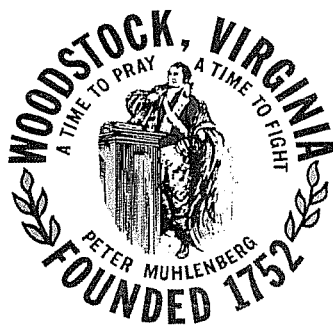


TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2011

TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

Prepared by:

Mandy R. Belyea, Director of Finance

**TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-6
GFOA Certification of Achievement.....	7
Organizational Chart	8
List of Principal Town Officials	9

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	10-11
Management's Discussion and Analysis	12-21

Exhibit

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:

Statement of Net Assets	1	22
Statement of Activities	2	23-24

Fund Financial Statements:

Balance Sheet—Governmental Funds	3	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	26
Statement of Revenues, Expenditures and Change in Fund Balances — Governmental Funds	5	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6	28
Statement of Net Assets — Proprietary Funds	7	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets— Proprietary Funds	8	30
Statement of Cash Flows—Proprietary Funds	9	31
Notes to Financial Statements		32-60

**TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	<u>Exhibit</u>	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual — General Fund	10	61
Schedule of Pension Funding Progress	11	62
Schedule of OPEB Funding Progress	12	63
 <u>SUPPORTING SCHEDULES:</u>		
	<u>Schedule</u>	
Schedule of Revenues – Budget and Actual – Governmental Funds	1	64-65
Schedule of Expenditures – Budget and Actual – Governmental Funds	2	66-73
Computation of Legal Debt Margin	3	74

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Financial Trends:		
Net Assets by Component	1	75-76
Changes in Net Assets	2	77-80
Fund Balances of Governmental Funds	3	81-82
Changes in Fund Balances of Governmental Funds	4	83-84
General Governmental Tax Revenues by Source	5	85-86
 Revenue Capacity:		
Assessed Value and Estimated Actual Value of Taxable Property	6	87-88
Property Tax Rates	7	89
Principal Property Taxpayers	8	90
Property Tax Levies and Collections	9	91

**TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)
--

	<u>Table</u>	<u>Page</u>
Debt Capacity:		
Ratios of Outstanding Debt by Type	10	92-93
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	11	94
Legal Debt Margin Information.....	12	95-96
Demographic and Economic Information:		
Demographic and Economic Statistics	13	97
Principal Employers.....	14	98
Operating Information:		
Full-time Equivalent Town Government Employees by Function/Program.....	15	99
Operating Indicators by Function	16	100-101
Capital Asset and Infrastructure Statistics by Function/Program	17	102

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 <i>Government Auditing Standards</i>	103-104
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 Awards	105-106
Schedule of Expenditures of Federal Awards	107
Notes to Schedule of Expenditures of Federal Awards.....	108
Schedule of Findings and Questioned Costs	109

INTRODUCTORY SECTION



Town of Woodstock, Virginia

November 23, 2011

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, 2011. 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 town 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 the 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.

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.

Single Audit

As a recipient of federal and state financial assistance, the Town is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the Town's single audit described earlier, tests are made to determine the adequacy of the internal control structure including that portion related to federal financial assistance programs as well as to determine that the Town has complied with applicable laws and regulations. The results of the Town's single audit for the fiscal year ended June 30, 2011 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

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 meet its responsibility for sound financial management.

Economic Conditions and Outlook

While the Town concluded fiscal year 2011 in stable financial condition, it continues to be faced with concerns about future economic growth. A recovery from the recession into which the national economy descended in December 2007 has been slow; moreover, the strength and permanency of the economic recovery remains uncertain. Thus, the weak and uncertain economic conditions that have prevailed during these past three 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 significantly 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 8.6 percent for the fiscal year ended June 30, 2010 to 7.3 percent for the fiscal year ended June 30, 2011. While the unemployment rate for the County has trailed that of the nation, it has exceeded the unemployment rate for the Commonwealth of Virginia. Given an economic recovery that is expected to improve unemployment and overall economic conditions, the Town anticipates budgetary challenges, particularly related to state funding. 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 2012 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; further, certain vacant positions have remained frozen during the fiscal year, and several capital projects have been delayed.

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 recently 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 2012 and as it prepares for the fiscal 2013 budget year, to ensure financial stability, the Town has identified its unassigned fund balance, which represents 49 percent of total general fund expenditures as of June 30, 2011, 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 capital initiatives in the areas of community development and public utilities. A number of capital projects were completed during fiscal year 2011 while several others are in various stages of construction with completion anticipated in the next year. The following narrative highlights some of the projects worked on during fiscal year 2011.

In May 2011 construction was completed on the expansion of the Town's wastewater treatment facility. This \$31 million project was a result of Federal and State government mandates to restore and protect the Chesapeake Bay. This project was approximately 40 percent funded through State grants to the Town while the remaining 60 percent was funded through interest-free loans from the State and Federal government. The Town is pleased to report that the upgraded facility – with its state-of-the-art nutrient removal technologies – has led to the effective removal of nutrients well in excess of State and

Federal government regulations. Moreover, the upgraded facility has resulted in a greater capacity as our Town experiences additional growth.

At the end of fiscal year 2011, the Town completed engineering of an observation deck, a geotechnical investigation, and a property survey for another 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 two 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. In January 2010, the Town applied for and received a \$50,000 grant funneled through the Department of Forestry from American Recovery and Reinvestment Act (ARRA) stimulus funds to kick-off its master planning process, secure engineering, and go to bid on the observation deck and trail surrounding the property. Construction of the observation deck is expected to be completed by September 2011 while development of interpretive signage and educational materials through collaboration with civic groups is expected to be completed by the spring of 2012. 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, 2011. 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, 2010. This was the third 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.

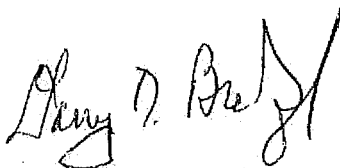
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and thus we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

Acknowledgements

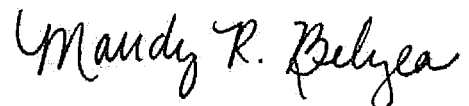
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Finance Department staff along with the efforts of the administration and other Town departments.

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
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, 2010

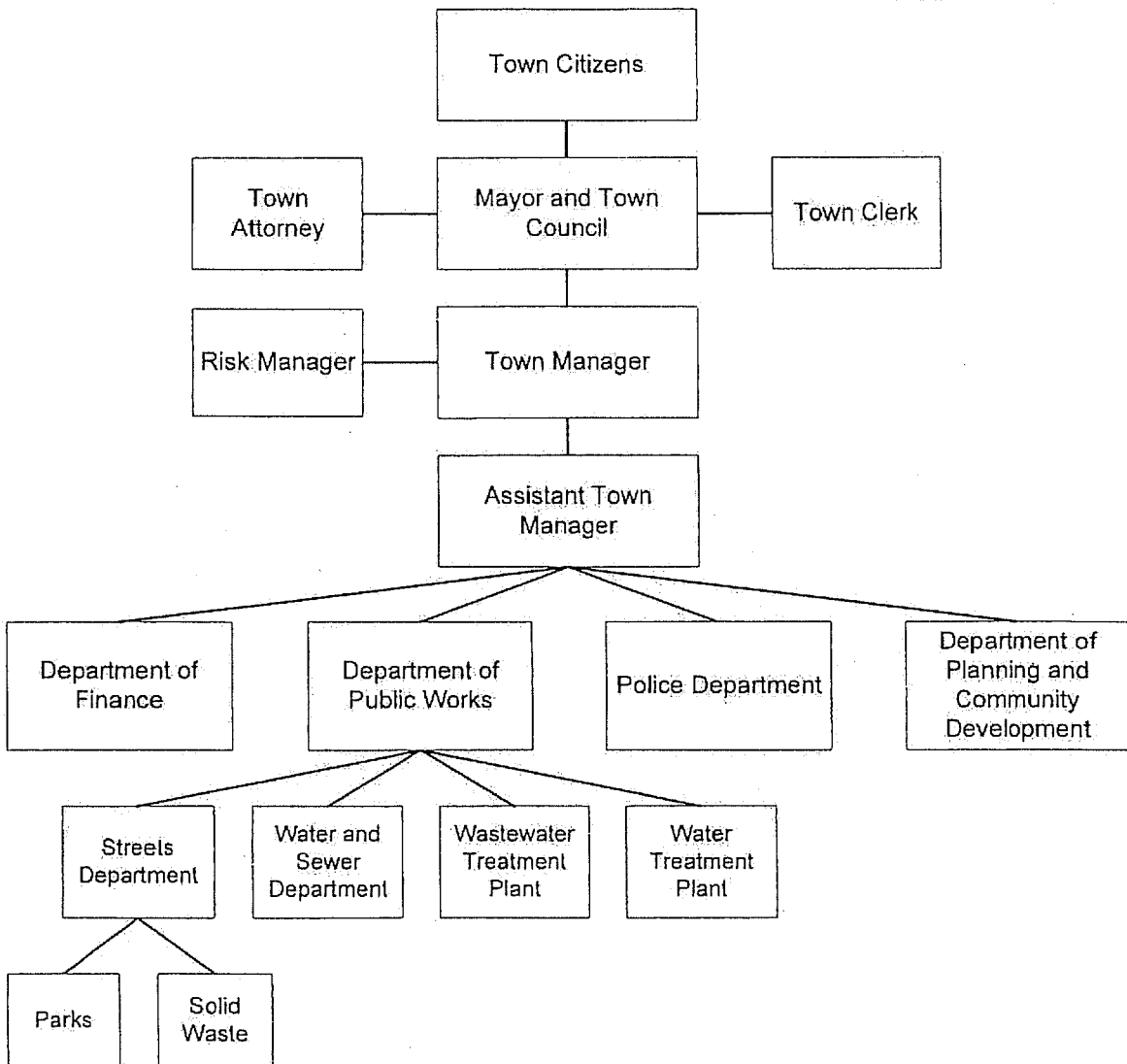
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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
Assistant Town Manager/Planner
Director of Finance
Treasurer
Chief of Police
Superintendent of Public Works

Angela K. Clem
Brent T. Manuel
Mandy R. Belyea
De Ebersole
Bryan Hutcheson
James E. Didawick

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, each major fund and the aggregate remaining fund information of the Town of Woodstock, Virginia, as of and for the year ended June 30, 2011, 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, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Virginia, as of June 30, 2011, 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.

As described in Note 1 to the financial statements, the Town of Woodstock, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supporting schedules and the schedule of expenditures of federal awards 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

Verona, Virginia
November 21, 2011

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, 2011. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2010.

Financial Highlights

Government-wide Financial Statements

The assets of the Town exceeded its liabilities at June 30, 2011 by \$31,845,228, which equals the total net assets of the Town. Of this amount, \$3,857,022 is unrestricted and may be used to meet the Town's future obligations. Of the \$3,857,022 unrestricted assets, approximately \$2,432,127 is related to governmental activities and is undesignated and available for future General Fund expenditures. The \$1,424,895 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 2011, taxes and other revenues of the Town's governmental activities amounted to \$4,517,781. Expenses amounted to \$4,180,965.

For fiscal year 2011, revenues of the Town's business-type activities were \$4,100,034. Expenses amounted to \$3,173,607.

The Town's total long-term debt decreased by \$1,053,931 from \$25,946,539 as of June 30, 2010 to \$24,892,608 as of June 30, 2011. New debt in the amount of \$218,303 was issued while \$1,272,234 was retired during fiscal year 2011.

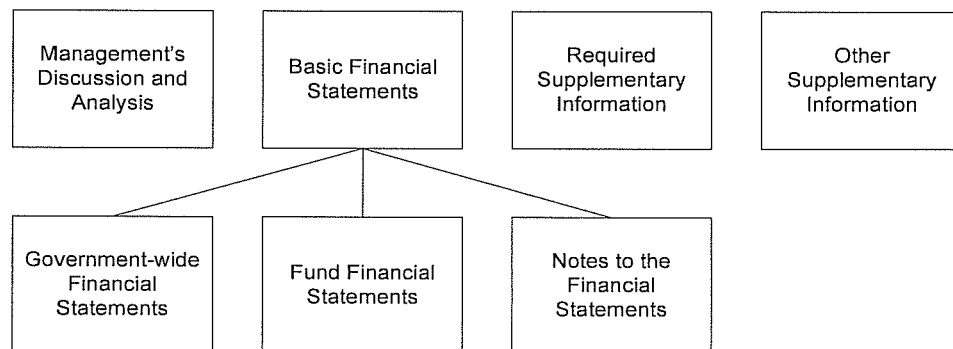
Fund Financial Statements

The total fund balances of the General Fund increased \$570,818 from \$1,932,628 at June 30, 2010 to \$2,503,446 at June 30, 2011. The General Fund had nonspendable fund balance of \$41,165, committed fund balance of \$375,000, assigned fund balance of \$110,000 and unassigned fund balance of \$1,977,281. Unassigned fund balance for the General Fund represented 49 percent of total General Fund expenditures at June 30, 2011.

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 \$31,845,228 at June 30, 2011.

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, 2011 and 2010.

Summary Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Current and other assets	\$ 3,289,762	\$ 2,686,296	\$ 1,773,027	\$ 3,438,614	\$ 5,062,789	\$ 6,124,910
Capital assets	11,963,217	12,199,901	40,595,227	40,511,203	52,558,444	52,711,104
Total assets	\$ 15,252,979	\$ 14,886,197	\$ 42,368,254	\$ 43,949,817	\$ 57,621,233	\$ 58,836,014
Current and other liabilities	\$ 639,481	\$ 612,634	\$ 133,916	\$ 1,621,856	\$ 773,397	\$ 2,234,490
Long-term liabilities	448,806	445,687	24,553,802	25,573,852	25,002,608	26,019,539
Total liabilities	\$ 1,088,287	\$ 1,058,321	\$ 24,687,718	\$ 27,195,708	\$ 25,776,005	\$ 28,254,029
Invested in capital assets, net of related debt	\$ 11,732,565	\$ 11,988,383	\$ 16,255,641	\$ 15,531,479	\$ 27,988,206	\$ 27,519,862
Unrestricted	2,432,127	1,839,493	1,424,895	1,222,630	3,857,022	3,062,123
Total net assets	\$ 14,164,692	\$ 13,827,876	\$ 17,680,536	\$ 16,754,109	\$ 31,845,228	\$ 30,581,985

The Town's combined net assets totaled \$31,845,228 at June 30, 2011. Approximately 88 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 12 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 \$1,263,243. The largest portion of this increase occurred in the public utilities fund, which can be primarily attributed to water and sewer rate increases as well as the receipt of capital grants for the Town's wastewater treatment facility expansion project. The remaining portion 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, 2011 and 2010.

