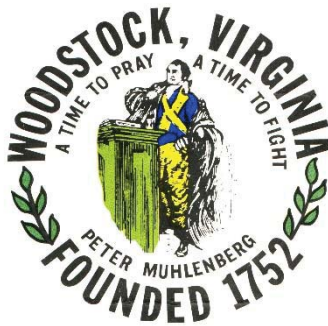


TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

Prepared by:

John B O'Neill, Director of Finance

**TOWN OF WOODSTOCK, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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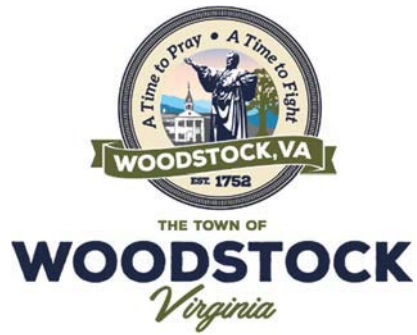
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INTRODUCTORY SECTION



November 20, 2018

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, 2018. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

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

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

Profile of the Town

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

The Town was established by charter in March of 1761 as part of what was then Frederick County. The Town was originally formed by a land grant from Lord Fairfax and founded as Muellerstadt (Miller Town) in 1752 after its founder, Jacob Miller. The Town's charter was

sponsored by George Washington in Virginia's House of Burgesses. The Town has been the county seat of Shenandoah County since the County's formation in 1772.

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

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

Overview of the Town Government

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

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

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

Financial Information

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

Budgetary Compliance and Control

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

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

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

Economic Conditions and Outlook

While the Town concluded fiscal year 2018 in stable financial condition, it continues to be faced with concerns about future economic growth, especially related to commercial and residential development. Town management has continued its efforts to closely monitor its revenue collections and reduce spending as necessary. Cost reduction measures employed over the last several fiscal years have allowed the Town to once again conclude the fiscal year under budget without jeopardizing the quality level of services provided to Town citizenry.

Unemployment for Shenandoah County, the County in which the Town lies, has dropped from 3.6 percent for the fiscal year ended June 30, 2017 to 3.32 percent for the fiscal year ended June 30, 2018. Given current economic forecasts, we anticipate sustained level or downward trends in unemployment rates in the current and next fiscal year. Nonetheless, the Town anticipates future budgetary challenges, particularly related to federal and state funding to local governments. The Town continues to develop strategies to cope with potential state budget reductions intended to shift more costs to local governments (e.g., unfunded mandates). These fiscal concerns have been prudently reflected through the Town's budgetary conservatism. Operating department costs have been restructured to achieve efficiencies and cost savings without significantly impacting the quality level of services that the Town provides to its citizens.

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. Several of the Town's larger local consumption taxes including sales, meals, and transient occupancy taxes have experienced increases as the local economy expands. In addition, the Town has continued to build its General Fund balance as an additional hedge against future economic downturns. The unassigned fund balance now represents 47 percent of the budgeted general fund expenditures for FY 2018. Sustaining this prudent level of unassigned fund balance will allow the Town to maintain its comparably low property tax rates without reducing the high quality of programs and services it offers its citizens. Although this will be impacted to a small

degree from the important use for necessary capital projects, the Town continues to monitor the fund with the continued implementation of its Capital Improvement Plan.

Major Initiatives in Fiscal Year 2018

Through these relatively 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 human resources, community engagement, awareness, and overall beautification. The following paragraphs highlight some of the major initiatives that the Town initiated during fiscal year 2018.

Continued Investment in Human Resources – A Competitive Municipal Employer

The FY 2018 Budget included a 2 percent pay increase in July 2017 for all General Fund employees. This increase is based on the Consumer Price Index for cost of living pay increases, which rose by 2.1 percent. In addition, we saw a 3.7 percent reduction in health insurance premiums, which constituted over 11 percent decrease in health insurance for FY 2017 and FY 2018.

In FY 2017, a focus group of staff convened to study performance metrics as well as degree, licensure, and certification pay. Our previous Personnel Handbook provided a stipend for higher education, as well as water and wastewater operator licensure. We recognized that there are degrees, licensure, and certifications for every department and position therein and that employees showing significant initiative shall be rewarded with commensurate pay. Therefore, the salary modifications for degrees, licensure, and certifications was made within the Fiscal Year 2018 budget at a one-time cost of \$42,613. The future cost to the fund will be based on the budget justification within individual department requests and will be accounted for within the employee salary sections. This budgetary action supports our commitment and goal to be the most competitive employer in our region, and allows us to rise to challenge of potentially losing employees as the unemployment trajectory continues to decline since the recession period.

There were no additional changes to the personnel complement in Fiscal Year 2018, other than the decrease in the Town Attorney position (one position), where funds have been reallocated toward contractual services for our attorney.

Employees classified within the Public Utilities Fund were provided the same 2 percent increase in pay as exhibited for employees in the General Fund. In addition, we implemented the Degrees, Licensure, & Certification Schedule for employees in the Public Utilities Fund, which constituted a one-time fund impact of \$9,783. The amount is much less for the Public Utilities Fund due to the fact that operators have been immediately compensated for licensure upon successful completion of their licensure exams in the past.

We will continue to be challenged by the knowledge gap experienced within workforces across the Nation, as we will see experienced, licensed operators in the public utilities field begin to retire. In the upcoming fiscal years we will expect several new operators to progress through their operator licensure in order to attain a Class I Operator's License. In addition, we are partnering with the Massanutten Regional Governor's School to host students for mentorships in the water and wastewater fields. We are attempting to strike interest in the professionalized career field of water and wastewater. In conclusion, there were no changes to the personnel complement in Fiscal Year 2018.

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

Exceeding the standards as a small locality include our continued commitment to the accreditation of our police and public works departments as well as some tools toward modernization in our workplace as a whole. Both departments were over 40% complete with proofs of compliance for the accreditation standards during the Fiscal Year 2018 budget process. Accreditation represents a sustained commitment to best management practices by our organization. The Fiscal Year 2018 Budget included software/web-based subscription needs for the Police Department (Power DMS Accreditation Software, Leads Online Pawn Shop Tracking, and the subscription to the International Association of Chiefs of Police Online Library) as well as budgetary enhancements for Public Works accreditation. On June 6, 2018, our Police Department was presented its full accreditation award by Virginia Law Enforcement Professional Standards Commission.

In addition, the Town's email system was converted to Microsoft Exchange, which allowed us to ensure FOIA archiving retention criteria, provide reliable service, allow access on mobile devices, allow shared calendars, and away messages for improved customer service.

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

The Planning & Community Development budget, primarily exhibited in the Enhancement Program, was our most significant investment in the General Fund operating budget in Fiscal Year 2018. At the end of FY 2017, we completed a comprehensive branding initiative with tremendous involvement from the public to create cohesive, consistent imagery on all of the Town's program documents, correspondence, wayfinding signage, parking signage, and future economic development materials.

The branding materials were provided to businesses to utilize, are being implemented with the redesign of the Town's website in Fiscal Year 2019, and were prioritized in the Town's physical environment. We worked with an architect to complete the design for our wayfinding and parking signage utilizing the branding, and will order and purchase the signage during Fiscal Year 2019. In addition, we were able to add Woodstock under "attractions" in the Virginia Logos interstate sign program. Woodstock was selected for a pilot program through VDOT to complete a public art project to wrap five metal traffic control boxes along Route 11 with a vinyl wrap. The wraps highlighted the work of local artists – a project that was implemented in Fiscal Year 2018.

While these enhancement projects did not meet the criteria for inclusion in our capital improvement program, they primarily contributed to the 27 percent increase in the Planning & Community Development budget, and further supplemented our opportunities for economic development, especially in the downtown area. We continued to utilize design expertise of our community volunteer members and the talented skill of our staff to fabricate many of the enhancement items within our regular operating fund.

The Town's staff invested significant time and resources into the development of a seven year Capital Improvement Plan to supplement its strategic plan. This plan provides a comprehensive structure to finance needed capital improvements both with leveraged debt financing and "pay-as-you-go" funding options. During Fiscal Year 2018 the following capital investments were initiated or completed:

<i>Project</i>	<i>Budget Estimate</i>
Bike & Pedestrian Trail Plan	\$ 40,000
Police Vehicle Replacement (2)	\$ 70,000
Public Works Truck Replacement (1)	\$ 70,000
Parks Department Mower Replacement	\$ 14,769
Large Wading Pool Cover	\$ 19,000
Stormwater Detention Pond	\$ 150,000
Downtown Parking Lot	\$ 801,115
Downtown Parking Lot Public Art	\$ 8,000
Property Acquisition	\$ 55,000
Water Well Development/Exploration	\$ 50,000
Water Treatment Plant Tractor Replacement	\$ 12,000
Wastewater Treatment Plant Forklift (Used)	\$ 18,621
Water Storage Tank Mixers	\$ 67,784
<i>Program Total</i>	<i>\$1,376,289</i>

Please note that due to some delays not in the Town's control, the downtown parking lot project was initiated in Fiscal Year 2017, reprogrammed to Fiscal Year 2018, and will be completed in Fiscal Year 2019.

Additionally, the Town intends to continue implementation of that CIP in the coming year with the following investments:

<i>Project</i>	<i>Budget Estimate</i>
Bike & Pedestrian System Enhancements	\$ 90,000
Court Square Enhancement Project	\$ 50,000
South Main Street Sidewalk Engineering	\$ 10,500
Stream Restoration Project	\$ 25,000
W.O. Riley Park Pool Renovations	\$ 61,002
Municipal Office Server	\$ 7,898
Downtown Parking Lot	\$1,394,816
PD PW Fleet & Equipment Replacement Plan	\$ 271,539
Police Interview Room Construction	\$ 10,188
In-Car Camera System	\$ 16,782
Digital Evidence Collection Software	\$ 18,199
Police Simunition Training System	\$ 7,208
I-81 Bridge Waterline Replacement	\$ 250,000
West Reservoir Dam CBA	\$ 20,000
Water Treatment Plant Window Replacement	\$ 8,296
PUF Fleet & Equipment Replacement Plan	\$ 176,890
WTP Upgrade Completion (Continued from FY 18)	\$ 400,000
<i>Program Total</i>	<i>\$2,818,318</i>

Other Information

Independent Audit

The Commonwealth of Virginia requires an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates performed the audit for fiscal year ending June 30, 2018. In addition to meeting the requirements set forth in state statutes, the audit was also

designed to meet the requirements of the federal Single Audit Act of 1984 and the related requirements of the Uniform Guidance. The auditors' reports are included in the financial section and compliance section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the tenth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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


Acknowledgements

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

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

Respectfully submitted,


Angela Clem
Town Manager


John B. O'Neill
Director of Finance



Government Finance Officers Association

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

Presented to

**Town of Woodstock
Virginia**

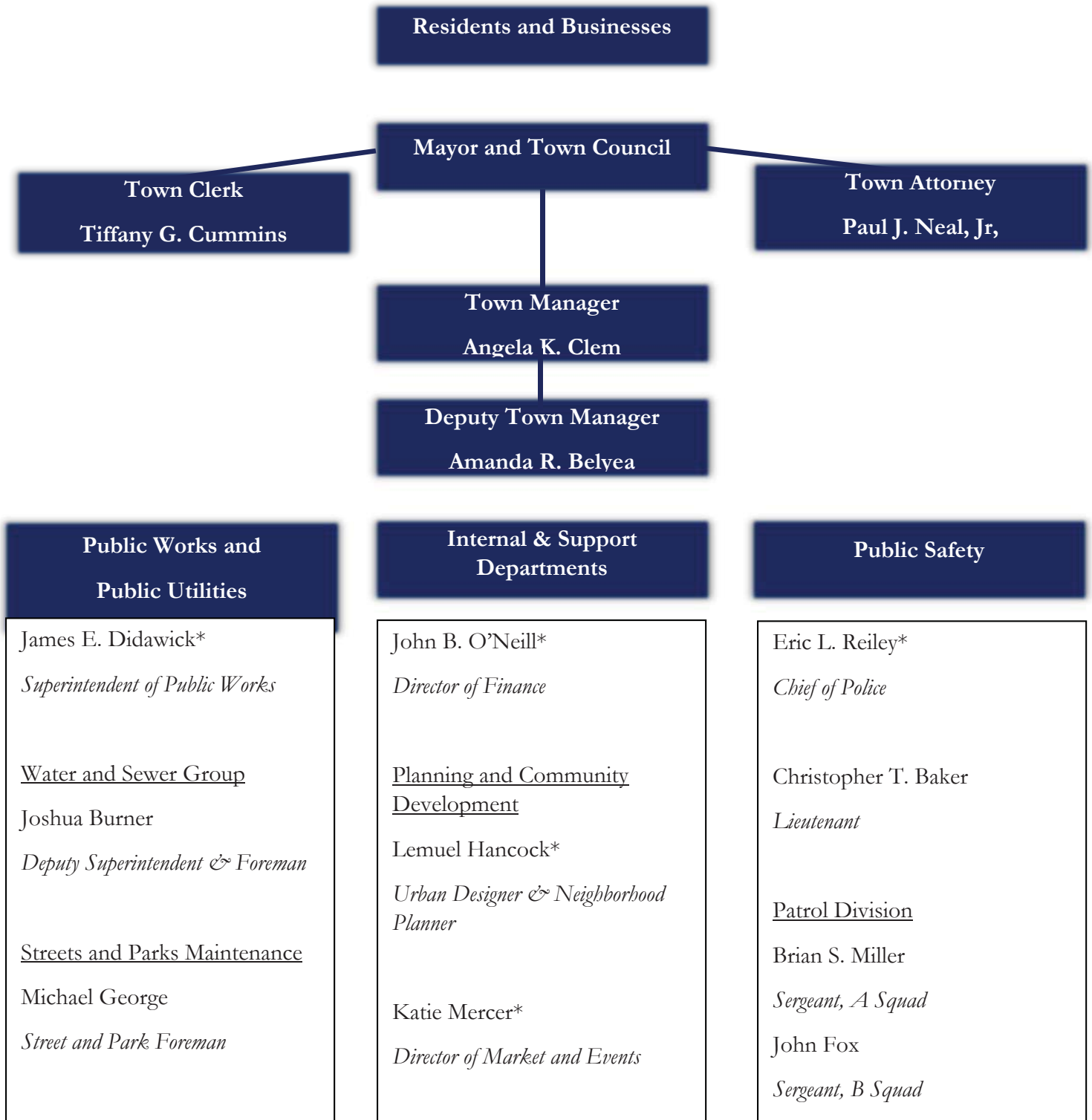
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Town of Woodstock, Virginia



*Town Manager's Management Team Member

Town of Woodstock, Virginia

Principal Town Officials

TOWN COUNCIL

Jeremy McCleary, Mayor

Jacqueline Lambert, Vice-Mayor

A. Paje Cross

Alicia Gutshall

Frank Haun

Steve Heishman

Michael Funkhouser

TOWN MANAGER

Angela K. Clem

DEPUTY TOWN MANAGER

Amanda R. Belyea

TOWN ATTORNEY

Paul J. Neal, Jr.

