

TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2010

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Prepared by:

Mandy R. Belyea, Director of Finance

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INTRODUCTORY SECTION



Town of Woodstock, Virginia

November 22, 2010

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, 2010. 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 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, 2010 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 and Recreation 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 2010 in stable financial condition, the sluggish economic conditions, including the recession and a stalled housing market, has continued to affect the Town's budgetary state. Given the uncertainty of the weakened economy, efforts have been taken by Town management during both fiscal years 2009 and 2010 to closely monitor its revenue collections and significantly reduce spending. Cost reduction measures taken during the fiscal year have allowed the Town to conclude the fiscal year under-budget while continuing to maintain its quality level of services.

The Town, along with surrounding localities, continues to be faced with concerns about future economic growth. Unemployment for Shenandoah County, the County in which the Town lies, has risen from 6.8 percent for the fiscal year ended June 30, 2009 to an astounding 8.6 percent for the fiscal year ended June 30, 2010. While unemployment and

overall economic conditions are expected to improve, the Town anticipates continued budgetary challenges. The Town's general property taxes, one of its largest sources of revenue, is projected to decline, and the Town's largest local tax revenue source, meals tax, is also expected to drop. Moreover, sales tax revenues and other local taxes are projected to remain essentially flat. The Town is also 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 2011 budget year. Projecting stagnant revenues for fiscal year 2011, operating department costs were reduced, cost-of-living increases for employees were eliminated, and certain capital projects were delayed for the fiscal 2011 budget year.

The Town expects continued budget pressures for the remainder of fiscal year 2011 and as it prepares for the fiscal 2012 budget year; to ensure financial stability, the Town has identified its unreserved fund balance, which represents 47 percent of total general fund expenditures as of June 30, 2010, 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 unreserved 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 2010 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 2010.

Construction continued on the expansion of the Town's wastewater treatment facility. This \$31 million project is a result of Federal and State government mandates to restore and protect the Chesapeake Bay. This project is approximately 40 percent funded through State grants to the Town while the remaining 60 percent is being funded through interest-free loans from the State and Federal government. While this project will result in nutrient removal in accordance with State and Federal government regulations, it will also result in a greater capacity as our Town continues to experience growth. Completion of this project is anticipated for December 2010.

The Town completed the overall master plan for another important project, the Indian Springs Wetlands Park project. Indian Springs is a natural wetlands area, approximately one acre in size, and 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. The project is expected to be completed in the summer of 2011.

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, 2010. 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, 2009. This was the second 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.

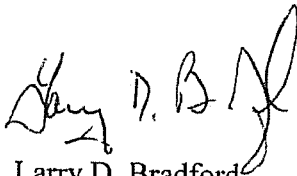
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and thus we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

Acknowledgements

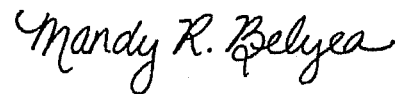
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Finance Department staff along with the efforts of the administration and other Town departments.

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, 2009

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.



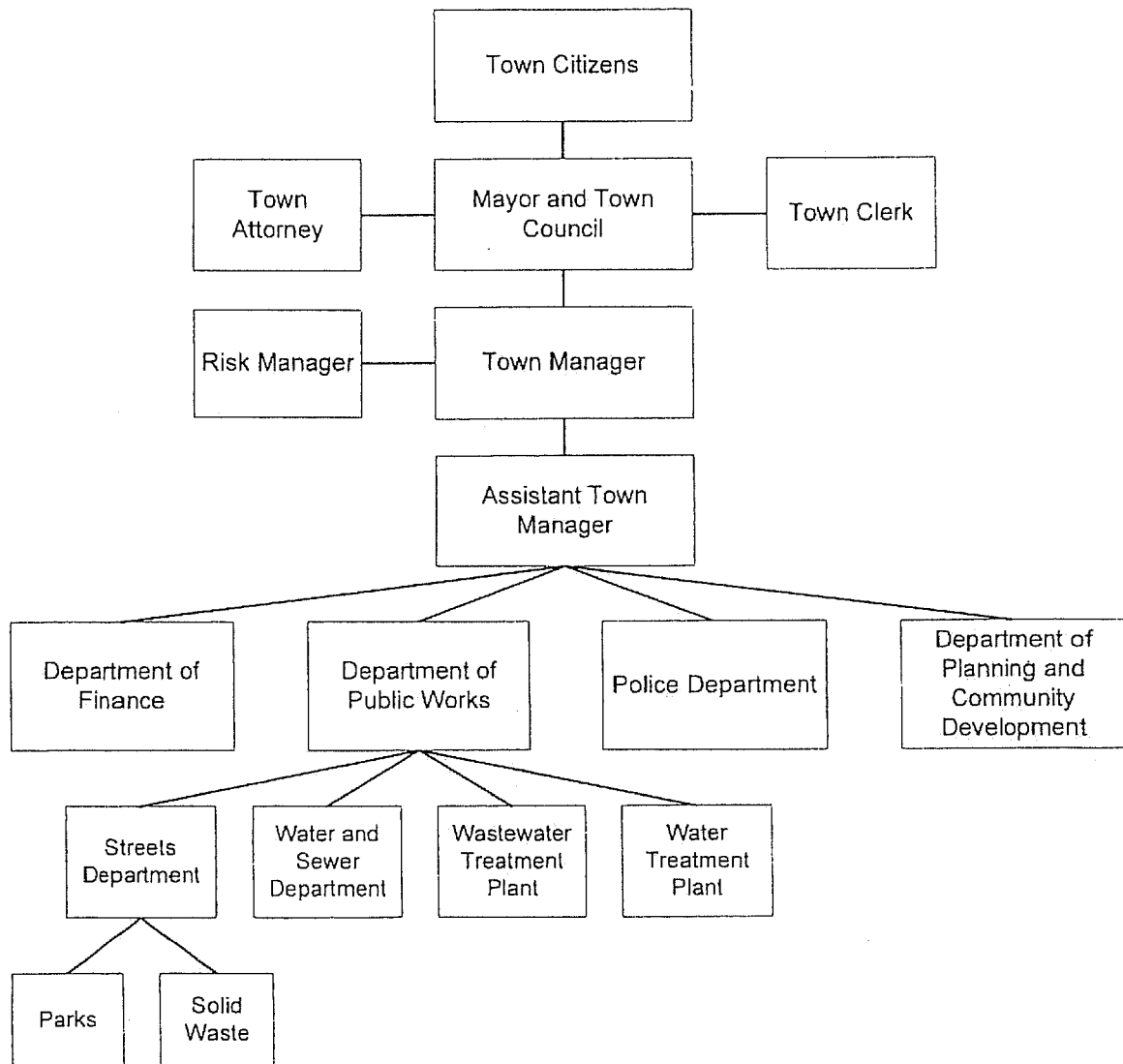
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen".

Executive Director

**Town of Woodstock, Virginia
Organizational Chart**



Town of Woodstock, Virginia

Principal Town Officials

TOWN COUNCIL

William C. Moyers, Mayor

Alma F. Hottle, Vice-Mayor

Alicia Gutshall

Jacqueline Lambert

H. Ed Munden

D. William Pence

Arthur J. White

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

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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, 2010, 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 Audit 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 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2010 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 *Governmental Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis, budgetary comparison schedule, and schedules of funding progress are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis and schedules of funding progress. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock's, Virginia's basic financial statements. The introductory section, supporting schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements of the Town of Woodstock, Virginia. The budgetary comparison schedule, other supporting schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Famer, Lee Associates

Verona, Virginia
November 16, 2010

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, 2010. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2009.

Financial Highlights

Government-wide Financial Statements

The assets of the Town exceeded its liabilities at June 30, 2010 by \$30,581,985, which equals the total net assets of the Town. Of this amount, \$3,062,123 is unrestricted and may be used to meet the Town's future obligations. Of the \$3,062,123 unrestricted assets, approximately \$1,839,493 is related to governmental activities and is undesignated and available for future General Fund expenditures. The \$1,222,630 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 2010, taxes and other revenues of the Town's governmental activities amounted to \$4,484,852. Expenses amounted to \$4,137,151. Transfers from business-type activities totaled \$1,588,292.

For fiscal year 2010, revenues of the Town's business-type activities were \$5,564,049. Expenses amounted to \$3,025,061. Transfers to governmental activities totaled \$1,588,292.

The Town's total long-term debt increased by \$2,672,458 from \$23,274,081 as of June 30, 2009 to \$25,946,539 as of June 30, 2010. New debt in the amount of \$3,752,075 was issued while \$1,079,617 was retired during fiscal year 2010.

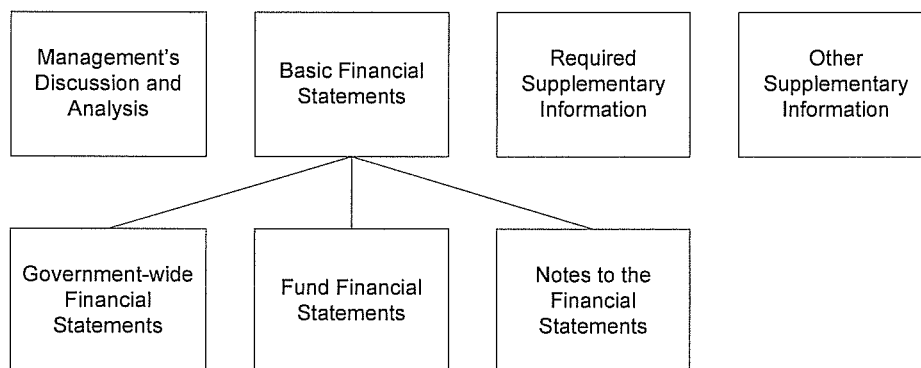
Fund Financial Statements

The unreserved, undesignated fund balance of the General Fund increased \$463,541 from \$1,469,087 at June 30, 2009 to \$1,932,628 at June 30, 2010. The unreserved, undesignated fund balance for the General Fund represented 47 percent of total General Fund expenditures at June 30, 2010.

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 59 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 32-58 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 59-61 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 \$30,581,985 at June 30, 2010.

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, 2010 and 2009.

Summary Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Current and other assets	\$ 2,686,296	\$ 1,834,458	\$ 3,438,614	\$ 3,966,591	\$ 6,124,910	\$ 5,801,049
Capital assets	12,199,901	10,729,623	40,511,203	37,216,444	52,711,104	47,946,067
Total assets	<u>\$ 14,886,197</u>	<u>\$ 12,564,081</u>	<u>\$ 43,949,817</u>	<u>\$ 41,183,035</u>	<u>\$ 58,836,014</u>	<u>\$ 53,747,116</u>
Current and other liabilities	\$ 612,634	\$ 229,512	\$ 1,621,856	\$ 2,511,227	\$ 2,234,490	\$ 2,740,739
Long-term liabilities	445,687	442,686	25,573,852	22,868,395	26,019,539	23,311,081
Total liabilities	<u>\$ 1,058,321</u>	<u>\$ 672,198</u>	<u>\$ 27,195,708</u>	<u>\$ 25,379,622</u>	<u>\$ 28,254,029</u>	<u>\$ 26,051,820</u>
Invested in capital assets, net of related debt	\$ 11,988,383	\$ 10,512,039	\$ 15,531,479	\$ 15,252,251	\$ 27,519,862	\$ 25,764,290
Unrestricted	1,839,493	1,379,844	1,222,630	551,162	3,062,123	1,931,006
Total net assets	<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>

The Town's combined net assets totaled \$30,581,985 at June 30, 2010. Approximately 90 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 10 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 \$2,886,689. The largest portion of this increase occurred in the general fund and can be primarily attributed to the closing of the recreation fund and the resultant transfer of the recreation fund net assets to the general fund. The increase in the public utilities fund can be attributed to 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, 2010 and 2009.

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 275,230	\$ 240,259	\$ 2,815,129	\$ 2,722,762	\$ 3,090,359	\$ 2,963,021
Operating grants and contributions	135,004	136,650	-	-	135,004	136,650
Capital grants and contributions	695,341	1,613,856	2,726,391	8,046,109	3,421,732	9,659,965
<i>General revenues</i>						
Property taxes	1,081,463	1,091,836	-	-	1,081,463	1,091,836
Other taxes and fees	2,146,916	2,104,664	-	-	2,146,916	2,104,664
Grants and contributions not restricted to specific programs	111,491	111,292	-	-	111,491	111,292
Unrestricted investment earnings	23,683	27,240	22,529	48,588	46,212	75,828
Other	15,724	60,940	-	15,265	15,724	76,205
Total revenues	<u>\$ 4,484,852</u>	<u>\$ 5,386,737</u>	<u>\$ 5,564,049</u>	<u>\$ 10,832,724</u>	<u>\$ 10,048,901</u>	<u>\$ 16,219,461</u>
Expenses						
General government administration	\$ 537,743	\$ 523,267	\$ -	\$ -	\$ 537,743	\$ 523,267
Public safety	1,463,009	1,545,926	-	-	1,463,009	1,545,926
Public works	1,611,231	1,567,715	-	-	1,611,231	1,567,715
Parks and recreation	229,804	-	-	-	229,804	-
Community development	283,696	238,157	-	-	283,696	238,157
Interest on long-term debt	11,668	13,835	-	-	11,668	13,835
Public utilities	-	-	3,025,061	2,905,148	3,025,061	2,905,148
Recreation	-	-	-	243,486	-	243,486
Total expenses	<u>\$ 4,137,151</u>	<u>\$ 3,888,900</u>	<u>\$ 3,025,061</u>	<u>\$ 3,148,634</u>	<u>\$ 7,162,212</u>	<u>\$ 7,037,534</u>
Change in net assets before transfers	\$ 347,701	\$ 1,497,837	\$ 2,538,988	\$ 7,684,090	\$ 2,886,689	\$ 9,181,927
Transfers	1,588,292	(200,000)	(1,588,292)	200,000	-	-
Change in net assets	<u>\$ 1,935,993</u>	<u>\$ 1,297,837</u>	<u>\$ 950,696</u>	<u>\$ 7,884,090</u>	<u>\$ 2,886,689</u>	<u>\$ 9,181,927</u>
Net assets, beginning	<u>11,891,883</u>	<u>10,594,046</u>	<u>15,803,413</u>	<u>7,919,323</u>	<u>27,695,296</u>	<u>18,513,369</u>
Net assets, ending	<u><u>\$ 13,827,876</u></u>	<u><u>\$ 11,891,883</u></u>	<u><u>\$ 16,754,109</u></u>	<u><u>\$ 15,803,413</u></u>	<u><u>\$ 30,581,985</u></u>	<u><u>\$ 27,695,296</u></u>

Governmental Activities

Governmental activities increased the Town's net assets by \$1,935,993 thereby accounting for 67 percent of the total growth in the net assets of the Town.

