

TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2013

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Prepared by:

Mandy R. Belyea, Director of Finance

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INTRODUCTORY SECTION



Town of Woodstock, Virginia

December 2, 2013

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, 2013. 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 on Main Street of Woodstock and is the oldest courthouse still in use west of the Blue Ridge Mountains.

Overview of the Town Government

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

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

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

Financial Information

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

Budgetary Compliance and Control

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

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

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

Economic Conditions and Outlook

While the Town concluded fiscal year 2013 in stable financial condition, it continues to be faced with concerns about future economic growth. The recovery from the recession into which the national economy descended in December 2007 continues to be slow; thus the weak and uncertain economic conditions that have prevailed during these last several years continue to impact the Town's budgetary state. As a result, Town management has continued its efforts of closely monitoring its revenue collections and reducing 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 its quality level of services to Town citizenry.

Unemployment for Shenandoah County, the County in which the Town lies, has declined from 6.6 percent for the fiscal year ended June 30, 2012 to 6.3 percent for the fiscal year ended June 30, 2013. Although the unemployment rate for the County has significantly trailed that of the nation, it has consistently exceeded the unemployment rate for the Commonwealth of Virginia; however, given economic forecasts, we anticipate sustained downward trends in unemployment rates in the current and next fiscal year. Given an economic rebound that is expected to continue improving unemployment and overall economic conditions, the Town anticipates budgetary challenges, particularly related to federal and state funding to local governments. The Town is continuing to develop strategies to cope with state budget reductions as a result of the Commonwealth of Virginia's budgetary proposals to potentially shift more costs on to local governments (e.g., unfunded mandates). These fiscal concerns have been prudently reflected through budgetary conservatism for the fiscal 2014 budget year. Operating department costs have been restructured to achieve efficiencies and cost savings without impacting the quality level of services that the Town provides to its citizenry; furthermore, certain vacant

positions have continued to remain frozen during the fiscal year. Moreover, as part of our strategic plan, the Town will be convening an organization-wide committee to review and analyze potential revenue enhancements and cost reductions.

However, in spite of the budgetary challenges that the Town faces, the economic outlook for the Town is reasonably strong as signs of positive economic vitality continue to emerge. As also denoted in the previous fiscal year, several of the Town's largest local consumption taxes including its sales, meals, and transient occupancy taxes have experienced an upsurge given new restaurants and businesses that have opened. The Town has also experienced moderate rebounds in the construction of new housing units and commercial buildings as well as residential renovations; as a result, real property values have slightly increased, translating to improved property tax receipts.

Although the Town expects some minor budgetary pressures for the remainder of fiscal year 2014 and as it prepares for the fiscal 2015 budget year, to ensure financial stability, the Town has identified its unassigned fund balance, which represents 43 percent of total general fund expenditures as of June 30, 2013, as a source to be sustained to provide sufficient working capital and a comfortable margin of security to address emergencies and declines in revenues without borrowing. Sustaining a prudent level of unassigned fund balance will allow the Town to maintain its comparably low tax rate without reducing the high level of programs and services it offers its citizens. Through sound financial management, the Town Council has supported maintaining adequate fund balance reserves to buffer financial emergencies and economic downturns.

Major Initiatives

Through these slow and uncertain economic times, the Town has continued to improve its capacity to provide quality services to its citizens through various initiatives that help enhance community engagement, awareness, and overall beautification. The following narrative highlights some of the major initiatives that the Town assumed during fiscal year 2013.

In October 2012, the Town completed its Jean Minton Fogle Memorial Garden project, which includes an observation platform, access ramp, and nature sanctuary with a bench seating area. The Memorial Garden, located at W.O. Riley Park, was funded exclusively through the generous contributions from Ms. Fogle's family and friends. Nature served as an inspiration to Ms. Fogle, who was a naturalist, photographer, and author. The Town hopes that visitors to the Memorial Garden will enjoy the quietude and beauty of nature that this tribute garden has to offer.

In March 2013, the Town began its W.O. Riley Park improvement project. The master plan and design of the park was partially completed as of fiscal year-end. The project design calls for the construction of six new tennis courts and a basketball court with fencing, lighting for the tennis courts, a new playground with Americans with Disability Act (ADA) access, an event lawn with gazebos and a stage, a new restroom facility, a renovated maintenance facility, a spray pad within the swimming pool area, landscaping, signage, and other site improvements. Many patrons, both inside and outside of Town limits, enjoy the W.O. Riley Park amenities and as a result, these park revitalizations are

not only greatly needed but also greatly supported. Completion of this project is anticipated for the spring of 2014.

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, 2013. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related requirements of OMB Circular A-133. The auditors' reports are included in the financial section and compliance section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the fifth 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.

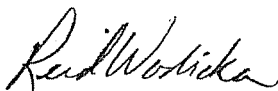
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and thus we are submitting our CAFR for the current year to the GFOA to determine its eligibility for another certificate.

Acknowledgements

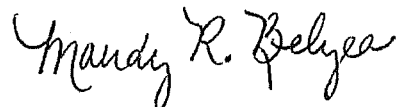
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the Finance Department staff along with the efforts of the administration and other Town departments.

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,



Reid A. Wodicka
Town Manager



Mandy R. Belyea, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

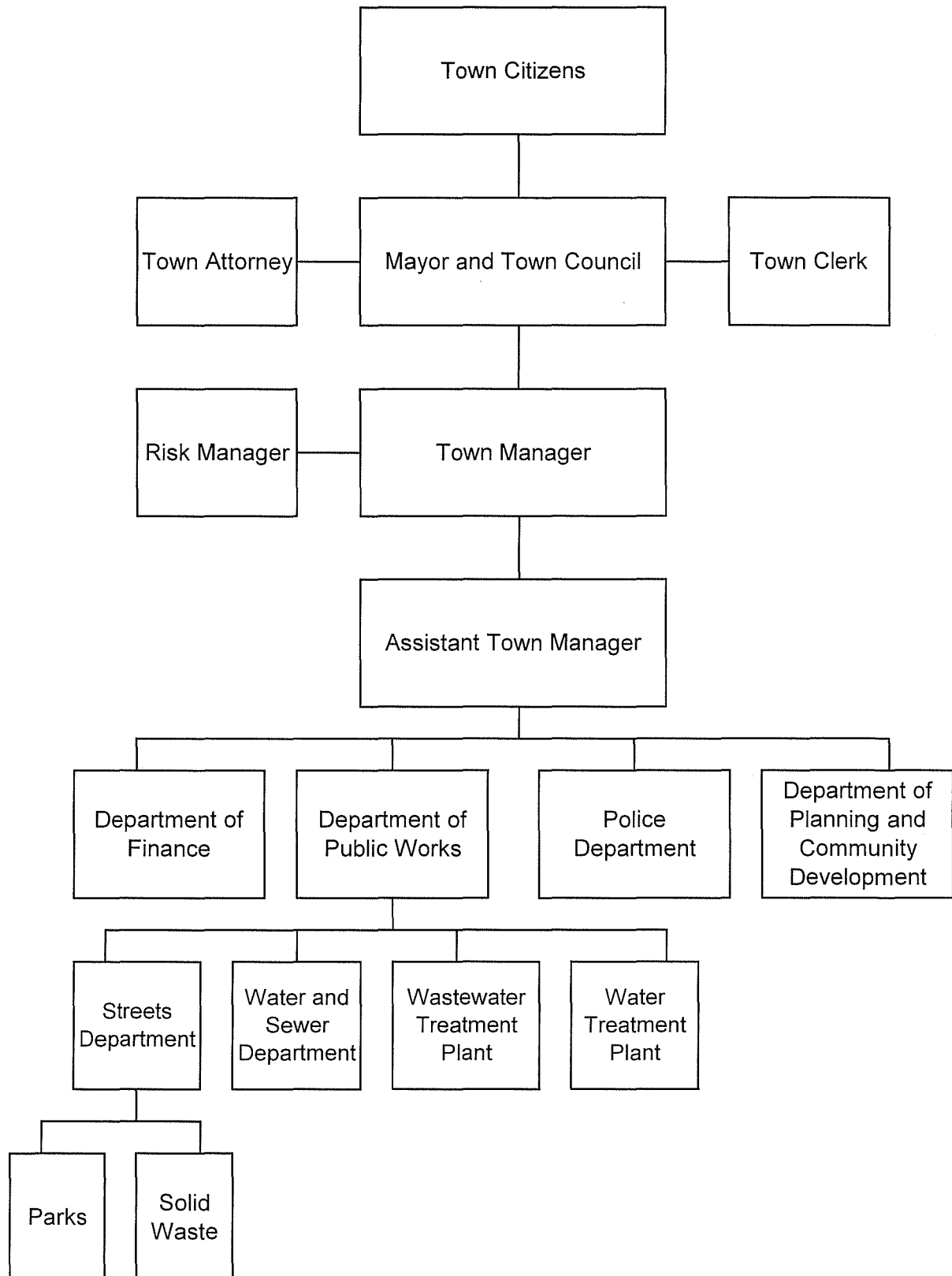
**Town of Woodstock
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Town of Woodstock, Virginia Organizational Chart



Town of Woodstock, Virginia

Principal Town Officials

TOWN COUNCIL

Jeremy McCleary, Mayor

Jacqueline Lambert, Vice-Mayor

A. Paje Cross

Alicia Gutshall

Frank Haun

Steve Heishman

Michael Funkhouser

TOWN MANAGER

Reid A. Wodicka

TOWN ATTORNEY

Albert P. Mitchell

OFFICIALS

Town Clerk
Assistant Town Manager/Planner
Director of Finance
Treasurer
Chief of Police
Superintendent of Public Works

Angela K. Clem
Brent T. Manuel
Mandy R. Belyea
De Ebersole
Eric L. Reiley
James E. Didawick

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITOR'S 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 Town of Woodstock, Virginia, as of and for the year ended June 30, 2013, 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, 2013, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the Town adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12-22, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

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 relate 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 is 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, 2013, on our consideration of the Town of Woodstock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Woodstock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 2, 2013

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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, 2013. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2012.

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, 2013 by \$32,614,301, which equals the total net position of the Town. Of this amount, \$4,454,194 is unrestricted and may be used to meet the Town's future obligations to citizens and creditors. Of the \$4,454,194 unrestricted net position, approximately \$2,774,479 is related to governmental activities. The \$1,679,715 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 2013, taxes and other revenues of the Town's governmental activities amounted to \$4,770,967. Expenses amounted to \$4,702,623.

For fiscal year 2013, revenues of the Town's business-type activities were \$3,634,525. Expenses amounted to \$3,431,982.

The Town's total long-term debt decreased by \$268,501 from \$23,415,524 as of June 30, 2012 to \$23,147,023 as of June 30, 2013. New debt in the amount of \$1,000,000 was issued while \$1,268,501 was retired during fiscal year 2013.

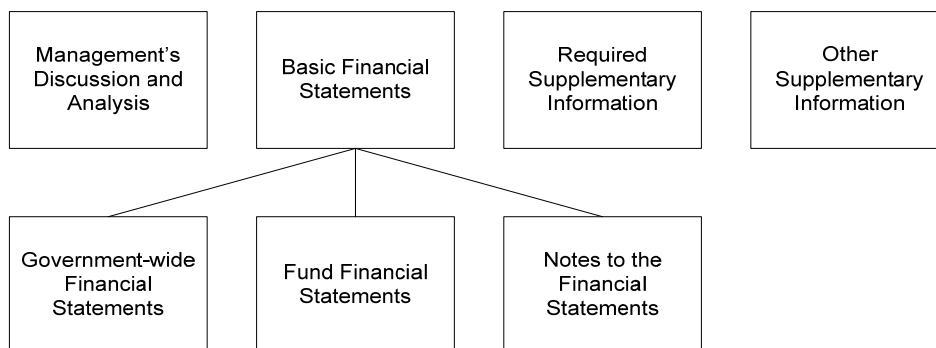
Fund Financial Statements

The total fund balances of the General Fund increased \$888,485 from \$2,983,724 at June 30, 2012 to \$3,872,209 at June 30, 2013. The General Fund had nonspendable fund balance of \$23,319, restricted fund balance of \$998,500, committed fund balance of \$265,000, assigned fund balance of \$649,000 and unassigned fund balance of \$1,936,390. Unassigned fund balance for the General Fund represented 43 percent of total General Fund expenditures at June 30, 2013.

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 government'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 23-25 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 26-29 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 62 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 30-32 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 33-61 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 62-64 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 \$32,614,301 at June 30, 2013.

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

The table on the following page represents a summary of the net position of the Town at June 30, 2013 and 2012.