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 289,302	\$ 275,230	\$ 3,191,737	\$ 2,815,129	\$ 3,481,039	\$ 3,090,359
Operating grants and contributions	127,253	135,004	-	-	127,253	135,004
Capital grants and contributions	645,583	695,341	891,093	2,726,391	1,536,676	3,421,732
<i>General revenues</i>						
Property taxes	1,069,706	1,081,463	-	-	1,069,706	1,081,463
Other taxes and fees	2,202,286	2,146,916	-	-	2,202,286	2,146,916
Grants and contributions not restricted to specific programs	111,549	111,491	-	-	111,549	111,491
Unrestricted investment earnings	18,866	23,683	17,204	22,529	36,070	46,212
Other	53,236	15,724	-	-	53,236	15,724
Total revenues	<u>\$ 4,517,781</u>	<u>\$ 4,484,852</u>	<u>\$ 4,100,034</u>	<u>\$ 5,564,049</u>	<u>\$ 8,617,815</u>	<u>\$ 10,048,901</u>
Expenses						
General government administration	\$ 732,891	\$ 537,743	\$ -	\$ -	\$ 732,891	\$ 537,743
Public safety	1,352,205	1,463,009	-	-	1,352,205	1,463,009
Public works	1,567,676	1,611,231	-	-	1,567,676	1,611,231
Parks and recreation	256,685	229,804	-	-	256,685	229,804
Community development	262,583	283,696	-	-	262,583	283,696
Interest on long-term debt	8,925	11,668	-	-	8,925	11,668
Public utilities	-	-	3,173,607	3,025,061	3,173,607	3,025,061
Total expenses	<u>\$ 4,180,965</u>	<u>\$ 4,137,151</u>	<u>\$ 3,173,607</u>	<u>\$ 3,025,061</u>	<u>\$ 7,354,572</u>	<u>\$ 7,162,212</u>
Change in net assets before transfers	\$ 336,816	\$ 347,701	\$ 926,427	\$ 2,538,988	\$ 1,263,243	\$ 2,886,689
Transfers	-	1,588,292	-	(1,588,292)	-	-
Change in net assets	<u>\$ 336,816</u>	<u>\$ 1,935,993</u>	<u>\$ 926,427</u>	<u>\$ 950,696</u>	<u>\$ 1,263,243</u>	<u>\$ 2,886,689</u>
Net assets, beginning	<u>13,827,876</u>	<u>11,891,883</u>	<u>16,754,109</u>	<u>15,803,413</u>	<u>30,581,985</u>	<u>27,695,296</u>
Net assets, ending	<u><u>\$ 14,164,692</u></u>	<u><u>\$ 13,827,876</u></u>	<u><u>\$ 17,680,536</u></u>	<u><u>\$ 16,754,109</u></u>	<u><u>\$ 31,845,228</u></u>	<u><u>\$ 30,581,985</u></u>

Governmental Activities

Governmental activities increased the Town's net assets by \$336,816 thereby accounting for 27 percent of the total growth in the net assets of the Town.

Charges for services increased 5 percent from fiscal year 2010 to fiscal year 2011. This increase is primarily the result of an increase in swimming pool fees for the 2011 pool season.

Operating grants and contributions and capital grants and contributions amounted to \$127,253 and \$645,583, respectively, from State and Federal government and other funding. Operating grants and contributions declined 6 percent from fiscal year 2010 to fiscal year 2011, which is due to state funding cuts to its local law enforcement assistance grant program. Capital grants and contributions decreased 7 percent as the Town completed its downtown signal light project at the end of fiscal year 2010, which was 50 percent grant-funded by the Virginia Department of Transportation.

The Town's largest revenue source is general property taxes (i.e., real estate and personal property taxes), which decreased a mere 1 percent from fiscal year 2010 to fiscal year 2011.

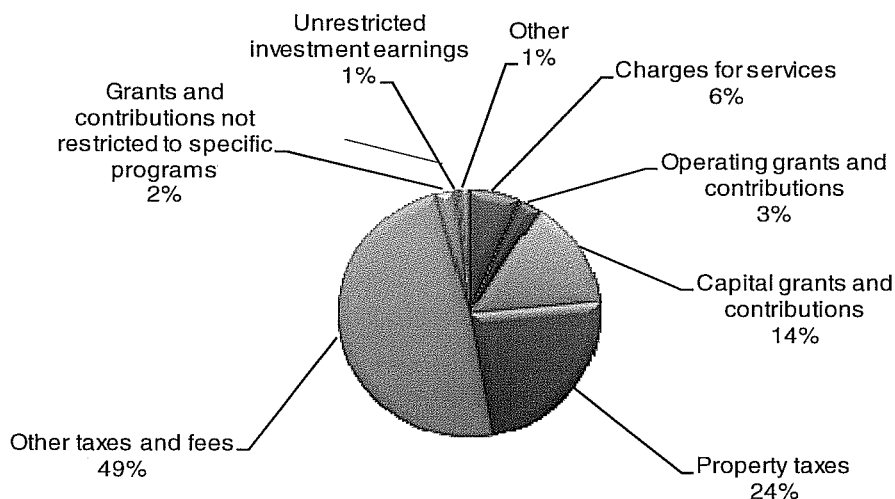
The Town's real estate property tax assessments for fiscal year 2011 were \$540,494,350. The Town's real estate tax rate was \$0.15 per \$100 of assessed value for the 2010 and 2011 tax years. The Town's personal property tax assessments for the year were \$37,205,546. The Town's personal property tax rate was \$0.90 per \$100 of assessed value for the 2010 and 2011 tax years. The Town's machinery and tools tax assessments for the year were \$253,815. The Town's machinery and tools tax rate was \$0.90 per \$100 of assessed value for the 2010 and 2011 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 \$2,202,286 for the year, increasing 3 percent from fiscal year 2010 to fiscal year 2011. 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.

Unrestricted investment earnings decreased \$4,817 or 20 percent as a result of continued declines in interest rates due to sluggish market conditions during fiscal year 2011.

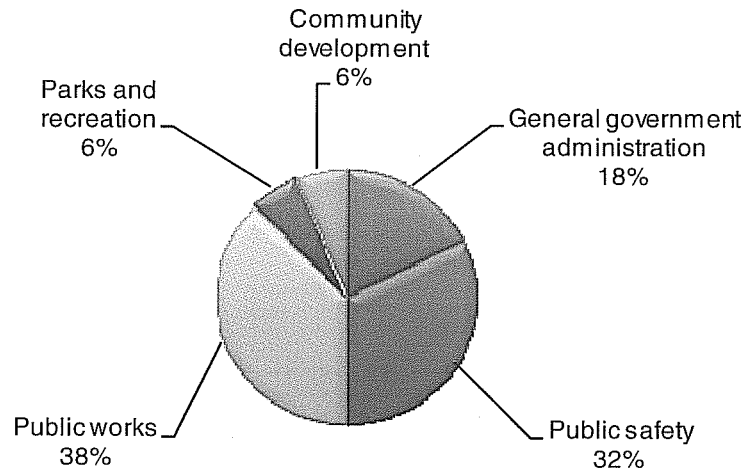
The chart below illustrates the revenues by source for the Town's governmental activities for fiscal year 2011.

Revenues by Source - Governmental Activities



For fiscal year 2011, expenses for governmental activities totaled \$4,180,965, which increased \$43,814 or 1 percent from fiscal year 2010. The chart below illustrates the expenses by function for the Town's governmental activities for fiscal year 2011.

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 \$926,427 thereby accounting for 73 percent of the total growth in the net assets of the Town.

Revenues for the business-type activities totaled \$4,100,034, of which 78 percent is from charges for services and 22 percent is from capital grants and contributions.

Charges for services increased 13 percent from fiscal year 2010 to fiscal year 2011. This increase is due to water and sewer rate increases that were implemented at the beginning of fiscal year 2011.

Capital grants and contributions decreased 67% percent from fiscal year 2010 to fiscal year 2011. This decrease is attributable to fewer water quality improvement grant funds that the Town received from the Commonwealth of Virginia for its wastewater treatment facility expansion project as compared to fiscal year 2010.

The Public Utilities Fund expenses increased \$148,546 or 5 percent from fiscal year 2010 to fiscal year 2011 due to inflation and 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 \$2,503,446. Of this amount, \$41,165 was nonspendable due to prepaid expenditures, \$375,000 was committed to the Woodstock Volunteer Fire and Rescue, \$110,000 was assigned to the public utilities fund, and the remaining \$1,977,281 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 50 percent of total general fund expenditures as of June 30, 2011.

The total fund balance of the Town's General Fund increased by \$570,818 or 30 percent during fiscal year 2011. 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, 2011, unrestricted net assets of the Public Utilities Fund totaled \$1,424,895.

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 one budgetary amendment to the total appropriations of the General Fund during fiscal year 2011 as illustrated in Exhibit 10 on page 61. In order to avoid onerous water and sewer rate increases for fiscal year 2012, the Town Council made the decision to transfer monies from the General Fund to the Public Utilities Fund in the amount of \$222,946.

Fiscal year 2011 actual revenues were approximately \$315,968 more than the fiscal year 2011 final budgeted revenues. Fiscal year 2011 actual expenditures were approximately \$488,372 less than the fiscal year 2011 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- General property taxes were \$20,925 more than the final budgeted revenues primarily due to an increase in the real property assessments.
- Other local taxes were \$131,618 more than the final budgeted revenues largely due to increases in franchise license taxes and transient occupancy taxes. Fiscal year 2011 was the first full year that a new hotel, Hampton Inn, was open resulting in an increase in the transient occupancy taxes.
- Permits, privilege fees, and regulatory licenses were \$54,300 more than the final budgeted revenues, which is primarily attributable to an increase in business, professional, and occupational license (BPOL) taxes as several new businesses opened in Town.
- Operating expenditures were \$522,799 less than the final budgeted expenditures largely due to the retirement of several higher paid police department employees. In an effort to reduce costs, the First

Sergeant position was not filled, and the other positions were filled with employees in a lower pay grade.

- Capital project expenditures were \$52,713 more than the final budgeted expenditures primarily due to the electronic sign board project for which half of the costs will be borne by Shenandoah Memorial Hospital.

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets as of June 30, 2011 for its governmental and business-type activities was \$52,558,444, net of depreciation, as reflected in the schedule below.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Land	\$ 1,320,305	\$ 1,320,305	\$ 171,915	\$ 171,915	\$ 1,492,220	\$ 1,492,220
Buildings and improvements	3,021,595	2,986,980	36,382,372	5,224,958	39,403,967	8,211,938
Infrastructure	11,948,895	11,948,895	8,340,874	7,844,897	20,289,769	19,793,792
Machinery and equipment	1,478,546	1,423,459	824,827	824,827	2,303,373	2,248,286
Construction in progress	159,250	103,239	182,515	31,048,909	341,765	31,152,148
Accumulated depreciation	(5,965,374)	(5,582,977)	(5,307,276)	(4,604,303)	(11,272,650)	(10,187,280)
Total net capital assets	\$ 11,963,217	\$ 12,199,901	\$ 40,595,227	\$ 40,511,203	\$ 52,558,444	\$ 52,711,104

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

- The Town continued incurring engineering design costs for its Indian Springs wetlands park project; construction in progress for this project was \$9,136 as of June 30, 2011.
- The Town began incurring costs for its electronic sign board project; construction in progress for this project was \$36,375 as of June 30, 2011.
- The Town completed improvements to its swimming pool for a total of \$34,615 at June 30, 2011.
- Construction was completed on the upgrade to the Town's wastewater treatment facility for a total of \$31,059,625 at June 30, 2011.
- Construction was completed at the Town's water treatment facility for its solids handling project for a total of \$97,790 as of June 30, 2011.
- Construction was completed on the Town's waterline extension project for a total of \$495,977 at June 30, 2011.
- The Town purchased a truck and chemical spreader for the public works department for a total cost of \$38,189.
- The Town purchased a lawn tractor with a mower for the parks department for a cost of \$7,048.

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 2011, the Town had the following outstanding debt:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
General obligation bonds	\$ 149,811	\$ 179,166	\$ 24,336,748	\$ 25,361,012	\$ 24,486,559	\$ 25,540,178
Original issue premium	-	-	71,325	74,818	71,325	74,818
Notes payable	34,615	-	-	-	34,615	-
Capital leases	46,226	32,352	-	3,871	46,226	36,223
Compensated absences	147,967	187,279	105,916	108,041	253,883	295,320
Total long-term liabilities	\$ 378,619	\$ 398,797	\$ 24,513,989	\$ 25,547,742	\$ 24,892,608	\$ 25,946,539

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 2012.

In an effort to avoid onerous water and sewer rate hikes for Town residents, the Town Council made the decision to supplement the Public Utilities Fund with \$110,000 from the fund balance of the General Fund in order to balance the Public Utilities Fund fiscal year 2012 budget.

For the 2012 budget year, the capital improvement projects include the Indian Springs wetlands park project and the electronic sign board project.