OFFICIALS

Director of Finance
Treasurer
Chief of Police
Superintendent of Public Works
Urban Designer | Neighborhood Planner
Enhancement Coordinator

John B. O'Neill
De Ebersole
Eric L. Reiley
James E. Didawick
Lemuel R. Hancock
Katie Mercer

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Woodstock, Virginia, as of and for the year ended June 30, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 2 to the financial statements, in 2018, the Town restated beginning balances to reflect the requirements of GASB Statement No. 75. 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, budgetary comparison information, and schedules related to pension funding and OPEB funding, on pages 14-24, 111, and 112-126, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of the Town of Woodstock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Woodstock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Woodstock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 20, 2018

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, 2018. The MD&A also includes a comparative analysis for the prior fiscal year ended June 30, 2017.

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, 2018 by \$31,200,842, which equals the total net position of the Town. Of this amount, \$1,649,605 is unrestricted and may be used to meet the Town's future obligations to citizens and creditors. Of the \$1,649,605 unrestricted net position, \$570,435 is related to governmental activities. The \$1,079,170 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 2018, taxes and other revenues of the Town's governmental activities amounted to \$5,637,339. Expenses amounted to \$5,255,780.

For fiscal year 2018, revenues of the Town's business-type activities were \$4,057,898. Expenses amounted to \$3,450,871.

The Town's total long-term debt increased by \$1,457,628, from \$18,719,557 as of June 30, 2017 to \$20,177,185 as of June 30, 2018. During fiscal year 2017, the Town issued one General Obligation Bond in the aggregate amount of \$3,126,800, but only \$258,200 was drawn down in fiscal year 2017 and \$2,714,555 was drawn in fiscal year 2018. The balance of \$154,045 was processed in July 2018.

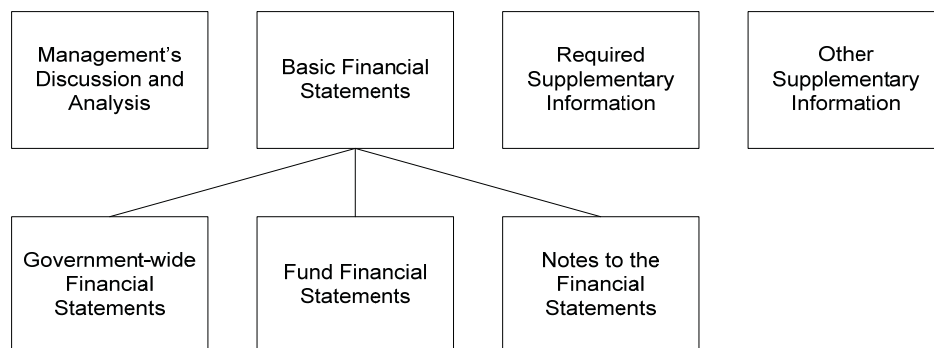
Fund Financial Statements

The total fund balances of the General Fund increased \$151,911 from \$3,652,257 at June 30, 2017 to \$3,804,168 at June 30, 2018. The General Fund had no non-spendable fund balance, committed fund balances of \$347,000, assigned fund balance of \$805,211 and unassigned fund balance of \$2,651,957. Unassigned fund balance for the General Fund represented 48 percent of total General Fund expenditures at June 30, 2018.

Overview of the Financial Statements

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

Components of the Financial Report



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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 25-26 of this report.

Fund Financial Statements

The fund statements present only the Town's major, or significant, funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources variable at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided on the exhibits following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance.

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

The governmental fund financial statements can be found on pages 27-30 of this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget on page 111 of this report.

Proprietary Funds

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

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 34-110 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 111-126 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 \$31,200,842 at June 30, 2018.

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

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions during the fiscal year ended June 30, 2018 and Governmental Accounting Standards Board Statement No. 85, Omnibus 2017 during the fiscal year ended June 30, 2018. The implementation of these standards resulted in a restatement of the beginning net asset balances. Additional information on the adoption of these standards can be found in Note 2 of the financial statements.

The table on the following page represents a summary of the net position of the Town at June 30, 2018 and 2017.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Current and other assets	\$ 4,737,819	\$ 4,427,430	\$ 2,922,064	\$ 2,962,069	\$ 7,659,883	\$ 7,389,499
Capital assets	12,138,309	12,197,017	37,624,533	35,309,097	49,762,842	47,506,114
Total assets	\$ 16,876,128	\$ 16,624,447	\$ 40,546,597	\$ 38,271,166	\$ 57,422,725	\$ 54,895,613
Deferred charge on refunding	\$ -	\$ -	\$ 132,029	\$ 145,687	\$ 132,029	\$ 145,687
Pension related items	327,341	480,325	148,731	213,169	476,072	693,494
OPEB related items	24,730	23,128	7,379	6,428	32,109	29,556
Total deferred outflows of resources	\$ 352,071	\$ 503,453	\$ 288,139	\$ 365,284	\$ 640,210	\$ 868,737
Current and other liabilities	\$ 204,857	\$ 68,722	\$ 497,235	\$ 285,966	\$ 702,092	\$ 354,688
Long-term liabilities	3,677,372	4,890,212	20,689,079	19,600,811	24,366,451	24,491,023
Total liabilities	\$ 3,882,229	\$ 4,958,934	\$ 21,186,314	\$ 19,886,777	\$ 25,068,543	\$ 24,845,711
Deferred revenue-property taxes	\$ 598,387	\$ 553,382	\$ -	\$ -	\$ 598,387	\$ 553,382
Pension related items	785,634	78,416	357,107	74,585	1,142,741	153,001
OPEB related items	43,222	-	9,200	-	52,422	-
Total deferred inflows of resources	\$ 1,427,243	\$ 631,798	\$ 366,307	\$ 74,585	\$ 1,793,550	\$ 706,383
Net investment in capital assets	\$ 11,348,292	\$ 11,306,301	\$ 18,202,945	\$ 17,625,943	\$ 29,551,237	\$ 28,932,244
Unrestricted	570,435	230,867	1,079,170	1,049,145	1,649,605	1,280,012
Total net position	\$ 11,918,727	\$ 11,537,168	\$ 19,282,115	\$ 18,675,088	\$ 31,200,842	\$ 30,212,256

The Town's combined net position totaled \$31,200,842 at June 30, 2018. Approximately 95 percent of this represents the Town's investment in capital assets (e.g., land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

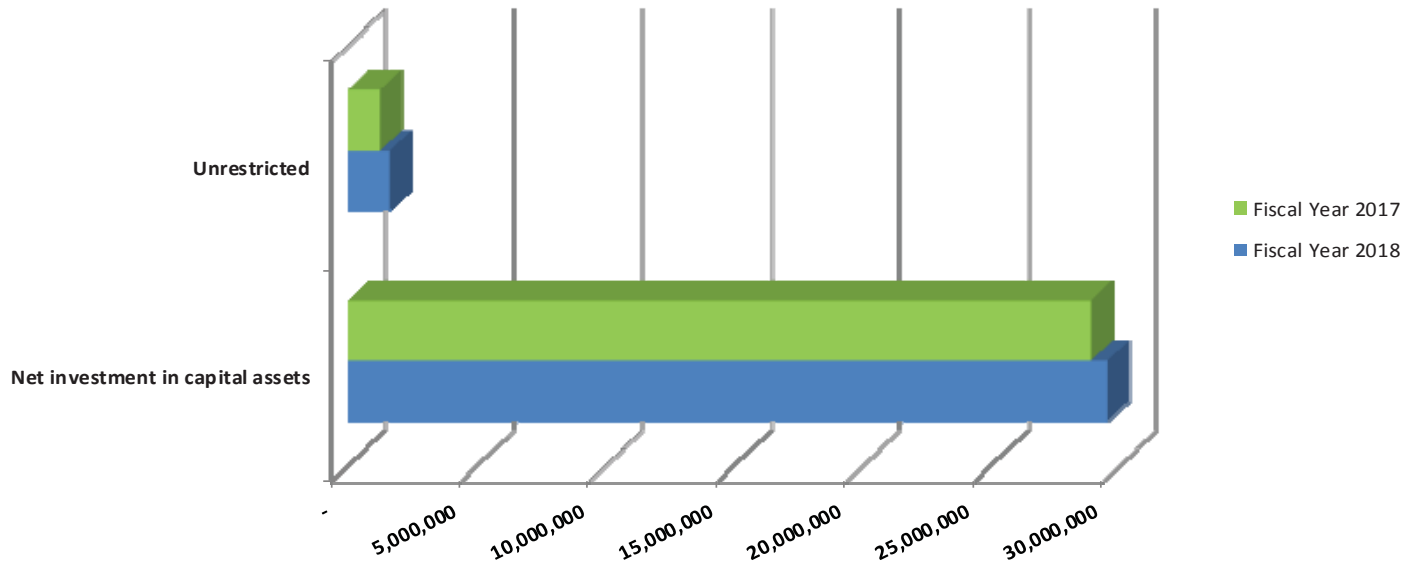
The remaining balance of \$1,649,605, representing 5.3 percent of total net position, is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

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 \$988,586 or 3.3 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, 2017 and 2018.

Town of Woodstock Net Position June 30, 2017 and 2018



The table on the following page represents a summary of the changes in net position at June 30, 2018 and 2017.

Summary of Changes in Net position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenues						
Program revenues						
Charges for services	\$ 300,960	\$ 311,828	\$ 3,972,177	\$ 4,203,321	\$ 4,273,137	\$ 4,515,149
Operating grants and contributions	127,589	157,232	-	-	127,589	157,232
Capital grants and contributions	806,564	793,286	38,149	-	844,713	793,286
General revenues						
Property taxes	1,190,301	1,205,600	-	-	1,190,301	1,205,600
Other taxes and fees	2,982,362	2,879,809	-	-	2,982,362	2,879,809
Grants and contributions not restricted to specific programs	138,890	155,223	-	-	138,890	155,223
Unrestricted investment earnings	44,496	21,881	47,572	18,364	92,068	40,245
Other	46,177	14,635	-	-	46,177	14,635
Total revenues	\$ 5,637,339	\$ 5,539,494	\$ 4,057,898	\$ 4,221,685	\$ 9,695,237	\$ 9,761,179
Expenses						
General government administration	\$ 898,863	\$ 882,911	\$ -	\$ -	\$ 898,863	\$ 882,911
Public safety	1,740,419	2,536,943	-	-	1,740,419	2,536,943
Public works	1,745,372	1,782,356	-	-	1,745,372	1,782,356
Parks and recreation	397,348	347,462	-	-	397,348	347,462
Community development	452,489	425,740	-	-	452,489	425,740
Interest on long-term debt	21,289	26,076	-	-	21,289	26,076
Public utilities	-	-	3,450,871	3,880,962	3,450,871	3,880,962
Total expenses	\$ 5,255,780	\$ 6,001,488	\$ 3,450,871	\$ 3,880,962	\$ 8,706,651	\$ 9,882,450
Change in net position	\$ 381,559	\$ (461,994)	\$ 607,027	\$ 340,723	\$ 988,586	\$ (121,271)
Net position, beginning, as restated	11,537,168	11,999,162	18,675,088	18,334,365	30,212,256	30,333,527
Net position, ending	\$ 11,918,727	\$ 11,537,168	\$ 19,282,115	\$ 18,675,088	\$ 31,200,842	\$ 30,212,256

Governmental Activities

Governmental activities increased the Town's net position by \$381,559, which was primarily due to an increase in revenues from local consumer based taxes (ie meals, transient occupancy, sales taxes).

Operating grants and contributions and capital grants and contributions amounted to \$127,589 and \$806,564, respectively, from State and Federal government and other funding. Capital grants and contributions increased 1.7 percent from fiscal year 2017 to fiscal year 2018.

The Town's single largest revenue source is Other Taxes and Fees (local sales tax, meals tax, lodging tax, etc.), which increased 3.6% from fiscal year 2017 to fiscal year 2018.

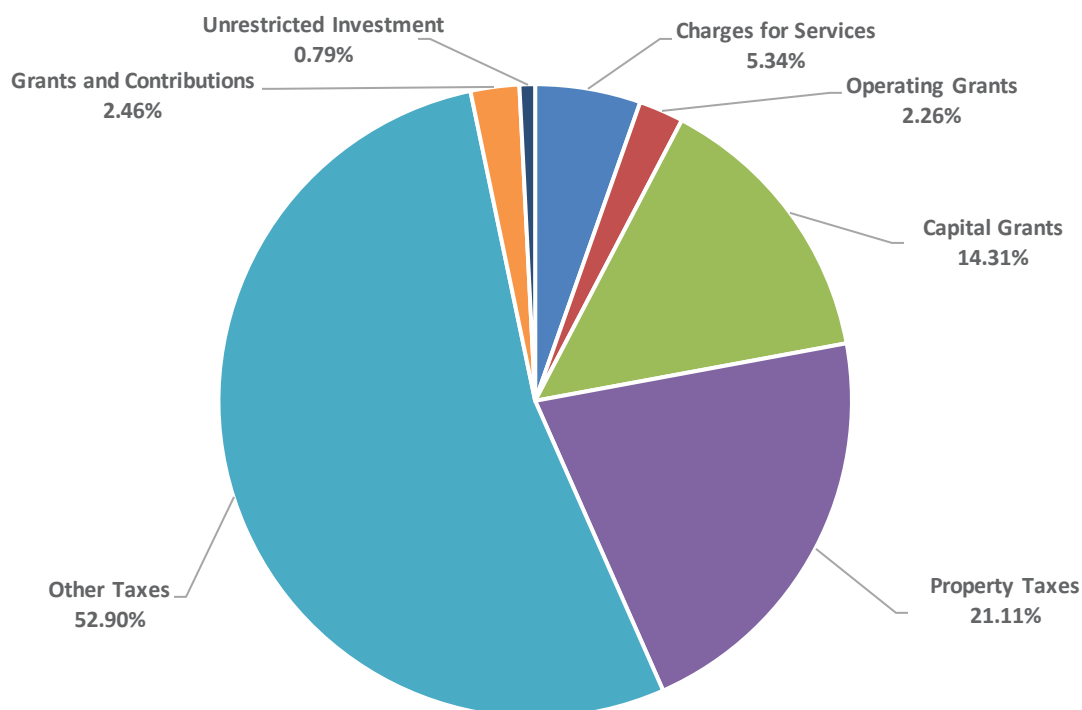
The Town's real estate property tax assessments for fiscal year 2018 were \$524,379,160. The Town's real estate tax rate in 2018 was \$0.16 per \$100 of assessed value, unchanged from 2017. The Town's personal property tax assessments for the year were \$48,187,634. The Town's personal property tax rate was \$0.90 per \$100 of assessed value for both the 2017 and 2018 tax years. The Town's machinery and tools tax assessments for the year were \$232,963. The Town's machinery and tools tax rate was \$0.90 per \$100 of assessed value for both the 2017 and 2018 tax years. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the State's share of local personal property tax remained at \$106,753.