Charges for services increased 15 percent from fiscal year 2009 to fiscal year 2010. This increase is a direct result of the addition of swimming pool fees to this program revenue given the closing of the recreation fund to the parks and recreation program within the general fund.

Operating grants and contributions and capital grants and contributions amounted to \$135,004 and \$695,341, respectively, from State and Federal government and other funding. Operating grants and contributions were flat compared to fiscal year 2009. Capital grants and contributions decreased 57 percent as the Town completed its streetscape project at the end of fiscal year 2009, which was 80 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 2009 to fiscal year 2010.

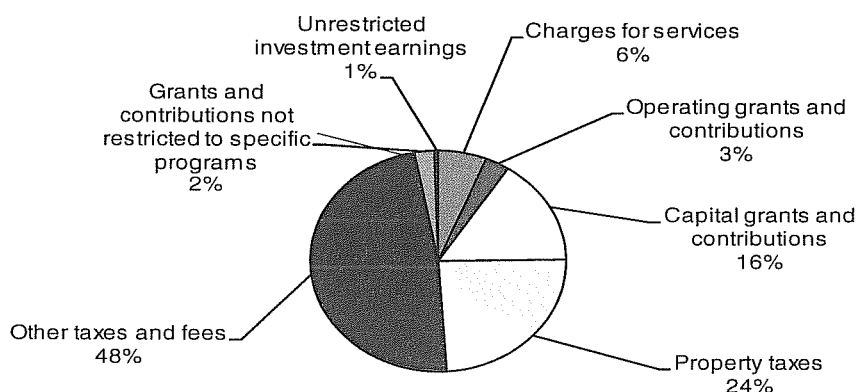
The Town's real estate property tax assessments for fiscal year 2010 were \$524,933,000. The Town's real estate tax rate was \$0.16 per \$100 of assessed value for the 2009 tax year and \$0.15 per \$100 of assessed value for the 2010 tax year. The Town decreased the real estate tax rate \$0.01 to neutralize revenues as a result of Shenandoah County's real property reassessments that occurred during fiscal year 2010. The Town's personal property tax assessments for the year were \$38,463,158. The Town's personal property tax rate was \$0.90 per \$100 of assessed value for the 2009 and 2010 tax years. The Town's machinery and tools tax assessments for the year were \$312,677. The Town's machinery and tools tax rate was \$0.90 per \$100 of assessed value for the 2009 and 2010 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 \$2,146,916 for the year, increasing 2 percent from fiscal year 2009 to fiscal year 2010. 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 \$3,557 or 13 percent as a result of continued declines in interest rates due to sluggish market conditions during fiscal year 2010.

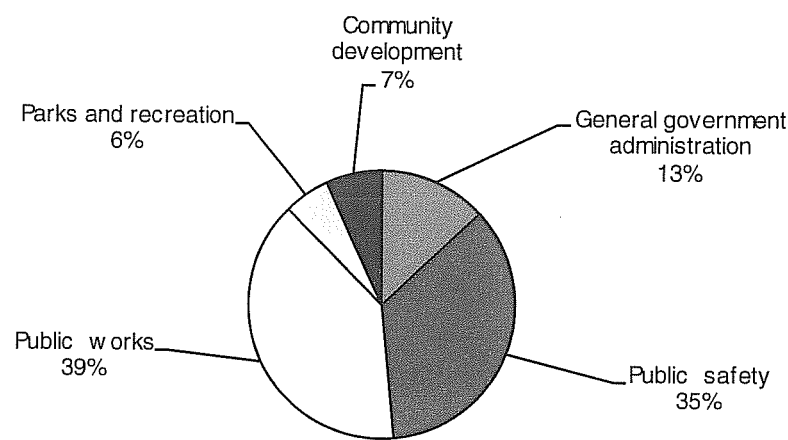
The chart below illustrates the revenues by source for the Town's governmental activities for fiscal year 2010.

Revenues by Source - Governmental Activities



For fiscal year 2010, expenses for governmental activities totaled \$4,137,151, which increased \$248,251 or 6 percent from fiscal year 2009. This increase is primarily attributed to the addition of the parks and recreation department expenses of \$229,804 due to the closing of the recreation fund to the general fund. The chart below illustrates the expenses by function for the Town’s governmental activities for fiscal year 2010.

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 \$950,696 thereby accounting for 33 percent of the total growth in the net assets of the Town.

Revenues for the business-type activities totaled \$5,564,049, of which 51 percent is from charges for services and 49 percent is from capital grants and contributions.

Charges for services increased 3 percent from fiscal year 2009 to fiscal year 2010. This increase is due to sewer rate increases that were implemented at the beginning of fiscal year 2010.

Capital grants and contributions decreased 66% percent from fiscal year 2009 to fiscal year 2010. This decrease is attributable to fewer water quality improvement grant funds that the Town has received from the Commonwealth of Virginia for its wastewater treatment facility expansion project as compared to fiscal year 2009.

The Public Utilities Fund expenses increased \$119,913 or 4 percent from fiscal year 2009 to fiscal year 2010 due to inflation and growth in demand for services.

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 \$1,932,628. The entire fund balance constitutes unreserved fund balance for the General Fund, which is available for spending at the government's discretion.

As a measure of the general fund liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 47 percent of total general fund expenditures.

The fund balance of the Town's General Fund increased by \$463,541 or 32 percent during fiscal year 2010. 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, 2010, unrestricted net assets of the Public Utilities Fund was \$1,222,630.

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 three budgetary amendments to the total appropriations of the General Fund during fiscal year 2010 as illustrated in Exhibit 10 on page 59. During the year, the Town received \$13,847 in community facilities grant funds from the Virginia Rural Housing Service (RHS) to help defray costs associated with the purchase of two police vehicles. The Town also received \$3,129 in justice assistant grant funds from the Federal government for police supplies and equipment. Lastly, the Town was authorized to expend \$50,000 of ARRA grant funding from the U.S. Forest Service for its wetlands park project; the Town is continuing to work on this project and thus has not yet spent the entire portion of these grant funds.

Fiscal year 2010 actual revenues were approximately \$119,234 less than the fiscal year 2010 final budgeted revenues. Fiscal year 2010 actual expenditures were approximately \$521,113 less than the fiscal year 2010 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- General property taxes were \$29,079 less than the final budgeted revenues primarily due to a decrease in the personal property assessments.
- Other local taxes were \$51,557 less than the final budgeted revenues largely due largely to shortfalls in sales tax and meals tax receipts for fiscal year 2010, which can both be contributed to the poor economic climate.
- Revenue from the use of money and property was \$18,717 less than the final budgeted revenues due to the decline in interest rates that the Town earns on its idle cash.
- Operating expenditures were \$603,955 less than the final budgeted expenditures due to cost-cutting efforts that were undertaken by Town management given the fact that revenues were not meeting initial projections. These efforts included limiting expenditures on training, office supplies and equipment, and materials and supplies. It also included measures to reduce idling of vehicles and thus fuel costs.
- Capital project expenditures were \$87,362 more than the final budgeted expenditures primarily due to a swimming pool project and a tennis court project that were undertaken by the Town Council at the end of the fiscal year.

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets as of June 30, 2010 for its governmental and business-type activities was \$52,711,104, net of depreciation, as reflected in the schedule below.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Land	\$ 1,320,305	\$ 230,000	\$ 171,915	\$ 1,262,220	\$ 1,492,220	\$ 1,492,220
Buildings and improvements	2,986,980	2,068,242	5,224,958	6,095,571	8,211,938	8,163,813
Infrastructure	11,948,895	11,816,346	7,844,897	7,844,897	19,793,792	19,661,243
Machinery and equipment	1,423,459	1,399,022	824,827	825,630	2,248,286	2,224,652
Construction in progress	103,239	6,811	31,048,909	25,896,694	31,152,148	25,903,505
Accumulated depreciation	(5,582,977)	(4,790,798)	(4,604,303)	(4,708,568)	(10,187,280)	(9,499,366)
Total net capital assets	\$ 12,199,901	\$ 10,729,623	\$ 40,511,203	\$ 37,216,444	\$ 52,711,104	\$ 47,946,067

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

- Construction was completed on the Town's signal light project at the intersection of Court and Main streets for a total of \$132,549 at June 30, 2010.
- The Town began incurring engineering design costs for its Indian Springs wetlands park project; construction in progress for this project was \$5,178 as of June 30, 2010.
- Construction continued on the upgrade to the Town's wastewater treatment facility; construction in progress for this project as of June 30, 2010 was \$30,747,613.
- The Town continued construction at the Town's water treatment facility for its solids handling; construction in progress for this project as of June 30, 2010 was \$97,790.
- The Town began incurring engineering costs for its waterline extension project; construction in progress as of June 30, 2010 totaled \$20,992.
- Various equipment was purchased for the wastewater treatment facility, including a forklift and a sewer camera unit totaling \$16,989.
- The Town purchased two sports utility vehicles for the police department for a cost of \$55,745.

Additional information on the Town's capital assets may be found in the notes to the financial statements, Note 8-Capital Assets on pages 43-45.

Long-term liabilities

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

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
General obligation bonds	\$ 179,166	\$ 173,363	\$ 25,361,012	\$ 22,659,145	\$ 25,540,178	\$ 22,832,508
Original issue premium	-	-	74,818	78,311	74,818	78,311
Capital leases	32,352	44,221	3,871	18,712	36,223	62,933
Compensated absences	187,279	201,121	108,041	99,208	295,320	300,329
Total long-term liabilities	\$ 398,797	\$ 418,705	\$ 25,547,742	\$ 22,855,376	\$ 25,946,539	\$ 23,274,081

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 46-50.

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 or no growth.
- Earnings on idle cash continue to remain low.
- It is expected that the Commonwealth of Virginia may continue to decrease its 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 2011.

The public utilities sewer rates were increased for the fiscal year 2011 budget by 10 percent and the water rates were increased for the fiscal year 2011 budget by 20 percent. These rate increases were necessary to fund debt service related to the wastewater treatment facility expansion project as well as increased operational costs to support water transmission and distribution operations.

For the 2011 budget year, the capital improvement projects include the Wastewater Treatment Plant expansion project, Water Treatment Plant solids handling project, Indian Springs wetlands park project, and the waterline extension 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, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,715,522	\$ 1,147,265	\$ 2,862,787
Receivables, net of allowance for uncollectibles:			
Taxes	662,194	-	662,194
Accounts	225,605	249,765	475,370
Unbilled and other	-	67,373	67,373
Intergovernmental receivables	13,830	1,370,575	1,384,405
Prepaid assets	53,420	14,988	68,408
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	15,725	46,770	62,495
Investments	-	459,977	459,977
Capital assets, not depreciable:			
Land	1,320,305	171,915	1,492,220
Construction in progress	103,239	31,048,909	31,152,148
Capital assets, depreciable:			
Buildings	691,013	3,037,445	3,728,458
Improvements other than buildings	2,295,967	2,187,513	4,483,480
Machinery and equipment	1,423,459	824,827	2,248,286
Infrastructure	11,948,895	7,844,897	19,793,792
Accumulated depreciation	(5,582,977)	(4,604,303)	(10,187,280)
Other assets:			
Unamortized bond issue costs	-	81,901	81,901
Total assets	\$ 14,886,197	\$ 43,949,817	\$ 58,836,014
LIABILITIES			
Accounts payable and accrued liabilities	\$ 49,551	\$ 416,761	\$ 466,312
Accrued interest payable	-	44,554	44,554
Unearned revenue	547,358	-	547,358
Contract retainages	-	1,113,771	1,113,771
Customers' deposits	-	46,770	46,770
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium	29,355	1,170,902	1,200,257
Capital leases	14,935	3,871	18,806
Compensated absences	70,572	-	70,572
Portion due and payable after one year:			
General obligation bonds, net of original issue premium	149,811	24,264,928	24,414,739
Capital leases	17,417	-	17,417
Net OPEB obligation	46,890	26,110	73,000
Compensated absences	116,707	108,041	224,748
Total liabilities	\$ 1,058,321	\$ 27,195,708	\$ 28,254,029
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,988,383	\$ 15,531,479	\$ 27,519,862
Unrestricted	1,839,493	1,222,630	3,062,123
Total net assets	\$ 13,827,876	\$ 16,754,109	\$ 30,581,985