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, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,303,475	\$ 733,129	\$ 3,036,604
Receivables, net of allowance for uncollectibles:			
Taxes	632,058	-	632,058
Accounts	279,037	278,828	557,865
Unbilled and other	-	457,528	457,528
Intergovernmental receivables	18,302	94,658	112,960
Prepaid assets	41,165	17,667	58,832
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	15,725	51,120	66,845
Investments	-	68,487	68,487
Capital assets, not depreciable:			
Land	1,320,305	171,915	1,492,220
Construction in progress	159,250	182,515	341,765
Capital assets, depreciable:			
Buildings	691,013	33,891,070	34,582,083
Improvements other than buildings	2,330,582	2,491,302	4,821,884
Machinery and equipment	1,478,546	824,827	2,303,373
Infrastructure	11,948,895	8,340,874	20,289,769
Accumulated depreciation	(5,965,374)	(5,307,276)	(11,272,650)
Other assets:			
Unamortized bond issue costs	-	71,610	71,610
Total assets	\$ 15,252,979	\$ 42,368,254	\$ 57,621,233
LIABILITIES			
Accounts payable and accrued liabilities	\$ 85,721	\$ 40,331	\$ 126,052
Accrued interest payable	-	42,465	42,465
Unearned revenue	538,035	-	538,035
Customers' deposits	-	51,120	51,120
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium	12,690	1,189,459	1,202,149
Notes payable	11,139	-	11,139
Capital leases	17,840	-	17,840
Compensated absences	11,275	10,686	21,961
Portion due and payable after one year:			
General obligation bonds, net of original issue premium	137,121	23,218,614	23,355,735
Notes payable	23,476	-	23,476
Capital leases	28,386	-	28,386
Net OPEB obligation	70,187	39,813	110,000
Compensated absences	136,692	95,230	231,922
Total liabilities	\$ 1,088,287	\$ 24,687,718	\$ 25,776,005
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,732,565	\$ 16,255,641	\$ 27,988,206
Unrestricted	2,432,127	1,424,895	3,857,022
Total net assets	\$ 14,164,692	\$ 17,680,536	\$ 31,845,228

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, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government administration	\$ 732,891	\$ 31,161	\$ -	\$ -
Public safety	1,352,205	38,766	126,503	-
Public works	1,567,676	166,982	-	636,447
Parks and recreation	256,685	52,393	-	9,136
Community development	262,583	-	750	-
Interest on long-term debt	8,925	-	-	-
Total governmental activities	<u>\$ 4,180,965</u>	<u>\$ 289,302</u>	<u>\$ 127,253</u>	<u>\$ 645,583</u>
Business-type activities				
Water & Sewer	<u>\$ 3,173,607</u>	<u>\$ 3,191,737</u>	<u>\$ -</u>	<u>\$ 891,093</u>
Total primary government	<u><u>\$ 7,354,572</u></u>	<u><u>\$ 3,481,039</u></u>	<u><u>\$ 127,253</u></u>	<u><u>\$ 1,536,676</u></u>
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				
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
\$ (701,730)	\$ -	\$ (701,730)
(1,186,936)	-	(1,186,936)
(764,247)	-	(764,247)
(195,156)	-	(195,156)
(261,833)	-	(261,833)
(8,925)	-	(8,925)
<u>\$ (3,118,827)</u>	<u>\$ -</u>	<u>\$ (3,118,827)</u>
\$ -	\$ 909,223	\$ 909,223
<u>\$ (3,118,827)</u>	<u>\$ 909,223</u>	<u>\$ (2,209,604)</u>
\$ 1,069,706	\$ -	\$ 1,069,706
189,043	-	189,043
86,170	-	86,170
97,955	-	97,955
185,327	-	185,327
914,462	-	914,462
176,252	-	176,252
95,332	-	95,332
335,139	-	335,139
122,606	-	122,606
18,866	17,204	36,070
53,236	-	53,236
111,549	-	111,549
<u>\$ 3,455,643</u>	<u>\$ 17,204</u>	<u>\$ 3,472,847</u>
\$ 336,816	\$ 926,427	\$ 1,263,243
13,827,876	16,754,109	30,581,985
<u>\$ 14,164,692</u>	<u>\$ 17,680,536</u>	<u>\$ 31,845,228</u>

THIS PAGE LEFT BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,303,475
Receivables, net of allowance for uncollectibles:	
Property taxes	632,058
Accounts	279,037
Intergovernmental receivables	18,302
Prepaid assets	41,165
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	15,725
Total assets	<u>\$ 3,289,762</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 85,721
Deferred revenue	684,870
Performance deposits	15,725
Total liabilities	<u>\$ 786,316</u>
Fund balances:	
Nonspendable:	
Prepaid assets	\$ 41,165
Committed to:	
Woodstock Volunteer Fire Department	275,000
Woodstock Volunteer Rescue Squad	100,000
Assigned to:	
Public utilities fund	110,000
Unassigned:	1,977,281
Total fund balances	<u>\$ 2,503,446</u>
Total liabilities and fund balances	<u>\$ 3,289,762</u>

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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 2,503,446
--	--------------

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	11,963,217
--	------------

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	146,835
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	<u>(448,806)</u>
---	------------------

Net assets of governmental activities	\$ <u>14,164,692</u>
---------------------------------------	----------------------

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, 2011

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 1,067,235
Other local taxes	1,863,818
Permits, privilege fees, and regulatory licenses	366,300
Fines and forfeitures	38,766
Revenue from the use of money and property	18,866
Charges for services	219,375
Miscellaneous	53,236
Intergovernmental revenues:	
Commonwealth	862,786
Federal	21,596
Total revenues	<u>\$ 4,511,978</u>
EXPENDITURES	
Current:	
General government administration	\$ 711,620
Public safety	1,352,755
Public works	1,338,803
Parks and recreation	214,514
Community development	187,965
Capital projects	145,713
Debt service:	
Principal retirement	44,289
Interest and other fiscal charges	8,925
Total expenditures	<u>\$ 4,004,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 507,394</u>
OTHER FINANCING SOURCES (USES)	
Capital leases	\$ 63,424
Total other financing sources (uses)	<u>\$ 63,424</u>
Net change in fund balances	\$ 570,818
Fund balances - beginning	1,932,628
Fund balances - ending	<u><u>\$ 2,503,446</u></u>

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, 2011

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

Net change in fund balances - total governmental funds	\$	570,818
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		(236,684)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,800
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.		(19,134)
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.		<u>16,016</u>
Change in net assets of governmental activities	\$	<u><u>336,816</u></u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2011

	Enterprise Fund Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 733,129
Accounts receivable, net of allowance for uncollectibles	278,828
Unbilled and other receivables	457,528
Intergovernmental receivables	94,658
Prepaid assets	17,667
Total current assets	<u>\$ 1,581,810</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 51,120
Investments	68,487
Total restricted assets	<u>\$ 119,607</u>
Capital assets:	
Land	\$ 171,915
Buildings	33,891,070
Improvements other than buildings	2,491,302
Machinery and equipment	824,827
Infrastructure	8,340,874
Construction in progress	182,515
Accumulated depreciation	(5,307,276)
Total capital assets	<u>\$ 40,595,227</u>
Other assets:	
Bond issuance costs, net of amortization	\$ 71,610
Total noncurrent assets	<u>\$ 40,786,444</u>
Total assets	<u>\$ 42,368,254</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 40,331
Accrued interest payable	42,465
Customers' deposits	51,120
General obligation bonds, net of original issue premium	1,189,459
Compensated absences	10,686
Total current liabilities	<u>\$ 1,334,061</u>
Noncurrent liabilities:	
General obligation bonds, net of original issue premium	\$ 23,218,614
Net OPEB obligation	39,813
Compensated absences	95,230
Total noncurrent liabilities	<u>\$ 23,353,657</u>
Total liabilities	<u>\$ 24,687,718</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 16,255,641
Unrestricted	1,424,895
Total net assets	<u>\$ 17,680,536</u>

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, 2011

	Enterprise Fund Public Utilities
OPERATING REVENUES	
Charges for services	\$ 3,191,737
Total operating revenues	<u>\$ 3,191,737</u>
OPERATING EXPENSES	
Water treatment facility	\$ 621,115
Water transmission and distribution	317,040
Wastewater treatment facility	948,944
Sanitary sewer maintenance	232,347
Depreciation	702,973
Total operating expenses	<u>\$ 2,822,419</u>
Operating income (loss)	<u>\$ 369,318</u>
NONOPERATING REVENUES (EXPENSES)	
Availability fees	\$ 313,081
Intergovernmental revenue	578,012
Interest revenue	17,204
Interest expense	(340,897)
Amortization expense for bond issuance costs	(10,291)
Total nonoperating revenues (expenses)	<u>\$ 557,109</u>
Income before contributions and transfers	<u>\$ 926,427</u>
Change in net assets	\$ 926,427
Total net assets - beginning	\$ 16,754,109
Total net assets - ending	<u><u>\$ 17,680,536</u></u>

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, 2011

	Enterprise Fund Public Utilities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,776,873
Payments to suppliers	(832,116)
Payments to employees	(1,266,538)
Net cash provided by (used in) operating activities	<u>\$ 678,219</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	\$ (2,289,095)
Availability fees	313,081
Proceeds from indebtedness	143,139
Principal paid on bonds	(1,171,274)
Interest payments	(342,986)
Intergovernmental proceeds	1,853,929
Net cash provided by (used in) capital and related financing activities	<u>\$ (1,493,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 17,204
Dividends reinvested	(3,489)
Sale and purchase of investments	391,486
Net cash provided by (used in) investing activities	<u>\$ 405,201</u>
Net increase (decrease) in cash and cash equivalents	\$ (409,786)
Cash and cash equivalents, including restricted - beginning	\$ 1,194,035
Cash and cash equivalents, including restricted - ending	<u>\$ 784,249</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 369,318
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	\$ 702,973
(Increase) decrease in accounts receivable	(29,063)
(Increase) decrease in unbilled and other receivables	(390,155)
(Increase) decrease in prepaid assets	(2,679)
Increase (decrease) in accounts payable	11,896
Increase (decrease) in customer deposits	4,350
Increase (decrease) in compensated absences payable	(2,125)
Increase (decrease) net OPEB obligation	13,704
Total adjustments	<u>\$ 308,901</u>
Net cash provided by (used in) operating activities	<u>\$ 678,219</u>

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

TOWN OF WOODSTOCK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011

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 government 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, 2011.

Discretely presented component units – There were no discretely presented component units for the Town for the year ended June 30, 2011.

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.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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, which are collected by the state 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. Utility taxes are collected by the utilities and remitted directly to 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 all financial resources of the general government, except those required to be accounted for in another fund.

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.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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 water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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 \$51,405 at June 30, 2011 and is comprised of property taxes 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 assets lives 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 is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
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.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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, Account 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 it 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 charges 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);

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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 \$68,487.

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 \$(448,806) difference for the Town are as follows:

	Governmental Activities
General obligation bonds	\$ (149,811)
Notes payable	(34,615)
Capital leases	(46,226)
Compensated absences	(147,967)
Net OPEB Obligation	(70,187)
Net adjustment to decrease <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	\$ (448,806)

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 \$(236,684) difference for the Town are noted on the following page.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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

	Governmental Activities
Capital outlay	\$ 145,713
Depreciation expense	<u>(382,397)</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(236,684)</u>

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 \$5,800 difference for the Town are as follows:

Increase in deferred revenue	\$ <u>5,800</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>5,800</u>

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 \$(19,134) difference for the Town are as follows:

Principal repayments:	
General obligation bonds	\$ 29,355
Capital leases	<u>14,935</u>
	\$ 44,290
Other:	
Issuance of long-term debt	<u>(63,424)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(19,134)</u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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

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 \$16,016 difference for the Town are as follows:

Compensated absences	\$	39,312
Annual OPEB costs		<u>(23,296)</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u>16,016</u>

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.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)**

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

A. Budgetary information (continued)

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, 2011, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2011, 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) and Asian 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, 2011 were held by the Town or in Town's name by the Town's custodial banks.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The Town had only U.S. Treasury investments as of June 30, 2011, 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	\$ 68,487	\$ 68,487	\$ -	\$ -	\$ -
Total	\$ 68,487	\$ 68,487	\$ -	\$ -	\$ -

NOTE 5—RECEIVABLES:

Receivables as of June 30, 2011 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	\$ 662,475	\$ -	\$ 662,475
Accounts	288,434	290,419	578,853
Unbilled and other	-	457,528	457,528
Gross receivables	\$ 950,909	\$ 747,947	\$ 1,698,856
Less: allowance for uncollectibles	(39,814)	(11,591)	(51,405)
Net total receivables	\$ 911,095	\$ 736,356	\$ 1,647,451

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 6—INTERGOVERNMENTAL RECEIVABLES:

The following amounts represent receivables from other governments as of June 30, 2011:

	<u>Primary Government</u>
Commonwealth of Virginia:	
Rental tax	\$ 153
Fire program fund grant	1,318
Water quality improvement fund grant	90,198
Federal Government:	
Bulletproof vest partnership grant	702
State and community highway safety	1,815
Cooperative forestry assistance grant	14,314
Leaking underground storage tank grant	4,460
Total	\$ <u>112,960</u>

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 \$538,035 is comprised of the following:

- A. Property Taxes – Property taxes due subsequent to June 30, 2011 but that are levied and have an enforceable lien as of January 1 totaled \$534,204 at June 30, 2011.
- B. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action totaled \$3,831 at June 30, 2011.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 8—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2011:

Governmental Activities:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 1,320,305	\$ -	\$ -	\$ 1,320,305
Construction in progress	103,239	90,626	(34,615)	159,250
Total capital assets not being depreciated	\$ 1,423,544	\$ 90,626	\$ (34,615)	\$ 1,479,555
Capital assets being depreciated:				
Buildings	\$ 691,013	\$ -	\$ -	\$ 691,013
Improvements other than buildings	2,295,967	34,615	-	2,330,582
Infrastructure	11,948,895	-	-	11,948,895
Machinery and equipment	1,423,459	55,087	-	1,478,546
Total depreciable capital assets	\$ 16,359,334	\$ 89,702	\$ -	\$ 16,449,036
Less accumulated depreciation for:				
Buildings	\$ (239,345)	\$ (13,444)	\$ -	\$ (252,789)
Improvements other than buildings	(564,811)	(112,264)	-	(677,075)
Infrastructure	(3,794,406)	(161,764)	-	(3,956,170)
Machinery and equipment	(984,415)	(94,925)	-	(1,079,340)
Total accumulated depreciation	\$ (5,582,977)	\$ (382,397)	\$ -	\$ (5,965,374)
Total depreciable capital assets, net	\$ 10,776,357	\$ (292,695)	\$ -	\$ 10,483,662
Capital assets, net	\$ 12,199,901	\$ (202,069)	\$ (34,615)	\$ 11,963,217

