses	\$ 1,903,439	\$ 1,955,608	\$ 226,803	\$ 294,908	\$ 2,130,242	\$ 2,250,516
Change in net position	\$ 502,290	\$ 765,611	\$ 47,033	\$ 106,218	\$ 549,323	\$ 871,829
Net position, beginning of year	4,933,624	4,168,013	890,449	784,231	5,824,073	4,952,244
Net position, end of year	\$ 5,435,914	\$ 4,933,624	\$ 937,482	\$ 890,449	\$ 6,373,396	\$ 5,824,073

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's general fund reported a fund balance of \$2,226,318. \$2,106,372 of general fund balance as of June 30, 2022 was unassigned.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position at the end of the year amounted to \$1,072,949.

General Fund Budgetary Highlights

During the year, actual revenues and other sources were less than budgetary estimates by \$582,023. Actual expenditures and other uses were less than budgetary estimates by \$1,251,600, resulting in a positive variance of \$669,577.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental activities and business type activities as of June 30, 2022 amounts to \$3,365,735 and \$862,120, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Long-term debt - At the end of the current fiscal year, the Town had total long-term debt outstanding of \$997,587. All of this debt is in the Water Fund.

Requests for Information

This financial report is designed to provide a general overview of the Town of Windsor, Virginia's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, P.O. Box 307, Windsor, VA 23487.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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BASIC FINANCIAL STATEMENTS

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Town of Windsor, Virginia
Statement of Net Position
June 30, 2022

	Primary Government			Component Units	
	Governmental	Business-type	Total	EDA	Community Recreation Center
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 2,949,743	\$ 760,042	\$ 3,709,785	\$ 33,995	\$ 80,957
Cash and cash equivalents, restricted	120,298	-	120,298	-	-
Investments	-	298,437	298,437	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	25,270	-	25,270	-	-
Accounts receivable	134,556	73,851	208,407	-	-
Due from other governmental units	35,361	-	35,361	-	-
Net pension asset	227,222	-	227,222	-	-
Capital assets (net of accumulated depreciation):					
Land	1,558,118	40,211	1,598,329	-	-
Buildings, Structures, and improvements	1,398,601	804,256	2,202,857	-	-
Water mains	-	17,487	17,487	-	-
Machinery, meters, and equipment	41,717	166	41,883	-	-
Leased equipment	92,794	-	92,794	-	-
Software	187,975	-	187,975	-	-
Infrastructure	86,530	-	86,530	-	-
Total assets	\$ 6,858,185	\$ 1,994,450	\$ 8,852,635	\$ 33,995	\$ 80,957
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 111,537	\$ -	\$ 111,537	\$ -	\$ -
OPEB related items	11,116	-	11,116	-	-
Total deferred outflows of resources	\$ 122,653	\$ -	\$ 122,653	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ 27,842	\$ 3,529	\$ 31,371	\$ 1,000	\$ -
Accrued liabilities	6,064	-	6,064	-	-
Accrued interest payable	-	4,128	4,128	-	-
Customer deposits payable	-	51,724	51,724	-	-
Unearned revenue	988,847	-	988,847	-	-
Long-term liabilities:					
Due within one year	92,188	62,715	154,903	-	-
Due in more than one year	160,294	934,872	1,095,166	-	-
Total liabilities	\$ 1,275,235	\$ 1,056,968	\$ 2,332,203	\$ 1,000	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 253,230	\$ -	\$ 253,230	\$ -	\$ -
OPEB related items	16,459	-	16,459	-	-
Total deferred inflows of resources	\$ 269,689	\$ -	\$ 269,689	\$ -	\$ -
NET POSITION					
Net investment in capital assets	\$ 3,193,549	\$ (135,467)	\$ 3,058,082	\$ -	\$ -
Restricted:					
Net pension asset	227,222	-	227,222	-	-
Cemetery	119,946	-	119,946	-	-
Asset forfeiture	352	-	352	-	-
Unrestricted	1,894,845	1,072,949	2,967,794	32,995	80,957
Total net position	\$ 5,435,914	\$ 937,482	\$ 6,373,396	\$ 32,995	\$ 80,957

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

Town of Windsor, Virginia
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 699,892	\$ -	\$ -	\$ -
Public safety	749,286	59,648	123,531	-
Public works	359,951	3,050	2,054	-
Parks, recreation, and cultural	8,099	-	-	-
Community development	80,795	-	-	-
Interest on long-term debt	5,416	-	-	-
Total governmental activities	<u>\$ 1,903,439</u>	<u>\$ 62,698</u>	<u>\$ 125,585</u>	<u>\$ -</u>
Business-type activities:				
Water	\$ 226,803	\$ 589,542	\$ -	\$ -
Total business-type activities	<u>\$ 226,803</u>	<u>\$ 589,542</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 2,130,242</u>	<u>\$ 652,240</u>	<u>\$ 125,585</u>	<u>\$ -</u>
COMPONENT UNITS:				
Economic Development Authority	\$ 5,760	\$ 5,000	\$ -	\$ -
Community Recreation Center	38,244	-	26,791	-
Total component units	<u>\$ 44,004</u>	<u>\$ 5,000</u>	<u>\$ 26,791</u>	<u>\$ -</u>

General Revenues:

General property taxes
Other local taxes:
Local sales and use tax
Business license tax
Restaurant food tax
Bank franchise taxes
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	EDA	Community Recreation Center	
\$ (699,892)	\$ -	\$ (699,892)	\$ -	\$ -	
(566,107)	-	(566,107)	-	-	
(354,847)	-	(354,847)	-	-	
(8,099)	-	(8,099)	-	-	
(80,795)	-	(80,795)	-	-	
(5,416)	-	(5,416)	-	-	
\$ (1,715,156)	\$ -	\$ (1,715,156)	\$ -	\$ -	
\$ -	\$ 362,739	\$ 362,739	\$ -	\$ -	
\$ -	\$ 362,739	\$ 362,739	\$ -	\$ -	
\$ (1,715,156)	\$ 362,739	\$ (1,352,417)	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (760)	\$ -	
-	-	-	-	(11,453)	
\$ -	\$ -	\$ -	\$ (760)	\$ (11,453)	
\$ 390,631	\$ -	\$ 390,631	\$ -	\$ -	
163,869	-	163,869	-	-	
140,620	-	140,620	-	-	
529,764	-	529,764	-	-	
174,217	-	174,217	-	-	
244,707	-	244,707	-	-	
5,971	2,325	8,296	70	193	
173,760	-	173,760	-	-	
75,876	-	75,876	-	-	
318,031	(318,031)	-	-	-	
\$ 2,217,446	\$ (315,706)	\$ 1,901,740	\$ 70	\$ 193	
\$ 502,290	\$ 47,033	\$ 549,323	\$ (690)	\$ (11,260)	
4,933,624	890,449	5,824,073	33,685	92,217	
\$ 5,435,914	\$ 937,482	\$ 6,373,396	\$ 32,995	\$ 80,957	

