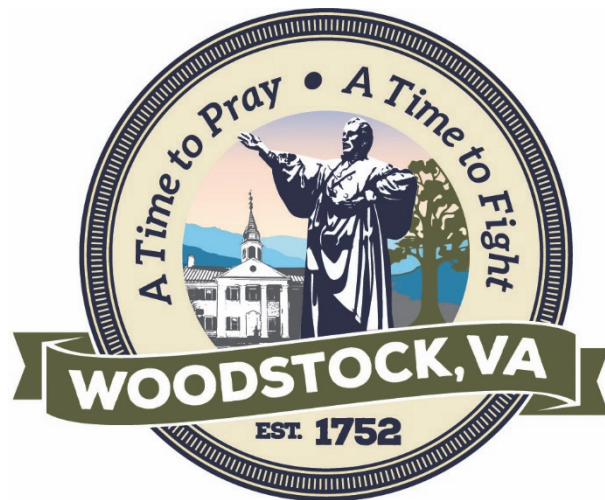


TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by:

Amy R. Dill, Director of Finance

**TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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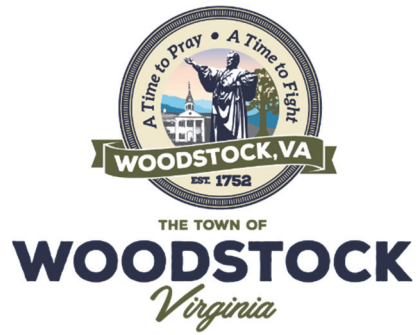
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INTRODUCTORY SECTION



December 2, 2020

To the Honorable Mayor, Members of the Town Council, and 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, 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

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

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

Profile of the Town

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

Budgetary Compliance and Control

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

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

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

Economic Conditions and Outlook

While the Town concluded fiscal year 2020 in stable financial condition, it continues to be faced with concerns about future economic growth, especially related to commercial and residential development. The novel coronavirus (Sars-Co V-2 or COVID-19) and ensuing precautions have impacted the way of life for our citizenry, visitors to our community, our businesses, and our fiscal year 2021 budget. Town management has continued its efforts to closely monitor its revenue collections and reduce spending as necessary. Cost reduction measures employed over the last several fiscal years have allowed the Town to once again conclude the fiscal year under budget without jeopardizing the quality level of services provided to Town citizenry.

Unemployment for Shenandoah County, the County in which the Town lies, had increased from 2.6 percent for the fiscal year ended June 30, 2019 to 6.9 percent for the fiscal year ended June 30, 2020. Given current economic forecasts, we anticipate sustained level or possible upward trends in unemployment rates in the current and next fiscal year due to the continued impact of the COVID-19 pandemic. The Town anticipates future budgetary challenges, particularly related to federal and state funding to local governments. The Town continues to develop strategies to cope with potential state budget reductions intended to shift more costs to local governments (e.g., unfunded mandates). These fiscal concerns have been prudently reflected through the Town's budgetary conservatism. Operating department costs have been restructured to achieve efficiencies and cost savings without significantly impacting the quality level of services that the Town provides to its citizens.

Pre COVID-19 the economic outlook for the Town was reasonably strong as signs of positive economic vitality continued to emerge. The most vulnerable revenues facing challenges related to the pandemic include the hospitality, tourism, food/beverage, and retail sectors to include sales tax, meals and lodging taxes, and the consumption of water by large users. This was considered when formulating revenue projections in the upcoming fiscal year. Fortunately, the Town has continued to build its General Fund balance as an additional hedge against future economic downturns. The unassigned fund balance now represents 48 percent of the budgeted

general fund expenditures for FY 2020. Sustaining this prudent level of unassigned fund balance will allow the Town to maintain its comparably low property tax rates without reducing the high quality of programs and services it offers its citizens. Although this will be impacted to a small degree from the important use for necessary capital projects, the Town continues to monitor the fund with the continued implementation of its Capital Improvement Plan.

Major Initiatives in Fiscal Year 2020

Through these relatively slow and uncertain economic times, the Town continued to improve its capacity to provide quality services to its citizens through various initiatives that help enhance human resources, community engagement, awareness, and overall beautification. The following paragraphs highlight some of the major initiatives that the Town initiated during fiscal year 2020.

Continued Investment in Human Resources – A Competitive Municipal Employer

The FY 2020 Budget included a 3 percent pay increase in July 2019 for all General Fund employees. This increase is based on the Consumer Price Index for cost of living pay increases, which rose by 3 percent. In addition, we saw a 0 percent increase in health insurance premiums. The Town has averaged a 5 percent increase in health insurance premiums in the last four years. There were several decreases in the past few years, and an 11 percent increase in premiums from Fiscal Year 2017 to Fiscal Year 2018. We were disappointed by the increase, however, were planning for it and continue to be a competitive employer in terms of total compensation (health insurance benefits, educational pay, and wages). We see the inclusion of a strong total compensation package among the highest recruitment and retention efforts.

Fiscal year 2019 saw an increase of four FTEs – two Police Officer positions to maintain basic levels of service delivery, one ASE certified Fleet Services Specialist position within fleet maintenance, and a movement of our Director of Marketing & Events position from part-time to full-time. Therefore, fiscal year 2020 did not include the addition of any positions to the Town's roster.

Three years ago, a focus group of staff convened to study performance metrics as well as degree, licensure, and certification pay. Our previous Personnel Handbook provided a stipend for higher education, as well as water and wastewater operator licensure. We recognize that there are degrees, licensure, and certifications for every department and position therein and that employees showing significant initiative shall be rewarded with commensurate pay. Therefore, small salary modifications for degrees, licensure, and certifications continued to be planned for and made within the Fiscal Year 2020 budget. The future cost to the fund will be based on the budget justification within individual department requests and will be accounted for within the employee salary sections. This budgetary action supports our commitment and goal to be the most competitive employer in our region, and allows us to rise to challenge of potentially losing employees as the unemployment trajectory continues to decline since the recession period.

Employees classified within the Public Utilities Fund were provided the same 3 percent increase in pay as exhibited for employees in the General Fund. In addition, we continued the Degrees, Licensure, & Certification Schedule for employees in the Public Utilities Fund. Small salary modifications for degrees, licensure, and certifications continued to be planned for and made within the Fiscal Year 2020 budget. The amount is much less for the Public Utilities Fund due to the fact that operators have been immediately compensated for licensure upon successful completion of their licensure exams in the past.

We will continue to be challenged by the knowledge gap experienced within workforces across the Nation, as we will see experienced, licensed operators in the public utilities field begin to retire. In the upcoming fiscal years we will expect several new operators to progress through their operator licensure in order to attain a Class I Operator's License. In addition, we are partnering with the Massanutten Regional Governor's School to host students for mentorships in the water and wastewater fields. We are attempting to strike interest in the professionalized career field of water and wastewater. In conclusion, there were no changes to the personnel complement in Fiscal Year 2020.

Investment in Technical Competence & Professionalism – Setting the Standard for Local Government Performance

Exceeding the standards as a small locality include our commitment to retaining Virginia Law Enforcement Professional Standards Commission (VALEPSC) Accreditation of our Police Department and the attainment of American Public Works Association (APWA) Accreditation of our Public Works Department. The end of Fiscal Year 2018 saw the award of our law enforcement accreditation, which represented a significant accomplishment and commitment of human and financial resources by our law enforcement agency and entire organization. In the end of fiscal year 2019, our Public Works Department accomplished its first full accreditation assessment and received formal approval right at the beginning of fiscal year 2020. Woodstock Public Works is the 9th accredited agency in Virginia and the 154th agency in the Nation. Accreditation is not simply an item to check off of our Strategic Plan objectives list; it represents a sustained commitment to best management practices by our organization.

Commitment to Economic Development through Enhancement of our Physical Environment – A Great Place to do Business and A Beautiful Place to Live & Work

The Economic Development Authority (EDA) budget was allocated \$50,000 for the Façade RENEW Program in order to continue the physical enhancement of downtown buildings in the business district. This constitutes a \$30,000 increase within the fiscal year 2020 budget and exhibits Town Council's commitment to economic development and support of public-private partnerships. There have been thousands of dollars of private funds leveraged to-date based on the small investment made into this program. The operating budget will continue to support the completion of wayfinding signage, parking signage, pedestrian maps, and branding materials.

The Town's staff invested significant time and resources into the development of a seven-year Capital Improvement Plan to supplement its strategic plan. This plan provides a comprehensive structure to finance needed capital improvements both with leveraged debt financing and "pay-as-you-go" funding options. During the 3rd quarter of fiscal year 2020 the Town reacted quickly to the COVID-19 pandemic by working with our departments to halt all expenditures over \$1,000 and to hold on all capital projects. During Fiscal Year 2020 the following capital investments were initiated or completed:

<i>Project</i>	<i>Budget Estimate</i>
Land Purchase	\$ 70,000
Fleet Equipment Replacement	\$ 217,745
<i>Program Total</i>	<i>\$1,963,132</i>

Additionally, the Town intends to continue implementation of that CIP in the coming year with the following investments with the use of pay-as-you-go funds, financing, CARES Act funding, and working capital:

<i>Project</i>	<i>Budget Estimate</i>
Bike & Pedestrian System Enhancements	\$1,000,000
Police Department Porch Repairs & HVAC	\$ 51,074
Riverview Park Roof Replacement	\$ 19,787
A/V Equipment – various locations	\$ 17,000
Wayfinding Signage	\$ 90,000
Wastewater Treatment Plant Membrane	\$2,018,660
Filtration System & SCADA System Replacement	
Wastewater Treatment Plant Improvements	\$ 10,000
<i>Program Total</i>	<i>\$3,206,521</i>

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, 2020. 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 the Uniform Guidance. 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, 2019. This was the twelfth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements


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

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

Respectfully submitted,



Angela K. Clem
Town Manager



Amy R. Dill
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Woodstock
Virginia**

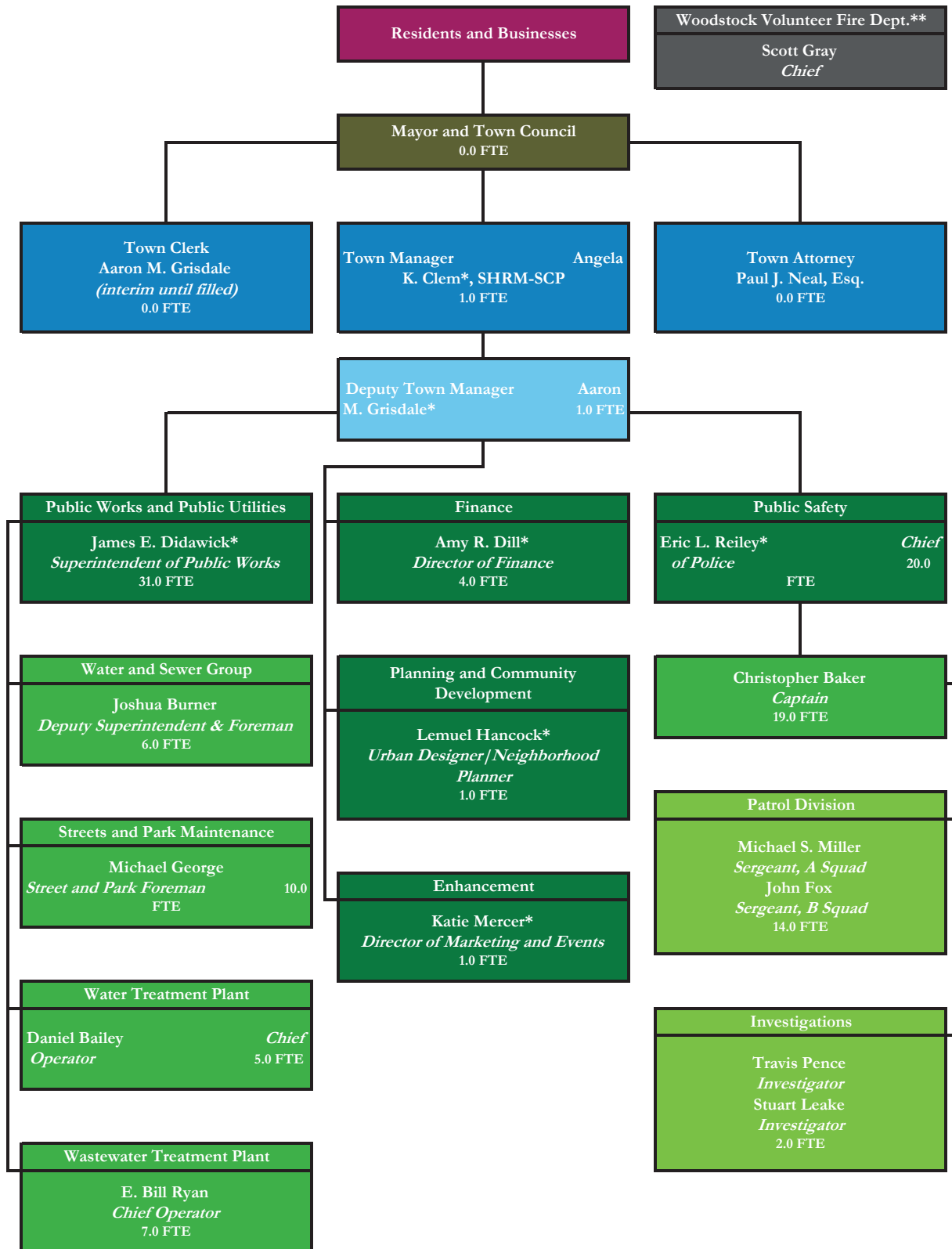
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

Town of Woodstock Organization Chart



* Town Manager's Management Team Member

** Woodstock Volunteer Fire Department outside of organization

Town of Woodstock, Virginia

Principal Town Officials

TOWN COUNCIL

Jeremy McCleary, Mayor

Jacqueline Lambert, Vice-Mayor

A. Paje Cross

Alicia Gutshall

Frank Haun

Steve Heishman

Michael Funkhouser

TOWN MANAGER

Angela K. Clem

DEPUTY TOWN MANAGER

Aaron Grisdale

TOWN ATTORNEY

Paul J. Neal, Jr.

OFFICIALS

Director of Finance

Treasurer

Chief of Police

Superintendent of Public Works

Urban Designer | Neighborhood Planner

Enhancement Coordinator

Amy R. Dill

De Ebersole

Eric L. Reiley

James E. Didawick

Lemuel R. Hancock

Katie Mercer

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Woodstock, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Woodstock, Virginia, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding and OPEB funding, on pages 13-24, 94, and 95-108, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Woodstock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Woodstock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 2, 2020

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, 2020. The MD&A also includes a comparative analysis for the prior fiscal year ended June 30, 2019.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$32,252,745, which equals the total net position of the Town. Of this amount, \$2,443,584 is unrestricted and may be used to meet the Town's future obligations to citizens and creditors. Of the \$2,443,584 unrestricted net position, \$882,390 is related to governmental activities. The \$1,561,194 remaining balance of unrestricted net position is related to business-type activities, which includes the Town's enterprise fund, the Public Utilities Fund.

For fiscal year 2020, taxes and other revenues of the Town's governmental activities amounted to \$5,742,447. Expenses amounted to \$5,940,242.

For fiscal year 2020, revenues of the Town's business-type activities were \$4,023,105. Expenses amounted to \$3,541,890.

The Town's total long-term debt decreased by \$797,393, from \$19,649,149 as of June 30, 2019 to \$18,851,756 as of June 30, 2020.

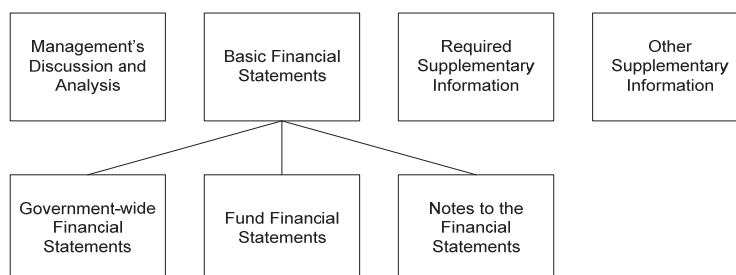
Fund Financial Statements

The total fund balances of the General Fund decreased \$61,919 from \$3,811,154 at June 30, 2019 to \$3,749,235 at June 30, 2020. The General Fund had no non-spendable fund balance, committed fund balances of \$442,000, assigned fund balance of \$442,000 and unassigned fund balance of \$2,865,235. Unassigned fund balance for the General Fund represented 48 percent of total General Fund expenditures at June 30, 2020.