Summary Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Current and other assets	\$ 4,803,044	\$ 3,838,083	\$ 2,034,539	\$ 1,722,484	\$ 6,837,583	\$ 5,560,567
Capital assets	11,525,523	11,753,631	38,739,211	39,640,201	50,264,734	51,393,832
Total assets	\$ 16,328,567	\$ 15,591,714	\$ 40,773,750	\$ 41,362,685	\$ 57,102,317	\$ 56,954,399
Deferred charge on refunding	\$ -	\$ -	\$ 7,075	\$ -	\$ 7,075	\$ -
Total deferred outflows of resources	\$ -	\$ -	\$ 7,075	\$ -	\$ 7,075	\$ -
Current and other liabilities	\$ 222,833	\$ 697,014	\$ 162,902	\$ 134,226	\$ 385,735	\$ 831,240
Long-term liabilities	1,392,470	413,420	22,165,570	23,366,325	23,558,040	23,779,745
Total liabilities	\$ 1,615,303	\$ 1,110,434	\$ 22,328,472	\$ 23,500,551	\$ 23,943,775	\$ 24,610,985
Unavailable revenue-property taxes	\$ 551,316	\$ -	\$ -	\$ -	\$ 551,316	\$ -
Total deferred inflows of resources	\$ 551,316	\$ -	\$ -	\$ -	\$ 551,316	\$ -
Net investment in capital assets	\$ 11,379,865	\$ 11,564,646	\$ 16,772,638	\$ 16,390,921	\$ 28,152,503	\$ 27,955,567
Restricted	7,604	-	-	-	7,604	-
Unrestricted	2,774,479	2,916,634	1,679,715	1,471,213	4,454,194	4,387,847
Total net position	\$ 14,161,948	\$ 14,481,280	\$ 18,452,353	\$ 17,862,134	\$ 32,614,301	\$ 32,343,414

The Town's combined net position totaled \$32,614,301 at June 30, 2013. Approximately 86 percent of this represents the Town's investment in capital assets (e.g., land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

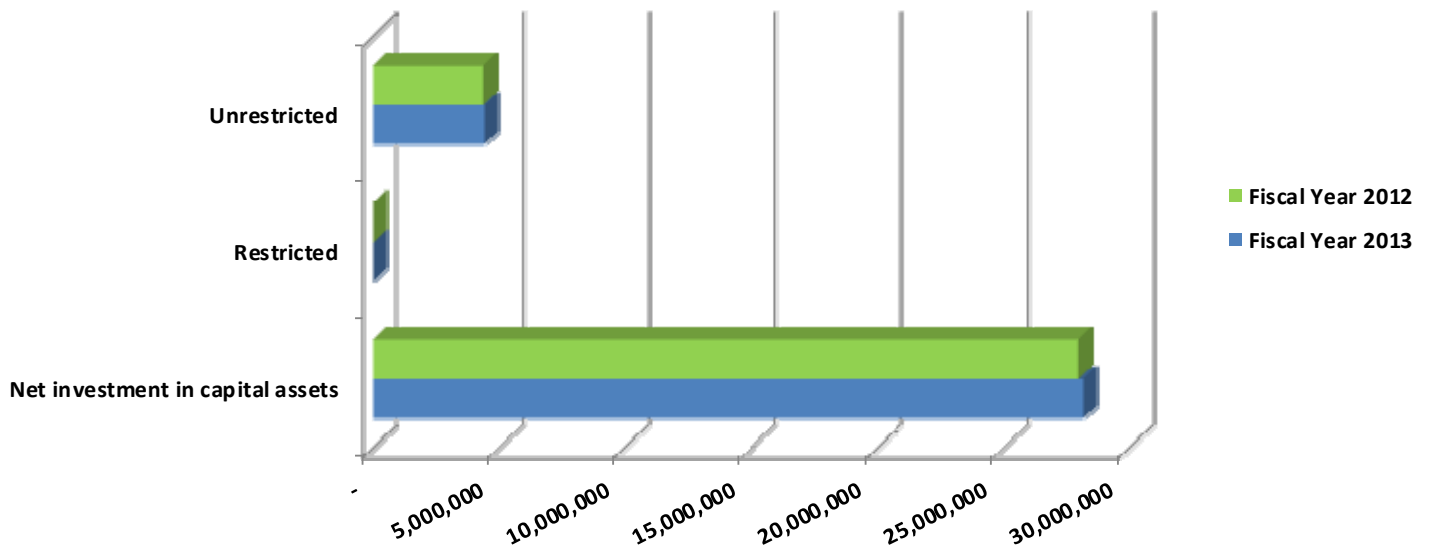
An additional portion of the Town's net position (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,454,194, representing 14 percent of total net position, is unrestricted and may be used to meet the Town's ongoing 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 \$270,887 or 2 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, 2012 and 2013.

Town of Woodstock Net Position June 30, 2012 and 2013



The table on the following page represents a summary of the changes in net position at June 30, 2013 and 2012.

Summary of Changes in Net position

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenues						
Program revenues						
Charges for services	\$ 268,391	\$ 284,295	\$ 3,429,399	\$ 3,160,050	\$ 3,697,790	\$ 3,444,345
Operating grants and contributions	130,478	176,742	-	-	130,478	176,742
Capital grants and contributions	578,173	738,559	192,580	501,146	770,753	1,239,705
General revenues						
Property taxes	1,112,158	1,069,173	-	-	1,112,158	1,069,173
Other taxes and fees	2,531,813	2,277,289	-	-	2,531,813	2,277,289
Grants and contributions not restricted to specific programs	112,208	111,685	-	-	112,208	111,685
Unrestricted investment earnings	14,734	20,844	12,546	18,665	27,280	39,509
Other	23,012	86,755	-	-	23,012	86,755
Total revenues	\$ 4,770,967	\$ 4,765,342	\$ 3,634,525	\$ 3,679,861	\$ 8,405,492	\$ 8,445,203
Expenses						
General government administration	\$ 843,966	\$ 701,454	\$ -	\$ -	\$ 843,966	\$ 701,454
Public safety	1,739,156	1,458,135	-	-	1,739,156	1,458,135
Public works	1,545,390	1,588,522	-	-	1,545,390	1,588,522
Parks and recreation	240,960	268,582	-	-	240,960	268,582
Community development	318,861	311,986	-	-	318,861	311,986
Interest on long-term debt	14,290	10,075	-	-	14,290	10,075
Public utilities	-	-	3,431,982	3,608,263	3,431,982	3,608,263
Total expenses	\$ 4,702,623	\$ 4,338,754	\$ 3,431,982	\$ 3,608,263	\$ 8,134,605	\$ 7,947,017
Change in net position before transfers	\$ 68,344	\$ 426,588	\$ 202,543	\$ 71,598	\$ 270,887	\$ 498,186
Transfers	(387,676)	(110,000)	387,676	110,000	-	-
Change in net position	\$ (319,332)	\$ 316,588	\$ 590,219	\$ 181,598	\$ 270,887	\$ 498,186
Net position, beginning, as restated	14,481,280	14,164,692	17,862,134	17,680,536	32,343,414	31,845,228
Net position, ending	\$ 14,161,948	\$ 14,481,280	\$ 18,452,353	\$ 17,862,134	\$ 32,614,301	\$ 32,343,414

Governmental Activities

Governmental activities decreased the Town's net position by \$319,332, which was primarily due to an increase in public safety expenses as well as a transfer to business-type activities as discussed on the following page.

Operating grants and contributions and capital grants and contributions amounted to \$130,478 and \$578,173, respectively, from State and Federal government and other funding. Operating grants and contributions decreased 26 percent from fiscal year 2012 to fiscal year 2013; on top of a reduction in Commonwealth of Virginia grant funding for community highway safety as well as flood prevention and protection in fiscal year 2013, the Town received a Federal Emergency Management Agency (FEMA) public assistance grant of \$38,483 in fiscal year 2012 that it did not receive in fiscal year 2013. Capital grants and contributions dropped 22 percent primarily as a result of a deferral of Virginia Department of Transportation (VDOT) street maintenance grant funding of \$101,735; the Town will roll these grant funds over to fiscal year 2014 in order to complete its North Street retaining wall replacement and paving project.

The Town's largest revenue source is general property taxes (i.e., real estate and personal property taxes), which did not significantly change from fiscal year 2012 to fiscal year 2013.

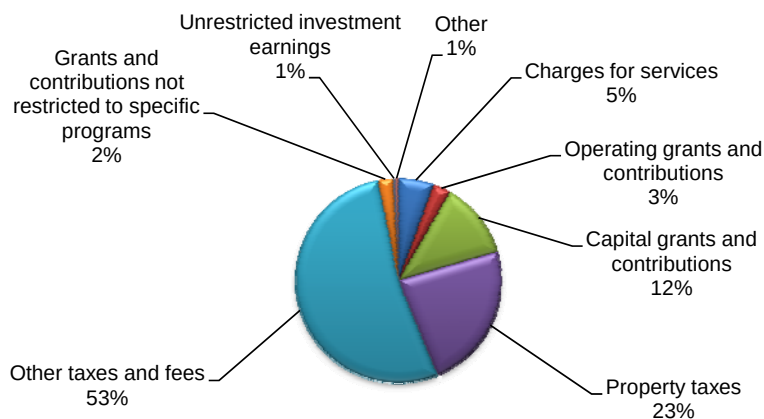
The Town's real estate property tax assessments for fiscal year 2013 were \$548,482,400. The Town's real estate tax rate was \$0.15 per \$100 of assessed value for the 2012 and 2013 tax years. The Town's personal property tax assessments for the year were \$38,631,400. The Town's personal property tax rate was \$0.90 per \$100 of assessed value for the 2012 and 2013 tax years. The Town's machinery and tools tax assessments for the year were \$251,540. The Town's machinery and tools tax rate was \$0.90 per \$100 of assessed value for the 2012 and 2013 tax years. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the State's share of local personal property tax was \$106,753.

Other local taxes were \$2,531,813 for the year, increasing 11 percent from fiscal year 2012 to fiscal year 2013. Other local taxes consist of county sales taxes, meals taxes, transient occupancy taxes, bank franchise taxes, utility taxes, cigarette taxes, licenses and fees and other taxes. The 11 percent upsurge in other local taxes is primarily attributed to the increase in the cigarette tax rate, which rose from \$0.10 per pack in fiscal year 2012 to \$0.25 per pack in fiscal year 2013; the Town collected \$105,627 in cigarette taxes in fiscal year 2012 and collected \$257,619 in fiscal year 2013.

Other revenues decreased 73 percent from \$86,755 in fiscal year 2012 to \$23,012 in fiscal year 2013. This decrease is largely attributed to the sale of the Town's refuse truck and bucket truck totaling \$24,501 that occurred in fiscal year 2012.

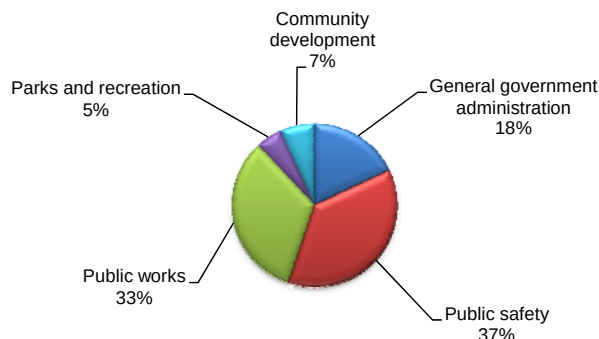
The chart on the following page illustrates the revenues by source for the Town's governmental activities for fiscal year 2013.

Revenues by Source - Governmental Activities



For fiscal year 2013, expenses for governmental activities totaled \$4,702,623, which increased \$363,869 or 8 percent from fiscal year 2012. This rise in expenses for governmental activities is primarily the result of the Town's increased contributions to the Town's volunteer fire department; the volunteer fire department purchased a new fire truck, and the Town contributed \$250,000 in fiscal year 2013 to aid in that significant purchase. The chart below illustrates the expenses by function for the Town's governmental activities for fiscal year 2013.

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 \$590,219 in fiscal year 2013.

Revenues for the business-type activities totaled \$3,634,525, of which approximately 94 percent is from charges for services and roughly 5 percent is from capital grants and contributions.

Charges for services increased 9 percent from fiscal year 2012 to fiscal year 2013. This growth in revenue is the result of an increase in the water and sewer rates that were enacted for the fiscal year 2012-2013 budget. As a result, water and sewer receipts increased \$170,042 and \$115,341, respectively, from fiscal year 2012 to fiscal year 2013.

Capital grants and contributions decreased 62% percent from fiscal year 2012 to fiscal year 2013. This decrease is attributable to a decline in the number of commercial housing projects that occurred in the Town during fiscal year 2013 compared to fiscal year 2012.

The Public Utilities Fund expenses decreased \$176,281 or 5 percent from fiscal year 2012 to fiscal year 2013.