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FUND FINANCIAL STATEMENTS

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Town of Windsor, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Future Development Fund</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,946,438	\$ 3,305	\$ -	\$ 2,949,743
Cash and cash equivalents, restricted	119,946	-	352	120,298
Receivables (net of allowance for uncollectibles):				
Taxes receivable	25,270	-	-	25,270
Accounts receivable	134,556	-	-	134,556
Due from other governmental units	35,361	-	-	35,361
Total assets	<u>\$ 3,261,571</u>	<u>\$ 3,305</u>	<u>\$ 352</u>	<u>\$ 3,265,228</u>
LIABILITIES				
Accounts payable	\$ 27,842	\$ -	\$ -	\$ 27,842
Accrued liabilities	6,064	-	-	6,064
Unearned revenue	988,847	-	-	988,847
Total liabilities	<u>\$ 1,022,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,753</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 12,500	\$ -	\$ -	\$ 12,500
Total deferred inflows of resources	<u>\$ 12,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,500</u>
FUND BALANCES				
Restricted	\$ 119,946	\$ -	\$ 352	\$ 120,298
Assigned	-	3,305	-	3,305
Unassigned	2,106,372	-	-	2,106,372
Total fund balances	<u>\$ 2,226,318</u>	<u>\$ 3,305</u>	<u>\$ 352</u>	<u>\$ 2,229,975</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,261,571</u>	<u>\$ 3,305</u>	<u>\$ 352</u>	<u>\$ 3,265,228</u>

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

Town of Windsor, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 2,229,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,365,735
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	\$ 12,500	
Net pension asset	<u>227,222</u>	239,722
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 111,537	
OPEB related items	<u>11,116</u>	122,653
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Compensated absences	\$ (44,088)	
Lease liabilities	(64,584)	
Loan payable	(107,602)	
Net OPEB liability	<u>(36,208)</u>	(252,482)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (253,230)	
OPEB related items	<u>(16,459)</u>	(269,689)
Net position of governmental activities		<u><u>\$ 5,435,914</u></u>

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

Town of Windsor, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>	<u>Future Development Fund</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 412,810	\$ -	\$ -	\$ 412,810
Other local taxes	1,253,177	-	-	1,253,177
Permits, privilege fees, and regulatory licenses	3,050	-	-	3,050
Fines and forfeitures	59,648	-	-	59,648
Revenue from the use of money and property	5,963	7	1	5,971
Miscellaneous	173,760	-	-	173,760
Intergovernmental:				
Commonwealth	156,649	-	-	156,649
Federal	44,812	-	-	44,812
Total revenues	<u>\$ 2,109,869</u>	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ 2,109,877</u>
EXPENDITURES				
Current:				
General government administration	\$ 479,418	\$ -	\$ -	\$ 479,418
Public safety	675,289	-	-	675,289
Public works	336,060	-	-	336,060
Parks, recreation, and cultural	6,899	-	-	6,899
Community development	59,869	-	-	59,869
Nondepartmental	206,775	-	-	206,775
Capital projects	416,323	-	-	416,323
Debt service:				
Principal retirement	87,274	-	-	87,274
Interest and other fiscal charges	5,416	-	-	5,416
Total expenditures	<u>\$ 2,273,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,273,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (163,454)</u>	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ (163,446)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 318,031	\$ -	\$ -	\$ 318,031
Issuance of capital lease	87,000	-	-	87,000
Total other financing sources (uses)	<u>\$ 405,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,031</u>
Net change in fund balances	\$ 241,577	\$ 7	\$ 1	\$ 241,585
Fund balances - beginning	1,984,741	3,298	351	1,988,390
Fund balances - ending	<u>\$ 2,226,318</u>	<u>\$ 3,305</u>	<u>\$ 352</u>	<u>\$ 2,229,975</u>

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

Town of Windsor, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds	\$	241,585
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 379,824	
Depreciation expense	<u>(153,397)</u>	226,427

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(22,179)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. A summary of items supporting this adjustment is as follows:

Issuance of lease	\$ (87,000)	
Principal retirement on loan	35,866	
Principal retirement on lease liabilities	<u>51,408</u>	274

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (837)	
Change in pension related items	54,380	
Change in OPEB related items	<u>2,640</u>	56,183

Change in net position of governmental activities	\$	<u><u>502,290</u></u>
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The notes to financial statements are an integral part of this statement.

Town of Windsor, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2022

	<u>Enterprise Fund</u>
	<u>Water</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 760,042
Investments	298,437
Accounts receivables, net of allowance for uncollectibles	73,851
Total current assets	<u>\$ 1,132,330</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 40,211
Structures and improvements	804,256
Water mains	17,487
Meters and equipment	166
Net capital assets	<u>\$ 862,120</u>
Total noncurrent assets	<u>\$ 862,120</u>
Total assets	<u>\$ 1,994,450</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,529
Accrued interest payable	4,128
Customer deposits payable	51,724
Bonds payable - current portion	62,715
Total current liabilities	<u>\$ 122,096</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 934,872
Total noncurrent liabilities	<u>\$ 934,872</u>
Total liabilities	<u>\$ 1,056,968</u>
NET POSITION	
Net investment in capital assets	\$ (135,467)
Unrestricted	1,072,949
Total net position	<u><u>\$ 937,482</u></u>

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

Town of Windsor, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	<u>Enterprise Fund</u>
	<u>Water</u>
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 583,258
Total operating revenues	<u>\$ 583,258</u>
OPERATING EXPENSES	
Professional services	\$ 681
Repairs and maintenance	29,122
Maintenance contracts	26,812
Utilities	22,158
Duke Street/Va Ave project	4,720
Other supplies and expenses	15,213
Depreciation	92,319
Total operating expenses	<u>\$ 191,025</u>
Operating income (loss)	<u>\$ 392,233</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	\$ 6,284
Interest income	2,325
Interest expense	(35,778)
Total nonoperating revenues (expenses)	<u>\$ (27,169)</u>
Income (loss) before transfers	<u>\$ 365,064</u>
Transfers out	<u>\$ (318,031)</u>
Change in net position	\$ 47,033
Net position - beginning	890,449
Net position - ending	<u><u>\$ 937,482</u></u>

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

Town of Windsor, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	<u>Enterprise Fund</u>
	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 590,744
Payments for operating expenses	(112,241)
Net cash provided by (used for) operating activities	<u>\$ 478,503</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	\$ (318,031)
Net cash provided by (used for) noncapital financing activities	<u>\$ (318,031)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (61,138)
Connection and reconnection fees	6,284
Interest payments	(32,997)
Net cash provided by (used for) capital and related financing activities	<u>\$ (87,851)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 1,581
Net cash provided by (used for) investing activities	<u>\$ 1,581</u>
Net increase (decrease) in cash and cash equivalents	\$ 74,202
Cash and cash equivalents - beginning	685,840
Cash and cash equivalents - ending	<u>\$ 760,042</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 392,233
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	92,319
(Increase) decrease in accounts receivable	6,446
Increase (decrease) in customer deposits payable	1,040
Increase (decrease) in accounts payable	(13,535)
Total adjustments	<u>\$ 86,270</u>
Net cash provided by (used for) operating activities	<u>\$ 478,503</u>

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

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies:

Town of Windsor, Virginia (the "Town") is governed by an elected six-member Council and an elected Mayor. The Town provides a full range of services for its citizens. These services include police, public improvements, general administration services, recreation, sanitation services, and utilities.

The financial statements of the Town of Windsor, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not only current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present Town of Windsor (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is both legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units at June 30, 2022.