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 position, 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 position presents all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. 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 Town's net position 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; 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 25-26 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 27-30 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 94 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 31-33 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 34-93 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 94-108 of this report.

Government-wide Financial Analysis

As previously noted, net position may serve over time as a useful indicator of a government's financial position. For the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,252,745 at June 30, 2020.

The Town's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions during the fiscal year ended June 30, 2020 and Governmental Accounting Standards Board Statement No. 85, Omnibus 2017 during the fiscal year ended June 30, 2020. The implementation of these standards resulted in a restatement of the beginning

net asset balances. Additional information on the adoption of these standards can be found in Note 2 of the financial statements.

The table below represents a summary of the net position of the Town at June 30, 2020 and 2019.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Current and other assets	\$ 4,655,676	\$ 4,683,000	\$ 3,117,510	\$ 2,421,762	\$ 7,773,186	\$ 7,104,762
Capital assets	<u>12,722,304</u>	<u>12,948,013</u>	<u>35,833,900</u>	<u>36,827,953</u>	<u>48,556,204</u>	<u>49,775,966</u>
Total assets	\$ <u>17,377,980</u>	\$ <u>17,631,013</u>	\$ <u>38,951,410</u>	\$ <u>39,249,715</u>	\$ <u>56,329,390</u>	\$ <u>56,880,728</u>
Deferred charge on refunding	\$ -	\$ -	\$ 104,713	\$ 118,371	\$ 104,713	\$ 118,371
Pension related items	549,055	319,393	216,074	116,926	765,129	436,319
OPEB related items	<u>298,139</u>	<u>117,562</u>	<u>86,916</u>	<u>28,485</u>	<u>385,055</u>	<u>146,047</u>
Total deferred outflows of resources	\$ <u>847,194</u>	\$ <u>436,955</u>	\$ <u>407,703</u>	\$ <u>263,782</u>	\$ <u>1,254,897</u>	\$ <u>700,737</u>
Current and other liabilities	\$ 124,128	\$ 102,899	\$ 254,349	\$ 231,000	\$ 378,477	\$ 333,899
Long-term liabilities	<u>5,120,174</u>	<u>4,550,691</u>	<u>18,722,900</u>	<u>19,254,397</u>	<u>23,843,074</u>	<u>23,805,088</u>
Total liabilities	\$ <u>5,244,302</u>	\$ <u>4,653,590</u>	\$ <u>18,977,249</u>	\$ <u>19,485,397</u>	\$ <u>24,221,551</u>	\$ <u>24,138,987</u>
Deferred revenue-property taxes	\$ 624,916	\$ 618,804	\$ -	\$ -	\$ 624,916	\$ 618,804
Pension related items	278,678	511,802	141,169	265,919	419,847	777,721
OPEB related items	<u>56,885</u>	<u>65,584</u>	<u>8,343</u>	<u>11,044</u>	<u>65,228</u>	<u>76,628</u>
Total deferred inflows of resources	\$ <u>960,479</u>	\$ <u>1,196,190</u>	\$ <u>149,512</u>	\$ <u>276,963</u>	\$ <u>1,109,991</u>	\$ <u>1,473,153</u>
Net investment in capital assets	\$ 11,138,003	\$ 11,312,020	\$ 18,671,158	\$ 18,933,168	\$ 29,809,161	\$ 30,245,188
Restricted					-	-
Unrestricted	<u>882,390</u>	<u>906,168</u>	<u>1,561,194</u>	<u>817,969</u>	<u>2,443,584</u>	<u>1,724,137</u>
Total net position	\$ <u>12,020,393</u>	\$ <u>12,218,188</u>	\$ <u>20,232,352</u>	\$ <u>19,751,137</u>	\$ <u>32,252,745</u>	\$ <u>31,969,325</u>

The Town's combined net position totaled \$32,252,745 at June 30, 2020. Approximately 92 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.

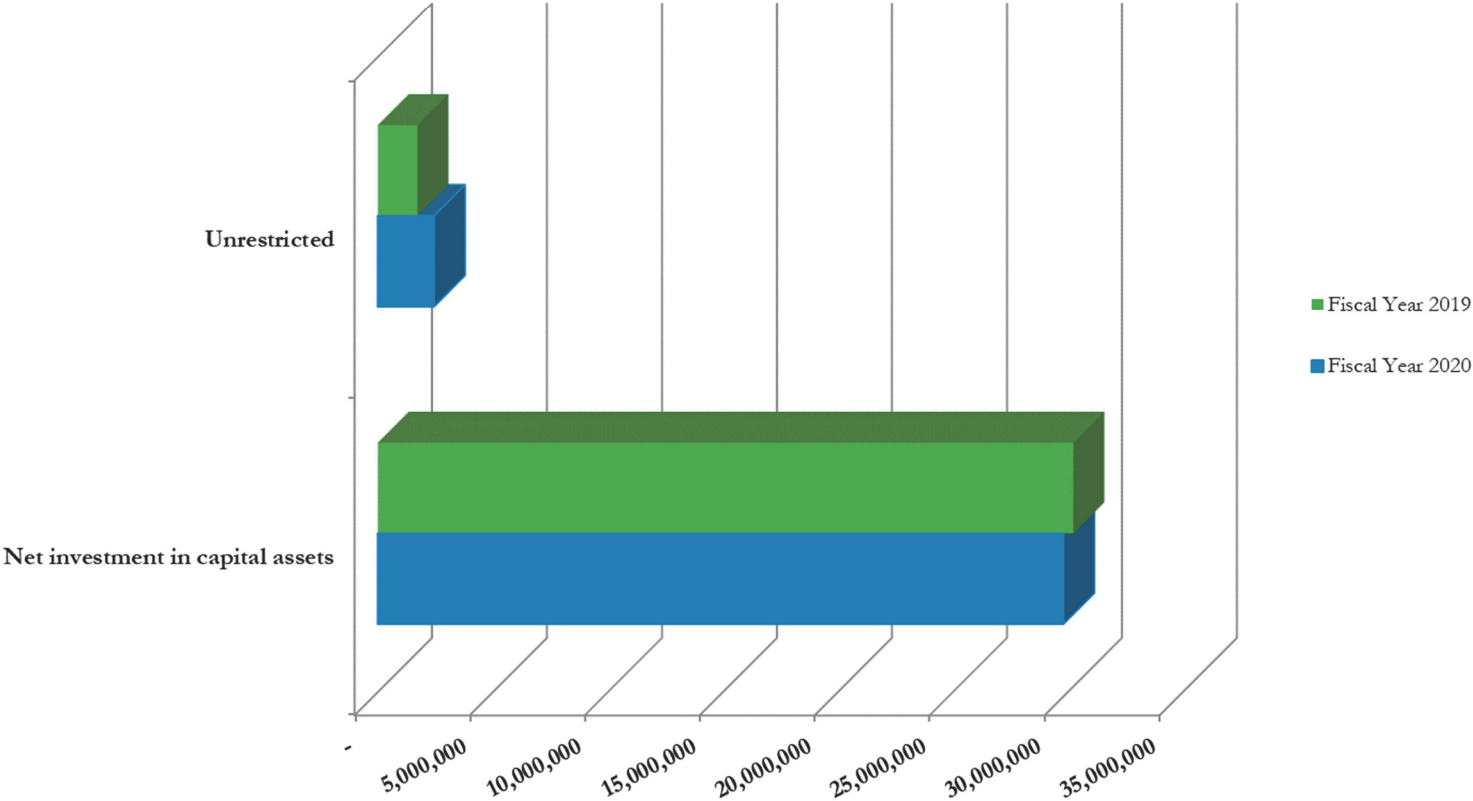
The remaining balance of \$2,443,584, representing 7.6 percent of total net position, is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, 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 position increased by \$283,420 or .9 percent. This increase primarily represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

The chart on the next page illustrates the Town's net position as of June 30, 2019 and 2020.

**Town of Woodstock Net Position
June 30, 2019 and 2020**



The table on the following page represents a summary of the changes in net position at June 30, 2020 and 2019.

Summary of Changes in Net position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 283,078	\$ 324,996	\$ 3,923,755	\$ 3,937,341	\$ 4,206,833	\$ 4,262,337
Operating grants and contributions	140,416	143,312	-	-	140,416	143,312
Capital grants and contributions	840,656	830,651	48,200	201,200	888,856	1,031,851
<i>General revenues</i>						
Property taxes	1,221,588	1,221,621	-	-	1,221,588	1,221,621
Other taxes and fees	3,060,556	3,201,303	-	-	3,060,556	3,201,303
Grants and contributions not restricted to specific programs	123,100	129,433	-	-	123,100	129,433
Unrestricted investment earnings	48,796	61,481	51,150	67,385	99,946	128,866
Other	24,257	56,438	-	18,000	24,257	74,438
Total revenues	<u>\$ 5,742,447</u>	<u>\$ 5,969,236</u>	<u>\$ 4,023,105</u>	<u>\$ 4,223,926</u>	<u>\$ 9,765,552</u>	<u>\$ 10,193,162</u>
Expenses						
General government administration	\$ 894,002	\$ 855,065	\$ -	\$ -	\$ 894,002	\$ 855,065
Public safety	2,129,682	1,952,734	-	-	2,129,682	1,952,734
Public works	2,046,587	1,975,588	-	-	2,046,587	1,975,588
Parks and recreation	365,596	381,941	-	-	365,596	381,941
Community development	456,380	463,547	-	-	456,380	463,547
Interest on long-term debt	47,995	40,900	-	-	47,995	40,900
Public utilities	-	-	3,541,890	3,754,904	3,541,890	3,754,904
Total expenses	<u>\$ 5,940,242</u>	<u>\$ 5,669,775</u>	<u>\$ 3,541,890</u>	<u>\$ 3,754,904</u>	<u>\$ 9,482,132</u>	<u>\$ 9,424,679</u>
Change in net position before transfers	\$ (197,795)	\$ 299,461	\$ 481,215	\$ 469,022	\$ 283,420	\$ 768,483
Transfers	-	-	-	-	-	-
Change in net position	<u>\$ (197,795)</u>	<u>\$ 299,461</u>	<u>\$ 481,215</u>	<u>\$ 469,022</u>	<u>\$ 283,420</u>	<u>\$ 768,483</u>
Net position, beginning	<u>12,218,188</u>	<u>11,918,727</u>	<u>19,751,137</u>	<u>19,282,115</u>	<u>31,969,325</u>	<u>31,200,842</u>
Net position, ending	<u>\$ 12,020,393</u>	<u>\$ 12,218,188</u>	<u>\$ 20,232,352</u>	<u>\$ 19,751,137</u>	<u>\$ 32,252,745</u>	<u>\$ 31,969,325</u>

Governmental Activities

Governmental activities decreased the Town's net position by \$197,795, which was primarily due to a decrease in revenues from local consumer-based taxes (i.e. meals, transient occupancy, sales taxes).

Operating grants and contributions and capital grants and contributions amounted to \$150,416 and \$830,656, respectively, from State and Federal government and other funding.

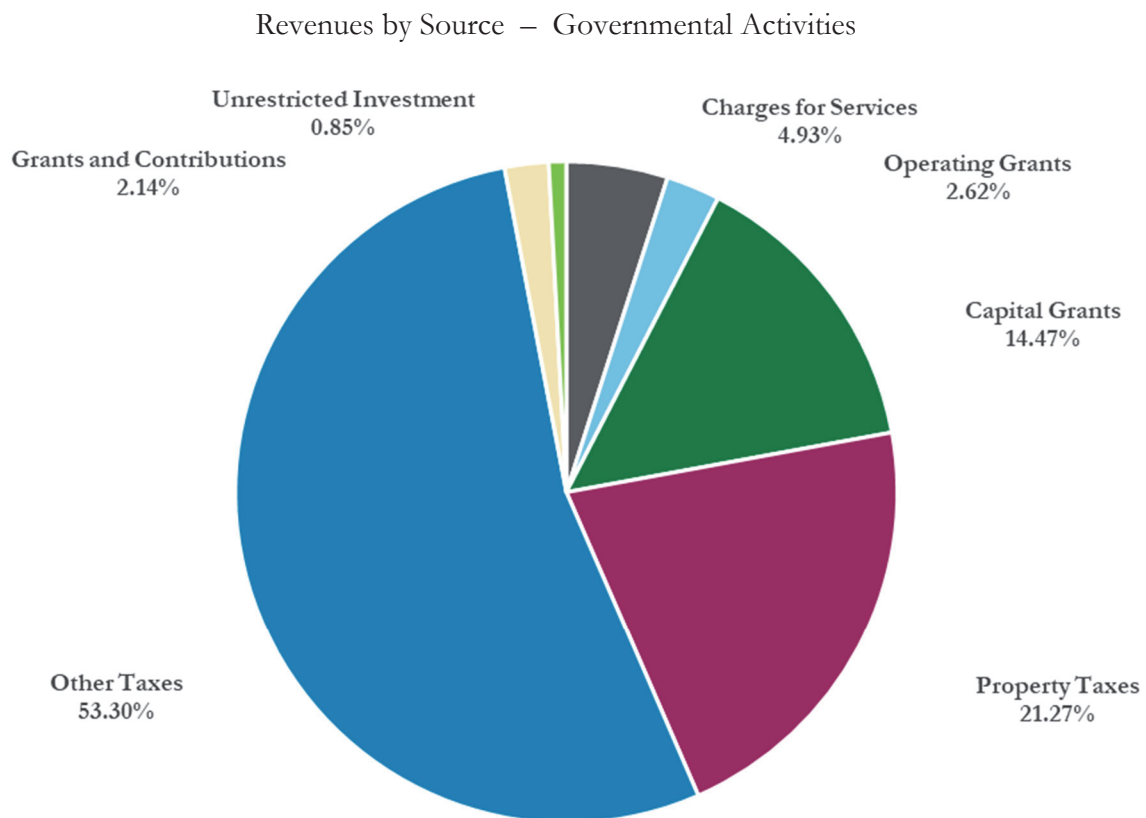
The Town's single largest revenue source is Other Taxes and Fees (local sales tax, meals tax, lodging tax, etc.), which decreased 4.4% from fiscal year 2019 to fiscal year 2020.

The Town's real estate property tax assessments for fiscal year 2020 were \$529,613,080. The Town's real estate tax rate in 2019 was \$0.16 per \$100 of assessed value, unchanged from 2019. The Town's personal property tax assessments for the year were \$48,886,886. The Town's personal property tax rate was \$0.90 per \$100 of assessed value for both the 2019 and 2020 tax years. The Town's machinery and tools tax assessments for the year were \$200,545. The Town's machinery and tools tax rate was \$0.90 per \$100 of assessed value for both the 2019 and 2020 tax years. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the State's share of local personal property tax remained at \$106,753.

Other local taxes were \$3,060,556 for the year, decreasing 4.4 percent from fiscal year 2019 to fiscal year 2020. Other local taxes consist of the town share of county sales taxes, in addition to meals taxes, transient occupancy taxes, bank franchise taxes, utility taxes, cigarette taxes, licenses and fees and other taxes. The decrease in other local taxes is due to governmental restrictions placed on dining and travel related to the COVID-19 pandemic, which negatively impacted both transient and occupancy tax collections beginning in March 2020.

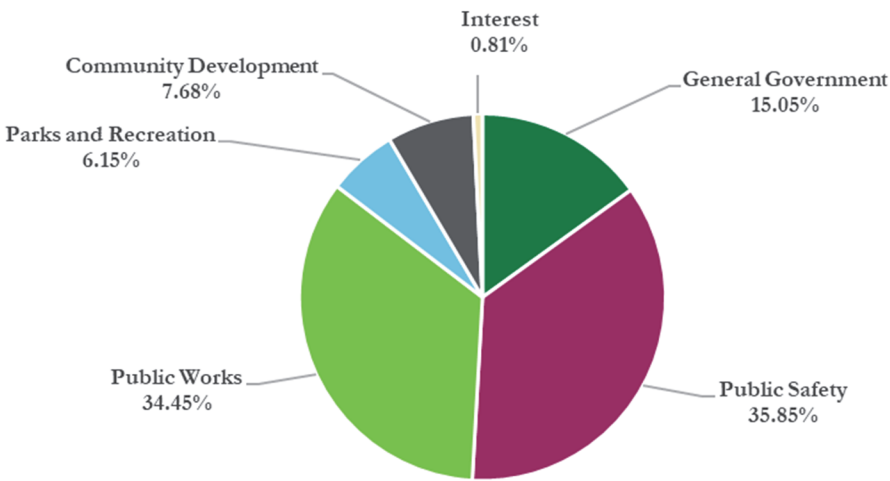
Other revenues decreased from \$56,438 in fiscal year 2019 to \$24,257 in 2020.

