Town of Woodstock, Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:

Mandy R. Belyea, Director of Finance

TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

Town of Woodstock, Virginia

November 30, 2012

To the Citizens of the Town of Woodstock:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Town of Woodstock, Virginia (Town) for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

We have prepared this report in accordance with the following standards:

- Accounting principles generally accepted in the United States of America (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting;
- Governmental accounting and financial reporting statements, interpretations, and technical bulletins issued by the Governmental Accounting Standards Board (GASB); and
- Uniform financial reporting standards for counties, cities, and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA).

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town is nestled along the North Fork of the Shenandoah River between the Massanutten and Alleghany mountain ranges. The Town is located within the County of Shenandoah and is approximately 90 miles outside the nation's capital of Washington, D.C. The Town covers approximately 3.8 square miles with elevations ranging from 800 feet to 950 feet about sea level.

135 North Main Street, Woodstock, Virginia 22664 • 540/459-3621 • Fax: 540/459-3085

The Town was established by charter in March of 1761 as part of what was then Frederick County. The Town was originally formed by a land grant from Lord Fairfax and founded as Muellerstadt (Miller Town) in 1752 after its founder, Jacob Miller. The Town's charter was sponsored by George Washington in Virginia's House of Burgesses. The Town has been the county seat of Shenandoah County since the County's formation in 1772.

The Town is the home of the Revolutionary War icon, Reverend John Peter Gabriel Muhlenberg, who delivered his famous sermon at his church located in the heart of the Town. At the conclusion of his sermon, he flung aside his clerical robe to reveal a soldier's uniform and proclaimed that "there is a time to preach and a time to fight and now is the time to fight." With that declaration, he then called for volunteers to join the 8th Virginia Regiment under his command.

Today, the Town continues to serve as the center of government and commerce for the County of Shenandoah. One of the County's courthouses, which was designed by Thomas Jefferson and built in 1795, is located in Main Street of Woodstock and is the oldest courthouse still in use west of the Blue Ridge Mountains.

Overview of the Town Government

Policy-making and legislative authority are vested in the Town Council, consisting of a mayor and six council members, all elected on a non-partisan, at-large basis. The Council appoints the town manager, town attorney, town clerk, treasurer, and chief of police. The town manager in turn appoints the heads of the Town's various departments. Council members serve four-year terms on a staggered election cycle with three members on one and four members on the other.

The Town Council in its legislative role adopts all ordinances and resolutions and establishes the general policies of the Town. The Council also sets the tax rate and adopts the budget.

The Town provides a full range of services to its constituents including police protection; maintenance of streets and bridges; refuse collection; water and sewer services; community development; and parks, recreational and cultural activities.

Financial Information

The management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records from preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Compliance and Control

The Town's budget is prepared on the basis of funds, which are fiscal and accounting entities with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. The funds are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, and limitations.

The types of funds used by the Town include governmental funds (e.g., General Fund) and proprietary funds (e.g., Public Utilities Fund). All funds are subject to appropriation by the Town Council. The Town maintains budgetary controls, which are designed to monitor compliance with expenditure limitations set forth in annual budget appropriations approved by the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level within an individual fund. The Director of Finance, with the approval of the Town Manager and department head(s), is authorized to transfer budgeted amounts between departments within the same fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meets its responsibility for sound financial management.

Economic Conditions and Outlook

While the Town concluded fiscal year 2012 in stable financial condition, it continues to be faced with concerns about future economic growth. The recovery from the recession into which the national economy descended in December 2007 continues to be slow; thus, the weak and uncertain economic conditions that have prevailed during these past four fiscal years continue to impact the Town's budgetary state. As a result, continued efforts have been taken by Town management to closely monitor its revenue collections and considerably reduce spending. Cost reduction measures taken have allowed the Town to conclude the fiscal year under budget while continuing to maintain its quality level of services.

Unemployment for Shenandoah County, the County in which the Town lies, has declined from 7.3 percent for the fiscal year ended June 30, 2011 to 6.6 percent for the fiscal year ended June 30, 2012. Although the unemployment rate for the County has significantly trailed that of the nation, it has exceeded the unemployment rate for the Commonwealth of Virginia. Given an economic recovery that is expected to continue improving unemployment and overall economic conditions, the Town anticipates budgetary challenges, particularly related to state funding to local governments. The Town is continuing to develop strategies to cope with state budget reductions as a result of the Commonwealth of Virginia's budgetary proposals to potentially shift more costs on to local governments. These fiscal concerns have been prudently reflected through budgetary conservatism for the fiscal 2013 budget year. Operating department costs have been restructured to achieve efficiencies and cost savings without impacting the quality level of services that the Town provides to its citizenry; furthermore, certain vacant positions have continued to remain frozen during the fiscal year.

However, in spite of the budgetary challenges faced by the Town, the economic outlook for the Town is reasonably sound as signs of positive economic vitality are emerging. Some of the Town's largest local taxes including its sales, meals, transient occupancy, and business, professional, and occupational (BPOL) taxes are projected to increase given several new restaurants and businesses that have opened. The Town has also begun to experience moderate rebounds in the construction of new housing units and commercial buildings as well as residential renovations.

Although the Town expects budgetary pressures for the remainder of fiscal year 2013 and as it prepares for the fiscal 2014 budget year, to ensure financial stability, the Town has identified its unassigned fund balance, which represents 52 percent of total general fund expenditures as of June 30, 2012, as a source to be sustained to provide sufficient working capital and a comfortable margin of security to address emergencies and declines in revenues without borrowing. Sustaining a prudent level of unassigned fund balance will allow the Town to maintain its comparably low tax rate without reducing the high level of programs and services it offers its citizens. Through sound financial management, the Town Council has supported maintaining adequate fund balance reserves to buffer financial emergencies and economic downturns.

Major Initiatives

Through these difficult economic times, the Town has continued to improve its capacity to provide quality services to its citizens through various initiatives that help enhance community involvement, awareness, and overall beautification. The following narrative highlights some of the major initiatives that the Town assumed during fiscal year 2012.

Beginning in July 2012, the Town began outsourcing refuse collection services to a private contractor. Additionally, the Town began offering recycling collection services through this private contractor. As a result of the cost savings achieved from outsourcing the Town's refuse collection services instead of providing the services in-house, the Town was able to add recycling collection services without increasing its $8.00 per month collection fee to its residents. During fiscal year 2012, 135 tons of recyclables were collected thereby reducing the amount of waste sent to the landfill by 10 percent compared to fiscal year 2011. The Town anticipates this percentage to only increase as residents become more aware of and familiar with the recycling collection services offered by the Town. Increased recycling efforts not only help the environment and community but also reduce the landfill tipping fees that the Town pays to the County, which can enable the Town to keep collection fees stable.

In July 2012, the Town completed the construction of its electronic community sign board. This project was a result of the collaborative effort of both the Town and the Shenandoah Memorial Hospital. The Shenandoah County School Board was also involved in making the project a reality by giving permission to the Town to construct the sign board on property owned by the school system. As a result of the electronic sign board project, community information and updates have a new way to reach the Town's citizenry and visitors. The classy wrought iron design features of the sign board complements the wayfinder signs throughout Woodstock, especially in the historic district. The project has proven to be a great collaboration between the Town, Shenandoah Memorial Hospital, and

the County School Board to improve communications and to better serve the Woodstock community.

In September 2012, the Town completed the construction of an observation deck as well as the development of interpretive signage and educational materials related to an important project, the Indian Springs Wetlands Park project. Indian Springs is a natural wetlands area, approximately one acre in size, which has remained relatively intact since early settlement. It was used by the Indian tribes and hunting parties traveling through the Shenandoah Valley on the old Indian road, a peacetime trail extending from Canada to Georgia. This trail evolved into a wagon road for settlers, the Valley Pike, and today US-11. Later, African-American residents gathered at the wetland area for social and religious gatherings well into the 1900's. The Indian Springs Wetlands was conveyed to the Town of Woodstock in February 2005 through private donation. Since that time, the Woodstock Tree Board has been working to develop the area into a wetlands park for interpretation and use by both school or civic groups and the public. Through several weekend work sessions, the Tree Board and some Town of Woodstock employees have removed approximately one half acre of invasive plant species and trees. The master plan for this project includes a walking trail around the property and detention basin upstream of the wetlands, an observation deck, a boardwalk to bring the public near the wetlands without encroaching on the wetlands function, interpretive information for an outdoor classroom (for students and citizens), informational signage that compliments the wetlands and educates individuals, and wetlands-appropriate tree and shrub plantings. This project is a collaborative effort involving the Town of Woodstock, the Woodstock Tree Board, and James Madison University (JMU). JMU faculty and students have worked closely with the Woodstock Tree Board and the Town during the past three years and have developed natural resources management and implementation plans. Further partnerships with the local school board and civic groups are expected to assist in developing informational guides and providing volunteer labor to plant and maintain the area. The Indian Springs Wetlands provides a unique opportunity to not only protect the wetlands, but to provide educational information to both youth and adults. Over the long-term, the Town hopes to have a connecting trail to Shenandoah Memorial Hospital located just west of the wetlands to incorporate a wellness aspect into the project. The Town received a $50,000 grant funneled through the Department of Forestry from American Recovery and Reinvestment Act (ARRA) stimulus funds related to this project. Given funding constraints, plans for the walking trail have been tentatively postponed until additional funding is made available.

Other Information

Independent Audit

The Commonwealth of Virginia requires an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates performed the audit for fiscal year ending June 30, 2012. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related requirements of OMB Circular A-133. The auditors' reports are included in the financial section and compliance section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the fourth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and thus we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Finance Department staff along with the efforts of the administration and other Town departments.

In closing, without the leadership, support, and responsible and progressive financial management of the Mayor and Town Council, preparation of this report would not have been possible.

Respectfully submitted,

Larry D. Bradford
Town Manager

Mandy R. Belyea, CPA, MBA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Woodstock Virginia

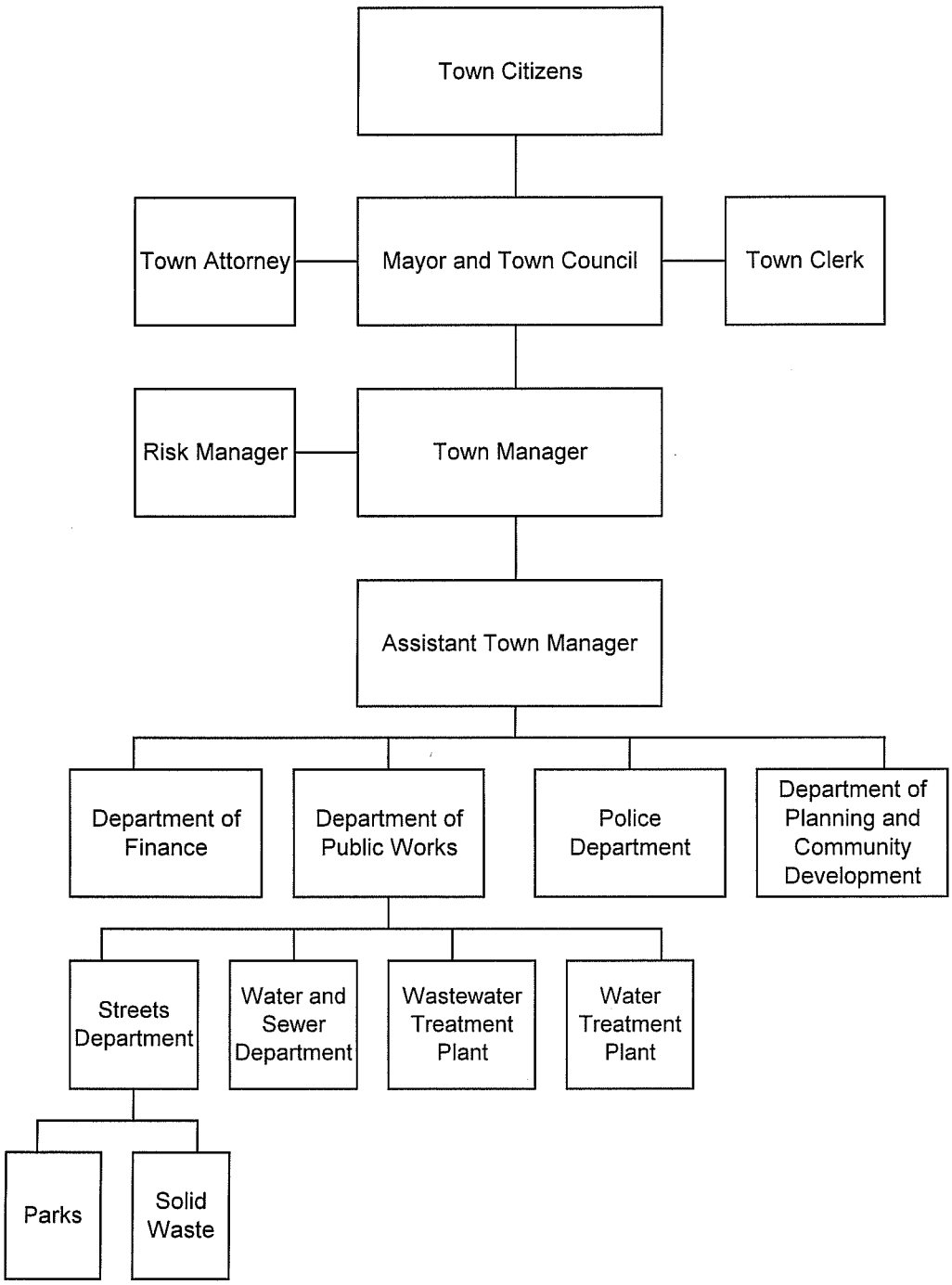
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Town of Woodstock, Virginia
Organizational Chart



Town of Woodstock, Virginia

Principal Town Officials

TOWN COUNCIL

Jeremy McCleary, Mayor

Jacqueline Lambert, Vice-Mayor

A. Paje Cross

Alicia Gutshall

Frank Haun

Steve Heishman

H. Ed Munden

TOWN MANAGER

Larry D. Bradford

TOWN ATTORNEY

Albert P. Mitchell

OFFICIALS

Town Clerk	Angela K. Clem
Assistant Town Manager/Planner	Brent T. Manuel
Director of Finance	Mandy R. Belyea
Treasurer	De Ebersole
Chief of Police	Eric L. Reiley
Superintendent of Public Works	James E. Didawick

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS OF THE TOWN COUNCIL
TOWN OF WOODSTOCK, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the Town of Woodstock, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Woodstock, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town of Woodstock, Virginia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of the Town of Woodstock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock, Virginia's financial statements as a whole. The introductory section, supporting schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2012

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is a narrative overview and analysis of the financial activities of the Town of Woodstock, Virginia (the Town) for the fiscal year ended June 30, 2012. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2011.

Financial Highlights

Government-wide Financial Statements

The assets of the Town exceeded its liabilities at June 30, 2012 by $32,411,746, which equals the total net assets of the Town. Of this amount, $4,387,847 is unrestricted and may be used to meet the Town's future obligations. Of the $4,387,847 unrestricted assets, approximately $2,916,634 is related to governmental activities and is undesignated and available for future General Fund expenditures. The $1,471,213 remaining balance of unrestricted assets is related to business-type activities, which includes the Town's enterprise fund, the Public Utilities Fund.

For fiscal year 2012, taxes and other revenues of the Town's governmental activities amounted to $4,765,342. Expenses amounted to $4,338,754.

For fiscal year 2012, revenues of the Town's business-type activities were $3,679,861. Expenses amounted to $3,539,931.

The Town's total long-term debt decreased by $1,232,063 from $24,638,725 as of June 30, 2011 to $23,406,662 as of June 30, 2012. New debt in the amount of $930,278 was issued while $2,162,341 was retired during fiscal year 2012.

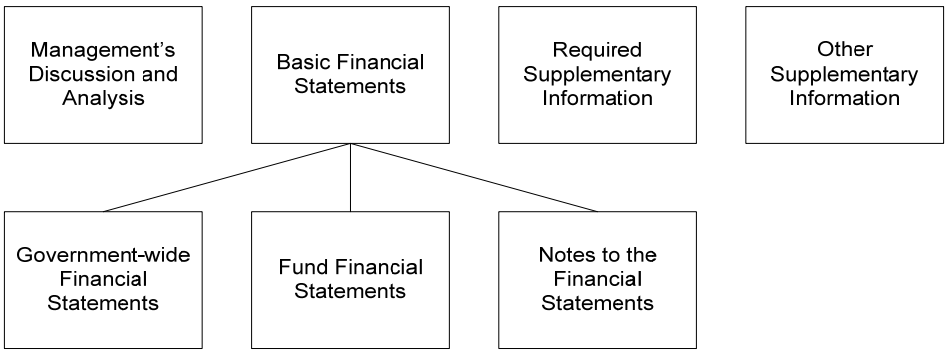
Fund Financial Statements

The total fund balances of the General Fund increased $480,278 from $2,503,446 at June 30, 2011 to $2,983,724 at June 30, 2012. The General Fund had nonspendable fund balance of $48,654, committed fund balance of $420,000, assigned fund balance of $387,676 and unassigned fund balance of $2,127,394. Unassigned fund balance for the General Fund represented 52 percent of total General Fund expenditures at June 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains required supplementary information and other supplementary information.