Discretely Presented Component Units. The Windsor Economic Development Authority (EDA) was created to promote industry and develop trade by encouraging enterprises to locate and remain in the Town. The EDA is governed by a Board of Directors appointed by Town Council and the Town is financially accountable for the EDA. The Community Recreation Center serves as a recreation center as well as a meeting and event venue. The Windsor Town Center Advisory Board governs the Community Recreation Center, which is appointed by Town Council. Neither of these discretely presented component units issues a separate financial report.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. 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 60 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. The General Fund is considered a major fund for reporting purposes.

b. Special Revenue Funds

Special Revenue Funds account for and report the proceeds for specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or certified projects. The only special revenue funds are the Forfeited Assets Fund and Future Development Fund, which are considered major funds for reporting purposes.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

a. Water Fund

The water fund accounts for the financing of water services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues consist of charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date within three months of the date acquired by the Town.

E. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

F. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

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 amounted to approximately \$15,314 at June 30, 2022 and is comprised of property taxes of \$10,603, and water charges of \$4,711.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5	December 5
Lien Date	June 5	December 5

The Town bills and collects its own property taxes.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, leased assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Infrastructure	10-25
Water mains	5-25
Machinery and Equipment	5-10
Leased equipment	5
Software	3-20

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Leases (Continued)

The Town has obtained police cars, copiers and office equipment through long-term leases. The terms and conditions of these leases vary.

Lease Description	Initial Term	Installments	Discount Rate	Net Asset Balance	Accumulated Amortization	Gross Asset Balance
Copier	60 months	\$ 292	3.00%	\$ 10,758	\$ 2,690	\$ 13,448
Copier	60 months	142	3.00%	3,375	843	4,218
Copier	60 months	96	3.00%	4,206	1,051	5,257
Office equipment	60 months	204	3.00%	4,855	1,214	6,069
Police cars (2)	2 years	44,014	0.88%	69,600	17,400	87,000
Total				92,794	23,198	115,992

J. Compensated Absences

Vested or accumulated vacation and compensatory leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and compensatory leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is reported for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

K. Use of Estimates

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

L. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Net Position

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

M. Net Position Flow Assumption

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

N. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance". The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

O. Fund Balance (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General	Future Development Fund	Forfeited Assets Fund	Total
Fund balances:				
Restricted:				
Cemetery	\$ 119,946	\$ -	\$ -	\$ 119,946
Asset forfeiture	-	-	352	352
Total restricted fund balance	\$ 119,946	\$ -	\$ 352	\$ 120,298
Assigned:				
Future development	\$ -	\$ 3,305	\$ -	\$ 3,305
Unassigned	\$ 2,106,372	\$ -	\$ -	\$ 2,106,372
Total fund balances	\$ 2,226,318	\$ 3,305	\$ 352	\$ 2,229,975

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Q. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 2—Stewardship, Compliance, and Accounting: (Continued)

4. The Appropriations Ordinance places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and the Capital Improvements Funds of the primary government.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Excess of expenditures over appropriations:
Expenditures did not exceed appropriations in any fund at June 30, 2022.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 Moody’s Investor Services, Inc.; A-1 by Standards and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 4—Due from Other Governments:

At June 30, 2022, the Town has receivables from other governments as follows:

	Governmental Activities
Commonwealth of Virginia:	
Local sales and use taxes	\$ 27,246
Rolling stock tax	15
Communication tax	7,674
Mobile home titling tax	426
Total due from other governments	<u>\$ 35,361</u>

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Adjustments	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Governmental Activities:</i>						
Capital assets not subject to depreciation:						
Land	\$ 1,558,118	\$ -	\$ 1,558,118	\$ -	\$ -	\$ 1,558,118
Construction in progress	660,396	-	660,396	292,824	953,220	-
Total capital assets not subject to depreciation	\$ 2,218,514	\$ -	\$ 2,218,514	\$ 292,824	\$ 953,220	\$ 1,558,118
Capital assets subject to depreciation:						
Buildings and improvements	\$ 1,174,284	\$ -	\$ 1,174,284	\$ 953,220	\$ -	\$ 2,127,504
Infrastructure	263,544	-	263,544	-	-	263,544
Machinery and equipment	702,270	-	702,270	-	73,177	629,093
Leased equipment	-	28,992	28,992	87,000	-	115,992
Software	296,494	-	296,494	-	-	296,494
Total capital assets subject to depreciation	\$ 2,436,592	\$ 28,992	\$ 2,465,584	\$1,040,220	\$ 73,177	\$ 3,432,627
Accumulated depreciation:						
Buildings and improvements	\$ 662,633	\$ -	\$ 662,633	\$ 66,270	\$ -	\$ 728,903
Infrastructure	168,514	-	168,514	8,500	-	177,014
Machinery and equipment	617,656	-	617,656	42,897	73,177	587,376
Leased equipment	-	-	-	23,198	-	23,198
Software	95,987	-	95,987	12,532	-	108,519
Total accumulated depreciation	\$ 1,544,790	\$ -	\$ 1,544,790	\$ 153,397	\$ 73,177	\$ 1,625,010
Total capital assets subject to depreciation, net	\$ 891,802	\$ 28,992	\$ 920,794	\$ 886,823	\$ -	\$ 1,807,617
Governmental activities capital assets, net	\$ 3,110,316	\$ 28,992	\$ 3,139,308	\$1,179,647	\$ 953,220	\$ 3,365,735

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 40,211	\$ -	\$ -	\$ 40,211
Capital assets subject to depreciation:				
Structures and improvements	\$ 2,364,854	\$ -	\$ -	\$ 2,364,854
Water mains	1,589,888	-	-	1,589,888
Meters and equipment	509,694	-	-	509,694
Total capital assets subject to depreciation	\$ 4,464,436	\$ -	\$ -	\$ 4,464,436
Accumulated depreciation:				
Structures and improvements	\$ 1,480,897	\$ 79,701	\$ -	\$ 1,560,598
Water mains	1,562,863	9,538	-	1,572,401
Meters and equipment	506,448	3,080	-	509,528
Total accumulated depreciation	\$ 3,550,208	\$ 92,319	\$ -	\$ 3,642,527
Total capital assets subject to depreciation, net	\$ 914,228	\$ (92,319)	\$ -	\$ 821,909
Business-type activities capital assets, net	\$ 954,439	\$ (92,319)	\$ -	\$ 862,120

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 48,620
Public safety	75,902
Public works	28,875
Total depreciation expense - governmental activities	\$ 153,397
Business-type activities:	
Water fund	\$ 92,319
Total depreciation expense - primary government	\$ 245,716

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6—Long-term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year-ended June 30, 2022:

	Balance at July 1, 2021	Adjustments	Adjusted Balance at July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:							
Lease liabilities	\$ -	\$ 28,992	\$ 28,992	\$ 87,000	\$ 51,408	\$ 64,584	\$ 51,912
Loan payable	143,468	-	143,468	-	35,866	107,602	35,867
Net OPEB liability	55,406	-	55,406	10,137	29,335	36,208	-
Net pension liability	87,389	-	87,389	208,132	295,521	-	-
Compensated absences	43,251	-	43,251	5,162	4,325	44,088	4,409
Total Governmental Activities	\$ 329,514	\$ 28,992	\$ 358,506	\$ 310,431	\$ 416,455	\$ 252,482	\$ 92,188
Business-type Activities:							
General obligation bond	\$ 497,000	\$ -	\$ 497,000	\$ -	\$ 39,000	\$ 458,000	\$ 40,000
Rural development bond	561,725	-	561,725	-	22,138	539,587	22,715
Total Business-type Activities	\$ 1,058,725	\$ -	\$ 1,058,725	\$ -	\$ 61,138	\$ 997,587	\$ 62,715
Total Primary Government	\$ 1,388,239	\$ 28,992	\$ 1,417,231	\$ 310,431	\$ 477,593	\$ 1,250,069	\$ 154,903