Other local taxes were \$2,982,362 for the year, increasing 3.6 percent from fiscal year 2017 to fiscal year 2018. Other local taxes consist of the town share of county sales taxes, in addition to meals taxes, transient occupancy taxes, bank franchise taxes, utility taxes, cigarette taxes, licenses and fees and other taxes. The increase in other local taxes is not due from any significant change in the individual tax rates but mostly to growth in the meals and transient occupancy tax collections.

Other revenues increased from \$14,635 in fiscal year 2017 to \$46,177 in 2018.

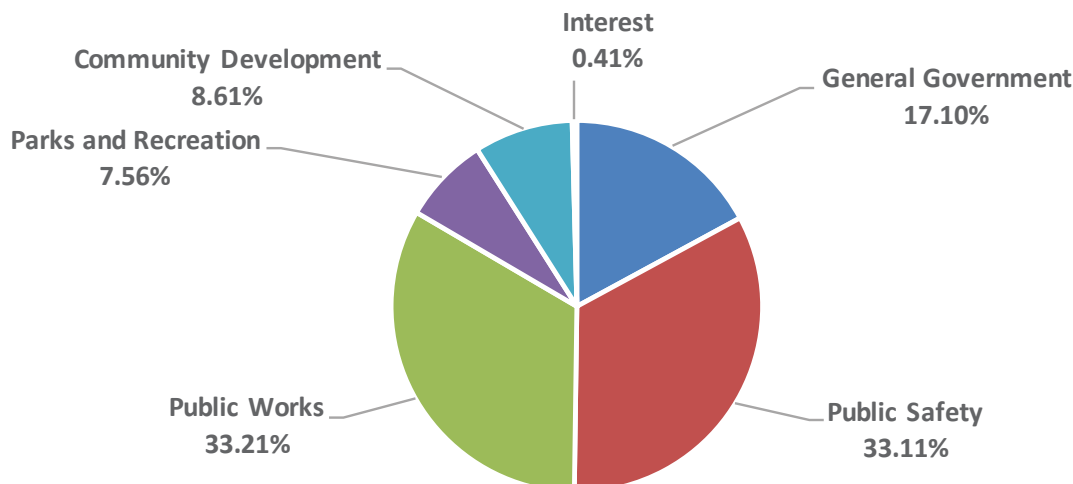
The chart below illustrates the revenues by source for the Town's governmental activities for fiscal year 2018.

Revenues by Source – Governmental Activities



For fiscal year 2018, expenses for governmental activities totaled \$5,255,780, which decreased \$745,708 or twelve percent from fiscal year 2017. This decrease is largely attributable to the implementation of GASB 75 and the related changes in the actuarially determined OPEB and pension liabilities during fiscal year 2018. The chart below illustrates the expenses by function for the Town's governmental activities for fiscal year 2018.

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 \$607,027 in fiscal year 2018.

Revenues for the business-type activities totaled \$4,057,898, almost all of which is from charges for services.

Revenue from charges for services decreased by 3.8 percent from fiscal year 2017 to fiscal year 2018. This decrease in revenue is attributable to reduced water and sewer consumption in 2018.

Capital grants and contributions amounted to \$38,149 in fiscal year 2018.

The Public Utilities Fund expenses decreased \$430,091 (11%) from fiscal year 2017 to fiscal year 2018.

Financial Analysis of the Town's Funds

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

Governmental Funds

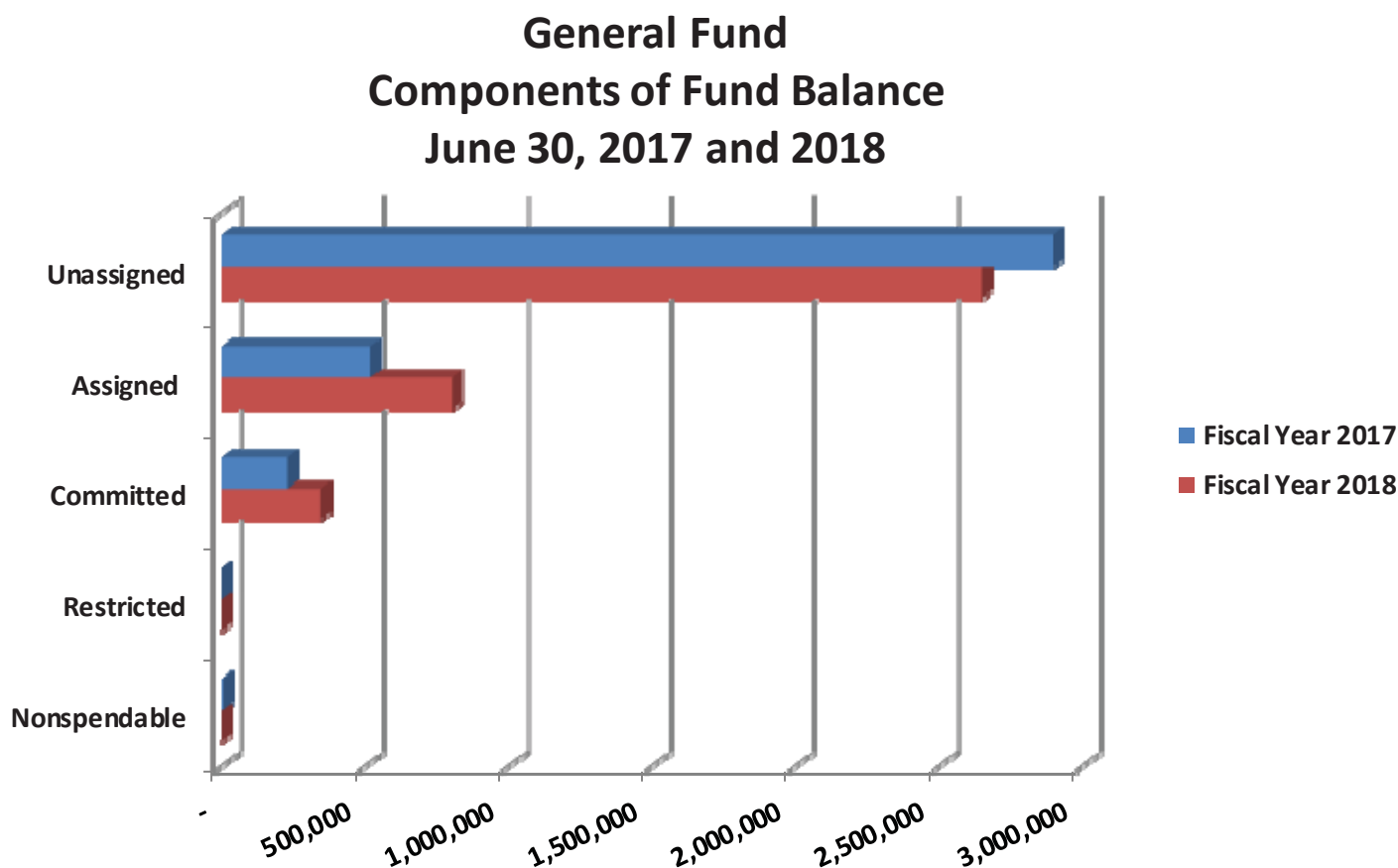
The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources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

At the end of fiscal year 2018, the Town's governmental funds reported ending fund balances of \$3,804,168. Of this amount, \$347,000 was committed for fire and rescue, \$805,211 was assigned for appropriation of fund balance in the subsequent year's budget, and the remaining \$2,651,957, or 70% 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 33 percent of the total general fund expenditures planned in the FY 2019 budget.

The total fund balance of the Town's General Fund increased by \$151,911 or 4.2 percent during fiscal year 2018. This increase in fund balance is the result of a modest increase in revenues in addition to the significant reduction in expenditures for capital projects and community development.

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



Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Town maintains only one proprietary fund: the Public Utilities Fund. As of June 30, 2018, unrestricted net position of the Public Utilities Fund totaled \$1,079,170.

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 no budgetary amendments to the total appropriations of the General Fund during fiscal year 2018 as illustrated in Exhibit 10 on page 111.

Fiscal year 2018 actual revenues were \$184,593 more than the fiscal year 2018 final budgeted revenues. Fiscal year 2018 actual expenditures were \$1,298,722 less than the fiscal year 2018 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Other local taxes were \$86,339 more than the final budgeted revenues due to essentially uniform increases across the board in the business activity based taxes (cigarette taxes, meals taxes, local sales tax, etc.). In addition, property taxes exceeded the budget estimate by \$79,332.
- Operating expenditures overall were \$1,298,722 less than the final budgeted expenditures largely due to the delays in the capital investment plan of \$777,003 until fiscal year 2018 and a reduction in planned contributions in the amount of \$280,000. However, excluding these delays, actual expenditures were still \$241,719 less than the budget amount.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets as of June 30, 2018 for its governmental and business-type activities was \$49,762,842, net of depreciation, as reflected in the schedule below.

Capital Assets, Net of Depreciation						
	Governmental		Business-type		Total	
	Activities		Activities			
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Land	\$ 1,320,305	\$ 1,320,305	\$ 171,915	\$ 171,915	\$ 1,492,220	\$ 1,492,220
Buildings and improvements	4,830,068	4,830,068	36,467,803	36,478,814	41,297,871	41,308,882
Infrastructure	12,138,364	12,138,364	8,369,305	8,369,305	20,507,669	20,507,669
Machinery and equipment	1,891,447	1,907,198	554,103	528,403	2,445,550	2,435,601
Construction in progress	362,976	72,586	3,816,910	586,760	4,179,886	659,346
Accumulated depreciation	(8,404,851)	(8,071,504)	(11,755,503)	(10,826,100)	(20,160,354)	(18,897,604)
Total net capital assets	\$ 12,138,309	\$ 12,197,017	\$ 37,624,533	\$ 35,309,097	\$ 49,762,842	\$ 47,506,114

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

- The Town purchased two new police vehicles, a new public works truck, and a full-year cover for the municipal swimming pool as part of its Capital Improvements plan.
- In addition, the Town began the planning and design phases for the Bicycle/Pedestrian trail system.
- The Town initiated work on the downtown parking center with the majority of construction postponed until the next fiscal year, and substantially completed the \$3 million upgrade to the Water Treatment Plant.

Additional information on the Town's capital assets may be found in the notes to the financial statements, Note 9-Capital Assets on pages 47-48.

Long-term Obligations

At the end of fiscal year 2018, the Town had the following outstanding obligations:

	Governmental Activities		Business-type Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
General obligation bonds	\$ 743,551	\$ 820,998	\$ 19,159,312	\$ 17,569,990	\$ 19,902,863	\$ 18,390,988
Original issue premium	-	-	239,183	258,851	239,183	258,851
Capital leases	35,139	69,718	-	-	35,139	69,718
Compensated absences	227,164	200,580	161,220	151,584	388,384	352,164
Net pension liability	1,658,876	2,774,169	754,738	1,247,532	2,413,614	4,021,701
Net OPEB liabilities	1,012,642	1,024,747	374,626	372,854	1,387,268	1,397,601
Total long-term obligations	\$ 3,677,372	\$ 4,890,212	\$ 20,689,079	\$ 19,600,811	\$ 24,366,451	\$ 24,491,023

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 49-51.