Components of the Financial Report



Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justifications from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide Financial Statements

The government-wide financial statements provide financial statement users with a general overview of the Town's finances. The statements provide both long-term and short-term information about the Town's financial status. Two financial statements are used to present this information: 1) the statement of net assets, and 2) the statement of activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting, which is similar to the accounting used by private-sector companies.

The statement of net assets presents all of the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors also need to be considered to determine the overall financial position of the Town.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements separate governmental activities and business-type activities of the Town. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The business-type activities of the Town include the public utilities fund.

The government-wide financial statements can be found on pages 22-24 of this report.

Fund Financial Statements

The fund statements present only the Town's major, or significant, funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds 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 variable 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 on the exhibits following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance.

The Town maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund.

The governmental fund financial statements can be found on pages 25-28 of this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget on page 61 of this report.

Proprietary Funds

The Town only maintains one type of proprietary fund, which is an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. The fund financial statements report the same functions presented as business-type activities in the government-wide financial statements and provide both long- and short-term financial information. Additionally, the fund financial statements provide further information, such as cash flows, for the Town's enterprise fund. The Town uses the enterprise fund to account for its public utilities operations.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 32-60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees as well as the budgetary comparison schedule for the General Fund.

Required supplementary information can be found on pages 61-63 of this report.

Government-wide Financial Analysis

As previously noted, net assets may serve over time as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities by $32,411,746 at June 30, 2012.

The Town's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

The table on the following page represents a summary of the net assets of the Town at June 30, 2012 and 2011.

Summary Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Current and other assets	$ 3,838,083	$ 3,289,762	$ 1,790,816	$ 1,773,027	$ 5,628,899	$ 5,062,789
Capital assets	11,753,631	11,963,217	39,640,201	40,595,227	51,393,832	52,558,444
Total assets	$ 15,591,714	$ 15,252,979	$ 41,431,017	$ 42,368,254	$ 57,022,731	$ 57,621,233
Current and other liabilities	$ 697,014	$ 639,481	$ 134,226	$ 133,916	$ 831,240	$ 773,397
Long-term liabilities	413,420	448,806	23,366,325	24,553,802	23,779,745	25,002,608
Total liabilities	$ 1,110,434	$ 1,088,287	$ 23,500,551	$ 24,687,718	$ 24,610,985	$ 25,776,005
Invested in capital assets, net of related debt	$ 11,564,646	$ 11,732,565	$ 16,459,253	$ 16,255,641	$ 28,023,899	$ 27,988,206
Unrestricted	2,916,634	2,432,127	1,471,213	1,424,895	4,387,847	3,857,022
Total net assets	$ 14,481,280	$ 14,164,692	$ 17,930,466	$ 17,680,536	$ 32,411,746	$ 31,845,228

The Town's combined net assets totaled $32,411,746 at June 30, 2012. Approximately 86 percent of this represents the Town's investment in capital assets (e.g., land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Unrestricted net assets, representing 14 percent of total net assets, may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Woodstock, Virginia is able to report positive balances in all categories of net assets, both for the governmental and business-type activities. The same situation held true in the prior fiscal year.

During the current fiscal year, the Town's net assets increased by $566,518 or 2 percent. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

The table on the following page represents a summary of the changes in net assets at June 30, 2012 and 2011.

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues						
Program revenues						
Charges for services	$ 284,295	$ 289,302	$ 3,160,050	$ 3,191,737	$ 3,444,345	$ 3,481,039
Operating grants and contributions	176,742	127,253	-	-	176,742	127,253
Capital grants and contributions	738,559	645,583	501,146	891,093	1,239,705	1,536,676
General revenues						
Property taxes	1,069,173	1,069,706	-	-	1,069,173	1,069,706
Other taxes and fees	2,277,289	2,202,286	-	-	2,277,289	2,202,286
Grants and contributions not restricted to specific programs	111,685	111,549	-	-	111,685	111,549
Unrestricted investment earnings	20,844	18,866	18,665	17,204	39,509	36,070
Other	86,755	53,236	-	-	86,755	53,236
Total revenues	$ 4,765,342	$ 4,517,781	$ 3,679,861	$ 4,100,034	$ 8,445,203	$ 8,617,815
Expenses						
General government administration	$ 701,454	$ 732,891	$ -	$ -	$ 701,454	$ 732,891
Public safety	1,458,135	1,352,205	-	-	1,458,135	1,352,205
Public works	1,588,522	1,567,676	-	-	1,588,522	1,567,676
Parks and recreation	268,582	256,685	-	-	268,582	256,685
Community development	311,986	262,583	-	-	311,986	262,583
Interest on long-term debt	10,075	8,925	-	-	10,075	8,925
Public utilities	-	-	3,539,931	3,173,607	3,539,931	3,173,607
Total expenses	$ 4,338,754	$ 4,180,965	$ 3,539,931	$ 3,173,607	$ 7,878,685	$ 7,354,572
Change in net assets before transfers	$ 426,588	$ 336,816	$ 139,930	$ 926,427	$ 566,518	$ 1,263,243
Transfers	(110,000)	-	110,000	-	-	-
Change in net assets	$ 316,588	$ 336,816	$ 249,930	$ 926,427	$ 566,518	$ 1,263,243
Net assets, beginning	14,164,692	13,827,876	17,680,536	16,754,109	31,845,228	30,581,985
Net assets, ending	$ 14,481,280	$ 14,164,692	$ 17,930,466	$ 17,680,536	$ 32,411,746	$ 31,845,228

Governmental Activities

Governmental activities increased the Town's net assets by $316,588 thereby accounting for 56 percent of the total growth in the net assets of the Town.

Operating grants and contributions and capital grants and contributions amounted to $176,742 and $738,559, respectively, from State and Federal government and other funding. Operating grants and contributions increased 39 percent from fiscal year 2011 to fiscal year 2012, which is primarily due to a flood prevention and

protection grant of $12,000 that the Town received from the Commonwealth of Virginia as well as a Federal Emergency Management Agency (FEMA) public assistance grant of $38,483 that the Town received in fiscal year 2012. Capital grants and contributions rose 14 percent primarily as a result of a United States Department of Agriculture (USDA) cooperative forestry assistance grant of $35,686 that the Town received in connection with its Indian Spring Wetland Park project.

The Town's largest revenue source is general property taxes (i.e., real estate and personal property taxes), which did not significantly change from fiscal year 2011 to fiscal year 2012.

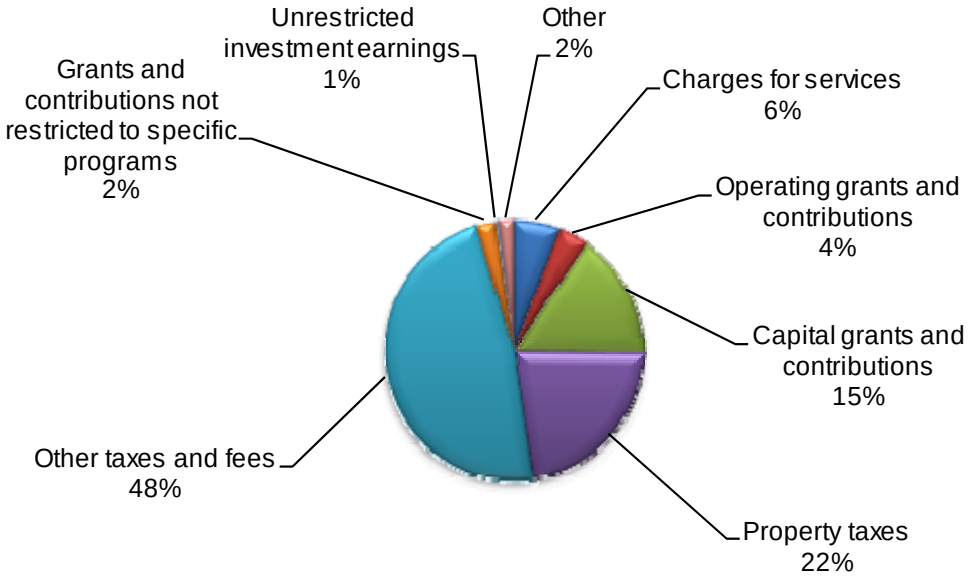
The Town's real estate property tax assessments for fiscal year 2012 were $543,301,050. The Town's real estate tax rate was $0.15 per $100 of assessed value for the 2011 and 2012 tax years. The Town's personal property tax assessments for the year were $37,898,588. The Town's personal property tax rate was $0.90 per $100 of assessed value for the 2011 and 2012 tax years. The Town's machinery and tools tax assessments for the year were $225,921. The Town's machinery and tools tax rate was $0.90 per $100 of assessed value for the 2011 and 2012 tax years. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the State's share of local personal property tax was $106,753.

Other local taxes were $2,277,289 for the year, increasing 3 percent from fiscal year 2011 to fiscal year 2012. Other local taxes consist of county sales taxes, meals taxes, transient occupancy taxes, bank franchise taxes, utility taxes, cigarette taxes, licenses and fees and other taxes.

Other revenues increased 63 percent from $53,236 in fiscal year 2011 to $86,755 in fiscal year 2012. This increase is primarily the result of the sale of the Town's refuse truck and bucket truck totaling $24,501.

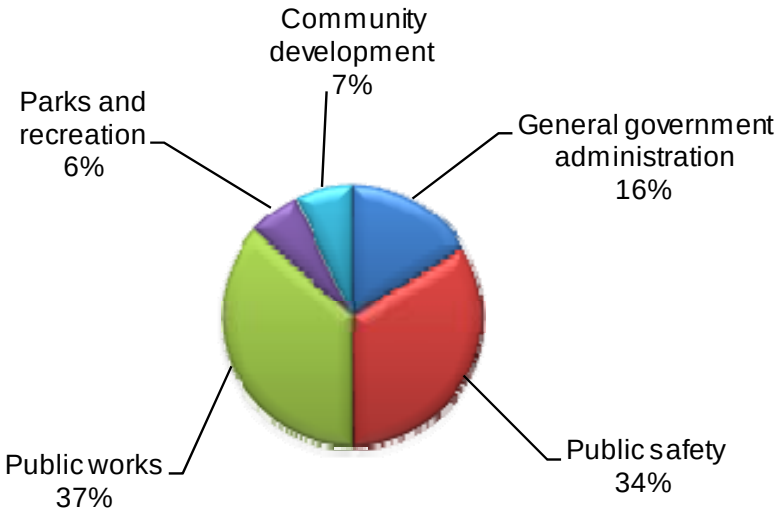
The chart below illustrates the revenues by source for the Town's governmental activities for fiscal year 2012.

Revenues by Source - Governmental Activities



For fiscal year 2012, expenses for governmental activities totaled $4,338,754, which increased $157,789 or 4 percent from fiscal year 2011. The chart below illustrates the expenses by function for the Town's governmental activities for fiscal year 2012.

Expenses by Function - Governmental Activities



Business-Type Activities

The Town's business-type activities are comprised of enterprise funds for public utilities operations. Net assets of these business-type activities increased by $249,930 thereby accounting for 44 percent of the total growth in the net assets of the Town.

Revenues for the business-type activities totaled $3,679,861, of which approximately 86 percent is from charges for services and roughly 14 percent is from capital grants and contributions.

Charges for services decreased a mere 1 percent from fiscal year 2011 to fiscal year 2012.

Capital grants and contributions decreased 44% percent from fiscal year 2011 to fiscal year 2012. This decrease is attributable to the completion of a waterline extension project for which the Town received $484,985 in federal government grant funding in fiscal year 2011. The Town received no grant funding from the federal or state grant funding in fiscal year 2012.

The Public Utilities Fund expenses increased $366,324 or 12 percent from fiscal year 2011 to fiscal year 2012 due to inflation and continued growth in demand for services, particularly at our upgraded wastewater treatment facility.

Financial Analysis of the Town's Funds

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

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of $2,983,724. Of this amount, $48,654 was nonspendable due to prepaid expenditures, $420,000 was committed to the Woodstock Volunteer Fire and Rescue, $387,676 was assigned to the public utilities fund, and the remaining $2,127,394 was unassigned fund balance and available for spending at the Town's discretion.

As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 52 percent of total general fund expenditures as of June 30, 2012.

The total fund balance of the Town's General Fund increased by $480,278 or 19 percent during fiscal year 2012. This increase in fund balance simply represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenditures.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Town maintains only one proprietary fund: the Public Utilities Fund. As of June 30, 2012, unrestricted net assets of the Public Utilities Fund totaled $1,471,213.

Other factors concerning these funds have already been addressed in the discussion of the Town's government-wide financial analysis of business-type activities.

General Fund Budgetary Highlights

The Town made six budgetary amendments to the total appropriations of the General Fund during fiscal year 2012 as illustrated in Exhibit 10 on page 61. These amendments are briefly summarized as follows:

- In order to fund a 2.25 percent across-the-board employee pay increase effective July 1, 2011, the adopted budget was amended by a net of $10,000.
- In January 2012, the budget was amended to account for the receipt of $12,000 in grant funding from the Commonwealth of Virginia Department of Conservation and Recreation in order to procure engineering services for a dam break inundation zone study and mapping.
- In February 2012, the budget was amended to account for the sale of the Town's refuse truck and the purchase of a used bucket truck, totaling $31,000.
- In March 2012, the budget was amended to appropriate a portion of the Town's committed fund balance for the Woodstock Volunteer Rescue Squad in the amount of $125,000.
- In May 2012, the budget was amended to appropriate $7,000 in police property seizures for various police equipment.
- In June 2012, the budget was amended to appropriate $18,285 from unassigned fund balance to assist in the installation of lighting at one of the baseball fields at the Town's Riverview Park. The Little League Association donated $35,700 associated with the costs of the lighting fixtures while the Town paid for the installation costs.

Fiscal year 2012 actual revenues were approximately $338,478 more than the fiscal year 2012 final budgeted revenues. Fiscal year 2012 actual expenditures were approximately $291,584 less than the fiscal year 2012 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- General property taxes were $40,637 more than the final budgeted revenues primarily due to the increased collections of delinquent personal property taxes.

- Other local taxes were $140,608 more than the final budgeted revenues largely due to increases in county sales taxes and meals taxes. Several new small businesses and restaurants opened in the Town thereby leading to an increase in these taxes.
- Charges for services were $24,595 more than the final budgeted revenues as the Town began offering season passes to the Town's swimming pool thereby boosting swimming pool fees at the outset of the pool season.
- Operating expenditures were $362,161 less than the final budgeted expenditures largely due to the elimination of two full-time positions in the Public Works department. Moreover, after the Town's Chief of Police was elected to a neighboring county's Sheriff position, the Chief of Police position was temporarily filled by a former retired police officer on a part-time basis and without benefits until the permanent Chief of Police was hired four months later.
- Capital project expenditures were $70,937 more than the final budgeted expenditures primarily due to the Jean Fogle Memorial Garden project for which the Town received copious donations as well as the electronic sign board project for which half of the costs were borne by Shenandoah Memorial Hospital.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets as of June 30, 2012 for its governmental and business-type activities was $51,393,832, net of depreciation, as reflected in the schedule below.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Land	$ 1,320,305	$ 1,320,305	$ 171,915	$ 171,915	$ 1,492,220	$ 1,492,220
Buildings and improvements	3,180,639	3,021,595	36,394,311	36,382,372	39,574,950	39,403,967
Infrastructure	11,958,958	11,948,895	8,340,874	8,340,874	20,299,832	20,289,769
Machinery and equipment	1,405,084	1,478,546	833,853	824,827	2,238,937	2,303,373
Construction in progress	126,227	159,250	182,515	182,515	308,742	341,765
Accumulated depreciation	(6,237,582)	(5,965,374)	(6,283,267)	(5,307,276)	(12,520,849)	(11,272,650)
Total net capital assets	$ 11,753,631	$ 11,963,217	$ 39,640,201	$ 40,595,227	$ 51,393,832	$ 52,558,444

Major capital asset events during the current fiscal year included the following:

- The Town began its Jean Fogle Memorial Garden project, which includes an access ramp and nature sanctuary; construction in progress was $17,665 at June 30, 2012.
- The Town completed its Indian Springs wetlands park project, which included the construction of an observation deck and the development of interpretive signage and educational materials. The project totaled $57,719, and the Town received $50,000 in American Recovery and Reinvestment Act (ARRA) stimulus funds from the Department of Forestry for this project.
- Construction was completed on the Town's electronic sign board project for a total project cost of $47,340 at June 30, 2012.
- Construction was completed on the Town's Riverview Park lighting project for a total of $18,285 at June 30, 2012.