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Governmental Activities			
	Lease Liabilities		Loan Payable	
	Principal	Interest	Principal	Interest
2023	\$ 51,912	\$ 899	\$ 35,867	\$ -
2024	6,800	272	35,867	-
2025	4,540	114	35,868	-
2026	1,332	17	-	-
Total	\$ 64,584	\$ 1,302	\$ 107,602	\$ -

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6—Long-term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Business-type Activities			
	General Obligation Bond		Rural Development Bond	
	Principal	Interest	Principal	Interest
2023	\$ 40,000	\$ 14,060	\$ 22,715	\$ 17,161
2024	41,000	12,832	23,464	16,412
2025	42,000	11,574	24,238	15,638
2026	44,000	10,284	25,038	14,838
2027	45,000	8,934	25,864	14,012
2028	46,000	7,552	26,717	13,159
2029	48,000	6,140	27,598	12,278
2030	49,000	4,666	28,509	11,367
2031	51,000	3,162	29,449	10,427
2032	52,000	1,596	30,421	9,455
2033	-	-	31,424	8,452
2034	-	-	32,461	7,415
2035	-	-	33,532	6,344
2036	-	-	34,638	5,238
2037	-	-	35,781	4,095
2038	-	-	36,961	2,915
2039	-	-	38,180	1,696
2040	-	-	32,597	650
Total	<u>\$ 458,000</u>	<u>\$ 80,800</u>	<u>\$ 539,587</u>	<u>\$ 171,552</u>

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
<u>Lease liabilities:</u>	
\$87,000 lease issued August 27, 2021 for two police vehicles, due in annual installments of \$44,014 through June 2023, interest at 0.88%.	\$ 43,630
\$16,247 copier lease issued July 17, 2020, due in monthly installments of \$292 through July 2025, interest estimated at 3%.	10,305
\$7,881 copier lease issued January 25, 2019, due in monthly installments of \$142 through January 2024, interest estimated at 3%.	2,625
\$5,339 copier lease issued May 4, 2021, due in monthly installments of \$96 through May 2026, interest estimated at 3%.	4,249
\$11,336 office equipment lease issued January 21, 2020, due in monthly installments of \$204 through January 2025, interest estimated at 3%.	3,775
Total lease liabilities	\$ 64,584
<u>Loan payable:</u>	
\$179,331 loan issued May 31, 2021, due in annual installments of \$35,867 through June 2026 with no interest due	107,602
Net OPEB liability	36,208
Compensated absences	44,088
Total Long-term Obligations, Governmental Activities	\$ 252,482
<u>Business-type Activities:</u>	
<u>General Obligation Bond:</u>	
\$769,214 general obligation bond issued October 2012, due in varying semi-annual installments through September 2040 with interest due semi-annually at 3.07%	\$ 458,000
<u>Rural Development Bond:</u>	
\$879,000 rural development bond issued March 3, 2010, due in monthly installments of \$3,323 through April 2040 with interest due monthly at 3.25%	539,587
Total Long-term Obligations, Business-type Activities	\$ 997,587
Total Long-term Obligations, Primary Government	\$ 1,250,069

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7—Unavailable Revenue and Deferred Revenue:

Deferred/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Balance Sheet Governmental Funds</u>
Primary Government:	
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ <u>12,500</u>
Total deferred revenue/unavailable revenue	\$ <u><u>12,500</u></u>

Note 8—Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee dishonesty. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in a public entity risk pool that operates as common risk management and insurance program for member municipalities. The Town is not self-insured.

The Town has insurance coverage with VML Insurance Programs. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion that the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town's settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Note 9—Transfers:

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 318,031	\$ -
Water	<u>-</u>	<u>318,031</u>
Total	<u>\$ 318,031</u>	<u>\$ 318,031</u>

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 9—Transfers: (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 10—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested inactive members	2
Non-vested inactive members	3
Inactive members active elsewhere in VRS	8
Total inactive members	13
Active members	11
Total covered employees	27

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2022 was 5.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$36,209 and \$32,077 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town, the net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Discount Rate (Continued)

employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 1,286,247	\$ 1,198,858	\$ 87,389
Changes for the year:			
Service cost	\$ 55,672	\$ -	\$ 55,672
Interest	85,894	-	85,894
Changes of assumptions	65,792	-	65,792
Differences between expected and actual experience	(124,875)	-	(124,875)
Contributions - employer	-	32,077	(32,077)
Contributions - employee	-	30,898	(30,898)
Net investment income	-	334,861	(334,861)
Benefit payments, including refunds of employee contributions	(27,474)	(27,474)	-
Administrative expenses	-	(774)	774
Other changes	-	32	(32)
Net changes	\$ 55,009	\$ 369,620	\$ (314,611)
Balances at June 30, 2021	\$ 1,341,256	\$ 1,568,478	\$ (227,222)

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's			
Net Pension Liability (Asset)	\$ (17,468)	\$ (227,222)	\$ (396,026)

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

For the year ended June 30, 2022, the Town recognized pension expense of (\$18,171). At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,959	\$ 84,115
Change of assumptions	57,369	678
Net difference between projected and actual earnings on pension plan investments	-	168,437
Employer contributions subsequent to the measurement date	36,209	-
Total	\$ 111,537	\$ 253,230

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10—Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$36,209 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2023	\$ (39,898)
2024	(50,631)
2025	(36,820)
2026	(50,553)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI OPEB.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$3,906 and \$3,472 for the years ended June 30, 2022 and June 30, 2021, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2022, the entity reported a liability of \$36,208 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the participating employer's proportion was 0.00310% as compared to 0.00332% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$1,272. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,130	\$ 276
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,642
Change of assumptions	1,996	4,954
Changes in proportionate share	1,084	2,587
Employer contributions subsequent to the measurement date	<u>3,906</u>	<u>-</u>
Total	<u>\$ 11,116</u>	<u>\$ 16,459</u>

\$3,906 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (1,995)
2024	(1,593)
2025	(1,575)
2026	(3,069)
2027	(1,017)
Thereafter	-

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	52,902	\$ 36,208	\$ 22,728

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12 - Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 12 - Line of Duty Act (LODA) (OPEB Benefits): (Continued)

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to VRSA. VRSA assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2022 was \$6,752.

Note 13—Litigation:

At June 30, 2022, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Note 14—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

Primary Government:	
	Governmental Activities
Lessee activity:	
Leased equipment	\$ 115,992
Lease liabilities	<u>\$ 51,912</u>

Note 15—Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

TOWN OF WINDSOR, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 15—Upcoming Pronouncements: (Continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 16—COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

On June 25, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$988,847 from the initial allocation are reported as unearned revenue as of June 30.