The chart below illustrates the revenues by source for the Town's governmental activities for fiscal year 2020.



For fiscal year 2020, expenses for governmental activities totaled \$5,940,242, which increased \$270,467 or 4.8 percent from fiscal year 2019. This increase is largely attributable to the implementation of GASB 75 and the related changes in the actuarially determined OPEB and pension liabilities during fiscal year 2020. The chart below illustrates the expenses by function for the Town’s governmental activities for fiscal year 2020.

Expenses by Function – Governmental Activities



Business-type Activities

The Town’s business-type activities are comprised of enterprise funds for public utilities operations. Net position of these business-type activities increased by \$481,215 in fiscal year 2020.

Revenues for the business-type activities totaled \$4,023,105 almost all of which is from charges for services.

Revenue from charges for services decreased by 0.3 percent from fiscal year 2019 to fiscal year 2020. This decrease in revenue is attributable to reduced water and sewer consumption in 2020.

Capital grants and contributions amounted to \$48,200 in fiscal year 2020.

The Public Utilities Fund expenses decreased \$213,014 (5.7%) from fiscal year 2019 to fiscal year 2020.

Financial Analysis of the Town’s Funds

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

Governmental Funds

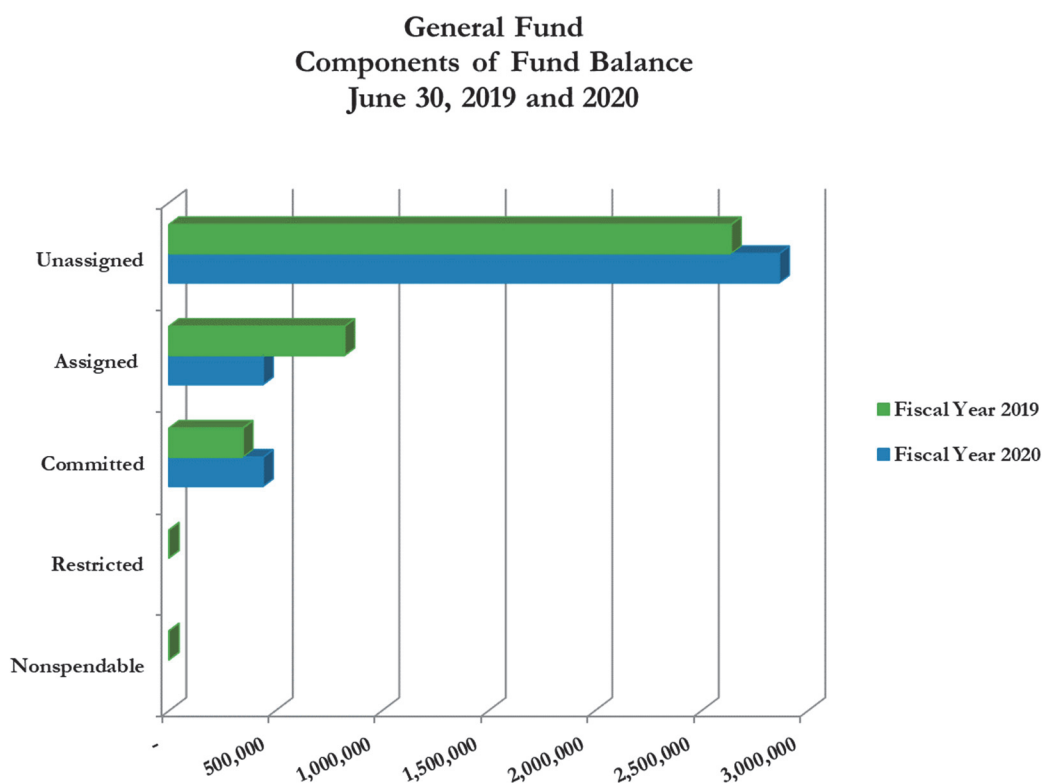
The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited for a particular purpose by either an external party, the Town itself, or the Finance Director, who has been delegated authority to assign resources for particular purposes by the Town’s Council.

At the end of fiscal year 2020, the Town's governmental funds reported ending fund balances of \$3,749,235. Of this amount, \$442,000 was committed for fire and rescue, \$442,000 was assigned for appropriation of fund balance in the subsequent year's budget, and the remaining \$2,865,235 or 76% of the total fund balance, was unassigned and available for spending at the Town's discretion.

As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 37 percent of the total general fund expenditures planned in the FY 2021 budget.

The total fund balance of the Town's General Fund decreased by \$61,919 or 1.6 percent during fiscal year 2020. This slight decrease is the net result of increased expenditures in comparison to actual revenues collected, namely due to the impact of COVID-19.

The chart below illustrates the components of fund balance for the Town's General Fund.



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, 2020, unrestricted net position of the Public Utilities Fund totaled \$1,561,194.

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

General Fund Budgetary Highlights

The Town made one budgetary amendment to the total appropriations of the General Fund during fiscal year 2020 as illustrated in Exhibit 10 on page 94.

Fiscal year 2020 actual revenues were \$284,582 less than the fiscal year 2020 final budgeted revenues. Fiscal year 2020 actual expenditures were \$1,970,305 less than the fiscal year 2020 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Other local taxes were \$135,803 less than the final budgeted revenues due to the negative impact of COVID-19 restrictions impacting travel, commerce, dining, and tourism beginning in March 2020 (meals taxes, local sales taxes, transient occupancy taxes, etc.). In addition, property taxes fell below the budget estimate by \$78,484.
- Operating expenditures overall were \$1,970,305 less than the final budgeted expenditures largely due to the suspension of several capital projects and restrictions placed on spending in response to anticipated revenue shortfalls as related to COVID-19.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets as of June 30, 2020 for its governmental and business-type activities was \$48,556,204, net of depreciation, as reflected in the schedule below.

Capital Assets, Net of Depreciation							
	Governmental		Business-type		Total		
	Activities		Activities				
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	
Land	\$ 1,391,660	\$ 1,320,305	\$ 171,915	\$ 171,915	\$ 1,563,575	\$ 1,492,220	
Buildings and improvements	6,267,811	4,914,531	40,150,018	40,150,018	46,417,829	45,064,549	
Infrastructure	12,138,364	12,138,364	8,369,305	8,369,305	20,507,669	20,507,669	
Machinery and equipment	2,187,743	2,093,801	637,252	697,480	2,824,995	2,791,281	
Construction in progress	46,401	1,301,894	192,405	188,905	238,806	1,490,799	
Accumulated depreciation	(9,309,674)	(8,820,882)	(13,686,995)	(12,749,670)	(22,996,669)	(21,570,552)	
Total net capital assets	\$ 12,722,304	\$ 12,948,013	\$ 35,833,900	\$ 36,827,953	\$ 48,556,204	\$ 49,775,966	

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

- The Town purchased a piece of property, three new police vehicles, a new public works pick-up truck, forklift, utilities vehicle, a control panel interface, and engineering services related to sidewalk improvements and the west end reservoir.
- In addition, the Town continued work on the Bicycle/Pedestrian trail system.
- The Town completed work on the downtown parking center with the majority of construction completed last fiscal year.

Additional information on the Town's capital assets may be found in the notes to the financial statements, Note 8-Capital Assets on pages 47-49.

Long-term Obligations

At the end of fiscal year 2020, the Town had the following outstanding obligations:

	Governmental Activities		Business-type Activities		Total	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
General obligation bonds	\$ 1,463,897	\$ 1,487,592	\$ 17,067,608	\$ 17,793,641	\$ 18,531,505	\$ 19,281,233
Original issue premium	-	-	199,847	219,515	199,847	219,515
Notes payable					-	-
Capital leases	120,404	148,401	-	-	120,404	148,401
Compensated absences	298,912	260,796	168,113	152,469	467,025	413,265
Net pension liability	1,957,693	1,621,446	799,619	661,637	2,757,312	2,283,083
Net OPEB liabilities	1,279,268	1,032,456	487,713	427,135	1,766,981	1,459,591
Total long-term obligations	\$ 5,120,174	\$ 4,550,691	\$ 18,722,900	\$ 19,254,397	\$ 23,843,074	\$ 23,805,088

Additional information on the Town's long-term obligations can be found in the notes to the financial statements, Note 9-Long-term Obligations on pages 49-52.

Economic Factors and Next Year's Budgets and Rates

- Growth in the Town is expected to improve slowly but steadily, which will help offset the reduction in general property taxes as a result of the lower values in the general county-wide reassessment.
- Earnings on idle cash should increase with the adoption of the Town's new investment procedures especially as interest rates are projected to increase.
- Continued negative impacts of COVID-19 are expected in fiscal year 2021 affecting hospitality, tourism, food/beverage, and retail sectors to include sales tax, meals and lodging taxes, and the consumption of water by large users. Revenue shortfalls in both the general and public utilities funds are anticipated and were taken into consideration in the budget. A chart of projected revenue projections is included below.

VULNERABLE REVENUE PROJECTION REDUCTIONS					
	Quarter One: July-Sept	Quarter Two: Oct-Dec	Quarter Three: Jan-March	Quarter Four: April-June	Budget
Transient Occupancy Tax	25%	15%	10%	5%	(46,529)
Meals Tax	25%	15%	10%	5%	(209,028)
Sales Tax	20%	15%	10%	5%	(32,829)
Water & Sewer Receipts	25%	20%	2.5%	0%	(340,664)
BPOL	5% for the year				(47,000)
Dev Fees/Permits	25% reduction for the year				(3,750)
Interest on Bank Dep	25% reduction for the year (GF & PUF)				(27,125)
Interest on Inv	25% reduction for the year				(1,000)
					(\$707,925)

- It is expected that the Commonwealth of Virginia may continue to decrease funding to localities, including law enforcement assistance and other grants, particularly given the impact of federal government budgetary cuts to the Commonwealth. However, federal and state funding reductions should not have a substantial impact on the Town's budget.
- In response to upcoming capital needs in the General Fund, an increase in the consumer utility tax was adopted in the fiscal year 2021 budget in an effort to build a reserve for capital. The consumer utility tax rate adjustment is exhibited below.

Account Type	Current Rate	Current Maximum	Proposed Rate	Proposed Maximum
Electric - Residential	\$1 + \$.007585/kwhr	\$1.25	\$1 + \$.0050/kwhr	\$3.00
Electric - Commerical	\$1.25 + \$.007520/kwhr	\$5.00	\$.00450/kwhr (\$5 min)	\$50.00
Electric - Industrial	\$1.25 + \$.007520/kwhr	\$10.00	\$.00450/kwhr (\$5 min)	\$50.00
Nat Gas - Residential	\$1 + \$.10 per CCF	\$1.25	\$1 + \$.10 per CCF	\$3.00
Nat Gas - Commercial	\$1.25 + \$.10 per CCF	\$5.00	\$.05 per CCF (\$5 min)	\$50.00
Nat Gas - Industrial	\$1.25 + \$.10 per CCF	\$10.00	\$.05 per CCF (\$5 min)	\$50.00

- In response to the prevalence of upcoming capital investments in the Public Utilities Fund, a small water rate adjustment was adopted in the fiscal year 2021 budget in an effort to build a reserve for capital. The water rate adjustment is exhibited below.

Rate Structure	Current Rate	Proposed Rate	Change
Minimum <2,500 Gallons	\$28.40	\$29.90	\$1.50
Next 47,500 Gallons	\$9.49	\$9.59	\$0.10
Next 50,000 Gallons	\$9.08	\$9.18	\$0.10
Over 100,000 Gallons	\$8.62	\$8.72	\$0.10

- An increase in the vehicle license fee was adopted as part of the fiscal year 2021 budget. This included an increase from \$25/vehicle and \$18/motorcycle to \$30/vehicle and \$20/motorcycle.
- On the expenditure side there was no increase for health insurance premiums. However, the Town has averaged a five percent increase in health insurance premiums in the last four years. Due to the inability to come to an agreement between Valley Health and Anthem Blue Cross/Blue Shield, the Town faces the possibility of changing health insurance carriers in the near future.
- All of these factors were considered in preparing the Town's budget for fiscal year 2021.

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 Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,633,764	\$ 2,539,511	\$ 6,173,275
Receivables, net of allowance for uncollectibles:			
Taxes	759,509	-	759,509
Accounts	176,657	338,536	515,193
Unbilled and other	-	130,321	130,321
Intergovernmental receivables	70,021	-	70,021
Restricted assets:			
Cash and cash equivalents	15,725	109,142	124,867
Capital assets, not depreciable:			
Land	1,391,659	171,915	1,563,574
Construction in progress	46,401	192,405	238,806
Capital assets, net of accumulated depreciation:			
Buildings	317,832	29,288,916	29,606,748
Improvements other than buildings	3,491,586	997,127	4,488,713
Machinery and equipment	811,194	222,759	1,033,953
Infrastructure	6,663,632	4,960,778	11,624,410
Total assets	\$ 17,377,980	\$ 38,951,410	\$ 56,329,390
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ -	\$ 104,713	\$ 104,713
Pension related items	549,055	216,074	765,129
OPEB related items	298,139	86,916	385,055
Total deferred outflows of resources	\$ 847,194	\$ 407,703	\$ 1,254,897
LIABILITIES			
Accounts payable and accrued liabilities	\$ 86,152	\$ 103,050	\$ 189,202
Accrued interest payable	1,282	44,371	45,653
Unearned revenue	20,969	-	20,969
Customers' deposits	-	106,928	106,928
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium	114,765	357,190	471,955
Revenue bonds	-	784,750	784,750
Capital leases	28,814	-	28,814
Compensated absences	17,935	10,087	28,022
Portion due and payable after one year:			
General obligation bonds, net of original issue premium	1,349,132	6,621,395	7,970,527
Revenue bonds	-	9,504,120	9,504,120
Capital leases	91,590	-	91,590
Net OPEB liabilities	1,279,268	487,713	1,766,981
Net pension liability	1,957,693	799,619	2,757,312
Compensated absences	280,977	158,026	439,003
Total liabilities	\$ 5,244,302	\$ 18,977,249	\$ 24,221,551
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 624,916	\$ -	\$ 624,916
Pension related items	278,678	141,169	419,847
OPEB related items	56,885	8,343	65,228
Total deferred inflows of resources	\$ 960,479	\$ 149,512	\$ 1,109,991
NET POSITION			
Net investment in capital assets	\$ 11,138,003	\$ 18,671,158	\$ 29,809,161
Unrestricted	882,390	1,561,194	2,443,584
Total net position	\$ 12,020,393	\$ 20,232,352	\$ 32,252,745

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

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							
General government administration	\$ 894,002	\$ -	\$ -	\$ -	(894,002)	\$ -	(894,002)
Public safety	2,129,682	20,602	140,416	-	(1,968,664)	-	(1,968,664)
Public works	2,046,587	194,837	-	830,656	(1,021,094)	-	(1,021,094)
Parks and recreation	365,596	50,978	-	-	(314,618)	-	(314,618)
Community development	456,380	16,661	-	10,000	(429,719)	-	(429,719)
Interest on long-term debt	47,995	-	-	-	(47,995)	-	(47,995)
Total governmental activities	\$ 5,940,242	\$ 283,078	\$ 140,416	\$ 840,656	\$ (4,676,092)	\$ -	\$ (4,676,092)
Business-type Activities							
Water & Sewer	\$ 3,541,890	\$ 3,923,755	\$ -	\$ 48,200	\$ -	\$ 430,065	\$ 430,065
Total primary government	\$ 9,482,132	\$ 4,206,833	\$ 140,416	\$ 888,856	\$ (4,676,092)	\$ 430,065	\$ (4,246,027)
General revenues							
General property taxes					\$ 1,221,588	\$ -	1,221,588
Other local taxes:							
Local sales and use					304,668	-	304,668
Consumers' utility					90,481	-	90,481
Bank franchise					176,565	-	176,565
Meals					1,454,092	-	1,454,092
Transient occupancy					218,984	-	218,984
Cigarette					199,482	-	199,482
Vehicle license					119,418	-	119,418
Business license					377,114	-	377,114
Other local taxes					119,752	-	119,752
Unrestricted revenues from use of money and property					48,796	51,150	99,946
Miscellaneous					24,257	-	24,257
Grants and contributions not restricted to specific programs					123,100	-	123,100
Total general revenues					\$ 4,478,297	\$ 51,150	\$ 4,529,447
Change in net position					\$ (197,795)	\$ 481,215	\$ 283,420
Net position, beginning of year					12,218,188	19,751,137	31,969,325
Net position, end of year					\$ 12,020,393	\$ 20,232,352	\$ 32,252,745

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

FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Fund
 June 30, 2020

	General Fund
ASSETS	
Cash and cash equivalents	\$ 3,633,764
Receivables (net of allowance for uncollectibles):	
Property taxes	759,509
Accounts	176,657
Intergovernmental receivables	70,021
Restricted assets:	
Cash and cash equivalents	15,725
Total assets	\$ <u>4,655,676</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 86,152
Performance deposits	15,725
Unearned revenue	20,969
Total liabilities	\$ <u>122,846</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 783,595
Total deferred inflows of resources	\$ <u>783,595</u>
FUND BALANCES	
Committed:	
Woodstock Volunteer Fire Department	\$ 367,000
Woodstock Volunteer Rescue Squad	75,000
Assigned:	
Subsequent year's budget: appropriation of fund balance	442,000
Unassigned	2,865,235
Total fund balances	\$ <u>3,749,235</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>4,655,676</u>

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

Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2020

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

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Fund \$ 3,749,235

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

Land	\$ 1,391,659	
Construction in progress	46,401	
Buildings	317,832	
Improvements other than buildings	3,491,586	
Machinery and equipment	811,194	
Infrastructure	<u>6,663,632</u>	12,722,304

Other long-term assets are not available to pay for current-period expenditures, and therefore are reported as unavailable revenues in the funds.