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, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government administration	\$ 537,743	\$ 25,650	\$ -	\$ -
Public safety	1,463,009	40,930	135,004	13,847
Public works	1,611,231	165,537	-	606,267
Parks and recreation	229,804	43,113	-	5,178
Community development	283,696	-	-	70,049
Interest on long-term debt	11,668	-	-	-
Total governmental activities	\$ 4,137,151	\$ 275,230	\$ 135,004	\$ 695,341
Business-type activities				
Water & Sewer	\$ 3,025,061	\$ 2,815,129	\$ -	\$ 2,726,391
Total primary government	\$ 7,162,212	\$ 3,090,359	\$ 135,004	\$ 3,421,732
General revenues				
General property taxes				
Other local taxes				
Local sales and use				
Consumers' utility				
Telecommunications				
Bank franchise				
Meals				
Transient occupancy				
Vehicle license				
Business license				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues				
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.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (512,093)	\$ -	\$ (512,093)
(1,273,228)	-	(1,273,228)
(839,427)	-	(839,427)
(181,513)	-	(181,513)
(213,647)	-	(213,647)
(11,668)	-	(11,668)
<u>\$ (3,031,576)</u>	<u>\$ -</u>	<u>\$ (3,031,576)</u>
 \$ -	 \$ 2,516,459	 \$ 2,516,459
<u>\$ (3,031,576)</u>	<u>\$ 2,516,459</u>	<u>\$ (515,117)</u>
 \$ 1,081,463	 \$ -	 \$ 1,081,463
180,407	-	180,407
84,408	-	84,408
98,442	-	98,442
175,542	-	175,542
887,187	-	887,187
143,360	-	143,360
97,503	-	97,503
342,759	-	342,759
137,308	-	137,308
23,683	22,529	46,212
15,724	-	15,724
111,491	-	111,491
1,588,292	(1,588,292)	-
<u>\$ 4,967,569</u>	<u>\$ (1,565,763)</u>	<u>\$ 3,401,806</u>
\$ 1,935,993	\$ 950,696	\$ 2,886,689
11,891,883	15,803,413	27,695,296
<u>\$ 13,827,876</u>	<u>\$ 16,754,109</u>	<u>\$ 30,581,985</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2010

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,715,522
Receivables, net of allowance for uncollectibles:	
Property taxes	662,194
Accounts	225,605
Intergovernmental receivables	13,830
Prepaid assets	53,420
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	15,725
Total assets	<u>\$ 2,686,296</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 49,551
Deferred revenue	688,392
Performance deposits	15,725
Total liabilities	<u>\$ 753,668</u>
Fund balances:	
Unreserved	\$ 1,932,628
Total fund balances	<u>\$ 1,932,628</u>
Total liabilities and fund balances	<u>\$ 2,686,296</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, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 1,932,628
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	12,199,901
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds. This amount represents deferred revenue.	141,034
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	<u>(445,687)</u>
Net assets of governmental activities	\$ <u><u>13,827,876</u></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, 2010

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 1,072,371
Other local taxes	1,808,073
Permits, privilege fees, and regulatory licenses	368,409
Fines and forfeitures	40,930
Revenue from the use of money and property	23,683
Charges for services	208,649
Miscellaneous	15,724
Intergovernmental revenues:	
Commonwealth	922,673
Federal	19,163
Total revenues	\$ <u>4,479,675</u>
EXPENDITURES	
Current:	
General government administration	\$ 521,139
Public safety	1,432,595
Public works	1,375,118
Parks and recreation	190,834
Community development	210,846
Capital projects	218,784
Debt service:	
Principal retirement	116,812
Interest and other fiscal charges	11,668
Total expenditures	\$ <u>4,077,796</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>401,879</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 35,947
Capital leases	25,715
Total other financing sources (uses)	\$ <u>61,662</u>
Net change in fund balances	\$ 463,541
Fund balances - beginning	1,469,087
Fund balances - ending	\$ <u><u>1,932,628</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, 2010

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

Net change in fund balances - total governmental funds	\$	463,541
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.		(167,100)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,176
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.		91,098
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.		(9,067)
On July 1, 2009, the recreation fund, an enterprise fund, was closed out to the general fund; however, capital assets and long-term debt are not reported in governmental funds. As a result, this amount represents the net effect of the transfer of capital assets and long-term debt from the recreation fund to the governmental activities.		<u>1,552,345</u>
Change in net assets of governmental activities	\$	<u><u>1,935,993</u></u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2010

	Enterprise Fund Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,147,265
Accounts receivable, net of allowance for uncollectibles	249,765
Unbilled and other receivables	67,373
Intergovernmental receivables	1,370,575
Prepaid assets	14,988
Total current assets	<u>\$ 2,849,966</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 46,770
Investments	459,977
Total restricted assets	<u>\$ 506,747</u>
Capital assets:	
Land	\$ 171,915
Buildings	3,037,445
Improvements other than buildings	2,187,513
Machinery and equipment	824,827
Infrastructure	7,844,897
Construction in progress	31,048,909
Accumulated depreciation	(4,604,303)
Total capital assets	<u>\$ 40,511,203</u>
Other assets:	
Bond issuance costs, net of amortization	\$ 81,901
Total noncurrent assets	<u>\$ 41,099,851</u>
Total assets	<u>\$ 43,949,817</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 416,761
Accrued interest payable	44,554
Contract retainages	1,113,771
Customers' deposits	46,770
General obligation bonds, net of original issue premium	1,170,902
Capital leases	3,871
Total current liabilities	<u>\$ 2,796,629</u>
Noncurrent liabilities:	
General obligation bonds, net of original issue premium	\$ 24,264,928
Net OPEB obligation	26,110
Compensated absences	108,041
Total noncurrent liabilities	<u>\$ 24,399,079</u>
Total liabilities	<u>\$ 27,195,708</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 15,531,479
Unrestricted	1,222,630
Total net assets	<u>\$ 16,754,109</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, 2010

	Enterprise Fund Public Utilities	Enterprise Fund Recreation	Total
OPERATING REVENUES			
Charges for services	\$ 2,815,129	\$ -	\$ 2,815,129
Total operating revenues	\$ 2,815,129	\$ -	\$ 2,815,129
OPERATING EXPENSES			
Water treatment facility	\$ 738,987	\$ -	\$ 738,987
Water transmission and distribution	284,055	-	284,055
Wastewater treatment facility	1,051,784	-	1,051,784
Sanitary sewer maintenance	247,116	-	247,116
Depreciation	335,130	-	335,130
Total operating expenses	\$ 2,657,072	\$ -	\$ 2,657,072
Operating income (loss)	\$ 158,057	\$ -	\$ 158,057
NONOPERATING REVENUES (EXPENSES)			
Availability fees	\$ 265,262	\$ -	\$ 265,262
Intergovernmental revenue	2,461,129	-	2,461,129
Interest revenue	22,529	-	22,529
Interest expense	(357,698)	-	(357,698)
Amortization expense for bond issuance costs	(10,291)	-	(10,291)
Total nonoperating revenues (expenses)	\$ 2,380,931	\$ -	\$ 2,380,931
Income before contributions and transfers	\$ 2,538,988	\$ -	\$ 2,538,988
Transfers	\$ -	\$ (1,588,292)	\$ (1,588,292)
Change in net assets	\$ 2,538,988	\$ (1,588,292)	\$ 950,696
Total net assets - beginning	\$ 14,215,121	\$ 1,588,292	\$ 15,803,413
Total net assets - ending	\$ 16,754,109	\$ -	\$ 16,754,109

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, 2010

	Enterprise Fund Public Utilities	Enterprise Fund Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,801,070	\$ -	\$ 2,801,070
Payments to suppliers	(896,981)	(11,178)	(908,159)
Payments to employees	(1,443,894)	-	(1,443,894)
Net cash provided by (used in) operating activities	\$ 460,195	\$ (11,178)	\$ 449,017
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ -	\$ (35,947)	\$ (35,947)
Net cash provided by (used in) noncapital financing activities	\$ -	\$ (35,947)	\$ (35,947)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ (6,107,297)	\$ -	\$ (6,107,297)
Availability fees	265,262	-	265,262
Proceeds from indebtedness	3,667,743	-	3,667,743
Principal paid on capital debt	(895,685)	-	(895,685)
Interest payments	(359,781)	(232)	(360,013)
Intergovernmental proceeds	1,960,575	-	1,960,575
Net cash provided by (used in) capital and related financing activities	\$ (1,469,183)	\$ (232)	\$ (1,469,415)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 22,529	\$ -	\$ 22,529
Dividends reinvested	(3,489)	-	(3,489)
Sale and purchase of investments	331,994	-	331,994
Net cash provided by (used in) investing activities	\$ 351,034	\$ -	\$ 351,034
Net increase (decrease) in cash and cash equivalents	\$ (657,954)	\$ (47,357)	\$ (705,311)
Cash and cash equivalents, including restricted - beginning	\$ 1,851,989	\$ 47,357	\$ 1,899,346
Cash and cash equivalents, including restricted - ending	\$ 1,194,035	\$ -	\$ 1,194,035
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 158,057	\$ -	\$ 158,057
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	\$ 335,130	\$ -	\$ 335,130
(Increase) decrease in accounts receivable	(13,211)	(11,178)	(24,389)
(Increase) decrease in unbilled and other receivables	(4,008)	-	(4,008)
(Increase) decrease in prepaid assets	(1,850)	-	(1,850)
Increase (decrease) in accounts payable	(39,007)	-	(39,007)
Increase (decrease) in customer deposits	3,160	-	3,160
Increase (decrease) in compensated absences payable	8,833	-	8,833
Increase (decrease) net OPEB obligation	13,091	-	13,091
Total adjustments	\$ 302,138	\$ (11,178)	\$ 290,960
Net cash provided by (used in) operating activities	\$ 460,195	\$ (11,178)	\$ 449,017

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, 2010

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, 2010.

Discretely presented component units – There were no discretely presented component units for the Town for the year ended June 30, 2010.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales, 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, 2010 (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, 2010 (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 \$45,580 at June 30, 2010 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, 2010 (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*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (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 \$459,977.

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 \$(445,687) difference for the Town are as follows:

	Governmental Activities
General obligation bonds	\$ (179,166)
Capital leases	(32,352)
Compensated absences	(187,279)
Net OPEB Obligation	(46,890)
Net adjustment to decrease <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	\$ <u>(445,687)</u>

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

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

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 \$(167,100) difference for the Town are as follows:

	Governmental Activities
Capital outlay	\$ 218,784
Depreciation expense	(385,884)
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>	\$ (167,100)

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 \$5,176 difference for the Town are as follows:

Increase in deferred revenue	\$ 5,176
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>	\$ 5,176

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

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

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 \$91,098 difference for the Town are as follows:

Principal repayments:	
General obligation bonds	\$ 79,229
Capital leases	37,584
	<u>116,813</u>
Other:	
Issuance of long-term debt	<u>(25,715)</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>91,098</u>

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 \$(9,067) difference for the Town are as follows:

Compensated absences	\$ 13,842
Annual OPEB costs	<u>(22,909)</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>(9,067)</u>

On July 1, 2009, the recreation fund, an enterprise fund, was closed out to the general fund; however, capital assets and long-term debt are not reported in governmental funds. As a result, this amount represents the net effect of the transfer of capital assets and long-term debt from the recreation fund to the governmental activities. See Note 15 for further information.

Recreation fund:	
Capital assets, net of accumulated depreciation at 7/1/2009	\$ 1,637,377
Long-term debt at 7/1/2009	<u>(85,032)</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>1,552,345</u>

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to February 1, a budget kick-off meeting is held and budget preparation packets are distributed by the Director of Finance to all department heads to assist in submittal of requested operating and capital departmental budgets for the upcoming fiscal year commencing July 1. Upon receipt of departmental budgetary information, the Director of Finance prepares a proposed draft version of the operating and capital budget and presents it to the Town Manager. Meetings with the Town Manager, Director of Finance, and department heads are held as necessary.
2. Prior to March 1, a proposed draft version of the operating and capital budget is presented to the Finance Committee. Budgetary work sessions are held by the Finance Committee during the month of March.
3. Prior to April 1, a proposed draft version of the operating and capital budget is presented to the Town Council. Budgetary work sessions are held by the Town Council during the month of April.
4. Prior to the May Town Council meeting, a public hearing is conducted to receive citizen comments on the proposed draft operating and capital budget.
5. Prior to June 30, the operating and capital budget is legally enacted through passage of an appropriations resolution by the Town Council. All proposed rates, licenses, fees and footnotes are attached to the adopted budget.
6. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level within an individual fund. The Director of Finance, with the approval of the Town Manager and department head(s), is authorized to transfer budgeted amounts between departments within the same fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
7. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. Appropriations lapse on June 30, for all Town funds, unless they are carried forward by a resolution of Town Council.

B. Excess of expenditures over appropriations

For the year ended June 30, 2010, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2010, there were no funds with a deficit fund equity.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2010 (CONTINUED)

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits:

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2.-4400 et. Seq. of the *Code of Virginia* (a multiple financial institution collateral pool) and covered by federal depository insurance

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, 2010 were held by the Town or in Town's name by the Town's custodial banks.