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

General government administration	\$ 14,313
Public safety	34,533
Public works	216,764
Parks and recreation	42,171
Community development	74,616
Total depreciation expense	\$ 382,397

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Proprietary Activities:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 171,915	\$ -	\$ -	\$ 171,915
Construction in progress	31,048,909	786,997	(31,653,391)	182,515
Total capital assets not being depreciated	\$ 31,220,824	\$ 786,997	\$ (31,653,391)	\$ 354,430
Capital assets being depreciated:				
Buildings	\$ 3,037,445	\$ 30,853,625	\$ -	\$ 33,891,070
Improvements other than buildings	2,187,513	303,789	-	2,491,302
Infrastructure	7,844,897	495,977	-	8,340,874
Machinery and equipment	824,827	-	-	824,827
Total depreciable capital assets	\$ 13,894,682	\$ 31,653,391	\$ -	\$ 45,548,073
Less accumulated depreciation for:				
Buildings	\$ (1,607,012)	\$ (420,708)	\$ -	\$ (2,027,720)
Improvements other than buildings	(323,789)	(115,471)	-	(439,260)
Infrastructure	(2,300,469)	(105,701)	-	(2,406,170)
Machinery and equipment	(373,033)	(61,093)	-	(434,126)
Total accumulated depreciation	\$ (4,604,303)	\$ (702,973)	\$ -	\$ (5,307,276)
Total depreciable capital assets, net	\$ 9,290,379	\$ 30,950,418	\$ -	\$ 40,240,797
Capital assets, net	\$ 40,511,203	\$ 31,737,415	\$ (31,653,391)	\$ 40,595,227

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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	Business-type Activities
Asset:		
Machinery and equipment	\$ 400,217	\$ 43,092
Less: Accumulated depreciation	(212,369)	(19,027)
Total	\$ 187,848	\$ 24,065

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2012	\$ 19,431	\$ -
2013	19,431	-
2014	10,293	-
Total minimum lease payments	\$ 49,155	\$ -
Less: amount representing interest	(2,929)	-
Present value of minimum lease payments	\$ 46,226	\$ -

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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
2012	\$ 12,690	7,254	\$ 11,139	1,228	\$ 17,840	1,591	\$ 41,669	10,073
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	354	35,904	6,700
2015	14,739	5,205	-	-	-	-	14,739	5,205
2016	15,493	4,451	-	-	-	-	15,493	4,451
Thereafter	79,529	9,608	-	-	-	-	79,529	9,608
Total \$	<u>149,811</u>	<u>39,045</u>	<u>34,615</u>	<u>2,487</u>	<u>46,226</u>	<u>2,929</u>	<u>230,652</u>	<u>44,461</u>

Business-Type Activities						
Long-Term Debt						
	General Obligation Bonds		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,185,966	\$ 330,102	\$ -	\$ -	\$ 1,185,966	\$ 330,102
2013	1,204,886	312,503	-	-	1,204,886	312,503
2014	1,224,185	294,172	-	-	1,224,185	294,172
2015	1,238,878	274,929	-	-	1,238,878	274,929
2016	1,253,983	254,569	-	-	1,253,983	254,569
Thereafter	18,228,850	2,774,327	-	-	18,228,850	2,774,327
Total \$	<u>24,336,748</u>	<u>4,240,602</u>	<u>-</u>	<u>-</u>	<u>24,336,748</u>	<u>4,240,602</u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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, 2011.

	Amounts Payable July 1, 2010	Increases	Decreases	Amounts Payable June 30, 2011	Amount Due Within One Year
Primary Government:					
Governmental Activities					
General obligation bonds	\$ 179,166	\$ -	\$ (29,355)	\$ 149,811	\$ 12,690
Notes payable	-	34,615	-	34,615	11,139
Capital lease obligations	32,352	28,809	(14,935)	46,226	17,840
Compensated absences	187,279	6,734	(46,046)	147,967	11,275
Total governmental activities	\$ 398,797	\$ 70,158	\$ (90,336)	\$ 378,619	\$ 52,944
Business-type Activities					
General obligation bonds	\$ 25,361,012	\$ 143,139	\$ (1,167,403)	\$ 24,336,748	\$ 1,185,966
Premium on bond issue	74,818	-	(3,493)	71,325	3,493
Capital lease obligations	3,871	-	(3,871)	-	-
Compensated absences	108,041	5,006	(7,131)	105,916	10,686
Total business-type activities	\$ 25,547,742	\$ 148,145	\$ (1,181,898)	\$ 24,513,989	\$ 1,200,145
Total primary government	\$ 25,946,539	\$ 218,303	\$ (1,272,234)	\$ 24,892,608	\$ 1,253,089

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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%	\$	<u>149,811</u>
Sub-total general obligation bonds payable	\$	<u>149,811</u>

Notes payable:

Notes payable, \$34,615, issued September 15, 2010, payable in annual installments of \$12,367.51, through September 15, 2013 with interest at 3.50%	\$	<u>34,615</u>
Sub-total capital leases	\$	<u>34,615</u>

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%	\$	17,417
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%		<u>28,809</u>
Sub-total capital leases	\$	<u>46,226</u>
Compensated absences payable	\$	<u>147,967</u>
Total governmental long-term liabilities	\$	<u><u>378,619</u></u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

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% \$ 113,502

Series 2001A, \$2,165,000, issued June 28, 2001, payable in variable annual installments, through April 1, 2021, with variable interest rates 1,060,000

Series 2002, \$1,250,000, issued December, 2002, payable in monthly installments of \$8,730, through December 11, 2018, with interest at 3.85% 681,520

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% 2,075,348

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% 1,102,137

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 3,876,983

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 13,082,258

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 2,345,000

Sub-total general obligation bonds payable \$ 24,336,748

Unamortized premium on general obligation bonds \$ 71,325

Compensated absences payable \$ 105,916

Total business-type activity long-term liabilities \$ 24,513,989

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 9—LONG-TERM LIABILITIES: (CONTINUED)

Long-term debt is presented on the government-wide financial statements under the following categories:

	Governmental Activities	Business-Type Activities
Compensated absences	\$ 147,967	\$ 105,916
Current maturities of long-term debt	41,669	1,189,459
Long-term debt	188,983	23,218,614
Total \$	<u>378,619</u>	<u>24,513,989</u>

NOTE 10—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing, 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 10 years of service credit or age 50 with at least five years of service credit.
- 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.

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

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 report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-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 2011 was 12.33% of annual covered payroll.

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)**

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost

For the fiscal year ended 2011, the Town's annual pension cost of \$281,342 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, 2011	\$ 281,342	100.00%	\$ -
June 30, 2010	279,835	100.00%	-
June 30, 2009	280,586	100.00%	-

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal 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 payroll 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, 2010, the most recent actuarial valuation date, the Town's plan was 64.40% funded. The actuarial accrued liability for benefits was \$10,071,584, and the actuarial value of assets was \$6,486,317, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,585,267. The covered payroll (annual payroll of active employees covered by the plan) was \$2,355,858, and ratio of the UAAL to the covered payroll was 152.19%.

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 11—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/2010/2010CAFR.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.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 11—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)	\$ 49,000
Interest on OPEB Obligation	3,000
Adjustment to ARC	<u>(3,000)</u>
Annual OPEB cost	\$ 49,000
Estimated Contributions Made During FY11	<u>(12,000)</u>
Increase in Net OPEB Obligation	\$ 37,000
Net OPEB Obligation - beginning of year	<u>73,000</u>
Net OPEB Obligation - end of year	<u>\$ 110,000</u>

For fiscal year 2011, the Town's annual OPEB cost of \$49,000 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 2011 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 49,000	24.50%	\$ 110,000
6/30/2010	47,000	23.40%	73,000
6/30/2009	44,000	15.90%	37,000

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)**

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

D. Funded Status and Funding Progress.

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	442,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	442,000
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Annual covered payroll	\$	2,411,000
UAAL as of percentage of covered payroll		18.30%

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, 2008 was based on the entry age actuarial cost method. The actuarial assumptions included a 4.50% investment rate of return on assets and an annual healthcare cost trend rate of 10.00% initially, reduced by decrements of 1.00% per year until an ultimate rate of 5.00% is reached. The assumptions also included a 4.50% 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 11—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 10.

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 2011 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.

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)**

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)**C. OPEB Cost and Net OPEB Obligation (Continued)**

For the fiscal year ended 2011, the Town's contribution of \$6,845 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 2011 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2011	\$ 6,845	100.00%	\$ -
June 30, 2010	10,472	100.00%	-
June 30, 2009	10,488	100.00%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 109,292
Actuarial value of plan assets	\$ 32,366
Unfunded actuarial accrued liability (UAAL)	\$ 76,926
Funded ratio (actuarial value of plan assets/ AAL)	29.61%
Covered payroll (active plan members)	\$ 2,355,858
UAAL as a percentage of covered payroll	3.27%

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.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)

NOTE 11—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 7.0% investment rate of return, compounded annually, including inflation component of 2.5%, and a payroll growth rate of 3.0%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 26 years.

NOTE 12—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 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 13—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; 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.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2011 (CONTINUED)**

NOTE 14—SUBSEQUENT EVENTS

On November 21, 2011, the Town issued an \$855,000 Town of Woodstock, Virginia General Obligation Refunding Bond (Sewer System), Series 2011 (the "Refunding Bond") and sold it to the Virginia Resources Authority (VRA), in connection with its 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 2001 in the original principal amount of \$2,165,000 (the "2001 Bond"), together with issuance costs in connection therewith. The current refunding will result in total net present value savings of \$108,182 for the Town.

NOTE 15—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.

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, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,046,310	\$ 1,046,310	\$ 1,067,235	\$ 20,925
Other local taxes	1,732,200	1,732,200	1,863,818	131,618
Permits, privilege fees, and regulatory licenses	312,000	312,000	366,300	54,300
Fines and forfeitures	41,800	41,800	38,766	(3,034)
Revenue from the use of money and property	20,200	20,200	18,866	(1,334)
Charges for services	202,000	202,000	219,375	17,375
Miscellaneous	17,500	17,500	53,236	35,736
Intergovernmental revenues:				
Commonwealth	815,200	815,200	862,786	47,586
Federal	8,800	8,800	21,596	12,796
Total revenues	<u>\$ 4,196,010</u>	<u>\$ 4,196,010</u>	<u>\$ 4,511,978</u>	<u>\$ 315,968</u>
EXPENDITURES				
Current:				
General government administration	\$ 610,680	\$ 806,126	\$ 711,620	\$ 94,506
Public safety	1,524,400	1,524,400	1,352,755	171,645
Public works	1,427,455	1,489,955	1,338,803	151,152
Parks and recreation	250,700	250,700	214,514	36,186
Community development	257,275	257,275	187,965	69,310
Capital projects	93,000	93,000	145,713	(52,713)
Debt service:				
Principal retirement	60,000	60,000	44,289	15,711
Interest and other fiscal charges	11,500	11,500	8,925	2,575
Total expenditures	<u>\$ 4,235,010</u>	<u>\$ 4,492,956</u>	<u>\$ 4,004,584</u>	<u>\$ 488,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (39,000)</u>	<u>\$ (296,946)</u>	<u>\$ 507,394</u>	<u>\$ 804,340</u>
OTHER FINANCING SOURCES (USES)				
Reserve for contingencies	\$ (35,000)	\$ -	\$ -	\$ -
Capital leases	74,000	74,000	63,424	(10,576)
Total other financing sources and uses	<u>\$ 39,000</u>	<u>\$ 74,000</u>	<u>\$ 63,424</u>	<u>\$ (10,576)</u>
Net change in fund balances	\$ -	\$ (222,946)	\$ 570,818	\$ 793,764
Fund balances - beginning	-	-	1,932,628	1,932,628
Fund balances - ending	<u>\$ -</u>	<u>\$ (222,946)</u>	<u>\$ 2,503,446</u>	<u>\$ 2,726,392</u>

Schedule of Pension Funding Progress
As of June 30, 2011

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)
06/30/10 \$	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%
06/30/06	4,321,745	5,692,853	1,371,108	75.92%	1,712,899	80.05%

Schedule of OPEB Funding Progress
As of June 30, 2011

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)
01/01/08 (R) \$	-	\$ 442,000	\$ 442,000	0.00%	\$ 2,411,000	18.33%
01/01/08 (R)	-	406,000	406,000	0.00%	2,352,000	17.26%
01/01/08	-	349,000	349,000	0.00%	2,239,000	15.59%

(R) = Roll-forward of valuation date results

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)
09/30/10 \$	32,366	\$ 109,292	\$ 76,926	29.01%	\$ 2,355,857	3.27%
09/30/09	20,922	88,626	67,704	23.61%	2,319,825	2.92%
09/30/08	15,494	104,467	88,973	14.83%	2,246,238	3.96%