Unavailable revenue - property taxes	\$ <u>158,679</u>	158,679
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 549,055	
OPEB related items	<u>298,139</u>	847,194

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Compensated absences	\$ (298,912)	
General obligation bonds, net of original issue premium	(1,463,897)	
Capital leases	(120,404)	
Accrued interest payable	(1,282)	
Net pension liability	(1,957,693)	
Net OPEB liabilities	<u>(1,279,268)</u>	(5,121,456)

Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.

Pension related items	\$ (278,678)	
OPEB related items	<u>(56,885)</u>	(335,563)

Net position of governmental activities	\$ <u><u>12,020,393</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 For the Year Ended June 30, 2020

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 1,214,489
Other local taxes	2,681,535
Permits, privilege fees, and regulatory licenses	395,682
Fines and forfeitures	20,602
Revenue from the use of money and property	48,796
Charges for services	245,816
Miscellaneous	24,257
Intergovernmental:	
Commonwealth	1,099,174
Federal	4,997
Total revenues	<u>\$ 5,735,348</u>
EXPENDITURES	
Current:	
General government administration	\$ 860,715
Public safety	2,060,947
Public works	1,779,377
Parks and recreation	264,092
Community development	381,579
Capital projects	350,715
Debt service:	
Principal retirement	152,045
Interest and other fiscal charges	48,150
Total expenditures	<u>\$ 5,897,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (162,272)</u>
OTHER FINANCING SOURCES (USES)	
Issuance of general obligation bonds	\$ 100,353
Total other financing sources (uses)	<u>\$ 100,353</u>
Net change in fund balance	\$ (61,919)
Fund balance - beginning	3,811,154
Fund balance - ending	<u><u>\$ 3,749,235</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 Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balance - total governmental fund	\$	(61,919)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$	350,715	
Depreciation expense		<u>(546,865)</u>	(196,150)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	\$	<u>(29,558)</u>	(29,558)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	<u>7,099</u>	7,099
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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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of general obligation bonds	\$	(100,353)	
Principal repayments		<u>152,045</u>	51,692

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.

Change in accrued interest	\$	155	
Change in compensated absences		(38,116)	
Pension expense		126,540	
OPEB expense		<u>(57,538)</u>	31,041

Change in net position of governmental activities	\$	<u><u>(197,795)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2020

	Enterprise Fund Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,539,511
Accounts receivable, net of allowance for uncollectibles	338,536
Unbilled and other receivables	108,613
Miscellaneous receivables	21,708
Total current assets	<u>\$ 3,008,368</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 109,142
Total restricted assets	<u>\$ 109,142</u>
Capital assets (net of accumulated depreciation):	
Land	\$ 171,915
Construction in progress	192,405
Buildings	29,288,916
Improvements other than buildings	997,127
Machinery and equipment	222,759
Infrastructure	4,960,778
Total capital assets	<u>\$ 35,833,900</u>
Total noncurrent assets	<u>\$ 35,943,042</u>
Total assets	<u>\$ 38,951,410</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	\$ 104,713
Pension related items	216,074
OPEB related items	86,916
Total deferred outflows of resources	<u>\$ 407,703</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 103,050
Accrued interest payable	44,371
Customers' deposits	106,928
General obligation bonds, net of original issue premium	357,190
Revenue bonds	784,750
Compensated absences	10,087
Total current liabilities	<u>\$ 1,406,376</u>
Noncurrent liabilities:	
General obligation bonds, net of original issue premium	\$ 6,621,395
Revenue bonds	9,504,120
Net OPEB liabilities	487,713
Net pension liability	799,619
Compensated absences	158,026
Total noncurrent liabilities	<u>\$ 17,570,873</u>
Total liabilities	<u>\$ 18,977,249</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 141,169
OPEB related items	8,343
Total deferred inflows of resources	<u>\$ 149,512</u>
NET POSITION	
Net investment in capital assets	\$ 18,671,158
Unrestricted	1,561,194
Total net position	<u>\$ 20,232,352</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2020

	Enterprise Fund Public Utilities
OPERATING REVENUES	
Charges for services	\$ 3,923,755
Total operating revenues	<u>\$ 3,923,755</u>
OPERATING EXPENSES	
Water treatment facility	\$ 649,437
Water transmission and distribution	290,119
Wastewater treatment facility	1,088,840
Sanitary sewer maintenance	223,948
Non-departmental	44,703
Depreciation	1,031,062
Total operating expenses	<u>\$ 3,328,109</u>
Operating income (loss)	<u>\$ 595,646</u>
NONOPERATING REVENUES (EXPENSES)	
Availability fees	\$ 48,200
Interest revenue	51,150
Interest expense	(213,781)
Total nonoperating revenues (expenses)	<u>\$ (114,431)</u>
Change in net position	\$ 481,215
Total net position - beginning	<u>19,751,137</u>
Total net position - ending	<u><u>\$ 20,232,352</u></u>

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

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2020

	<u>Enterprise Fund Public Utilities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,044,293
Payments to suppliers	(981,198)
Payments to employees	(1,347,019)
Net cash provided by (used for) operating activities	<u>\$ 1,716,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	\$ (37,009)
Principal paid on bonds	(726,033)
Interest payments	(234,970)
Availability fees	48,200
Net cash provided by (used for) capital and related financing activities	<u>\$ (949,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 51,150
Net cash provided by (used for) investing activities	<u>\$ 51,150</u>
Net increase (decrease) in cash and cash equivalents	\$ 817,414
Cash and cash equivalents, including restricted - beginning	1,831,239
Cash and cash equivalents, including restricted - ending	<u>\$ 2,648,653</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 595,646
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 1,031,062
(Increase) decrease in accounts receivable	665
(Increase) decrease in unbilled and other receivables	121,000
(Increase) decrease in deferred outflows of resources	(143,921)
Increase (decrease) in accounts payable	25,998
Increase (decrease) in customer deposits	(1,127)
Increase (decrease) in deferred inflows of resources	(127,451)
Increase (decrease) in compensated absences payable	15,644
Increase (decrease) in net pension liability	137,982
Increase (decrease) in net OPEB liabilities	60,578
Total adjustments	<u>\$ 1,120,430</u>
Net cash provided by (used for) operating activities	<u>\$ 1,716,076</u>

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

TOWN OF WOODSTOCK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial 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. Thus, blended component units are appropriately presented as funds of the Town. Each discretely presented component unit is reported in a separate column in the government-wide financial statements 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, 2020.

Discretely presented component units – There were no discretely presented component units for the Town for the year ended June 30, 2020.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position 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 to external customers for support.

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

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.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

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

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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

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

The government reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

The government reports the following major proprietary fund:

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.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's public utility fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

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

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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utilities fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

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. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

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

3. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. 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.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

5. *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 \$72,417 at June 30, 2020 and is comprised of property taxes \$41,530, accounts and water and sewer accounts receivable \$30,887.

6. *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.

7. *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 acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	15-25
Improvements other than buildings	15-20
Infrastructure	75
Vehicles	5-15
Machinery and equipment	5-10

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

8. *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. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement. The Town accrues salary-related payments associated with the payment of compensated absences.

9. *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 position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued 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.

10. *Fund balance*

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (i.e., inventory and prepaid assets) or are required to be maintained intact legally or contractually (i.e., corpus of a permanent fund);
- Restricted fund balance – that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. Fund balance (continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

The Town establishes (and modifies or rescinds) fund balance commitments by formal action of the Town Council; the formal action required to commit fund balance is by resolution, prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation. The Town Council has by resolution delegated authority to assign fund balance for a specific purpose to the Town's Finance Director. The Town Council may also assign fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

11. Net position

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

11. Net position (continued)

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

12. Restricted assets

Assets of the Town's governmental activities have been restricted for the payment of performance deposits in the amount of \$15,725. Assets of the Town's public utilities enterprise fund have been restricted for the payment of customer deposits in the amount of \$109,142.

13. Prepaid items

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

14. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding, the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refunding as of June 30, 2020 amounted to \$104,713. The other items are comprised of certain items related to the measurement of the net pension and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB liabilities measurement date. For more detailed information on these items, reference the pension and OPEB notes.

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

E. Pensions

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

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

F. Other Postemployment Benefits (OPEB)

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND 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 31, 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 15, 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.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

A. Budgetary information (continued)

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, 2020, there were no functions with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2020, there were no funds with deficit fund equity.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize 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), Asian Development Bank, the African Development bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The Town of Woodstock, Virginia may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Obligations of Agencies of the Federal Government including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation. 50%
5. U.S. dollar denominated corporate notes or bonds with a rating in the "AAA" or "AA" categories by Moody's and Standard & Poor's at time of purchase. 25%
6. Local Government Investment Pools (LGIP), either administered by the Commonwealth of Virginia or through joint powers statutes and other intergovernmental agreement legislation, including the Commonwealth of Virginia LGIP and the Virginia Investment Pool Trust Fund (VIP). Investments in this class may comprise up to 100% of the Town's portfolio.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated by at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.
8. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.

Town's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAA _m	AA+ _f /S1
VIP 1-3 Year High Quality Bond Fund	\$ -	\$ 166,544
VIP Stable NAV Liquidity Pool	1,049,053	-
Total	<u>\$ 1,049,053</u>	<u>\$ 166,544</u>

Investments measured at NAV:

VIP 1-3 Year High Quality Bond Fund	\$ 166,544
VIP Stable NAV Liquidity Pool	<u>1,049,053</u>
Total investments measured at NAV	<u>\$ 1,215,597</u>

There are no redemption restrictions associated with these investments.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

VIP 1-3 Year High Quality Bond Fund –The weighted average life (WAL) of the pool at June 30, 2020, is 1.81 years.

VIP Stable NAV Liquidity Pool –The dollar weighted average days to maturity (WAM) of the pool at June 30, 2020, is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of the pool at June 30, 2020, is 66 days.

NOTE 4—RECEIVABLES:

Receivables as of June 30, 2020 for the Town's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Public Utilities Fund</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 801,039	\$ -	\$ 801,039
Accounts	176,657	369,423	546,080
Unbilled and other	-	130,321	130,321
Gross receivables	\$ 977,696	\$ 499,744	\$ 1,477,440
Less: allowance for uncollectibles	(41,530)	(30,887)	(72,417)
Net receivables	\$ 936,166	\$ 468,857	\$ 1,405,023

NOTE 5—INTERGOVERNMENTAL RECEIVABLES:

The following amounts represent receivables from other governments as of June 30, 2020:

	<u>General Fund</u>
Commonwealth of Virginia:	
Rolling Stock tax	\$ 4,268
Sales tax	52,737
Communications tax	12,787
	<u>\$ 69,792</u>
Federal Government:	
Ground Transportation Safety	229
Total	\$ 70,021

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 6—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 \$20,969 is comprised of the following:

- A. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action totaled \$20,969 at June 30, 2020.

NOTE 7—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Deferred and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$624,916 and \$783,595 respectively is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2020, but paid in advance by the taxpayers totaled \$43,295 in the general fund at June 30, 2020.
- B. Unbilled Property Taxes – Property taxes for the second half of 2020 that had not been billed as of June 30, 2020 amounted to \$581,621.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$158,679 at June 30, 2020.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 8—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2020:

Governmental Activities:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,320,305	\$ 71,354	\$ -	\$ 1,391,659
Construction in progress	1,301,894	97,787	(1,353,280)	46,401
Total capital assets not being depreciated	\$ 2,622,199	\$ 169,141	\$ (1,353,280)	\$ 1,438,060
Capital assets being depreciated:				
Buildings	\$ 691,013	\$ -	\$ -	\$ 691,013
Improvements other than buildings	4,223,518	1,353,280	-	5,576,798
Infrastructure	12,138,364	-	-	12,138,364
Machinery and equipment	2,093,801	181,573	(87,631)	2,187,743
Total depreciable capital assets	\$ 19,146,696	\$ 1,534,853	\$ (87,631)	\$ 20,593,918
Accumulated depreciation:				
Buildings	\$ (359,847)	\$ (13,334)	\$ -	\$ (373,181)
Improvements other than buildings	(1,856,828)	(228,384)	-	(2,085,212)
Infrastructure	(5,303,495)	(171,237)	-	(5,474,732)
Machinery and equipment	(1,300,712)	(133,910)	58,073	(1,376,549)
Total accumulated depreciation	\$ (8,820,882)	\$ (546,865)	\$ 58,073	\$ (9,309,674)
Total depreciable capital assets, net	\$ 10,325,814	\$ 987,988	\$ (29,558)	\$ 11,284,244
Capital assets, net	\$ 12,948,013	\$ 1,157,129	\$ (1,382,838)	\$ 12,722,304

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

General government administration	\$ 44,103
Public safety	40,058
Public works	279,404
Parks and recreation	106,995
Community development	76,305
Total depreciation expense	\$ 546,865

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 171,915	\$ -	\$ -	\$ 171,915
Construction in progress	188,905	3,500	-	192,405
Total capital assets not being depreciated	\$ 360,820	\$ 3,500	\$ -	\$ 364,320
Capital assets being depreciated:				
Buildings	\$ 37,563,942	\$ -	\$ -	\$ 37,563,942
Improvements other than buildings	2,586,076	-	-	2,586,076
Infrastructure	8,369,305	-	-	8,369,305
Machinery and equipment	697,480	33,509	(93,737)	637,252
Total depreciable capital assets	\$ 49,216,803	\$ 33,509	\$ (93,737)	\$ 49,156,575
Accumulated depreciation:				
Buildings	\$ (7,523,746)	\$ (751,280)	\$ -	\$ (8,275,026)
Improvements other than buildings	(1,459,494)	(129,455)	-	(1,588,949)
Infrastructure	(3,296,937)	(111,590)	-	(3,408,527)
Machinery and equipment	(469,493)	(38,737)	93,737	(414,493)
Total accumulated depreciation	\$ (12,749,670)	\$ (1,031,062)	\$ 93,737	\$ (13,686,995)
Total depreciable capital assets, net	\$ 36,467,133	\$ (997,553)	\$ -	\$ 35,469,580
Capital assets, net	\$ 36,827,953	\$ (994,053)	\$ -	\$ 35,833,900

The Town has entered into a lease agreement for financing the acquisition of a dump truck. This lease is being treated as a capital lease. The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 148,401
Accumulated depreciation	(37,100)
Total	\$ 111,301