Financial Analysis of the Town's Funds

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

Governmental Funds

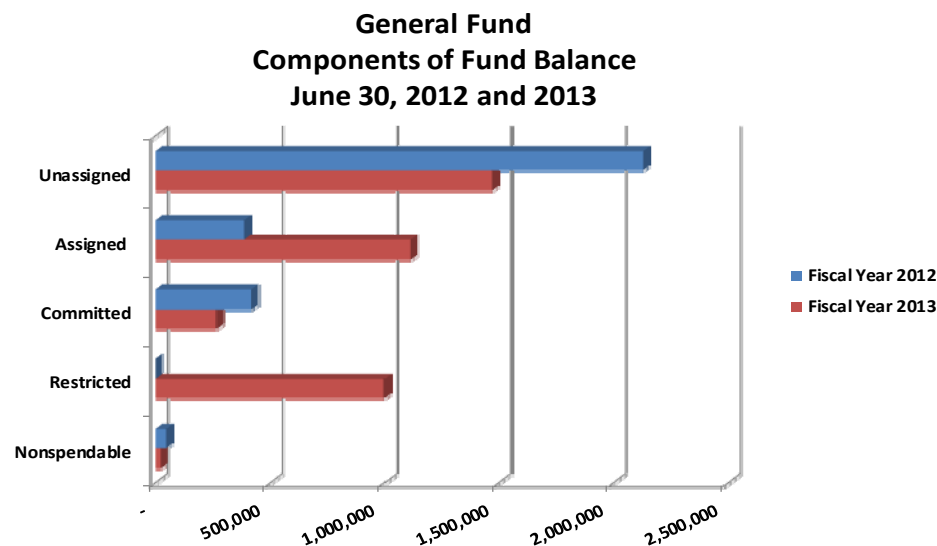
The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources 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 2013, the Town's governmental funds reported ending fund balances of \$3,872,209. Of this amount, \$23,319 was not in spendable form, \$998,500 was restricted for specific purposes, \$265,000 was committed for fire and rescue, \$649,000 was assigned for appropriation of fund balance in the subsequent year's budget, and the remaining \$1,936,390, or 50% 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 43 percent of total general fund expenditures as of June 30, 2013.

The total fund balance of the Town's General Fund increased by \$888,485 or 30 percent during fiscal year 2013. This increase in fund balance is the result of the issuance of long-term debt in the amount of \$1,000,000; the Town received these bond proceeds at the end of March 2013 and commenced its significant improvement project at W.O. Riley Park.

The chart on the following page 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, 2013, unrestricted net position of the Public Utilities Fund totaled \$1,679,715.

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 four budgetary amendments to the total appropriations of the General Fund during fiscal year 2013 as illustrated in Exhibit 10 on page 62. These amendments are briefly summarized as follows:

- In August 2012, the budget was amended to appropriate a portion of its committed fund balance in order to make a contribution to the Town's volunteer fire department in the amount of \$250,000. The Town's volunteer fire department purchased a new fire truck.
- In September 2012, the budget was amended to acquire three police vehicles and one public works truck. The Town appropriated \$98,000 of its unassigned fund balance to purchase these vehicles.
- In February 2013, the budget was amended by \$21,000 to fill a previously frozen supervisory position, the Lieutenant position, in the Town's Police Department.
- In April 2013, the budget was amended to appropriate \$49,100 for the fiscal year 2013 capital project expenditures related to the W.O. Riley Park improvement project (\$36,000) as well as the fiscal year 2013 debt service expenditures related to the issuance of \$1,000,000 in debt in March 2013 associated with this project (\$13,100).

Fiscal year 2013 actual revenues were approximately \$264,664 more than the fiscal year 2013 final budgeted revenues. Fiscal year 2013 actual expenditures were approximately \$329,797 less than the fiscal year 2013 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- General property taxes were \$90,057 more than the final budgeted revenues primarily due to the fact real and personal property tax assessments were more than what was anticipated.
- Other local taxes were \$233,218 more than the final budgeted revenues largely due to increases in the cigarette tax. As previously mentioned, a cigarette tax increase was enacted for the fiscal year 2012-2013 budget, which raised the cigarette tax from \$0.10 per pack to \$0.25 per pack. The Town anticipated collecting \$185,000 in cigarette taxes but collected \$257,619. The increase is also attributable to larger sales and meals tax receipts; the Town estimated \$185,000 and \$931,000 for sales and meals tax receipts, respectively, and received \$225,920 and \$1,010,919, respectively. Several new small businesses and restaurants opened in the Town thereby leading to an increase in these taxes.
- Operating expenditures for public works were \$207,436 less than the final budgeted expenditures largely due to the North Street resurfacing and retaining wall replacement project that was anticipated to be completed in fiscal year 2013. This project will not be completed until fiscal year 2014. Operating expenditures for parks and recreation were \$59,153 less than the final budgeted expenditures primarily due to a decrease in repairs and maintenance for the swimming pool facility that were estimated to occur during fiscal year 2013.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets as of June 30, 2013 for its governmental and business-type activities was \$50,264,734, net of depreciation, as reflected in the schedule below.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Land	\$ 1,320,305	\$ 1,320,305	\$ 171,915	\$ 171,915	\$ 1,492,220	\$ 1,492,220
Buildings and improvements	3,234,013	3,180,639	36,431,951	36,394,311	39,665,964	39,574,950
Infrastructure	11,958,958	11,958,958	8,340,874	8,340,874	20,299,832	20,299,832
Machinery and equipment	1,447,697	1,405,084	863,827	833,853	2,311,524	2,238,937
Construction in progress	142,338	126,227	182,515	182,515	324,853	308,742
Accumulated depreciation	(6,577,788)	(6,237,582)	(7,251,871)	(6,283,267)	(13,829,659)	(12,520,849)
Total net capital assets	\$ 11,525,523	\$ 11,753,631	\$ 38,739,211	\$ 39,640,201	\$ 50,264,734	\$ 51,393,832

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

- The Town began its W.O. Riley Park improvement project, which includes the construction of new tennis courts, a basketball court, fencing, tennis court lighting, a new playground, an event area, a spray pad area at the swimming pool, a new restroom facility, a renovated park maintenance building, landscaping, signage, and other site improvements; construction in progress primarily associated with design and engineering was \$33,776 at June 30, 2013.

- The Town purchased three new police vehicles and one new public works truck, for a total cost of \$102,249.
- Construction was completed on the Town's swimming pool project, which included providing Americans with Disabilities (ADA) access to the Town's wading pool; the total cost of this project was \$16,010.
- Construction was completed on the Town's Jean Fogle Memorial Garden project for a total project cost of \$23,049 at June 30, 2013.

Additional information on the Town's capital assets may be found in the notes to the financial statements, Note 9-Capital Assets on pages 46-48.

Long-term Obligations

At the end of fiscal year 2013, the Town had the following outstanding obligations:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
General obligation bonds	\$ 1,114,682	\$ 137,123	\$ 21,885,909	\$ 23,090,788	\$ 23,000,591	\$ 23,227,911
Original issue premium	-	-	124,560	135,751	124,560	135,751
Notes payable	11,937	23,476	-	-	11,937	23,476
Capital leases	9,935	28,386	-	-	9,935	28,386
Compensated absences	156,318	138,813	98,499	99,670	254,817	238,483
Total long-term obligations	\$ 1,292,872	\$ 327,798	\$ 22,108,968	\$ 23,326,209	\$ 23,401,840	\$ 23,654,007

Additional information on the Town's long-term obligations can be found in the notes to the financial statements, Note 10-Long-Term Obligations on pages 48-51.

Economic Factors and Next Year's Budgets and Rates

- Growth in the Town is expected to remain slow, which will continue to cause general property and other local tax revenues to experience little growth.
- Earnings on idle cash continue to remain at low levels.
- It is expected that the Commonwealth of Virginia may continue to decrease its 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.
- On the expenditure side, large increases are expected in health insurance premiums, as well as pension and other benefit costs.

All of these factors were considered in preparing the Town's budget for fiscal year 2014.

For the 2014 budget year, significant capital improvement projects include the aforementioned W.O. Riley Park improvement project. The Town also plans to purchase two new police vehicles, a new public works truck, and a new rubber tired wheel loader for its public works department.

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.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,813,293	\$ 1,516,250	\$ 4,329,543
Receivables, net of allowance for uncollectibles:			
Taxes	707,418	-	707,418
Accounts	233,106	308,841	541,947
Unbilled and other	-	96,157	96,157
Intergovernmental receivables	11,683	-	11,683
Prepaid items	23,319	-	23,319
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,014,225	76,470	1,090,695
Investments	-	36,821	36,821
Capital assets, not depreciable:			
Land	1,320,305	171,915	1,492,220
Construction in progress	142,338	182,515	324,853
Capital assets, depreciable:			
Buildings	691,013	33,891,070	34,582,083
Improvements other than buildings	2,543,000	2,540,881	5,083,881
Machinery and equipment	1,447,697	863,827	2,311,524
Infrastructure	11,958,958	8,340,874	20,299,832
Accumulated depreciation	(6,577,788)	(7,251,871)	(13,829,659)
Total assets	\$ 16,328,567	\$ 40,773,750	\$ 57,102,317
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ -	\$ 7,075	\$ 7,075
Total deferred outflows of resources	\$ -	\$ 7,075	\$ 7,075
LIABILITIES			
Accounts payable and accrued liabilities	\$ 99,676	\$ 50,026	\$ 149,702
Accrued interest payable	1,866	36,406	38,272
Unearned revenue	105,566	-	105,566
Customers' deposits	-	76,470	76,470
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium	70,896	1,230,377	1,301,273
Notes payable	11,937	-	11,937
Capital leases	9,935	-	9,935
Compensated absences	39,094	3,265	42,359
Portion due and payable after one year:			
General obligation bonds, net of original issue premium	1,043,786	20,780,092	21,823,878
Net OPEB obligation	99,598	56,602	156,200
Compensated absences	117,224	95,234	212,458
Total liabilities	\$ 1,615,303	\$ 22,328,472	\$ 23,943,775
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 551,316	\$ -	\$ 551,316
Total deferred inflows of resources	\$ 551,316	\$ -	\$ 551,316
Net investment in capital assets	\$ 11,379,865	\$ 16,772,638	\$ 28,152,503
Restricted for:			
Capital projects	7,604	-	7,604
Unrestricted	2,774,479	1,679,715	4,454,194
Total net position	\$ 14,161,948	\$ 18,452,353	\$ 32,614,301

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

Town of Woodstock, Virginia

Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
PRIMARY GOVERNMENT				
Governmental activities				
General government administration	\$ 843,966	\$ 11,640	\$ -	\$ -
Public safety	1,739,156	34,551	121,228	-
Public works	1,545,390	171,530	8,500	578,173
Parks and recreation	240,960	50,670	-	-
Community development	318,861	-	750	-
Interest on long-term debt	14,290	-	-	-
Total governmental activities	\$ 4,702,623	\$ 268,391	\$ 130,478	\$ 578,173
Business-type activities				
Water & Sewer	\$ 3,431,982	\$ 3,429,399	\$ -	\$ 192,580
Total primary government	\$ 8,134,605	\$ 3,697,790	\$ 130,478	\$ 770,753

General revenues

General property taxes
Other local taxes
Local sales and use
Consumers' utility
Telecommunications
Bank franchise
Meals
Transient occupancy
Cigarette
Vehicle license
Business license
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers
Change in net position
Net position, beginning of year, as restated
Net position, end of year