- The Town purchased a bucket truck, bucket and grapple wheel loader attachments, and a tandem axle dump trailer for the public works department for a total cost of $39,626.
- The Town purchased a submersible sludge pump for the wastewater treatment facility for a cost of $9,026.
- Because the Town began contracting for refuse and recycling collection instead of in-house collection, the Town sold its refuse truck for $21,001. The Town also sold its bucket truck for $3,500.

Additional information on the Town's capital assets may be found in the notes to the financial statements, Note 8-Capital Assets on pages 44-46.

Long-term Liabilities

At the end of fiscal year 2012, the Town had the following outstanding debt:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
General obligation bonds	$ 137,123	$ 149,811	$ 23,090,788	$ 24,336,748	$ 23,227,911	$ 24,486,559
Original issue premium	-	-	135,751	71,325	135,751	71,325
Deferred amount on refunding	-	-	(8,862)	-	(8,862)	-
Notes payable	23,476	34,615	-	-	23,476	34,615
Capital leases	28,386	46,226	-	-	28,386	46,226
Compensated absences	138,813	147,967	99,670	105,916	238,483	253,883
Total long-term liabilities	$ 327,798	$ 378,619	$ 23,317,347	$ 24,513,989	$ 23,645,145	$ 24,892,608

Additional information on the Town's long-term liabilities can be found in the notes to the financial statements, Note 9-Long-Term Liabilities on pages 47-51.

Economic Factors and Next Year's Budgets and Rates

- Growth in the Town is expected to remain slow, which will continue to cause general property and other local taxes to have little growth.
- Earnings on idle cash continue to remain low.
- It is expected that the Commonwealth of Virginia may continue to decrease it's funding to localities, including law enforcement assistance and other grants. However, these state funding cuts should not have a substantial impact on the Town's budget.

All of these factors were considered in preparing the Town's budget for fiscal year 2013.

Moreover, in addition to minimally increasing water and sewer rates in fiscal year 2013, the Town Council also made the decision to supplement the Public Utilities Fund with $387,676 from the fund balance of the General Fund in order to balance the Public Utilities Fund fiscal year 2013 budget.

For the 2013 budget year, the capital improvement projects include the aforementioned Jean Fogle Memorial Garden project as well as a swimming pool project, which includes providing Americans with Disabilities Act (ADA) access to the Town's wading pool.

Requests for Information

This financial report is designed to provide readers with a general overview of the Town of Woodstock's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Woodstock, Virginia, 135 North Main Street, Woodstock, Virginia 22664.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,840,054	$ 1,211,030	$ 4,051,084
Receivables, net of allowance for uncollectibles:			
Taxes	646,996	-	646,996
Accounts	282,195	292,004	574,199
Unbilled and other	-	104,799	104,799
Intergovernmental receivables	4,459	-	4,459
Prepaid assets	48,654	15,045	63,699
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	15,725	62,880	78,605
Investments	-	36,729	36,729
Capital assets, not depreciable:			
Land	1,320,305	171,915	1,492,220
Construction in progress	126,227	182,515	308,742
Capital assets, depreciable:			
Buildings	691,013	33,891,070	34,582,083
Improvements other than buildings	2,489,626	2,503,241	4,992,867
Machinery and equipment	1,405,084	833,853	2,238,937
Infrastructure	11,958,958	8,340,874	20,299,832
Accumulated depreciation	(6,237,582)	(6,283,267)	(12,520,849)
Other assets:			
Unamortized bond issue costs	-	68,329	68,329
Total assets	$ 15,591,714	$ 41,431,017	$ 57,022,731
LIABILITIES			
Accounts payable and accrued liabilities	$ 130,068	$ 33,712	$ 163,780
Accrued interest payable	-	37,634	37,634
Unearned revenue	551,221	-	551,221
Customers' deposits	-	62,880	62,880
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium and deferred amount on refunding	13,339	1,214,292	1,227,631
Notes payable	11,532	-	11,532
Capital leases	18,447	-	18,447
Compensated absences	258	1,202	1,460
Portion due and payable after one year:			
General obligation bonds, net of original issue premium and deferred amount on refunding	123,784	22,003,385	22,127,169
Notes payable	11,944	-	11,944
Capital leases	9,939	-	9,939
Net OPEB obligation	85,622	48,978	134,600
Compensated absences	138,555	98,468	237,023
Total liabilities	$ 1,110,434	$ 23,500,551	$ 24,610,985
NET ASSETS			
Invested in capital assets, net of related debt	$ 11,564,646	$ 16,459,253	$ 28,023,899
Unrestricted	2,916,634	1,471,213	4,387,847
Total net assets	$ 14,481,280	$ 17,930,466	$ 32,411,746

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

Town of Woodstock, Virginia

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government administration	$ 701,454	$ 13,490	$ -	$ -
Public safety	1,458,135	44,209	126,259	-
Public works	1,588,522	169,697	50,483	667,173
Parks and recreation	268,582	56,899	-	71,386
Community development	311,986	-	-	-
Interest on long-term debt	10,075	-	-	-
Total governmental activities	$ 4,338,754	$ 284,295	$ 176,742	$ 738,559
Business-type activities				
Water & Sewer	$ 3,539,931	$ 3,160,050	$ -	$ 501,146
Total primary government	$ 7,878,685	$ 3,444,345	$ 176,742	$ 1,239,705

General revenues
- General property taxes
- Other local taxes
  - Local sales and use
  - Consumers' utility
  - Telecommunications
  - Bank franchise
  - Meals
  - Transient occupancy
  - Vehicle license
  - Business license
  - 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 assets
Net assets, beginning of year
Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (687,964)	$ -	$ (687,964)
(1,287,667)	-	(1,287,667)
(701,169)	-	(701,169)
(140,297)	-	(140,297)
(311,986)	-	(311,986)
(10,075)	-	(10,075)
$ (3,139,158)	$ -	$ (3,139,158)
$ -	$ 121,265	$ 121,265
$ (3,139,158)	$ 121,265	$ (3,017,893)
$ 1,069,173	$ -	$ 1,069,173
196,487	-	196,487
87,174	-	87,174
95,963	-	95,963
158,354	-	158,354
981,733	-	981,733
185,699	-	185,699
92,933	-	92,933
338,655	-	338,655
140,291	-	140,291
20,844	18,665	39,509
86,755	-	86,755
111,685	-	111,685
(110,000)	110,000	-
$ 3,455,746	$ 128,665	$ 3,584,411
$ 316,588	$ 249,930	$ 566,518
14,164,692	17,680,536	31,845,228
$ 14,481,280	$ 17,930,466	$ 32,411,746

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2012

		General Fund
ASSETS		
Cash and cash equivalents	$	2,840,054
Receivables, net of allowance for uncollectibles:		
Property taxes		646,996
Accounts		282,195
Intergovernmental receivables		4,459
Prepaid assets		48,654
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents		15,725
Total assets	$	3,838,083
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	$	130,068
Deferred revenue		708,566
Performance deposits		15,725
Total liabilities	$	854,359
Fund balances:		
Nonspendable:		
Prepaid assets	$	48,654
Committed to:		
Woodstock Volunteer Fire Department	$	345,000
Woodstock Volunteer Rescue Squad		75,000
Assigned to:		
Public utilities fund		387,676
Unassigned:		2,127,394
Total fund balances	$	2,983,724
Total liabilities and fund balances	$	3,838,083

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	$	2,983,724
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		11,753,631
Other long-term assets are not available to pay for current-period expenditures, and therefore are deferred in the funds.		157,345
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.		(413,420)
Net assets of governmental activities	$	14,481,280

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

		General Fund
REVENUES		
General property taxes	$	1,062,487
Other local taxes		1,934,808
Permits, privilege fees, and regulatory licenses		352,145
Fines and forfeitures		44,209
Revenue from the use of money and property		20,844
Charges for services		226,596
Miscellaneous		62,254
Intergovernmental revenues:		
Commonwealth		904,391
Federal		86,894
Total revenues	$	4,694,628
EXPENDITURES		
Current:		
General government administration	$	684,415
Public safety		1,411,996
Public works		1,375,285
Parks and recreation		222,624
Community development		237,368
Capital projects		145,422
Debt service:		
Principal retirement		41,667
Interest and other fiscal charges		10,074
Total expenditures	$	4,128,851
Excess (deficiency) of revenues over (under) expenditures	$	565,777
OTHER FINANCING SOURCES (USES)		
Sale of equipment	$	24,501
Transfers out		(110,000)
Total other financing sources (uses)	$	(85,499)
Net change in fund balances	$	480,278
Fund balances - beginning		2,503,446
Fund balances - ending	$	2,983,724

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	$	480,278
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 depreciation exceeded capital outlays in the current period.		(245,286)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		35,700
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		10,510
The issuance of long-term debt (e.g., bonds and 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		41,667
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.		(6,281)
Change in net assets of governmental activities	$	316,588

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

Statement of Net Assets
Proprietary Funds
June 30, 2012

		Enterprise Fund Public Utilities
ASSETS		
Current assets:		
Cash and cash equivalents	$	1,211,030
Accounts receivable, net of allowance for uncollectibles		292,004
Unbilled and other receivables		104,799
Prepaid assets		15,045
Total current assets	$	1,622,878
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	$	62,880
Investments		36,729
Total restricted assets	$	99,609
Capital assets:		
Land	$	171,915
Buildings		33,891,070
Improvements other than buildings		2,503,241
Machinery and equipment		833,853
Infrastructure		8,340,874
Construction in progress		182,515
Accumulated depreciation		(6,283,267)
Total capital assets	$	39,640,201
Other assets:		
Bond issuance costs, net of amortization	$	68,329
Total noncurrent assets	$	39,808,139
Total assets	$	41,431,017
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$	33,712
Accrued interest payable		37,634
Customers' deposits		62,880
General obligation bonds, net of original issue premium and deferred amount on refunding		1,214,292
Compensated absences		1,202
Total current liabilities	$	1,349,720
Noncurrent liabilities:		
General obligation bonds, net of original issue premium and deferred amount on refunding	$	22,003,385
Net OPEB obligation		48,978
Compensated absences		98,468
Total noncurrent liabilities	$	22,150,831
Total liabilities	$	23,500,551
NET ASSETS		
Invested in capital assets, net of related debt	$	16,459,253
Unrestricted		1,471,213
Total net assets	$	17,930,466

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Fund Public Utilities
OPERATING REVENUES	
Charges for services	$ 3,160,050
Total operating revenues	$ 3,160,050
OPERATING EXPENSES	
Water treatment facility	$ 642,448
Water transmission and distribution	323,594
Wastewater treatment facility	1,028,068
Sanitary sewer maintenance	243,326
Depreciation	975,991
Total operating expenses	$ 3,213,427
Operating income (loss)	$ (53,377)
NONOPERATING REVENUES (EXPENSES)	
Availability fees	$ 501,146
Interest revenue	18,665
Interest expense	(319,739)
Amortization expense for bond issuance costs	(6,765)
Total nonoperating revenues (expenses)	$ 193,307
Income before transfers	$ 139,930
Operating Transfers	$ 110,000
Change in net assets	$ 249,930
Total net assets - beginning	$ 17,680,536
Total net assets - ending	$ 17,930,466

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Fund Public Utilities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 3,511,363
Payments to suppliers	(915,673)
Payments to employees	(1,322,841)
Net cash provided by (used in) operating activities	$ 1,272,849
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	$ 110,000
Net cash provided by (used in) noncapital financing activities	$ 110,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	$ (20,965)
Availability fees	501,146
Proceeds from indebtedness	1,146
Principal paid on bonds	(1,185,959)
Interest payments	(324,570)
Intergovernmental proceeds	94,658
Net cash provided by (used in) capital and related financing activities	$ (934,544)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	$ 18,665
Sale and purchase of investments	22,691
Net cash provided by (used in) investing activities	$ 41,356
Net increase (decrease) in cash and cash equivalents	$ 489,661
Cash and cash equivalents, including restricted - beginning	$ 784,249
Cash and cash equivalents, including restricted - ending	$ 1,273,910
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	$ (53,377)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	$ 975,991
(Increase) decrease in accounts receivable	(13,176)
(Increase) decrease in unbilled and other receivables	352,729
(Increase) decrease in prepaid assets	2,622
Increase (decrease) in accounts payable	(6,619)
Increase (decrease) in customer deposits	11,760
Increase (decrease) in compensated absences payable	(6,246)
Increase (decrease) net OPEB obligation	9,165
Total adjustments	$ 1,326,226
Net cash provided by (used in) operating activities	$ 1,272,849

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town of Woodstock, Virginia (the Town) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting entity:

The Town is a municipal corporation governed by an elected mayor and six-member Council, who are elected at large for staggered four year terms. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the Town.

Blended component units – There were no blended component units for the Town for the year ended June 30, 2012.

Discretely presented component units – There were no discretely presented component units for the Town for the year ended June 30, 2012.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business–type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct 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*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 deferred 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 in the month preceding receipt by the Town.

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.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, 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 service, and interest income.

The government reports the following major proprietary funds:

The *public utilities fund* accounts for the activities of the Town's water and sewer system. The Town's public utilities fund operates the wastewater treatment plant, sewage pumping stations and collection systems, the water treatment plant, and the water distribution system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *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 of the public utilities fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

Investments for the Town are reported at fair value.

2. 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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes are levied as of January 1 and attach as an enforceable lien on property as of January 1. All real and personal property is assessed by the County of Shenandoah Commissioner of Revenue. General real property assessments occur every four years. The Town collects real and personal property taxes semi-annually. Real property and personal property taxes are due and collectible twice a year, on June 5 and December 5. A penalty of 10 percent is assessed after the applicable due date. Interest at a monthly rate of 1 percent is charged on delinquent balances beginning July 1 and January 1. The Town bills and collects its own property taxes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity (continued)

4. *Allowance for Uncollectible Accounts*

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $63,912 at June 30, 2012 and is comprised of property taxes, accounts and water and sewer accounts receivable.

5. *Use of Estimates*

The preparation of financial statements in conformity with 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.

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

Property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	15-25
Infrastructure	75
Vehicles	5-15
Machinery and Equipment	8-10

Infrastructure acquired prior to 1980 is reported in the financial statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity (continued)

7. *Compensated Absences*

Per the Town's personnel policies, employees can accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation and sick 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 sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide and proprietary fund financial statements. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded 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 at retirement. The Town accrues salary-related payments associated with the payment of compensated absences.

8. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred amounts and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Fund equity*

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (i.e., inventory and prepaid assets) or are required to be maintained intact legally or contractually (i.e., corpus of a permanent fund);

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity (continued)

9. *Fund equity (continued)*

- Restricted fund balance – amounts constrained to specific purposes by external parties (i.e., 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 (e.g., Town Council); 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;

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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.

The Town establishes (and modifies or rescinds) fund balance commitments by formal action; the formal action required to commit fund balance is by resolution or majority vote. The Town Council delegates authority to assign fund balance for a specific purpose to the Town's Finance Director.

In the general fund, the Town's unassigned fund balance is maintained at a level to provide the Town with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenues without borrowing. Per the Town's policy, the Town shall not use unassigned fund balance to finance recurring operating expenditures. Moreover, the Town shall maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20 percent of the actual GAAP basis expenditures and other financing sources and uses. Funds in excess of the targeted 20 percent may be considered to supplement "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures, or as an addition to fund balance.