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 8—CAPITAL ASSETS: (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2021	\$ 32,330
2022	32,330
2023	32,330
2024	32,330
Total minimum lease payments	\$ 129,320
Less: amount representing interest	(8,916)
Present value of minimum lease payments	\$ 120,404

NOTE 9—LONG-TERM OBLIGATIONS:

The following is a summary of the long-term obligations of the Town for the year ended June 30, 2020:

	Balance Payable July 1, 2019	Issuances Increases	Retirements Decreases	Balance Payable June 30, 2020	Amount Due Within One Year
Primary Government:					
Governmental Activities					
Direct borrowings and placements:					
General obligation bonds	\$ 1,487,592	\$ 100,353	\$ (124,048)	\$ 1,463,897	\$ 114,765
Total direct borrowings and placements	\$ 1,487,592	\$ 100,353	\$ (124,048)	\$ 1,463,897	\$ 114,765
Other liabilities:					
Capital lease obligations	\$ 148,401	-	\$ (27,997)	\$ 120,404	\$ 28,814
Compensated absences	260,796	101,781	(63,665)	298,912	17,935
Net pension liability	1,621,446	1,199,641	(863,394)	1,957,693	-
Net OPEB liabilities	1,032,456	388,046	(141,234)	1,279,268	-
Total governmental activities	\$ 4,550,691	\$ 1,789,821	\$ (1,220,338)	\$ 5,120,174	\$ 161,514
Business-type Activities					
Direct borrowings and placements:					
General obligation bonds	\$ 7,112,397	-	\$ (333,659)	\$ 6,778,738	\$ 337,522
Premium on bond issue	219,515	-	(19,668)	199,847	19,668
Revenue Bonds	10,681,244	-	(392,374)	10,288,870	784,750
Total direct borrowings and placements	\$ 18,013,156	-	\$ (745,701)	\$ 17,267,455	\$ 1,141,940
Other liabilities:					
Compensated absences	152,469	61,385	(45,741)	168,113	10,087
Net pension liability	661,637	490,450	(352,468)	799,619	-
Net OPEB liabilities	427,135	89,441	(28,863)	487,713	-
Total business-type activities	\$ 19,254,397	\$ 641,276	\$ (1,172,773)	\$ 18,722,900	\$ 1,152,027
Total primary government	\$ 23,805,088	\$ 2,431,097	\$ (2,393,111)	\$ 23,843,074	\$ 1,313,541

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

For governmental and business-type activities, compensated absences, pension and OPEB liabilities are liquidated by the General and Public Utilities Funds, respectively.

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

Governmental Activities							
Long-term Obligations							
Year Ending June 30,	Direct Borrowings and Placements			Other Liabilities		Total	
	General Obligation Bonds			Capital Leases			
	Principal	Interest		Principal	Interest		
2021	\$ 114,765	\$ 42,257		\$ 28,814	\$ 3,516	\$ 143,579	\$ 45,773
2022	105,396	39,045		29,656	2,674	135,052	41,719
2023	108,503	35,937		30,522	1,808	139,025	37,745
2024	111,679	32,762		31,412	917	143,091	33,679
2025	115,001	29,440		-	-	115,001	29,440
2026-2030	480,623	97,574		-	-	480,623	97,574
2031-2035	283,064	45,736		-	-	283,064	45,736
2036-2038	144,866	5,434		-	-	144,866	5,434
Total	\$ 1,463,897	\$ 328,185		\$ 120,404	\$ 8,915	\$ 1,584,301	\$ 337,100

Business-type Activities							
Long-term Obligations							
Year Ending June 30,	Direct Borrowings and Placements				Total		
	General Obligation Bonds		Revenue Bonds				
	Principal	Interest	Principal	Interest			
2021	\$ 337,522	\$ 230,756	\$ 784,750	\$ -	\$ 1,122,272	\$ 230,756	
2022	198,120	216,747	784,750	-	982,870	216,747	
2023	207,015	209,136	784,750	-	991,765	209,136	
2024	221,041	201,010	784,750	-	1,005,791	201,010	
2025	225,204	192,491	784,750	-	1,009,954	192,491	
2026-2030	1,258,584	826,414	3,581,662	-	4,840,246	826,414	
2031-2035	1,486,208	576,159	2,783,458	-	4,269,666	576,159	
2036-2040	1,467,594	299,878	-	-	1,467,594	299,878	
2041-2045	957,084	107,482	-	-	957,084	107,482	
2046-2049	420,366	16,697	-	-	420,366	16,697	
Total	\$ 6,778,738	\$ 2,876,770	\$ 10,288,870	\$ -	\$ 17,067,608	\$ 2,876,770	

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

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%	\$ 12,387
Series 2013, \$1,000,000, issued March 29, 2013, payable in monthly installments of \$6,556, through April 1, 2028, with interest at 2.26%	572,976
Series 2018A, \$650,000, issued May 30, 2018, payable in monthly installments of \$3,530, through May 28, 2038, with interest at 2.75%	588,730
Series 2018B, \$325,000, issued May 30, 2018, payable in monthly installments of \$1,950, through May 28, 2038, with interest at 3.875%, \$224,647 advanced and \$202,374 outstanding at year end	289,804
Subtotal general obligation bonds	\$ 1,463,897

Capital leases:

Capital lease for a public works dump truck dated April 4, 2019, payable in five annual installments of \$32,330 through April 4, 2024 with interest at 2.92%	\$ 120,404
Compensated absences	\$ 298,912
Net pension liability	\$ 1,957,693
Net OPEB liabilities	\$ 1,279,268
Total governmental activities long-term obligations	\$ 5,120,174

The Town's outstanding notes from direct borrowings and direct placements related to governmental activities of \$1,463,897 contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 9—LONG-TERM OBLIGATIONS: (CONTINUED)

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%	\$ 5,620
Series 2003, \$2,286,000, issued September 25, 2003, payable in monthly installments of \$9,922, through September 25, 2043, with interest at 4.25%	1,737,784
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%	132,551
Series 2011B, \$855,000, issued November 16, 2011, payable in variable annual installments, beginning November 1, 2012 through November 1, 2020, with variable interest rates	10,000
Series 2014, \$2,005,000 issued November 19, 2014, payable in variable semi-annual installments beginning April 1, 2015 through October 1, 2037 with variable interest rates	1,880,000
Series 2017, \$3,126,800 Water Treatment Plant Project, issued March 14, 2017, payable in semi-annual installments beginning September 1, 2018 through March 1, 2048 with interest at 2.25%	3,012,783
Subtotal general obligation bonds	\$ 6,778,738

Revenue Bonds:

Series 2006, \$4,561,156, issued September 27, 2006, payable in semi-annual installments of \$114,029, beginning January 1, 2009 through July 1, 2028, bearing no interest	\$ 1,938,491
Series 2007, \$13,917,296, issued November 9, 2007, payable in semi-annual installments of \$278,346 beginning July 1, 2010 through January 1, 2035, bearing no interest	8,350,379
Subtotal revenue bonds	\$ 10,288,870
Unamortized premium on general obligation bonds	\$ 199,847
Compensated absences	\$ 168,113
Net pension liability	\$ 799,619
Net OPEB liabilities	\$ 487,713
Total business-type activities long-term obligations	\$ 18,722,900

The Town's outstanding notes from direct borrowings and direct placements related to business-type activities in the amount \$17,267,455, contain a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 10—PENSION PLANS:

Plan Description

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 10—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	35
Inactive members:	
Vested inactive members	10
Non-vested inactive members	6
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	33
Active members	<u>55</u>
Total covered employees	<u><u>123</u></u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 10—PENSION PLANS: (CONTINUED)

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2020 was 13.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$396,822 and \$383,806 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employess	3.50%-5.53%
Locality - Hazardoud Duty employees	3.50-4.75%%
Investment rate of return	6.75%, net of investment expenses,

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 10—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 10—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employess	3.50%-5.53%
Locality - Hazardoud Duty employees	3.50-4.75%%
Investment rate of return	6.75%, net of investment expenses,

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 10—PENSION PLANS: (CONTINUED)

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP- 2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 10—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 10—PENSION PLANS: (CONTINUED)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 12,702,498	\$ 10,419,415	\$ 2,283,083
Changes for the year:			
Service cost	\$ 357,155	\$ -	\$ 357,155
Interest	864,257	-	864,257
Changes of assumptions	417,746	-	417,746
Differences between expected and actual experience	43,177	-	43,177
Contributions - employer	-	384,016	(384,016)
Contributions - employee	-	140,416	(140,416)
Net investment income	-	690,973	(690,973)
Benefit payments, including refunds of employee contributions	(711,948)	(711,948)	-
Administrative expenses	-	(6,863)	6,863
Other changes	-	(436)	436
Net changes	\$ 970,387	\$ 496,158	\$ 474,229
Balances at June 30, 2019	\$ 13,672,885	\$ 10,915,573	\$ 2,757,312

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 10—PENSION PLANS: (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town Net Pension Liability	\$ 4,688,672	\$ 2,757,312	\$ 1,230,873

For the year ended June 30, 2020, the Town recognized pension expense of \$184,576. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,367	\$ 293,084
Change in assumptions	316,841	21,298
Net difference between projected and actual earnings on pension plan investments	-	91,366
Change in proportionate share	14,099	14,099
Employer contributions subsequent to the measurement date	396,822	-
Total	\$ 765,129	\$ 419,847

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 10—PENSION PLANS: (CONTINUED)

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

\$396,822 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30,</u>		
2021	\$	(203,897)
2022		20,676
2023		109,779
2024		21,902
2025		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$15,904 and \$15,249 for the years ended June 30, 2020 and June 30, 2019, respectively.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2020, the entity reported a liability of \$243,439 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.01496% as compared to 0.01460% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$8,024. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,190	\$ 3,157
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,000
Change in assumptions	15,369	7,341
Changes in proportion	11,316	-
Employer contributions subsequent to the measurement date	15,904	-
Total	<u>\$ 58,779</u>	<u>\$ 15,498</u>

\$15,904 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 3,260
2022	3,260
2023	5,378
2024	7,311
2025	6,475
Thereafter	1,693

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employess	3.50%-5.53%
Locality - Hazardoud Duty employees	3.50-4.75%
Investment rate of return	6.75%, net of investment expenses,
	including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		<hr/> 1,762,972
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 11—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

		Rate	
		1% Decrease	Current Discount
		(5.75%)	(6.75%)
			1% Increase
			(7.75%)
Town's proportionate share of the GLI Plan			
Net OPEB Liability	\$	319,811	\$ 243,439
			\$ 181,503

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 12—LINE OF DUTY ACT (LODA) PROGRAM:

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. This is a cost-sharing multiple-employer plan administered by the System. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 12—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$11,998 and \$11,292 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entity reported a liability of \$301,882 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was 0.08414% as compared to 0.07991% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$24,854. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,878	\$ (1)
Net difference between projected and actual earnings on LODA OPEB plan investments	-	598
Change in assumptions	14,165	26,170
Changes in proportionate share	11,481	9,523
Employer contributions subsequent to the measurement date	11,998	-
Total	<u>\$ 81,522</u>	<u>\$ 36,290</u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 12—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (continued)

\$11,998 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 3,773
2022	3,774
2023	3,866
2024	3,965
2025	3,994
Thereafter	13,862

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate:	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 12—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 12—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	<u>2,839</u>
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 12—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

		Discount Rate		
		1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
Town's proportionate share of the				
LODA Net OPEB Liability	\$	350,205	\$ 301,882	\$ 263,662

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

		Health Care Trend Rates		
		1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
Town's proportionate share of the				
LODA Net OPEB Liability	\$	225,239	\$ 301,882	\$ 360,705

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program Plan (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>19</u>
Inactive members:	
Vested inactive members	-
Total inactive members	-
Active members	<u>55</u>
Total covered employees	<u>74</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Town contractually required employer contribution rate for the year ended June 30, 2020 was 0.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Town to the HIC Plan were \$8,869 and \$8,504 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The Town net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 126,304	\$ 69,413	\$ 56,891
Changes for the year:			
Service cost	\$ 4,248	\$ -	\$ 4,248
Interest	8,504	-	8,504
Changes in assumptions	3,234	-	3,234
Differences between expected and actual experience	1,952	-	1,952
Contributions - employer	-	8,508	(8,508)
Net investment income	-	4,463	(4,463)
Benefit payments	(9,647)	(9,647)	-
Administrative expenses	-	(96)	96
Other changes	-	(6)	6
Net changes	\$ 8,291	\$ 3,222	\$ 5,069
Balances at June 30, 2019	\$ 134,595	\$ 72,635	\$ 61,960

Sensitivity of the Town's HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net HIC OPEB Liability	\$ 76,312	\$ 61,960	\$ 49,768

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2020, the Town recognized HIC Plan OPEB expense of \$7,906. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the Town's HIC Credit Program Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,420	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	850
Change in assumptions	2,765	2,190
Employer contributions subsequent to the measurement date	8,869	-
Total	\$ 14,054	\$ 3,040

\$8,869 reported as deferred outflows of resources related to the HIC OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ (132)
2022	(130)
2023	399
2024	435
2025	899
Thereafter	674

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 13—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

The Town administers a single-employer defined benefit healthcare plan, the Town of Woodstock OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Town who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits.

Plan Membership

At July 1, 2019 (the measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	57
Total retirees with coverage	<u>6</u>
Total	<u>63</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2020 was \$37,700.

Total OPEB Liability

The Town's total OPEB liability was measured as of July 1, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% increases annually
Discount Rate	3.13%
Healthcare Cost Trend Rates	7.25% for fiscal year end 2020 decreasing 0.25% oer year to an ultimate rate of 5.00%
Investment Rate of Return	Not applicable

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments has been set equal to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Changes in Total OPEB Liability

		<u>Total OPEB Liability</u>
Balances at July 1, 2019	\$	930,700
Changes for the year:		
Service cost		30,000
Interest		34,100
Difference between expected and actual experience		94,000
Changes in assumptions		108,600
Benefit payments		<u>(37,700)</u>
Net changes		<u>229,000</u>
Balances at June 30, 2020	\$	<u><u>1,159,700</u></u>

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

**NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO
(OPEB PLAN): (CONTINUED)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 1,305,000	\$ 1,159,700	\$ 1,032,700

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.25% decreasing to 4.00%)	Healthcare Cost Trend (7.25% decreasing to 5.00%)	1% Increase (8.25% decreasing to 6.00%)
\$ 1,010,900	\$ 1,159,700	\$ 1,339,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense in the amount of \$97,900. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB plan are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,500	\$ -
Changes in assumptions	95,500	10,400
Employer contributions subsequent to the measurement date	37,700	-
Total	\$ 230,700	\$ 10,400

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO
(OPEB PLAN): (CONTINUED)

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>		
2021	\$	25,200
2022		25,200
2023		25,200
2024		25,200
2025		25,200
Thereafter		56,600

Additional disclosures on changes in net OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 15—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the Town's OPEB plans as of June 30, 2020:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Plan (Note 11)	\$ 58,779	\$ 15,498	\$ 243,439	\$ 8,024
Line Of Duty Act (Note 12)	81,522	36,290	301,882	24,854
Health Insurance Credit Plan (Note 13)	14,054	3,040	61,960	7,906
Pay As You Go Stand-Alone Plan (Note 14)	230,700	10,400	1,159,700	97,900
Totals	<u>\$ 385,055</u>	<u>\$ 65,228</u>	<u>\$ 1,766,981</u>	<u>\$ 138,684</u>

NOTE 16—PROPERTY, LIABILITY AND FIDELITY BONDS:

The Town pays VML Insurance Program (VMLIP) contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 17—RISK MANAGEMENT:

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 17—RISK MANAGEMENT: (CONTINUED)

The Town is a member of the VMLIP for workers' compensation. This program provides claims management and risk management services.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays VMLIP contributions and assessments based upon classification and rates into a designated cash reserve fund out of which claims, refunds, and expenses of the Association 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 18—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.