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (832,326)	\$ -	\$ (832,326)
(1,583,377)	-	(1,583,377)
(787,187)	-	(787,187)
(190,290)	-	(190,290)
(318,111)	-	(318,111)
(14,290)	-	(14,290)
<u>\$ (3,725,581)</u>	<u>\$ -</u>	<u>\$ (3,725,581)</u>
\$ -	\$ 189,997	\$ 189,997
<u>\$ (3,725,581)</u>	<u>\$ 189,997</u>	<u>\$ (3,535,584)</u>
\$ 1,112,158	\$ -	\$ 1,112,158
225,920	-	225,920
89,017	-	89,017
96,217	-	96,217
151,641	-	151,641
1,010,919	-	1,010,919
202,993	-	202,993
257,618	-	257,618
101,392	-	101,392
351,892	-	351,892
44,204	-	44,204
14,734	12,546	27,280
23,012	-	23,012
112,208	-	112,208
(387,676)	387,676	-
<u>\$ 3,406,249</u>	<u>\$ 400,222</u>	<u>\$ 3,806,471</u>
<u>\$ (319,332)</u>	<u>\$ 590,219</u>	<u>\$ 270,887</u>
14,481,280	17,862,134	32,343,414
<u>\$ 14,161,948</u>	<u>\$ 18,452,353</u>	<u>\$ 32,614,301</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,813,293
Receivables (net of allowance for uncollectibles):	
Property taxes	707,418
Accounts	233,106
Intergovernmental receivables	11,683
Prepaid items	23,319
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	1,014,225
Total assets	<u>\$ 4,803,044</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 99,676
Performance deposits	15,725
Unearned revenue	105,566
Total liabilities	<u>\$ 220,967</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 709,868
Total deferred inflows of resources	<u>\$ 709,868</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 23,319
Restricted:	
Parks and recreation	\$ 998,500
Committed:	
Woodstock Volunteer Fire Department	\$ 165,000
Woodstock Volunteer Rescue Squad	100,000
Assigned:	
Subsequent year's budget: appropriation of fund balance	\$ 649,000
Unassigned	<u>\$ 1,936,390</u>
Total fund balances	<u>\$ 3,872,209</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,803,044</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	3,872,209
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Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		11,525,523
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Other long-term assets are not available to pay for current-period expenditures, and therefore are unavailable in the funds.		158,552
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Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.		<u>(1,394,336)</u>
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Net position of governmental activities	\$	<u><u>14,161,948</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 Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 1,110,457
Other local taxes	2,180,418
Permits, privilege fees, and regulatory licenses	363,532
Fines and forfeitures	34,551
Revenue from the use of money and property	14,734
Charges for services	222,200
Miscellaneous	23,012
Intergovernmental revenues:	
Commonwealth	813,057
Federal	7,803
Total revenues	<u>\$ 4,769,764</u>
EXPENDITURES	
Current:	
General government administration	\$ 822,722
Public safety	1,688,741
Public works	1,312,920
Parks and recreation	198,497
Community development	243,763
Capital projects	162,105
Debt service:	
Principal retirement	52,431
Interest and other fiscal charges	12,424
Total expenditures	<u>\$ 4,493,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 276,161</u>
OTHER FINANCING SOURCES (USES)	
Bonds issued	\$ 1,000,000
Transfers out	(387,676)
Total other financing sources (uses)	<u>\$ 612,324</u>
Net change in fund balances	\$ 888,485
Fund balances - beginning	2,983,724
Fund balances - ending	<u><u>\$ 3,872,209</u></u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$	888,485
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.		(209,908)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(18,200)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,204
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(947,569)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		<u>(33,344)</u>
Change in net position of governmental activities	\$	<u><u>(319,332)</u></u>

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

Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Fund Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,516,250
Accounts receivable, net of allowance for uncollectibles	308,841
Unbilled and other receivables	96,157
Total current assets	<u>\$ 1,921,248</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 76,470
Investments	36,821
Total restricted assets	<u>\$ 113,291</u>
Capital assets:	
Land	\$ 171,915
Buildings	33,891,070
Improvements other than buildings	2,540,881
Machinery and equipment	863,827
Infrastructure	8,340,874
Construction in progress	182,515
Accumulated depreciation	(7,251,871)
Total capital assets	<u>\$ 38,739,211</u>
Total noncurrent assets	<u>\$ 38,852,502</u>
Total assets	<u>\$ 40,773,750</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	\$ 7,075
Total deferred outflows of resources	<u>\$ 7,075</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 50,026
Accrued interest payable	36,406
Customers' deposits	76,470
General obligation bonds, net of original issue premium	1,230,377
Compensated absences	3,265
Total current liabilities	<u>\$ 1,396,544</u>
Noncurrent liabilities:	
General obligation bonds, net of original issue premium	\$ 20,780,092
Net OPEB obligation	56,602
Compensated absences	95,234
Total noncurrent liabilities	<u>\$ 20,931,928</u>
Total liabilities	<u>\$ 22,328,472</u>
NET POSITION	
Net investment in capital assets	\$ 16,772,638
Unrestricted	1,679,715
Total net position	<u>\$ 18,452,353</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	<u>Enterprise Fund Public Utilities</u>
OPERATING REVENUES	
Charges for services	\$ 3,429,399
Total operating revenues	<u>\$ 3,429,399</u>
OPERATING EXPENSES	
Water treatment facility	\$ 677,935
Water transmission and distribution	295,895
Wastewater treatment facility	957,727
Sanitary sewer maintenance	228,207
Depreciation	982,104
Total operating expenses	<u>\$ 3,141,868</u>
Operating income (loss)	<u>\$ 287,531</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	\$ 12,546
Interest expense	(290,114)
Total nonoperating revenues (expenses)	<u>\$ (277,568)</u>
Income before capital contributions and transfers	<u>\$ 9,963</u>
Capital contributions	\$ 192,580
Transfers In	387,676
Change in net position	<u>\$ 590,219</u>
Total net position - beginning, as restated	<u>\$ 17,862,134</u>
Total net position - ending	<u><u>\$ 18,452,353</u></u>

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2013

	Enterprise Fund Public Utilities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,434,794
Payments to suppliers	(871,626)
Payments to employees	(1,250,326)
Net cash provided by (used for) operating activities	<u>\$ 1,312,842</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 387,676
Net cash provided by (used for) noncapital financing activities	<u>\$ 387,676</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	\$ (81,114)
Availability fees	192,580
Principal paid on bonds	(1,204,879)
Interest payments	(291,342)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,384,755)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 12,546
Sale and purchase of investments	(9,499)
Net cash provided by (used for) investing activities	<u>\$ 3,047</u>
Net increase (decrease) in cash and cash equivalents	\$ 318,810
Cash and cash equivalents, including restricted - beginning	\$ 1,273,910
Cash and cash equivalents, including restricted - ending	<u><u>\$ 1,592,720</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 287,531
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 982,104
(Increase) decrease in accounts receivable	(16,837)
(Increase) decrease in unbilled and other receivables	8,642
(Increase) decrease in prepaid items	15,045
Increase (decrease) in accounts payable	16,314
Increase (decrease) in customer deposits	13,590
Increase (decrease) in compensated absences payable	(1,171)
Increase (decrease) in net OPEB obligation	7,624
Total adjustments	<u>\$ 1,025,311</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,312,842</u></u>

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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, 2013.

Discretely presented component units – There were no discretely presented component units for the Town for the year ended June 30, 2013.

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

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

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

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. 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 government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

The government reports the following major proprietary 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 interfund activity has been eliminated from the government-wide financial statements.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

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

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

1. Deposits and investments

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

Investments for the Town are reported at fair value.

2. Receivables and payables

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

3. Property taxes

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

4. Allowance for uncollectible accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$53,999 at June 30, 2013 and is comprised of property taxes, accounts and water and sewer accounts receivable.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

5. *Use of estimates*

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

6. *Capital assets*

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the 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 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
Infrastructure	75
Vehicles	5-15
Machinery and Equipment	5-10

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

7. *Compensated absences*

Per the Town's personnel policies, employees can accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide and proprietary fund financial statements. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement. The Town accrues salary-related payments associated with the payment of compensated absences.

8. *Long-term obligations*

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

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.

9. *Fund equity*

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

9. Fund equity (continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Town establishes (and modifies or rescinds) fund balance commitments by formal action 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.

10. Net position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

11. Restricted assets

Assets of the Town's governmental activities have been restricted for the payment of performance deposits in the amount of \$15,725 and unspent bond proceeds of \$998,500. Assets of the Town's public utilities enterprise fund have been restricted for the payment of customer deposits in the amount of \$76,470 and \$36,821 for future wastewater construction.

12. 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

E. Net Position Flow Assumption

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.

F. 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 only has one item that qualifies for reporting in this category. It 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.

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 one type of item that qualifies 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 or resources.

G. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**H. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board**

The Town implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this Statement resulted in the restatement of net position as found in Note 16.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(1,394,336) difference for the Town are as follows:

	Governmental Activities
General obligation bonds	\$ (1,114,682)
Notes payable	(11,937)
Capital leases	(9,935)
Compensated absences	(156,318)
Accrued interest payable	(1,866)
Other postemployment benefit obligations	(99,598)
Net adjustment to decrease <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ (1,394,336)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(209,908) difference for the Town are as follows:

	Governmental Activities
Capital outlay	\$ 180,303
Depreciation expense	(390,211)
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (209,908)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.” The details of this \$(18,200) difference are as follows:

In the statement of activities, only the <i>loss</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (18,200)
Net adjustment to decrease <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (18,200)

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$1,204 difference for the Town are as follows:

Increase in unavailable revenue-property taxes	\$ 1,204
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 1,204

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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.” The details of this \$(947,569) difference for the Town are as follows:

Debt Issued or Incurred:	
General obligation bonds	\$ (1,000,000)
Principal repayments:	
General obligation bonds	\$ 22,441
Notes payable	11,539
Capital leases	<u>18,451</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	\$ <u>(947,569)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(33,344) difference for the Town are as follows:

Accrued interest	\$ (1,864)
Compensated absences	(17,505)
Net other postemployment benefits obligation	<u>(13,975)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	\$ <u>(33,344)</u>

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

A. Budgetary information (continued)

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2013, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2013, there were no funds with deficit fund equity.

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits:

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

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

Custodial Credit Risk (Investments)

The Town's investments at June 30, 2013 were held by the Town or in the Town's name by the Town's custodial banks.

Credit Risk of Debt Securities

The Town had only U.S. Treasury investments as of June 30, 2013. These investments carry no credit risk as they are backed by the full faith of the U.S. government.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Treasuries	\$ 36,821	\$ 36,821
Total	\$ 36,821	\$ 36,821

External Investment Pool

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the external investment pool is the same as the value of the pool shares.

NOTE 5—RECEIVABLES:

Receivables as of June 30, 2013 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	\$ 748,478	\$ -	\$ 748,478
Accounts	233,106	321,780	554,886
Unbilled and other	-	96,157	96,157
Gross receivables	\$ 981,584	\$ 417,937	\$ 1,399,521
Less: allowance for uncollectibles	(41,060)	(12,939)	(53,999)
Net total receivables	\$ 940,524	\$ 404,998	\$ 1,345,522

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 6—INTERGOVERNMENTAL RECEIVABLES:

The following amounts represent receivables from other governments as of June 30, 2013:

	<u>Primary Government</u>
Commonwealth of Virginia:	
Rental tax	\$ 152
Fire program fund grant	2,274
Dam safety, flood prevention and protection assistance grant	8,500
Federal Government:	
State and community highway safety	757
Total	\$ <u>11,683</u>

NOTE 7—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$105,566 is comprised of the following:

- A. State Highway Maintenance Funds – Funding received prior to June 30 but not expended until after June 30, totaled \$101,735 at June 30, 2013.
- B. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action totaled \$3,831 at June 30, 2013.

NOTE 8—UNAVAILABLE REVENUE PROPERTY TAXES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue totaling \$709,868 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2013, but paid in advance by the taxpayers totaled \$27,790 in the general fund at June 30, 2013.
- B. Unbilled Property Taxes – Property taxes for the second half of 2013 that had not been billed as of June 30, 2013 amounted to \$523,526.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$158,552 at June 30, 2013.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 9—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2013:

Governmental Activities:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 1,320,305	\$ -	\$ -	\$ 1,320,305
Construction in progress	126,227	69,485	(53,374)	142,338
Total capital assets not being depreciated	\$ 1,446,532	\$ 69,485	\$ (53,374)	\$ 1,462,643
Capital assets being depreciated:				
Buildings	\$ 691,013	\$ -	\$ -	\$ 691,013
Improvements other than buildings	2,489,626	53,374	-	2,543,000
Infrastructure	11,958,958	-	-	11,958,958
Machinery and equipment	1,405,084	110,818	(68,205)	1,447,697
Total depreciable capital assets	\$ 16,544,681	\$ 164,192	\$ (68,205)	\$ 16,640,668
Accumulated depreciation for:				
Buildings	\$ (266,233)	\$ (13,444)	\$ -	\$ (279,677)
Improvements other than buildings	(797,406)	(117,869)	-	(915,275)
Infrastructure	(4,118,059)	(162,267)	-	(4,280,326)
Machinery and equipment	(1,055,884)	(96,631)	50,005	(1,102,510)
Total accumulated depreciation	\$ (6,237,582)	\$ (390,211)	\$ 50,005	\$ (6,577,788)
Total depreciable capital assets, net	\$ 10,307,099	\$ (226,019)	\$ (18,200)	\$ 10,062,880
Capital assets, net	\$ 11,753,631	\$ (156,534)	\$ (71,574)	\$ 11,525,523
Depreciation expense was allocated to the functions/programs as follows:				
General government administration	\$ 14,312			
Public safety	35,646			
Public works	222,692			
Parks and recreation	42,463			
Community development	75,098			
Total depreciation expense	\$ 390,211			