REQUIRED SUPPLEMENTARY INFORMATION

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Town of Windsor, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	\$ 352,500	\$ 352,500	\$ 412,810	\$ 60,310
Other local taxes	1,014,750	1,014,750	1,253,177	238,427
Permits, privilege fees, and regulatory licenses	4,000	4,000	3,050	(950)
Fines and forfeitures	90,000	90,000	59,648	(30,352)
Revenue from the use of money and property	13,000	13,000	5,963	(7,037)
Miscellaneous	10,000	29,181	173,760	144,579
Intergovernmental:				
Commonwealth	153,938	154,802	156,649	1,847
Federal	-	1,033,659	44,812	(988,847)
Total revenues	\$ 1,638,188	\$ 2,691,892	\$ 2,109,869	\$ (582,023)
EXPENDITURES				
Current:				
General government administration	\$ 526,866	\$ 533,112	\$ 479,418	\$ 53,694
Public safety	669,357	705,521	675,289	30,232
Public works	388,792	397,597	336,060	61,537
Parks, recreation, and cultural	14,450	19,615	6,899	12,716
Community development	88,304	89,650	59,869	29,781
Nondepartmental	255,200	1,218,729	206,775	1,011,954
Capital projects	360,250	476,699	416,323	60,376
Debt service:				
Principal retirement	81,000	84,000	87,274	(3,274)
Interest and other fiscal charges	-	-	5,416	(5,416)
Total expenditures	\$ 2,384,219	\$ 3,524,923	\$ 2,273,323	\$ 1,251,600
Excess (deficiency) of revenues over (under) expenditures	\$ (746,031)	\$ (833,031)	\$ (163,454)	\$ 669,577
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 318,031	\$ 318,031	\$ 318,031	\$ -
Issuance of lease	-	87,000	87,000	-
Total other financing sources (uses)	\$ 318,031	\$ 405,031	\$ 405,031	\$ -
Net change in fund balances	\$ (428,000)	\$ (428,000)	\$ 241,577	\$ (669,577)
Fund balances - beginning	428,000	428,000	1,984,741	\$ (1,556,741)
Fund balances - ending	\$ -	\$ -	\$ 2,226,318	\$ (2,226,318)

Town of Windsor, Virginia
Future Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 500	\$ 500	\$ 7	\$ (493)
Total revenues	\$ 500	\$ 500	\$ 7	\$ (493)
EXPENDITURES				
Current:				
Community development	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Total expenditures	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Excess (deficiency) of revenues over (under) expenditures	\$ (24,500)	\$ (24,500)	\$ 7	\$ 24,507
Net change in fund balances	\$ (24,500)	\$ (24,500)	\$ 7	\$ 24,507
Fund balances - beginning	24,500	24,500	3,298	(21,202)
Fund balances - ending	\$ -	\$ -	\$ 3,305	\$ 3,305

Town of Windsor, Virginia
 Forfeited Assets Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1	\$ 1
Total revenues	\$ -	\$ -	\$ 1	\$ 1
Net change in fund balances	\$ -	\$ -	\$ 1	\$ 1
Fund balances - beginning	-	-	351	351
Fund balances - ending	\$ -	\$ -	\$ 352	\$ 352

Town of Windsor, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020
Total pension liability		
Service cost	\$ 55,672	\$ 62,704
Interest	85,894	76,772
Changes of assumptions	65,792	-
Differences between expected and actual experience	(124,875)	19,511
Benefit payments, including refunds of employee contributions	(27,474)	(20,202)
Net change in total pension liability	\$ 55,009	\$ 138,785
Total pension liability - beginning	1,286,247	1,147,462
Total pension liability - ending (a)	\$ 1,341,256	\$ 1,286,247
 Plan fiduciary net position		
Contributions - employer	\$ 32,077	\$ 23,661
Contributions - employee	30,898	32,906
Net investment income	334,861	22,255
Benefit payments	(27,474)	(20,202)
Administrative expense	(774)	(706)
Other	32	(27)
Net change in plan fiduciary net position	\$ 369,620	\$ 57,887
Plan fiduciary net position - beginning	1,198,858	1,140,971
Plan fiduciary net position - ending (b)	\$ 1,568,478	\$ 1,198,858
 Town's net pension liability (asset) - ending (a) - (b)	\$ (227,222)	\$ 87,389
 Plan fiduciary net position as a percentage of the total pension liability	116.94%	93.21%
 Covered payroll	\$ 643,001	\$ 683,701
 Town's net pension liability (asset) as a percentage of covered payroll	-35.34%	12.78%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

2019	2018	2017	2016	2015	2014
\$ 56,299	\$ 53,456	\$ 63,729	\$ 56,628	\$ 54,488	\$ 62,654
69,361	60,832	53,897	45,748	47,780	42,134
42,163	-	(28,918)	-	-	-
(1,010)	28,581	29,536	29,625	(106,941)	-
(20,456)	(21,581)	(16,769)	(14,392)	(34,320)	(13,959)
\$ 146,357	\$ 121,288	\$ 101,475	\$ 117,609	\$ (38,993)	\$ 90,829
1,001,105	879,817	778,342	660,733	699,726	608,897
\$ 1,147,462	\$ 1,001,105	\$ 879,817	\$ 778,342	\$ 660,733	\$ 699,726
\$ 23,635	\$ 28,994	\$ 29,072	\$ 38,880	\$ 34,816	\$ 43,896
31,240	29,837	29,792	28,991	25,958	25,551
71,394	69,949	99,949	14,361	30,738	86,817
(20,456)	(21,581)	(16,769)	(14,392)	(34,320)	(13,959)
(646)	(560)	(527)	(410)	(385)	(417)
(46)	(64)	(91)	(6)	(4)	5
\$ 105,121	\$ 106,575	\$ 141,426	\$ 67,424	\$ 56,803	\$ 141,893
1,035,850	929,275	787,849	720,425	663,622	521,729
\$ 1,140,971	\$ 1,035,850	\$ 929,275	\$ 787,849	\$ 720,425	\$ 663,622
\$ 6,491	\$ (34,745)	\$ (49,458)	\$ (9,507)	\$ (59,692)	\$ 36,104
99.43%	103.47%	105.62%	101.22%	109.03%	94.84%
\$ 651,544	\$ 606,933	605,061	\$ 588,613	\$ 527,258	\$ 512,377
1.00%	-5.72%	-8.17%	-1.62%	-11.32%	7.05%

Town of Windsor, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 36,209	\$ 36,209	\$ -	\$ 723,383	5.01%
2021	32,077	32,077	-	643,001	4.99%
2020	23,120	23,120	-	683,701	3.38%
2019	23,636	23,636	-	651,544	3.63%
2018	28,994	28,994	-	606,933	4.78%
2017	29,072	29,072	-	605,061	4.80%
2016	38,880	38,880	-	588,613	6.61%
2015	34,816	34,816	-	527,258	6.60%
2014	43,896	43,896	-	512,377	8.57%
2013	47,607	47,607	-	554,855	8.58%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Town of Windsor, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Windsor, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.00310% \$	36,208 \$	643,001	5.63%	67.45%
2020	0.00332%	55,406	683,701	8.10%	52.64%
2019	0.00332%	54,025	651,544	8.29%	52.00%
2018	0.00319%	55,406	606,933	9.13%	51.22%
2017	0.00328%	50,000	605,061	8.26%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Windsor, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2022	\$ 3,906	\$ 3,906	\$ -	\$ 723,383	0.54%
2021	3,472	3,472	-	643,001	0.54%
2020	3,555	3,555	-	683,701	0.52%
2019	3,388	3,388	-	651,544	0.52%
2018	3,156	3,156	-	606,933	0.52%
2017	3,146	3,146	-	605,061	0.52%
2016	2,825	2,825	-	588,613	0.48%
2015	2,531	2,531	-	527,258	0.48%
2014	2,459	2,459	-	512,377	0.48%
2013	2,663	2,663	-	554,855	0.48%