NOTE 19—LITIGATION:

At June 30, 2020, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 20—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 20—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 20—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 21—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. Town of Woodstock, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)**

NOTE 21—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE: (CONTINUED)

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. The Town will request funding in fiscal year 2021 from the County of Shenandoah, Virginia.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government

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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 Balance - Budget and Actual

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 1,292,973	\$ 1,292,973	\$ 1,214,489	\$ (78,484)
Other local taxes	2,817,338	2,817,338	2,681,535	(135,803)
Permits, privilege fees, and regulatory licenses	425,000	425,000	395,682	(29,318)
Fines and forfeitures	28,500	28,500	20,602	(7,898)
Revenue from the use of money and property	55,500	55,500	48,796	(6,704)
Charges for services	268,000	268,000	245,816	(22,184)
Miscellaneous	33,500	35,500	24,257	(11,243)
Intergovernmental:				
Commonwealth	1,090,712	1,090,712	1,099,174	8,462
Federal	6,407	6,407	4,997	(1,410)
Total revenues	<u>\$ 6,017,930</u>	<u>\$ 6,019,930</u>	<u>\$ 5,735,348</u>	<u>\$ (284,582)</u>
EXPENDITURES				
Current:				
General government administration	\$ 958,495	\$ 958,495	\$ 860,715	\$ 97,780
Public safety	2,633,113	2,635,113	2,060,947	574,166
Public works	1,871,976	1,871,976	1,779,377	92,599
Parks and recreation	329,226	329,226	264,092	65,134
Community development	443,586	443,586	381,579	62,007
Capital projects	1,362,745	1,432,745	350,715	1,082,030
Debt service:				
Principal retirement	145,361	145,361	152,045	(6,684)
Interest and other fiscal charges	51,423	51,423	48,150	3,273
Total expenditures	<u>\$ 7,795,925</u>	<u>\$ 7,867,925</u>	<u>\$ 5,897,620</u>	<u>\$ 1,970,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,777,995)</u>	<u>\$ (1,847,995)</u>	<u>\$ (162,272)</u>	<u>\$ 1,685,723</u>
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation bonds	\$ 1,000,000	\$ 1,000,000	\$ 100,353	\$ (899,647)
Transfers out	(46,750)	(46,750)	-	46,750
Total other financing sources (uses)	<u>\$ 953,250</u>	<u>\$ 953,250</u>	<u>\$ 100,353</u>	<u>\$ (852,897)</u>
Net change in fund balance	\$ (824,745)	\$ (894,745)	\$ (61,919)	\$ 832,826
Fund balance - beginning	824,745	894,745	3,811,154	2,916,409
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,749,235</u>	<u>\$ 3,749,235</u>

TOWN OF WOODSTOCK, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios

Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 357,155	\$ 328,583	\$ 317,355	\$ 299,879	\$ 293,925	\$ 299,492
Interest	864,257	827,807	869,508	845,739	806,204	774,415
Changes of assumptions	417,746	-	(85,198)	-	-	-
Differences between expected and actual experience	43,177	8,915	(1,105,150)	(198,402)	74,108	-
Benefit payments, including refunds of employee contributions	(711,948)	(577,252)	(607,225)	(608,106)	(610,782)	(628,765)
Net change in total pension liability	\$ 970,387	\$ 588,053	\$ (610,710)	\$ 339,110	\$ 563,455	\$ 445,142
Total pension liability - beginning	<u>12,702,498</u>	<u>12,114,445</u>	<u>12,725,155</u>	<u>12,386,045</u>	<u>11,822,590</u>	<u>11,377,448</u>
Total pension liability - ending (a)	<u>\$ 13,672,885</u>	<u>\$ 12,702,498</u>	<u>\$ 12,114,445</u>	<u>\$ 12,725,155</u>	<u>\$ 12,386,045</u>	<u>\$ 11,822,590</u>
Plan fiduciary net position						
Contributions - employer	\$ 384,016	\$ 448,671	\$ 420,921	\$ 440,978	\$ 421,342	\$ 400,904
Contributions - employee	140,416	133,931	129,078	122,720	118,138	117,378
Net investment income	690,973	719,972	1,061,616	151,347	380,711	1,140,528
Benefit payments, including refunds of employee contributions	(711,948)	(577,252)	(607,225)	(608,106)	(610,782)	(628,765)
Administrative expense	(6,863)	(6,091)	(6,065)	(5,309)	(5,205)	(6,176)
Other	(436)	(647)	(948)	(64)	(80)	60
Net change in plan fiduciary net position	\$ 496,158	\$ 718,584	\$ 997,377	\$ 101,566	\$ 304,124	\$ 1,023,929
Plan fiduciary net position - beginning	<u>10,419,415</u>	<u>9,700,831</u>	<u>8,703,454</u>	<u>8,601,888</u>	<u>8,297,764</u>	<u>7,273,835</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,915,573</u>	<u>\$ 10,419,415</u>	<u>\$ 9,700,831</u>	<u>\$ 8,703,454</u>	<u>\$ 8,601,888</u>	<u>\$ 8,297,764</u>
Town's net pension liability - ending (a) - (b)	\$ 2,757,312	\$ 2,283,083	\$ 2,413,614	\$ 4,021,701	\$ 3,784,157	\$ 3,524,826
Plan fiduciary net position as a percentage of the total pension liability	79.83%	82.03%	80.08%	68.40%	69.45%	70.19%
Covered payroll	\$ 2,932,490	\$ 2,836,627	\$ 2,592,656	\$ 2,515,114	\$ 2,388,249	\$ 2,341,201
Town's net pension liability as a percentage of covered payroll	94.03%	80.49%	93.09%	159.90%	158.45%	150.56%

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

Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
2020	\$ 396,822	\$ 396,822	\$ -	\$ 3,058,424	12.97%
2019	383,806	383,806	-	2,932,490	13.09%
2018	448,671	448,671	-	2,836,627	15.82%
2017	426,996	426,996	-	2,592,656	16.47%
2016	440,978	440,978	-	2,515,114	17.53%
2015	421,342	421,342	-	2,388,249	17.64%
2014	400,904	400,904	-	2,341,201	17.12%
2013	390,331	390,331	-	2,302,840	16.95%
2012	272,143	272,143	-	2,207,162	12.33%
2011	281,333	281,333	-	2,281,696	12.33%

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, except the change in the discount rate, which was based on VRA Board action effective as of July 1, 2019. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Town's Share of Net OPEB Liability

Group Life Insurance Plan

For the Measurement Dates of June 30, 2017 Through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.01496% \$	243,439 \$	2,932,490	8.30%	52.00%
2018	0.01460%	222,000	2,776,212	8.00%	51.22%
2017	0.01406%	212,000	2,592,656	8.18%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 15,904	\$ 15,904	\$ -	\$ 3,058,424	0.52%
2019	15,249	15,249	-	2,932,490	0.52%
2018	14,436	14,436	-	2,776,212	0.52%
2017	13,484	13,484	-	2,592,656	0.52%
2016	12,078	12,078	-	2,515,114	0.48%
2015	11,476	11,476	-	2,388,249	0.48%
2014	27,860	27,860	-	2,341,201	1.19%
2013	27,404	27,404	-	2,302,840	1.19%
2012	6,180	6,180	-	2,207,162	0.28%
2011	6,389	6,389	-	2,281,696	0.28%

Notes to Required Supplementary Information
 Group Life Insurance Plan
 For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014 projected to
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement)	Updated to a more current mortality table - RP-2014 projected to
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2019	0.08414% \$	301,882 \$	1,181,244	25.56%	0.79%
2018	0.07991%	250,000	1,062,120	23.54%	0.60%
2017	0.08417%	221,000	1,027,905	21.50%	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only three years of data are available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

For the Years Ended June 30, 2018 through June 30, 2020

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll *	Covered - Employee Payroll
	(1)	(2)	(3)	(4)	(5)
2020	\$ 11,998	\$ 21,613	\$ (9,615)	\$ 987,040	2.19%
2019	11,292	20,342	(9,050)	1,181,244	1.72%
2018	8,511	8,511	-	1,062,120	0.80%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only three years of data are available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
Total HIC OPEB Liability			
Service cost	\$ 4,248	\$ 4,019	\$ 4,180
Interest	8,504	8,234	8,178
Differences between expected and actual experience	1,952	1,053	-
Changes in assumptions	3,234	-	(3,843)
Benefit payments	(9,647)	(9,250)	(6,189)
Net change in total HIC OPEB liability	\$ 8,291	\$ 4,056	\$ 2,326
Total HIC OPEB Liability - beginning	126,304	122,248	119,922
Total HIC OPEB Liability - ending (a)	<u>\$ 134,595</u>	<u>\$ 126,304</u>	<u>\$ 122,248</u>
Plan fiduciary net position			
Contributions - employer	\$ 8,508	\$ 9,161	\$ 8,556
Net investment income	4,463	4,663	6,674
Benefit payments	(9,647)	(9,250)	(6,189)
Administrative expense	(96)	(111)	(112)
Other	(6)	(330)	330
Net change in plan fiduciary net position	\$ 3,222	\$ 4,133	\$ 9,259
Plan fiduciary net position - beginning	69,413	65,280	56,021
Plan fiduciary net position - ending (b)	<u>\$ 72,635</u>	<u>\$ 69,413</u>	<u>\$ 65,280</u>
Town's net HIC OPEB liability - ending (a) - (b)	\$ 61,960	\$ 56,891	\$ 56,968
Plan fiduciary net position as a percentage of the total HIC OPEB liability	53.97%	54.96%	53.40%
Covered payroll	\$ 2,932,490	\$ 2,776,212	\$ 2,592,656
Town's net HIC OPEB liability as a percentage of covered payroll	2.11%	2.05%	2.20%

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

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2020	\$ 8,869	\$ 8,869	\$ -	\$ 3,058,424		0.29%
2019	8,504	8,504	-	2,932,490		0.29%
2018	9,162	9,162	-	2,776,212		0.33%
2017	8,558	8,558	-	2,592,656		0.33%
2016	8,052	8,052	-	2,515,114		0.32%
2015	7,646	7,646	-	2,388,249		0.32%
2014	7,492	7,492	-	2,341,201		0.32%
2013	7,369	7,369	-	2,302,840		0.32%
2012	6,621	6,621	-	2,207,162		0.30%
2011	6,845	6,845	-	2,281,696		0.30%

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00 % to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Medical, Dental, and Prescription Insurance
 For the Measurement Dates of July 1, 2017 through July 1, 2019

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 30,000	\$ 32,700	\$ 31,900
Interest	34,100	32,400	31,200
Changes in assumptions	108,600	(14,000)	-
Changes in plan	94,000	20,000	-
Benefit payments	(37,700)	(37,700)	(17,500)
Net change in total OPEB liability	\$ 229,000	\$ 33,400	\$ 45,600
Total OPEB liability - beginning	930,700	897,300	851,700
Total OPEB liability - ending	<u>\$ 1,159,700</u>	<u>\$ 930,700</u>	<u>\$ 897,300</u>
 Covered payroll	 \$ N/A	 \$ N/A	 \$ N/A
 Town's total OPEB liability (asset) as a percentage of covered payroll	 N/A	 N/A	 N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - Town OPEB
 Medical, Dental, and Prescription Insurance
 For the Year Ended June 30, 2020

Valuation Date: 7/1/2019
 Measurement Date: 7/1/2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.13%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% in 2020, gradually decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

OTHER SUPPORTING INFORMATION

SUPPORTING SCHEDULE

Computation of Legal Debt Margin
June 30, 2020

Total Assessed Value of Real Estate	\$ 529,613,080
Legal Debt Margin: (10% of assessed value of real estate)	\$ 52,961,308
Less: Gross Indebtedness	<u>(1,463,897)</u>
Legal Margin for Creation of Additional Debt	<u>\$ 51,497,411</u>

Excludes enterprise fund indebtedness and capital lease obligations.

STATISTICAL SECTION

Statistical Section

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

Contents

Tables

Financial Trends

1-4

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

5-9

These tables contain information to help the reader assess the Town's most significant local revenue source, property taxes.

Debt Capacity

10-13

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

14-15

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

16-18

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 Town 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.

TOWN OF WOODSTOCK, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013
Governmental activities			
Net investment in capital assets	\$ 11,767,180	\$ 11,564,646	\$ 11,379,865
Restricted	-	-	7,604
Unrestricted	2,397,512	2,916,634	2,774,479
Total governmental activities net position	<u>\$ 14,164,692</u>	<u>\$ 14,481,280</u>	<u>\$ 14,161,948</u>
Business-type activities			
Net investment in capital assets	\$ 16,255,641	\$ 16,390,921	\$ 16,722,638
Unrestricted	1,424,895	1,471,213	1,679,715
Total business-type activities net position	<u>\$ 17,680,536</u>	<u>\$ 17,862,134</u>	<u>\$ 18,402,353</u>
Primary government			
Net investment in capital assets	\$ 28,022,821	\$ 27,955,567	\$ 28,102,503
Restricted	-	-	7,604
Unrestricted	3,822,407	4,387,847	4,454,194
Total primary government net position	<u>\$ 31,845,228</u>	<u>\$ 32,343,414</u>	<u>\$ 32,564,301</u>

Table 1

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 11,787,556	\$ 11,612,015	\$ 11,437,805	\$ 11,306,301	\$ 11,348,292	\$ 11,312,020	\$ 11,138,003
-	-	-	-	-	-	-
2,456,615	267,970	561,357	230,867	570,435	906,168	882,390
<u>\$ 14,244,171</u>	<u>\$ 11,879,985</u>	<u>\$ 11,999,162</u>	<u>\$ 11,537,168</u>	<u>\$ 11,918,727</u>	<u>\$ 12,218,188</u>	<u>\$ 12,020,393</u>
\$ 17,013,876	\$ 17,282,819	\$ 17,835,299	\$ 17,625,943	\$ 18,202,945	\$ 18,933,168	\$ 18,671,158
1,551,902	417,561	499,066	1,049,145	1,079,170	817,969	1,561,194
<u>\$ 18,565,778</u>	<u>\$ 17,700,380</u>	<u>\$ 18,334,365</u>	<u>\$ 18,675,088</u>	<u>\$ 19,282,115</u>	<u>\$ 19,751,137</u>	<u>\$ 20,232,352</u>
\$ 28,801,432	\$ 28,894,834	\$ 29,273,104	\$ 28,932,244	\$ 29,551,237	\$ 30,245,188	\$ 29,809,161
-	-	-	-	-	-	-
4,008,517	685,531	1,060,423	1,280,012	1,649,605	1,724,137	2,443,584
<u>\$ 32,809,949</u>	<u>\$ 29,580,365</u>	<u>\$ 30,333,527</u>	<u>\$ 30,212,256</u>	<u>\$ 31,200,842</u>	<u>\$ 31,969,325</u>	<u>\$ 32,252,745</u>

TOWN OF WOODSTOCK, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013
Expenses			
Governmental activities:			
General government administration	\$ 732,891	\$ 701,454	\$ 843,966
Public safety	1,352,205	1,458,135	1,739,156
Public works	1,567,676	1,588,522	1,545,390
Parks and recreation	256,685	268,582	240,960
Community development	262,583	311,986	318,861
Interest on long-term debt	8,925	10,075	14,290
Total governmental activities expenses	\$ 4,180,965	\$ 4,338,754	\$ 4,702,623
Business-type activities:			
Water and sewer	\$ 3,173,607	\$ 3,539,931	\$ 3,431,982
Recreation	-	-	-
Total business-type activities expenses	\$ 3,173,607	\$ 3,539,931	\$ 3,431,982
Total primary government expenses	\$ 7,354,572	\$ 7,878,685	\$ 8,134,605
Program Revenues			
Governmental activities:			
Charges for services:			
General government administration	\$ 31,161	\$ 13,490	\$ 11,640
Public safety	38,766	44,209	34,551
Public works	166,982	169,697	171,530
Parks and recreation	52,393	56,899	50,670
Community development	-	-	-
Operating grants and contributions:			
Public safety	126,503	126,259	121,228
Public works	-	50,483	8,500
Parks and recreation	-	-	-
Community development	750	-	750
Capital grants and contributions:			
Public works	636,447	667,173	578,173
Parks and recreation	9,136	71,386	-
Community development	-	-	-
Total governmental activities program revenues	\$ 1,062,138	\$ 1,199,596	\$ 977,042
Business-type activities:			
Charges for services:			
Water and sewer	\$ 3,191,737	\$ 3,160,050	\$ 3,429,399
Recreation	-	-	-
Operating grants and contributions:			
Capital grants and contributions:			
Water and sewer	891,093	501,146	192,580
Total business-type activities program revenues	\$ 4,082,830	\$ 3,661,196	\$ 3,621,979
Total primary government program revenues	\$ 5,144,968	\$ 4,860,792	\$ 4,599,021
Net (expense)/revenue			
Governmental activities	\$ (3,118,827)	\$ (3,139,158)	\$ (3,725,581)
Business-type activities	909,223	121,265	189,997
Total primary government net (expense) revenue	\$ (2,209,604)	\$ (3,017,893)	\$ (3,535,584)