10. *Net assets*

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets less accumulated depreciation less any outstanding debt related to the acquisition, construction, or improvement of those assets.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Assets, liabilities, and net assets or equity (continued)

11. Restricted assets

Assets of the Town's governmental activities have been restricted for the payment of performance deposits. Assets of the Town's public utilities enterprise fund have been restricted for the payment of customer deposits. The Town also has unspent bond proceeds that are restricted in the amount of $36,729.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds and net assets—governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $(413,420) difference for the Town are as follows:

		Governmental Activities
General obligation bonds	$	(137,123)
Notes payable		(23,476)
Capital leases		(28,386)
Compensated absences		(138,813)
Net OPEB Obligation		(85,622)
Net adjustment to decrease *fund balance-total governmental funds* to arrive at *net assets-governmental activities*	**$**	**(413,420)**

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $(245,286) difference for the Town are noted on the following page.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED

		Governmental Activities
Capital outlay	$	145,422
Depreciation expense		(390,708)
Net adjustment to decrease *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	**$**	**(245,286)**

Another element of that reconciliation states that "the net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this $35,700 difference for the Town are as follows:

Donation of capital asset	$	35,700
Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	**$**	**35,700**

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $10,510 difference for the Town are as follows:

Increase in deferred revenue	$	10,510
Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	**$**	**10,510**

Another element of that reconciliation states that "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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $41,667 difference for the Town are noted on the following page.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)

Principal repayments:		
General obligation bonds	$	12,688
Notes payable		11,139
Capital leases		17,840
Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	**$**	**41,667**

Another element of that reconciliation states that "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 details of this $(6,281) difference for the Town are as follows:

Compensated absences	$	9,154
Annual OPEB costs		(15,435)
Net adjustment to decrease *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	**$**	**(6,281)**

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to February 1, a budget kick-off meeting is held and budget preparation packets are distributed by the Director of Finance to all department heads to assist in submittal of requested operating and capital departmental budgets for the upcoming fiscal year commencing July 1. Upon receipt of departmental budgetary information, the Director of Finance prepares a proposed draft version of the operating and capital budget and presents it to the Town Manager. Meetings with the Town Manager, Director of Finance, and department heads are held as necessary.

2. Prior to March 1, a proposed draft version of the operating and capital budget is presented to the Finance Committee. Budgetary work sessions are held by the Finance Committee during the month of March.

3. Prior to April 1, a proposed draft version of the operating and capital budget is presented to the Town Council. Budgetary work sessions are held by the Town Council during the month of April.

4. Prior to the May Town Council meeting, a public hearing is conducted to receive citizen comments on the proposed draft operating and capital budget.

5. Prior to June 30, the operating and capital budget is legally enacted through passage of an appropriations resolution by the Town Council. All proposed rates, licenses, fees and footnotes are attached to the adopted budget.

6. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level within an individual fund. The Director of Finance, with the approval of the Town Manager and department head(s), is authorized to transfer budgeted amounts between departments within the same fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

7. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

8. Appropriations lapse on June 30, for all Town funds, unless they are carried forward by a resolution of Town Council.

B. Excess of expenditures over appropriations

For the year ended June 30, 2012, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2012, there were no funds with a deficit fund equity.

NOTE 4—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. According, all deposits are considered fully collateralized.

Investments:

Statutes authorize the Town 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, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Town does not have a formally adopted investment policy.

Custodial Credit Risk (Investments)

The Town's investments at June 30, 2012 were held by the Town or in the Town's name by the Town's custodial banks.

Credit Risk of Debt Securities

The Town had only U.S. Treasury investments as of June 30, 2012, that carry no credit risk as they are backed by the full faith of the U.S. government.

	Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
U.S. Treasuries	$ 36,729	$ 36,729	$ -	$ -	$ -
Total	**$ 36,729**	**$ 36,729**	**$ -**	**$ -**	**$ -**

NOTE 5—RECEIVABLES:

Receivables as of June 30, 2012 for the Town's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Utilities Fund	Total
Receivables:			
Property taxes	$ 685,471	$ -	$ 685,471
Accounts	294,650	304,986	599,636
Unbilled and other	-	104,799	104,799
Gross receivables	**$ 980,121**	**$ 409,785**	**$ 1,389,906**
Less: allowance for uncollectibles	(50,930)	(12,982)	(63,912)
Net total receivables	**$ 929,191**	**$ 396,803**	**$ 1,325,994**

NOTE 6—INTERGOVERNMENTAL RECEIVABLES:

The following amounts represent receivables from other governments as of June 30, 2012:

	Primary Government
Commonwealth of Virginia:	
Rental tax	$ 101
Fire program fund grant	1,925
Federal Government:	
Bulletproof vest partnership grant	695
State and community highway safety	1,738
Total	**$ 4,459**

NOTE 7—UNEARNED REVENUE:

Unearned revenue represents 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. Unearned revenue totaling $551,221 is comprised of the following:

A. Property Taxes – Property taxes due subsequent to June 30, 2012 but that are levied and have an enforceable lien as of January 1 totaled $547,390 at June 30, 2012.

B. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action totaled $3,831 at June 30, 2012.

NOTE 8—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2012:

Governmental Activities:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Land	$ 1,320,305	$ -	$ -	$ 1,320,305
Construction in progress	159,250	90,321	(123,344)	126,227
Total capital assets not being depreciated	$ 1,479,555	$ 90,321	$ (123,344)	$ 1,446,532
Capital assets being depreciated:				
Buildings	$ 691,013	$ -	$ -	$ 691,013
Improvements other than buildings	2,330,582	159,044	-	2,489,626
Infrastructure	11,948,895	10,063	-	11,958,958
Machinery and equipment	1,478,546	45,038	(118,500)	1,405,084
Total depreciable capital assets	$ 16,449,036	$ 214,145	$ (118,500)	$ 16,544,681
Less accumulated depreciation for:				
Buildings	$ (252,789)	$ (13,444)	$ -	$ (266,233)
Improvements other than buildings	(677,075)	(120,331)	-	(797,406)
Infrastructure	(3,956,170)	(161,889)	-	(4,118,059)
Machinery and equipment	(1,079,340)	(95,044)	118,500	(1,055,884)
Total accumulated depreciation	$ (5,965,374)	$ (390,708)	$ 118,500	$ (6,237,582)
Total depreciable capital assets, net	$ 10,483,662	$ (176,563)	$ -	$ 10,307,099
Capital assets, net	**$ 11,963,217**	**$ (86,242)**	**$ (123,344)**	**$ 11,753,631**

Depreciation expense was allocated to the functions/programs as follows:

General government administration	$ 14,311
Public safety	32,362
Public works	223,460
Parks and recreation	45,957
Community development	74,618
Total depreciation expense	**$ 390,708**

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Land	$ 171,915	$ -	$ -	$ 171,915
Construction in progress	182,515	11,939	(11,939)	182,515
Total capital assets not being depreciated	$ 354,430	$ 11,939	$ (11,939)	$ 354,430
Capital assets being depreciated:				
Buildings	$ 33,891,070	$ -	$ -	$ 33,891,070
Improvements other than buildings	2,491,302	11,939	-	2,503,241
Infrastructure	8,340,874	-	-	8,340,874
Machinery and equipment	824,827	9,026	-	833,853
Total depreciable capital assets	$ 45,548,073	$ 20,965	$ -	$ 45,569,038
Less accumulated depreciation for:				
Buildings	$ (2,027,720)	$ (677,822)	$ -	$ (2,705,542)
Improvements other than buildings	(439,260)	(124,029)	-	(563,289)
Infrastructure	(2,406,170)	(111,212)	-	(2,517,382)
Machinery and equipment	(434,126)	(62,928)	-	(497,054)
Total accumulated depreciation	$ (5,307,276)	$ (975,991)	$ -	$ (6,283,267)
Total depreciable capital assets, net	$ 40,240,797	$ (955,026)	$ -	$ 39,285,771
Capital assets, net	**$ 40,595,227**	**$ (943,087)**	**$ (11,939)**	**$ 39,640,201**

NOTE 8—CAPITAL ASSETS: (CONTINUED)

The Town has entered into lease agreements for financing the acquisition of three police vehicles, two Public Works trucks, a street sweeper, a dump truck, and a pneumatic pusher. The Town has also financed the acquisition of two trucks for its wastewater treatment plant by means of a lease agreement. These leases are being treated as capital leases in accordance with accounting principles generally accepted in the United States of America. The assets acquired through capital leases are as follows:

		Governmental Activities
Asset:		
Machinery and equipment	$	400,217
Less: Accumulated depreciation		(258,764)
Total	**$**	**141,453**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Fiscal Year Ending June 30		Governmental Activities
2013	$	19,431
2014		10,292
Total minimum lease payments	**$**	**29,723**
Less: amount representing interest		(1,337)
Present value of minimum lease payments	**$**	**28,386**

NOTE 9—LONG-TERM LIABILITIES:

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

	Governmental Activities Long-Term Debt							
	General Obligation Bonds		Notes Payable		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 13,339	6,605	$ 11,532	835	$ 18,447	984	$ 43,318	8,424
2014	14,021	5,922	11,944	424	9,939	353	35,904	6,699
2015	14,739	5,205	-	-	-	-	14,739	5,205
2016	15,493	4,451	-	-	-	-	15,493	4,451
2017	16,286	3,628	-	-	-	-	16,286	3,628
2018-2022	63,245	5,949	-	-	-	-	63,245	5,949
Total	$ 137,123	$ 31,760	$ 23,476	$ 1,259	$ 28,386	$ 1,337	$ 188,985	$ 34,356

	Business-Type Activities Long-Term Debt	
	General Obligation Bonds	
	Principal	Interest
2013	$ 1,204,886	$ 300,738
2014	1,219,185	284,342
2015	1,233,878	265,236
2016	1,248,983	245,414
2017	1,289,516	224,974
2018-2022	5,203,777	913,120
2023-2027	4,602,384	706,922
2028-2032	3,864,813	528,906
2033-2037	2,459,966	301,524
2038-2042	667,066	82,079
2043-2047	96,334	1,497
Total	$ 23,090,788	$ 3,854,752

NOTE 9—LONG-TERM LIABILITIES: (CONTINUED)

The following is a summary of the long-term liabilities of the Town for the year ended June 30, 2012.

	Amounts Payable July 1, 2011	Increases	Decreases	Amounts Payable June 30, 2012	Amount Due Within One Year
Primary Government:					
Governmental Activities					
General obligation bonds	$ 149,811	$ -	$ (12,688)	$ 137,123	$ 13,339
Notes payable	34,615	-	(11,139)	23,476	11,532
Capital lease obligations	46,226	-	(17,840)	28,386	18,447
Compensated absences	147,967	6,059	(15,213)	138,813	258
Total governmental activities	**$ 378,619**	**$ 6,059**	**$ (56,880)**	**$ 327,798**	**$ 43,576**
Business-type Activities					
General obligation bonds	$ 24,336,748	$ 855,000	$ (2,100,960)	$ 23,090,788	$ 1,204,886
Premium on bond issue	71,325	86,157	(21,731)	135,751	11,192
Deferred amount on refunding	-	(10,879)	2,017	(8,862)	(1,786)
Compensated absences	105,916	4,090	(10,336)	99,670	1,202
Total business-type activities	**$ 24,513,989**	**$ 934,368**	**$ (2,131,010)**	**$ 23,317,347**	**$ 1,215,494**
Total primary government	**$ 24,892,608**	**$ 940,427**	**$ (2,187,890)**	**$ 23,645,145**	**$ 1,259,070**

For governmental activities, compensated absences are liquidated by the General Fund.

NOTE 9—LONG-TERM LIABILITIES: (CONTINUED)

Details of long-term liabilities:

Primary Government – Governmental Activities:

General obligation bonds:

Series 1991 R-1, R-2, $534,000, issued September 24, 1991, payable in monthly installments of $1,952, through September 24, 2020, with interest at 5.0%	$ 137,123
Sub-total general obligation bonds payable	**$ 137,123**

Notes payable:

Notes payable, $34,615, issued September 15, 2010, payable in annual installments of $12,367.51, through Setepmber 15, 2013 with interest at 3.50%	$ 23,476
Sub-total notes payable	**$ 23,476**

Capital leases:

Capital lease for two police vehicles dated December 17, 2009, payable in annual installments of $9,138.27, through December 17, 2012 with interest at 3.27%	$ 8,848
Capital lease for one Public Works vehicle dated November 11, 2010, payable in annual installments of $10,293.21, through November 19, 2013 with interest at 3.50%	19,538
Sub-total capital leases	**$ 28,386**
Compensated absences payable	**$ 138,813**
Total governmental activity long-term liabilities	**$ 327,798**

NOTE 9—LONG-TERM LIABILITIES: (CONTINUED)

Details of long-term liabilities: (continued)

Primary Government - Business-Type Activities:

General obligation bonds:

Series 1991 R-1, $534,000, issued September 24, 1991, payable in monthly installments of $1,952, through September 24, 2020, with interest at 5.0%	$	103,964
Series 2002, $1,250,000, issued December 1, 2002, payable in monthly installments of $8,730, through December 11, 2018, with interest at 3.85%		601,594
Series 2003, $2,286,000, issued September 25, 2003, payable in monthly installments of $9,922, through September 25, 2020, with interest at 4.25%		2,043,878
Series 2006, $1,500,000, issued June 26, 2006, payable in annual installments of $138,330 through June 27, 2021, with interest at 4.36%		1,011,861
Series 2006, $4,561,156, issued September 27, 2006, payable in semi-annual installments of $114,028.90, beginning January 1, 2009 through July 1, 2028, bearing no interest		3,648,925
Series 2007, $13,917,296, issued November 9, 2007, payable in semi-annual installments of $114,028.90, beginning July 1, 2010 through January 1, 2035, bearing no interest		12,525,566
Series 2007B, $2,470,000, issued December 13, 2007, payable in variable annual installments, beginning October 1, 2008 through October 1, 2037, with variable interest rates		2,300,000
Series 2011B, $855,000, issued November 16, 2011, payable in variable annual installments, beginning November 1, 2012 through November 1, 2020, with variable interest rates		855,000
Sub-total general obligation bonds payable	**$**	**23,090,788**
Unamortized premium on general obligation bonds	**$**	**135,751**
Deferred amount on refunding	**$**	**(8,862)**
Compensated absences payable	**$**	**99,670**
Total business-type activity long-term liabilities	**$**	**23,317,347**

NOTE 9—LONG-TERM LIABILITIES: (CONTINUED)

Long-term liabilities are presented on the government-wide financial statements under the following categories:

	Governmental Activities	Business-Type Activities
Compensated absences	$ 138,813	$ 99,670
Current maturities of long-term debt	43,318	1,214,292
Long-term debt	145,667	22,003,385
Total	**$ 327,798**	**$ 23,317,347**

NOTE 10—CURRENT REFUNDING:

On November 16, 2011, the Town issued an $855,000 Town of Woodstock, Virginia General Obligation Refunding Bond (Sewer System), Series 2011 (Refunding Bond) and sold it to the Virginia Resources Authority (VRA) in connection with VRA's Virginia Pooled Financing Program, Series 2011B. The proceeds from the issuance and sale of the current Refunding Bond were used to redeem, refinance, and refund the outstanding principal amount of the Town of Woodstock, Virginia General Obligation Sewer System Bond, Series 2001A in the original principal amount of $2,165,000. The reacquisition price exceeded the net carrying amount of the new debt by $10,879. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the life of the refunded debt. The current refunding was undertaken to reduce total debt service payments over the next eight years by $118,670 and resulted in total net present value savings of $108,182 for the Town.

NOTE 11—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent, Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

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

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

NOTE 11—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- Eligible hazardous duty members in Plan 1 and Plan 2 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. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2012 was 12.33% of annual covered payroll.

NOTE 11—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost

For the fiscal year ended 2012, the Town's annual pension cost of $272,143 was equal to the Town's required and actual contributions.

Trend Information for the Town

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$ 272,143	100.00%	$ -
June 30, 2011	281,342	100.00%	-
June 30, 2010	279,835	100.00%	-

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the Town's plan was 61.79% funded. The actuarial accrued liability for benefits was $10,741,098, and the actuarial value of assets was $6,636,862, resulting in an unfunded actuarial accrued liability (UAAL) of $4,104,236. The covered payroll (annual payroll of active employees covered by the plan) was $2,233,656, and ratio of the UAAL to the covered payroll was 183.75%.

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

NOTE 12—OTHER POST-EMPLOYMENT BENEFITS:

Background

Beginning in fiscal year 2009, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the Town's retiree health benefit subsidy. Historically, the Town's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the Town accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Town. This funding methodology mirrors the funding approach used for pension benefits.

A. Plan Description

Name of Plan:	The Local Choice Health Benefits Program (TLC)
Identification of Plan:	Agent Multiple-Employer Defined Benefit Healthcare Plan
Administering Entity:	Virginia Department of Human Resource Management (DHRM)

The Town participates in the TLC, which provides healthcare benefits to eligible retired Town employees and their beneficiaries. Eligibility for retiree healthcare coverage in the TLC mirrors the age and service criteria for the VRS reduced retirement, which stipulates that the retiree must be at least 55 years of age and have at least 5 years of service with the Town or at least 50 years of age and have at least 10 years of service with the Town. Title 2.2 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in the TLC to the respective employer entities. The Commonwealth of Virginia issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the TLC. A copy of that report can be downloaded from the website at http://www.doa.virginia.gov/Financial_Reporting/CAFR/2011/2011CAFR.pdf or by writing to the Virginia Department of Human Resource Management at 101 North 14th Street, 12th Floor, Richmond, VA 23219.