Credit Risk of Debt Securities

The Town had only U.S. Treasury investments as of June 30, 2010, 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	Greater Than 10 Years
U.S. Treasuries	\$ 459,977	\$ 459,977	\$ -	\$ -	\$ -
Total	\$ 459,977	\$ 459,977	\$ -	\$ -	\$ -

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

NOTE 5—RECEIVABLES:

Receivables as of June 30, 2010 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	\$ 688,906	\$ -	\$ 688,906
Accounts	233,233	261,005	494,238
Unbilled and other	-	67,373	67,373
Gross receivables	\$ 922,139	\$ 328,378	\$ 1,250,517
Less: allowance for uncollectibles	(34,340)	(11,240)	(45,580)
Net total receivables	\$ 887,799	\$ 317,138	\$ 1,204,937

NOTE 6—INTERGOVERNMENTAL RECEIVABLES:

The following amounts represent receivables from other governments as of June 30, 2010:

	Primary Government
Commonwealth of Virginia:	
Rental tax	\$ 32
Virginia revolving loan fund	136,162
Water quality improvement fund grant	532,612
Federal Government:	
Bulletproof vest partnership grant	1,761
Highway planning and construction grant	6,859
Cooperative forestry assistance grant	5,178
Virginia revolving loan fund	680,810
Leaking underground storage tank grant	20,991
Total	\$ 1,384,405

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 \$547,358 is comprised of the following:

- A. Property Taxes – Property taxes due subsequent to June 30, 2010 but that are levied and have an enforceable lien as of January 1 totaled \$543,527 at June 30, 2010.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2010 (CONTINUED)

NOTE 7—UNEARNED REVENUE: (CONTINUED)

- B. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action at June 30, 2010 totaled \$3,831 at June 30, 2010.

NOTE 8—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2010:

Governmental Activities:

	Balance July 1, 2009	Increases	Decreases	Adjustments	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 230,000	\$ -	\$ -	\$ 1,090,305	\$ 1,320,305
Construction in progress	6,811	179,040	(180,674)	98,062	103,239
Total capital assets not being depreciated	\$ 236,811	\$ 179,040	\$ (180,674)	\$ 1,188,367	\$ 1,423,544
Capital assets being depreciated:					
Buildings	\$ 425,696	\$ -	\$ -	\$ 265,317	\$ 691,013
Improvements other than buildings	1,642,546	48,125	-	605,296	2,295,967
Infrastructure	11,816,346	132,549	-	-	11,948,895
Machinery and equipment	1,399,022	55,745	(49,100)	17,792	1,423,459
Total depreciable capital assets	\$ 15,283,610	\$ 236,419	\$ (49,100)	\$ 888,405	\$ 16,359,334
Less accumulated depreciation for:					
Buildings	\$ (153,069)	\$ (13,444)	\$ -	\$ (72,832)	\$ (239,345)
Improvements other than buildings	(95,150)	(109,709)	-	(359,952)	(564,811)
Infrastructure	(3,634,262)	(160,144)	-	-	(3,794,406)
Machinery and equipment	(908,317)	(102,587)	33,100	(6,611)	(984,415)
Total accumulated depreciation	\$ (4,790,798)	\$ (385,884)	\$ 33,100	\$ (439,395)	\$ (5,582,977)
Total depreciable capital assets, net	\$ 10,492,812	\$ (149,465)	\$ (16,000)	\$ 449,010	\$ 10,776,357
Capital assets, net	\$ 10,729,623	\$ 29,575	\$ (196,674)	\$ 1,637,377	\$ 12,199,901

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

General government administration	\$ 14,312
Public safety	34,511
Public works	225,241
Parks and recreation	38,970
Community development	72,850
Total depreciation expense	\$ 385,884

The Adjustments column represents those capital assets, net of accumulated depreciation, that were transferred from the Recreation Fund (e.g., Proprietary Activities) to the General Fund (e.g., Governmental Activities) as a result of the closing of the Recreation Fund.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Proprietary Activities:

	Balance July 1, 2009	Increases	Decreases	Adjustments	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 1,262,220	\$ -	\$ -	\$ (1,090,305)	\$ 171,915
Construction in progress	25,896,694	5,250,277	-	(98,062)	31,048,909
Total capital assets not being depreciated	<u>\$ 27,158,914</u>	<u>\$ 5,250,277</u>	<u>\$ -</u>	<u>\$ (1,188,367)</u>	<u>\$ 31,220,824</u>
Capital assets being depreciated:					
Buildings	\$ 3,302,762	\$ -	\$ -	\$ (265,317)	\$ 3,037,445
Improvements other than buildings	2,792,809	-	-	(605,296)	2,187,513
Infrastructure	7,844,897	-	-	-	7,844,897
Machinery and equipment	825,630	16,989	-	(17,792)	824,827
Total depreciable capital assets	<u>\$ 14,766,098</u>	<u>\$ 16,989</u>	<u>\$ -</u>	<u>\$ (888,405)</u>	<u>\$ 13,894,682</u>
Less accumulated depreciation for:					
Buildings	\$ (1,619,095)	\$ (60,749)	\$ -	\$ 72,832	\$ (1,607,012)
Improvements other than buildings	(574,789)	(108,952)	-	359,952	(323,789)
Infrastructure	(2,195,870)	(104,599)	-	-	(2,300,469)
Machinery and equipment	(318,814)	(60,830)	-	6,611	(373,033)
Total accumulated depreciation	<u>\$ (4,708,568)</u>	<u>\$ (335,130)</u>	<u>\$ -</u>	<u>\$ 439,395</u>	<u>\$ (4,604,303)</u>
Total depreciable capital assets, net	<u>\$ 10,057,530</u>	<u>\$ (318,141)</u>	<u>\$ -</u>	<u>\$ (449,010)</u>	<u>\$ 9,290,379</u>
Capital assets, net	<u>\$ 37,216,444</u>	<u>\$ 4,932,136</u>	<u>\$ -</u>	<u>\$ (1,637,377)</u>	<u>\$ 40,511,203</u>

The Adjustments column represents those capital assets, net of accumulated depreciation, that were transferred from the Recreation Fund (e.g., Proprietary Activities) to the General Fund (e.g., Governmental Activities) as a result of the closing of the Recreation Fund.

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

The Town has entered into lease agreements for financing the acquisition of three police vehicles, a Public Works truck, 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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Machinery and equipment	\$ 371,408	\$ 43,092
Less: Accumulated depreciation	<u>(167,475)</u>	<u>(13,641)</u>
Total	<u>\$ 203,933</u>	<u>\$ 29,451</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2011	\$ 15,893	\$ 3,938
2012	9,139	-
2013	<u>9,137</u>	<u>-</u>
Total minimum lease payments	<u>\$ 34,169</u>	<u>\$ 3,938</u>
Less: amount representing interest	<u>(1,817)</u>	<u>(67)</u>
Present value of minimum lease payments	<u>\$ 32,352</u>	<u>\$ 3,871</u>

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (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		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 29,355	7,961	\$ 14,935	958	\$ 44,290	8,919
2012	12,690	7,254	8,569	570	21,259	7,824
2013	13,339	6,605	8,848	289	22,187	6,894
2014	14,021	5,922	-	-	14,021	5,922
2015	14,739	5,205	-	-	14,739	5,205
Thereafter	95,022	14,059	-	-	95,022	14,059
Total	\$ 179,166	\$ 47,006	\$ 32,352	\$ 1,817	\$ 211,518	\$ 48,823

Business-Type Activities						
Long-Term Debt						
	General Obligation Bonds		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,167,409	\$ 346,400	\$ 3,871	\$ 67	\$ 1,171,280	\$ 346,467
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
Thereafter	19,339,688	3,028,896	-	-	19,339,688	3,028,896
Total	\$ 25,361,012	\$ 4,587,002	\$ 3,871	\$ 67	\$ 25,364,883	\$ 4,587,069

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (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, 2010.

	Amounts Payable July 1, 2009	Increases	Decreases	Adjustments	Amounts Payable June 30, 2010	Amount Due Within One Year
Primary						
Government:						
Governmental						
Activities						
General						
obligation bonds	\$ 173,363	\$ -	\$ (79,229)	\$ 85,032	\$ 179,166	\$ 29,355
Capital lease						
obligations	44,221	25,715	(37,584)	-	32,352	14,935
Compensated						
absences	201,121	43,410	(57,252)	-	187,279	70,572
Total						
governmental						
activities	\$ 418,705	\$ 69,125	\$ (174,065)	\$ 85,032	\$ 398,797	\$ 114,862
Business-type						
Activities						
General						
obligation bonds	\$ 22,659,145	\$ 3,667,743	\$ (880,844)	\$ (85,032)	\$ 25,361,012	\$ 1,167,409
Premium on						
bond issue	78,311	-	(3,493)	-	74,818	3,493
Capital lease						
obligations	18,712	-	(14,841)	-	3,871	3,871
Compensated						
absences	99,208	15,207	(6,374)	-	108,041	-
Total business-						
type activities	\$ 22,855,376	\$ 3,682,950	\$ (905,552)	\$ (85,032)	\$ 25,547,742	\$ 1,174,773
Total primary						
government	\$ 23,274,081	\$ 3,752,075	\$ (1,079,617)	\$ -	\$ 25,946,539	\$ 1,289,635

The Adjustments column represents the general obligation bonds that were transferred from the Recreation Fund (e.g., Proprietary Activities) to the General Fund (e.g., Governmental Activities) as a result of the closing of the Recreation Fund.

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (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% \$ 161,883

Series 2005, \$320,000, issued September 1, 2005, payable in monthly installments of \$5,793, through September 1, 2010, with interest at 3.28% 17,283

Sub-total general obligation bonds payable \$ 179,166

Capital leases:

Capital lease for three police vehicles dated November 16, 2007 payable in quarterly installments of \$4,316, through August 16, 2010 with interest at 6.90% \$ 4,243

Capital lease for one Public Works truck dated November 5, 2007, payable in quarterly installments of \$2,436, through August 5, 2010 with interest at 6.90% 2,394

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% 25,715

Sub-total capital leases \$ 32,352

Compensated absences payable \$ 187,279

Total governmental long-term liabilities \$ 398,797

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (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%	\$	122,576
Series 2001A, \$2,165,000, issued June 28, 2001, payable in variable annual installments, through April 1, 2021, with variable interest rates		1,195,000
Series 2002, \$1,250,000, issued December, 2002, payable in monthly installments of \$8,730, through December 11, 2018, with interest at 3.85%		758,432
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%		2,105,511
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%		1,188,642
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		4,105,040
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		13,495,811 (1)
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		<u>2,390,000</u>
Sub-total general obligation bonds payable	\$	<u>25,361,012</u>

(1) While the Town issued and sold general obligation bonds to the Virginia Resources Authority (VRA) in the amount of \$13,917,296, the Town did not receive proceeds in this amount. The Town submits requisitions for reimbursement upon incurring eligible costs in order to draw down on the funds. As of June 30, 2010, the Town had drawn down funds in the amount of \$13,774,157 and made its first semi-annual principal payment of \$278,346. In accordance with the financing agreement, the total amount due on the bond does not include any undisbursed amount; therefore, as of June 30, 2010, the amount payable totals \$13,495,811.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

NOTE 9—LONG-TERM LIABILITIES: (CONTINUED)

Capital leases:

Capital lease for two wastewater treatment plant trucks dated November 5, 2007, payable in quarterly installments of \$3,938, through August 5, 2010 with interest at 6.90%

\$ 3,871

Sub-total capital leases

\$ 3,871

Unamortized premium on general obligation bonds

\$ 74,818

Compensated absences payable

\$ 108,041

Total business-type activity long-term liabilities

\$ 25,547,742

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

	Governmental Activities	Business-Type Activities
Compensated absences	\$ 187,279	\$ 108,041
Current maturities of long-term debt	44,290	1,174,773
Long-term debt	167,228	24,264,928
Total \$	398,797	\$ 25,547,742

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 employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. 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.

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)**

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)
A. Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from our web site at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained 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 annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the Town is required to contribute the remaining amounts necessary to fund 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 2010 was 12.04% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2010, the Town's annual pension cost of \$279,835 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, 2010	\$ 279,835	100.00%	\$ -
June 30, 2009	280,586	100.00%	-
June 30, 2008	268,807	100.00%	-

The FY 2010 required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 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, 2007 was 20 years.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

NOTE 10—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the Town's plan was 74.38% funded. The actuarial accrued liability for benefits was \$8,699,948, and the actuarial value of assets was \$6,470,644, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,229,304. The covered payroll (annual payroll of active employees covered by the plan) was \$2,319,825, and ratio of the UAAL to the covered payroll was 96.10%.

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.

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)

A. Plan Description

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/2009/2009CAFR.pdf or by writing to the Virginia Department of Human Resource Management at 101 North 14th Street, 12th Floor, Richmond, VA 23219.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

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

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.

C. Annual OPEB Cost and Net OPEB Obligation

The Town is required to contribute 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)	\$ 47,000
Interest on OPEB Obligation	2,000
Adjustment to ARC	(2,000)
Annual OPEB cost	\$ 47,000
Estimated Contributions Made During FY10	(11,000)
Increase in Net OPEB Obligation	\$ 36,000
Net OPEB Obligation - beginning of year	37,000
Net OPEB Obligation - end of year	\$ 73,000

For fiscal year 2010, the Town's annual OPEB cost of \$47,000 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 2010 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>
6/30/2010	\$ 47,000	23.40%	\$ 73,000
6/30/2009	44,000	15.90%	37,000

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2010 (CONTINUED)

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

D. Funded Status and Funding Progress.

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	406,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	406,000
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Annual covered payroll	\$	2,352,000
UAAL as of percentage of covered payroll		17.30%

The schedule of funding progress is presented as Required Supplementary Information following the notes to the financial statements.

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.

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 on an increasing basis consistent with an expectation of general inflation over a 30-year amortization period.