Table 2

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 828,451	\$ 783,174	\$ 815,926	\$ 855,522	\$ 898,863	\$ 855,065	\$ 894,002
1,878,638	1,597,406	1,737,572	1,777,730	1,794,419	1,952,734	2,129,682
1,724,374	1,760,414	1,805,168	1,752,264	1,745,372	1,975,588	2,046,587
223,802	350,601	368,217	345,730	397,348	381,941	365,596
331,185	628,977	393,317	420,727	398,489	463,547	456,380
32,203	28,648	24,942	26,076	21,289	40,900	47,995
<u>\$ 5,018,653</u>	<u>\$ 5,149,220</u>	<u>\$ 5,145,142</u>	<u>\$ 5,178,049</u>	<u>\$ 5,255,780</u>	<u>\$ 5,669,775</u>	<u>\$ 5,940,242</u>
\$ 3,500,570	\$ 3,498,131	\$ 3,542,094	\$ 3,610,056	\$ 3,450,871	\$ 3,754,904	\$ 3,541,890
-	-	-	-	-	-	-
<u>\$ 3,500,570</u>	<u>\$ 3,498,131</u>	<u>\$ 3,542,094</u>	<u>\$ 3,610,056</u>	<u>\$ 3,450,871</u>	<u>\$ 3,754,904</u>	<u>\$ 3,541,890</u>
<u>\$ 8,519,223</u>	<u>\$ 8,647,351</u>	<u>\$ 8,687,236</u>	<u>\$ 8,788,105</u>	<u>\$ 8,706,651</u>	<u>\$ 9,424,679</u>	<u>\$ 9,482,132</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,525	\$ -
101,910	38,963	29,491	38,080	32,424	24,047	20,602
171,920	173,031	188,517	183,770	186,011	191,391	194,837
57,652	64,818	89,591	88,900	82,290	96,174	50,978
-	-	-	1,078	235	10,859	16,661
135,933	167,613	125,783	139,156	127,589	133,313	140,416
-	-	-	-	-	-	-
-	-	-	18,076	-	-	-
750	-	-	-	-	10,000	-
806,634	724,039	769,760	793,286	806,564	830,651	830,656
-	-	-	-	-	-	-
-	-	-	-	-	-	10,000
<u>\$ 1,274,799</u>	<u>\$ 1,168,464</u>	<u>\$ 1,203,142</u>	<u>\$ 1,262,346</u>	<u>\$ 1,235,113</u>	<u>\$ 1,298,960</u>	<u>\$ 1,264,150</u>
\$ 3,456,904	\$ 3,710,805	\$ 4,168,585	\$ 4,203,321	\$ 3,972,177	\$ 3,937,341	\$ 3,923,755
-	-	-	-	-	-	-
153,116	109,344	-	-	38,149	201,200	48,200
<u>\$ 3,610,020</u>	<u>\$ 3,820,149</u>	<u>\$ 4,168,585</u>	<u>\$ 4,203,321</u>	<u>\$ 4,010,326</u>	<u>\$ 4,138,541</u>	<u>\$ 3,971,955</u>
<u>\$ 4,884,819</u>	<u>\$ 4,988,613</u>	<u>\$ 5,371,727</u>	<u>\$ 5,465,667</u>	<u>\$ 5,245,439</u>	<u>\$ 5,437,501</u>	<u>\$ 5,236,105</u>
\$ (3,743,854)	\$ (3,980,756)	\$ (3,942,000)	\$ (3,915,703)	\$ (4,020,667)	\$ (4,370,815)	\$ (4,676,092)
109,450	322,018	626,491	593,265	559,455	383,637	430,065
<u>\$ (3,634,404)</u>	<u>\$ (3,658,738)</u>	<u>\$ (3,315,509)</u>	<u>\$ (3,322,438)</u>	<u>\$ (3,461,212)</u>	<u>\$ (3,987,178)</u>	<u>\$ (4,246,027)</u>

TOWN OF WOODSTOCK, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 1,069,706	\$ 1,069,173	\$ 1,112,158
Other local taxes:			
Vehicle license	95,332	92,933	101,392
Local sales and use	189,043	196,487	225,920
Consumers' utility	86,170	87,174	89,017
Telecommunications	97,955	95,963	96,217
Bank franchise	185,327	158,354	151,641
Meals	914,462	981,733	1,010,919
Transient occupancy	176,252	185,699	202,993
Business license	335,139	338,655	351,892
Other local taxes	122,606	140,291	301,822
Unrestricted revenues from use of money and property	18,866	20,844	14,734
Miscellaneous	53,236	86,755	23,012
Grants and contributions not restricted to specific programs	111,549	111,685	112,208
Transfers	-	(110,000)	(387,676)
Total governmental activities	\$ 3,455,643	\$ 3,455,746	\$ 3,406,249
Business-type activities:			
Unrestricted revenues from use of money and property	\$ 17,204	\$ 18,665	\$ 12,546
Miscellaneous	-	-	-
Transfers	-	110,000	387,676
Total business-type activities	\$ 17,204	\$ 128,665	\$ 400,222
Change in Net Position			
Governmental activities	\$ 336,816	\$ 316,588	\$ (319,332)
Business-type activities	926,427	249,930	590,219
Total primary government	\$ 1,263,243	\$ 566,518	\$ 270,887

Table 2

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 1,108,023	\$ 1,141,181	\$ 1,100,172	\$ 1,205,600	\$ 1,190,301	\$ 1,221,621	\$ 1,221,588
92,464	95,050	109,344	97,868	109,825	108,012	119,418
224,692	229,086	229,866	251,070	259,834	264,256	304,668
89,167	89,274	88,905	89,709	92,759	92,364	90,481
94,581	93,755	90,979	89,557	85,969	79,754	77,935
199,737	260,735	192,317	215,177	234,729	224,417	176,565
1,005,123	1,102,304	1,168,010	1,205,408	1,258,989	1,505,256	1,454,092
210,788	230,062	261,139	280,467	287,647	292,863	218,984
368,553	372,770	396,644	395,688	418,271	415,868	377,114
280,230	256,589	260,181	254,865	234,339	218,513	319,234
6,203	6,478	10,997	21,881	44,496	61,481	48,796
34,220	90,694	4,375	14,635	46,177	56,438	24,257
112,296	160,880	148,248	155,223	138,890	129,433	45,165
-	-	-	-	-	-	-
<u>\$ 3,826,077</u>	<u>\$ 4,128,858</u>	<u>\$ 4,061,177</u>	<u>\$ 4,277,148</u>	<u>\$ 4,402,226</u>	<u>\$ 4,670,276</u>	<u>\$ 4,478,297</u>
\$ 3,975	\$ 3,006	\$ 7,494	\$ 18,364	\$ 47,572	\$ 67,385	\$ 51,150
-	-	-	-	-	18,000	-
-	-	-	-	-	-	-
<u>\$ 3,975</u>	<u>\$ 3,006</u>	<u>\$ 7,494</u>	<u>\$ 18,364</u>	<u>\$ 47,572</u>	<u>\$ 85,385</u>	<u>\$ 51,150</u>
\$ 82,223	\$ 148,102	\$ 119,177	\$ 361,445	\$ 381,559	\$ 299,461	\$ (197,795)
<u>113,425</u>	<u>325,024</u>	<u>633,985</u>	<u>611,629</u>	<u>607,027</u>	<u>469,022</u>	<u>481,215</u>
<u>\$ 195,648</u>	<u>\$ 473,126</u>	<u>\$ 753,162</u>	<u>\$ 973,074</u>	<u>\$ 988,586</u>	<u>\$ 768,483</u>	<u>\$ 283,420</u>

TOWN OF WOODSTOCK, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	\$ 41,165	\$ 48,654	\$ 23,319	\$ 23,211	\$ 24,368	\$ 12,779
Restricted	-	-	998,500	143,093	-	-
Committed	375,000	420,000	265,000	220,000	95,000	173,500
Assigned	110,000	387,676	649,000	75,000	227,000	114,983
Unassigned	1,977,281	2,127,394	1,936,390	2,257,949	2,487,868	2,829,484
Total general fund	<u>\$ 2,503,446</u>	<u>\$ 2,983,724</u>	<u>\$ 3,872,209</u>	<u>\$ 2,719,253</u>	<u>\$ 2,834,236</u>	<u>\$ 3,130,746</u>
Total governmental funds	<u>\$ 2,503,446</u>	<u>\$ 2,983,724</u>	<u>\$ 3,872,209</u>	<u>\$ 2,719,253</u>	<u>\$ 2,834,236</u>	<u>\$ 3,130,746</u>

Table 3

Fiscal Year			
2017	2018	2019	2020
\$ 8,000	\$ -	\$ -	\$ -
-	-	-	-
227,000	347,000	347,000	442,000
520,444	805,211	824,745	442,000
2,896,813	2,651,957	2,639,409	2,865,235
\$ <u>3,652,257</u>	\$ <u>3,804,168</u>	\$ <u>3,811,154</u>	\$ <u>3,749,235</u>
\$ <u>3,652,257</u>	\$ <u>3,804,168</u>	\$ <u>3,811,154</u>	\$ <u>3,749,235</u>

TOWN OF WOODSTOCK, VIRGINIA

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

	2011	2012	2013
Revenues			
General property taxes	\$ 1,067,235	\$ 1,062,487	\$ 1,110,457
Other local taxes	1,863,818	1,934,808	2,180,418
Permits, privilege fees and regulatory licenses	366,300	352,145	363,532
Fines and forfeitures	38,766	44,209	34,551
Revenue from the use of money and property	18,866	20,844	14,734
Charges for service	219,375	226,596	222,200
Miscellaneous	53,236	62,254	23,012
Intergovernmental:			
Commonwealth	862,786	904,391	813,057
Federal	21,596	86,894	7,803
Total revenues	\$ 4,511,978	\$ 4,694,628	\$ 4,769,764
Expenditures			
General government administration	\$ 711,620	\$ 684,415	\$ 822,722
Public safety	1,352,755	1,411,996	1,688,741
Public works	1,338,803	1,375,285	1,312,920
Parks and recreation	214,514	222,624	198,497
Community development	187,965	237,368	243,763
Capital projects	145,713	145,422	162,105
Debt service:			
Principal	44,289	41,667	52,431
Interest and other fiscal charges	8,925	10,074	12,424
Total expenditures	\$ 4,004,584	\$ 4,128,851	\$ 4,493,603
Excess of revenues over (under) expenditures	\$ 507,394	\$ 565,777	\$ 276,161
Other financing sources (uses)			
Transfers out	\$ -	\$ (110,000)	\$ (387,676)
Sale of equipment	-	24,501	-
Issuance of general obligation bonds	-	-	-
Proceeds from indebtedness	63,424	-	1,000,000
Total other financing sources (uses)	\$ 63,424	\$ (85,499)	\$ 612,324
Net change in fund balances	\$ 570,818	\$ 480,278	\$ 888,485
Debt service as a percentage of noncapital expenditures	1.38%	1.30%	1.50%

Table 4

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 1,124,109	\$ 1,113,136	\$ 1,124,215	\$ 1,196,076	\$ 1,213,779	\$ 1,202,552	\$ 1,214,489
2,196,782	2,356,856	2,400,741	2,484,121	2,564,091	2,785,435	2,681,535
368,553	372,770	396,644	395,688	418,271	415,868	395,682
101,910	38,963	29,491	38,080	32,424	24,047	20,602
6,203	6,478	10,997	21,881	44,496	61,481	48,796
229,572	237,849	278,108	273,748	268,536	300,949	245,816
34,220	90,694	4,375	18,543	46,177	56,438	24,257
1,045,007	1,043,814	1,033,283	1,093,765	1,070,207	1,098,482	1,099,174
10,605	8,717	10,508	11,976	2,836	4,915	4,997
<u>\$ 5,116,961</u>	<u>\$ 5,269,277</u>	<u>\$ 5,288,362</u>	<u>\$ 5,533,878</u>	<u>\$ 5,660,817</u>	<u>\$ 5,950,167</u>	<u>\$ 5,735,348</u>
\$ 840,874	\$ 780,676	\$ 806,820	\$ 825,857	\$ 881,687	\$ 911,213	\$ 860,715
1,819,715	1,556,530	1,679,597	1,697,088	1,840,184	2,047,714	2,060,947
1,630,325	1,550,568	1,579,628	1,539,431	1,552,386	1,760,035	1,779,377
181,503	233,824	258,965	233,425	284,084	278,536	264,092
255,927	480,153	321,670	343,876	362,992	407,786	381,579
1,590,497	418,211	210,840	235,778	453,441	1,353,633	350,715
91,432	105,563	108,477	110,560	112,226	165,545	152,045
29,830	28,769	25,855	26,352	22,106	41,567	48,150
<u>\$ 6,440,103</u>	<u>\$ 5,154,294</u>	<u>\$ 4,991,852</u>	<u>\$ 5,012,367</u>	<u>\$ 5,509,106</u>	<u>\$ 6,966,029</u>	<u>\$ 5,897,620</u>
<u>\$ (1,323,142)</u>	<u>\$ 114,983</u>	<u>\$ 296,510</u>	<u>\$ 521,511</u>	<u>\$ 151,711</u>	<u>\$ (1,015,862)</u>	<u>\$ (162,272)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	200	874,447	100,353
170,186	-	-	-	-	148,401	-
<u>\$ 170,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,022,848</u>	<u>\$ 100,353</u>
<u>\$ (1,152,956)</u>	<u>\$ 114,983</u>	<u>\$ 296,510</u>	<u>\$ 521,511</u>	<u>\$ 151,911</u>	<u>\$ 6,986</u>	<u>\$ (61,919)</u>
2.58%	2.84%	2.81%	2.90%	2.66%	3.69%	3.61%

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	Bank Franchise Tax	Cigarette Tax
2020	\$ 1,214,489	\$ 304,668	\$ 90,481	\$ 77,935	\$ 176,565	\$ 199,482
2019	1,202,552	264,256	92,364	79,754	224,417	188,589
2018	1,213,779	259,834	92,759	85,969	234,729	195,905
2017	1,196,076	251,070	89,709	89,557	215,177	216,375
2016	1,124,215	229,866	88,905	90,979	192,317	225,623
2015	1,113,136	229,086	89,274	93,755	260,735	214,232
2014	1,124,109	224,692	89,167	94,581	94,581	239,386
2013	1,110,457	225,920	89,017	96,217	151,641	257,619
2012	1,062,487	196,487	87,174	95,963	158,354	105,627
2011	1,067,235	189,043	86,170	97,955	185,237	89,186

Table 5

Meals Tax	Transient Occupancy Tax	Public Right- of-Way Fees	Motor Vehicle Licenses	Business & Occupational Licenses
\$ 1,454,092	\$ 218,984	\$ 23,635	\$ 119,418	\$ 377,114
1,505,256	292,863	22,875	108,012	415,868
1,258,989	287,647	25,579	109,825	418,271
1,205,408	280,467	27,692	97,868	395,688
1,172,210	261,139	30,357	109,344	396,644
1,102,304	230,062	31,550	95,050	372,770
1,005,123	210,788	30,183	98,909	368,553
1,010,919	202,993	29,265	101,888	350,986
981,733	185,699	27,274	89,107	337,505
914,462	176,252	25,663	92,003	333,448

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	
2020	\$ 529,613,080	\$ 48,886,886	\$ 36,550	\$ 200,545	\$ 15,730,221	\$ 38,381	
2019	525,656,480	48,381,490	6,750	265,406	15,551,050	44,286	
2018	524,379,160	48,187,634	11,500	232,963	14,367,050	44,286	
2017	526,242,600	44,698,629	-	153,814	13,896,337	51,595	
2016	519,325,520	44,850,619	1,500	187,731	14,160,740	63,473	
2015	556,191,000	41,734,212	25,922	227,267	13,921,681	26,357	
2014	553,348,600	39,522,456	19,550	222,993	15,230,369	32,912	
2013	548,482,400	38,631,400	8,800	251,540	14,446,771	30,343	
2012	543,301,050	37,898,588	8,800	225,921	13,444,742	30,019	
2011	540,494,350	37,205,546	10,650	253,815	14,594,334	12,611	