B. Funding Policy

Pursuant to Title 2.2 of the Code of Virginia (1950), as amended, the DHRM establishes contribution rates for TLC participants on an annual basis. The Town's contribution rates are blended; in a blended program, the rates for active employees and retirees are the same. Retired employees pay 100% of the blended rate. Coverage ceases when retirees become eligible for Medicare.

NOTE 12—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost is based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual Required Contribution (ARC)	$	39,000
Interest on OPEB Obligation		4,400
Adjustment to ARC		(4,400)
Annual OPEB cost	$	39,000
Estimated Contributions Made During FY 2012		(14,400)
Increase in Net OPEB Obligation	$	24,600
Net OPEB Obligation - beginning of year		110,000
Net OPEB Obligation - end of year	$	134,600

For fiscal year 2012, the Town's annual OPEB cost of $39,000 is equal to the ARC. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 is as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
6/30/2012	$	39,000	36.90%	$	134,600
6/30/2011		49,000	24.50%		110,000
6/30/2010		47,000	23.40%		73,000

NOTE 12—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

D. Funded Status and Funding Progress.

The funded status of the plan as of June 30, 2012 is as follows:

Actuarial accrued liability (AAL)	$	482,100
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	482,100
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Annual covered payroll	$	2,257,300
UAAL as of percentage of covered payroll		21.36%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation of the liabilities as of January 1, 2011 was based on the entry age actuarial cost method. The actuarial assumptions included a 4.00% investment rate of return on assets and an annual healthcare cost trend rate of 9.00% initially, reduced by decrements of 1.00% per year until an ultimate rate of 5.00% is reached. The assumptions also included a 4.00% interest discount rate. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over a 30-year amortization period.

NOTE 12—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

A. Plan Description

Name of Plan:	Health Insurance Credit Program
Identification of Plan:	Agent Multiple-Employer Defined Benefit OPEB plan
Administering Entity:	Virginia Retirement System (VRS)

The Town participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the Town, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of $1.50 per year of creditable service up to a maximum monthly credit of $45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of $45.

Localities may elect to provide an additional health insurance credit of $1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of $30. The enhanced credit is available for constitutional offices and their employees, local social services employees, and general registrars and their employees. Whereas the $1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the costs of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 11.

B. Funding Policy

As a participating local political subdivision, the Town is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2012 was 0.30% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, is based on the annual required contribution (ARC). The Town is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTE 12—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

C. OPEB Cost and Net OPEB Obligation (Continued)

For fiscal year 2012, the Town's contribution of $6,621 was equal to the ARC and OPEB cost. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2012	$ 6,621	100.00%	$ -
June 30, 2011	6,845	100.00%	-
June 30, 2010	10,472	100.00%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 118,749
Actuarial value of plan assets	$ 41,489
Unfunded actuarial accrued liability (UAAL)	$ 77,260
Funded ratio (actuarial value of plan assets/ AAL)	34.94%
Covered payroll (active plan members)	$ 2,233,656
UAAL as a percentage of covered payroll	3.46%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE 12—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 24 years.

NOTE 13—SURETY BONDS:

The Town pays Virginia Municipal Group contributions and assessments based upon classification 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 in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 14—RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Town carries commercial insurance. The Town also provides a risk management program for workers' compensation. Premiums are paid by the general fund and all other funds and are available to pay claims, claim reserves and administrative costs of the program.

The Town is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays Virginia Municipal Group contributions and assessments based upon classification 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 which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 15—INTERFUND TRANSFERS:

In the year ended June 30, 2012, the Town made the following one-time transfers:

	Transfers In	Transfers Out
General Fund	$ -	$ 110,000
Public Utilities Fund	110,000	-
Total	**$ 110,000**	**$ 110,000**

The purpose of this interfund transfer was to build sufficient cash reserves in the public utilities fund.

NOTE 16—CONTINGENT LIABILITIES:

The Town receives grant funds, principally from the federal government, for construction and various other programs. Certain expenditures of these funds are subject to audit by the grantor, and the Town is contingently liable to refund amounts in excess of allowable expenditures. In the opinion of the Town management, no material refunds will be required as a result of expenditures disallowed by grantors.

The Town is responsible for the refunding of arbitrage interest incurred on the unexpended proceeds of certain bond issues. The amount of this arbitrage, if any, is estimated to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 1,021,850	$ 1,021,850	$ 1,062,487	$ 40,637
Other local taxes	1,789,200	1,794,200	1,934,808	140,608
Permits, privilege fees, and regulatory licenses	351,000	356,000	352,145	(3,855)
Fines and forfeitures	36,800	36,800	44,209	7,409
Revenue from the use of money and property	15,400	15,400	20,844	5,444
Charges for services	202,000	202,000	226,596	24,596
Miscellaneous	11,000	18,000	62,254	44,254
Intergovernmental revenues:				
Commonwealth	854,200	866,200	904,391	38,191
Federal	45,700	45,700	86,894	41,194
Total revenues	$ 4,327,150	$ 4,356,150	$ 4,694,628	$ 338,478
EXPENDITURES				
Current:				
General government administration	$ 755,990	$ 762,465	$ 684,415	$ 78,050
Public safety	1,355,240	1,505,240	1,411,996	93,244
Public works	1,527,195	1,507,770	1,375,285	132,485
Parks and recreation	218,050	218,050	222,624	(4,574)
Community development	272,375	300,325	237,368	62,957
Capital projects	36,200	74,485	145,422	(70,937)
Debt service:				
Principal retirement	42,000	42,000	41,667	333
Interest and other fiscal charges	10,100	10,100	10,074	26
Total expenditures	$ 4,217,150	$ 4,420,435	$ 4,128,851	$ 291,584
Excess (deficiency) of revenues over (under) expenditures	$ 110,000	$ (64,285)	$ 565,777	$ 630,062
OTHER FINANCING SOURCES (USES)				
Sale of equipment	$ -	$ 21,000	$ 24,501	$ 3,501
Transfers out	(110,000)	(110,000)	(110,000)	-
Total other financing sources and uses	$ (110,000)	$ (89,000)	$ (85,499)	$ 3,501
Net change in fund balances	$ -	$ (153,285)	$ 480,278	$ 633,563
Fund balances - beginning	-	153,285	2,503,446	2,350,161
Fund balances - ending	$ -	$ -	$ 2,983,724	$ 2,983,724

Schedule of Pension Funding Progress
As of June 30, 2012

Town Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/11	$ 6,636,862	$ 10,741,098	$ 4,104,236	61.79%	$ 2,233,656	183.75%
06/30/10	6,486,317	10,071,584	3,585,267	64.40%	2,355,858	152.19%
06/30/09	6,470,644	8,699,948	2,229,304	74.38%	2,319,825	96.10%
06/30/08	5,987,808	7,749,523	1,761,715	77.27%	2,246,238	78.43%
06/30/07	5,120,206	6,520,921	1,400,715	78.52%	2,045,013	68.49%

Schedule of OPEB Funding Progress
As of June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
01/01/11	$ -	$ 482,100	$ 482,100	0.00%	$ 2,257,300	21.36%
01/01/08	-	349,000	349,000	0.00%	2,239,000	15.59%

Note: The implementation year of GASB Statement No. 45 was fiscal year 2009.

Health Care Credit Plan Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/11	$ 41,489	$ 118,749	$ 77,260	34.94%	$ 2,233,656	3.46%
06/30/10	32,366	109,292	76,926	29.01%	2,355,857	3.27%
06/30/09	20,922	88,626	67,704	23.61%	2,319,825	2.92%
06/30/08	15,494	104,467	88,973	14.83%	2,246,238	3.96%
06/30/07	6,061	116,885	110,824	5.19%	2,045,013	5.42%

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property tax - current	$ 740,000	$ 740,000	$ 748,885	$ 8,885
Real property tax - delinquent	50,000	50,000	49,392	(608)
Personal property tax - current	180,000	180,000	187,470	7,470
Personal property tax - delinquent	15,000	15,000	36,329	21,329
Machinery and tools tax - current	3,000	3,000	1,687	(1,313)
Machinery and tools tax - delinquent	200	200	1,309	1,109
Public service corporations - current	20,000	20,000	20,439	439
Public service corporations - delinquent	150	150	2	(148)
Penalties - all property taxes	9,000	9,000	11,274	2,274
Interest - all property taxes	4,500	4,500	5,700	1,200
Total general property taxes	$ 1,021,850	$ 1,021,850	$ 1,062,487	$ 40,637
Other local taxes:				
County sales tax	$ 180,000	$ 180,000	$ 196,487	$ 16,487
Consumer utility tax	80,000	80,000	87,174	7,174
Telecommunications tax	98,000	98,000	95,963	(2,037)
Franchise license tax	150,000	155,000	158,354	3,354
Cigarette tax	85,000	85,000	105,627	20,627
Transient occupancy taxes	180,000	180,000	185,699	5,699
Meals tax	895,000	895,000	981,733	86,733
Vehicle license tax	90,000	90,000	89,107	(893)
Public right-of-way fees	25,000	25,000	27,274	2,274
Penalties - all local taxes	6,000	6,000	7,390	1,390
Interest - all local taxes	200	200	-	(200)
Total other local taxes	$ 1,789,200	$ 1,794,200	$ 1,934,808	$ 140,608
Permits, privilege fees, and regulatory licenses:				
Business, professional and occupational licenses	$ 325,000	$ 330,000	$ 337,505	$ 7,505
Penalties - business, professional, & occupational licenses	1,000	1,000	1,150	150
Development fees	25,000	25,000	13,490	(11,510)
Total permits, privilege fees, and regulatory licenses	$ 351,000	$ 356,000	$ 352,145	$ (3,855)
Fines and forfeitures:				
Court fines and forfeitures	$ 35,000	$ 35,000	$ 43,179	$ 8,179
Parking fines	1,800	1,800	1,030	(770)
Total fines and forfeitures	$ 36,800	$ 36,800	$ 44,209	$ 7,409
Revenue from use of money and property:				
Interest on bank deposits	$ 13,000	$ 13,000	$ 18,524	$ 5,524
Rental of recreational properties and facilities	2,400	2,400	2,320	(80)
Total revenue from use of money and property	$ 15,400	$ 15,400	$ 20,844	$ 5,444
Charges for services:				
Refuse collection fees	$ 160,000	$ 160,000	$ 169,698	$ 9,698
Swimming pool fees	38,500	38,500	52,610	14,110
Swimming lessons	2,500	2,500	3,600	1,100
Concessions	1,000	1,000	688	(312)
Total charges for services	$ 202,000	$ 202,000	$ 226,596	$ 24,596

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Miscellaneous revenue:				
Miscellaneous receipts	$ 10,000	$ 17,000	$ 57,054	$ 40,054
Gifts and donations	1,000	1,000	5,200	4,200
Total miscellaneous revenue	$ 11,000	$ 18,000	$ 62,254	$ 44,254
Total revenue from local sources	$ 3,427,250	$ 3,444,250	$ 3,703,343	$ 259,093
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	$ 4,000	$ 4,000	$ 4,461	$ 461
Motor vehicle rental tax	500	500	470	(30)
Personal property tax reimbursement	106,700	106,700	106,753	53
Total noncategorical aid	$ 111,200	$ 111,200	$ 111,684	$ 484
Categorical aid:				
Law enforcement assistance	$ 91,000	$ 91,000	$ 98,888	$ 7,888
Distribution of fire program funds	12,000	12,000	14,646	2,646
Flood prevention & protection grant	-	12,000	12,000	-
Street and highway maintenance funds	640,000	640,000	667,173	27,173
Total categorical aid	$ 743,000	$ 755,000	$ 792,707	$ 37,707
Total revenue from the Commonwealth	$ 854,200	$ 866,200	$ 904,391	$ 38,191
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest partnership grant program	$ 2,000	$ 2,000	$ 695	$ (1,305)
Justice assistance grant program	2,500	2,500	3,342	842
State and community highway safety grant program	5,000	5,000	8,688	3,688
USDA cooperative forestry assistance grant program	36,200	36,200	35,686	(514)
FEMA public assistance	-	-	38,483	38,483
Total categorical aid	$ 45,700	$ 45,700	$ 86,894	$ 41,194
Total revenue from the federal government	$ 45,700	$ 45,700	$ 86,894	$ 41,194
Total General Fund	$ 4,327,150	$ 4,356,150	$ 4,694,628	$ 338,478

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town council:				
Salaries & wages - regular	$ 40,500	$ 40,500	$ 40,300	$ 200
FICA/medicare - employer contribution	3,100	3,100	3,083	17
Unemployment insurance	250	250	326	(76)
Advertising	800	800	-	800
Other contractual services	7,000	7,000	6,862	138
Materials and supplies	200	200	15	185
Office supplies & equipment	300	300	200	100
Food supplies & food services	1,500	1,500	2,557	(1,057)
Total town council	$ 53,650	$ 53,650	$ 53,343	$ 307
Town clerk:				
Salaries & wages - regular	$ 2,000	$ 2,000	$ 2,863	$ (863)
FICA/Medicare - employer contribution	155	155	199	(44)
Office supplies & equipment	300	300	278	22
Total town clerk	$ 2,455	$ 2,455	$ 3,340	$ (885)
Total legislative	$ 56,105	$ 56,105	$ 56,683	$ (578)
Executive administration:				
Town manager				
Salaries & wages - regular	$ 89,150	$ 91,400	$ 91,149	$ 251
FICA/medicare - employer contribution	6,855	7,100	7,194	(94)
Virginia retirement system	16,000	16,150	16,070	80
ICMA - employer contribution	840	840	840	-
Hospital/medical plans	11,600	11,600	11,184	416
Group life insurance	300	300	234	66
Unemployment insurance	75	75	70	5
Workers' compensation	200	200	-	200
Employee bonus	300	300	300	-
Printing	150	150	-	150
Postal services	200	200	-	200
Telecommunications	1,400	1,400	757	643
Convention, training, & education	2,000	2,000	1,982	18
Association and membership dues	2,000	2,000	1,737	263
Books/subscriptions/educational materials	500	500	-	500
Materials and supplies	500	500	356	144
Office supplies and equipment	700	700	-	700
Food supplies and food services	750	750	367	383
Total town manager	$ 133,520	$ 136,165	$ 132,240	$ 3,925
Assistant town manager				
Salaries & wages - regular	$ 35,400	$ 36,350	$ 36,229	$ 121
FICA/medicare - employer contribution	2,725	2,800	2,758	42
Virginia retirement system	6,200	6,400	6,387	13
Hospital/medical plans	3,135	3,135	3,024	111
Group life insurance	200	200	101	99
Unemployment insurance	35	35	35	-

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Executive administration: (continued)				
Assistant town manager (continued)				
Workers' compensation	$ 300	$ 300	$ -	$ 300
Employee bonus	125	125	125	-
Printing	300	300	-	300
Postal services	250	250	-	250
Mileage	250	250	-	250
Convention, training, & education	500	500	32	468
Association and membership dues	200	200	188	12
Books/subscriptions/educational materials	100	100	-	100
Office supplies and equipment	500	500	87	413
Total assistant town manager	$ 50,220	$ 51,445	$ 48,966	$ 2,479
Total executive administration	$ 183,740	$ 187,610	$ 181,206	$ 6,404
General administration:				
Town attorney:				
Salaries & wages - regular	$ 39,500	$ 40,370	$ 41,278	$ (908)
FICA/medicare - employer contribution	3,050	3,050	3,166	(116)
Workers' compensation	50	50	-	50
Legal services	8,000	8,000	7,888	112
Convention, training, & education	200	200	-	200
Association and membership dues	500	500	270	230
Total town attorney	$ 51,300	$ 52,170	$ 52,602	$ (432)
Risk manager:				
Salaries & wages - regular	$ 22,660	$ 23,250	$ 23,749	$ (499)
FICA/medicare - employer contribution	1,750	1,800	1,656	144
Virginia retirement system	4,000	4,100	4,187	(87)
ICMA - employer contribution	210	105	210	(105)
Hospital/medical plans	5,900	5,900	5,524	376
Group life insurance	115	115	66	49
Unemployment insurance	35	35	35	-
Workers' compensation	125	125	-	125
Educational assistance	3,000	3,000	2,418	582
Employee bonus	125	125	125	-
Printing	200	200	126	74
Postal services	300	300	30	270
Mileage	250	250	30	220
Convention, training, & education	800	800	994	(194)
Association and membership dues	300	300	180	120
Books/subscriptions/educational materials	100	100	-	100
Office supplies and equipment	500	500	116	384
Food supplies and food service	300	300	54	246
Total risk manager	$ 40,670	$ 41,305	$ 39,500	$ 1,805
Total general administration	$ 91,970	$ 93,475	$ 92,102	$ 1,373
Financial administration:				
Department of finance:				
Salaries & wages - regular	$ 154,000	$ 157,000	$ 131,017	$ 25,983
Salaries & wages - overtime	500	500	658	(158)
FICA/medicare - employer contribution	12,000	12,100	9,444	2,656