Town of Windsor, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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Town of Windsor, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 33,995
Total assets	<u>\$ 33,995</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 1,000
Total liabilities	<u>\$ 1,000</u>

NET POSITION

Unrestricted	\$ 32,995
Total net position	<u><u>\$ 32,995</u></u>

Town of Windsor, Virginia
 Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2022

OPERATING REVENUES

Miscellaneous	\$ 5,000
Total operating revenues	<u>\$ 5,000</u>

OPERATING EXPENSES

Other charges	\$ 5,760
Total operating expenses	<u>\$ 5,760</u>

Operating income (loss)	<u>\$ (760)</u>
-------------------------	-----------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 70
Total nonoperating revenues (expenses)	<u>\$ 70</u>

Change in net position	\$ (690)
------------------------	----------

Net position - beginning	33,685
Net position - ending	<u><u>\$ 32,995</u></u>

Town of Windsor, Virginia
 Statement of Cash Flows
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 5,000
Payments to suppliers	(4,760)
Net cash provided by (used for) operating activities	<u>\$ 240</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 70
Net cash provided by (used for) investing activities	<u>\$ 70</u>

Net increase (decrease) in cash and cash equivalents	\$ 310
--	--------

Cash and cash equivalents - beginning	33,685
---------------------------------------	--------

Cash and cash equivalents - ending	<u><u>\$ 33,995</u></u>
------------------------------------	-------------------------

**Reconciliation of operating income (loss) to net cash
 provided by (used for) operating activities:**

Operating income (loss)	<u>\$ (760)</u>
-------------------------	-----------------

Adjustments to reconcile operating income (loss) to net cash
 provided (used) by operating activities:

Increase (decrease) in accounts payable	1,000
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Total adjustments	<u>\$ 1,000</u>
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Net cash provided by (used for) operating activities	<u><u>\$ 240</u></u>
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DISCRETELY PRESENTED COMPONENT UNIT
COMMUNITY RECREATION CENTER

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Town of Windsor, Virginia
 Statement of Net Position
 Discretely Presented Component Unit - Community Recreation Center
 June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 80,957
Total assets	<u>\$ 80,957</u>

NET POSITION

Unrestricted	\$ 80,957
Total net position	<u><u>\$ 80,957</u></u>

Town of Windsor, Virginia
 Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Community Recreation Center
 For the Year Ended June 30, 2022

OPERATING REVENUES

Contribution from Town of Windsor	\$ 20,500
Rental income	6,291
Total operating revenues	<u>\$ 26,791</u>

OPERATING EXPENSES

Professional services	\$ 38,244
Total operating expenses	<u>\$ 38,244</u>

Operating income (loss)	<u>\$ (11,453)</u>
-------------------------	--------------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 193
Total nonoperating revenues (expenses)	<u>\$ 193</u>

Change in net position	\$ (11,260)
------------------------	-------------

Net position - beginning	92,217
Net position - ending	<u><u>\$ 80,957</u></u>

Town of Windsor, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Community Recreation Center
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from donors	\$ 6,291
Receipts for local government contributions	34,500
Payments to suppliers	(38,244)
Net cash provided by (used for) operating activities	<u>\$ 2,547</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 193
Net cash provided by (used for) investing activities	<u>\$ 193</u>

Net increase (decrease) in cash and cash equivalents \$ 2,740

Cash and cash equivalents - beginning 78,217

Cash and cash equivalents - ending \$ 80,957

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss) \$ (11,453)

Adjustments to reconcile operating income (loss) to net cash
provided (used) by operating activities:

(Increase) decrease in accounts receivable 14,000

Total adjustments \$ 14,000

Net cash provided by (used for) operating activities \$ 2,547

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SUPPORTING SCHEDULES

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Town of Windsor, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 1 of 2

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 215,000	\$ 215,000	\$ 220,496	\$ 5,496
Real and personal public service corporation taxes	11,500	11,500	21,861	10,361
Personal property taxes	116,000	116,000	134,272	18,272
Penalties and interest	10,000	10,000	36,181	26,181
Total general property taxes	<u>\$ 352,500</u>	<u>\$ 352,500</u>	<u>\$ 412,810</u>	<u>\$ 60,310</u>
Other local taxes:				
Local sales and use taxes	\$ 130,000	\$ 130,000	\$ 163,869	\$ 33,869
Consumers' utility taxes	90,000	90,000	90,831	831
Consumption tax	-	-	8,286	8,286
Bank franchise taxes	140,500	140,500	174,217	33,717
Business license taxes	120,000	120,000	140,620	20,620
Motor vehicle licenses	43,000	43,000	60,090	17,090
Cigarette taxes	71,250	71,250	85,500	14,250
Restaurant food taxes	420,000	420,000	529,764	109,764
Total other local taxes	<u>\$ 1,014,750</u>	<u>\$ 1,014,750</u>	<u>\$ 1,253,177</u>	<u>\$ 238,427</u>
Permits, privilege fees, and regulatory licenses:				
Zoning fees	\$ 4,000	\$ 4,000	\$ 3,050	\$ (950)
Fines and forfeitures:				
Traffic fines	\$ 90,000	\$ 90,000	\$ 59,648	\$ (30,352)
Revenue from use of money and property:				
Revenue from use of money	\$ 13,000	\$ 13,000	\$ 5,963	\$ (7,037)
Total revenue from use of money and property	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 5,963</u>	<u>\$ (7,037)</u>
Miscellaneous:				
Miscellaneous	\$ 10,000	\$ 29,181	\$ 173,760	\$ 144,579
Total revenue from local sources	<u>\$ 1,484,250</u>	<u>\$ 1,503,431</u>	<u>\$ 1,908,408</u>	<u>\$ 404,977</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 4,500	\$ 4,500	\$ 4,107	\$ (393)
Rolling stock tax	-	-	3,634	3,634
Communications tax	50,000	50,000	47,744	(2,256)
Personal property tax relief funds	19,525	19,525	19,527	2
Games of skill tax	-	-	864	864
Total noncategorical aid	<u>\$ 74,025</u>	<u>\$ 74,025</u>	<u>\$ 75,876</u>	<u>\$ 1,851</u>