Name of Plan: Health Insurance Credit Program
Identification of Plan: Agent and cost sharing, multiple-employer defined benefit OPEB plan
Administering Entity: Virginia Retirement System (VRS)

A. Plan Description

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.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2010 (CONTINUED)

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

A. Plan Description (continued)

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 2010 was 0.45% 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.

For 2010, the Town's contribution of \$10,472 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 2010 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2010	\$ 10,472	100.00%	\$ -
June 30, 2009	10,488	100.00%	-
June 30, 2008	11,413	100.00%	-

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

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

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	88,626
Actuarial value of plan assets	\$	20,922
Unfunded actuarial accrued liability (UAAL)	\$	67,704
Funded ratio (actuarial value of plan assets/ AAL)		23.61%
Covered payroll (active plan members)	\$	2,319,825
UAAL as a percentage of covered payroll		2.92%

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.

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 7.5% investment rate of return, compounded annually, including inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2009 was 27 years.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)

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.

NOTE 14—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2010 were made up of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 35,947	\$ -
Recreation Fund	-	35,947
Total	\$ 35,947	\$ 35,947

The purpose of this transfer was to close out the Recreation Fund to the General Fund. This amount represents the current financial resources (i.e., cash balance) remaining in the Recreation Fund on 7/1/2009 that was transferred to the General Fund. See Note 15 on page 58.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 (CONTINUED)**

NOTE 15—CLOSING OF RECREATION FUND:

Because the General Fund has traditionally had significant transfers of funding to support the Recreation Fund operations, the Town decided to close the Recreation Fund to the General Fund. The activities once reported in the Recreation Fund are now reported within the parks and recreation department of the General Fund. While a transfer of the remaining cash balance at 7/1/2009 of \$35,947 was made to the General Fund, because the General Fund and the Recreation Fund have different measurement focuses, capital assets and long-term debt were reconciling items as reported on Exhibit 6-Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities on page 28. The effect of the transfer between the governmental activities and business-type activities was as follows:

Balance at July 1, 2009	Governmental Activities	Business-type Activities
Cash	\$ 35,947	\$ (35,947)
Capital assets, net of depreciation	1,637,377	(1,637,377)
Long-term debt	(85,032)	85,032
Total Transfer	\$ 1,588,292	\$ (1,588,292)

NOTE 16—CONTINGENT LIABILITIES:

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,101,450	\$ 1,101,450	\$ 1,072,371	\$ (29,079)
Other local taxes	1,859,630	1,859,630	1,808,073	(51,557)
Permits, privilege fees, and regulatory licenses	377,500	377,500	368,409	(9,091)
Fines and forfeitures	42,000	42,000	40,930	(1,070)
Revenue from the use of money and property	42,400	42,400	23,683	(18,717)
Charges for services	204,300	204,300	208,649	4,349
Miscellaneous	33,000	33,000	15,724	(17,276)
Intergovernmental revenues:				
Commonwealth	865,403	879,250	922,673	43,423
Federal	6,250	59,379	19,163	(40,216)
Total revenues	<u>\$ 4,531,933</u>	<u>\$ 4,598,909</u>	<u>\$ 4,479,675</u>	<u>\$ (119,234)</u>
EXPENDITURES				
Current:				
General government administration	\$ 580,113	\$ 580,113	\$ 521,139	\$ 58,974
Public safety	1,816,575	1,819,704	1,432,595	387,109
Public works	1,454,195	1,454,195	1,375,118	79,077
Parks and recreation	244,300	244,300	190,834	53,466
Community development	236,175	236,175	210,846	25,329
Capital projects	67,575	131,422	218,784	(87,362)
Debt service:				
Principal retirement	120,000	120,000	116,812	3,188
Interest and other fiscal charges	13,000	13,000	11,668	1,332
Total expenditures	<u>\$ 4,531,933</u>	<u>\$ 4,598,909</u>	<u>\$ 4,077,796</u>	<u>\$ 521,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,879</u>	<u>\$ 401,879</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 35,947	\$ 35,947
Capital leases	-	-	25,715	25,715
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,662</u>	<u>\$ 61,662</u>
Net change in fund balances	\$ -	\$ -	\$ 463,541	\$ 463,541
Fund balances - beginning	-	-	1,469,087	1,469,087
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,932,628</u>	<u>\$ 1,932,628</u>

Schedule of Pension Funding Progress
As of June 30, 2010

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)
06/30/09 \$	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%
06/30/05	3,874,996	5,437,516	1,562,520	71.26%	1,573,766	99.29%

Schedule of OPEB Funding Progress
As of June 30, 2010

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)
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The Local Choice Health Benefits Program:

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%

VRS Health Insurance Credit Program:

06/30/09 \$	20,922 \$	88,626 \$	67,704	23.61% \$	2,319,825	2.92%
06/30/08	15,494	104,467	88,973	14.83%	2,246,238	3.96%
6/30/2007*	6,061	116,885	110,824	5.19%	2,045,013	5.42%

(R) = Roll-forward of valuation date results

Note: As the implementation year of GASB Statement No. 45 was fiscal year 2009, multi-trend data is not available.

*Prepared by prior actuary

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

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	\$ 780,000	\$ 780,000	\$ 741,995	\$ (38,005)
Real property tax - delinquent	30,000	30,000	55,283	25,283
Personal property tax - current	210,000	210,000	204,355	(5,645)
Personal property tax - delinquent	45,000	45,000	27,143	(17,857)
Machinery and tools tax - current	2,500	2,500	5,860	3,360
Machinery and tools tax - delinquent	300	300	391	91
Public service corporations - current	17,000	17,000	18,196	1,196
Public service corporations - delinquent	150	150	-	(150)
Penalties - all property taxes	12,000	12,000	12,449	449
Interest - all property taxes	4,500	4,500	6,699	2,199
Total general property taxes	<u>\$ 1,101,450</u>	<u>\$ 1,101,450</u>	<u>\$ 1,072,371</u>	<u>\$ (29,079)</u>
Other local taxes:				
County sales tax	\$ 210,000	\$ 210,000	\$ 180,406	\$ (29,594)
Consumer utility tax	90,000	90,000	84,408	(5,592)
Telecommunications tax	110,000	110,000	98,442	(11,558)
Franchise license tax	155,000	155,000	175,542	20,542
Cigarette tax	110,000	110,000	98,658	(11,342)
Transient occupancy taxes	130,000	130,000	143,360	13,360
Meals tax	915,000	915,000	887,187	(27,813)
Vehicle license tax	98,500	98,500	101,420	2,920
Public right-of-way fees	28,500	28,500	30,647	2,147
Penalties - all local taxes	12,000	12,000	7,988	(4,012)
Interest - all local taxes	630	630	15	(615)
Total other local taxes	<u>\$ 1,859,630</u>	<u>\$ 1,859,630</u>	<u>\$ 1,808,073</u>	<u>\$ (51,557)</u>
Permits, privilege fees, and regulatory licenses:				
Business, professional and occupational licenses	\$ 350,000	\$ 350,000	\$ 341,656	\$ (8,344)
Penalties - business, professional, & occupational licenses	2,500	2,500	1,103	(1,397)
Development fees	25,000	25,000	25,650	650
Total permits, privilege fees, and regulatory licenses	<u>\$ 377,500</u>	<u>\$ 377,500</u>	<u>\$ 368,409</u>	<u>\$ (9,091)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 40,000	\$ 40,000	\$ 38,739	\$ (1,261)
Parking fines	2,000	2,000	2,191	191
Total fines and forfeitures	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 40,930</u>	<u>\$ (1,070)</u>
Revenue from use of money and property:				
Interest on bank deposits	\$ 40,000	\$ 40,000	\$ 20,788	\$ (19,212)
Rental of recreational properties and facilities	2,400	2,400	2,895	495
Total revenue from use of money and property	<u>\$ 42,400</u>	<u>\$ 42,400</u>	<u>\$ 23,683</u>	<u>\$ (18,717)</u>
Charges for services:				
Refuse collection fees	\$ 155,000	\$ 155,000	\$ 165,537	\$ 10,537
Swimming pool fees	45,000	45,000	39,486	(5,514)
Swimming lessons	2,800	2,800	2,760	(40)
Concessions	1,500	1,500	866	(634)
Total charges for services	<u>\$ 204,300</u>	<u>\$ 204,300</u>	<u>\$ 208,649</u>	<u>\$ 4,349</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

<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	\$ 25,000	\$ 25,000	\$ 14,924	\$ (10,076)
Gifts and donations	8,000	8,000	800	(7,200)
Total miscellaneous revenue	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 15,724</u>	<u>\$ (17,276)</u>
Total revenue from local sources	<u>\$ 3,660,280</u>	<u>\$ 3,660,280</u>	<u>\$ 3,537,839</u>	<u>\$ (122,441)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 4,850	\$ 4,850	\$ -	\$ (4,850)
Rolling stock tax	4,000	4,000	4,278	278
Motor vehicle rental tax	800	800	459	(341)
Personal property tax reimbursement	106,753	106,753	106,753	-
Total noncategorical aid	<u>\$ 116,403</u>	<u>\$ 116,403</u>	<u>\$ 111,490</u>	<u>\$ (4,913)</u>
Categorical aid:				
Law enforcement assistance	\$ 109,000	\$ 109,000	\$ 103,702	\$ (5,298)
Distribution of fire program funds	12,000	12,000	14,889	2,889
Street and highway maintenance funds	628,000	628,000	606,267	(21,733)
Community facilities grant funds	-	13,847	13,847	-
VHDA MUMI planning grant	-	-	10,000	10,000
VDOT revenue sharing program funds	-	-	62,478	62,478
Total categorical aid	<u>\$ 749,000</u>	<u>\$ 762,847</u>	<u>\$ 811,183</u>	<u>\$ 48,336</u>
Total revenue from the Commonwealth	<u>\$ 865,403</u>	<u>\$ 879,250</u>	<u>\$ 922,673</u>	<u>\$ 43,423</u>
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest partnership grant program	\$ 850	\$ 850	\$ 1,761	\$ 911
Justice assistance grant program	2,400	5,529	3,129	(2,400)
State and community highway safety grant program	3,000	3,000	1,524	(1,476)
Transportation enhancement program	-	-	7,571	7,571
USDA cooperative forestry assistance grant program	-	50,000	5,178	(44,822)
Total categorical aid	<u>\$ 6,250</u>	<u>\$ 59,379</u>	<u>\$ 19,163</u>	<u>\$ (40,216)</u>
Total revenue from the federal government	<u>\$ 6,250</u>	<u>\$ 59,379</u>	<u>\$ 19,163</u>	<u>\$ (40,216)</u>
Total General Fund	<u>\$ 4,531,933</u>	<u>\$ 4,598,909</u>	<u>\$ 4,479,675</u>	<u>\$ (119,234)</u>

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	\$ 20,250	\$ 20,250	\$ -
FICA/medicare - employer contribution	1,550	1,550	1,549	1
Unemployment insurance	-	-	246	(246)
Printing	200	200	-	200
Advertising	1,200	1,200	908	292
Other contractual services	7,000	7,000	4,569	2,431
Postal services	200	200	-	200
Convention, training, & education	2,500	2,500	1,131	1,369
Materials and supplies	200	200	798	(598)
Office supplies & equipment	300	300	247	53
Food supplies & food services	2,800	2,800	2,837	(37)
Total town council	<u>\$ 36,200</u>	<u>\$ 36,200</u>	<u>\$ 32,535</u>	<u>\$ 3,665</u>
Town clerk:				
Salaries & wages - regular	\$ 1,400	\$ 1,400	\$ 2,175	\$ (775)
FICA/Medicare - employer contribution	113	113	159	(46)
Office supplies & equipment	200	200	154	46
Total town clerk	<u>\$ 1,713</u>	<u>\$ 1,713</u>	<u>\$ 2,488</u>	<u>\$ (775)</u>
Total legislative	<u>\$ 37,913</u>	<u>\$ 37,913</u>	<u>\$ 35,023</u>	<u>\$ 2,890</u>
Executive administration:				
Town manager				
Salaries & wages - regular	\$ 31,000	\$ 31,000	\$ 30,310	\$ 690
FICA/medicare - employer contribution	2,300	2,300	2,501	(201)
Virginia retirement system	5,500	5,500	5,301	199
ICMA - employer contribution	300	300	286	14
Hospital/medical plans	3,200	3,200	3,248	(48)
Group life insurance	300	300	219	81
Unemployment insurance	75	75	93	(18)
Workers' compensation	300	300	145	155
Employee bonus	300	300	300	-
Printing	200	200	23	177
Postal services	250	250	17	233
Telecommunications	1,700	1,700	1,046	654
Convention, training, & education	3,500	3,500	2,077	1,423
Association and membership dues	2,000	2,000	1,643	357
Books/subscriptions/educational materials	500	500	-	500
Materials and supplies	500	500	876	(376)
Office supplies and equipment	1,000	1,000	693	307
Food supplies and food services	1,000	1,000	1,372	(372)
Total town manager	<u>\$ 53,925</u>	<u>\$ 53,925</u>	<u>\$ 50,150</u>	<u>\$ 3,775</u>
Assistant town manager				
Salaries & wages - regular	\$ 18,000	\$ 18,000	\$ 17,716	\$ 284
FICA/medicare - employer contribution	1,300	1,300	1,357	(57)
Virginia retirement system	3,200	3,200	3,099	101
Hospital/medical plans	1,300	1,300	1,290	10
Group life insurance	170	170	128	42
Unemployment insurance	35	35	24	11