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 9—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 171,915	\$ -	\$ -	\$ 171,915
Construction in progress	182,515	26,765	(26,765)	182,515
Total capital assets not being depreciated	\$ 354,430	\$ 26,765	\$ (26,765)	\$ 354,430
Capital assets being depreciated:				
Buildings	\$ 33,891,070	\$ -	\$ -	\$ 33,891,070
Improvements other than buildings	2,503,241	37,640	-	2,540,881
Infrastructure	8,340,874	-	-	8,340,874
Machinery and equipment	833,853	43,474	(13,500)	863,827
Total depreciable capital assets	\$ 45,569,038	\$ 81,114	\$ (13,500)	\$ 45,636,652
Accumulated depreciation for:				
Buildings	\$ (2,705,542)	\$ (677,821)	\$ -	\$ (3,383,363)
Improvements other than buildings	(563,289)	(125,772)	-	(689,061)
Infrastructure	(2,517,382)	(111,212)	-	(2,628,594)
Machinery and equipment	(497,054)	(67,299)	13,500	(550,853)
Total accumulated depreciation	\$ (6,283,267)	\$ (982,104)	\$ 13,500	\$ (7,251,871)
Total depreciable capital assets, net	\$ 39,285,771	\$ (900,990)	\$ -	\$ 38,384,781
Capital assets, net	\$ 39,640,201	\$ (874,225)	\$ (26,765)	\$ 38,739,211

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

	Governmental Activities
Asset:	
Machinery and equipment	\$ 443,309
Accumulated depreciation	(316,480)
Total	\$ 126,829

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 9—CAPITAL ASSETS: (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Fiscal Year Ending June 30,		Governmental Activities	
	2014	\$	
Total minimum lease payments		\$	10,288
Less: amount representing interest			(353)
Present value of minimum lease payments		\$	<u>9,935</u>

NOTE 10—LONG-TERM OBLIGATIONS:

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

Governmental Activities Long-Term Obligations								
Year Ending	General Obligation Bonds		Notes Payable		Capital Leases		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 70,896	27,728	\$ 11,937	424	\$ 9,935	353	\$ 92,768	28,505
2015	72,912	25,712	-	-	-	-	72,912	25,712
2016	74,995	23,630	-	-	-	-	74,995	23,630
2017	77,146	21,479	-	-	-	-	77,146	21,479
2018	79,369	19,256	-	-	-	-	79,369	19,256
2019-2023	379,365	63,293	-	-	-	-	379,365	63,293
2024-2028	359,999	20,354	-	-	-	-	359,999	20,354
Total	\$ <u>1,114,682</u>	\$ <u>201,452</u>	\$ <u>11,937</u>	\$ <u>424</u>	\$ <u>9,935</u>	\$ <u>353</u>	\$ <u>1,136,554</u>	\$ <u>202,229</u>

Business-Type Activities Long-Term Obligation		
Year Ending	General Obligation Bonds	
June 30,	Principal	Interest
2014	\$ 1,219,185	\$ 284,342
2015	1,233,878	265,236
2016	1,248,983	245,414
2017	1,289,516	224,974
2018	1,125,497	207,606
2019-2023	4,988,247	859,207
2024-2028	4,634,243	674,817
2029-2033	3,676,416	487,418
2034-2038	1,951,399	249,484
2039-2043	518,545	55,516
Total	\$ <u>21,885,909</u>	\$ <u>3,554,014</u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

The following is a summary of the long-term obligations of the Town for the year ended June 30, 2013:

	Amounts Payable July 1, 2012	Increases	Decreases	Amounts Payable June 30, 2013	Amount Due Within One Year
Primary Government:					
Governmental Activities					
General obligation bonds	\$ 137,123	\$ 1,000,000	\$ (22,441)	\$ 1,114,682	\$ 70,896
Notes payable	23,476	-	(11,539)	11,937	11,937
Capital lease obligations	28,386	-	(18,451)	9,935	9,935
Compensated absences	138,813	25,679	(8,174)	156,318	39,094
Total governmental activities	\$ 327,798	\$ 1,025,679	\$ (60,605)	\$ 1,292,872	\$ 131,862
Business-type Activities					
General obligation bonds	\$ 23,090,788	\$ -	\$ (1,204,879)	\$ 21,885,909	\$ 1,219,185
Premium on bond issue	135,751	-	(11,191)	124,560	11,192
Compensated absences	99,670	11,231	(12,402)	98,499	3,265
Total business-type activities	\$ 23,326,209	\$ 11,231	\$ (1,228,472)	\$ 22,108,968	\$ 1,233,642
Total primary government	\$ 23,654,007	\$ 1,036,910	\$ (1,289,077)	\$ 23,401,840	\$ 1,365,504

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

Details of long-term obligations:

Primary Government – Governmental Activities:

General obligation bonds:

Series 1991 R-1, R-2, \$534,000, issued September 24, 1991, payable in monthly installments of \$1,952, through September 24, 2020, with interest at 5.0% \$ 123,786

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% 990,896

Sub-total general obligation bonds payable \$ 1,114,682

Notes payable:

Notes payable, \$34,615, issued September 15, 2010, payable in annual installments of \$12,368, through September 15, 2013 with interest at 3.50% \$ 11,937

Sub-total notes payable \$ 11,937

Capital leases:

Capital lease for one Public Works vehicle dated November 11, 2010, payable in annual installments of \$10,293, through November 19, 2013 with interest at 3.50% 9,935

Sub-total capital leases \$ 9,935

Compensated absences payable \$ 156,318

Total governmental activity long-term obligations \$ 1,292,872

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations: (continued)

Primary Government - Business-Type Activities:

General obligation bonds:

Series 1991 R-1, \$534,000, issued September 24, 1991, payable in monthly installments of \$1,952, through September 24, 2020, with interest at 5.0%	\$ 93,881
Series 2002, \$1,250,000, issued December 1, 2002, payable in monthly installments of \$8,730, through December 11, 2018, with interest at 3.85%	518,568
Series 2003, \$2,286,000, issued September 25, 2003, payable in monthly installments of \$9,922, through September 25, 2020, with interest at 4.25%	2,011,070
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%	917,648
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	3,420,867
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	11,968,875
Series 2007B, \$2,470,000, issued December 13, 2007, payable in variable annual installments, beginning October 1, 2008 through October 1, 2037, with variable interest rates	2,250,000
Series 2011B, \$855,000, issued November 16, 2011, payable in variable annual installments, beginning November 1, 2012 through November 1, 2020, with variable interest rates	705,000
Sub-total general obligation bonds payable	\$ 21,885,909
Unamortized premium on general obligation bonds	\$ 124,560
Compensated absences payable	\$ 98,499
Total business-type activity long-term obligations	\$ 22,108,968

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

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

	Governmental Activities	Business-Type Activities
Compensated absences	\$ 156,318	\$ 98,499
Current maturities of long-term obligations	92,768	1,230,377
Long-term obligations	1,043,786	20,780,092
Total	\$ 1,292,872	\$ 22,108,968

NOTE 11—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 11—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2013 was 16.95% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 11—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**C. Annual Pension Cost**

For the fiscal year ended 2013, the Town's annual pension cost of \$390,332 was equal to the Town's required and actual contributions.

Trend Information for the Town

Fiscal Year Ended	Annual Pension Cost (APC)⁽¹⁾	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 390,332	100.00%	\$ -
June 30, 2012	272,143	100.00%	-
June 30, 2011	281,342	100.00%	-

⁽¹⁾Employer portion

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the Town's plan was 59.71% funded. The actuarial accrued liability for benefits was \$11,051,383, and the actuarial value of assets was \$6,598,728, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,452,655. The covered payroll (annual payroll of active employees covered by the plan) was \$2,192,508, and ratio of the UAAL to the covered payroll was 203.09%.

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS:

The Local Choice (TLC) Health Benefits Program:

Background

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

A. Plan Description

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

The Town participates in the TLC, which provides healthcare benefits to eligible retired Town employees and their beneficiaries. Eligibility for retiree healthcare coverage in the TLC mirrors the age and service criteria for the VRS reduced retirement, which stipulates that the retiree must be at least 55 years of age and have at least 5 years of service with the Town or at least 50 years of age and have at least 10 years of service with the Town. Title 2.2 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in the TLC to the respective employer entities. The Commonwealth of Virginia issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the TLC. A copy of that report can be downloaded from the website at http://www.doa.virginia.gov/Financial_Reporting/CAFR/2012/2012CAFR.pdf or by writing to the Virginia Department of Human Resource Management at 101 North 14th Street, 12th Floor, Richmond, VA 23219.

B. Funding Policy

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**TLC Health Benefits Program: (continued)****C. Annual OPEB Cost and Net OPEB Obligation**

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

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

Annual Required Contribution (ARC)	\$	40,500
Interest on OPEB Obligation		5,400
Adjustment to ARC		(5,400)
Annual OPEB cost	\$	40,500
Contributions Made		(18,900)
Increase in Net OPEB Obligation	\$	21,600
Net OPEB Obligation - beginning of year		134,600
Net OPEB Obligation - end of year	\$	<u>156,200</u>

For fiscal year 2013, the Town's expected cash payment of \$18,900 was \$21,600 short of the OPEB cost. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 40,500	46.70%	\$ 156,200
6/30/2012	39,000	36.90%	134,600
6/30/2011	49,000	24.50%	110,000

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**TLC Health Benefits Program: (continued)****D. Funded Status and Funding Progress.**

The funded status of the plan as of June 30, 2013 is as follows:

Actuarial accrued liability (AAL)	\$	506,100
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	506,100
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Annual covered payroll	\$	N/A
UAAL as of percentage of covered payroll		N/A

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

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

E. Actuarial Methods and Assumptions

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

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit Program:

A. Plan Description

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

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

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

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

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

B. Funding Policy

As a participating local political subdivision, the Town is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2013 was 0.32% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**Health Insurance Credit Program: (continued)****C. OPEB Cost and Net OPEB Obligation (Continued)**

For fiscal year 2013, the Town's contribution of \$7,369 was equal to the ARC and OPEB cost. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 7,369	100.00%	\$ -
June 30, 2012	6,621	100.00%	-
June 30, 2011	6,845	100.00%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 121,738
Actuarial value of plan assets	\$ 42,470
Unfunded actuarial accrued liability (UAAL)	\$ 79,268
Funded ratio (actuarial value of plan assets/ AAL)	34.89%
Covered payroll (active plan members)	\$ 2,192,508
UAAL as a percentage of covered payroll	3.62%

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

The Health Insurance Credit Program benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit Program: (continued)

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2013 was 29 years.

NOTE 13—SURETY BONDS:

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

NOTE 14—RISK MANAGEMENT:

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

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

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

NOTE 15—INTERFUND TRANSFERS:

In the year ended June 30, 2013, the Town made the following one-time transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 387,676
Public Utilities Fund	387,676	-
Total	\$ 387,676	\$ 387,676

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

NOTE 16—BEGINNING NET POSITION ADJUSTMENT:

The beginning net position of the Primary Government was adjusted to write off bond issue costs in accordance with GASB Statement No. 65-Items Previously Reported as Assets and Liabilities as follows:

	<u>Business-Type Activities</u>
Net position at July 1, 2012 as originally reported	\$ 17,930,463
To adjust for write-off of bond issue costs in accordance with GASB Statement No. 65	(68,329)
Net position at July 1, 2012 as restated	\$ 17,862,134

NOTE 17—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 18—SUBSEQUENT EVENTS:

On August 9, 2013, the Town of Woodstock Economic Development Authority (Authority) issued \$3,250,000 healthcare facilities revenue bonds (the Bonds) pursuant to the Virginia Industrial Development and Revenue Bond Act (the Act). The proceeds of the bonds were loaned by the Authority to Bridgewater Home, Inc. (the Home) in order for the Home to finance the costs to construct, reconstruct, and equip capital improvements to its existing skilled nursing home and rehabilitation facilities. The bonds are secured by a correlating promissory note of the Home in the principal amount of the bonds payable to the Authority. As required by the Act, the Bonds do not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia, the Town, or the Authority. The Commonwealth of Virginia, the Town, or the Authority is not obligated to pay the Bonds or any interest thereon.