Town of Windsor, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 2 of 2

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Other categorical aid:				
Law enforcement grant	\$ 63,713	\$ 63,713	\$ 63,719	\$ 6
Litter control	1,200	2,064	2,054	(10)
Fire programs	15,000	15,000	15,000	-
Total other categorical aid	<u>\$ 79,913</u>	<u>\$ 80,777</u>	<u>\$ 80,773</u>	<u>\$ (4)</u>
Total categorical aid	<u>\$ 79,913</u>	<u>\$ 80,777</u>	<u>\$ 80,773</u>	<u>\$ (4)</u>
Total revenue from the Commonwealth	<u>\$ 153,938</u>	<u>\$ 154,802</u>	<u>\$ 156,649</u>	<u>\$ 1,847</u>
Revenue from the federal government:				
Other categorical aid:				
ARPA funding	\$ -	\$ 1,033,659	\$ 44,812	\$ (988,847)
Total other categorical aid	<u>\$ -</u>	<u>\$ 1,033,659</u>	<u>\$ 44,812</u>	<u>\$ (988,847)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,033,659</u>	<u>\$ 44,812</u>	<u>\$ (988,847)</u>
Total General Fund	<u>\$ 1,638,188</u>	<u>\$ 2,691,892</u>	<u>\$ 2,109,869</u>	<u>\$ (582,023)</u>
Special Revenue Funds:				
Future Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 500	\$ 500	\$ 7	\$ (493)
Total Future Development Fund	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 7</u>	<u>\$ (493)</u>
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1	\$ 1
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Total Forfeited Assets Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Total Primary Government	<u>\$ 1,638,688</u>	<u>\$ 2,692,392</u>	<u>\$ 2,109,877</u>	<u>\$ (582,515)</u>

Town of Windsor, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 1 of 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
General and financial administration:				
Legislative services	\$ 32,650	\$ 32,650	\$ 24,831	\$ 7,819
General and financial administration	462,966	469,212	433,602	35,610
Legal services	31,250	31,250	20,985	10,265
Total general government administration	\$ 526,866	\$ 533,112	\$ 479,418	\$ 53,694
Public safety:				
Law enforcement and traffic control:				
Police	\$ 654,357	\$ 690,521	\$ 660,289	\$ 30,232
Fire and rescue services:				
Fire department	\$ 15,000	\$ 15,000	\$ 15,000	-
Total public safety	\$ 669,357	\$ 705,521	\$ 675,289	\$ 30,232
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Property maintenance	\$ 293,792	\$ 302,597	\$ 246,270	\$ 56,327
Sanitation and waste removal:				
Refuse collection	\$ 95,000	\$ 95,000	\$ 89,790	\$ 5,210
Total public works	\$ 388,792	\$ 397,597	\$ 336,060	\$ 61,537
Parks, recreation, and cultural:				
Cultural enrichment:				
Cultural events	\$ 14,450	\$ 19,615	\$ 6,899	\$ 12,716
Total parks, recreation, and cultural	\$ 14,450	\$ 19,615	\$ 6,899	\$ 12,716
Community development:				
Planning and community development:				
Planning and zoning	\$ 79,104	\$ 80,450	\$ 51,369	\$ 29,081
Economic development	9,200	9,200	8,500	700
Total community development	\$ 88,304	\$ 89,650	\$ 59,869	\$ 29,781
Nondepartmental:				
Contingency	\$ 50,000	\$ 36,232	\$ 130	\$ 36,102
Contribution to Community Recreation Center	20,500	20,500	20,500	-
Contribution - library	1,200	1,200	1,200	-
Contribution - TRIAD	1,000	1,000	1,000	-
Insurance	60,000	60,000	59,574	426
Vacation buyback	12,500	12,500	11,279	1,221
ARPA funding	-	977,297	-	977,297
Payments to other governments	110,000	110,000	113,092	(3,092)
Total nondepartmental	\$ 255,200	\$ 1,218,729	\$ 206,775	\$ 1,011,954

Town of Windsor, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 2 of 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Body worn camera replacement	\$ 5,250	\$ 5,250	\$ 5,250	\$ -
Information technology upgrade	5,000	5,000	-	5,000
Roof town center	300,000	300,000	302,274	(2,274)
Police department technology	10,000	39,449	21,799	17,650
Police vehicles	-	87,000	87,000	-
Sidewalk repair	10,000	10,000	-	10,000
GIS system improvement	5,000	5,000	-	5,000
Comprehensive plan	25,000	25,000	-	25,000
Total capital projects	<u>\$ 360,250</u>	<u>\$ 476,699</u>	<u>\$ 416,323</u>	<u>\$ 60,376</u>
Debt service:				
Principal retirement	\$ 81,000	\$ 84,000	\$ 87,274	\$ (3,274)
Interest and other fiscal charges	-	-	5,416	(5,416)
Total debt service	<u>\$ 81,000</u>	<u>\$ 84,000</u>	<u>\$ 92,690</u>	<u>\$ (8,690)</u>
Total General Fund	<u>\$ 2,384,219</u>	<u>\$ 3,524,923</u>	<u>\$ 2,273,323</u>	<u>\$ 1,251,600</u>
Special Revenue Funds:				
Future Development Fund:				
Community development:				
Planning and community development:				
Space needs	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Total community development	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>
Total Future Development Fund	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>
Total Primary Government	<u>\$ 2,409,219</u>	<u>\$ 3,549,923</u>	<u>\$ 2,273,323</u>	<u>\$ 1,276,600</u>

OTHER STATISTICAL INFORMATION

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Table 1

Town of Windsor, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Non-departmental (1)	Interest on Long-term Debt	Enterprise Funds	Total
2013	\$ 365,563	\$ 555,873	\$ 232,768	\$ -	\$ 85,810	\$ 63,009	\$ -	\$ 541,407	\$ 1,844,430
2014	352,333	516,406	227,780	-	96,435	88,531	-	548,843	1,830,328
2015	328,536	553,046	213,844	-	84,216	105,751	-	462,470	1,747,863
2016	350,177	600,617	221,366	-	97,552	134,819	-	455,748	1,860,279
2017	400,976	590,021	224,286	-	268,011	96,175	-	519,568	2,099,037
2018	593,158	617,471	317,458	13,229	840,374	-	862	285,646	2,668,198
2019	670,809	663,898	315,066	13,222	358,420	-	923	294,505	2,316,843
2020	768,471	677,941	330,970	10,413	385,931	-	924	278,865	2,453,515
2021	787,927	733,685	260,918	1,673	170,710	-	695	294,908	2,250,516
2022	699,892	749,286	359,951	8,099	80,795	-	5,416	226,803	2,130,242

(1) Beginning in fiscal year ended June 30, 2018, non-departmental expenditures in the fund financial statements were reclassified to other categories in the entity-wide financial statements

Table 2

Town of Windsor, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions		General Property Taxes	Miscellaneous and Other Local Taxes	Unrestricted Investment Earnings	Grants and Contributions Not Restricted to Specific Programs	Total	
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	
2015	1,033,657	90,740		300,118	945,592	17,602	-	2,387,709	
2016	1,000,909	78,657		296,553	933,821	18,642	-	2,328,582	
2017	801,779	79,473		307,940	961,747	19,362	-	2,170,301	
2018	656,272	86,093		297,673	1,006,591	18,724	83,341	2,148,694	
2019	659,056	83,796		318,831	995,479	19,882	90,685	2,167,729	
2020	829,250	93,688		313,093	1,030,840	27,351	82,952	2,377,174	
2021	787,949	468,602		440,696	1,151,728	17,884	76,154	2,943,013	
2022	652,240	125,585		390,631	1,426,937	8,296	75,876	2,679,565	

Table 3

Town of Windsor, Virginia
General Governmental Expenditures by Function (1,2)
Last Ten Fiscal Years