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	\$ 145	\$ 155
Employee bonus	125	125	125	-
Printing	500	500	-	500
Postal services	250	250	36	214
Mileage	200	200	116	84
Convention, training, & education	500	500	50	450
Association and membership dues	100	100	25	75
Books/subscriptions/educational materials	100	100	-	100
Office supplies and equipment	1,000	1,000	1,622	(622)
Total assistant town manager	\$ 27,080	\$ 27,080	\$ 25,733	\$ 1,347
Total executive administration	\$ 81,005	\$ 81,005	\$ 75,883	\$ 5,122
General administration:				
Town attorney:				
Salaries & wages - regular	\$ 19,750	\$ 19,750	\$ 19,696	\$ 54
FICA/medicare - employer contribution	1,525	1,525	1,507	18
Workers' compensation	40	40	44	(4)
Legal services	10,000	10,000	6,355	3,645
Convention, training, & education	150	150	-	150
Association and membership dues	500	500	375	125
Total town attorney	\$ 31,965	\$ 31,965	\$ 27,977	\$ 3,988
Risk manager:				
Salaries & wages - regular	\$ 11,500	\$ 11,500	\$ 11,330	\$ 170
FICA/medicare - employer contribution	850	850	849	1
Virginia retirement system	2,100	2,100	1,982	118
ICMA - employer contribution	105	105	101	4
Hospital/medical plans	1,900	1,900	1,839	61
Group life insurance	105	105	82	23
Unemployment insurance	35	35	24	11
Workers' compensation	350	350	145	205
Employee bonus	125	125	125	-
Printing	200	200	-	200
Postal services	300	300	55	245
Mileage	250	250	252	(2)
Convention, training, & education	1,500	1,500	964	536
Association and membership dues	250	250	160	90
Books/subscriptions/educational materials	250	250	(80)	330
Training - sponsored by locality	2,000	2,000	35	1,965
Office supplies and equipment	2,800	2,800	2,442	358
Food supplies and food service	600	600	611	(11)
Uniforms and wearing apparel	200	200	194	6
Total risk manager	\$ 25,420	\$ 25,420	\$ 21,110	\$ 4,310
Total general administration	\$ 57,385	\$ 57,385	\$ 49,087	\$ 8,298
Financial administration:				
Department of finance:				
Salaries & wages - regular	\$ 154,000	\$ 154,000	\$ 151,875	\$ 2,125
Salaries & wages - overtime	500	500	314	186
FICA/medicare - employer contribution	12,000	12,000	11,090	910
Virginia retirement system	27,500	27,500	26,600	900
ICMA - employer contribution	1,300	1,300	1,260	40

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)				
Hospital/medical plans	\$ 20,500	\$ 20,500	\$ 22,062	\$ (1,562)
Group life insurance	1,400	1,400	1,101	299
Unemployment insurance	225	225	234	(9)
Workers' compensation	900	900	660	240
Employee bonus	700	700	700	-
Accounting and auditing services	25,000	25,000	11,500	13,500
Repairs and maintenance	3,000	3,000	-	3,000
Service contracts	36,000	36,000	29,428	6,572
Printing	9,500	9,500	8,391	1,109
Advertising	700	700	988	(288)
Postal services	15,000	15,000	10,415	4,585
Telecommunications	5,500	5,500	3,783	1,717
Vehicle liability insurance	22,000	22,000	17,000	5,000
General liability insurance	26,000	26,000	28,000	(2,000)
Lease of equipment	15,000	15,000	10,341	4,659
Mileage	500	500	862	(362)
Convention, training & education	2,500	2,500	3,106	(606)
Association and membership dues	2,500	2,500	2,799	(299)
Books/subscriptions/educational materials	800	800	224	576
Materials and supplies	2,500	2,500	851	1,649
Office supplies and equipment	14,000	14,000	13,997	3
Food supplies and food service	250	250	1,064	(814)
Bank service charges	2,500	2,500	843	1,657
Total department of finance	\$ 402,275	\$ 402,275	\$ 359,488	\$ 42,787
Total financial administration	\$ 402,275	\$ 402,275	\$ 359,488	\$ 42,787
Board of elections:				
Electoral board and officials:				
Salaries & wages - regular	\$ 800	\$ 800	\$ 1,060	\$ (260)
Printing	260	260	152	108
Advertising	50	50	22	28
Postal services	25	25	16	9
Materials and supplies	400	400	408	(8)
Total electoral board and officials	\$ 1,535	\$ 1,535	\$ 1,658	\$ (123)
Total board of elections	\$ 1,535	\$ 1,535	\$ 1,658	\$ (123)
Total general government administration	\$ 580,113	\$ 580,113	\$ 521,139	\$ 58,974
Public safety:				
Police department:				
Salaries & wages - regular	\$ 845,000	\$ 845,000	\$ 770,032	\$ 74,968
Salaries & wages - overtime	55,000	55,000	45,413	9,587
Salaries & wages - holiday	60,000	60,000	49,447	10,553
FICA/medicare - employer contribution	70,000	70,000	67,737	2,263
Virginia retirement system	142,000	142,000	137,026	4,974
ICMA - employer contribution	6,200	6,200	5,950	250
Hospital/medical plans	130,000	130,000	118,680	11,320
Group life insurance	7,200	7,200	5,676	1,524
Unemployment insurance	1,250	1,250	957	293

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)				
Workers' compensation	\$ 20,000	\$ 20,000	\$ 15,600	\$ 4,400
Allowance - uniform cleaning	5,600	5,600	5,200	400
Employee bonus	3,650	3,650	3,650	-
Accrued annual & sick leave	-	-	51,125	(51,125)
Translation services	1,400	1,400	975	425
Repairs and maintenance	12,500	12,500	15,490	(2,990)
Service contracts	6,600	6,600	6,318	282
Printing	400	400	148	252
Advertising	150	150	25	125
Postal services	400	400	139	261
Telecommunications	11,700	11,700	11,400	300
Mileage	250	250	-	250
Convention, training & education	10,000	10,000	12,065	(2,065)
Association and membership dues	325	325	410	(85)
Books/subscriptions/educational materials	400	400	224	176
Materials and supplies	11,350	11,350	3,414	7,936
Office supplies and equipment	7,200	7,200	7,389	(189)
Police supplies and equipment	13,000	16,129	12,812	3,317
Vehicle and powered equipment fuels	33,000	33,000	21,054	11,946
Uniforms and wearing apparel	17,000	17,000	20,350	(3,350)
Total police department	\$ 1,471,575	\$ 1,474,704	\$ 1,388,706	\$ 85,998
Fire and emergency medical services:				
Distribution of state fire program funds	\$ 12,000	\$ 12,000	\$ 14,889	\$ (2,889)
Contribution to Woodstock fire department	99,000	99,000	29,000	70,000
Contribution to Woodstock rescue squad	234,000	234,000	-	234,000
Total fire and emergency medical services	\$ 345,000	\$ 345,000	\$ 43,889	\$ 301,111
Total public safety	\$ 1,816,575	\$ 1,819,704	\$ 1,432,595	\$ 387,109
Public works:				
General administration:				
Salaries & wages - regular	\$ 34,000	\$ 34,000	\$ 28,362	\$ 5,638
Salaries & wages - overtime	200	200	-	200
FICA/medicare - employer contribution	2,300	2,300	2,222	78
Virginia retirement system	6,500	6,500	5,774	726
ICMA - employer contribution	600	600	462	138
Hospital/medical plans	6,500	6,500	6,115	385
Group life insurance	300	300	239	61
Unemployment insurance	145	145	93	52
Workers' compensation	300	300	145	155
Employee bonus	450	450	450	-
Repairs and maintenance	500	500	140	360
Telecommunications	6,000	6,000	2,538	3,462
Mileage	200	200	-	200
Convention, training & education	1,000	1,000	607	393
Office supplies and equipment	1,500	1,500	1,772	(272)
Uniforms and wearing apparel	500	500	66	434
Total general administration	\$ 60,995	\$ 60,995	\$ 48,985	\$ 12,010
Street maintenance:				
Salaries & wages - regular	\$ 218,000	\$ 218,000	\$ 212,644	\$ 5,356

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)				
Salaries & wages - overtime	\$ 20,000	\$ 20,000	\$ 17,217	\$ 2,783
Salaries & wages - holiday	500	500	-	500
FICA/medicare - employer contribution	18,000	18,000	17,340	660
Virginia retirement system	43,500	43,500	44,436	(936)
ICMA - employer contribution	2,000	2,000	1,781	219
Hospital/medical plans	45,000	45,000	44,999	1
Group life insurance	2,600	2,600	1,840	760
Unemployment insurance	440	440	394	46
Workers' compensation	15,000	15,000	14,848	152
Employee bonus	1,600	1,600	1,600	-
Engineering & architectural services	3,500	3,500	2,200	1,300
Repairs and maintenance - streets, curbs, & sidewalks	80,000	80,000	36,731	43,269
Service contracts	325,000	325,000	327,565	(2,565)
Laundry and dry cleaning	5,300	5,300	5,182	118
Telecommunications	1,000	1,000	158	842
Lease of equipment	5,000	5,000	1,114	3,886
Mileage	150	150	-	150
Convention, training & education	1,000	1,000	48	952
Materials and supplies	50,000	50,000	53,545	(3,545)
Office supplies and equipment	500	500	528	(28)
Food supplies and food service	1,000	1,000	2,292	(1,292)
Uniforms and wearing apparel	800	800	571	229
Total street maintenance	\$ 839,890	\$ 839,890	\$ 787,033	\$ 52,857
Street lighting:				
Electrical services	\$ 62,500	\$ 62,500	\$ 47,598	\$ 14,902
Materials and supplies	1,000	1,000	-	1,000
Total street lighting	\$ 63,500	\$ 63,500	\$ 47,598	\$ 15,902
Street cleaning:				
Salaries & wages - regular	\$ 6,100	\$ 6,100	\$ 4,226	\$ 1,874
Salaries & wages - overtime	200	200	-	200
FICA/medicare - employer contribution	450	450	304	146
Workers' compensation	4,000	4,000	293	3,707
Materials and supplies	1,000	1,000	-	1,000
Total street cleaning	\$ 11,750	\$ 11,750	\$ 4,823	\$ 6,927
Snow and ice removal:				
Salaries & wages - regular	\$ 8,000	\$ 8,000	\$ 5,788	\$ 2,212
Salaries & wages - overtime	6,000	6,000	26,905	(20,905)
FICA/medicare - employer contribution	1,000	1,000	2,426	(1,426)
Service contracts	-	-	9,320	(9,320)
Materials and supplies	-	-	3,529	(3,529)
Food supplies and food service	3,000	3,000	3,165	(165)
Chemical supplies	8,000	8,000	27,895	(19,895)
Total snow and ice removal	\$ 26,000	\$ 26,000	\$ 79,028	\$ (53,028)
Refuse collection and disposal:				
Salaries & wages - regular	\$ 86,000	\$ 86,000	\$ 81,614	\$ 4,386
Salaries & wages - overtime	1,000	1,000	178	822
FICA/medicare - employer contribution	6,500	6,500	6,156	344
Virginia retirement system	16,000	16,000	15,073	927

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)				
ICMA - employer contribution	\$ 1,000	\$ 1,000	\$ 420	\$ 580
Hospital/medical plans	18,000	18,000	18,408	(408)
Group life insurance	1,000	1,000	624	376
Unemployment insurance	220	220	139	81
Workers' compensation	3,800	3,800	4,080	(280)
Employee bonus	600	600	600	-
Advertising	1,200	1,200	332	868
Laundry and dry cleaning	2,800	2,800	2,654	146
Other contractual services	63,000	63,000	52,708	10,292
Lease of equipment	2,000	2,000	-	2,000
Materials and supplies	2,500	2,500	2,288	212
Uniforms and wearing apparel	800	800	1,764	(964)
Total refuse collection and disposal	<u>\$ 206,420</u>	<u>\$ 206,420</u>	<u>\$ 187,038</u>	<u>\$ 19,382</u>
Maintenance of general buildings and grounds:				
Salaries & wages - regular	\$ 5,500	\$ 5,500	\$ 4,617	\$ 883
Salaries & wages - overtime	250	250	-	250
FICA/medicare - employer contribution	400	400	345	55
Workers' compensation	40	40	21	19
Repairs and maintenance	16,000	16,000	41,377	(25,377)
Service contracts	18,500	18,500	12,254	6,246
Electrical services	16,500	16,500	19,923	(3,423)
Heating services	25,500	25,500	15,130	10,370
Materials and supplies	16,000	16,000	11,180	4,820
Janitorial supplies	5,000	5,000	6,963	(1,963)
Total maintenance of general buildings and grounds	<u>\$ 103,690</u>	<u>\$ 103,690</u>	<u>\$ 111,810</u>	<u>\$ (8,120)</u>
Maintenance of vehicles, machinery, & equipment:				
Salaries & wages - regular	\$ 29,000	\$ 29,000	\$ 14,569	\$ 14,431
Salaries & wages - overtime	500	500	127	373
FICA/medicare - employer contribution	2,000	2,000	1,122	878
Unemployment insurance	-	-	19	(19)
Workers' compensation	450	450	420	30
Repairs and maintenance	45,000	45,000	49,199	(4,199)
Materials and supplies	20,000	20,000	17,472	2,528
Vehicle and powered equipment fuels	45,000	45,000	25,875	19,125
Total maintenance of machinery, vehicles, & equipment	<u>\$ 141,950</u>	<u>\$ 141,950</u>	<u>\$ 108,803</u>	<u>\$ 33,147</u>
Total public works	<u>\$ 1,454,195</u>	<u>\$ 1,454,195</u>	<u>\$ 1,375,118</u>	<u>\$ 79,077</u>
Parks and recreation:				
Maintenance - fields:				
Repairs and maintenance	2,500	2,500	2,150	350
Total maintenance - fields	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,150</u>	<u>\$ 350</u>
Parks:				
Salaries & wages - regular	\$ 60,000	\$ 60,000	\$ 49,837	\$ 10,163
Salaries & wages - overtime	13,000	13,000	8,288	4,712
FICA/medicare - employer contribution	6,000	6,000	4,363	1,637
Unemployment insurance	-	-	3	(3)
Workers' compensation	2,150	2,150	2,207	(57)
Repairs and maintenance	8,000	8,000	7,969	31