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Financial administration: (continued)				
Department of finance: (continued)				
Virginia retirement system	$ 30,000	$ 29,000	$ 25,735	$ 3,265
ICMA - employer contribution	1,300	1,300	1,190	110
Hospital/medical plans	32,000	31,000	26,485	4,515
Group life insurance	1,500	1,500	409	1,091
Unemployment insurance	200	200	278	(78)
Workers' compensation	900	900	875	25
Employee bonus	700	700	500	200
Accounting and auditing services	25,000	25,000	28,400	(3,400)
Repairs and maintenance	3,000	3,000	274	2,726
Service contracts	46,500	46,500	40,093	6,407
Printing	9,500	9,500	4,530	4,970
Advertising	600	600	939	(339)
Postal services	12,000	12,000	9,616	2,384
Telecommunications	5,000	5,000	4,017	983
Vehicle liability insurance	20,000	20,000	15,070	4,930
General liability insurance	32,000	32,000	29,967	2,033
Lease of equipment	13,000	13,000	9,285	3,715
Mileage	600	600	142	458
Convention, training & education	2,800	2,800	1,978	822
Association and membership dues	2,600	2,600	2,143	457
Books/subscriptions/educational materials	800	800	729	71
Materials and supplies	3,500	3,500	1,640	1,860
Office supplies and equipment	10,000	10,000	6,521	3,479
Food supplies and food service	150	150	237	(87)
Bank service charges	2,000	2,000	319	1,681
Total department of finance	$ 422,150	$ 423,250	$ 352,491	$ 70,759
Total financial administration	$ 422,150	$ 423,250	$ 352,491	$ 70,759
Board of elections:				
Electoral board and officials:				
Salaries & wages - regular	$ 1,200	$ 1,200	$ 1,141	$ 59
Printing	250	250	363	(113)
Advertising	50	50	21	29
Postal services	25	25	7	18
Materials and supplies	500	500	401	99
Total electoral board and officials	$ 2,025	$ 2,025	$ 1,933	$ 92
Total board of elections	$ 2,025	$ 2,025	$ 1,933	$ 92
Total general government administration	$ 755,990	$ 762,465	$ 684,415	$ 78,050
Public safety:				
Police department:				
Salaries & wages - regular	$ 698,000	$ 714,000	$ 703,657	$ 10,343
Salaries & wages - overtime	34,000	35,000	44,574	(9,574)
Salaries & wages - holiday	43,500	45,000	41,563	3,437
FICA/medicare - employer contribution	62,000	62,000	57,864	4,136
Virginia retirement system	125,000	127,500	125,220	2,280
ICMA - employer contribution	6,000	6,000	4,253	1,747
Hospital/medical plans	148,000	145,000	139,394	5,606
Group life insurance	7,140	7,140	1,951	5,189
Unemployment insurance	1,400	1,400	1,201	199

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Workers' compensation	30,000	30,000	28,014	1,986
Allowance - uniform cleaning	6,000	6,000	5,100	900
Employee bonus	3,850	3,850	3,450	400
Translation services	1,400	1,400	1,230	170
Repairs and maintenance	13,000	13,000	26,130	(13,130)
Service contracts	7,500	7,500	3,443	4,057
Printing	400	400	100	300
Advertising	150	150	252	(102)
Postal services	300	300	290	10
Telecommunications	12,500	12,500	12,559	(59)
Mileage	-	-	38	(38)
Convention, training & education	15,000	15,000	14,356	644
Association and membership dues	500	500	105	395
Books/subscriptions/educational materials	400	400	199	201
Materials and supplies	6,000	6,000	5,051	949
Office supplies and equipment	7,200	7,200	7,049	151
Food supplies and food service	-	-	189	(189)
Police supplies and equipment	15,000	22,000	27,745	(5,745)
Vehicle and powered equipment fuels	28,000	28,000	30,243	(2,243)
Uniforms and wearing apparel	18,000	18,000	11,055	6,945
Total police department	$ 1,290,240	$ 1,315,240	$ 1,296,275	$ 18,965
Fire and emergency medical services:				
Distribution of state fire program funds	$ 12,000	$ 12,000	$ 12,721	$ (721)
Contribution to Woodstock fire department	24,000	149,000	74,000	75,000
Contribution to Woodstock rescue squad	29,000	29,000	29,000	-
Total fire and emergency medical services	$ 65,000	$ 190,000	$ 115,721	$ 74,279
Total public safety	$ 1,355,240	$ 1,505,240	$ 1,411,996	$ 93,244
Public works:				
General administration:				
Salaries & wages - regular	$ 60,000	$ 84,600	$ 47,148	$ 37,452
Salaries & wages - overtime	-	-	78	(78)
FICA/medicare - employer contribution	4,600	6,500	3,503	2,997
Virginia retirement system	10,500	10,600	12,069	(1,469)
ICMA - employer contribution	630	630	472	158
Hospital/medical plans	12,100	12,100	11,190	910
Group life insurance	350	350	192	158
Unemployment insurance	145	145	24	121
Workers' compensation	300	300	-	300
Employee bonus	450	450	450	-
Repairs and maintenance	500	500	660	(160)
Service contracts	350	350	245	105
Telecommunications	4,500	4,500	3,237	1,263
Mileage	200	200	-	200
Convention, training & education	750	750	170	580
Office supplies and equipment	1,500	1,500	1,386	114
Uniforms and wearing apparel	500	500	-	500
Total general administration	$ 97,375	$ 123,975	$ 80,824	$ 43,151

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Street maintenance:				
Salaries & wages - regular	$ 308,000	$ 289,000	$ 270,449	$ 18,551
Salaries & wages - overtime	20,000	20,000	16,017	3,983
FICA/medicare - employer contribution	26,000	23,500	22,095	1,405
Virginia retirement system	64,000	54,000	51,814	2,186
ICMA - employer contribution	2,500	2,500	1,680	820
Hospital/medical plans	91,000	75,500	66,216	9,284
Group life insurance	3,600	2,675	823	1,852
Unemployment insurance	700	700	895	(195)
Workers' compensation	25,000	25,000	22,764	2,236
Employee bonus	2,200	2,200	2,000	200
Accrued annual and sick leave	11,000	11,000	14,949	(3,949)
Engineering & architectural services	15,000	15,000	20,489	(5,489)
Repairs and maintenance - streets, curbs, & sidewalks	40,000	40,000	57,271	(17,271)
Service contracts	220,000	220,000	213,781	6,219
Advertising	500	500	545	(45)
Laundry and dry cleaning	8,000	8,000	7,525	475
Telecommunications	500	500	149	351
Lease of equipment	3,000	3,000	4,704	(1,704)
Convention, training & education	750	750	2635	(1,885)
Materials and supplies	30,000	30,000	44,605	(14,605)
Office supplies and equipment	1,000	1,000	1,102	(102)
Food supplies and food service	900	900	203	697
Uniforms and wearing apparel	1,600	1,600	597	1,003
Total street maintenance	$ 875,250	$ 827,325	$ 823,308	$ 4,017
Street lighting:				
Electrical services	$ 62,000	$ 62,000	$ 62,824	$ (824)
Total street lighting	$ 62,000	$ 62,000	$ 62,824	$ (824)
Street cleaning:				
Salaries & wages - regular	$ 6,100	$ 5,000	$ -	$ 5,000
FICA/medicare - employer contribution	450	450	-	450
Workers' compensation	1,800	1,800	875	925
Materials and supplies	500	500	-	500
Total street cleaning	$ 8,850	$ 7,750	$ 875	$ 6,875
Snow and ice removal:				
Salaries & wages - regular	$ 8,000	$ 8,000	$ 65	$ 7,935
Salaries & wages - overtime	10,000	10,000	2,447	7,553
FICA/medicare - employer contribution	1,400	1,400	182	1,218
Service contracts	2,500	2,500	-	2,500
Materials and supplies	2,000	2,000	271	1,729
Food supplies and food service	1,000	1,000	-	1,000
Chemical supplies	10,000	10,000	4,091	5,909
Total snow and ice removal	$ 34,900	$ 34,900	$ 7,056	$ 27,844
Refuse collection and disposal:				
Service contracts	$ 190,000	$ 190,000	$ 176,908	$ 13,092
Advertising	250	250	-	250
Other contractual services	57,000	57,000	47,918	9,082
Total refuse collection and disposal	$ 247,250	$ 247,250	$ 224,826	$ 22,424

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public works: (continued)				
Refuse collection and disposal: (continued)				
Maintenance of general buildings and grounds:				
Salaries & wages - regular	$ 5,500	$ 5,500	$ 4,887	$ 613
Salaries & wages - overtime	200	200	630	(430)
FICA/medicare - employer contribution	400	400	410	(10)
Workers' compensation	50	50	-	50
Repairs and maintenance	12,000	12,000	14,949	(2,949)
Service contracts	18,500	18,500	21,446	(2,946)
Electrical services	19,000	19,000	18,456	544
Heating services	16,000	16,000	9,227	6,773
Materials and supplies	13,000	13,000	9,202	3,798
Janitorial supplies	5,500	5,500	4,034	1,466
Total maintenance of general buildings and grounds	$ 90,150	$ 90,150	$ 83,241	$ 6,909
Maintenance of vehicles, machinery, & equipment:				
Salaries & wages - regular	$ 22,000	$ 22,000	$ 12,432	$ 9,568
Salaries & wages - overtime	300	300	-	300
FICA/medicare - employer contribution	1,600	1,600	950	650
Unemployment insurance	20	20	-	20
Workers' compensation	500	500	875	(375)
Repairs and maintenance	38,000	38,000	31,106	6,894
Materials and supplies	17,000	20,000	22,955	(2,955)
Vehicle and powered equipment fuels	32,000	32,000	24,013	7,987
Total maintenance of machinery, vehicles, & equipment	$ 111,420	$ 114,420	$ 92,331	$ 22,089
Total public works	$ 1,527,195	$ 1,507,770	$ 1,375,285	$ 132,485
Parks and recreation:				
Maintenance - fields:				
Repairs and maintenance	$ 2,000	$ 2,000	$ -	$ 2,000
Total maintenance - fields	$ 2,000	$ 2,000	$ -	$ 2,000
Parks:				
Salaries & wages - regular	$ 50,000	$ 50,000	$ 74,409	$ (24,409)
Salaries & wages - overtime	9,000	9,000	9,331	(331)
FICA/medicare - employer contribution	5,000	5,000	6,321	(1,321)
Unemployment insurance	-	-	16	(16)
Workers' compensation	2,650	2,650	2,626	24
Repairs and maintenance	8,000	8,000	2,442	5,558
Advertising	700	700	131	569
Other contractual services	4,000	4,000	959	3,041
General liability insurance	1,000	1,000	-	1,000
Materials and supplies	10,000	10,000	18,131	(8,131)
Vehicle and powered equipment fuels	1,000	1,000	1,551	(551)
Uniforms and wearing apparel	500	500	-	500
Janitorial supplies	7,000	7,000	7,162	(162)
Total parks	$ 98,850	$ 98,850	$ 123,079	$ (24,229)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Parks and recreation: (continued)				
Park Commission:				
Salaries & wages - regular	$ 900	$ 900	$ 1,100	$ (200)
FICA/medicare - employer contribution	100	100	71	29
Total park commission	$ 1,000	$ 1,000	$ 1,171	$ (171)
Swimming pool:				
Salaries & wages - regular	$ 63,000	$ 63,000	$ 54,774	$ 8,226
Salaries & wages - overtime	11,500	11,500	4,853	6,647
FICA/medicare - employer contribution	6,500	6,500	4,520	1,980
Unemployment insurance	300	300	502	(202)
Repairs and maintenance	8,000	8,000	10,205	(2,205)
Other contractual services	300	300	175	125
Electrical services	7,000	7,000	8,814	(1,814)
Telecommunications	200	200	299	(99)
General liability insurance	1,000	1,000	-	1,000
Materials and supplies	5,000	5,000	9,223	(4,223)
Chemical supplies	11,000	11,000	4,893	6,107
Uniforms and wearing apparel	400	400	-	400
Janitorial supplies	2,000	2,000	116	1,884
Total swimming pool	$ 116,200	$ 116,200	$ 98,374	$ 17,826
Total parks and recreation	$ 218,050	$ 218,050	$ 222,624	$ (4,574)
Planning and Community Development:				
Planning and zoning:				
Salaries & wages - regular	$ 70,000	$ 78,200	$ 59,978	$ 18,222
FICA/medicare - employer contribution	5,700	5,700	4,422	1,278
Virginia retirement system	11,500	10,500	10,574	(74)
ICMA - employer contribution	300	300	210	90
Hospital/medical plans	9,000	9,000	8,619	381
Group life insurance	600	600	168	432
Unemployment insurance	75	75	167	(92)
Workers compensation	250	250	-	250
Employee bonus	250	250	250	-
Engineering & architectural services	33,000	45,000	33,829	11,171
Printing	600	600	534	66
Postal services	500	500	39	461
Mileage	500	500	221	279
Convention, training, and education	2,000	2,000	1,112	888
Materials and supplies	800	800	42	758
Office supplies and equipment	500	500	31	469
Food supplies and food service	-	-	83	(83)
Total planning and zoning	$ 135,575	$ 154,775	$ 120,279	$ 34,496
Planning commission:				
Salaries & wages - regular	$ 12,900	$ 12,900	$ 10,800	$ 2,100
FICA/medicare - employer contribution	975	975	826	149
Engineering & architectural services	500	500	-	500
Advertising	1,500	1,500	2,520	(1,020)
Materials and supplies	150	150	-	150
Office supplies and equipment	150	150	-	150
Total planning commission	$ 16,175	$ 16,175	$ 14,146	$ 2,029

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Planning and Community Development: (continued)				
Board of zoning appeals:				
Salaries & wages - regular	$ 1,200	$ 1,200	$ 3,000	$ (1,800)
FICA/medicare - employer contribution	100	100	229	(129)
Advertising	500	500	-	500
Total board of zoning appeals	$ 1,800	$ 1,800	$ 3,229	$ (1,429)
Community and economic development:				
Salaries & wages - regular	$ 31,250	$ 32,000	$ 31,930	$ 70
FICA/medicare - employer contribution	2,400	2,400	2,427	(27)
Unemployment insurance	-	-	72	(72)
Service contracts	40,600	40,600	42,896	(2,296)
Printing	1,500	1,500	352	1,148
Advertising	5,500	5,500	3,037	2,463
Postal services	500	500	123	377
Mileage	500	500	378	122
Convention, training, & education	1,000	1,000	266	734
Association & membership dues	-	-	125	(125)
Materials and supplies	32,400	32,400	14,596	17,804
Office supplies and equipment	500	500	70	430
Food supplies and food service	250	250	240	10
Total community and economic development	$ 116,400	$ 117,150	$ 96,512	$ 20,638
Economic development authority:				
Salaries & wages - regular	$ 1,000	$ 1,000	$ -	$ 1,000
FICA/medicare - employer contribution	75	75	-	75
Total economic development authority	$ 1,075	$ 1,075	$ -	$ 1,075
Tree Board				
Consulting services	$ 350	$ 350	$ 1,000	$ (650)
Materials and supplies	1,000	9,000	2,202	6,798
Total economic development authority	$ 1,350	$ 9,350	$ 3,202	$ 6,148
Total planning and community development	$ 272,375	$ 300,325	$ 237,368	$ 62,957
Non-departmental:				
Capital Outlay:				
Machinery and equipment	$ -	$ -	$ 39,771	$ (39,771)
Motor vehicles and equipment	-	20,000	26,295	(6,295)
Indian Springs Wetlands Park project	36,200	36,200	43,406	(7,206)
Riverview Park lighting project	-	18,285	18,285	-
Jean Fogle memorial garden	-	-	17,665	(17,665)
Total capital outlay	$ 36,200	$ 74,485	$ 145,422	$ (70,937)
Debt service:				
Principal payments	$ 42,000	$ 42,000	$ 41,667	$ 333
Interest payments	10,100	10,100	10,074	26
Total debt service	$ 52,100	$ 52,100	$ 51,741	$ 359
Total non-departmental	$ 88,300	$ 126,585	$ 197,163	$ (70,578)
Total General Fund	$ 4,217,150	$ 4,420,435	$ 4,128,851	$ 291,584

Computation of Legal Debt Margin
At June 30, 2012

Total Assessed Value of Real Estate	$	543,301,050
Legal Debt Margin:	$	54,330,105
Less: Gross Indebtedness	$	(137,123)
Legal Margin for Creation of Additional Debt	$	54,192,982

Excludes enterprise fund indebtedness, notes payable and capital lease obligations

STATISTICAL SECTION

Statistical Section

This part of the Town of Woodstock's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
Financial Trends	1-4
These tables contain trend information to help the reader understand how the town's financial performance and well-being have changed over time.	
Revenue Capacity	5-9
These tables contain information to help the reader assess the Town's most significant local revenue source, the property tax.	
Debt Capacity	10-12
These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the town's ability to issue additional debt in the future.	
Demographic and Economic Information	13-14
These tables offer demographic and economic indicators to help the reader understand the environment within which the town's financial activities take place.	
Operating Information	15-17
These tables contain service and infrastructure data to help the reader understand how the information in the town's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year. The Town implemented GASB 34 is fiscal year 2004; tables presenting government-wide information include information beginning in that year.