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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	\$ 775,000	\$ 775,000	\$ 744,296	\$ (30,704)
Real property tax - delinquent	25,000	25,000	58,943	33,943
Personal property tax - current	180,000	180,000	181,932	1,932
Personal property tax - delinquent	30,000	30,000	36,116	6,116
Machinery and tools tax - current	4,000	4,000	1,720	(2,280)
Machinery and tools tax - delinquent	200	200	(125)	(325)
Public service corporations - current	17,000	17,000	21,889	4,889
Public service corporations - delinquent	150	150	113	(37)
Penalties - all property taxes	10,000	10,000	13,796	3,796
Interest - all property taxes	4,960	4,960	8,555	3,595
Total general property taxes	\$ 1,046,310	\$ 1,046,310	\$ 1,067,235	\$ 20,925
Other local taxes:				
County sales tax	\$ 170,000	\$ 170,000	\$ 189,043	\$ 19,043
Consumer utility tax	80,000	80,000	86,170	6,170
Telecommunications tax	98,000	98,000	97,955	(45)
Franchise license tax	130,000	130,000	185,327	55,327
Cigarette tax	100,000	100,000	89,186	(10,814)
Transient occupancy taxes	140,000	140,000	176,252	36,252
Meals tax	887,000	887,000	914,462	27,462
Vehicle license tax	90,000	90,000	92,003	2,003
Public right-of-way fees	25,000	25,000	25,663	663
Penalties - all local taxes	12,000	12,000	7,757	(4,243)
Interest - all local taxes	200	200	-	(200)
Total other local taxes	\$ 1,732,200	\$ 1,732,200	\$ 1,863,818	\$ 131,618
Permits, privilege fees, and regulatory licenses:				
Business, professional and occupational licenses	\$ 290,000	\$ 290,000	\$ 333,448	\$ 43,448
Penalties - business, professional, & occupational licenses	2,000	2,000	1,691	(309)
Development fees	20,000	20,000	31,161	11,161
Total permits, privilege fees, and regulatory licenses	\$ 312,000	\$ 312,000	\$ 366,300	\$ 54,300
Fines and forfeitures:				
Court fines and forfeitures	\$ 40,000	\$ 40,000	\$ 36,766	\$ (3,234)
Parking fines	1,800	1,800	2,000	200
Total fines and forfeitures	\$ 41,800	\$ 41,800	\$ 38,766	\$ (3,034)
Revenue from use of money and property:				
Interest on bank deposits	\$ 18,000	\$ 18,000	\$ 16,021	\$ (1,979)
Rental of recreational properties and facilities	2,200	2,200	2,845	645
Total revenue from use of money and property	\$ 20,200	\$ 20,200	\$ 18,866	\$ (1,334)
Charges for services:				
Refuse collection fees	\$ 160,000	\$ 160,000	\$ 166,982	\$ 6,982
Swimming pool fees	38,500	38,500	49,063	10,563
Swimming lessons	2,500	2,500	2,590	90
Concessions	1,000	1,000	740	(260)
Total charges for services	\$ 202,000	\$ 202,000	\$ 219,375	\$ 17,375

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Miscellaneous revenue:				
Miscellaneous receipts	\$ 15,000	\$ 15,000	\$ 45,641	\$ 30,641
Gifts and donations	2,500	2,500	7,595	5,095
Total miscellaneous revenue	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ 53,236</u>	<u>\$ 35,736</u>
Total revenue from local sources	<u>\$ 3,372,010</u>	<u>\$ 3,372,010</u>	<u>\$ 3,627,596</u>	<u>\$ 255,586</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 4,000	\$ 4,000	\$ 4,338	\$ 338
Motor vehicle rental tax	500	500	457	(43)
Personal property tax reimbursement	106,700	106,700	106,753	53
Total noncategorical aid	<u>\$ 111,200</u>	<u>\$ 111,200</u>	<u>\$ 111,548</u>	<u>\$ 348</u>
Categorical aid:				
Law enforcement assistance	\$ 102,000	\$ 102,000	\$ 102,484	\$ 484
Distribution of fire program funds	12,000	12,000	11,558	(442)
Local government challenge grant	-	-	750	750
Street and highway maintenance funds	590,000	590,000	636,446	46,446
Total categorical aid	<u>\$ 704,000</u>	<u>\$ 704,000</u>	<u>\$ 751,238</u>	<u>\$ 47,238</u>
Total revenue from the Commonwealth	<u>\$ 815,200</u>	<u>\$ 815,200</u>	<u>\$ 862,786</u>	<u>\$ 47,586</u>
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest partnership grant program	\$ 1,800	\$ 1,800	\$ 1,752	\$ (48)
Justice assistance grant program	2,000	2,000	3,129	1,129
State and community highway safety grant program	5,000	5,000	7,579	2,579
USDA cooperative forestry assistance grant program	-	-	9,136	9,136
Total categorical aid	<u>\$ 8,800</u>	<u>\$ 8,800</u>	<u>\$ 21,596</u>	<u>\$ 12,796</u>
Total revenue from the federal government	<u>\$ 8,800</u>	<u>\$ 8,800</u>	<u>\$ 21,596</u>	<u>\$ 12,796</u>
Total General Fund	<u>\$ 4,196,010</u>	<u>\$ 4,196,010</u>	<u>\$ 4,511,978</u>	<u>\$ 315,968</u>

Town of Woodstock, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
Page 1 of 8

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	\$ 20,250	\$ 40,500	\$ 40,500	\$ -
FICA/medicare - employer contribution	1,550	1,550	3,098	(1,548)
Printing	3,200	3,200	1,732	1,468
Advertising	1,200	1,200	715	485
Other contractual services	7,000	7,000	4,093	2,907
Postal services	3,800	3,800	1,416	2,384
Convention, training, & education	2,500	2,500	152	2,348
Materials and supplies	200	200	2,277	(2,077)
Office supplies & equipment	300	300	149	151
Food supplies & food services	3,000	3,000	912	2,088
Total town council	\$ 43,000	\$ 63,250	\$ 55,044	\$ 8,206
Town clerk:				
Salaries & wages - regular	\$ 1,400	\$ 1,400	\$ 1,600	\$ (200)
FICA/Medicare - employer contribution	115	115	117	(2)
Office supplies & equipment	400	400	-	400
Total town clerk	\$ 1,915	\$ 1,915	\$ 1,717	\$ 198
Total legislative	\$ 44,915	\$ 65,165	\$ 56,761	\$ 8,404
Executive administration:				
Town manager				
Salaries & wages - regular	\$ 31,000	\$ 89,700	\$ 89,147	\$ 553
FICA/medicare - employer contribution	2,500	6,500	3,054	3,446
Virginia retirement system	6,000	16,500	12,445	4,055
ICMA - employer contribution	300	800	8,144	(7,344)
Hospital/medical plans	3,800	10,200	10,548	(348)
Group life insurance	300	300	125	175
Unemployment insurance	75	75	123	(48)
Workers' compensation	200	200	-	200
Employee bonus	300	300	300	-
Consulting services	2,500	2,500	2,556	(56)
Printing	200	200	175	25
Postal services	200	200	-	200
Telecommunications	1,300	1,300	864	436
Convention, training, & education	2,000	2,000	1,346	654
Association and membership dues	2,500	2,500	1,775	725
Books/subscriptions/educational materials	500	500	-	500
Materials and supplies	700	700	539	161
Office supplies and equipment	1,000	1,000	100	900
Food supplies and food services	1,500	1,500	497	1,003
Total town manager	\$ 56,875	\$ 136,975	\$ 131,738	\$ 5,237
Assistant town manager				
Salaries & wages - regular	\$ 18,000	\$ 35,700	\$ 35,432	\$ 268
FICA/medicare - employer contribution	1,400	2,500	2,714	(214)
Virginia retirement system	3,500	6,700	6,247	453
Hospital/medical plans	1,800	3,300	2,850	450
Group life insurance	200	200	50	150
Unemployment insurance	35	35	61	(26)

Town of Woodstock, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
Page 2 of 8

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	180	70
Convention, training, & education	500	500	326	174
Association and membership dues	100	100	165	(65)
Books/subscriptions/educational materials	100	100	70	30
Office supplies and equipment	800	800	125	675
Total assistant town manager	\$ 27,660	\$ 51,160	\$ 48,345	\$ 2,815
Total executive administration	\$ 84,535	\$ 188,135	\$ 180,083	\$ 8,052
General administration:				
Town attorney:				
Salaries & wages - regular	\$ 19,750	\$ 39,446	\$ 39,392	\$ 54
FICA/medicare - employer contribution	1,525	1,525	3,013	(1,488)
Workers' compensation	50	50	33	17
Legal services	10,000	10,000	6,993	3,007
Convention, training, & education	200	200	-	200
Association and membership dues	500	500	220	280
Total town attorney	\$ 32,025	\$ 51,721	\$ 49,651	\$ 2,070
Risk manager:				
Salaries & wages - regular	\$ 11,500	\$ 23,000	\$ 22,660	\$ 340
FICA/medicare - employer contribution	900	1,700	1,667	33
Virginia retirement system	2,400	4,800	3,995	805
ICMA - employer contribution	105	205	210	(5)
Hospital/medical plans	2,250	4,350	4,062	288
Group life insurance	115	115	32	83
Unemployment insurance	35	35	62	(27)
Workers' compensation	125	125	-	125
Educational assistance	3,000	3,000	3,000	-
Employee bonus	125	125	125	-
Printing	100	100	127	(27)
Postal services	300	300	21	279
Mileage	250	250	202	48
Convention, training, & education	1,500	1,500	108	1,392
Association and membership dues	300	300	260	40
Books/subscriptions/educational materials	100	100	-	100
Training - sponsored by locality	2,000	2,000	-	2,000
Office supplies and equipment	600	600	35	565
Food supplies and food service	600	600	240	360
Uniforms and wearing apparel	200	200	-	200
Total risk manager	\$ 26,505	\$ 43,405	\$ 36,806	\$ 6,599
Total general administration	\$ 58,530	\$ 95,126	\$ 86,457	\$ 8,669
Financial administration:				
Department of finance:				
Salaries & wages - regular	\$ 154,000	\$ 154,000	\$ 137,610	\$ 16,390
Salaries & wages - overtime	500	500	960	(460)
FICA/medicare - employer contribution	12,000	12,000	10,079	1,921

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	\$ 31,000	\$ 31,000	\$ 26,813	\$ 4,187
ICMA - employer contribution	1,300	1,300	1,260	40
Hospital/medical plans	27,500	27,500	35,047	(7,547)
Group life insurance	1,500	1,500	213	1,287
Unemployment insurance	200	200	185	15
Workers' compensation	900	900	654	246
Employee bonus	700	700	700	-
Accounting and auditing services	25,000	25,000	24,300	700
Repairs and maintenance	3,000	3,000	148	2,852
Service contracts	40,000	75,000	56,236	18,764
Printing	9,500	9,500	6,483	3,017
Advertising	600	600	226	374
Postal services	15,000	15,000	9,979	5,021
Telecommunications	6,000	6,000	4,196	1,804
Vehicle liability insurance	20,000	20,000	11,518	8,482
General liability insurance	30,000	30,000	30,367	(367)
Lease of equipment	15,000	15,000	10,228	4,772
Mileage	600	600	238	362
Convention, training & education	2,800	2,800	1,570	1,230
Association and membership dues	2,600	2,600	2,609	(9)
Books/subscriptions/educational materials	800	800	556	244
Materials and supplies	9,000	9,000	10,092	(1,092)
Office supplies and equipment	10,000	10,000	5,027	4,973
Food supplies and food service	200	200	450	(250)
Bank service charges	3,000	3,000	575	2,425
Total department of finance	\$ 422,700	\$ 457,700	\$ 388,319	\$ 69,381
Total financial administration	\$ 422,700	\$ 457,700	\$ 388,319	\$ 69,381
Total general government administration	\$ 610,680	\$ 806,126	\$ 711,620	\$ 94,506
Public safety:				
Police department:				
Salaries & wages - regular	\$ 790,000	\$ 790,000	\$ 714,586	\$ 75,414
Salaries & wages - overtime	40,000	40,000	33,035	6,965
Salaries & wages - holiday	55,000	55,000	41,843	13,157
FICA/medicare - employer contribution	61,300	61,300	62,273	(973)
Virginia retirement system	155,000	155,000	125,164	29,836
ICMA - employer contribution	7,000	7,000	5,228	1,772
Hospital/medical plans	140,000	140,000	120,835	19,165
Group life insurance	7,550	7,550	1,133	6,417
Unemployment insurance	1,200	1,200	1,240	(40)
Workers' compensation	20,000	20,000	19,983	17
Allowance - uniform cleaning	6,000	6,000	5,200	800
Employee bonus	3,650	3,650	3,250	400
Accrued annual & sick leave	42,000	42,000	49,688	(7,688)
Translation services	1,400	1,400	795	605
Repairs and maintenance	12,000	12,000	15,819	(3,819)
Service contracts	7,000	7,000	4,784	2,216
Printing	400	400	107	293
Advertising	150	150	25	125
Postal services	300	300	127	173

Town of Woodstock, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
Page 4 of 8