Economic Factors and Next Year's Budgets and Rates

- Growth in the Town is expected to improve slowly but steadily, which will help offset the reduction in general property taxes as a result of the lower values in the general county-wide reassessment.
- Earnings on idle cash should increase with the adoption of the Town's new investment procedures especially as interest rates are projected to increase.
- It is expected that the Commonwealth of Virginia may continue to decrease funding to localities, including law enforcement assistance and other grants, particularly given the impact of federal government budgetary cuts to the Commonwealth. However, federal and state funding reductions should not have a substantial impact on the Town's budget.
- In spite of moderately increasing pressures on the cost of water and sewer treatment, the Town did not need to increase its water and sewer rates for fiscal year 2019.
- On the expenditure side, a 16.1% increase has been announced for health insurance premiums. However, this increase is somewhat mitigated as in the prior two years the Town benefitted from decreased insurance premiums of 11%.
- All of these factors were considered in preparing the Town's budget for fiscal year 2019.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 3,765,866	\$ 2,371,339	\$ 6,137,205
Receivables, net of allowance for uncollectibles:			
Taxes	703,568	-	703,568
Accounts	187,011	331,785	518,796
Unbilled and other	-	113,710	113,710
Intergovernmental receivables	65,649	-	65,649
Restricted assets:			
Cash and cash equivalents	15,725	105,230	120,955
Capital assets, not depreciable:			
Land	1,320,305	171,915	1,492,220
Construction in progress	362,976	3,816,910	4,179,886
Capital assets, net of accumulated depreciation:			
Buildings	344,500	27,118,602	27,463,102
Improvements other than buildings	2,474,462	1,246,694	3,721,156
Machinery and equipment	629,960	86,453	716,413
Infrastructure	7,006,106	5,183,959	12,190,065
Total assets	\$ 16,876,128	\$ 40,546,597	\$ 57,422,725
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ -	\$ 132,029	\$ 132,029
Pension related items	327,341	148,731	476,072
OPEB related items	24,730	7,379	32,109
Total deferred outflows of resources	\$ 352,071	\$ 288,139	\$ 640,210
LIABILITIES			
Accounts payable and accrued liabilities	\$ 174,330	\$ 178,569	\$ 352,899
Contract retainage	11,327	155,122	166,449
Accrued interest payable	2,104	58,314	60,418
Unearned revenue	1,371	-	1,371
Customers' deposits	-	105,230	105,230
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium	78,247	1,141,748	1,219,995
Capital leases	35,139	-	35,139
Compensated absences	13,630	9,673	23,303
Portion due and payable after one year:			
General obligation bonds, net of original issue premium	665,304	18,256,747	18,922,051
Net OPEB liabilities	1,012,642	374,626	1,387,268
Net pension liability	1,658,876	754,738	2,413,614
Compensated absences	213,534	151,547	365,081
Total liabilities	\$ 3,882,229	\$ 21,186,314	\$ 25,068,543
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 598,387	\$ -	\$ 598,387
Pension related items	785,634	357,107	1,142,741
OPEB related items	43,222	9,200	52,422
Total deferred inflows of resources	\$ 1,427,243	\$ 366,307	\$ 1,793,550
NET POSITION			
Net investment in capital assets	\$ 11,348,292	\$ 18,202,945	\$ 29,551,237
Unrestricted	570,435	1,079,170	1,649,605
Total net position	\$ 11,918,727	\$ 19,282,115	\$ 31,200,842

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

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							
General government administration	\$ 898,863	\$ -	\$ -	\$ -	(898,863)	\$ -	(898,863)
Public safety	1,794,419	32,424	127,589	-	(1,634,406)	-	(1,634,406)
Public works	1,745,372	186,011	-	806,564	(752,797)	-	(752,797)
Parks and recreation	397,348	82,290	-	-	(315,058)	-	(315,058)
Community development	398,489	235	-	-	(398,254)	-	(398,254)
Interest on long-term debt	21,289	-	-	-	(21,289)	-	(21,289)
Total governmental activities	\$ 5,255,780	\$ 300,960	\$ 127,589	\$ 806,564	\$ (4,020,667)	\$ -	\$ (4,020,667)
Business-type Activities							
Water & Sewer	\$ 3,450,871	\$ 3,972,177	\$ -	\$ 38,149	\$ -	\$ 559,455	\$ 559,455
Total primary government	\$ 8,706,651	\$ 4,273,137	\$ 127,589	\$ 844,713	\$ (4,020,667)	\$ 559,455	\$ (3,461,212)
General revenues							
General property taxes					\$ 1,190,301	\$ -	1,190,301
Other local taxes:							
Local sales and use					259,834	-	259,834
Consumers' utility					92,759	-	92,759
Bank franchise					234,729	-	234,729
Meals					1,258,989	-	1,258,989
Transient occupancy					287,647	-	287,647
Cigarette					195,905	-	195,905
Vehicle license					109,825	-	109,825
Business license					418,271	-	418,271
Other local taxes					124,403	-	124,403
Unrestricted revenues from use of money and property					44,496	47,572	92,068
Miscellaneous					46,177	-	46,177
Grants and contributions not restricted to specific programs					138,890	-	138,890
Total general revenues					\$ 4,402,226	\$ 47,572	\$ 4,449,798
Change in net position					\$ 381,559	\$ 607,027	\$ 988,586
Net position, beginning of year, as restated					11,537,168	18,675,088	30,212,256
Net position, end of year					\$ 11,918,727	\$ 19,282,115	\$ 31,200,842

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

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Fund
June 30, 2018

	General Fund
ASSETS	
Cash and cash equivalents	\$ 3,765,866
Receivables (net of allowance for uncollectibles):	
Property taxes	703,568
Accounts	187,011
Intergovernmental receivables	65,649
Restricted assets:	
Cash and cash equivalents	15,725
Total assets	<u>\$ 4,737,819</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 174,330
Contract retainage	11,327
Performance deposits	15,725
Unearned revenue	1,371
Total liabilities	<u>\$ 202,753</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 730,898
Total deferred inflows of resources	<u>\$ 730,898</u>
FUND BALANCES	
Committed:	
Woodstock Volunteer Fire Department	\$ 297,000
Woodstock Volunteer Rescue Squad	50,000
Assigned:	
Subsequent year's budget: appropriation of fund balance	805,211
Unassigned	2,651,957
Total fund balances	<u>\$ 3,804,168</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,737,819</u>

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

Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2018

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

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Fund	\$ 3,804,168
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Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Land	\$ 1,320,305	
Construction in progress	362,976	
Buildings	344,500	
Improvements other than buildings	2,474,462	
Machinery and equipment	629,960	
Infrastructure	<u>7,006,106</u>	12,138,309

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

Unavailable revenue - property taxes	\$ <u>132,511</u>	132,511
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 327,341	
OPEB related items	<u>24,730</u>	352,071

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

Compensated absences	\$ (227,164)	
General obligation bonds, net of original issue premium	(743,551)	
Capital leases	(35,139)	
Accrued interest payable	(2,104)	
Net pension liability	(1,658,876)	
Net OPEB liabilities	<u>(1,012,642)</u>	(3,679,476)

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

Pension related items	\$ (785,634)	
OPEB related items	<u>(43,222)</u>	(828,856)

Net position of governmental activities	\$ <u><u>11,918,727</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 For the Year Ended June 30, 2018

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 1,213,779
Other local taxes	2,564,091
Permits, privilege fees, and regulatory licenses	418,271
Fines and forfeitures	32,424
Revenue from the use of money and property	44,496
Charges for services	268,536
Miscellaneous	46,177
Intergovernmental:	
Commonwealth	1,070,207
Federal	2,836
Total revenues	<u>\$ 5,660,817</u>
EXPENDITURES	
Current:	
General government administration	\$ 881,687
Public safety	1,840,184
Public works	1,552,386
Parks and recreation	284,084
Community development	362,992
Capital projects	453,441
Debt service:	
Principal retirement	112,226
Interest and other fiscal charges	22,106
Total expenditures	<u>\$ 5,509,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 151,711</u>
OTHER FINANCING SOURCES (USES)	
Issuance of general obligation bonds	\$ 200
Total other financing sources (uses)	<u>\$ 200</u>
Net change in fund balance	\$ 151,911
Fund balance - beginning	<u>3,652,257</u>
Fund balance - ending	<u><u>\$ 3,804,168</u></u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balance - total governmental fund \$ 151,911

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 capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 453,441	
Depreciation expense	<u>(512,149)</u>	(58,708)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ <u>(23,478)</u>	(23,478)
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The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of general obligation bonds	\$ (200)	
Principal repayments	<u>112,226</u>	112,026

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in accrued interest	\$ 816	
Change in compensated absences	(26,584)	
Pension expense	255,091	
OPEB expense	<u>(29,515)</u>	<u>199,808</u>

Change in net position of governmental activities	\$ <u><u>381,559</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Fund
 June 30, 2018

	Enterprise Fund Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,371,339
Accounts receivable, net of allowance for uncollectibles	331,785
Unbilled and other receivables	113,710
Total current assets	<u>\$ 2,816,834</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 105,230
Investments	-
Total restricted assets	<u>\$ 105,230</u>
Capital assets (net of accumulated depreciation):	
Land	\$ 171,915
Construction in progress	3,816,910
Buildings	27,118,602
Improvements other than buildings	1,246,694
Machinery and equipment	86,453
Infrastructure	5,183,959
Total capital assets	<u>\$ 37,624,533</u>
Total noncurrent assets	<u>\$ 37,729,763</u>
Total assets	<u>\$ 40,546,597</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	\$ 132,029
Pension related items	148,731
OPEB related items	7,379
Total deferred outflows of resources	<u>\$ 288,139</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 178,569
Contract retainage	155,122
Accrued interest payable	58,314
Customers' deposits	105,230
General obligation bonds, net of original issue premium	1,141,748
Compensated absences	9,673
Total current liabilities	<u>\$ 1,648,656</u>
Noncurrent liabilities:	
General obligation bonds, net of original issue premium	\$ 18,256,747
Net OPEB liabilities	374,626
Net pension liability	754,738
Compensated absences	151,547
Total noncurrent liabilities	<u>\$ 19,537,658</u>
Total liabilities	<u>\$ 21,186,314</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 357,107
OPEB related items	9,200
Total deferred inflows of resources	<u>\$ 366,307</u>
NET POSITION	
Net investment in capital assets	\$ 18,202,945
Unrestricted	1,079,170
Total net position	<u>\$ 19,282,115</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2018

	Enterprise Fund Public Utilities
OPERATING REVENUES	
Charges for services	\$ 3,972,177
Total operating revenues	<u>\$ 3,972,177</u>
OPERATING EXPENSES	
Water treatment facility	\$ 667,318
Water transmission and distribution	303,234
Wastewater treatment facility	1,039,822
Sanitary sewer maintenance	231,841
Non-departmental	42,152
Depreciation	<u>938,727</u>
Total operating expenses	<u>\$ 3,223,094</u>
Operating income (loss)	<u>\$ 749,083</u>
NONOPERATING REVENUES (EXPENSES)	
Availability fees	\$ 38,149
Interest revenue	41,560
Interest expense	(227,777)
Gain on disposal of capital assets	<u>6,012</u>
Total nonoperating revenues (expenses)	<u>\$ (142,056)</u>
Change in net position	\$ 607,027
Total net position - beginning, as restated	<u>18,675,088</u>
Total net position - ending	<u><u>\$ 19,282,115</u></u>

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	Enterprise Fund Public Utilities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,988,647
Payments to suppliers	(1,093,974)
Payments to employees	(1,281,228)
Net cash provided by (used for) operating activities	<u>\$ 1,613,445</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	\$ (3,106,230)
Proceeds from sale of capital assets	13,200
Proceeds from indebtedness	2,714,555
Principal paid on bonds	(1,125,233)
Interest payments	(214,167)
Availability fees	38,149
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,679,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 41,560
Net cash provided by (used for) investing activities	<u>\$ 41,560</u>
Net increase (decrease) in cash and cash equivalents	\$ (24,721)
Cash and cash equivalents, including restricted - beginning	<u>2,501,290</u>
Cash and cash equivalents, including restricted - ending	<u><u>\$ 2,476,569</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 749,083
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 938,727
(Increase) decrease in accounts receivable	35,035
(Increase) decrease in unbilled and other receivables	(19,750)
(Increase) decrease in deferred outflows of resources	77,144
Increase (decrease) in accounts payable	21,687
Increase (decrease) in customer deposits	1,185
Increase (decrease) in deferred inflows of resources	291,722
Increase (decrease) in compensated absences payable	9,636
Increase (decrease) in net pension liability	(492,795)
Increase (decrease) in net OPEB liabilities	1,771
Total adjustments	<u>\$ 864,362</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,613,445</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, 2018

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, 2018.

Discretely presented component units – There were no discretely presented component units for the Town for the year ended June 30, 2018.

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (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 Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

The government reports the following major proprietary fund:

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utilities fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

1. Cash and cash equivalents

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

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

3. Receivables and payables

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$64,503 at June 30, 2018 and is comprised of property taxes \$41,821, accounts and water and sewer accounts receivable \$22,682.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

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

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

6. *Use of estimates*

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

7. *Capital assets*

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

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

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

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

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

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

8. *Compensated absences*

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

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

9. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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.

10. 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;
- 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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

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

11. Net position

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.

12. 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.

13. Restricted assets

Assets of the Town's governmental activities have been restricted for the payment of performance deposits in the amount of \$15,725. Assets of the Town's public utilities enterprise fund have been restricted for the payment of customer deposits in the amount of \$105,230.

14. 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.

15. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town has three items that qualify for reporting in this category. First is the deferred charge on refunding, the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refunding as of June 30, 2018 amounted to \$132,029. The second item shows deferred outflows which are comprised of certain items related to the measurement of the net pension and net OPEB liabilities. These include the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, and the net differences between employer contributions and proportionate share of contributions. The third item reported in this category consists of contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB liabilities measurement date, which will be recognized as a reduction of the net pension and OPEB liabilities next fiscal year. For more detailed information on these items, reference the pension and OPEB notes.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

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

15. *Deferred outflows/inflows of resources (continued)*

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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows or resources. Additionally, certain items related to the measurement of the net pension and net OPEB liabilities are reported as deferred inflows of resources. These include the differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on this item, reference the pension and OPEB notes.

E. Pensions

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

F. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

F. Other Postemployment Benefits (OPEB) (Continued)

Health Insurance Credit Program

The Town Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision HIC Program, and the additions to/deductions from the VRS Political Subdivision HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and related LODA OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 2—ADOPTION OF ACCOUNTING PRINCIPLES:

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Town implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Net Position as reported at June 30, 2017	\$ 12,360,607	\$ 18,945,994	\$ 31,306,601
Implementation of GASB 75:			
To increase the net OPEB liability for health insurance based on revised actuarial valuation	(397,259)	(180,741)	(578,000)
To record the Group Life Insurance net OPEB liability and related deferred outflow of resources as of June 30, 2017	(160,141)	(72,859)	(233,000)
To record the Health Insurance Credit Program net OPEB liability and related deferred outflow of resources as of June 30, 2017	(38,039)	(17,306)	(55,345)
To record the LODA Program net OPEB liability and related deferred outflow of resources as of June 30, 2017	(228,000)	-	(228,000)
Net Position as restated at June 30, 2017	\$ <u>11,537,168</u>	\$ <u>18,675,088</u>	\$ <u>30,212,256</u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to February 1, a budget kick-off meeting is held and budget preparation packets are distributed by the Director of Finance to all department heads to assist in submittal of requested operating and capital departmental budgets for the upcoming fiscal year commencing July 1. Upon receipt of departmental budgetary information, the Director of Finance prepares a proposed draft version of the operating and capital budget and presents it to the Town Manager. Meetings with the Town Manager, Director of Finance, and department heads are held as necessary.
2. Prior to March 31, a proposed draft version of the operating and capital budget is presented to the Finance Committee. Budgetary work sessions are held by the Finance Committee during the month of March.
3. Prior to April 15, a proposed draft version of the operating and capital budget is presented to the Town Council. Budgetary work sessions are held by the Town Council during the month of April.
4. Prior to the May Town Council meeting, a public hearing is conducted to receive citizen comments on the proposed draft operating and capital budget.
5. Prior to June 30, the operating and capital budget is legally enacted through passage of an appropriations resolution by the Town Council. All proposed rates, licenses, fees and footnotes are attached to the adopted budget.
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, 2018, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2018, there were no funds with deficit fund equity.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

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. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), Asian Development Bank, the African Development bank, 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).