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

Table 6

<u>Total Taxable Assessed Value</u>		<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Total Direct Rate</u>
\$	594,505,663	\$ 594,505,663	100%	\$ 2.12
	589,905,462	589,905,462	100%	2.12
	587,222,593	587,222,593	100%	2.12
	585,042,975	585,042,975	100%	2.12
	578,589,583	578,589,583	100%	1.80
	612,126,439	612,126,439	100%	2.10
	608,376,880	608,376,880	100%	2.10
	601,851,253	601,851,253	100%	2.10
	594,909,120	594,909,120	100%	2.10
	592,571,306	592,571,306	100%	2.10

TOWN OF WOODSTOCK, VIRGINIA

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

Fiscal Years	Direct Rates					Overlapping Rates County of Shenandoah, Virginia				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools		Real Estate	Personal Property	Mobile Homes	Machinery and Tools	
2020	\$ 0.16	\$ 0.90	\$ 0.16	\$ 0.90		\$ 0.64	\$ 3.90	\$ 0.64	\$ 3.15	
2019	0.16	0.90	0.16	0.90		0.64	3.90	0.64	3.15	
2018	0.16	0.90	0.16	0.90		0.64	3.90	0.64	3.15	
2017	0.16	0.90	0.16	0.90		0.60	3.60	0.60	3.15	
2016	0.15/0.16	0.90	0.15/0.16	0.90		0.57	3.50	0.57	3.15	
2015	0.15	0.90	0.15	0.90		0.57	3.50	0.57	3.15	
2014	0.15	0.90	0.15	0.90		0.57	3.50	0.57	3.15	
2013	0.15	0.90	0.15	0.90		0.51/0.54	3.50	0.51/0.54	3.15	
2012	0.15	0.90	0.15	0.90		0.47/0.51	3.15	0.47/0.51	3.15	
2011	0.15	0.90	0.15	0.90		0.47	3.15	0.47	3.15	

(1) Per \$100 of assessed value

Table 7

Combined Rates			
Real Estate	Personal Property	Mobile Homes	Machinery and Tools
\$ 0.80	\$ 4.80	\$ 0.80	\$ 4.05
0.80	4.80	0.80	4.05
0.80	4.80	0.80	4.05
0.76	4.50	0.76	4.05
0.72	4.40	0.72	4.05
0.72	4.40	0.72	4.05
0.72	4.40	0.72	4.05
0.66/0.69	4.40	0.66/0.69	4.05
0.62/0.66	4.05	0.62/0.66	4.05
0.62	4.05	0.62	4.05

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2020	
		2019 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 9,308,000	1.78%
Wal-Mart	Retail Store	8,673,100	1.65%
Shenandoah Investors LLC	Shopping Center	6,673,100	1.27%
LH & H LLC	Hotel	5,986,300	1.14%
Shree Ganesh Hospitality LLC	Hotel	5,835,500	1.11%
Welltower NNN Group LLC	Assisted Living	4,889,900	0.93%
Shenandoah Enterprises LLC	Housing Development	4,400,100	0.84%
Walter Enterprises LLC	Shopping Center	4,111,200	0.78%
Newton Enterprises Inc	Housing Development	3,935,500	0.75%
Shenandoah Fair Association	Retail / Fair Grounds	3,889,000	0.74%
		<u>\$ 57,701,700</u>	<u>11.00%</u>
Taxpayer	Type Business	Fiscal Year 2011	
		2010 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 9,499,400	1.87%
Wal-Mart	Retail Store	9,269,000	1.83%
French Brothers LLC	Investment Properties	9,125,100	1.80%
Spectrum 1 Woodstock LLC	Shopping Center	6,804,900	1.34%
Shree Ganesh Hospitality	Hotel	6,017,100	1.19%
LH & H LLC	Hotel	6,014,300	1.19%
Interstate Investment Property LLC	Commercial Development	5,610,300	1.11%
HCP Virginia, Inc.	Assisted Living	5,283,100	1.04%
Walter Enterprises	Shopping Center	5,184,000	1.02%
Toothman Investments	Housing Development	5,176,200	1.02%
		<u>\$ 67,983,400</u>	<u>13.41%</u>

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

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$	1,211,052	\$ 1,178,331	97.30%	\$ -	\$ 1,178,331	97.30%
2019		1,198,286	1,164,901	97.21%	9,176	1,174,077	97.98%
2018		1,175,477	1,145,659	97.46%	15,877	1,161,536	98.81%
2017		1,245,620	1,212,997	97.38%	25,820	1,238,817	99.45%
2016		1,230,559	1,164,789	94.66%	61,207	1,225,996	99.63%
2015		1,254,585	1,160,332	92.49%	90,144	1,250,476	99.67%
2014		1,189,142	1,097,131	92.26%	87,839	1,184,970	99.65%
2013		1,186,626	1,135,380	95.68%	49,015	1,184,395	99.81%
2012		1,172,960	1,112,675	94.86%	58,078	1,170,753	99.81%
2011		1,167,708	1,112,614	95.28%	53,455	1,166,069	99.86%

Source: Department of Finance

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	Revenue Bonds	Capital Leases
2020	\$ 1,463,897	\$ -	\$ 120,404	\$ 6,978,585	\$ 10,288,870	\$ -
2019	1,487,592	-	148,401	7,331,912	10,681,244	-
2018	743,551	-	35,139	7,540,127	11,858,368	-
2017	820,998	-	69,718	5,185,723	12,643,118	-
2016	897,530	-	103,746	5,451,947	13,035,493	-
2015	972,522	-	137,232	5,935,841	13,820,242	-
2014	1,045,134	-	170,183	6,175,143	14,604,992	-
2013	1,114,682	11,937	9,935	6,620,727	15,389,742	-
2012	137,123	23,476	28,386	7,052,048	16,174,491	-
2011	149,811	34,615	46,226	7,377,507	16,959,241	-

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 14

Table 10

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	18,851,756	0.93%	\$ 3,585
	19,649,149	1.00%	3,749
	20,177,185	1.17%	3,871
	18,719,557	1.10%	3,616
	19,488,716	1.18%	3,770
	20,865,837	1.28%	4,048
	21,995,452	1.41%	4,290
	23,147,023	1.49%	4,513
	23,415,524	1.60%	4,595
	24,567,400	1.77%	4,820

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)
2020	\$ 18,731,352	\$ -	\$ 18,731,352	3.15%	\$ 3,562
2019	19,500,748	-	19,500,748	3.31%	3,721
2018	20,142,046	-	20,142,046	3.43%	3,865
2017	18,649,839	-	18,649,839	3.19%	3,602
2016	19,384,970	-	19,384,970	3.35%	3,750
2015	20,728,605	-	20,728,605	3.39%	4,021
2014	21,825,269	-	21,825,269	3.59%	4,257
2013	23,125,151	-	23,125,151	3.84%	4,509
2012	23,363,662	-	23,363,662	3.93%	4,585
2011	24,486,559	-	24,486,559	4.13%	4,804

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

(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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Valuations			
Assessed value of taxed real property	\$ <u>540,494,350</u>	\$ <u>543,301,050</u>	\$ <u>548,482,400</u>
Legal debt margin			
Debt limit - 10 percent of total assessed value	\$ <u>54,049,435</u>	\$ <u>54,330,105</u>	\$ <u>54,848,240</u>
Debt applicable to limitation:			
Total bonded debt	\$ 24,486,559	\$ 23,363,662	\$ 23,125,151
Less: Business-type activities bonds	<u>(24,336,748)</u>	<u>(23,226,539)</u>	<u>(22,010,469)</u>
Total amount of debt applicable to debt limitation	\$ <u>149,811</u>	\$ <u>137,123</u>	\$ <u>1,114,682</u>
Legal debt margin	\$ <u>53,899,624</u>	\$ <u>54,192,982</u>	\$ <u>53,733,558</u>
Total net debt applicable to the limit as a percentage of debt limit	0.28%	0.25%	2.03%

Table 12

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ <u>553,348,600</u>	\$ <u>556,191,000</u>	\$ <u>519,325,520</u>	\$ <u>526,242,600</u>	\$ <u>524,379,160</u>	\$ <u>525,656,480</u>	\$ <u>529,613,080</u>
\$ <u>55,334,860</u>	\$ <u>55,619,100</u>	\$ <u>51,932,552</u>	\$ <u>52,624,260</u>	\$ <u>52,437,916</u>	\$ <u>52,565,648</u>	\$ <u>52,961,308</u>
\$ 21,825,269	\$ 20,728,605	\$ 19,384,970	\$ 18,649,839	\$ 20,142,046	\$ 19,500,748	\$ 18,731,352
<u>(20,780,135)</u>	<u>(19,756,083)</u>	<u>(18,487,440)</u>	<u>(17,828,841)</u>	<u>(19,398,495)</u>	<u>(18,013,156)</u>	<u>(17,267,455)</u>
\$ <u>1,045,134</u>	\$ <u>972,522</u>	\$ <u>897,530</u>	\$ <u>820,998</u>	\$ <u>743,551</u>	\$ <u>1,487,592</u>	\$ <u>1,463,897</u>
\$ <u>54,289,726</u>	\$ <u>54,646,578</u>	\$ <u>51,035,022</u>	\$ <u>51,803,262</u>	\$ <u>51,694,365</u>	\$ <u>51,078,056</u>	\$ <u>51,497,411</u>
1.89%	1.75%	1.73%	1.56%	1.42%	2.83%	2.76%

Direct and Overlapping Governmental Activities Debt
June 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage</u>	<u>Amount applicable to Primary Government</u>
County of Shenandoah, Virginia	\$ 44,812,975	11.79%	\$ 5,284,251
Town of Woodstock, Virginia direct debt			<u>1,584,301</u>
Total direct and overlapping debt			<u><u>\$ 6,868,552</u></u>

Sources: Outstanding debt and applicable percentages provided by the County of Shenandoah, Virginia

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Woodstock, Virginia. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2020	5,258	\$ 2,035,995	\$ 46,680	6.90%
2019	5,241	1,974,201	45,387	2.60%
2018	5,212	1,724,404	39,940	3.32%
2017	5,177	1,696,997	39,291	3.60%
2016	5,170	1,647,658	37,896	3.60%
2015	5,155	1,630,305	36,627	4.99%
2014	5,127	1,565,050	35,016	5.90%
2013	5,129	1,550,472	35,016	6.20%
2012	5,096	1,464,248	35,016	6.60%
2011	5,097	1,390,234	31,909	7.30%

(1) The 2014 population value is from the US Census Bureau. Other 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 US. Bureau of Economic Analysis, Personal Income in Shenandoah County, VA [PI51171], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PI51171>, October 4, 2016.

(3) 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 US. Bureau of Economic Analysis, Per Capita Personal Income in Shenandoah County, VA [PCPI51171], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCPI51171>, October 4, 2016.

(4) 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 2020		Fiscal Year 2011	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
Valley Health System	250 to 499	2	250 to 499	3
County of Shenandoah	250 to 499	3	250 to 499	2
Wal-Mart	100 to 249	4	250 to 499	4
Food Lion	100 to 249	5	-	-
Cracker Barrel Old Country Store	100 to 249	6	50 to 99	6
Skyline Terrace Nursing Home	100 to 249	7	50 to 99	7
Lowe's Home Centers, Inc.	100 to 249	8	100 to 249	5
McDonald's	50 to 99	9	-	-
TOMS King	50 to 99	10	-	-
First Bank	50 to 99	11	-	-
Ability Home Care, LLC	50 to 99	12	-	-
Town of Woodstock	50 to 99	13	50 to 99	9
Woodstock Facility Operations (formerly Tandem Healthcare)	50 to 99	14	-	11
Massanutten Military Academy	50 to 99	15	50 to 99	8
Shenandoah County Department of Social Services	50 to 99	16	50 to 99	10
Pollywog Place LLC	20 to 49	17	-	-
Regulus Group	20 to 49	18	-	-

Source: Virginia Employment Commission

Note: The percentage of each employer to the total employment is not available at this time.

TOWN OF WOODSTOCK, VIRGINIA

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

Function	Fiscal Year			
	2011	2012	2013	2014
General government				
General administration	2.0	2.0	2.0	2.5
Financial administration	3.0	3.0	4.0	4.0
Planning Office				
Public safety				
Sworn Officers	15.0	15.0	15.0	15.0
Administrative	1.0	1.0	1.0	1.0
Public works	10.0	8.0	9.5	10.0
Community development	1.0	1.0	1.0	1.5
Parks and recreation	2.0	2.0	2.0	1.0
Water and sewer	20.0	19.0	18.0	18.0
Totals	54.0	51.0	52.5	53.0

Source: Department of Finance

Table 16

Fiscal Year					
2015	2016	2017	2018	2019	2020
2.0	2.0	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0	1.0
16.0	16.0	16.0	16.0	18.0	18.0
1.0	2.0	2.0	2.0	2.0	2.0
11.0	11.0	11.0	11.0	12.0	12.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
18.0	18.0	18.0	18.0	18.0	18.0
55.0	56.0	56.0	56.0	59.0	59.0

TOWN OF WOODSTOCK, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Police department				
Number of miles patrolled	97,613	103,903	70,318	73,827
Number of complaints investigated	3,094	3,198	4,305	7,746
Number of vehicle accidents investigated	127	158	170	191
Number of parking tickets issued	255	192	165	101
Number of traffic summons (adult)	698	946	683	789
Number of traffic summons (juvenile)	34	18	8	15
Number of criminal arrests (adult)	251	244	360	278
Number of criminal arrests (juvenile)	98	25	31	12
Public works				
Streets				
Streets resurfaced (miles per year)	2	0	1	1
Refuse				
Refuse collected (tons per year)	1,395	1,373	1,363	1,357
Recycling				
Recycling collected (tons per year)	**	68	137	130
Community development				
Planning and zoning				
Zoning permits issued	78	96	94	80
Water				
Number of water main break repairs	10	9	13	13
Average daily finished water production (mgd)	0.6300	0.8355	0.6045	0.5670
Sewer				
Number of sewer line repairs	1	2	4	6
Average daily effluent wastewater treatment (mgd)	0.5706	0.5408	0.4800	0.6194

**The Town began its curbside recycling program on July 1, 2011.

Source: Town individual departments

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

Table 17

Fiscal Year					
2015	2016	2017	2018	2019	2020
64,736	69,992	97,265	115,421	126,000	102,228
8,293	8,035	9,453	8,429	8,552	7,233
154	177	168	160	126	64
96	82	77	100	46	27
584	618	713	419	539	376
14	13	12	7	7	4
279	383	560	520	341	308
20	13	82	98	27	54
1	1	1.24	1.00	1.50	1.30
1,760	1,222	1,760	1,165	1,161	1,229
165	177	181	185	189	193
87	105	75	73	72	89
9	9	10	11	12	14
0.5600	0.5760	0.6480	0.6770	0.6060	0.5770
7	2	2	1	1	2
0.5661	0.6153	0.4094	0.7781	0.8235	0.5705

TOWN OF WOODSTOCK, VIRGINIA

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

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Police department				
Stations	1	1	1	1
Law enforcement vehicles	12	12	12	12
Public works				
Streets department				
Number of streets	49	49	49	51
Number of street lights	432	432	433	435
Parks and recreation				
Number of parks	3	3	3	3
Number of swimming pools	1	1	1	1
Number of picnic shelters	4	4	5	5
Number of tennis courts	6	6	6	6
Water				
Miles of water distribution lines	51	51	51	51
Number of fire hydrants	311	313	314	314
Storage capacity (mg)	2.60	2.60	2.60	2.60
Sewer				
Miles of sanitary sewer lines	33	33	33	33
Number of sewer lift/pumping stations	6	6	6	6

* Information is not available.

Source: Town individual departments

Table 18

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
12	12	12	12	12	13
51	51	51	51	51	51
435	435	435	435	435	435
3	3	3	3	3	3
1	1	1	1	1	1
5	5	6	6	6	6
6	6	6	6	6	6
51	51	51	51	51	51
315	315	315	315	315	315
2.60	2.60	2.60	2.60	2.60	2.60
33	33	33	33	33	33
6	6	6	6	6	6

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Woodstock, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Woodstock, Virginia's basic financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Staunton, Virginia
December 2, 2020