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Police department: (continued)				
Telecommunications	\$ 11,700	\$ 11,700	\$ 12,246	\$ (546)
Mileage	150	150	-	150
Convention, training & education	14,500	14,500	11,903	2,597
Association and membership dues	500	500	225	275
Books/subscriptions/educational materials	400	400	342	58
Materials and supplies	10,000	10,000	1,402	8,598
Office supplies and equipment	7,200	7,200	8,317	(1,117)
Police supplies and equipment	15,000	15,000	10,838	4,162
Vehicle and powered equipment fuels	30,000	30,000	26,421	3,579
Uniforms and wearing apparel	20,000	20,000	11,388	8,612
Total police department	\$ 1,459,400	\$ 1,459,400	\$ 1,288,197	\$ 171,203
Fire and emergency medical services:				
Distribution of state fire program funds	\$ 12,000	\$ 12,000	\$ 11,558	\$ 442
Contribution to Woodstock fire department	24,000	24,000	24,000	-
Contribution to Woodstock rescue squad	29,000	29,000	29,000	-
Total fire and emergency medical services	\$ 65,000	\$ 65,000	\$ 64,558	\$ 442
Total public safety	\$ 1,524,400	\$ 1,524,400	\$ 1,352,755	\$ 171,645
Public works:				
General administration:				
Salaries & wages - regular	\$ 34,000	\$ 78,200	\$ 72,225	\$ 5,975
Salaries & wages - overtime	-	-	38	(38)
FICA/medicare - employer contribution	2,300	5,300	5,349	(49)
Virginia retirement system	6,500	15,100	13,610	1,490
ICMA - employer contribution	500	700	739	(39)
Hospital/medical plans	8,500	15,000	13,716	1,284
Group life insurance	350	350	186	164
Unemployment insurance	145	145	99	46
Workers' compensation	300	300	-	300
Employee bonus	450	450	527	(77)
Repairs and maintenance	500	500	-	500
Service contracts	-	-	174	(174)
Telecommunications	4,500	4,500	3,295	1,205
Mileage	200	200	-	200
Convention, training & education	750	750	200	550
Office supplies and equipment	1,500	1,500	1,160	340
Uniforms and wearing apparel	500	500	35	465
Total general administration	\$ 60,995	\$ 123,495	\$ 111,353	\$ 12,142
Street maintenance:				
Salaries & wages - regular	\$ 230,000	\$ 230,000	\$ 229,789	\$ 211
Salaries & wages - overtime	18,000	18,000	13,136	4,864
FICA/medicare - employer contribution	20,000	20,000	18,163	1,837
Virginia retirement system	46,000	46,000	44,792	1,208
ICMA - employer contribution	2,000	2,000	1,781	219
Hospital/medical plans	51,000	51,000	49,704	1,296
Group life insurance	2,600	2,600	278	2,322
Unemployment insurance	450	450	498	(48)
Workers' compensation	15,500	15,500	15,698	(198)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public works: (continued)				
Street maintenance: (continued)				
Employee bonus	\$ 1,600	\$ 1,600	\$ 1,600	\$ -
Engineering & architectural services	15,000	15,000	17,484	(2,484)
Repairs and maintenance - streets, curbs, & sidewalks	50,000	50,000	47,491	2,509
Service contracts	310,000	310,000	302,053	7,947
Advertising	-	-	431	(431)
Laundry and dry cleaning	5,300	5,300	5,566	(266)
Telecommunications	800	800	135	665
Lease of equipment	3,000	3,000	-	3,000
Mileage	150	150	23	127
Convention, training & education	750	750	834	(84)
Materials and supplies	50,000	50,000	29,305	20,695
Office supplies and equipment	300	300	1,589	(1,289)
Food supplies and food service	1,800	1,800	764	1,036
Uniforms and wearing apparel	800	800	387	413
Total street maintenance	\$ 825,050	\$ 825,050	\$ 781,501	\$ 43,549
Street lighting:				
Electrical services	\$ 64,000	\$ 64,000	\$ 53,652	\$ 10,348
Total street lighting	\$ 64,000	\$ 64,000	\$ 53,652	\$ 10,348
Street cleaning:				
Salaries & wages - regular	\$ 6,100	\$ 6,100	\$ 4,286	\$ 1,814
FICA/medicare - employer contribution	460	460	311	149
Workers' compensation	1,500	1,500	196	1,304
Materials and supplies	1,000	1,000	-	1,000
Total street cleaning	\$ 9,060	\$ 9,060	\$ 4,793	\$ 4,267
Snow and ice removal:				
Salaries & wages - regular	\$ 8,000	\$ 8,000	\$ 4,554	\$ 3,446
Salaries & wages - overtime	10,000	10,000	3,412	6,588
FICA/medicare - employer contribution	1,000	1,000	585	415
Service contracts	2,500	2,500	-	2,500
Materials and supplies	1,500	1,500	1,585	(85)
Food supplies and food service	2,000	2,000	646	1,354
Chemical supplies	10,000	10,000	9,858	142
Total snow and ice removal	\$ 35,000	\$ 35,000	\$ 20,640	\$ 14,360
Refuse collection and disposal:				
Salaries & wages - regular	\$ 86,000	\$ 86,000	\$ 78,743	\$ 7,257
Salaries & wages - overtime	500	500	467	33
FICA/medicare - employer contribution	6,500	6,500	5,890	610
Virginia retirement system	17,500	17,500	15,248	2,252
ICMA - employer contribution	500	500	420	80
Hospital/medical plans	22,000	22,000	21,948	52
Group life insurance	1,000	1,000	122	878
Unemployment insurance	250	250	165	85
Workers' compensation	4,200	4,200	5,265	(1,065)
Employee bonus	600	600	600	-
Repairs and maintenance	-	-	110	(110)
Advertising	500	500	689	(189)
Laundry and dry cleaning	2,600	2,600	2,828	(228)

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)				
Other contractual services	\$ 63,000	\$ 63,000	\$ 52,263	\$ 10,737
Lease of equipment	1,500	1,500	850	650
Materials and supplies	2,500	2,500	2,073	427
Uniforms and wearing apparel	1,000	1,000	649	351
Total refuse collection and disposal	<u>\$ 210,150</u>	<u>\$ 210,150</u>	<u>\$ 188,330</u>	<u>\$ 21,820</u>
Maintenance of general buildings and grounds:				
Salaries & wages - regular	\$ 5,500	\$ 5,500	\$ 2,311	\$ 3,189
Salaries & wages - overtime	200	200	90	110
FICA/medicare - employer contribution	400	400	179	221
Workers' compensation	50	50	33	17
Repairs and maintenance	16,000	16,000	2,976	13,024
Service contracts	15,000	15,000	16,932	(1,932)
Electrical services	19,000	19,000	17,198	1,802
Heating services	18,000	18,000	10,849	7,151
Materials and supplies	15,000	15,000	10,897	4,103
Janitorial supplies	5,500	5,500	4,876	624
Total maintenance of general buildings and grounds	<u>\$ 94,650</u>	<u>\$ 94,650</u>	<u>\$ 66,341</u>	<u>\$ 28,309</u>
Maintenance of vehicles, machinery, & equipment:				
Salaries & wages - regular	\$ 26,000	\$ 26,000	\$ 17,155	\$ 8,845
Salaries & wages - overtime	300	300	51	249
FICA/medicare - employer contribution	1,800	1,800	1,313	487
Unemployment insurance	-	-	15	(15)
Workers' compensation	450	450	342	108
Repairs and maintenance	45,000	45,000	41,632	3,368
Materials and supplies	17,000	17,000	20,982	(3,982)
Vehicle and powered equipment fuels	38,000	38,000	30,703	7,297
Total maintenance of machinery, vehicles, & equipment	<u>\$ 128,550</u>	<u>\$ 128,550</u>	<u>\$ 112,193</u>	<u>\$ 16,357</u>
Total public works	<u>\$ 1,427,455</u>	<u>\$ 1,489,955</u>	<u>\$ 1,338,803</u>	<u>\$ 151,152</u>
Parks and recreation:				
Maintenance - fields:				
Repairs and maintenance	\$ 2,500	\$ 2,500	\$ -	\$ 2,500
Total maintenance - fields	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,500</u>
Parks:				
Salaries & wages - regular	\$ 60,000	\$ 60,000	\$ 56,878	\$ 3,122
Salaries & wages - overtime	11,000	11,000	9,996	1,004
FICA/medicare - employer contribution	6,000	6,000	5,091	909
Workers' compensation	2,300	2,300	2,420	(120)
Repairs and maintenance	8,000	8,000	5,075	2,925
Advertising	700	700	309	391
Other contractual services	20,000	20,000	15,718	4,282
General liability insurance	2,000	2,000	-	2,000
Materials and supplies	13,500	13,500	12,987	513
Vehicle and powered equipment fuels	2,000	2,000	799	1,201
Uniforms and wearing apparel	500	500	269	231
Janitorial supplies	7,000	7,000	6,538	462
Total parks	<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 116,080</u>	<u>\$ 16,920</u>

Town of Woodstock, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
Page 7 of 8

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	\$ 725	\$ 175
FICA/medicare - employer contribution	100	100	15	85
Total park commission	\$ 1,000	\$ 1,000	\$ 740	\$ 260
Swimming pool:				
Salaries & wages - regular	\$ 60,000	\$ 60,000	\$ 60,243	\$ (243)
Salaries & wages - overtime	10,000	10,000	9,073	927
FICA/medicare - employer contribution	6,500	6,500	5,254	1,246
Unemployment insurance	-	-	290	(290)
Repairs and maintenance	8,000	8,000	1,608	6,392
Other contractual services	300	300	175	125
Electrical services	7,000	7,000	7,093	(93)
Telecommunications	500	500	(31)	531
General liability insurance	1,500	1,500	-	1,500
Materials and supplies	7,500	7,500	5,865	1,635
Chemical supplies	10,500	10,500	7,606	2,894
Uniforms and wearing apparel	400	400	440	(40)
Janitorial supplies	2,000	2,000	78	1,922
Total swimming pool	\$ 114,200	\$ 114,200	\$ 97,694	\$ 16,506
Total parks and recreation	\$ 250,700	\$ 250,700	\$ 214,514	\$ 36,186
Planning and Community Development:				
Planning and zoning:				
Salaries & wages - regular	\$ 76,500	\$ 76,500	\$ 60,084	\$ 16,416
FICA/medicare - employer contribution	5,700	5,700	4,523	1,177
Virginia retirement system	11,500	11,500	10,242	1,258
ICMA - employer contribution	300	300	210	90
Hospital/medical plans	7,000	7,000	6,912	88
Group life insurance	600	600	81	519
Unemployment insurance	75	75	64	11
Workers compensation	250	250	-	250
Employee bonus	250	250	250	-
Engineering & architectural services	15,000	15,000	10,430	4,570
Printing	600	600	151	449
Postal services	500	500	184	316
Mileage	500	500	166	334
Convention, training, and education	2,500	2,500	614	1,886
Materials and supplies	1,000	1,000	79	921
Office supplies and equipment	500	500	143	357
Food supplies and food service	200	200	-	200
Total planning and zoning	\$ 122,975	\$ 122,975	\$ 94,133	\$ 28,842
Planning commission:				
Salaries & wages - regular	\$ 12,900	\$ 12,900	\$ 10,800	\$ 2,100
FICA/medicare - employer contribution	975	975	964	11
Engineering & architectural services	1,500	1,500	-	1,500
Advertising	1,400	1,400	143	1,257
Mileage	250	250	-	250
Convention, training, and education	2,000	2,000	-	2,000
Materials and supplies	150	150	-	150
Office supplies and equipment	150	150	-	150
Total planning commission	\$ 19,325	\$ 19,325	\$ 11,907	\$ 7,418

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	\$ 1,069	\$ 131
FICA/medicare - employer contribution	100	100	23	77
Advertising	500	500	-	500
Total board of zoning appeals	\$ 1,800	\$ 1,800	\$ 1,092	\$ 708
Community and economic development:				
Salaries & wages - regular	\$ 31,250	\$ 31,250	\$ 31,232	\$ 18
FICA/medicare - employer contribution	2,400	2,400	2,374	26
Service contracts	25,600	25,600	29,301	(3,701)
Printing	1,500	1,500	950	550
Advertising	5,000	5,000	3,369	1,631
Postal services	500	500	-	500
Mileage	500	500	694	(194)
Convention, training, & education	2,000	2,000	1,097	903
Association & membership dues	-	-	125	(125)
Materials and supplies	31,000	31,000	9,131	21,869
Office supplies and equipment	1,000	1,000	-	1,000
Food supplies and food service	500	500	653	(153)
Total community and economic development	\$ 101,250	\$ 101,250	\$ 78,926	\$ 22,324
Economic development authority:				
Salaries & wages - regular	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
FICA/medicare - employer contribution	75	75	-	75
Materials and supplies	2,500	2,500	-	2,500
Total economic development authority	\$ 3,575	\$ 3,575	\$ -	\$ 3,575
Tree Board				
Consulting services	\$ 1,750	\$ 1,750	\$ 100	\$ 1,650
Mileage	100	100	-	100
Convention, training, and education	1,500	1,500	1,371	129
Materials and supplies	5,000	5,000	436	4,564
Total economic development authority	\$ 8,350	\$ 8,350	\$ 1,907	\$ 6,443
Total planning and community development	\$ 257,275	\$ 257,275	\$ 187,965	\$ 69,310
Non-departmental:				
Capital Outlay:				
Machinery and equipment	\$ 19,000	\$ 19,000	\$ 52,803	\$ (33,803)
Motor vehicles and equipment	32,000	32,000	38,659	(6,659)
Software	-	-	10,500	(10,500)
Swimming pool project	42,000	42,000	34,615	7,385
Indian springs wetlands park project	-	-	9,136	(9,136)
Total capital outlay	\$ 93,000	\$ 93,000	\$ 145,713	\$ (52,713)
Debt service:				
Principal payments	\$ 60,000	\$ 60,000	\$ 44,289	\$ 15,711
Interest payments	11,500	11,500	8,925	2,575
Total debt service	\$ 71,500	\$ 71,500	\$ 53,214	\$ 18,286
Total non-departmental	\$ 164,500	\$ 164,500	\$ 198,927	\$ (34,427)
Total General Fund	\$ 4,235,010	\$ 4,492,956	\$ 4,004,584	\$ 488,372

Computation of Legal Debt Margin
At June 30, 2011

Total Assessed Value of Real Estate	\$ <u>540,494,350</u>
-------------------------------------	-----------------------

Legal Debt Margin:	\$ 54,049,435
--------------------	---------------

Less: Gross Indebtedness	\$ <u>(149,811)</u>
--------------------------	---------------------

Legal Margin for Creation of Additional Debt	\$ <u>53,899,624</u>
--	----------------------

Excludes enterprise fund indebtedness 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.

<u>Contents</u>	<u>Tables</u>
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 in fiscal year 2004; tables presenting government-wide information include information beginning in that year.