Credit Risk of Debt Securities

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

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

Town's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	<u>AA+f/S1</u>
VIP 1-3 Year High Quality Bond Fund	\$ -	\$ 154,204
VIP Stable NAV Liquidity Pool	1,007,402	-
Total	<u>\$ 1,007,402</u>	<u>\$ 154,204</u>

Investments measured at NAV:

VIP 1-3 Year High Quality Bond Fund	\$ 154,204
VIP Stable NAV Liquidity Pool	1,007,402
Total investments measured at NAV	<u>\$ 1,161,606</u>

There are no redemption restrictions associated with these investments.

Interest Rate Risk

VIP 1-3 Year High Quality Bond Fund –The dollar weighted average days to maturity (WAM) of the pool at June 30, 2018, is 1.73 years (622 days). Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of the pool at June 30, 2018, is 1.74 years (626 days).

VIP Stable NAV Liquidity Pool –The dollar weighted average days to maturity (WAM) of the pool at June 30, 2018, is 43 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of the pool at June 30, 2018, is 57 days.

NOTE 5—RECEIVABLES:

Receivables as of June 30, 2018 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	\$ 745,389	\$ -	\$ 745,389
Accounts	187,011	354,467	541,478
Unbilled and other	-	113,710	113,710
Gross receivables	\$ 932,400	\$ 468,177	\$ 1,400,577
Less: allowance for uncollectibles	(41,821)	(22,682)	(64,503)
Net total receivables	<u>\$ 890,579</u>	<u>\$ 445,495</u>	<u>\$ 1,336,074</u>

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 6—INTERGOVERNMENTAL RECEIVABLES:

The following amounts represent receivables from other governments as of June 30, 2018:

	<u>Primary Government</u>
Commonwealth of Virginia:	
Rolling Stock	\$ 4,415
Rental tax	3,061
Sales tax	44,368
Communications tax	13,805
Total	<u>\$ 65,649</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 \$1,371 is comprised of the following:

- A. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action totaled \$1,371 at June 30, 2018.

NOTE 8—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Deferred and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$598,387 and \$730,898 respectively is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2018, but paid in advance by the taxpayers totaled \$42,196 in the general fund at June 30, 2018.
- B. Unbilled Property Taxes – Property taxes for the second half of 2018 that had not been billed as of June 30, 2018 amounted to \$556,191.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$132,511 at June 30, 2018.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 9—CAPITAL ASSETS:

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2018:

Governmental Activities:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,320,305	\$ -	\$ -	\$ 1,320,305
Construction in progress	72,586	290,390	-	362,976
Total capital assets not being depreciated	<u>\$ 1,392,891</u>	<u>\$ 290,390</u>	<u>\$ -</u>	<u>\$ 1,683,281</u>
Capital assets being depreciated:				
Buildings	\$ 691,013	\$ -	\$ -	\$ 691,013
Improvements other than buildings	4,139,055	-	-	4,139,055
Infrastructure	12,138,364	-	-	12,138,364
Machinery and equipment	1,907,198	163,051	(178,802)	1,891,447
Total depreciable capital assets	<u>\$ 18,875,630</u>	<u>\$ 163,051</u>	<u>\$ (178,802)</u>	<u>\$ 18,859,879</u>
Accumulated depreciation:				
Buildings	\$ (333,180)	\$ (13,333)	\$ -	\$ (346,513)
Improvements other than buildings	(1,474,823)	(189,770)	-	(1,664,593)
Infrastructure	(4,961,020)	(171,238)	-	(5,132,258)
Machinery and equipment	(1,302,481)	(137,808)	178,802	(1,261,487)
Total accumulated depreciation	<u>\$ (8,071,504)</u>	<u>\$ (512,149)</u>	<u>\$ 178,802</u>	<u>\$ (8,404,851)</u>
Total depreciable capital assets, net	<u>\$ 10,804,126</u>	<u>\$ (349,098)</u>	<u>\$ -</u>	<u>\$ 10,455,028</u>
Capital assets, net	<u>\$ 12,197,017</u>	<u>\$ (58,708)</u>	<u>\$ -</u>	<u>\$ 12,138,309</u>

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

General government administration	\$ 21,895
Public safety	57,218
Public works	240,549
Parks and recreation	116,503
Community development	75,984
Total depreciation expense	<u>\$ 512,149</u>

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 9—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 171,915	\$ -	\$ -	\$ 171,915
Construction in progress	586,760	3,230,150	-	3,816,910
Total capital assets not being depreciated	\$ 758,675	\$ 3,230,150	\$ -	\$ 3,988,825
Capital assets being depreciated:				
Buildings	\$ 33,891,070	\$ -	\$ -	\$ 33,891,070
Improvements other than buildings	2,587,744	-	(11,011)	2,576,733
Infrastructure	8,369,305	-	-	8,369,305
Machinery and equipment	528,403	31,200	(5,500)	554,103
Total depreciable capital assets	\$ 45,376,522	\$ 31,200	\$ (16,511)	\$ 45,391,211
Accumulated depreciation:				
Buildings	\$ (6,094,647)	\$ (677,821)	\$ -	\$ (6,772,468)
Improvements other than buildings	(1,204,141)	(129,722)	3,824	(1,330,039)
Infrastructure	(3,073,756)	(111,590)	-	(3,185,346)
Machinery and equipment	(453,556)	(19,594)	5,500	(467,650)
Total accumulated depreciation	\$ (10,826,100)	\$ (938,727)	\$ 9,324	\$ (11,755,503)
Total depreciable capital assets, net	\$ 34,550,422	\$ (907,527)	\$ (7,187)	\$ 33,635,708
Capital assets, net	\$ 35,309,097	\$ 2,322,623	\$ (7,187)	\$ 37,624,533

The Town has entered into lease agreements for financing the acquisition of two police vehicles, and two public works vehicles. 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	\$ 170,183
Accumulated depreciation	(113,145)
Total	\$ 57,038

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2019	35,708
Total minimum lease payments	\$ 35,708
Less: amount representing interest	(569)
Present value of minimum lease payments	\$ 35,139

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 10—LONG-TERM OBLIGATIONS:

The following is a summary of the long-term obligations of the Town for the year ended June 30, 2018:

	Balance Payable July 1, 2017, as restated	Issuances Increases	Retirements Decreases	Balance Payable June 30, 2018	Amount Due Within One Year
Primary Government:					
Governmental Activities					
General obligation bonds	\$ 820,998	\$ 200	\$ (77,647)	\$ 743,551	\$ 78,247
Capital lease obligations	69,718	-	(34,579)	35,139	35,139
Compensated absences	200,580	86,758	(60,174)	227,164	13,630
Net pension liability	2,774,169	820,551	(1,935,844)	1,658,876	-
Net OPEB liabilities	1,024,747	66,273	(78,378)	1,012,642	-
Total governmental activities	\$ 4,890,212	\$ 973,782	\$ (2,186,622)	\$ 3,677,372	\$ 127,016
Business-type Activities					
General obligation bonds	\$ 17,569,990	\$ 2,714,555	\$ (1,125,233)	\$ 19,159,312	\$ 1,122,080
Premium on bond issue	258,851	-	(19,668)	239,183	19,668
Compensated absences	151,584	55,111	(45,475)	161,220	9,673
Net pension liability	1,247,532	383,379	(876,173)	754,738	-
Net OPEB liabilities	372,854	22,872	(21,100)	374,626	-
Total business-type activities	\$ 19,600,811	\$ 3,175,917	\$ (2,087,649)	\$ 20,689,079	\$ 1,151,421
Total primary government	\$ 24,491,023	\$ 4,149,699	\$ (4,274,271)	\$ 24,366,451	\$ 1,278,437

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

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

Governmental Activities Long-term Obligations						
Year Ending June 30,	General Obligation Bonds		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 78,247	\$ 20,577	\$ 35,139	\$ 569	\$ 113,386	\$ 21,146
2020	80,333	18,291	-	-	80,333	18,291
2021	73,463	15,652	-	-	73,463	15,652
2022	65,004	13,677	-	-	65,004	13,677
2023	66,873	11,808	-	-	66,873	11,808
2024-2028	379,631	29,064	-	-	379,631	29,064
Total	\$ 743,551	\$ 109,069	\$ 35,139	\$ 569	\$ 778,690	\$ 109,638

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Year Ending June 30,	Business-type Activities Long-term Obligations	
	General Obligation Bonds	
	Principal	Interest
2019	\$ 1,122,080	\$ 256,592
2020	1,121,697	243,213
2021	1,124,386	230,756
2022	982,873	216,747
2023	991,768	209,136
2024-2028	5,097,345	917,306
2029-2033	4,290,128	682,045
2034-2038	2,767,300	406,219
2039-2043	1,130,838	171,469
2044-2048	530,897	43,093
Total \$	<u>19,159,312</u>	<u>\$ 3,376,576</u>

Details of long-term obligations:

Governmental Activities:

General obligation bonds:

Series 1991 R-1, R-2, \$534,000, issued September 24, 1991, payable in monthly installments of \$1,952, through September 24, 2020, with interest at 5.0%	\$ 47,180
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%	696,171
Series 2018A, \$650,000, issued May 30, 2018, payable in monthly installments of \$3,530, through May 28, 2038, with interest at 2.75%, amount advanced and outstanding at year end	100
Series 2018B, \$325,000, issued May 30, 2018, payable in monthly installments of \$1,950, through May 28, 2038, with interest at 3.875%, amount advanced and outstanding at year end	100
Sub-total general obligation bonds	<u>\$ 743,551</u>

Capital leases:

Capital lease for two public works vehicles and two police vehicles dated August 19, 2013, payable in five annual installments of \$35,709 through August 19, 2018 with interest at 1.62%	\$ 35,139
Compensated absences	<u>\$ 227,164</u>
Net pension liability	<u>\$ 1,658,876</u>
Net OPEB liabilities	<u>\$ 1,012,642</u>
Total governmental activities long-term obligations	<u>\$ 3,677,372</u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Business-type Activities:

General obligation bonds:

Series 1991 R-1, \$534,000, issued September 24, 1991, payable in monthly installments of \$1,952, through September 24, 2020, with interest at 5.0%	\$ 35,490
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%	52,118
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%	1,824,311
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%	381,270
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	2,394,607
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	9,463,761
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	30,000
Series 2014, \$2,005,000 issued November 19, 2014, payable in variable semi-annual installments beginning April 1, 2015 through October 1, 2037 with variable interest rates	2,005,000
Series 2017, \$3,126,800 Water Treatment Plant Project, issued March 14, 2017, payable in semi-annual installments beginning September 1, 2018 through March 1, 2048 with interest at 2.25%. (Only \$2,972,755 drawn to date.)	2,972,755
Sub-total general obligation bonds	\$ 19,159,312
Unamortized premium on general obligation bonds	\$ 239,183
Compensated absences	\$ 161,220
Net pension liability	\$ 754,738
Net OPEB liabilities	\$ 374,626
Total business-type activities long-term obligations	\$ 20,689,079

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN:***Plan Description***

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.)</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.)</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.)</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions</p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service</p> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p><u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contribution Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.)</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.)</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	35
Inactive members:	
Vested inactive members	8
Non-vested inactive members	4
Inactive members active elsewhere in VRS	<u>21</u>
Total inactive members	68
Active members	<u>54</u>
Total covered employees	<u><u>122</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% 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 of 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.

The Town's contractually required employer contribution rate for the year ended June 30, 2018 was 16.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$448,671 and \$426,996 for the years ended June 30, 2018 and June 30, 2017, respectively.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016 using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 11—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 11—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

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

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP- 2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP- 2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

TOWN OF WOODSTOCK, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)****NOTE 11—PENSION PLAN: (CONTINUED)*****Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 12,725,155	\$ 8,703,454	\$ 4,021,701
Changes for the year:			
Service cost	\$ 317,355	\$ -	\$ 317,355
Interest	869,508	-	869,508
Changes of assumptions	(85,198)	-	(85,198)
Differences between expected and actual experience	(1,105,150)	-	(1,105,150)
Contributions - employer	-	420,921	(420,921)
Contributions - employee	-	129,078	(129,078)
Net investment income	-	1,061,616	(1,061,616)
Benefit payments, including refunds of employee contributions	(607,225)	(607,225)	-
Administrative expenses	-	(6,065)	6,065
Other changes	-	(948)	948
Net changes	\$ (610,710)	\$ 997,377	\$ (1,608,087)
Balances at June 30, 2017	\$ 12,114,445	\$ 9,700,831	\$ 2,413,614

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

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town Net Pension Liability \$	4,060,713	\$ 2,413,614	\$ 1,060,185

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 11—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town recognized pension expense of \$41,671. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,401	\$ 936,462
Change in assumptions	-	63,898
Net difference between projected and actual earnings on pension plan investments	-	142,381
Employer contributions subsequent to the measurement date	<u>448,671</u>	<u>-</u>
Total	<u>\$ 476,072</u>	<u>\$ 1,142,741</u>

\$448,671 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30,</u>	
2019	\$ (416,134)
2020	(292,781)
2021	(315,499)
2022	(90,926)
2023	-
Thereafter	-

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

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

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p data-bbox="131 995 412 1031">Eligible Employees</p> <p data-bbox="131 1062 1477 1163">The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul data-bbox="191 1163 602 1346" style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School Board <p data-bbox="131 1367 1477 1467">Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p data-bbox="131 1549 380 1585">Benefit Amounts</p> <p data-bbox="131 1606 1299 1642">The benefits payable under the Group Life Insurance Program have several components.</p> <ul data-bbox="191 1642 1477 1978" style="list-style-type: none">• <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul data-bbox="289 1814 789 1978" style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$14,436 and \$13,482 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the entity reported a liability of \$212,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.01406% as compared to 0.014% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$3,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,000
Change in assumptions	-	11,000
Employer contributions subsequent to the measurement date	<u>14,436</u>	<u>-</u>
Total	<u>\$ 14,436</u>	<u>\$ 24,000</u>

\$14,436 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (5,000)
2020	(5,000)
2021	(5,000)
2022	(5,000)
2023	(3,000)
Thereafter	(1,000)

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

Actuarial Assumptions (Continued)

Mortality Rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

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

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
Town's				
proportionate share of the				
Group Life Insurance Program				
Net OPEB Liability	\$	274,000	\$ 212,000	\$ 161,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM:

Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The eligible employees of the Line of Duty Act Program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS).</p>
<p>Benefit Amounts</p> <p>The Line of Duty Act Program provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none">• <u>Death</u> – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:<ul style="list-style-type: none">○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.• <u>Health Insurance</u> – The Line of Duty Act program provides health insurance benefits.<ul style="list-style-type: none">○ Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.○ Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Contributions

The contribution requirements for the Line of Duty Act Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program for the year ended June 30, 2018 was \$567.37 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$8,511 and \$9,078 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the entity reported a liability of \$221,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2017 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2017, the entity's proportion was 0.08417% as compared to 0.08508% at June 30, 2016.