NOTE 19—UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that area administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Town has not determined the impact of this pronouncement on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,020,400	\$ 1,020,400	\$ 1,110,457	\$ 90,057
Other local taxes	1,926,200	1,947,200	2,180,418	233,218
Permits, privilege fees, and regulatory licenses	349,000	349,000	363,532	14,532
Fines and forfeitures	36,800	36,800	34,551	(2,249)
Revenue from the use of money and property	17,500	17,500	14,734	(2,766)
Charges for services	208,500	208,500	222,200	13,700
Miscellaneous	12,500	12,500	23,012	10,512
Intergovernmental revenues:				-
Commonwealth	903,200	903,200	813,057	(90,143)
Federal	10,000	10,000	7,803	(2,197)
Total revenues	<u>\$ 4,484,100</u>	<u>\$ 4,505,100</u>	<u>\$ 4,769,764</u>	<u>\$ 264,664</u>
EXPENDITURES				
Current:				
General government administration	\$ 844,410	\$ 844,410	\$ 822,722	\$ 21,688
Public safety	1,443,724	1,705,224	1,688,741	16,483
Public works	1,520,356	1,520,356	1,312,920	207,436
Parks and recreation	257,650	257,650	198,497	59,153
Community development	265,460	265,460	243,763	21,697
Capital projects	21,200	164,700	162,105	2,595
Debt service:				
Principal retirement	44,000	53,350	52,431	919
Interest and other fiscal charges	8,500	12,250	12,424	(174)
Total expenditures	<u>\$ 4,405,300</u>	<u>\$ 4,823,400</u>	<u>\$ 4,493,603</u>	<u>\$ 329,797</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>\$ 78,800</u>	<u>\$ (318,300)</u>	<u>\$ 276,161</u>	<u>\$ 594,461</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	\$ -	\$ 36,000	\$ 1,000,000	\$ 964,000
Transfers out	(387,676)	(387,676)	(387,676)	-
Total other financing sources and uses	<u>\$ (387,676)</u>	<u>\$ (351,676)</u>	<u>\$ 612,324</u>	<u>\$ 964,000</u>
Net change in fund balances				
	<u>\$ (308,876)</u>	<u>\$ (669,976)</u>	<u>\$ 888,485</u>	<u>\$ 1,558,461</u>
Fund balances - beginning	308,876	669,976	2,983,724	2,313,748
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,872,209</u>	<u>\$ 3,872,209</u>

Schedule of Pension Funding Progress
As of June 30, 2013

Town Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 6,598,728	\$ 11,051,383	\$ 4,452,655	59.71%	\$ 2,192,508	203.09%
06/30/11	6,636,862	10,741,098	4,104,236	61.79%	2,233,656	183.75%
06/30/10	6,486,317	10,071,584	3,585,267	64.40%	2,355,858	152.19%
06/30/09	6,470,644	8,699,948	2,229,304	74.38%	2,319,825	96.10%
06/30/08	5,987,808	7,749,523	1,761,715	77.27%	2,246,238	78.43%

Schedule of OPEB Funding Progress
As of June 30, 2013

The Local Choice Health Benefits Program:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
01/01/11(R) \$	-	\$ 506,100	\$ 506,100	0.00%	\$ N/A	N/A
01/01/11	-	482,100	482,100	0.00%	2,257,300	21.36%
01/01/08 (R)	-	442,000	442,000	0.00%	2,411,000	18.33%
01/01/08 (R)	-	406,000	406,000	0.00%	2,352,000	17.26%
01/01/08	-	349,000	349,000	0.00%	2,239,000	15.59%

(R) = Roll-forward of valuation date results

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

Health Care Credit Plan Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12 \$	42,470	\$ 121,738	\$ 79,268	34.89%	\$ 2,192,508	3.62%
06/30/11	41,489	118,749	77,260	34.94%	2,233,656	3.46%
06/30/10	32,366	109,292	76,926	29.61%	2,355,857	3.27%
06/30/09	20,922	88,626	67,704	23.61%	2,319,825	2.92%
06/30/08	15,494	104,467	88,973	14.83%	2,246,238	3.96%

OTHER SUPPLEMENTARY INFORMATION

Computation of Legal Debt Margin
At June 30, 2013

Total Assessed Value of Real Estate	\$ <u>548,482,400</u>
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Legal Debt Margin:	\$ 54,848,240
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Less: Gross Indebtedness	\$ <u>(1,114,682)</u>
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Legal Margin for Creation of Additional Debt	\$ <u>53,733,558</u>
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Excludes enterprise fund indebtedness, notes payable and capital lease obligations

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the Town's most significant local revenue source, property taxes.	5-9
Debt Capacity 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.	10-12
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	13-14
Operating Information 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.	15-17

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)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 7,174,426	\$ 7,178,712	\$ 7,350,016	\$ 9,355,940
Restricted	211,424	214,084	221,062	113,081
Unrestricted	1,026,619	1,026,098	1,198,590	817,974
Total governmental activities net position	<u>\$ 8,412,469</u>	<u>\$ 8,418,894</u>	<u>\$ 8,769,668</u>	<u>\$ 10,286,995</u>
Business-type activities				
Net investment in capital assets	\$ 1,584,061	\$ 1,634,327	\$ 2,574,226	\$ 3,735,882
Restricted	19,193	-	30,085	35,785
Unrestricted	1,640,291	1,745,648	1,599,126	2,458,385
Total business-type activities net position	<u>\$ 3,243,545</u>	<u>\$ 3,379,975</u>	<u>\$ 4,203,437</u>	<u>\$ 6,230,052</u>
Primary government				
Net investment in capital assets	\$ 8,758,487	\$ 8,813,039	\$ 9,924,242	\$ 13,091,822
Restricted	230,617	214,084	251,147	148,866
Unrestricted	2,666,910	2,771,746	2,797,716	3,276,359
Total primary government net position	<u>\$ 11,656,014</u>	<u>\$ 11,798,869</u>	<u>\$ 12,973,105</u>	<u>\$ 16,517,047</u>

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 9,448,747	\$ 10,512,039	\$ 11,988,383	\$ 11,767,180	\$ 11,564,646	\$ 11,379,865
113,081	-	-	-	-	7,604
1,032,218	1,379,844	1,839,493	2,397,512	2,916,634	2,774,479
<u>\$ 10,594,046</u>	<u>\$ 11,891,883</u>	<u>\$ 13,827,876</u>	<u>\$ 14,164,692</u>	<u>\$ 14,481,280</u>	<u>\$ 14,161,948</u>
\$ 6,228,020	\$ 15,252,251	\$ 15,531,479	\$ 16,255,641	\$ 16,390,921	\$ 16,722,638
40,160	-	-	-	-	-
1,651,143	551,162	1,222,630	1,424,895	1,471,213	1,679,715
<u>\$ 7,919,323</u>	<u>\$ 15,803,413</u>	<u>\$ 16,754,109</u>	<u>\$ 17,680,536</u>	<u>\$ 17,862,134</u>	<u>\$ 18,402,353</u>
\$ 15,676,767	\$ 25,764,290	\$ 27,519,862	\$ 28,022,821	\$ 27,955,567	\$ 28,102,503
153,241	-	-	-	-	7,604
2,683,361	1,931,006	3,062,123	3,822,407	4,387,847	4,454,194
<u>\$ 18,513,369</u>	<u>\$ 27,695,296</u>	<u>\$ 30,581,985</u>	<u>\$ 31,845,228</u>	<u>\$ 32,343,414</u>	<u>\$ 32,564,301</u>

Town of Woodstock, Virginia

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

	Fiscal Year			Fiscal Year		
	2004	2005	2006	2007		
Expenses						
Governmental activities:						
General government administration	\$ 756,083	\$ 1,131,241	\$ 1,082,967	\$ 1,302,641		
Judicial administration	-	33,685	40,754	-		
Public safety	779,628	906,783	975,065	1,115,735		
Public works	1,116,441	1,087,173	1,509,217	1,332,496		
Parks and recreation	2,502	-	-	-		
Community development	114,385	45,764	47,127	98,665		
Interest on long-term debt	45,278	43,454	38,327	29,928		
Total governmental activities expenses	\$ 2,814,317	\$ 3,248,100	\$ 3,693,457	\$ 3,879,465		
Business-type activities:						
Water and sewer	\$ 1,559,515	\$ 1,991,105	\$ 2,125,385	\$ 2,483,608		
Recreation	155,160	170,251	206,819	209,233		
Total business-type activities expenses	\$ 1,714,675	\$ 2,161,356	\$ 2,332,204	\$ 2,692,841		
Total primary government expenses	\$ 4,528,992	\$ 5,409,456	\$ 6,025,661	\$ 6,572,306		
Program Revenues						
Governmental activities:						
Charges for services:						
General government administration	\$ -	\$ 68,166	\$ 271,006	\$ 122,235		
Judicial administration	-	35,645	59,301	-		
Public safety	-	-	-	-		
Public works	-	-	-	-		
Parks and recreation	-	-	-	-		
Community development	-	1,718	-	-		
Operating grants and contributions:						
Public safety	103,835	140,392	155,842	185,228		
Public works	-	461,594	-	-		
Community development	-	-	-	-		
Capital grants and contributions:						
Public works	446,702	-	543,557	3,031,455		
Parks and recreation	-	-	-	-		
Community development	-	-	-	28,899		
Total governmental activities program revenues	\$ 550,537	\$ 707,515	\$ 1,029,706	\$ 3,367,817		
Business-type activities:						
Charges for services:						
Water and sewer	\$ 1,262,843	\$ 1,483,379	\$ 1,689,056	\$ 1,945,444		
Recreation	34,215	33,249	37,969	38,398		
Operating grants and contributions:						
Recreation	500	-	-	-		
Capital grants and contributions:						
Water and sewer	402,579	591,712	924,106	1,299,239		
Recreation	-	-	250,000	-		
Total business-type activities program revenues	\$ 1,700,137	\$ 2,108,340	\$ 2,901,131	\$ 3,283,081		
Total primary government program revenues	\$ 2,250,674	\$ 2,815,855	\$ 3,930,837	\$ 6,650,898		

Table 2

2008	2009	2010	2011	2012	2013
\$ 662,189	\$ 523,267	\$ 537,743	\$ 732,891	\$ 701,454	\$ 843,966
-	-	-	-	-	-
1,515,604	1,545,926	1,463,009	1,352,205	1,458,135	1,739,156
1,473,509	1,567,715	1,611,231	1,567,676	1,588,522	1,545,390
-	-	229,804	256,685	268,582	240,960
207,147	238,157	283,696	262,583	311,986	318,861
20,567	13,835	11,668	8,925	10,075	14,290
\$ 3,879,016	\$ 3,888,900	\$ 4,137,151	\$ 4,180,965	\$ 4,338,754	\$ 4,702,623
\$ 2,694,088	\$ 2,905,148	\$ 3,025,061	\$ 3,173,607	\$ 3,539,931	\$ 3,431,982
253,660	243,486	-	-	-	-
\$ 2,947,748	\$ 3,148,634	\$ 3,025,061	\$ 3,173,607	\$ 3,539,931	\$ 3,431,982
\$ 6,826,764	\$ 7,037,534	\$ 7,162,212	\$ 7,354,572	\$ 7,878,685	\$ 8,134,605
\$ 42,750	\$ 28,457	\$ 25,650	\$ 31,161	\$ 13,490	\$ 11,640
-	-	-	-	-	-
40,414	48,639	40,930	38,766	44,209	34,551
86,617	163,163	165,537	166,982	169,697	171,530
-	-	43,113	52,393	56,899	50,670
-	-	-	-	-	-
136,678	136,650	135,004	126,503	126,259	121,228
-	-	13,847	-	50,483	8,500
-	-	-	750	-	750
538,481	610,254	606,267	636,447	667,173	578,173
-	-	5,178	9,136	71,386	-
58,489	1,003,602	70,049	-	-	-
\$ 903,429	\$ 1,990,765	\$ 1,105,575	\$ 1,062,138	\$ 1,199,596	\$ 977,042
\$ 2,429,330	\$ 2,683,843	\$ 2,815,129	\$ 3,191,737	\$ 3,160,050	\$ 3,429,399
44,619	38,919	-	-	-	-
-	-	-	-	-	-
1,854,371	8,046,109	2,726,391	891,093	501,146	192,580
-	-	-	-	-	-
\$ 4,328,320	\$ 10,768,871	\$ 5,541,520	\$ 4,082,830	\$ 3,661,196	\$ 3,621,979
\$ 5,231,749	\$ 12,759,636	\$ 6,647,095	\$ 5,144,968	\$ 4,860,792	\$ 4,599,021

Town of Woodstock, Virginia

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

	Fiscal Year			Fiscal Year
	2004	2005	2006	2007
Net (expense)/revenue				
Governmental activities	\$ (2,263,780)	\$ (2,540,585)	\$ (2,663,751)	\$ (511,648)
Business-type activities	(14,538)	(53,016)	568,927	590,240
Total primary government net expense	<u>\$ (2,278,318)</u>	<u>\$ (2,593,601)</u>	<u>\$ (2,094,824)</u>	<u>\$ 78,592</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 706,840	\$ 749,738	\$ 845,319	\$ 1,065,356
Other local taxes				
Vehicle license	-	88,001	95,349	109,652
Local sales and use	1,150,007	183,516	200,523	190,179
Consumers' utility	-	133,067	150,020	112,238
Telecommunications	-	-	-	46,266
Bank franchise	109,849	-	-	143,085
Meals	-	767,370	894,632	912,956
Transient occupancy	-	85,519	81,509	80,770
Business license	438,430	311,742	358,754	393,367
Other local taxes	40,901	220,814	304,922	123,228
Unrestricted revenues from use of money and property	20,513	16,011	106,304	72,635
Miscellaneous	29,135	18,300	35,255	72,584
Grants and contributions not restricted to specific programs	105,256	105,634	111,548	114,805
Transfers	(184,070)	(165,938)	(181,660)	(635,062)
Total governmental activities	<u>\$ 2,416,861</u>	<u>\$ 2,513,774</u>	<u>\$ 3,002,475</u>	<u>\$ 2,802,059</u>
Business-type activities:				
Unrestricted revenues from use of money and property	\$ -	\$ 14,098	\$ 95,084	\$ 146,764
Miscellaneous	9,698	9,410	2,785	500
Transfers	184,070	165,938	181,660	635,062
Total business-type activities	<u>\$ 193,768</u>	<u>\$ 189,446</u>	<u>\$ 279,529</u>	<u>\$ 782,326</u>
Change in Net Position				
Governmental activities	\$ 153,081	\$ (26,811)	\$ 338,724	\$ 2,290,411
Business-type activities	179,230	136,430	848,456	1,372,566
Total primary government	<u>\$ 332,311</u>	<u>\$ 109,619</u>	<u>\$ 1,187,180</u>	<u>\$ 3,662,977</u>