Town of Woodstock, Virginia

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

	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	<u>1,026,619</u>	<u>1,026,098</u>	<u>1,198,590</u>
Total governmental activities net assets	<u>\$ 8,412,469</u>	<u>\$ 8,418,894</u>	<u>\$ 8,769,668</u>
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	<u>1,640,291</u>	<u>1,745,648</u>	<u>1,599,126</u>
Total business-type activities net assets	<u>\$ 3,243,545</u>	<u>\$ 3,379,975</u>	<u>\$ 4,203,437</u>
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	<u>2,666,910</u>	<u>2,771,746</u>	<u>2,797,716</u>
Total primary government net assets	<u>\$ 11,656,014</u>	<u>\$ 11,798,869</u>	<u>\$ 12,973,105</u>

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

Table 1

2007	2008	2009	2010	2011
\$ 9,355,940	\$ 9,448,747	\$ 10,512,039	\$ 11,988,383	\$ 11,732,565
113,081	113,081	-	-	-
817,974	1,032,218	1,379,844	1,839,493	2,432,127
<u>\$ 10,286,995</u>	<u>\$ 10,594,046</u>	<u>\$ 11,891,883</u>	<u>\$ 13,827,876</u>	<u>\$ 14,164,692</u>
\$ 3,735,882	\$ 6,228,020	\$ 15,252,251	\$ 15,531,479	\$ 16,255,641
35,785	40,160	-	-	-
2,458,385	1,651,143	551,162	1,222,630	1,424,895
<u>\$ 6,230,052</u>	<u>\$ 7,919,323</u>	<u>\$ 15,803,413</u>	<u>\$ 16,754,109</u>	<u>\$ 17,680,536</u>
\$ 13,091,822	\$ 15,676,767	\$ 25,764,290	\$ 27,519,862	\$ 27,988,206
148,866	153,241	-	-	-
3,276,359	2,683,361	1,931,006	3,062,123	3,857,022
<u>\$ 16,517,047</u>	<u>\$ 18,513,369</u>	<u>\$ 27,695,296</u>	<u>\$ 30,581,985</u>	<u>\$ 31,845,228</u>

Town of Woodstock, Virginia

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

	Fiscal Year	
	2004	2005
Expenses		
Governmental activities:		
General government administration	\$ 756,083	\$ 1,131,241
Judicial administration	-	33,685
Public safety	779,628	906,783
Public works	1,116,441	1,087,173
Parks and recreation	2,502	-
Community development	114,385	45,764
Interest on long-term debt	45,278	43,454
Total governmental activities expenses	\$ 2,814,317	\$ 3,248,100
Business-type activities:		
Water and sewer	\$ 1,559,515	\$ 1,991,105
Recreation	155,160	170,251
Total business-type activities expenses	\$ 1,714,675	\$ 2,161,356
Total primary government expenses	\$ 4,528,992	\$ 5,409,456
Program Revenues		
Governmental activities:		
Charges for services:		
General government administration	\$ -	\$ 68,166
Judicial administration	-	35,645
Public safety	-	-
Public works	-	-
Parks and recreation	-	-
Community development	-	1,718
Operating grants and contributions:		
Public safety	103,835	140,392
Public works	-	461,594
Public works	-	-
Capital grants and contributions:		
Public works	446,702	-
Parks and recreation	-	-
Community development	-	-
Total governmental activities program revenues	\$ 550,537	\$ 707,515
Business-type activities:		
Charges for services:		
Water and sewer	\$ 1,262,843	\$ 1,483,379
Recreation	34,215	33,249
Operating grants and contributions:		
Recreation	500	-
Capital grants and contributions:		
Water and sewer	402,579	591,712
Recreation	-	-
Total business-type activities program revenues	\$ 1,700,137	\$ 2,108,340
Total primary government program revenues	\$ 2,250,674	\$ 2,815,855

Table 2

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 1,082,967	\$ 1,302,641	\$ 662,189	\$ 523,267	\$ 537,743	\$ 732,891	
40,754	-	-	-	-	-	
975,065	1,115,735	1,515,604	1,545,926	1,463,009	1,352,205	
1,509,217	1,332,496	1,473,509	1,567,715	1,611,231	1,567,676	
-	-	-	-	229,804	256,685	
47,127	98,665	207,147	238,157	283,696	262,583	
38,327	29,928	20,567	13,835	11,668	8,925	
<u>\$ 3,693,457</u>	<u>\$ 3,879,465</u>	<u>\$ 3,879,016</u>	<u>\$ 3,888,900</u>	<u>\$ 4,137,151</u>	<u>\$ 4,180,965</u>	
\$ 2,125,385	\$ 2,483,608	\$ 2,694,088	\$ 2,905,148	\$ 3,025,061	\$ 3,173,607	
206,819	209,233	253,660	243,486	-	-	
<u>\$ 2,332,204</u>	<u>\$ 2,692,841</u>	<u>\$ 2,947,748</u>	<u>\$ 3,148,634</u>	<u>\$ 3,025,061</u>	<u>\$ 3,173,607</u>	
<u>\$ 6,025,661</u>	<u>\$ 6,572,306</u>	<u>\$ 6,826,764</u>	<u>\$ 7,037,534</u>	<u>\$ 7,162,212</u>	<u>\$ 7,354,572</u>	
\$ 271,006	\$ 122,235	\$ 42,750	\$ 28,457	\$ 25,650	\$ 31,161	
59,301	-	-	-	-	-	
-	-	40,414	48,639	40,930	38,766	
-	-	86,617	163,163	165,537	166,982	
-	-	-	-	43,113	52,393	
-	-	-	-	-	-	
155,842	185,228	136,678	136,650	135,004	126,503	
-	-	-	-	13,847	-	
-	-	-	-	-	750	
543,557	3,031,455	538,481	610,254	606,267	636,447	
-	-	-	-	5,178	9,136	
-	28,899	58,489	1,003,602	70,049	-	
<u>\$ 1,029,706</u>	<u>\$ 3,367,817</u>	<u>\$ 903,429</u>	<u>\$ 1,990,765</u>	<u>\$ 1,105,575</u>	<u>\$ 1,062,138</u>	
\$ 1,689,056	\$ 1,945,444	\$ 2,429,330	\$ 2,683,843	\$ 2,815,129	\$ 3,191,737	
37,969	38,398	44,619	38,919	-	-	
-	-	-	-	-	-	
924,106	1,299,239	1,854,371	8,046,109	2,726,391	891,093	
250,000	-	-	-	-	-	
<u>\$ 2,901,131</u>	<u>\$ 3,283,081</u>	<u>\$ 4,328,320</u>	<u>\$ 10,768,871</u>	<u>\$ 5,541,520</u>	<u>\$ 4,082,830</u>	
<u>\$ 3,930,837</u>	<u>\$ 6,650,898</u>	<u>\$ 5,231,749</u>	<u>\$ 12,759,636</u>	<u>\$ 6,647,095</u>	<u>\$ 5,144,968</u>	

Town of Woodstock, Virginia

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

	Fiscal Year	
	2004	2005
Net (expense)/revenue		
Governmental activities	\$ (2,263,780)	\$ (2,540,585)
Business-type activities	<u>(14,538)</u>	<u>(53,016)</u>
Total primary government net expense	<u>\$ (2,278,318)</u>	<u>\$ (2,593,601)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:		
Taxes		
Property taxes	\$ 706,840	\$ 749,738
Other local taxes		
Vehicle license	-	88,001
Local sales and use	1,150,007	183,516
Consumers' utility	-	133,067
Telecommunications	-	-
Bank franchise	109,849	-
Meals	-	767,370
Transient occupancy	-	85,519
Business license	438,430	311,742
Other local taxes	40,901	220,814
Unrestricted revenues from use of money and property	20,513	16,011
Miscellaneous	29,135	18,300
Grants and contributions not restricted to specific programs	105,256	105,634
Transfers	<u>(184,070)</u>	<u>(165,938)</u>
Total governmental activities	<u>\$ 2,416,861</u>	<u>\$ 2,513,774</u>
Business-type activities:		
Unrestricted revenues from use of money and property	\$ -	\$ 14,098
Miscellaneous	9,698	9,410
Transfers	<u>184,070</u>	<u>165,938</u>
Total business-type activities	<u>\$ 193,768</u>	<u>\$ 189,446</u>

Change in Net Assets

Governmental activities	\$ 153,081	\$ (26,811)
Business-type activities	<u>179,230</u>	<u>136,430</u>
Total primary government	<u>\$ 332,311</u>	<u>\$ 109,619</u>

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

Table 2

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ (2,663,751) \$	(511,648) \$	(2,975,587) \$	(1,898,135) \$	(3,031,576) \$	(3,118,827)
568,927	590,240	1,380,572	7,620,237	2,516,459	909,223
<u>\$ (2,094,824) \$</u>	<u>78,592 \$</u>	<u>(1,595,015) \$</u>	<u>5,722,102 \$</u>	<u>(515,117) \$</u>	<u>(2,209,604)</u>
\$ 845,319 \$	1,065,356 \$	1,082,654 \$	1,091,836 \$	1,081,463 \$	1,069,706
95,349	109,652	95,500	96,943	97,503	95,332
200,523	190,179	203,660	205,454	180,407	189,043
150,020	112,238	84,238	82,881	84,408	86,170
-	46,266	107,894	98,032	98,442	97,955
-	143,085	156,003	148,090	175,542	185,327
894,632	912,956	908,132	855,044	887,187	914,462
81,509	80,770	130,343	129,090	143,360	176,252
358,754	393,367	364,902	349,238	342,759	335,139
304,922	123,228	145,135	139,892	137,308	122,606
106,304	72,635	45,753	27,240	23,683	18,866
35,255	72,584	42,632	60,940	15,724	53,236
111,548	114,805	115,792	111,292	111,491	111,549
(181,660)	(635,062)	(200,000)	(200,000)	1,588,292	-
<u>\$ 3,002,475 \$</u>	<u>2,802,059 \$</u>	<u>3,282,638 \$</u>	<u>3,195,972 \$</u>	<u>4,967,569 \$</u>	<u>3,455,643</u>
\$ 95,084 \$	146,764 \$	106,998 \$	48,588 \$	22,529 \$	17,204
2,785	500	1,701	15,265	-	-
181,660	635,062	200,000	200,000	(1,588,292)	-
<u>\$ 279,529 \$</u>	<u>782,326 \$</u>	<u>308,699 \$</u>	<u>263,853 \$</u>	<u>(1,565,763) \$</u>	<u>17,204</u>
\$ 338,724 \$	2,290,411 \$	307,051 \$	1,297,837 \$	1,935,993 \$	336,816
848,456	1,372,566	1,689,271	7,884,090	950,696	926,427
<u>\$ 1,187,180 \$</u>	<u>3,662,977 \$</u>	<u>1,996,322 \$</u>	<u>9,181,927 \$</u>	<u>2,886,689 \$</u>	<u>1,263,243</u>

Town of Woodstock, Virginia

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 33,751	\$ 44,659	\$ 211,424	\$ 214,084	\$ 221,062
Unreserved	811,275	921,799	1,083,661	1,087,486	1,373,871
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ <u>845,026</u>	\$ <u>966,458</u>	\$ <u>1,295,085</u>	\$ <u>1,301,570</u>	\$ <u>1,594,933</u>
Total governmental funds	\$ <u>845,026</u>	\$ <u>966,458</u>	\$ <u>1,295,085</u>	\$ <u>1,301,570</u>	\$ <u>1,594,933</u>

Table 3

Fiscal Year				
2007	2008	2009	2010	2011
\$ 113,081	\$ 113,081	\$ 115,481	\$ 15,725	\$ -
874,871	1,083,603	1,353,606	1,916,903	-
-	-	-	-	41,165
-	-	-	-	375,000
-	-	-	-	110,000
-	-	-	-	1,977,281
<u>\$ 987,952</u>	<u>\$ 1,196,684</u>	<u>\$ 1,469,087</u>	<u>\$ 1,932,628</u>	<u>\$ 2,503,446</u>
<u>\$ 987,952</u>	<u>\$ 1,196,684</u>	<u>\$ 1,469,087</u>	<u>\$ 1,932,628</u>	<u>\$ 2,503,446</u>

Town of Woodstock, Virginia

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

	Fiscal Year		
	2002	2003	2004
Revenues			
General property taxes	\$ 757,400	\$ 788,306	\$ 826,718
Other local taxes	1,037,818	1,166,355	1,259,856
Permits, privilege fees and regulatory licenses	383,869	412,964	438,430
Fines and forfeitures	28,921	39,996	40,901
Revenue from the use of money and property	55,461	23,438	21,728
Charges for service	-	-	-
Miscellaneous	116,553	95,419	27,920
Intergovernmental:			
Commonwealth	515,335	550,666	560,974
Federal	3,504	7,376	2,871
Total revenues	\$ 2,898,861	\$ 3,084,520	\$ 3,179,398
Expenditures			
General government administration	\$ 640,656	\$ 756,135	\$ 750,746
Judicial administration	-	-	-
Public safety	647,977	687,324	731,392
Public works	674,019	717,416	884,600
Parks and recreation	-	-	2,502
Community development	39,811	80,264	84,631
Capital projects	378,551	304,871	119,400
Debt service:			
Principal	135,756	166,184	164,636
Interest and other fiscal charges	59,472	50,837	45,278
Total expenditures	\$ 2,576,242	\$ 2,763,031	\$ 2,783,185
Excess of revenues over (under) expenditures	\$ 322,619	\$ 321,489	\$ 396,213
Other financing sources (uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(108,236)	(200,057)	(184,070)
Proceeds from indebtedness	-	-	-
Total other financing sources (uses)	\$ (108,236)	\$ (200,057)	\$ (184,070)
Net change in fund balances	\$ 214,383	\$ 121,432	\$ 212,143
Debt service as a percentage of noncapital expenditures	8.88%	8.83%	7.72%

Table 4

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$ 756,038	\$ 855,842	\$ 1,015,859	\$ 1,057,663	\$ 1,101,680	\$ 1,072,371	\$ 1,067,235
1,390,286	1,631,606	1,686,953	1,828,063	1,752,017	1,808,073	1,863,818
469,627	725,109	451,296	407,652	377,695	368,409	366,300
35,645	59,301	64,306	40,414	48,639	40,930	38,766
16,011	106,304	72,635	45,753	27,240	23,683	18,866
-	-	-	86,617	163,163	208,649	219,375
49,150	35,255	72,584	42,632	60,940	15,724	53,236
707,620	753,572	789,156	783,395	848,994	922,673	862,786
-	57,375	47,900	66,045	1,012,804	19,163	21,596
<u>\$ 3,424,377</u>	<u>\$ 4,224,364</u>	<u>\$ 4,200,689</u>	<u>\$ 4,358,234</u>	<u>\$ 5,393,172</u>	<u>\$ 4,479,675</u>	<u>\$ 4,511,978</u>
\$ 958,146	\$ 1,064,493	\$ 1,290,391	\$ 655,720	\$ 501,546	\$ 521,139	\$ 711,620
33,685	40,754	-	-	-	-	-
780,857	849,818	1,108,099	1,497,079	1,505,471	1,432,595	1,352,755
1,047,067	1,293,284	1,099,361	1,231,418	1,318,209	1,375,118	1,338,803
-	-	-	-	-	190,834	214,514
45,764	45,224	98,665	207,147	195,244	210,846	187,965
447,042	302,189	156,560	188,931	1,273,538	218,784	145,713
206,580	197,637	223,301	222,521	112,926	116,812	44,289
43,454	38,327	29,928	20,567	13,835	11,668	8,925
<u>\$ 3,562,595</u>	<u>\$ 3,831,726</u>	<u>\$ 4,006,305</u>	<u>\$ 4,023,383</u>	<u>\$ 4,920,769</u>	<u>\$ 4,077,796</u>	<u>\$ 4,004,584</u>
<u>\$ (138,218)</u>	<u>\$ 392,638</u>	<u>\$ 194,384</u>	<u>\$ 334,851</u>	<u>\$ 472,403</u>	<u>\$ 401,879</u>	<u>\$ 507,394</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,947	\$ -
(165,938)	(181,660)	(635,062)	(200,000)	(200,000)	-	-
277,405	-	-	73,881	-	25,715	63,424
<u>\$ 111,467</u>	<u>\$ (181,660)</u>	<u>\$ (635,062)</u>	<u>\$ (126,119)</u>	<u>\$ (200,000)</u>	<u>\$ 61,662</u>	<u>\$ 63,424</u>
<u>\$ (26,751)</u>	<u>\$ 210,978</u>	<u>\$ (440,678)</u>	<u>\$ 208,732</u>	<u>\$ 272,403</u>	<u>\$ 463,541</u>	<u>\$ 570,818</u>
7.88%	6.66%	6.58%	6.34%	3.48%	3.33%	1.38%