For the year ended June 30, 2018, the entity recognized LODA OPEB expense of \$16,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ -	\$ 23,000
Employer contributions subsequent to the measurement date	<u>8,511</u>	<u>-</u>
Total	<u><u>\$ 8,511</u></u>	<u><u>\$ 23,000</u></u>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

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

\$8,511 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (3,000)
2020	(3,000)
2021	(3,000)
2022	(3,000)
2023	(3,000)
Thereafter	(8,000)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Investment rate of return	3.56%, net of OPEB plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.56%. However, since the difference was minimal, a more conservative 3.56% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return.

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2016 actuarial valuation results which were rolled forward to the measurement date of June 30, 2017. There was no current actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be factored into future actuarial valuations for the LODA Program.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for VRS's periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation.
- The extension of health care benefits for dependent children to age 26.
- The expansion of the definition of presumption of death or disability to include infectious diseases.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Line of Duty Act Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 266,252
Plan Fiduciary Net Position	<u>3,461</u>
Employers' Net OPEB Liability (Asset)	<u><u>\$ 262,791</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.56% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2017.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 13—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.56%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current rate:

		Discount Rate		
		1% Decrease (2.56%)	Current (3.56%)	1% Increase (4.56%)
Town's				
proportionate share of the				
total LODA Net OPEB Liability	\$	251,000	\$ 221,000	\$ 196,000

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

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

		Health Care Trend Rates		
		1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Town's				
proportionate share of the				
total LODA Net OPEB Liability	\$	188,000	\$ 221,000	\$ 263,000

LODA OPEB Fiduciary Net Position

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

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

Plan Description

In addition to the pension and other benefits described in Notes 11-13, the Town administers a single-employer defined benefit healthcare plan, the Town of Woodstock OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Plan Membership

At July 1, 2017 (the measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	53
Total retirees with coverage	<u>5</u>
Total	<u><u>58</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2018 was \$17,500.

Total OPEB Liability

The Town's total OPEB liability was measured as of July 1, 2017. The total OPEB liability was determined by an actuarial valuation as of that date.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% increases annually
Discount Rate	3.56%
Investment Rate of Return	Not applicable

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments has been set equal to 3.56% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2017.

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TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

Changes in Total OPEB Liability

		<u>Total OPEB Liability</u>
Balances at June 30, 2017	\$	851,700
Changes for the year:		
Service cost		31,900
Interest		31,200
Benefit payments		(17,500)
Net changes		<u>45,600</u>
Balances at June 30, 2018	\$	<u><u>897,300</u></u>

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (2.56%)</u>	<u>Current Discount Rate (3.56%)</u>	<u>1% Increase (4.56%)</u>
\$ 1,001,200	\$ 897,300	\$ 805,200

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

The following presents the net/total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (15.3%) or one percentage point higher (17.3%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>1% Decrease (15.3% decreasing to 4.00%)</u>	<u>Healthcare Cost Trend (16.3% decreasing to 5.00%)</u>	<u>1% Increase (14.3% decreasing to 6.00%)</u>
\$ 788,100	\$ 897,300	\$ 1,027,500

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

For the year ended June 30, 2018, the Town recognized OPEB expense in the amount of \$63,100. At June 30, 2018, the Town did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM:

Plan Description

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

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees of participating employers are enrolled automatically upon employment. They include: <ul style="list-style-type: none">• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: <ul style="list-style-type: none">• <u>At Retirement</u> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.• <u>Disability Retirement</u>- For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
Health Insurance Credit Program Notes: <ul style="list-style-type: none">• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.• No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>15</u>
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	<u>1</u>
Active members	<u>54</u>
Total covered employees	<u><u>70</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Town contractually required employer contribution rate for the year ended June 30, 2018 was .33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Town to the Health Insurance Credit Program were \$9,162 and \$8,558 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net HIC OPEB Liability

The Town net Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

TOWN OF WOODSTOCK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 119,922	\$ 56,021	\$ 63,901
Changes for the year:			
Service cost	\$ 4,180	\$ -	\$ 4,180
Interest	8,178	-	8,178
Assumption changes	(3,843)	-	(3,843)
Contributions - employer	-	8,556	(8,556)
Net investment income	-	6,674	(6,674)
Benefit payments	(6,189)	(6,189)	-
Administrative expenses	-	(112)	112
Other changes	-	330	(330)
Net changes	\$ 2,326	\$ 9,259	\$ (6,933)
Balances at June 30, 2017	\$ 122,248	\$ 65,280	\$ 56,968

Sensitivity of the Town's Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The follow presents the Town's Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the Town's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town's			
Net HIC OPEB Liability	\$ 69,507	\$ 56,968	\$ 46,303

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

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

For the year ended June 30, 2018, the Town recognized Health Insurance Credit Program OPEB expense of \$7,045. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the Town's Health Insurance Credit Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 2,130
Change in assumptions	-	3,292
Employer contributions subsequent to the measurement date	<u>9,162</u>	<u>-</u>
Total	<u>\$ 9,162</u>	<u>\$ 5,422</u>

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB: (Continued)

\$9,162 reported as deferred outflows of resources related to the HIC OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (1,084)
2020	(1,084)
2021	(1,084)
2022	(1,082)
2023	(551)
Thereafter	(537)

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 15—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 16—PROPERTY, LIABILITY AND FIDELITY BONDS:

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

NOTE 17—RISK MANAGEMENT:

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

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

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

NOTE 18—CONTINGENT LIABILITIES:

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

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 19—COMMITMENTS:

The Town had the following material contracts outstanding at June 30, 2018:

Project	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Downtown Parking Lot Improvement	\$ 746,900	\$ 101,940	\$ 644,960
Total	<u>\$ 746,900</u>	<u>\$ 101,940</u>	<u>\$ 644,960</u>

NOTE 20—LITIGATION:

At June 30, 2018, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 21—UPCOMING PRONOUNCEMENTS:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

NOTE 21—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 1,134,447	\$ 1,134,447	\$ 1,213,779	\$ 79,332
Other local taxes	2,477,752	2,477,752	2,564,091	86,339
Permits, privilege fees, and regulatory licenses	398,425	398,425	418,271	19,846
Fines and forfeitures	35,170	35,170	32,424	(2,746)
Revenue from the use of money and property	10,500	10,500	44,496	33,996
Charges for services	261,600	261,600	268,536	6,936
Miscellaneous	28,759	28,759	46,177	17,418
Intergovernmental:				
Commonwealth	1,127,071	1,127,071	1,070,207	(56,864)
Federal	2,500	2,500	2,836	336
Total revenues	<u>\$ 5,476,224</u>	<u>\$ 5,476,224</u>	<u>\$ 5,660,817</u>	<u>\$ 184,593</u>
EXPENDITURES				
Current:				
General government administration	\$ 903,106	\$ 894,041	\$ 881,687	\$ 12,354
Public safety	1,828,493	1,837,558	1,840,184	(2,626)
Public works	1,766,205	1,722,063	1,552,386	169,677
Parks and recreation	242,310	265,702	284,084	(18,382)
Community development	659,230	679,980	362,992	316,988
Capital projects	1,230,444	1,230,444	453,441	777,003
Debt service:				
Principal retirement	138,140	138,140	112,226	25,914
Interest and other fiscal charges	39,900	39,900	22,106	17,794
Total expenditures	<u>\$ 6,807,828</u>	<u>\$ 6,807,828</u>	<u>\$ 5,509,106</u>	<u>\$ 1,298,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,331,604)</u>	<u>\$ (1,331,604)</u>	<u>\$ 151,711</u>	<u>\$ 1,483,315</u>
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation bonds	\$ 650,500	\$ 650,500	\$ 200	\$ (650,300)
Transfers out	(66,340)	(66,340)	-	66,340
Total other financing sources (uses)	<u>\$ 584,160</u>	<u>\$ 584,160</u>	<u>\$ 200</u>	<u>\$ (583,960)</u>
Net change in fund balance	<u>\$ (747,444)</u>	<u>\$ (747,444)</u>	<u>\$ 151,911</u>	<u>\$ 899,355</u>
Fund balance - beginning	3,130,746	3,130,746	3,652,257	521,511
Fund balance - ending	<u>\$ 2,383,302</u>	<u>\$ 2,383,302</u>	<u>\$ 3,804,168</u>	<u>\$ 1,420,866</u>

TOWN OF WOODSTOCK, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 317,355	\$ 299,879	\$ 293,925	\$ 299,492
Interest	869,508	845,739	806,204	774,415
Changes of assumptions	(85,198)	-	-	-
Differences between expected and actual experience	(1,105,150)	(198,402)	74,108	-
Benefit payments, including refunds of employee contributions	(607,225)	(608,106)	(610,782)	(628,765)
Net change in total pension liability	\$ (610,710)	\$ 339,110	\$ 563,455	\$ 445,142
Total pension liability - beginning	12,725,155	12,386,045	11,822,590	11,377,448
Total pension liability - ending (a)	\$ 12,114,445	\$ 12,725,155	\$ 12,386,045	\$ 11,822,590
Plan fiduciary net position				
Contributions - employer	\$ 420,921	\$ 440,978	\$ 421,342	\$ 400,904
Contributions - employee	129,078	122,720	118,138	117,378
Net investment income	1,061,616	151,347	380,711	1,140,528
Benefit payments, including refunds of employee contributions	(607,225)	(608,106)	(610,782)	(628,765)
Administrative expense	(6,065)	(5,309)	(5,205)	(6,176)
Other	(948)	(64)	(80)	60
Net change in plan fiduciary net position	\$ 997,377	\$ 101,566	\$ 304,124	\$ 1,023,929
Plan fiduciary net position - beginning	8,703,454	8,601,888	8,297,764	7,273,835
Plan fiduciary net position - ending (b)	\$ 9,700,831	\$ 8,703,454	\$ 8,601,888	\$ 8,297,764
Town's net pension liability - ending (a) - (b)	\$ 2,413,614	\$ 4,021,701	\$ 3,784,157	\$ 3,524,826
Plan fiduciary net position as a percentage of the total pension liability	80.08%	68.40%	69.45%	70.19%
Covered payroll	\$ 2,592,656	\$ 2,515,114	\$ 2,388,249	\$ 2,341,201
Town's net pension liability as a percentage of covered payroll	93.09%	159.90%	158.45%	150.56%

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

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2018	\$ 448,671	\$ 448,671	\$ -	\$ 2,776,212	16.16%
2017	426,996	426,996	-	2,592,656	16.47%
2016	440,978	440,978	-	2,515,114	17.53%
2015	421,342	421,342	-	2,388,249	17.64%
2014	400,904	400,904	-	2,341,201	17.12%
2013	390,331	390,331	-	2,302,840	16.95%
2012	272,143	272,143	-	2,207,162	12.33%
2011	281,333	281,333	-	2,281,696	12.33%
2010	280,197	280,197	-	2,327,215	12.04%
2009	280,586	280,586	-	2,330,450	12.04%

Current year contributions are from the Town records and prior year contributions are from the VRS actuarial Valuation performed each year.

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.01406% \$	212,000 \$	2,592,656	8.18%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2018	\$ 14,436	\$ 14,436	\$ -	\$ 2,776,212	0.52%
2017	13,484	13,484	-	2,592,656	0.52%
2016	12,078	12,078	-	2,515,114	0.48%
2015	11,476	11,476	-	2,388,249	0.48%
2014	27,860	27,860	-	2,341,201	1.19%
2013	27,404	27,404	-	2,302,840	1.19%
2012	6,180	6,180	-	2,207,162	0.28%
2011	6,389	6,389	-	2,281,696	0.28%
2010	18,385	18,385	-	2,327,215	0.79%
2009	18,411	18,411	-	2,330,450	0.79%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2017	0.08417% \$	221,000 \$	933,238	23.68%	1.30%

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

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2018	\$ 8,511	\$ 8,511	\$ -	\$ 933,238	0.91%

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

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2018

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

ValORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Employees in the Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

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

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

	2017
Total HIC OPEB Liability	
Service cost	\$ 4,180
Interest	8,178
Changes in assumptions	(3,843)
Benefit payments	(6,189)
Net change in total HIC OPEB liability	\$ 2,326
Total HIC OPEB Liability - beginning	119,922
Total HIC OPEB Liability - ending (a)	\$ 122,248
 Plan fiduciary net position	
Contributions - employer	\$ 8,556
Net investment income	6,674
Benefit payments	(6,189)
Administrative expense	(112)
Other	330
Net change in plan fiduciary net position	\$ 9,259
Plan fiduciary net position - beginning	56,021
Plan fiduciary net position - ending (b)	\$ 65,280
 Town's net HIC OPEB liability - ending (a) - (b)	\$ 56,968
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 53.40%
 Covered payroll	 \$ 2,592,656
 Town's net HIC OPEB liability as a percentage of covered payroll	 2.20%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit Program (HIC)
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
2018	\$ 9,162	\$ 9,162	\$ -	\$ 2,776,212	0.33%
2017	8,558	8,558	-	2,592,656	0.33%
2016	8,052	8,052	-	2,515,114	0.32%
2015	7,646	7,646	-	2,388,249	0.32%
2014	7,492	7,492	-	2,341,201	0.32%
2013	7,369	7,369	-	2,302,840	0.32%
2012	6,621	6,621	-	2,207,162	0.30%
2011	6,845	6,845	-	2,281,696	0.30%
2010	10,472	10,472	-	2,327,215	0.45%
2009	10,488	10,488	-	2,330,450	0.45%

Notes to Required Supplementary Information
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2018

	2018
Total OPEB liability	
Service cost	\$ 31,900
Interest	31,200
Benefit payments	(17,500)
Net change in total OPEB liability	\$ 45,600
Total OPEB liability - beginning	851,700
Total OPEB liability - ending	\$ 897,300
 Covered payroll	 \$ N/A
 Town's total OPEB liability (asset) as a percentage of covered payroll	 N/A

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

Notes to Required Supplementary Information - Town OPEB
For the Year Ended June 30, 2018

Valuation Date: 7/1/2017
Measurement Date: 7/1/2017

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.56% as of June 30, 2017
Healthcare Trend Rate	7.00% for fiscal year end 2018, decreasing .50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.5% as of June 30, 2017
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2017.