Table 2

2008	2009	2010	2011	2012	2013
\$ (2,975,587) \$	(1,898,135) \$	(3,031,576) \$	(3,118,827) \$	(3,139,158) \$	(3,725,581)
<u>1,380,572</u>	<u>7,620,237</u>	<u>2,516,459</u>	<u>909,223</u>	<u>121,265</u>	<u>189,997</u>
\$ <u>(1,595,015)</u> \$	<u>5,722,102</u>	<u>(515,117)</u> \$	<u>(2,209,604)</u> \$	<u>(3,017,893)</u> \$	<u>(3,535,584)</u>
\$ 1,082,654 \$	1,091,836 \$	1,081,463 \$	1,069,706 \$	1,069,173 \$	1,112,158
95,500	96,943	97,503	95,332	92,933	101,392
203,660	205,454	180,407	189,043	196,487	225,920
84,238	82,881	84,408	86,170	87,174	89,017
107,894	98,032	98,442	97,955	95,963	96,217
156,003	148,090	175,542	185,327	158,354	151,641
908,132	855,044	887,187	914,462	981,733	1,010,919
130,343	129,090	143,360	176,252	185,699	202,993
364,902	349,238	342,759	335,139	338,655	351,892
145,135	139,892	137,308	122,606	140,291	301,822
45,753	27,240	23,683	18,866	20,844	14,734
42,632	60,940	15,724	53,236	86,755	23,012
115,792	111,292	111,491	111,549	111,685	112,208
<u>(200,000)</u>	<u>(200,000)</u>	<u>1,588,292</u>	<u>-</u>	<u>(110,000)</u>	<u>(387,676)</u>
\$ <u>3,282,638</u> \$	<u>3,195,972</u> \$	<u>4,967,569</u> \$	<u>3,455,643</u> \$	<u>3,455,746</u> \$	<u>3,406,249</u>
\$ 106,998 \$	48,588 \$	22,529 \$	17,204 \$	18,665 \$	12,546
1,701	15,265	-	-	-	-
<u>200,000</u>	<u>200,000</u>	<u>(1,588,292)</u>	<u>-</u>	<u>110,000</u>	<u>387,676</u>
\$ <u>308,699</u> \$	<u>263,853</u> \$	<u>(1,565,763)</u> \$	<u>17,204</u> \$	<u>128,665</u> \$	<u>400,222</u>
\$ 307,051 \$	1,297,837 \$	1,935,993 \$	336,816 \$	316,588 \$	(319,332)
<u>1,689,271</u>	<u>7,884,090</u>	<u>950,696</u>	<u>926,427</u>	<u>249,930</u>	<u>590,219</u>
\$ <u>1,996,322</u> \$	<u>9,181,927</u> \$	<u>2,886,689</u> \$	<u>1,263,243</u> \$	<u>566,518</u> \$	<u>270,887</u>

Town of Woodstock, Virginia

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 211,424	\$ 214,084	\$ 221,062	\$ 113,081	\$ 113,081
Unreserved	1,083,661	1,087,486	1,373,871	874,871	1,083,603
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 1,295,085</u>	<u>\$ 1,301,570</u>	<u>\$ 1,594,933</u>	<u>\$ 987,952</u>	<u>\$ 1,196,684</u>
Total governmental funds	<u>\$ 1,295,085</u>	<u>\$ 1,301,570</u>	<u>\$ 1,594,933</u>	<u>\$ 987,952</u>	<u>\$ 1,196,684</u>

Table 3

Fiscal Year				
2009	2010	2011	2012	2013
\$ 115,481	\$ 15,725	\$ -	\$ -	\$ -
1,353,606	1,916,903	-	-	-
-	-	41,165	48,654	23,319
-	-	-	-	998,500
-	-	375,000	420,000	265,000
-	-	110,000	387,676	649,000
-	-	1,977,281	2,127,394	1,936,390
<u>\$ 1,469,087</u>	<u>\$ 1,932,628</u>	<u>\$ 2,503,446</u>	<u>\$ 2,983,724</u>	<u>\$ 3,872,209</u>
<u>\$ 1,469,087</u>	<u>\$ 1,932,628</u>	<u>\$ 2,503,446</u>	<u>\$ 2,983,724</u>	<u>\$ 3,872,209</u>

Town of Woodstock, Virginia

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

	Fiscal Year		
	2004	2005	2006
Revenues			
General property taxes	\$ 826,718	\$ 756,038	\$ 855,842
Other local taxes	1,259,856	1,390,286	1,631,606
Permits, privilege fees and regulatory licenses	438,430	469,627	725,109
Fines and forfeitures	40,901	35,645	59,301
Revenue from the use of money and property	21,728	16,011	106,304
Charges for services	-	-	-
Miscellaneous	27,920	49,150	35,255
Intergovernmental:			
Commonwealth	560,974	707,620	753,572
Federal	2,871	-	57,375
Total revenues	\$ 3,179,398	\$ 3,424,377	\$ 4,224,364
Expenditures			
General government administration	\$ 750,746	\$ 958,146	\$ 1,064,493
Judicial administration	-	33,685	40,754
Public safety	731,392	780,857	849,818
Public works	884,600	1,047,067	1,293,284
Parks and recreation	2,502	-	-
Community development	84,631	45,764	45,224
Capital projects	119,400	447,042	302,189
Debt service:			
Principal retirement	164,636	206,580	197,637
Interest and other fiscal charges	45,278	43,454	38,327
Total expenditures	\$ 2,783,185	\$ 3,562,595	\$ 3,831,726
Excess of revenues over (under) expenditures	\$ 396,213	\$ (138,218)	\$ 392,638
Other financing sources (uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(184,070)	(165,938)	(181,660)
Sale of equipment	-	-	-
Issuance of debt	-	277,405	-
Total other financing sources (uses)	\$ (184,070)	\$ 111,467	\$ (181,660)
Net change in fund balances	\$ 212,143	\$ (26,751)	\$ 210,978
Debt service as a percentage of noncapital expenditures	7.72%	7.88%	6.66%

Table 4

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 1,015,859	\$ 1,057,663	\$ 1,101,680	\$ 1,072,371	\$ 1,067,235	\$ 1,062,487	\$ 1,110,457
1,686,953	1,828,063	1,752,017	1,808,073	1,863,818	1,934,808	2,180,418
451,296	407,652	377,695	368,409	366,300	352,145	363,532
64,306	40,414	48,639	40,930	38,766	44,209	34,551
72,635	45,753	27,240	23,683	18,866	20,844	14,734
-	86,617	163,163	208,649	219,375	226,596	222,200
72,584	42,632	60,940	15,724	53,236	62,254	23,012
789,156	783,395	848,994	922,673	862,786	904,391	813,057
47,900	66,045	1,012,804	19,163	21,596	86,894	7,803
<u>\$ 4,200,689</u>	<u>\$ 4,358,234</u>	<u>\$ 5,393,172</u>	<u>\$ 4,479,675</u>	<u>\$ 4,511,978</u>	<u>\$ 4,694,628</u>	<u>\$ 4,769,764</u>
\$ 1,290,391	\$ 655,720	\$ 501,546	\$ 521,139	\$ 711,620	\$ 684,415	\$ 822,722
-	-	-	-	-	-	-
1,108,099	1,497,079	1,505,471	1,432,595	1,352,755	1,411,996	1,688,741
1,099,361	1,231,418	1,318,209	1,375,118	1,338,803	1,375,285	1,312,920
-	-	-	190,834	214,514	222,624	198,497
98,665	207,147	195,244	210,846	187,965	237,368	243,763
156,560	188,931	1,273,538	218,784	145,713	145,422	162,105
223,301	222,521	112,926	116,812	44,289	41,667	52,431
29,928	20,567	13,835	11,668	8,925	10,074	12,424
<u>\$ 4,006,305</u>	<u>\$ 4,023,383</u>	<u>\$ 4,920,769</u>	<u>\$ 4,077,796</u>	<u>\$ 4,004,584</u>	<u>\$ 4,128,851</u>	<u>\$ 4,493,603</u>
<u>\$ 194,384</u>	<u>\$ 334,851</u>	<u>\$ 472,403</u>	<u>\$ 401,879</u>	<u>\$ 507,394</u>	<u>\$ 565,777</u>	<u>\$ 276,161</u>
\$ -	\$ -	\$ -	\$ 35,947	\$ -	\$ -	\$ -
(635,062)	(200,000)	(200,000)	-	-	(110,000)	(387,676)
-	-	-	-	-	24,501	-
-	73,881	-	25,715	63,424	-	1,000,000
<u>\$ (635,062)</u>	<u>\$ (126,119)</u>	<u>\$ (200,000)</u>	<u>\$ 61,662</u>	<u>\$ 63,424</u>	<u>\$ (85,499)</u>	<u>\$ 612,324</u>
<u>\$ (440,678)</u>	<u>\$ 208,732</u>	<u>\$ 272,403</u>	<u>\$ 463,541</u>	<u>\$ 570,818</u>	<u>\$ 480,278</u>	<u>\$ 888,485</u>
6.58%	6.34%	3.48%	3.33%	1.38%	1.30%	1.49%

Town of Woodstock, Virginia

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local Sales and Use Tax</u>	<u>Consumer Utility Tax</u>	<u>Tele- communications Tax</u>	<u>Cable TV Gross Receipts Tax</u>	<u>Bank Franchise Tax</u>
2013	\$ 1,110,457	\$ 225,920	\$ 89,017	\$ 96,217	\$ -	\$ 151,641
2012	1,062,487	196,487	87,174	95,963	-	158,354
2011	1,067,235	189,043	86,170	97,955	-	185,237
2010	1,072,371	180,407	84,408	98,442	-	175,542
2009	1,101,680	205,454	82,881	98,032	-	148,090
2008	1,057,663	203,660	84,238	107,894	-	156,003
2007	1,015,859	190,179	112,238	46,266	24,901	143,085
2006	855,842	200,523	150,020	-	42,756	158,867
2005	756,038	183,516	133,067	-	36,791	138,982
2004	826,718	161,322	130,359	-	37,888	109,849

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

Table 5

<u>Cigarette Tax</u>	<u>Meals Tax</u>	<u>Transient Occupancy Tax</u>	<u>Public Right- of-Way Fees</u>	<u>Motor Vehicle Licenses</u>	<u>Business & Occupational Licenses</u>
\$ 257,619	\$ 1,010,919	\$ 202,993	\$ 29,265	\$ 101,888	\$ 351,892
105,627	981,733	185,699	27,274	89,107	337,505
89,186	914,462	176,252	25,663	92,003	333,448
98,658	887,187	143,360	30,647	101,420	341,657
100,473	855,044	129,090	25,627	93,534	349,238
108,838	908,132	130,343	25,663	92,658	364,902
55,697	912,956	80,770	42,630	78,231	393,367
50,933	894,632	81,509	52,366	95,349	358,754
45,041	767,370	85,519	-	88,001	311,742
58,532	695,390	81,176	23,228	88,542	282,319

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
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
2010	524,933,000	38,463,158	14,244	312,677	11,372,398	-
2009	506,926,050	40,800,316	22,974	293,816	9,948,559	-
2008	496,135,150	40,752,942	25,357	310,650	10,292,933	-
2007	474,878,500	38,113,148	37,161	329,589	10,257,998	-
2006	382,894,900	35,110,950	43,412	340,685	7,785,045	27,500
2005	298,892,650	31,358,965	30,548	342,586	10,933,540	43,063
2004	293,299,000	29,287,000	-	350,000	11,809,639	749,813

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

Table 6

Total Taxable Assessed Value		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Rate
\$	601,851,254	\$ 601,851,254	100%	0.20
	594,909,120	594,909,120	100%	0.20
	592,571,306	592,571,306	100%	0.20
	575,095,477	575,095,477	100%	0.21
	557,991,715	557,991,715	100%	0.22
	547,517,032	547,517,032	100%	0.22
	523,616,396	523,616,396	100%	0.22
	426,202,492	426,202,492	100%	0.24
	341,601,352	341,601,352	100%	0.26
	335,495,452	335,495,452	100%	0.25