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
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
2002	757,400	146,370	114,162	-	33,561	56,806

Note: Effective January 1, 2007, Cable TV Franchise Tax and Consumer Utility Tax from telephone services are remitted to the Virginia 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
\$ 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
-	634,783	67,473	18,224	80,593	252,908

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
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
2002	272,395,000	28,315,000	-	901,000	10,820,126	90,667

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

<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 592,571,306	\$ 0.20	\$ 592,571,306	100%
575,095,477	0.21	575,095,477	100%
557,991,715	0.21	557,991,715	100%
547,517,032	0.22	547,517,032	100%
523,616,396	0.21	523,616,396	100%
426,202,492	0.24	426,202,492	100%
341,601,352	0.26	341,601,352	100%
335,495,452	0.25	335,495,452	100%
321,150,264	0.24	321,150,264	100%
312,521,793	0.26	312,521,793	100%

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

Fiscal Years	Direct Rates				Overlapping Rates County of Shenandoah	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Real Estate	Personal Property
2011	\$ 0.15	\$ 0.90	\$ 0.15	\$ 0.90	\$ 0.47	\$ 3.15
2010	0.16/0.15	0.90	0.16/0.15	0.90	0.47	3.15
2009	0.16	0.90	0.16	0.90	0.51	3.15
2008	0.16	0.90	0.16	0.90	0.51	2.86
2007	0.16	0.90	0.16	0.90	0.51	2.86
2006	0.19/0.16	0.90	0.19/0.16	0.90	0.51	2.86
2005	0.19	0.90	0.19	0.90	0.68	2.86
2004	0.18	0.90	-	0.90	0.68	2.86
2003	0.18	0.90	-	0.90	0.68	2.86
2002	0.19	0.90	-	0.90	0.64	2.86

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2011	
		2010 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 9,499,400	1.76%
Wal-Mart	Retail Store	9,269,000	1.72%
French Brothers LLC	Investment Properties	9,125,100	1.69%
Spectrum 1 Woodstock LLC	Shopping Center	6,804,900	1.26%
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	1.04%
HCP Virginia, Inc.	Assisted Living	5,283,100	0.98%
Walter Enterprises	Shopping Center	5,184,000	0.96%
Toothman Investments	Housing Development	5,176,200	0.96%
		<u>\$ 67,983,400</u>	<u>12.59%</u>

Taxpayer	Type Business	Fiscal Year 2002	
		2001 Assessed Valuation	% of Total Assessed Valuation
Wal-Mart	Shopping Center	\$ 4,845,700	2.08%
French Brothers	Investment Properties	4,372,300	1.88%
Shenandoah Square - Woodstock LLC	Shopping Center	4,011,600	1.72%
Woodstock Health Investors	Assisted Living	3,892,800	1.67%
Woodstock Associates	Multi-Family Housing	3,662,700	1.57%
Walter Enterprises	Shopping Center	3,218,300	1.38%
Gal-Tex Woodstock Inc.	Hotel	3,000,000	1.29%
Shenandoah Associates	Multi-Family Housing	2,305,400	0.99%
Lora Mountain Limited Partnership	Housing Development	2,081,800	0.89%
Harrisonburg Hotel LLC	Hotel	2,042,600	0.88%
		<u>\$ 33,433,200</u>	<u>14.35%</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

Property Tax Levies and Collections
Last Ten 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
2011	\$	1,167,708	\$ 1,112,614	95.28%	\$ -	\$ 1,112,614	95.28%
2010		1,176,238	1,122,088	95.40%	42,374	1,164,462	99.00%
2009		1,194,169	1,139,443	95.42%	41,687	1,181,130	98.91%

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

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases
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	-
2002	1,052,909	46,132	4,510	5,865,548	-

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)
\$	24,567,400	15.10%	\$ 4,820
	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
	6,969,099	6.92%	1,712

THIS PAGE LEFT BLANK INTENTIONALLY

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

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Reserved for Debt Service</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net General Obligation Debt to Assessed Value (2)</u>	<u>Net Bonded Debt per Capita (1)</u>
2011	\$ 24,486,559	\$ -	\$ 24,486,559	4.13%	\$ 4,804
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
2002	6,918,457	-	6,918,457	2.21%	1,699

(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		
	2002	2003	2004
Assessed Valuations			
Assessed value of taxed real property	\$ <u>272,395,000</u>	\$ <u>279,884,000</u>	\$ <u>293,299,000</u>
Legal debt margin			
Debt limit - 10 percent of total assessed value	\$ <u>27,239,500</u>	\$ <u>27,988,400</u>	\$ <u>29,329,900</u>
Debt applicable to limitation:			
Total bonded debt	\$ 6,918,457	\$ 6,628,366	\$ 6,248,812
Less: Business-type activities bonds	<u>(5,865,548)</u>	<u>(5,697,307)</u>	<u>(5,446,659)</u>
Total amount of debt applicable to debt limitation	\$ <u>1,052,909</u>	\$ <u>931,059</u>	\$ <u>802,153</u>
Legal debt margin	\$ <u>26,186,591</u>	\$ <u>27,057,341</u>	\$ <u>28,527,747</u>
Total net debt applicable to the limit as a percentage of debt limit	3.87%	3.33%	2.73%

Table 12

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$ <u>298,892,650</u>	\$ <u>382,894,900</u>	\$ <u>474,878,500</u>	\$ <u>496,135,150</u>	\$ <u>506,926,050</u>	\$ <u>524,933,000</u>	\$ <u>540,494,350</u>
\$ <u>29,889,265</u>	\$ <u>38,289,490</u>	\$ <u>47,487,850</u>	\$ <u>49,613,515</u>	\$ <u>50,692,605</u>	\$ <u>52,493,300</u>	\$ <u>54,049,435</u>
\$ 5,972,621	\$ 9,896,065	\$ 9,397,582	\$ 12,080,344	\$ 22,832,508	\$ 25,540,178	\$ 24,486,559
<u>(5,305,856)</u>	<u>(9,372,364)</u>	<u>(9,024,211)</u>	<u>(11,865,398)</u>	<u>(22,659,145)</u>	<u>(25,361,012)</u>	<u>(24,336,748)</u>
\$ <u>666,765</u>	\$ <u>523,701</u>	\$ <u>373,371</u>	\$ <u>214,946</u>	\$ <u>173,363</u>	\$ <u>179,166</u>	\$ <u>149,811</u>
\$ <u>29,222,500</u>	\$ <u>37,765,789</u>	\$ <u>47,114,479</u>	\$ <u>49,398,569</u>	\$ <u>50,519,242</u>	\$ <u>52,314,134</u>	\$ <u>53,899,624</u>
2.23%	1.37%	0.79%	0.43%	0.34%	0.34%	0.28%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2011	5,097	\$ 162,680,949	\$ 31,917	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%
2002	4,071	100,704,327	24,737	2.80%

(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 Virginia Employment Commission.

(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.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2011		Fiscal Year 2002	
	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.	100 to 249	5	-	-
Cracker Barrel Old Country Store	50 to 99	6	-	-
Skyline Terrace Nursing Home	50 to 99	7	50 to 99	6
Massanutten Military Academy	50 to 99	8	50 to 99	5
Town of Woodstock	50 to 99	9	50 to 99	-
Shenandoah County Department of Social Services	50 to 99	10	50 to 99	9
Tandem Healthcare	-	-	50 to 99	7
Shaffer's Barbecue Service	-	-	50 to 99	8
Ponderosa	-	-	50 to 99	10

Source: Virginia Employment Commission

THIS PAGE LEFT BLANK INTENTIONALLY

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

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
General government						
General administration	1.5	2.0	2.0	2.0	2.0	2.0
Financial administration	2.0	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
Administrative	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
Community development	1.5	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
Water and sewer	15.0	19.0	19.0	19.0	20.0	20.0
Totals	<u>47.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>55.0</u>	<u>54.0</u>

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			
	2002	2003	2004	2005
Public safety				
Police department				
Number of miles patrolled	112,032	109,446	111,920	110,112
Number of complaints investigated	3,064	3,107	3,165	3,335
Number of vehicle accidents investigated	183	250	224	200
Number of parking tickets issued	165	68	92	155
Number of traffic summons (adult)	511	535	968	668
Number of traffic summons (juvenile)	41	22	35	45
Number of criminal arrests (adult)	433	343	269	252
Number of criminal arrests (juvenile)	113	65	70	63
Public works				
Streets				
Streets resurfaced (miles per year)	*	*	*	4
Refuse				
Refuse collected (tons per year)	*	*	*	1,380
Community development				
Planning and zoning				
Zoning permits issued	*	*	*	*
Water				
Number of water main break repairs	*	*	*	6
Average daily finished water production (mgd)	*	*	*	0.6800
Sewer				
Number of sewer line repairs	*	*	*	4
Average daily effluent wastewater treatment (mgd)	*	*	*	0.6516

*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					
2006	2007	2008	2009	2010	2011
119,576	119,664	122,729	113,767	98,218	97,613
3,344	3,939	3,531	3,882	3,464	3,094
204	195	170	172	141	127
159	147	214	196	154	255
1,026	1,241	783	749	878	698
63	64	23	48	35	34
271	279	273	296	260	251
195	281	149	133	96	98
3	3	2	1	3	2
1,390	1,478	1,614	1,596	1,454	1,451
179	167	141	112	89	78
8	5	15	11	5	10
0.6440	0.6410	0.7240	0.6687	0.5841	0.6300
1	50	20	21	1	1
0.5092	0.4771	0.5005	0.4481	0.4380	0.5706

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

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

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, each major fund and the aggregate remaining fund information of the Town of Woodstock, Virginia as of and for the year ended June 30, 2011, which collectively comprise the Town of Woodstock, Virginia's basic financial statements and have issued our report thereon dated November 21, 2011. 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:

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 financial statements of the Town of Woodstock, Virginia 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 21, 2011.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 21, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

THE TOWN COUNCIL TOWN OF WOODSTOCK, VIRGINIA

Compliance

We have audited Town of Woodstock, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the Town of Woodstock, Virginia's major federal programs for the year ended June 30, 2011. Town of Woodstock, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Woodstock, Virginia's management. Our responsibility is to express an opinion on the Town of Woodstock, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Woodstock, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Woodstock, Virginia's compliance with those requirements.

In our opinion, Town of Woodstock, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Town of Woodstock, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Town of Woodstock, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Woodstock, Virginia's internal control over compliance.

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

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

This report is intended solely for the information and use of management, Town Council, other within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Verona, Virginia
November 21, 2011

Town of Woodstock, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Granting Agency/Pass-through Agency/Program</u>	<u>Federal Catalog Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Justice:</u>			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	n/a	\$ 1,752
Pass Through Payments:			
State Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance	16.738	n/a	\$ 3,129
			<u>\$ 4,881</u>
<u>United States Environmental Protection Agency:</u>			
Pass Through Payments:			
State Department of Environmental Quality:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	n/a	\$ 119,282
ARRA Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	n/a	\$ 484,985
			<u>\$ 604,267</u>
<u>United States Department of Transportation, National Highway Traffic Safety Administration:</u>			
Pass Through Payments:			
State Department of Transportation:			
State and Community Highway Safety	20.600	n/a	\$ 7,579
			<u>\$ 7,579</u>
<u>United States Department of Agriculture, Forest Service:</u>			
Pass Through Payments:			
State Department of Forestry:			
ARRA Cooperative Forestry Assistance	10.664	n/a	\$ 9,136
			<u>\$ 9,136</u>
Total Federal Assistance			<u><u>\$ 625,863</u></u>

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2011**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the activity of all federal award programs for the Town as of June 30, 2011. The Town's reporting entity is defined in note 1(A) of the Town's financial statements. Expenditures in the Schedule are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for States, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Federal award programs include direct expenditures, monies passed through to other governmental entities, and nonmonetary assistance.

Pass-through entity identifying numbers are presented where available.

B. Basis of Presentation:

The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the Town's financial statements. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA) in effect for the year in which the award was granted.

C. Basis of Accounting:

The Schedule has been prepared on the accrual basis of accounting as defined in note 1(C) of the Town's financial statements.

D. Matching Costs:

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

II. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the agency. As a result, the amounts reported in federal financial reports may not agree with the amounts reported in the accompanying schedule.

TOWN OF WOODSTOCK, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

unqualified

Internal control over financial reporting:

- Material weakness(es) identified?

 yes x no

- Significant deficiency(ies) identified?

 yes x none reported

Non compliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?

 yes x no

- Significant deficiency(ies) identified?

 yes x none reported

Type of auditors' report issued on compliance for major programs:

unqualified

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133?

 yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

66.805

ARRA Leaking Underground Storage Tank
Trust Fund Corrective Action Program

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.

THIS PAGE LEFT BLANK INTENTIONALLY