OTHER SUPPLEMENTARY INFORMATION

SUPPORTING SCHEDULE

Computation of Legal Debt Margin
June 30, 2018

Total Assessed Value of Real Estate	\$ <u>524,379,160</u>
Legal Debt Margin:	\$ 52,437,916
Less: Gross Indebtedness	<u>(743,551)</u>
Legal Margin for Creation of Additional Debt	\$ <u>51,694,365</u>

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 auditors.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1-4
These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	5-9
These tables contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	10-13
These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	14-15
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	16-18
These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

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TOWN OF WOODSTOCK, VIRGINIA

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

	Fiscal Year		
	2009	2010	2011
Governmental activities			
Net investment in capital assets	\$ 10,512,039	\$ 11,988,383	\$ 11,767,180
Restricted	-	-	-
Unrestricted	1,379,844	1,839,493	2,397,512
Total governmental activities net position	<u>\$ 11,891,883</u>	<u>\$ 13,827,876</u>	<u>\$ 14,164,692</u>
Business-type activities			
Net investment in capital assets	\$ 15,252,251	\$ 15,531,479	\$ 16,255,641
Unrestricted	551,162	1,222,630	1,424,895
Total business-type activities net position	<u>\$ 15,803,413</u>	<u>\$ 16,754,109</u>	<u>\$ 17,680,536</u>
Primary government			
Net investment in capital assets	\$ 25,764,290	\$ 27,519,862	\$ 28,022,821
Restricted	-	-	-
Unrestricted	1,931,006	3,062,123	3,822,407
Total primary government net position	<u>\$ 27,695,296</u>	<u>\$ 30,581,985</u>	<u>\$ 31,845,228</u>

Table 1

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 11,564,646	\$ 11,379,865	\$ 11,787,556	\$ 11,612,015	\$ 11,437,805	\$ 11,306,301	\$ 11,348,292
-	7,604	-	-	-	-	-
2,916,634	2,774,479	2,456,615	267,970	561,357	230,867	570,435
<u>\$ 14,481,280</u>	<u>\$ 14,161,948</u>	<u>\$ 14,244,171</u>	<u>\$ 11,879,985</u>	<u>\$ 11,999,162</u>	<u>\$ 11,537,168</u>	<u>\$ 11,918,727</u>
\$ 16,390,921	\$ 16,722,638	\$ 17,013,876	\$ 17,282,819	\$ 17,835,299	\$ 17,625,943	\$ 18,202,945
1,471,213	1,679,715	1,551,902	417,561	499,066	1,049,145	1,079,170
<u>\$ 17,862,134</u>	<u>\$ 18,402,353</u>	<u>\$ 18,565,778</u>	<u>\$ 17,700,380</u>	<u>\$ 18,334,365</u>	<u>\$ 18,675,088</u>	<u>\$ 19,282,115</u>
\$ 27,955,567	\$ 28,102,503	\$ 28,801,432	\$ 28,894,834	\$ 29,273,104	\$ 28,932,244	\$ 29,551,237
-	7,604	-	-	-	-	-
4,387,847	4,454,194	4,008,517	685,531	1,060,423	1,280,012	1,649,605
<u>\$ 32,343,414</u>	<u>\$ 32,564,301</u>	<u>\$ 32,809,949</u>	<u>\$ 29,580,365</u>	<u>\$ 30,333,527</u>	<u>\$ 30,212,256</u>	<u>\$ 31,200,842</u>

TOWN OF WOODSTOCK, VIRGINIA

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

	Fiscal Year		
	2009	2010	2011
Expenses			
Governmental activities:			
General government administration	\$ 523,267	\$ 537,743	\$ 732,891
Public safety	1,545,926	1,463,009	1,352,205
Public works	1,567,715	1,611,231	1,567,676
Parks and recreation	-	229,804	256,685
Community development	238,157	283,696	262,583
Interest on long-term debt	13,835	11,668	8,925
Total governmental activities expenses	\$ 3,888,900	\$ 4,137,151	\$ 4,180,965
Business-type activities:			
Water and sewer	\$ 2,905,148	\$ 3,025,061	\$ 3,173,607
Recreation	243,486	-	-
Total business-type activities expenses	\$ 3,148,634	\$ 3,025,061	\$ 3,173,607
Total primary government expenses	\$ 7,037,534	\$ 7,162,212	\$ 7,354,572
Program Revenues			
Governmental activities:			
Charges for services:			
General government administration	\$ 28,457	\$ 25,650	\$ 31,161
Public safety	48,639	40,930	38,766
Public works	163,163	165,537	166,982
Parks and recreation	-	43,113	52,393
Community development	-	-	-
Operating grants and contributions:			
Public safety	136,650	135,004	126,503
Public works	-	13,847	-
Parks and recreation	-	-	-
Community development	-	-	750
Capital grants and contributions:			
Public works	610,254	606,267	636,447
Parks and recreation	-	5,178	9,136
Community development	1,003,602	70,049	-
Total governmental activities program revenues	\$ 1,990,765	\$ 1,105,575	\$ 1,062,138
Business-type activities:			
Charges for services:			
Water and sewer	\$ 2,683,843	\$ 2,815,129	\$ 3,191,737
Recreation	38,919	-	-
Operating grants and contributions:			
Capital grants and contributions:			
Water and sewer	8,046,109	2,726,391	891,093
Total business-type activities program revenues	\$ 10,768,871	\$ 5,541,520	\$ 4,082,830
Total primary government program revenues	\$ 12,759,636	\$ 6,647,095	\$ 5,144,968
Net (expense)/revenue			
Governmental activities	\$ (1,898,135)	\$ (3,031,576)	\$ (3,118,827)
Business-type activities	7,620,237	2,516,459	909,223
Total primary government net (expense) revenue	\$ 5,722,102	\$ (515,117)	\$ (2,209,604)

Table 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 701,454	\$ 843,966	\$ 828,451	\$ 783,174	\$ 815,926	\$ 855,522	\$ 898,863
1,458,135	1,739,156	1,878,638	1,597,406	1,737,572	1,777,730	1,794,419
1,588,522	1,545,390	1,724,374	1,760,414	1,805,168	1,752,264	1,745,372
268,582	240,960	223,802	350,601	368,217	345,730	397,348
311,986	318,861	331,185	628,977	393,317	420,727	398,489
10,075	14,290	32,203	28,648	24,942	26,076	21,289
<u>\$ 4,338,754</u>	<u>\$ 4,702,623</u>	<u>\$ 5,018,653</u>	<u>\$ 5,149,220</u>	<u>\$ 5,145,142</u>	<u>\$ 5,178,049</u>	<u>\$ 5,255,780</u>
\$ 3,539,931	\$ 3,431,982	\$ 3,500,570	\$ 3,498,131	\$ 3,542,094	\$ 3,610,056	\$ 3,450,871
-	-	-	-	-	-	-
<u>\$ 3,539,931</u>	<u>\$ 3,431,982</u>	<u>\$ 3,500,570</u>	<u>\$ 3,498,131</u>	<u>\$ 3,542,094</u>	<u>\$ 3,610,056</u>	<u>\$ 3,450,871</u>
<u>\$ 7,878,685</u>	<u>\$ 8,134,605</u>	<u>\$ 8,519,223</u>	<u>\$ 8,647,351</u>	<u>\$ 8,687,236</u>	<u>\$ 8,788,105</u>	<u>\$ 8,706,651</u>
\$ 13,490	\$ 11,640	\$ -	\$ -	\$ -	\$ -	-
44,209	34,551	101,910	38,963	29,491	38,080	32,424
169,697	171,530	171,920	173,031	188,517	183,770	186,011
56,899	50,670	57,652	64,818	89,591	88,900	82,290
-	-	-	-	-	1,078	235
126,259	121,228	135,933	167,613	125,783	139,156	127,589
50,483	8,500	-	-	-	-	-
-	-	-	-	-	18,076	-
-	750	750	-	-	-	-
667,173	578,173	806,634	724,039	769,760	793,286	806,564
71,386	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,199,596</u>	<u>\$ 977,042</u>	<u>\$ 1,274,799</u>	<u>\$ 1,168,464</u>	<u>\$ 1,203,142</u>	<u>\$ 1,262,346</u>	<u>\$ 1,235,113</u>
\$ 3,160,050	\$ 3,429,399	\$ 3,456,904	\$ 3,710,805	\$ 4,168,585	\$ 4,203,321	\$ 3,972,177
-	-	-	-	-	-	-
501,146	192,580	153,116	109,344	-	-	38,149
<u>\$ 3,661,196</u>	<u>\$ 3,621,979</u>	<u>\$ 3,610,020</u>	<u>\$ 3,820,149</u>	<u>\$ 4,168,585</u>	<u>\$ 4,203,321</u>	<u>\$ 4,010,326</u>
<u>\$ 4,860,792</u>	<u>\$ 4,599,021</u>	<u>\$ 4,884,819</u>	<u>\$ 4,988,613</u>	<u>\$ 5,371,727</u>	<u>\$ 5,465,667</u>	<u>\$ 5,245,439</u>
\$ (3,139,158)	\$ (3,725,581)	\$ (3,743,854)	\$ (3,980,756)	\$ (3,942,000)	\$ (3,915,703)	\$ (4,020,667)
121,265	189,997	109,450	322,018	626,491	593,265	559,455
<u>\$ (3,017,893)</u>	<u>\$ (3,535,584)</u>	<u>\$ (3,634,404)</u>	<u>\$ (3,658,738)</u>	<u>\$ (3,315,509)</u>	<u>\$ (3,322,438)</u>	<u>\$ (3,461,212)</u>

TOWN OF WOODSTOCK, VIRGINIA

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

	Fiscal Year		
	2009	2010	2011
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 1,091,836	\$ 1,081,463	\$ 1,069,706
Other local taxes:			
Vehicle license	96,943	97,503	95,332
Local sales and use	205,454	180,407	189,043
Consumers' utility	82,881	84,408	86,170
Telecommunications	98,032	98,442	97,955
Bank franchise	148,090	175,542	185,327
Meals	855,044	887,187	914,462
Transient occupancy	129,090	143,360	176,252
Business license	349,238	342,759	335,139
Other local taxes	139,892	137,308	122,606
Unrestricted revenues from use of money and property	27,240	23,683	18,866
Miscellaneous	60,940	15,724	53,236
Grants and contributions not restricted to specific programs	111,292	111,491	111,549
Transfers	(200,000)	1,588,292	-
Total governmental activities	\$ 3,195,972	\$ 4,967,569	\$ 3,455,643
Business-type activities:			
Unrestricted revenues from use of money and property	\$ 48,588	\$ 22,529	\$ 17,204
Miscellaneous	15,265	-	-
Transfers	200,000	(1,588,292)	-
Total business-type activities	\$ 263,853	\$ (1,565,763)	\$ 17,204
Change in Net Position			
Governmental activities	\$ 1,297,837	\$ 1,935,993	\$ 336,816
Business-type activities	7,884,090	950,696	926,427
Total primary government	\$ 9,181,927	\$ 2,886,689	\$ 1,263,243

Table 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 1,069,173	\$ 1,112,158	\$ 1,108,023	\$ 1,141,181	\$ 1,100,172	\$ 1,205,600	\$ 1,190,301
92,933	101,392	92,464	95,050	109,344	97,868	109,825
196,487	225,920	224,692	229,086	229,866	251,070	259,834
87,174	89,017	89,167	89,274	88,905	89,709	92,759
95,963	96,217	94,581	93,755	93,755	93,755	93,755
158,354	151,641	199,737	260,735	192,317	215,177	234,729
981,733	1,010,919	1,005,123	1,102,304	1,168,010	1,205,408	1,258,989
185,699	202,993	210,788	230,062	261,139	280,467	287,647
338,655	351,892	368,553	372,770	396,644	395,688	418,271
140,291	301,822	280,230	256,589	351,160	344,422	320,308
20,844	14,734	6,203	6,478	10,997	21,881	44,496
86,755	23,012	34,220	90,694	4,375	14,635	46,177
111,685	112,208	112,296	160,880	54,493	61,468	45,135
(110,000)	(387,676)	-	-	-	-	-
<u>\$ 3,455,746</u>	<u>\$ 3,406,249</u>	<u>\$ 3,826,077</u>	<u>\$ 4,128,858</u>	<u>\$ 4,061,177</u>	<u>\$ 4,277,148</u>	<u>\$ 4,402,226</u>
\$ 18,665	\$ 12,546	\$ 3,975	\$ 3,006	\$ 7,494	\$ 18,364	\$ 47,572
-	-	-	-	-	-	-
110,000	387,676	-	-	-	-	-
<u>\$ 128,665</u>	<u>\$ 400,222</u>	<u>\$ 3,975</u>	<u>\$ 3,006</u>	<u>\$ 7,494</u>	<u>\$ 18,364</u>	<u>\$ 47,572</u>
\$ 316,588	\$ (319,332)	\$ 82,223	\$ 148,102	\$ 119,177	\$ 361,445	\$ 381,559
249,930	590,219	113,425	325,024	633,985	611,629	607,027
<u>\$ 566,518</u>	<u>\$ 270,887</u>	<u>\$ 195,648</u>	<u>\$ 473,126</u>	<u>\$ 753,162</u>	<u>\$ 973,074</u>	<u>\$ 988,586</u>

TOWN OF WOODSTOCK, VIRGINIA

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

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
General Fund						
Reserved	\$ 115,481	\$ 15,725	\$ -	\$ -	\$ -	\$ -
Unreserved	1,353,606	1,916,903	-	-	-	-
Nonspendable	-	-	41,165	48,654	23,319	23,211
Restricted	-	-	-	-	998,500	143,093
Committed	-	-	375,000	420,000	265,000	220,000
Assigned	-	-	110,000	387,676	649,000	75,000
Unassigned	-	-	1,977,281	2,127,394	1,936,390	2,257,949
Total general fund	<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>\$ 2,719,253</u>
Total governmental funds	<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>\$ 2,719,253</u>

Note: The Town implemented GASB Statement 54 beginning with fiscal year 2011-see Note 1 in the Notes to Basic Financial Statements section of the report.