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Parks and recreation: (continued)				
Parks: (continued)				
Advertising	\$ 750	\$ 750	\$ 454	\$ 296
Other contractual services	7,500	7,500	1,461	6,039
General liability insurance	2,000	2,000	-	2,000
Materials and supplies	8,000	8,000	10,079	(2,079)
Vehicle and powered equipment fuels	2,000	2,000	687	1,313
Uniforms and wearing apparel	500	500	80	420
Janitorial supplies	8,500	8,500	4,676	3,824
Total parks	\$ 118,400	\$ 118,400	\$ 90,104	\$ 28,296
Park Commission:				
Salaries & wages - regular	\$ 900	\$ 900	\$ 725	\$ 175
FICA/medicare - employer contribution	100	100	55	45
Total park commission	\$ 1,000	\$ 1,000	\$ 780	\$ 220
Swimming pool:				
Salaries & wages - regular	\$ 58,000	\$ 58,000	\$ 59,029	\$ (1,029)
Salaries & wages - overtime	16,500	16,500	5,932	10,568
FICA/medicare - employer contribution	8,000	8,000	4,963	3,037
Unemployment insurance	-	-	82	(82)
Repairs and maintenance	10,000	10,000	899	9,101
Other contractual services	250	250	674	(424)
Electrical services	7,500	7,500	5,608	1,892
Telecommunications	750	750	81	669
General liability insurance	2,000	2,000	-	2,000
Materials and supplies	6,500	6,500	9,396	(2,896)
Chemical supplies	10,500	10,500	10,028	472
Uniforms and wearing apparel	400	400	167	233
Janitorial supplies	2,000	2,000	941	1,059
Total swimming pool	\$ 122,400	\$ 122,400	\$ 97,800	\$ 24,600
Total parks and recreation	\$ 244,300	\$ 244,300	\$ 190,834	\$ 53,466
Planning and Community Development:				
Planning and zoning:				
Salaries & wages - regular	\$ 75,000	\$ 75,000	\$ 61,133	\$ 13,867
FICA/medicare - employer contribution	5,700	5,700	4,625	1,075
Virginia retirement system	10,500	10,500	10,160	340
ICMA - employer contribution	300	300	210	90
Hospital/medical plans	6,000	6,000	6,258	(258)
Group life insurance	600	600	421	179
Unemployment insurance	75	75	169	(94)
Employee bonus	250	250	250	-
Engineering & architectural services	13,000	13,000	17,302	(4,302)
Printing	600	600	128	472
Postal services	800	800	187	613

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Planning and Community Development: (continued)				
Planning and zoning: (continued)				
Mileage	\$ 800	\$ 800	\$ 48	\$ 752
Convention, training, and education	2,700	2,700	718	1,982
Materials and supplies	1,500	1,500	25	1,475
Office supplies and equipment	500	500	38	462
Food supplies and food service	200	200	70	130
Distribution of state grant funds	-	-	10,000	(10,000)
Total planning and zoning	<u>\$ 118,525</u>	<u>\$ 118,525</u>	<u>\$ 111,742</u>	<u>\$ 6,783</u>
Planning commission:				
Salaries & wages - regular	\$ 12,600	\$ 12,600	\$ 12,600	\$ -
FICA/medicare - employer contribution	975	975	964	11
Engineering & architectural services	500	500	-	500
Advertising	1,400	1,400	1,387	13
Mileage	125	125	-	125
Convention, training, and education	125	125	-	125
Materials and supplies	150	150	-	150
Office supplies and equipment	150	150	85	65
Total planning commission	<u>\$ 16,025</u>	<u>\$ 16,025</u>	<u>\$ 15,036</u>	<u>\$ 989</u>
Board of zoning appeals:				
Salaries & wages - regular	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
FICA/medicare - employer contribution	100	100	92	8
Advertising	450	450	203	247
Total board of zoning appeals	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ 1,495</u>	<u>\$ 255</u>
Community and economic development:				
Salaries & wages - regular	\$ 31,250	\$ 31,250	\$ 31,232	\$ 18
FICA/medicare - employer contribution	2,450	2,450	2,374	76
Service contracts	-	-	1	(1)
Printing	23,000	23,000	18,518	4,482
Advertising	1,800	1,800	-	1,800
Postal services	3,000	3,000	5,830	(2,830)
Mileage	500	500	125	375
Convention, training, & education	700	700	277	423
Association & membership dues	2,000	2,000	1,398	602
Materials and supplies	27,000	27,000	19,364	7,636
Office supplies and equipment	1,000	1,000	1,636	(636)
Food supplies and food service	900	900	763	137
Total community and economic development	<u>\$ 93,600</u>	<u>\$ 93,600</u>	<u>\$ 81,518</u>	<u>\$ 12,082</u>
Woodstock enhancement committee:				
Salaries & wages - regular	\$ -	\$ -	\$ (140)	\$ 140
Total woodstock enhancement committee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (140)</u>	<u>\$ 140</u>

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Planning and Community Development: (continued)				
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	<u>\$ 3,575</u>	<u>\$ 3,575</u>	<u>\$ -</u>	<u>\$ 3,575</u>
Tree Board				
Consulting services	\$ 2,000	\$ 2,000	\$ 80	\$ 1,920
Mileage	100	100	-	100
Convention, training, and education	600	600	1,115	(515)
Total economic development authority	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 1,195</u>	<u>\$ 1,505</u>
Total planning and community development	<u>\$ 236,175</u>	<u>\$ 236,175</u>	<u>\$ 210,846</u>	<u>\$ 25,329</u>
Non-departmental:				
Capital Outlay:				
Motor vehicles and equipment	\$ -	\$ 13,847	\$ 39,743	\$ (25,896)
Capital leases	13,575	13,575	-	13,575
Swimming pool project	24,000	24,000	19,725	4,275
Tennis court project	30,000	30,000	28,400	1,600
Indian springs wetlands park project	-	50,000	5,178	44,822
Streetscape project	-	-	125,738	(125,738)
Total capital outlay	<u>\$ 67,575</u>	<u>\$ 131,422</u>	<u>\$ 218,784</u>	<u>\$ (87,362)</u>
Debt service:				
Principal payments	\$ 120,000	\$ 120,000	\$ 116,812	\$ 3,188
Interest payments	13,000	13,000	11,668	1,332
Total debt service	<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 128,480</u>	<u>\$ 4,520</u>
Total non-departmental	<u>\$ 200,575</u>	<u>\$ 264,422</u>	<u>\$ 347,264</u>	<u>\$ (82,842)</u>
Total General Fund	<u>\$ 4,531,933</u>	<u>\$ 4,598,909</u>	<u>\$ 4,077,796</u>	<u>\$ 521,113</u>

Computation of Legal Debt Margin
At June 30, 2010

Total Assessed Value of Real Estate	\$ <u>524,933,000</u>
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Legal Debt Margin:	\$ 52,493,300
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Less: Gross Indebtedness	\$ <u>(179,166)</u>
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Legal Margin for Creation of Additional Debt	\$ <u>52,314,134</u>
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Excludes enterprise fund indebtedness and capital lease obligations.

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 Seven Fiscal Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			
Invested in capital assts, 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 assts, 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 assts, 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
\$ 9,355,940	\$ 9,448,747	\$ 10,512,039	\$ 11,988,383
113,081	113,081	-	-
817,974	1,032,218	1,379,844	1,839,493
<u>\$ 10,286,995</u>	<u>\$ 10,594,046</u>	<u>\$ 11,891,883</u>	<u>\$ 13,827,876</u>
\$ 3,735,882	\$ 6,228,020	\$ 15,252,251	\$ 15,531,479
35,785	40,160	-	-
2,458,385	1,651,143	551,162	1,222,630
<u>\$ 6,230,052</u>	<u>\$ 7,919,323</u>	<u>\$ 15,803,413</u>	<u>\$ 16,754,109</u>
\$ 13,091,822	\$ 15,676,767	\$ 25,764,290	\$ 27,519,862
148,866	153,241	-	-
3,276,359	2,683,361	1,931,006	3,062,123
<u>\$ 16,517,047</u>	<u>\$ 18,513,369</u>	<u>\$ 27,695,296</u>	<u>\$ 30,581,985</u>

Town of Woodstock, Virginia

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

	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
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

Town of Woodstock, Virginia

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

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

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	(184,070)	(165,938)
Total governmental activities	\$ 2,416,861	\$ 2,513,774
Business-type activities:		
Unrestricted revenues from use of money and property	\$ -	\$ 14,098
Miscellaneous	9,698	9,410
Transfers	184,070	165,938
Total business-type activities	\$ 193,768	\$ 189,446

Change in Net Assets

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

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	
\$ 1,082,967	\$ 1,302,641	\$ 662,189	\$ 523,267	\$ 537,743	
40,754	-	-	-	-	
975,065	1,115,735	1,515,604	1,545,926	1,463,009	
1,509,217	1,332,496	1,473,509	1,567,715	1,611,231	
-	-	-	-	229,804	
47,127	98,665	207,147	238,157	283,696	
38,327	29,928	20,567	13,835	11,668	
<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>	
\$ 2,125,385	\$ 2,483,608	\$ 2,694,088	\$ 2,905,148	\$ 3,025,061	
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>\$ 6,025,661</u>	<u>\$ 6,572,306</u>	<u>\$ 6,826,764</u>	<u>\$ 7,037,534</u>	<u>\$ 7,162,212</u>	
\$ 271,006	\$ 122,235	\$ 42,750	\$ 28,457	\$ 25,650	
59,301	-	-	-	-	
-	-	40,414	48,639	40,930	
-	-	86,617	163,163	165,537	
-	-	-	-	43,113	
-	-	-	-	-	
155,842	185,228	136,678	136,650	135,004	
-	-	-	-	13,847	
543,557	3,031,455	538,481	610,254	606,267	
-	-	-	-	5,178	
-	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>	
\$ 1,689,056	\$ 1,945,444	\$ 2,429,330	\$ 2,683,843	\$ 2,815,129	
37,969	38,398	44,619	38,919	-	
-	-	-	-	-	
924,106	1,299,239	1,854,371	8,046,109	2,726,391	
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>\$ 3,930,837</u>	<u>\$ 6,650,898</u>	<u>\$ 5,231,749</u>	<u>\$ 12,759,636</u>	<u>\$ 6,647,095</u>	

Table 2

Fiscal Year				
2006	2007	2008	2009	2010
\$ (2,663,751)	\$ (511,648)	\$ (2,975,587)	\$ (1,898,135)	\$ (3,031,576)
568,927	590,240	1,380,572	7,620,237	2,516,459
<u>\$ (2,094,824)</u>	<u>\$ 78,592</u>	<u>\$ (1,595,015)</u>	<u>\$ 5,722,102</u>	<u>\$ (515,117)</u>
\$ 845,319	\$ 1,065,356	\$ 1,082,654	\$ 1,091,836	\$ 1,081,463
95,349	109,652	95,500	96,943	97,503
200,523	190,179	203,660	205,454	180,407
150,020	112,238	84,238	82,881	84,408
-	46,266	107,894	98,032	98,442
-	143,085	156,003	148,090	175,542
894,632	912,956	908,132	855,044	887,187
81,509	80,770	130,343	129,090	143,360
358,754	393,367	364,902	349,238	342,759
304,922	123,228	145,135	139,892	137,308
106,304	72,635	45,753	27,240	23,683
35,255	72,584	42,632	60,940	15,724
111,548	114,805	115,792	111,292	111,491
(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>
\$ 95,084	\$ 146,764	\$ 106,998	\$ 48,588	\$ 22,529
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>
\$ 338,724	\$ 2,290,411	\$ 307,051	\$ 1,297,837	\$ 1,935,993
848,456	1,372,566	1,689,271	7,884,090	950,696
<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>

Town of Woodstock, Virginia

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

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 33,751	\$ 33,751	\$ 44,659	\$ 211,424
Unreserved	<u>596,892</u>	<u>811,275</u>	<u>921,799</u>	<u>1,083,661</u>
Total general fund	<u>\$ 630,643</u>	<u>\$ 845,026</u>	<u>\$ 966,458</u>	<u>\$ 1,295,085</u>
 Total governmental funds	 <u>\$ 630,643</u>	 <u>\$ 845,026</u>	 <u>\$ 966,458</u>	 <u>\$ 1,295,085</u>

Table 3

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 214,084	\$ 221,062	\$ 113,081	\$ 113,081	\$ 115,481	\$ -
<u>1,087,486</u>	<u>1,373,871</u>	<u>874,871</u>	<u>1,083,603</u>	<u>1,353,606</u>	<u>1,932,628</u>
\$ <u>1,301,570</u>	\$ <u>1,594,933</u>	\$ <u>987,952</u>	\$ <u>1,196,684</u>	\$ <u>1,469,087</u>	\$ <u>1,932,628</u>
\$ <u>1,301,570</u>	\$ <u>1,594,933</u>	\$ <u>987,952</u>	\$ <u>1,196,684</u>	\$ <u>1,469,087</u>	\$ <u>1,932,628</u>