Town of Woodstock, Virginia

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	$ 7,174,426	$ 7,178,712	$ 7,350,016
Restricted	211,424	214,084	221,062
Unrestricted	1,026,619	1,026,098	1,198,590
Total governmental activities net assets	$ 8,412,469	$ 8,418,894	$ 8,769,668
Business-type activities			
Invested in capital assets, net of related debt	$ 1,584,061	$ 1,634,327	$ 2,574,226
Restricted	19,193	-	30,085
Unrestricted	1,640,291	1,745,648	1,599,126
Total business-type activities net assets	$ 3,243,545	$ 3,379,975	$ 4,203,437
Primary government			
Invested in capital assets, net of related debt	$ 8,758,487	$ 8,813,039	$ 9,924,242
Restricted	230,617	214,084	251,147
Unrestricted	2,666,910	2,771,746	2,797,716
Total primary government net assets	$ 11,656,014	$ 11,798,869	$ 12,973,105

Note: Accrual-basis financial information is available back to fiscal year 2004 when the Town implemented GASB 34.

Table 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 9,355,940	$ 9,448,747	$ 10,512,039	$ 11,988,383	$ 11,767,180	$ 11,564,646
113,081	113,081	-	-	-	-
817,974	1,032,218	1,379,844	1,839,493	2,397,512	2,916,634
$ 10,286,995	$ 10,594,046	$ 11,891,883	$ 13,827,876	$ 14,164,692	$ 14,481,280
$ 3,735,882	$ 6,228,020	$ 15,252,251	$ 15,531,479	$ 16,255,641	$ 16,459,253
35,785	40,160	-	-	-	-
2,458,385	1,651,143	551,162	1,222,630	1,424,895	1,471,213
$ 6,230,052	$ 7,919,323	$ 15,803,413	$ 16,754,109	$ 17,680,536	$ 17,930,466
$ 13,091,822	$ 15,676,767	$ 25,764,290	$ 27,519,862	$ 28,022,821	$ 28,023,899
148,866	153,241	-	-	-	-
3,276,359	2,683,361	1,931,006	3,062,123	3,822,407	4,387,847
$ 16,517,047	$ 18,513,369	$ 27,695,296	$ 30,581,985	$ 31,845,228	$ 32,411,746

Town of Woodstock, Virginia

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
General government administration	$ 756,083	$ 1,131,241	$ 1,082,967
Judicial administration	-	33,685	40,754
Public safety	779,628	906,783	975,065
Public works	1,116,441	1,087,173	1,509,217
Parks and recreation	2,502	-	-
Community development	114,385	45,764	47,127
Interest on long-term debt	45,278	43,454	38,327
Total governmental activities expenses	$ 2,814,317	$ 3,248,100	$ 3,693,457
Business-type activities:			
Water and sewer	$ 1,559,515	$ 1,991,105	$ 2,125,385
Recreation	155,160	170,251	206,819
Total business-type activities expenses	$ 1,714,675	$ 2,161,356	$ 2,332,204
Total primary government expenses	$ 4,528,992	$ 5,409,456	$ 6,025,661
Program Revenues			
Governmental activities:			
Charges for services:			
General government administration	$ -	$ 68,166	$ 271,006
Judicial administration	-	35,645	59,301
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Community development	-	1,718	-
Operating grants and contributions:			
Public safety	103,835	140,392	155,842
Public works	-	461,594	-
Community development	-	-	-
Capital grants and contributions:			
Public works	446,702	-	543,557
Parks and recreation	-	-	-
Community development	-	-	-
Total governmental activities program revenues	$ 550,537	$ 707,515	$ 1,029,706
Business-type activities:			
Charges for services:			
Water and sewer	$ 1,262,843	$ 1,483,379	$ 1,689,056
Recreation	34,215	33,249	37,969
Operating grants and contributions:			
Recreation	500	-	-
Capital grants and contributions:			
Water and sewer	402,579	591,712	924,106
Recreation	-	-	250,000
Total business-type activities program revenues	$ 1,700,137	$ 2,108,340	$ 2,901,131
Total primary government program revenues	$ 2,250,674	$ 2,815,855	$ 3,930,837

Table 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 1,302,641	$ 662,189	$ 523,267	$ 537,743	$ 732,891	$ 701,454
-	-	-	-	-	-
1,115,735	1,515,604	1,545,926	1,463,009	1,352,205	1,458,135
1,332,496	1,473,509	1,567,715	1,611,231	1,567,676	1,588,522
-	-	-	229,804	256,685	268,582
98,665	207,147	238,157	283,696	262,583	311,986
29,928	20,567	13,835	11,668	8,925	10,075
$ 3,879,465	$ 3,879,016	$ 3,888,900	$ 4,137,151	$ 4,180,965	$ 4,338,754
$ 2,483,608	$ 2,694,088	$ 2,905,148	$ 3,025,061	$ 3,173,607	$ 3,539,931
209,233	253,660	243,486	-	-	-
$ 2,692,841	$ 2,947,748	$ 3,148,634	$ 3,025,061	$ 3,173,607	$ 3,539,931
$ 6,572,306	$ 6,826,764	$ 7,037,534	$ 7,162,212	$ 7,354,572	$ 7,878,685
$ 122,235	$ 42,750	$ 28,457	$ 25,650	$ 31,161	$ 13,490
-	-	-	-	-	-
-	40,414	48,639	40,930	38,766	44,209
-	86,617	163,163	165,537	166,982	169,697
-	-	-	43,113	52,393	56,899
-	-	-	-	-	-
185,228	136,678	136,650	135,004	126,503	126,259
-	-	-	13,847	-	50,483
-	-	-	-	750	-
3,031,455	538,481	610,254	606,267	636,447	667,173
-	-	-	5,178	9,136	71,386
28,899	58,489	1,003,602	70,049	-	-
$ 3,367,817	$ 903,429	$ 1,990,765	$ 1,105,575	$ 1,062,138	$ 1,199,596
$ 1,945,444	$ 2,429,330	$ 2,683,843	$ 2,815,129	$ 3,191,737	$ 3,160,050
38,398	44,619	38,919	-	-	-
-	-	-	-	-	-
1,299,239	1,854,371	8,046,109	2,726,391	891,093	501,146
-	-	-	-	-	-
$ 3,283,081	$ 4,328,320	$ 10,768,871	$ 5,541,520	$ 4,082,830	$ 3,661,196
$ 6,650,898	$ 5,231,749	$ 12,759,636	$ 6,647,095	$ 5,144,968	$ 4,860,792

Town of Woodstock, Virginia

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Net (expense)/revenue			
Governmental activities	$ (2,263,780)	$ (2,540,585)	$ (2,663,751)
Business-type activities	(14,538)	(53,016)	568,927
Total primary government net expense	$ (2,278,318)	$ (2,593,601)	$ (2,094,824)
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	$ 706,840	$ 749,738	$ 845,319
Other local taxes			
Vehicle license	-	88,001	95,349
Local sales and use	1,150,007	183,516	200,523
Consumers' utility	-	133,067	150,020
Telecommunications	-	-	-
Bank franchise	109,849	-	-
Meals	-	767,370	894,632
Transient occupancy	-	85,519	81,509
Business license	438,430	311,742	358,754
Other local taxes	40,901	220,814	304,922
Unrestricted revenues from use of money and property	20,513	16,011	106,304
Miscellaneous	29,135	18,300	35,255
Grants and contributions not restrcited to specific programs	105,256	105,634	111,548
Transfers	(184,070)	(165,938)	(181,660)
Total governmental activities	$ 2,416,861	$ 2,513,774	$ 3,002,475
Business-type activities:			
Unrestricted revenues from use of money and property	$ -	$ 14,098	$ 95,084
Miscellaneous	9,698	9,410	2,785
Transfers	184,070	165,938	181,660
Total business-type activities	$ 193,768	$ 189,446	$ 279,529
Change in Net Assets			
Governmental activities	$ 153,081	$ (26,811)	$ 338,724
Business-type activities	179,230	136,430	848,456
Total primary government	$ 332,311	$ 109,619	$ 1,187,180

Note: Accrual-basis financial information is available back to fiscal year 2004 when the Town implemented GASB 34.

Table 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ (511,648)	$ (2,975,587)	$ (1,898,135)	$ (3,031,576)	$ (3,118,827)	$ (3,139,158)
590,240	1,380,572	7,620,237	2,516,459	909,223	121,265
$ 78,592	$ (1,595,015)	$ 5,722,102	$ (515,117)	$ (2,209,604)	$ (3,017,893)
$ 1,065,356	$ 1,082,654	$ 1,091,836	$ 1,081,463	$ 1,069,706	$ 1,069,173
109,652	95,500	96,943	97,503	95,332	92,933
190,179	203,660	205,454	180,407	189,043	196,487
112,238	84,238	82,881	84,408	86,170	87,174
46,266	107,894	98,032	98,442	97,955	95,963
143,085	156,003	148,090	175,542	185,327	158,354
912,956	908,132	855,044	887,187	914,462	981,733
80,770	130,343	129,090	143,360	176,252	185,699
393,367	364,902	349,238	342,759	335,139	338,655
123,228	145,135	139,892	137,308	122,606	140,291
72,635	45,753	27,240	23,683	18,866	20,844
72,584	42,632	60,940	15,724	53,236	86,755
114,805	115,792	111,292	111,491	111,549	111,685
(635,062)	(200,000)	(200,000)	1,588,292	-	(110,000)
$ 2,802,059	$ 3,282,638	$ 3,195,972	$ 4,967,569	$ 3,455,643	$ 3,455,746
$ 146,764	$ 106,998	$ 48,588	$ 22,529	$ 17,204	$ 18,665
500	1,701	15,265	-	-	-
635,062	200,000	200,000	(1,588,292)	-	110,000
$ 782,326	$ 308,699	$ 263,853	$ (1,565,763)	$ 17,204	$ 128,665
$ 2,290,411	$ 307,051	$ 1,297,837	$ 1,935,993	$ 336,816	$ 316,588
1,372,566	1,689,271	7,884,090	950,696	926,427	249,930
$ 3,662,977	$ 1,996,322	$ 9,181,927	$ 2,886,689	$ 1,263,243	$ 566,518

Town of Woodstock, Virginia

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved	$ 44,659	$ 211,424	$ 214,084	$ 221,062
Unreserved	921,799	1,083,661	1,087,486	1,373,871
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	$ 966,458	$ 1,295,085	$ 1,301,570	$ 1,594,933
Total governmental funds	$ 966,458	$ 1,295,085	$ 1,301,570	$ 1,594,933

Table 3

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 113,081	$ 113,081	$ 115,481	$ 15,725	$ -	$ -
874,871	1,083,603	1,353,606	1,916,903	-	-
-	-	-	-	41,165	48,654
-	-	-	-	375,000	420,000
-	-	-	-	110,000	387,676
-	-	-	-	1,977,281	2,127,394
$ 987,952	$ 1,196,684	$ 1,469,087	$ 1,932,628	$ 2,503,446	$ 2,983,724
$ 987,952	$ 1,196,684	$ 1,469,087	$ 1,932,628	$ 2,503,446	$ 2,983,724

Town of Woodstock, Virginia

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Revenues			
General property taxes	$ 788,306	$ 826,718	$ 756,038
Other local taxes	1,166,355	1,259,856	1,390,286
Permits, privilege fees and regulatory licenses	412,964	438,430	469,627
Fines and forfeitures	39,996	40,901	35,645
Revenue from the use of money and property	23,438	21,728	16,011
Charges for service	-	-	-
Miscellaneous	95,419	27,920	49,150
Intergovernmental:			
Commonwealth	550,666	560,974	707,620
Federal	7,376	2,871	-
Total revenues	$ 3,084,520	$ 3,179,398	$ 3,424,377
Expenditures			
General government administration	$ 756,135	$ 750,746	$ 958,146
Judicial administration	-	-	33,685
Public safety	687,324	731,392	780,857
Public works	717,416	884,600	1,047,067
Parks and recreation	-	2,502	-
Community development	80,264	84,631	45,764
Capital projects	304,871	119,400	447,042
Debt service:			
Principal	166,184	164,636	206,580
Interest and other fiscal charges	50,837	45,278	43,454
Total expenditures	$ 2,763,031	$ 2,783,185	$ 3,562,595
Excess of revenues over (under) expenditures	$ 321,489	$ 396,213	$ (138,218)
Other financing sources (uses)			
Transfers in	$ -	$ -	$ -
Transfers out	(200,057)	(184,070)	(165,938)
Sale of equipment	-	-	-
Proceeds from indebtedness	-	-	277,405
Total other financing sources (uses)	$ (200,057)	$ (184,070)	$ 111,467
Net change in fund balances	$ 121,432	$ 212,143	$ (26,751)
Debt service as a percentage of noncapital expenditures	8.83%	7.72%	7.88%

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
$ 855,842	$ 1,015,859	$ 1,057,663	$ 1,101,680	$ 1,072,371	$ 1,067,235	$ 1,062,487
1,631,606	1,686,953	1,828,063	1,752,017	1,808,073	1,863,818	1,934,808
725,109	451,296	407,652	377,695	368,409	366,300	352,145
59,301	64,306	40,414	48,639	40,930	38,766	44,209
106,304	72,635	45,753	27,240	23,683	18,866	20,844
-	-	86,617	163,163	208,649	219,375	226,596
35,255	72,584	42,632	60,940	15,724	53,236	62,254
753,572	789,156	783,395	848,994	922,673	862,786	904,391
57,375	47,900	66,045	1,012,804	19,163	21,596	86,894
$ 4,224,364	$ 4,200,689	$ 4,358,234	$ 5,393,172	$ 4,479,675	$ 4,511,978	$ 4,694,628
$ 1,064,493	$ 1,290,391	$ 655,720	$ 501,546	$ 521,139	$ 711,620	$ 684,415
40,754	-	-	-	-	-	-
849,818	1,108,099	1,497,079	1,505,471	1,432,595	1,352,755	1,411,996
1,293,284	1,099,361	1,231,418	1,318,209	1,375,118	1,338,803	1,375,285
-	-	-	-	190,834	214,514	222,624
45,224	98,665	207,147	195,244	210,846	187,965	237,368
302,189	156,560	188,931	1,273,538	218,784	145,713	145,422
197,637	223,301	222,521	112,926	116,812	44,289	41,667
38,327	29,928	20,567	13,835	11,668	8,925	10,074
$ 3,831,726	$ 4,006,305	$ 4,023,383	$ 4,920,769	$ 4,077,796	$ 4,004,584	$ 4,128,851
$ 392,638	$ 194,384	$ 334,851	$ 472,403	$ 401,879	$ 507,394	$ 565,777
$ -	$ -	$ -	$ -	$ 35,947	$ -	$ -
(181,660)	(635,062)	(200,000)	(200,000)	-	-	(110,000)
-	-	-	-	-	-	24,501
-	-	73,881	-	25,715	63,424	-
$ (181,660)	$ (635,062)	$ (126,119)	$ (200,000)	$ 61,662	$ 63,424	$ (85,499)
$ 210,978	$ (440,678)	$ 208,732	$ 272,403	$ 463,541	$ 570,818	$ 480,278
6.66%	6.58%	6.34%	3.48%	3.33%	1.38%	1.30%

Town of Woodstock, Virginia

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumer Utility Tax	Tele-communications Tax	Cable TV Gross Receipts Tax	Bank Franchise Tax
2012	$ 1,062,487	$ 196,487	$ 87,174	$ 95,963	$ -	$ 158,354
2011	1,067,235	189,043	86,170	97,955	-	185,237
2010	1,072,371	180,407	84,408	98,442	-	175,542
2009	1,101,680	205,454	82,881	98,032	-	148,090
2008	1,057,663	203,660	84,238	107,894	-	156,003
2007	1,015,859	190,179	112,238	46,266	24,901	143,085
2006	855,842	200,523	150,020	-	42,756	158,867
2005	756,038	183,516	133,067	-	36,791	138,982
2004	826,718	161,322	130,359	-	37,888	109,849
2003	788,306	157,615	133,247	-	37,470	76,272

Note: Effective January 1, 2007, Cable TV Franchise Tax and Consumer Utility Tax from telephone services are remitted to the Virginai Department of Taxation and then distributed to the Town on a monthly basis. Revenue received after January 1, 2007 are recognized in "Telecommunications Tax".