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
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
2010	0.16/0.15	0.90	0.16/0.15	0.90	0.47	3.15	0.47	3.15
2009	0.16	0.90	0.16	0.90	0.51	3.15	0.51	3.15
2008	0.16	0.90	0.16	0.90	0.51	2.86	0.51	2.86
2007	0.16	0.90	0.16	0.90	0.51	2.86	0.51	2.86
2006	0.19/0.16	0.90	0.19/0.16	0.90	0.51	2.86	0.51	2.86
2005	0.19	0.90	0.19	0.90	0.68	2.86	0.68	2.86
2004	0.18	0.90	-	0.90	0.68	2.86	0.68	2.86

(1) Per \$100 of assessed value

Table 7

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

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2013	
		2012 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 9,499,400	1.75%
Wal-Mart	Retail Store	9,269,000	1.71%
French Brothers LLC	Investment Properties	9,125,100	1.68%
Spectrum 1 Woodstock LLC	Shopping Center	6,804,900	1.25%
Shree Ganesh Hospitality	Hotel	6,017,100	1.11%
LH & H LLC	Hotel	6,014,300	1.11%
Interstate Investment Property LLC	Commercial Development	5,610,300	1.03%
Toothman Investments	Housing Development	5,330,300	0.98%
HCP Virginia, Inc.	Assisted Living	5,283,100	0.97%
Walter Enterprises	Shopping Center	5,184,000	0.95%
		<u>\$ 68,137,500</u>	<u>12.54%</u>

Taxpayer	Type Business	Fiscal Year 2004	
		2003 Assessed Valuation	% of Total Assessed Valuation
French Brothers	Investment Properties	\$ 5,582,900	1.99%
Wal-Mart	Shopping Center	4,926,400	1.76%
Woodstock Health Investors	Assisted Living	4,797,300	1.71%
Shenandoah Square - Woodstock LLC	Shopping Center	4,316,000	1.54%
Walter Enterprises	Shopping Center	4,154,000	1.48%
Woodstock Associates Limited Partnership	Multi-Family Housing	3,490,300	1.25%
MC Enterprises LLC	Hotel	2,882,500	1.03%
Harrisonburg Hotel LLC	Hotel	2,658,000	0.95%
Shenandoah Associates	Multi-Family Housing	2,355,800	0.84%
Ridge Associates Limited	Housing Development	2,245,400	0.80%
		<u>\$ 37,408,600</u>	<u>13.37%</u>

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

Property Tax Levies and Collections
Last Five Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 1,186,626	\$ 1,135,380	95.68%	\$ -	\$ 1,135,380	95.68%
2012	1,172,960	1,112,675	94.86%	38,243	1,150,918	98.12%
2011	1,167,708	1,112,614	95.28%	41,650	1,154,264	98.85%
2010	1,176,238	1,122,088	95.40%	47,595	1,169,683	99.44%
2009	1,194,169	1,139,443	95.42%	42,943	1,182,386	99.01%

Source: Department of Finance

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

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

Town of Woodstock, Virginia

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases
2013	\$ 1,114,682	\$ 11,937	\$ 9,935	\$ 22,010,469	-
2012	137,123	23,476	28,386	23,226,539	-
2011	149,811	34,615	46,226	24,336,748	-
2010	179,166	-	32,352	25,361,012	3,871
2009	173,363	-	44,221	22,659,145	18,712
2008	214,946	-	115,564	11,865,398	32,570
2007	373,371	-	105,780	9,024,211	-
2006	523,701	-	178,751	9,372,364	-
2005	666,765	5,544	227,780	5,305,856	-
2004	802,153	15,049	12,063	5,446,659	-

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

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

Table 10

	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$	23,147,023	12.78%	4,476
	23,415,524	12.93%	4,528
	24,567,400	15.00%	4,787
	25,576,401	15.72%	5,018
	22,895,441	16.47%	5,331
	12,228,478	9.37%	2,844
	9,503,362	7.51%	2,219
	10,074,816	8.34%	2,361
	6,205,945	5.49%	1,475
	6,275,924	5.94%	1,514

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

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Reserved for Debt Service</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net General Obligation Debt to Assessed Value (2)</u>	<u>Net Bonded Debt per Capita (1)</u>
2013	\$ 23,125,151	\$ -	\$ 23,125,151	3.84%	\$ 4,472
2012	23,363,662	-	23,363,662	3.93%	4,518
2011	24,486,559	-	24,486,559	4.13%	4,771
2010	25,540,178	-	25,540,178	4.44%	5,011
2009	22,832,508	-	22,832,508	4.09%	5,316
2008	12,080,344	-	12,080,344	2.21%	2,809
2007	9,397,582	-	9,397,582	1.79%	2,194
2006	9,896,065	-	9,896,065	2.32%	2,319
2005	5,972,621	-	5,972,621	1.75%	1,420
2004	6,248,812	-	6,248,812	1.86%	1,508

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 6

(3) Includes all long-term general obligation debt. Excludes notes payable, capital leases and compensated absences.

Town of Woodstock, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year		
	2004	2005	2006
Assessed Valuations			
Assessed value of taxed real property	\$ <u>293,299,000</u>	\$ <u>298,892,650</u>	\$ <u>382,894,900</u>
Legal debt margin			
Debt limit - 10 percent of total assessed value	\$ <u>29,329,900</u>	\$ <u>29,889,265</u>	\$ <u>38,289,490</u>
Debt applicable to limitation:			
Total bonded debt	\$ 6,248,812	\$ 5,972,621	\$ 9,896,065
Less: Business-type activities bonds	<u>(5,446,659)</u>	<u>(5,305,856)</u>	<u>(9,372,364)</u>
Total amount of debt applicable to debt limitation	\$ <u>802,153</u>	\$ <u>666,765</u>	\$ <u>523,701</u>
Legal debt margin	\$ <u>28,527,747</u>	\$ <u>29,222,500</u>	\$ <u>37,765,789</u>
Total net debt applicable to the limit as a percentage of debt limit	2.73%	2.23%	1.37%

Table 12

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ <u>474,878,500</u>	\$ <u>496,135,150</u>	\$ <u>506,926,050</u>	\$ <u>524,933,000</u>	\$ <u>540,494,350</u>	\$ <u>543,301,050</u>	\$ <u>548,482,400</u>
\$ <u>47,487,850</u>	\$ <u>49,613,515</u>	\$ <u>50,692,605</u>	\$ <u>52,493,300</u>	\$ <u>54,049,435</u>	\$ <u>54,330,105</u>	\$ <u>54,848,240</u>
\$ 9,397,582	\$ 12,080,344	\$ 22,832,508	\$ 25,540,178	\$ 24,486,559	\$ 23,227,911	\$ 23,000,591
<u>(9,024,211)</u>	<u>(11,865,398)</u>	<u>(22,659,145)</u>	<u>(25,361,012)</u>	<u>(24,336,748)</u>	<u>(23,090,788)</u>	<u>(21,885,909)</u>
\$ <u>373,371</u>	\$ <u>214,946</u>	\$ <u>173,363</u>	\$ <u>179,166</u>	\$ <u>149,811</u>	\$ <u>137,123</u>	\$ <u>1,114,682</u>
\$ <u>47,114,479</u>	\$ <u>49,398,569</u>	\$ <u>50,519,242</u>	\$ <u>52,314,134</u>	\$ <u>53,899,624</u>	\$ <u>54,192,982</u>	\$ <u>53,733,558</u>
0.79%	0.43%	0.34%	0.34%	0.28%	0.25%	2.03%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2013	5,171	\$ 181,067,736	\$ 35,016	6.20%
2012	5,171	181,067,736	35,016	6.60%
2011	5,132	163,756,988	31,909	7.30%
2010	5,097	162,680,949	31,917	8.60%
2009	4,295	139,029,150	32,370	6.80%
2008	4,300	130,462,000	30,340	3.70%
2007	4,283	126,562,650	29,550	3.20%
2006	4,267	120,734,765	28,295	2.80%
2005	4,206	112,985,778	26,863	3.20%
2004	4,144	105,576,688	25,477	3.40%

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

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

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

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2013		Fiscal Year 2004	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
County of Shenandoah	250 to 499	2	250 to 499	4
Valley Health System	250 to 499	3	250 to 499	2
Wal-Mart	250 to 499	4	250 to 499	3
Lowes Home Centers, Inc.	100 to 249	5	-	-
Skyline Terrace Nursing Home	100 to 249	6	50 to 99	5
Cracker Barrel Old Country Store	50 to 99	7	-	-
Woodstock Facility Operations (formerly Tandem Healthcare)	50 to 99	8	50 to 99	7
Town of Woodstock	50 to 99	9	50 to 99	9
Massanutten Military Academy	50 to 99	10	50 to 99	8
Shenandoah County Department of Social Services	-	-	50 to 99	6
Garman, Inc.	-	-	50 to 99	10

Source: Virginia Employment Commission

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

Function	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General government								
General administration	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Financial administration	2.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Public safety								
Sworn Officers	14.0	16.0	16.0	16.0	16.0	15.0	15.0	15.0
Administrative	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public works	10.0	10.0	10.0	10.0	10.0	10.0	8.0	8.0
Community development	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and recreation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water and sewer	15.0	19.0	19.0	19.0	20.0	20.0	19.0	18.0
Totals	<u>47.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>55.0</u>	<u>54.0</u>	<u>51.0</u>	<u>51.0</u>

Source: Department of Finance

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

Town of Woodstock, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2004	2005	2006	2007
Public safety				
Police department				
Number of miles patrolled	111,920	110,112	119,576	119,664
Number of complaints investigated	3,165	3,335	3,344	3,939
Number of vehicle accidents investigated	224	200	204	195
Number of parking tickets issued	92	155	159	147
Number of traffic summons (adult)	968	668	1,026	1,241
Number of traffic summons (juvenile)	35	45	63	64
Number of criminal arrests (adult)	269	252	271	279
Number of criminal arrests (juvenile)	70	63	195	281
Public works				
Streets				
Streets resurfaced (miles per year)	*	4	3	3
Refuse				
Refuse collected (tons per year)	*	1,380	1,390	1,478
Recycling				
Recycling collected (tons per year)	*	**	**	**
Community development				
Planning and zoning				
Zoning permits issued	*	*	179	167
Water				
Number of water main break repairs	*	6	8	5
Average daily finished water production (mgd)	*	0.6800	0.6440	0.6410
Sewer				
Number of sewer line repairs	*	4	1	50
Average daily effluent wastewater treatment (mgd)	*	0.6516	0.5092	0.4771

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

**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 16

Fiscal Year					
2008	2009	2010	2011	2012	2013
122,729	113,767	98,218	97,613	103,903	70,318
3,531	3,882	3,464	3,094	3,198	4,305
170	172	141	127	158	170
214	196	154	255	192	165
783	749	878	698	946	683
23	48	35	34	18	8
273	296	260	251	244	360
149	133	96	98	25	31
2	1	3	2	0	1
1,614	1,596	1,430	1,395	1,373	1,363
**	**	**	**	68	137
141	112	89	78	96	94
15	11	5	10	9	13
0.7240	0.6687	0.5841	0.6300	0.8355	0.6045
20	21	1	1	2	4
0.5005	0.4481	0.4380	0.5706	0.5408	0.4800

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

Function/Program	Fiscal Years							
	2006	2007	2008	2009	2010	2011	2012	2013
Public safety								
Police department								
Stations	1	1	1	1	1	1	1	1
Law enforcement vehicles	12	12	12	12	12	12	12	12
Public works								
Streets department								
Number of streets	*	*	49	49	49	49	49	49
Number of street lights	*	*	401	401	432	432	432	433
Parks and recreation								
Number of parks	3	3	3	3	3	3	3	3
Number of swimming pools	1	1	1	1	1	1	1	1
Number of picnic shelters	4	4	4	4	4	4	4	5
Number of tennis courts	6	6	6	6	6	6	6	6
Water								
Miles of water distribution lines	*	*	50	50	51	51	51	51
Number of fire hydrants	*	*	279	280	310	311	313	314
Storage capacity (mg)	*	*	2.60	2.60	2.60	2.60	2.60	2.60
Sewer								
Miles of sanitary sewer lines	*	*	31	32	33	33	33	33
Number of sewer lift/pumping stations	*	*	6	6	6	6	6	6

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

* Information is not available.

Source: Town individual departments

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITOR'S 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 Town of Woodstock, Virginia, as of and for the year ended June 30, 2013, 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, 2013.

Internal Control Over Financial Reporting

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

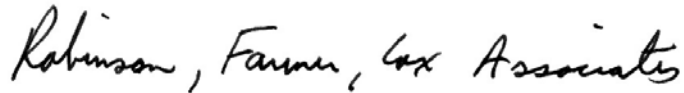
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Robinson, Farmer, Cox Associates". The script is cursive and fluid.

Staunton, Virginia
December 2, 2013