Town of Woodstock, Virginia

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

	Fiscal Year		
	2001	2002	2003
Revenues			
General property taxes	\$ 659,503	\$ 757,400	\$ 788,306
Other local taxes	879,244	1,037,818	1,166,355
Permits, privilege fees and regulatory licenses	372,468	383,869	412,964
Fines and forfeitures	18,490	28,921	39,996
Revenue from the use of money and property	26,917	55,461	23,438
Charges for service	-	-	-
Miscellaneous	57,948	116,553	95,419
Intergovernmental:			
Commonwealth	490,856	515,335	550,666
Federal	-	3,504	7,376
Total revenues	<u>\$ 2,505,426</u>	<u>\$ 2,898,861</u>	<u>\$ 3,084,520</u>
Expenditures			
General government administration	\$ 636,039	\$ 640,656	\$ 756,135
Judicial administration	-	-	-
Public safety	611,293	647,977	687,324
Public works	795,345	674,019	717,416
Parks and recreation	-	-	-
Community development	32,390	39,811	80,264
Capital projects	339,386	378,551	304,871
Debt service:			
Principal	137,116	135,756	166,184
Interest and other fiscal charges	70,907	59,472	50,837
Total expenditures	<u>\$ 2,622,476</u>	<u>\$ 2,576,242</u>	<u>\$ 2,763,031</u>
Excess of revenues over (under) expenditures	<u>\$ (117,050)</u>	<u>\$ 322,619</u>	<u>\$ 321,489</u>
Other financing sources (uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(81,983)	(108,236)	(200,057)
Proceeds from indebtedness	-	-	-
Total other financing sources (uses)	<u>\$ (81,983)</u>	<u>\$ (108,236)</u>	<u>\$ (200,057)</u>
Net change in fund balances	<u>\$ (199,033)</u>	<u>\$ 214,383</u>	<u>\$ 121,432</u>
Debt service as a percentage of noncapital expenditures	9.11%	8.88%	8.83%

Table 4

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
\$ 826,718	\$ 756,038	\$ 855,842	\$ 1,015,859	\$ 1,057,663	\$ 1,101,680	\$ 1,072,371
1,259,856	1,390,286	1,631,606	1,686,953	1,828,063	1,752,017	1,808,073
438,430	469,627	725,109	451,296	407,652	377,695	368,409
40,901	35,645	59,301	64,306	40,414	48,639	40,930
21,728	16,011	106,304	72,635	45,753	27,240	23,683
-	-	-	-	86,617	163,163	208,649
27,920	49,150	35,255	72,584	42,632	60,940	15,724
560,974	707,620	753,572	789,156	783,395	848,994	922,673
2,871	-	57,375	47,900	66,045	1,012,804	19,163
<u>\$ 3,179,398</u>	<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>
\$ 750,746	\$ 958,146	\$ 1,064,493	\$ 1,290,391	\$ 655,720	\$ 501,546	\$ 521,139
-	33,685	40,754	-	-	-	-
731,392	780,857	849,818	1,108,099	1,497,079	1,505,471	1,432,595
884,600	1,047,067	1,293,284	1,099,361	1,231,418	1,318,209	1,375,118
2,502	-	-	-	-	-	190,834
84,631	45,764	45,224	98,665	207,147	195,244	210,846
119,400	447,042	302,189	156,560	188,931	1,273,538	218,784
164,636	206,580	197,637	223,301	222,521	112,926	116,812
45,278	43,454	38,327	29,928	20,567	13,835	11,668
<u>\$ 2,783,185</u>	<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>\$ 396,213</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,947
(184,070)	(165,938)	(181,660)	(635,062)	(200,000)	(200,000)	-
-	277,405	-	-	73,881	-	25,715
<u>\$ (184,070)</u>	<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>\$ 212,143</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>
7.72%	7.88%	6.66%	6.58%	6.34%	3.48%	3.33%

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	Gross Receipts Tax	Bank Franchise Tax
2010	\$ 1,072,371	\$ 180,406	\$ 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
2001	659,503	121,620	96,747	-	32,092	78,453

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
\$ 98,658	\$ 887,187	\$ 143,360	\$ 30,647	\$ 101,420	\$ 341,656
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
-	582,424	-	-	75,583	254,975

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	
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	
2001	232,924,000	24,662,000	-	697,000	10,092,000	169,339	

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

Table 6

Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	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%
	268,544,339	0.26	268,544,339	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
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
2001	0.19	0.90	-	0.90	0.64	2.86
2000	0.19	0.90	-	0.90	0.61	2.86

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2010	
		2009 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 7,764,100	1.48%
Wal-mart	Retail Store	7,199,700	1.37%
Spectrum 1 Woodstock LLC	Shopping Center	5,755,800	1.10%
Toothman Investments LLC	Housing Development	5,274,900	1.00%
S&B Resources LLC	Housing Development	5,119,600	0.98%
HCP Virginia, Inc.	Shopping Center	4,879,800	0.93%
Alliance Bank	Housing Development	4,643,100	0.88%
Interstate Investment Property LLC	Commercial Development	4,488,300	0.86%
Walter Enterprises	Shopping Center	4,311,000	0.82%
Shree Ganesh Hospitality	Hotel	4,292,600	0.82%
		<u>\$ 53,728,900</u>	<u>10.24%</u>

Taxpayer	Type Business	Fiscal Year 2001	
		2000 Assessed Valuation	% of Total Assessed Valuation
Wal-mart	Shopping Center	\$ 4,845,700	2.14%
Shenandoah Square - Woodstock LLC	Shopping Center	4,011,600	1.78%
Woodstock Associates	Multi-Family Housing	3,662,700	1.62%
Gal-Tex Woodstock Inc.	Hotel	3,000,000	1.33%
Walter Enterprises	Shopping Center	2,917,800	1.29%
Shenandoah Associates	Multi-Family Housing	2,305,400	1.02%
Lora Mountain Limited Partnership	Housing Development	2,081,800	0.92%
Harrisonburg Hotel LLC	Hotel	2,042,600	0.90%
Woodstock Associates LLC	Shopping Center	1,408,500	0.62%
Woodstock Village Limited	Multi-Family Housing	1,371,200	0.61%
		<u>\$ 27,647,300</u>	<u>12.24%</u>

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

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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
2010	\$ 1,176,238	\$ 1,122,088	95.40%	\$ -	\$ 1,122,088	95.40%
2009	1,194,169	1,139,443	95.42%	35,411	1,174,854	98.38%
2008	1,162,182	1,121,584	96.51%	38,911	1,160,495	99.85%

Source: Department of Finance

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

Information is not available prior to fiscal year 2008; 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
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	-
2001	1,355,262	-	9,922	5,780,397	-

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

<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 25,576,401	18.40%	\$ 5,955
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
7,145,581	7.43%	1,768

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2010	\$ 25,540,178	\$ -	\$ 25,540,178	4.44%	\$ 5,946
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
2001	7,135,659	-	7,135,659	2.66%	1,765

(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		
	2001	2002	2003
Assessed Valuations			
Assessed value of taxed real property	\$ <u>232,924,000</u>	\$ <u>272,395,000</u>	\$ <u>279,884,000</u>
Legal debt margin			
Debt limit - 10 percent of total assessed value	\$ <u>23,292,400</u>	\$ <u>27,239,500</u>	\$ <u>27,988,400</u>
Debt applicable to limitation:			
Total bonded debt	\$ 7,135,659	\$ 6,918,457	\$ 6,628,366
Less: Business-type activities bonds	\$ <u>(5,780,397)</u>	\$ <u>(5,865,548)</u>	\$ <u>(5,697,307)</u>
Total amount of debt applicable to debt limitation	\$ <u>1,355,262</u>	\$ <u>1,052,909</u>	\$ <u>931,059</u>
Legal debt margin	\$ <u>21,937,138</u>	\$ <u>26,186,591</u>	\$ <u>27,057,341</u>
Total net debt applicable to the limit as a percentage of debt limit	5.82%	3.87%	3.33%

Table 12

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
\$ <u>293,299,000</u>	\$ <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>29,329,900</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>
\$ 6,248,812	\$ 5,972,621	\$ 9,896,065	\$ 9,397,582	\$ 12,080,344	\$ 22,832,508	\$ 25,540,178
\$ <u>(5,446,659)</u>	\$ <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>802,153</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>28,527,747</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>
2.73%	2.23%	1.37%	0.79%	0.43%	0.34%	0.34%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2010	4,295	\$ 139,029,150	\$ 32,370	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%
2001	4,042	96,219,810	23,805	2.00%

(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 2010		Fiscal Year 2001	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	500 to 999	1
County of Shenandoah	250 to 499	2	100 to 249	5
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	7
Massanutten Military Academy	50 to 99	8	50 to 99	6
Town of Woodstock	50 to 99	9	50 to 99	10
Shenandoah County Department of Social Services	50 to 99	10	-	-
VF Jeanswear	-	-	100 to 249	4
Shaffer's Barbecue Service	-	-	50 to 99	9
Garman, Inc.	-	-	50 to 99	8

Source: Virginia Employment Commission

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

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

Source: Department of Finance

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

Town of Woodstock, Virginia

Operating Indicators by Function Last Ten Fiscal Years

Function	2001	2002	2003	2004
Public safety				
Police department				
Number of miles patrolled	105,729	112,032	109,446	111,920
Number of complaints investigated	2,935	3,064	3,107	3,165
Number of vehicle accidents investigated	176	183	250	224
Number of parking tickets issued	305	165	68	92
Number of traffic summons (adult)	327	511	535	968
Number of traffic summons (juvenile)	31	41	22	35
Number of criminal arrests (adult)	312	433	343	269
Number of criminal arrests (juvenile)	16	113	65	70
Public works				
Streets				
Streets resurfaced (miles per year)	*	*	*	*
Refuse				
Refuse collected (tons per year)	*	*	*	*
Community development				
Planning and zoning				
Zoning permits issued	*	*	*	*
Water				
Number of water main break repairs	*	*	*	*
Average daily finished water production (mgd)	*	*	*	*
Sewer				
Number of sewer line repairs	*	*	*	*
Average daily effluent wastewater treatment (mgd)	*	*	*	*

* 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					
2005	2006	2007	2008	2009	2010
110,112	119,576	119,664	122,729	113,767	98,218
3,335	3,344	3,939	3,531	3,882	3,464
200	204	195	170	172	141
155	159	147	214	196	154
668	1,026	1,241	783	749	878
45	63	64	23	48	35
252	271	279	273	296	260
63	195	281	149	133	96
4	3	3	2	1	3
1,380	1,390	1,478	1,614	1,596	1,454
*	179	167	141	112	89
6	8	5	15	11	5
0.6800	0.6440	0.6410	0.7240	0.6687	0.5841
4	1	50	20	21	1
0.6516	0.5092	0.4771	0.5005	0.4481	0.4380

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

Function/Program	Fiscal Years				
	2006	2007	2008	2009	2010
Public safety					
Police department					
Stations	1	1	1	1	1
Law enforcement vehicles	12	12	12	12	12
Public works					
Streets department					
Number of streets	*	*	49	49	49
Number of street lights	*	*	401	401	432
Parks and recreation					
Number of parks	3	3	3	3	3
Number of swimming pools	1	1	1	1	1
Number of picnic shelters	4	4	4	4	4
Number of tennis courts	6	6	6	6	6
Water					
Miles of water distribution lines	*	*	50	50	51
Number of fire hydrants	*	*	279	280	310
Storage capacity (mg)	*	*	2.60	2.60	2.60
Sewer					
Miles of sanitary sewer lines	*	*	31	32	33
Number of sewer lift/pumping stations	*	*	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, 2010, which collectively comprise the Town of Woodstock, Virginia's basic financial statements and have issued our report thereon dated November 16, 2010. 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*.

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 16, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2010. 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, 2010.

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 16, 2010

Town of Woodstock, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<u>Federal Granting Agency/Pass-through Agency/Program</u>	<u>Federal Catalog Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Justice:</u>		
Direct payments:		
Bulletproof Vest Partnership Program	16.607	\$ 1,761
Pass Through Payments:		
State Department of Criminal Justice Services:		
Edward Byrne Memorial Justice Assistance Grant - Recovery Act	16.803	3,129
		<u>\$ 4,890</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	\$ 3,056,453
Leaking Underground Storage Tank Trust Fund		
Corrective Action Program - Recovery Act	66.805	40,992
		<u>\$ 3,097,445</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	\$ 1,524
		<u>\$ 1,524</u>
<u>United States Department of Transportation, Federal Highway Administration:</u>		
Pass Through Payments:		
State Department of Transportation:		
Highway Planning and Construction	20.205	\$ 7,571
		<u>\$ 7,571</u>
<u>United States Department of Agriculture, Forest Service:</u>		
Pass Through Payments:		
State Department of Forestry:		
Cooperative Forestry Assistance - Recovery Act	10.664	\$ 5,178
		<u>\$ 5,178</u>
Total Federal Assistance		<u><u>\$ 3,116,608</u></u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010. The Town's reporting entity is defined in note 1(A) of the Town's financial statements.

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

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 modified accrual basis of accounting as defined in note 1(C) of the Town's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

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, 2010

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

unqualified

Internal control over financial reporting:

- Material weaknesses identified?

 yes x no

- Significant deficiencies identified?

 yes x none reported

Non compliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?

 yes x no

- Significant deficiencies 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

66.458 Capitalization Grants for Clean Water State Revolving Funds

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.

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