Table 5

Cigarette Tax	Meals Tax	Transient Occupancy Tax	Public Right-of-Way Fees	Motor Vehicle Licenses	Business & Occupational Licenses
$ 105,627	$ 185,699	$ 981,733	$ 27,274	$ 89,107	$ 337,505
89,186	914,462	176,252	25,663	92,003	333,448
98,658	887,187	143,360	30,647	101,420	341,657
100,473	855,044	129,090	25,627	93,534	349,238
108,838	908,132	130,343	25,663	92,658	364,902
55,697	912,956	80,770	42,630	78,231	393,367
50,933	894,632	81,509	52,366	95,349	358,754
45,041	767,370	85,519	-	88,001	311,742
58,532	695,390	81,176	23,228	88,542	282,319
45,716	661,096	73,988	18,421	85,183	261,659

Town of Woodstock, Virginia

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

					Public Service Corporations	
Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Real Estate	Personal Property
2012	$ 543,301,050	$ 37,898,588	$ 8,800	$ 225,921	$ 13,444,742	$ 30,019
2011	540,494,350	37,205,546	10,650	253,815	14,594,334	12,611
2010	524,933,000	38,463,158	14,244	312,677	11,372,398	-
2009	506,926,050	40,800,316	22,974	293,816	9,948,559	-
2008	496,135,150	40,752,942	25,357	310,650	10,292,933	-
2007	474,878,500	38,113,148	37,161	329,589	10,257,998	-
2006	382,894,900	35,110,950	43,412	340,685	7,785,045	27,500
2005	298,892,650	31,358,965	30,548	342,586	10,933,540	43,063
2004	293,299,000	29,287,000	-	350,000	11,809,639	749,813
2003	279,884,000	28,361,000	-	439,000	12,407,743	58,521

Note: Real and personal property tax assessments are made by the Commissioner of Revenue for the County of Shenandoah, Virginia. Real and personal property taxes of public service corporations are assessed by the State Corporation Commission.

Table 6

Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 594,909,120	$ 594,909,120	100%
592,571,306	592,571,306	100%
575,095,477	575,095,477	100%
557,991,715	557,991,715	100%
547,517,032	547,517,032	100%
523,616,396	523,616,396	100%
426,202,492	426,202,492	100%
341,601,352	341,601,352	100%
335,495,452	335,495,452	100%
321,150,264	321,150,264	100%

Town of Woodstock, Virginia

Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

	Direct Rates				Overlapping Rates County of Shenandoah, Virginia			
Fiscal Years	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2012	$ 0.15	$ 0.90	$ 0.15	$ 0.90	$ 0.47/0.51	$ 3.15	$ 0.47/0.51	$ 3.15
2011	0.15	0.90	0.15	0.90	0.47	3.15	0.47	3.15
2010	0.16/0.15	0.90	0.16/0.15	0.90	0.47	3.15	0.47	3.15
2009	0.16	0.90	0.16	0.90	0.51	3.15	0.51	3.15
2008	0.16	0.90	0.16	0.90	0.51	2.86	0.51	2.86
2007	0.16	0.90	0.16	0.90	0.51	2.86	0.51	2.86
2006	0.19/0.16	0.90	0.19/0.16	0.90	0.51	2.86	0.51	2.86
2005	0.19	0.90	0.19	0.90	0.68	2.86	0.68	2.86
2004	0.18	0.90	-	0.90	0.68	2.86	0.68	2.86
2003	0.18	0.90	-	0.90	0.68	2.86	0.68	2.86

(1) Per $100 of assessed value

Table 7

Combined Rates			
Real Estate	Personal Property	Mobile Homes	Machinery and Tools
0.62/0.66	$ 4.05	$ 0.62/0.66	$ 4.05
0.62	4.05	0.62	4.05
0.63/0.62	4.05	0.63/0.62	4.05
0.67	4.05	0.67	4.05
0.67	3.76	0.67	3.76
0.67	3.76	0.67	3.76
0.70/0.67	3.76	0.70/0.67	3.76
0.87	3.76	0.87	3.76
0.86	3.76	0.68	3.76
0.86	3.76	0.68	3.76

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2012 2011 Assessed Valuation	Fiscal Year 2012 % of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	$ 9,499,400	1.75%
Wal-Mart	Retail Store	9,269,000	1.71%
French Brothers LLC	Investment Properties	9,125,100	1.68%
Spectrum 1 Woodstock LLC	Shopping Center	6,804,900	1.25%
Shree Ganesh Hospitality	Hotel	6,017,100	1.11%
LH & H LLC	Hotel	6,014,300	1.11%
Interstate Investment Property LLC	Commercial Development	5,610,300	1.03%
HCP Virginia, Inc.	Assisted Living	5,283,100	0.97%
Walter Enterprises	Shopping Center	5,184,000	0.95%
Toothman Investments	Housing Development	4,845,200	0.89%
		$ 67,652,400	12.45%

Taxpayer	Type Business	Fiscal Year 2003 2002 Assessed Valuation	Fiscal Year 2003 % of Total Assessed Valuation
French Brothers	Investment Properties	$ 5,708,200	2.10%
Wal-Mart	Shopping Center	5,653,000	2.08%
Woodstock Health Investors	Assisted Living	4,797,300	1.76%
Shenandoah Square - Woodstock LLC	Shopping Center	4,345,000	1.60%
Walter Enterprises	Shopping Center	4,040,000	1.48%
Woodstock Associates Limited Partnership	Multi-Family Housing	3,490,300	1.28%
Gal-Tex Woodstock Inc.	Hotel	2,882,500	1.06%
Harrisonburg Hotel LLC	Hotel	2,658,000	0.98%
Shenandoah Associates	Multi-Family Housing	2,366,600	0.87%
Woodstock Associates LLC	Housing Development	2,235,300	0.82%
		$ 38,176,200	14.01%

Source: Assessed values per the Commissioner of Revenue for the County of Shenandoah, Virginia

Table 9

Property Tax Levies and Collections
Last Four Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 1,172,960	$ 1,112,675	94.86%	$ -	$ 1,112,675	94.86%
2011	1,167,708	1,112,614	95.28%	35,336	1,147,950	98.31%
2010	1,176,238	1,122,088	95.40%	45,961	1,168,049	99.30%
2009	1,194,169	1,139,443	95.42%	42,686	1,182,129	98.99%

Source: Department of Finance

(1) Current collections include PPTRA reimbursement from the Commonwealth of Virginia.

Information is not available prior to fiscal year 2009; it is the goal of the Town to achieve ten fiscal years of this information in the future.

Town of Woodstock, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities	
Fiscal Year	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases
2012	$ 137,123	$ 23,476	$ 28,386	$ 23,090,788	$ -
2011	149,811	34,615	46,226	24,336,748	-
2010	179,166	-	32,352	25,361,012	3,871
2009	173,363	-	44,221	22,659,145	18,712
2008	214,946	-	115,564	11,865,398	32,570
2007	373,371	-	105,780	9,024,211	-
2006	523,701	-	178,751	9,372,364	-
2005	666,765	5,544	227,780	5,305,856	-
2004	802,153	15,049	12,063	5,446,659	-
2003	931,059	37,624	25,218	5,697,307	-

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

Table 10

Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 23,279,773	14.22%	$ 4,536
24,567,400	15.00%	4,787
25,576,401	15.72%	5,018
22,895,441	16.47%	5,331
12,228,478	9.37%	2,844
9,503,362	7.51%	2,219
10,074,816	8.34%	2,361
6,205,945	5.49%	1,475
6,275,924	5.94%	1,514
6,691,208	6.51%	1,634

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2012	$ 23,227,911	$ -	$ 23,227,911	3.90%	$ 4,526
2011	24,486,559	-	24,486,559	4.13%	4,771
2010	25,540,178	-	25,540,178	4.44%	5,011
2009	22,832,508	-	22,832,508	4.09%	5,316
2008	12,080,344	-	12,080,344	2.21%	2,809
2007	9,397,582	-	9,397,582	1.79%	2,194
2006	9,896,065	-	9,896,065	2.32%	2,319
2005	5,972,621	-	5,972,621	1.75%	1,420
2004	6,248,812	-	6,248,812	1.86%	1,508
2003	6,628,366	-	6,628,366	2.06%	1,619

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 6
(3) Includes all long-term general obligation debt. Excludes notes payable, capital leases and compensated absences.

Town of Woodstock, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year		
	2003	2004	2005
Assessed Valuations			
Assessed value of taxed real property	$ 279,884,000	$ 293,299,000	$ 298,892,650
Legal debt margin			
Debt limit - 10 percent of total assessed value	$ 27,988,400	$ 29,329,900	$ 29,889,265
Debt applicable to limitation:			
Total bonded debt	$ 6,628,366	$ 6,248,812	$ 5,972,621
Less: Business-type activities bonds	(5,697,307)	(5,446,659)	(5,305,856)
Total amount of debt applicable to debt limitation	$ 931,059	$ 802,153	$ 666,765
Legal debt margin	$ 27,057,341	$ 28,527,747	$ 29,222,500
Total net debt applicable to the limit as a percentage of debt limit	3.33%	2.73%	2.23%

Table 12

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
$ 382,894,900	$ 474,878,500	$ 496,135,150	$ 506,926,050	$ 524,933,000	$ 540,494,350	$ 543,301,050
$ 38,289,490	$ 47,487,850	$ 49,613,515	$ 50,692,605	$ 52,493,300	$ 54,049,435	$ 54,330,105
$ 9,896,065	$ 9,397,582	$ 12,080,344	$ 22,832,508	$ 25,540,178	$ 24,486,559	$ 23,227,911
(9,372,364)	(9,024,211)	(11,865,398)	(22,659,145)	(25,361,012)	(24,336,748)	(23,090,788)
$ 523,701	$ 373,371	$ 214,946	$ 173,363	$ 179,166	$ 149,811	$ 137,123
$ 37,765,789	$ 47,114,479	$ 49,398,569	$ 50,519,242	$ 52,314,134	$ 53,899,624	$ 54,192,982
1.37%	0.79%	0.43%	0.34%	0.34%	0.28%	0.25%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2012	5,132	$ 163,756,988	$ 31,909	6.60%
2011	5,132	163,756,988	31,909	7.30%
2010	5,097	162,680,949	31,917	8.60%
2009	4,295	139,029,150	32,370	6.80%
2008	4,300	130,462,000	30,340	3.70%
2007	4,283	126,562,650	29,550	3.20%
2006	4,267	120,734,765	28,295	2.80%
2005	4,206	112,985,778	26,863	3.20%
2004	4,144	105,576,688	25,477	3.40%
2003	4,094	102,775,776	25,104	3.80%

(1) Population numbers came from the University of Virginia - Weldon Cooper Center for Public Service.

(2) This information is not maintained for the towns in Virginia. The amounts used here are for the County of Shenandoah, Virginia, which the Town lies within. Information provided came from the U.S. Department of Commerce Bureau of Economic Analysis.

(3) Unemployment rate is for the County of Shenandoah, Virginia, which the Town lies within. Information provided came from the Virginia Employment Commission.

Data that is unavailable for a more recent year is noted as the prior year's amount.

Table 14

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year 2012		Fiscal Year 2003	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
Shenandoah County School Board	1000+	1	1000+	1
County of Shenandoah	250 to 499	2	100 to 249	4
Valley Health System	250 to 499	3	250 to 499	2
Wal-Mart	250 to 499	4	250 to 499	3
Lowes Home Centers, Inc.	50 to 99	5	-	-
Skyline Terrace Nursing Home	50 to 99	6	50 to 99	5
Cracker Barrel Old Country Store	50 to 99	7	-	-
Woodstock Facility Operations (formally Tandem Healthcare)	50 to 99	8	50 to 99	7
Massanutten Military Academy	50 to 99	9	50 to 99	6
Town of Woodstock	50 to 99	10	20 to 49	9
Shenandoah County Department of Social Services	-	-	50 to 99	8
Garman, Inc.	-	-	20 to 49	10

Source: Virginia Employment Commission

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Full-time Equivalent Town Government Employees by Function/Program
Last Seven Fiscal Years

	Fiscal Year						
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
General government							
General administration	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Financial administration	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Public safety							
Sworn Officers	14.0	16.0	16.0	16.0	16.0	15.0	15.0
Administrative	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public works	10.0	10.0	10.0	10.0	10.0	10.0	8.0
Community development	1.5	1.0	1.0	1.0	1.0	1.0	1.0
Parks and recreation	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water and sewer	15.0	19.0	19.0	19.0	20.0	20.0	19.0
Totals	47.0	54.0	54.0	54.0	55.0	54.0	51.0

Source: Department of Finance

Information is not available prior to fiscal year 2006; it is the goal of the Town to achieve ten fiscal years of this information in the future.

Town of Woodstock, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year 2003	2004	2005	2006
Public safety				
Police department				
Number of miles patrolled	109,446	111,920	110,112	119,576
Number of complaints investigated	3,107	3,165	3,335	3,344
Number of vehicle accidents investigated	250	224	200	204
Number of parking tickets issued	68	92	155	159
Number of traffic summons (adult)	535	968	668	1,026
Number of traffic summons (juvenile)	22	35	45	63
Number of criminal arrests (adult)	343	269	252	271
Number of criminal arrests (juvenile)	65	70	63	195
Public works				
Streets				
Streets resurfaced (miles per year)	*	*	4	3
Refuse				
Refuse collected (tons per year)	*	*	1,380	1,390
Community development				
Planning and zoning				
Zoning permits issued	*	*	*	179
Water				
Number of water main break repairs	*	*	6	8
Average daily finished water production (mgd)	*	*	0.6800	0.6440
Sewer				
Number of sewer line repairs	*	*	4	1
Average daily effluent wastewater treatment (mgd)	*	*	0.6516	0.5092

*Information not available. It is the goal of the Town to achieve ten fiscal years of this information in the future.

Source: Town individual departments

Note: All statistical data is based on the previous calendar year of the fiscal year indicated.

Table 16

Fiscal Year					
2007	2008	2009	2010	2011	2012
119,664	122,729	113,767	98,218	97,613	103,903
3,939	3,531	3,882	3,464	3,094	3,198
195	170	172	141	127	158
147	214	196	154	255	192
1,241	783	749	878	698	946
64	23	48	35	34	18
279	273	296	260	251	244
281	149	133	96	98	25
3	2	1	3	2	0
1,478	1,614	1,596	1,454	1,451	1,304
167	141	112	89	78	96
5	15	11	5	10	9
0.6410	0.7240	0.6687	0.5841	0.6300	0.8355
50	20	21	1	1	2
0.4771	0.5005	0.4481	0.4380	0.5706	0.5408

Capital Asset and Infrastructure Statistics by Function/Program
Last Seven Fiscal Years

	Fiscal Years						
Function/Program	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Public safety							
Police department							
Stations	1	1	1	1	1	1	1
Law enforcement vehicles	12	12	12	12	12	12	12
Public works							
Streets department							
Number of streets	*	*	49	49	49	49	49
Number of street lights	*	*	401	401	432	432	432
Parks and recreation							
Number of parks	3	3	3	3	3	3	3
Number of swimming pools	1	1	1	1	1	1	1
Number of picnic shelters	4	4	4	4	4	4	4
Number of tennis courts	6	6	6	6	6	6	6
Water							
Miles of water distribution lines	*	*	50	50	51	51	51
Number of fire hydrants	*	*	279	280	310	311	313
Storage capacity (mg)	*	*	2.60	2.60	2.60	2.60	2.60
Sewer							
Miles of sanitary sewer lines	*	*	31	32	33	33	33
Number of sewer lift/pumping stations	*	*	6	6	6	6	6

Information is not available prior to fiscal year 2006; it is the goal of the Town to achieve ten fiscal years of this information in the future.

* Information is not available.

Source: Town individual departments

COMPLIANCE SECTION

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 WOODSTOCK, VIRGINIA

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Woodstock, Virginia as of and for the year ended June 30, 2012, which collectively comprise the Town of Woodstock, Virginia's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:
Management of the Town of Woodstock, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Woodstock, Virginia's internal control over financial reporting as a basis for designing our auditing procedures 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 Woodstock, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Woodstock, Virginia's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

We noted certain matters that we reported to management of the Town of Woodstock, Virginia in a separate letter dated November 30, 2012.

This report is intended solely for the information and use of the Town Council, management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2012