Fiscal Year	General Government Administration		Public Safety		Public Works		Parks, Recreation, and Cultural		Community Development		Debt Service		Non-departmental		Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
2013	\$	328,781	\$	517,850	\$	208,726	\$	-	\$	85,809	\$	114,861	\$	63,009	\$	1,319,036
2014		311,119		452,170		203,008		-		96,435		115,328		88,531		1,266,591
2015		285,444		481,373		218,127		-		85,560		324,386		105,752		1,500,642
2016		327,237		525,361		215,063		-		98,102		-		134,819		1,300,582
2017		332,313		523,657		215,482		-		67,940		-		101,093		1,240,485
2018		447,565		576,873		312,030		12,029		540,021		60,947		419,962		2,369,427
2019		458,620		618,441		310,665		12,022		65,867		60,838		422,394		1,948,847
2020		510,981		676,064		314,478		9,213		297,995		35,277		282,539		2,126,547
2021		502,937		657,083		303,769		473		66,519		71,733		285,546		1,888,060
2022		479,418		675,289		336,060		6,899		59,869		92,690		206,775		1,857,000

(1) Includes General and Special Revenue Funds of the Primary Government.

(2) Excludes expenditures for capital projects.

Table 4

Town of Windsor, Virginia
General Governmental Revenues by Source (1,2)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Miscellaneous	Inter-governmental	Total
2013	\$ 291,614	\$ 721,780	\$ -	\$ -	\$ -	\$ 508,278	\$ 136,850	\$ 1,658,522
2014	293,061	753,147	-	-	-	433,597	189,357	1,669,162
2015	300,117	791,717	-	-	-	529,585	159,464	1,780,883
2016	296,554	792,136	-	-	-	543,692	144,833	1,777,215
2017	307,940	819,087	-	-	-	371,456	153,931	1,652,414
2018	294,737	929,414	3,875	132,685	15,129	77,177	169,434	1,622,451
2019	296,835	967,643	2,600	124,176	14,367	27,836	174,481	1,607,938
2020	298,184	1,014,970	5,961	103,737	20,788	15,870	176,640	1,636,150
2021	455,277	1,110,407	3,650	95,865	11,508	41,321	544,756	2,262,784
2022	412,810	1,253,177	3,050	59,648	5,971	173,760	201,461	2,109,877

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Includes General and Special Revenue funds of the Primary Government.

(2) Excludes Capital projects fund.

Table 5

Town of Windsor, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2013	\$ 312,352	\$ 267,375	85.60%	\$ 10,384	\$ 277,759	88.92%	\$ 53,109	17.00%
2014	313,147	260,198	83.09%	9,697	269,895	86.19%	39,214	12.52%
2015	332,408	270,116	81.26%	6,793	276,909	83.30%	40,666	12.23%
2016	311,352	256,345	82.33%	5,006	261,351	83.94%	46,801	15.03%
2017	273,001	265,214	97.15%	5,342	270,556	99.10%	27,684	10.14%
2018	314,384	306,037	97.34%	2,108	308,145	98.02%	42,689	13.58%
2019	316,511	300,182	94.84%	11,021	311,203	98.32%	52,293	16.52%
2020	345,393	292,861	84.79%	-	292,861	84.79%	70,522	20.42%
2021	462,841	424,281	91.67%	19,592	443,873	95.90%	65,748	14.21%
2022	385,762	357,586	92.70%	19,649	377,235	97.79%	35,874	9.30%

(1) Exclusive of penalties, interest and land redemptions.

(2) Tax levy and collections include the Commonwealth's personal property tax relief revenues.

Table 6

Town of Windsor, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1,4)	Personal Property (3)	Machinery and Tools (3)	Mobile Homes (3)	Public Service (2) (3)	Total
2013	\$ 198,099,100	\$ 26,774,815	\$ -	\$ -	\$ 7,912,506	\$ 232,786,421
2014	198,153,400	26,957,484	-	-	7,961,345	233,072,229
2015	200,770,800	27,402,235	-	-	8,266,669	236,439,704
2016	194,256,300	27,125,153	-	-	8,481,519	229,862,972
2017	194,484,000	28,288,965	-	-	11,034,855	233,807,820
2018	195,603,100	21,800,393	877,077	5,760,443	11,988,177	236,029,190
2019	199,082,700	22,770,792	929,107	7,014,807	9,301,665	239,099,071
2020	210,482,900	22,496,148	1,023,591	6,032,629	10,581,353	250,616,621
2021	321,237,228	23,090,038	1,026,719	6,358,711	11,422,764	363,135,460
2022	225,389,200	27,221,509	1,059,256	6,758,713	11,264,940	271,693,618

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Beginning in fiscal year ended June 30, 2018, began separating machinery and tools and mobile homes from personal property

Table 7

**Town of Windsor, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate		Personal Property	Machinery and Tools	Mobile Homes	Public Utility				
						Real Estate	Personal Property			
2013	\$	0.10	\$	0.50	\$	0.10	\$	0.10	\$	0.50
2014		0.10		0.50		0.10		0.10		0.50
2015		0.10		0.50		0.10		0.10		0.50
2016		0.10		0.50		0.10		0.10		0.50
2017		0.10		0.50		0.10		0.10		0.50
2018		0.10		0.50		0.10		0.10		0.50
2019		0.10		0.50		0.10		0.10		0.50
2020		0.10		0.50		0.25		0.10		0.50
2021		0.10		0.50		0.25		0.10		0.50
2022		0.10		0.50		0.25		0.10		0.50

(1) Per \$100 of assessed value.

Table 8

Town of Windsor, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Payable from Enterprise Revenue				
2017	2,626	\$ 233,807,820	\$ -	-	-	-	0.00%	-
2018	2,626	236,029,190	-	-	-	-	0.00%	-
2019	2,626	239,099,071	-	-	-	-	0.00%	-
2020	2,626	250,616,621	-	-	-	-	0.00%	-
2021	2,746	363,135,460	-	-	-	-	0.00%	-
2022	2,746	271,693,618	-	-	-	-	0.00%	-

Note: This table is designed to show ten years of data. However, information prior to 2017 is unavailable.

(1) Weldon Cooper Center for Public Service, 2010 and 2020 Census count.

(2) From Table 6

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans of the Governmental Activities. Excludes revenue bonds, capital leases, and compensated absences.

Table 9

Town of Windsor, Virginia
Computation of Legal Debt Margin
June 30, 2022

Assessed value of real property, January 1, 2021 (1)	\$ 225,389,200
Debt limit: 10% of assessed value	\$ 22,538,920
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 997,587
Less: Revenue bonds	-
Net general obligation bonds and loans	\$ 997,587
Legal debt limit	\$ 21,541,333

(1) Assessed value of real property, including public service corporations as of January 1, 2020.

(2) Includes bonded debt and long-term notes payable.

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COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

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***

**To the Honorable Members of the Town Council
Town of Windsor
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 and the *Specifications for Audits of Counties, Cities, and Towns*; the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of Town of Windsor, Virginia, as of and for the year ended June 30, 2022, 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 September 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Windsor, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Windsor, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
September 15, 2022

**Town of Windsor, Virginia
Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

2021-001:

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of the transaction. A proper segregation of duties has not been established in functions related to payroll, accounts payable, accounts

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Current Status:

Findng 2021-001 was corrected for FY 2022.

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