Table 3

Fiscal Year			
2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -
-	-	-	-
24,368	12,779	8,000	-
-	-	-	-
95,000	173,500	227,000	347,000
227,000	114,983	520,444	805,211
2,487,868	2,829,484	2,896,813	2,651,957
<u>\$ 2,834,236</u>	<u>\$ 3,130,746</u>	<u>\$ 3,652,257</u>	<u>\$ 3,804,168</u>
<u>\$ 2,834,236</u>	<u>\$ 3,130,746</u>	<u>\$ 3,652,257</u>	<u>\$ 3,804,168</u>

TOWN OF WOODSTOCK, VIRGINIA

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

	Fiscal Year		
	2009	2010	2011
Revenues			
General property taxes	\$ 1,101,680	\$ 1,072,371	\$ 1,067,235
Other local taxes	1,752,017	1,808,073	1,863,818
Permits, privilege fees and regulatory licenses	377,695	368,409	366,300
Fines and forfeitures	48,639	40,930	38,766
Revenue from the use of money and property	27,240	23,683	18,866
Charges for service	163,163	208,649	219,375
Miscellaneous	60,940	15,724	53,236
Intergovernmental:			
Commonwealth	848,994	922,673	862,786
Federal	1,012,804	19,163	21,596
Total revenues	<u>\$ 5,393,172</u>	<u>\$ 4,479,675</u>	<u>\$ 4,511,978</u>
Expenditures			
General government administration	\$ 501,546	\$ 521,139	\$ 711,620
Public safety	1,505,471	1,432,595	1,352,755
Public works	1,318,209	1,375,118	1,338,803
Parks and recreation	-	190,834	214,514
Community development	195,244	210,846	187,965
Capital projects	1,273,538	218,784	145,713
Debt service:			
Principal	112,926	116,812	44,289
Interest and other fiscal charges	13,835	11,668	8,925
Total expenditures	<u>\$ 4,920,769</u>	<u>\$ 4,077,796</u>	<u>\$ 4,004,584</u>
Excess of revenues over (under) expenditures	<u>\$ 472,403</u>	<u>\$ 401,879</u>	<u>\$ 507,394</u>
Other financing sources (uses)			
Transfers in	\$ -	\$ 35,947	\$ -
Transfers out	(200,000)	-	-
Sale of equipment	-	-	-
Issuance of general obligation bonds	-	-	-
Proceeds from indebtedness	-	25,715	63,424
Total other financing sources (uses)	<u>\$ (200,000)</u>	<u>\$ 61,662</u>	<u>\$ 63,424</u>
Net change in fund balances	<u>\$ 272,403</u>	<u>\$ 463,541</u>	<u>\$ 570,818</u>
Debt service as a percentage of noncapital expenditures	3.48%	3.33%	1.38%

Table 4

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 1,062,487	\$ 1,110,457	\$ 1,124,109	\$ 1,113,136	\$ 1,124,215	\$ 1,196,076	\$ 1,213,779
1,934,808	2,180,418	2,196,782	2,356,856	2,400,741	2,484,121	2,564,091
352,145	363,532	368,553	372,770	396,644	395,688	418,271
44,209	34,551	101,910	38,963	29,491	38,080	32,424
20,844	14,734	6,203	6,478	10,997	21,881	44,496
226,596	222,200	229,572	237,849	278,108	273,748	268,536
62,254	23,012	34,220	90,694	4,375	18,543	46,177
904,391	813,057	1,045,007	1,043,814	1,033,283	1,093,765	1,070,207
86,894	7,803	10,605	8,717	10,508	11,976	2,836
<u>\$ 4,694,628</u>	<u>\$ 4,769,764</u>	<u>\$ 5,116,961</u>	<u>\$ 5,269,277</u>	<u>\$ 5,288,362</u>	<u>\$ 5,533,878</u>	<u>\$ 5,660,817</u>
\$ 684,415	\$ 822,722	\$ 840,874	\$ 780,676	\$ 806,820	\$ 825,857	\$ 881,687
1,411,996	1,688,741	1,819,715	1,556,530	1,679,597	1,697,088	1,840,184
1,375,285	1,312,920	1,630,325	1,550,568	1,579,628	1,539,431	1,552,386
222,624	198,497	181,503	233,824	258,965	233,425	284,084
237,368	243,763	255,927	480,153	321,670	343,876	362,992
145,422	162,105	1,590,497	418,211	210,840	235,778	453,441
41,667	52,431	91,432	105,563	108,477	110,560	112,226
10,074	12,424	29,830	28,769	25,855	26,352	22,106
<u>\$ 4,128,851</u>	<u>\$ 4,493,603</u>	<u>\$ 6,440,103</u>	<u>\$ 5,154,294</u>	<u>\$ 4,991,852</u>	<u>\$ 5,012,367</u>	<u>\$ 5,509,106</u>
<u>\$ 565,777</u>	<u>\$ 276,161</u>	<u>\$ (1,323,142)</u>	<u>\$ 114,983</u>	<u>\$ 296,510</u>	<u>\$ 521,511</u>	<u>\$ 151,711</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(110,000)	(387,676)	-	-	-	-	-
24,501	-	-	-	-	-	-
-	-	-	-	-	-	200
-	1,000,000	170,186	-	-	-	-
<u>\$ (85,499)</u>	<u>\$ 612,324</u>	<u>\$ 170,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>
<u>\$ 480,278</u>	<u>\$ 888,485</u>	<u>\$ (1,152,956)</u>	<u>\$ 114,983</u>	<u>\$ 296,510</u>	<u>\$ 521,511</u>	<u>\$ 151,911</u>
1.30%	1.50%	2.58%	2.84%	2.81%	2.90%	2.66%

TOWN OF WOODSTOCK, VIRGINIA

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumer Utility Tax	Tele- communications Tax	Bank Franchise Tax	Cigarette Tax
2018	\$ 1,213,779	\$ 259,834	\$ 92,759	\$ 85,969	\$ 234,729	\$ 195,905
2017	1,196,076	251,070	89,709	89,557	215,177	216,375
2016	1,124,215	229,866	88,905	90,979	192,317	225,623
2015	1,113,136	229,086	89,274	93,755	260,735	214,232
2014	1,124,109	224,692	89,167	94,581	94,581	239,386
2013	1,110,457	225,920	89,017	96,217	151,641	257,619
2012	1,062,487	196,487	87,174	95,963	158,354	105,627
2011	1,067,235	189,043	86,170	97,955	185,237	89,186
2010	1,072,371	180,407	84,408	98,442	175,542	98,658
2009	1,101,680	205,454	82,881	98,032	148,090	100,473

Table 5

Meals Tax	Transient Occupancy Tax	Public Right- of-Way Fees	Motor Vehicle Licenses	Business & Occupational Licenses
\$ 1,258,989	\$ 287,647	\$ 25,579	\$ 109,825	\$ 418,271
1,205,408	280,467	27,692	97,868	395,688
1,172,210	261,139	30,357	109,344	396,644
1,102,304	230,062	31,550	95,050	372,770
1,005,123	210,788	30,183	98,909	368,553
1,010,919	202,993	29,265	101,888	350,986
981,733	185,699	27,274	89,107	337,505
914,462	176,252	25,663	92,003	333,448
887,187	143,360	30,647	101,420	341,657
855,044	129,090	25,627	93,534	349,238

TOWN OF WOODSTOCK, VIRGINIA

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

Fiscal Year						Public Service Corporations	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools		Real Estate	Personal Property
2018	\$ 524,379,160	\$ 48,187,634	\$ 11,500	\$ 232,963	\$	14,367,050	\$ 44,286
2017	526,242,600	44,698,629	-	153,814		13,896,337	51,595
2016	519,325,520	44,850,619	1,500	187,731		14,160,740	63,473
2015	556,191,000	41,734,212	25,922	227,267		13,921,681	26,357
2014	553,348,600	39,522,456	19,550	222,993		15,230,369	32,912
2013	548,482,400	38,631,400	8,800	251,540		14,446,771	30,343
2012	543,301,050	37,898,588	8,800	225,921		13,444,742	30,019
2011	540,494,350	37,205,546	10,650	253,815		14,594,334	12,611
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	-

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
\$	587,222,593	\$ 587,222,593	100%	2.12
	585,042,975	585,042,975	100%	2.12
	578,589,583	578,589,583	100%	1.80
	612,126,439	612,126,439	100%	2.10
	608,376,880	608,376,880	100%	2.10
	601,851,253	601,851,253	100%	2.10
	594,909,120	594,909,120	100%	2.10
	592,571,306	592,571,306	100%	2.10
	575,095,477	575,095,477	100%	1.80
	557,991,715	557,991,715	100%	2.12

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
2018	\$ 0.16	\$ 0.90	\$ 0.16	\$ 0.90	\$ 0.64	\$ 3.90	\$ 0.64	\$ 3.15
2017	0.16	0.90	0.16	0.90	0.60	3.60	0.60	3.15
2016	0.15/0.16	0.90	0.15/0.16	0.90	0.57	3.50	0.57	3.15
2015	0.15	0.90	0.15	0.90	0.57	3.50	0.57	3.15
2014	0.15	0.90	0.15	0.90	0.57	3.50	0.57	3.15
2013	0.15	0.90	0.15	0.90	0.51/0.54	3.50	0.51/0.54	3.15
2012	0.15	0.90	0.15	0.90	0.47/0.51	3.15	0.47/0.51	3.15
2011	0.15	0.90	0.15	0.90	0.47	3.15	0.47	3.15
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

(1) Per \$100 of assessed value

Table 7

Combined Rates			
Real Estate	Personal Property	Mobile Homes	Machinery and Tools
\$ 0.80	\$ 4.80	\$ 0.80	\$ 4.05
0.76	4.50	0.76	4.05
0.72	4.40	0.72	4.05
0.72	4.40	0.72	4.05
0.72	4.40	0.72	4.05
0.66/0.69	4.40	0.66/0.69	4.05
0.62/0.66	4.05	0.62/0.66	4.05
0.62	4.05	0.62	4.05
0.63/0.62	4.05	0.63/0.62	4.05
0.67	4.05	0.67	4.05

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2018	
		2018 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 9,308,000	1.78%
Wal-Mart	Retail Store	8,673,100	1.65%
Shenandoah Investors LLC	Shopping Center	6,673,100	1.27%
LH & H LLC	Hotel	5,986,300	1.14%
Shree Ganesh Hospitality	Hotel	5,835,500	1.11%
Shenandoah Enterprises I	Housing Development	4,689,200	0.89%
Walter Enterprises	Shopping Center	4,111,200	0.78%
Funkhouser H N and Co Inc	Commercial Development	3,935,500	0.75%
HCP Virginia, Inc.	Assisted Living	3,243,950	0.62%
Valley Vista Apartments LLC	Housing Development	3,128,100	0.60%
		<u>\$ 55,583,950</u>	<u>10.60%</u>
Taxpayer	Type Business	Fiscal Year 2009	
		2009 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 7,764,100	1.53%
Wal-Mart	Retail Store	7,303,100	1.44%
Spectrum 1 Woodstock LLC	Shopping Center	5,755,800	1.14%
Toothman Investments LLC	Housing Development	5,370,200	1.06%
S&B Resources LLC	Housing Development	5,119,600	1.01%
Walter Enterprises	Shopping Center	5,115,400	1.01%
HCP Virginia, Inc.	Shopping Center	4,879,800	0.96%
Eagle Investors LLC	Housing Development	4,643,100	0.92%
Interstate Investment Property LLC	Commercial Development	4,493,000	0.89%
Shree Ganesh Hospitality	Housing Development	4,293,600	0.85%
		<u>\$ 54,737,700</u>	<u>10.80%</u>

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

Property Tax Levies and Collections
Last Nine Fiscal Years

Tax Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$	1,175,477	\$ 1,145,659	97.46%	\$ -	\$ 1,145,659	97.46%
2017		1,245,620	1,212,997	97.38%	18,210	1,212,997	97.38%
2016		1,230,559	1,164,789	94.66%	59,089	1,223,878	99.46%
2015		1,254,585	1,160,332	92.49%	88,493	1,248,825	99.54%
2014		1,189,142	1,097,131	92.26%	86,252	1,183,383	99.52%
2013		1,186,626	1,135,380	95.68%	48,052	1,183,432	99.73%
2012		1,172,960	1,112,675	94.86%	59,464	1,172,139	99.93%
2011		1,167,708	1,112,614	95.28%	54,742	1,167,356	99.97%
2010		1,176,238	1,122,088	95.40%	53,958	1,176,046	99.98%

Source: Department of Finance

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

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
2018	\$ 743,551	\$ -	\$ 35,139	\$ 19,398,495	\$ -
2017	820,998	-	69,718	17,828,841	-
2016	897,530	-	103,746	18,487,440	-
2015	972,522	-	137,232	19,756,083	-
2014	1,045,134	-	170,183	20,780,135	-
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

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

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

Table 10

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	20,177,185	1.17%	\$ 3,871
	18,719,557	1.10%	3,616
	19,488,716	1.18%	3,770
	20,865,837	1.28%	4,048
	21,995,452	1.41%	4,290
	23,147,023	1.49%	4,513
	23,415,524	1.60%	4,595
	24,567,400	1.77%	4,820
	25,576,401	1.87%	5,018
	22,895,441	1.65%	5,331

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2018	\$ 20,142,046	\$ -	\$ 20,142,046	3.43%	\$ 3,865
2017	18,649,839	-	18,649,839	3.19%	3,602
2016	19,384,970	-	19,384,970	3.35%	3,750
2015	20,728,605	-	20,728,605	3.39%	4,021
2014	21,825,269	-	21,825,269	3.59%	4,257
2013	23,125,151	-	23,125,151	3.84%	4,509
2012	23,363,662	-	23,363,662	3.93%	4,585
2011	24,486,559	-	24,486,559	4.13%	4,804
2010	25,540,178	-	25,540,178	4.44%	5,011
2009	22,832,508	-	22,832,508	4.09%	5,316

(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.

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TOWN OF WOODSTOCK, VIRGINIA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year		
	2009	2010	2011
Assessed Valuations			
Assessed value of taxed real property	\$ 506,926,050	\$ 524,933,000	\$ 540,494,350
Legal debt margin			
Debt limit - 10 percent of total assessed value	\$ 50,692,605	\$ 52,493,300	\$ 54,049,435
Debt applicable to limitation:			
Total bonded debt	\$ 22,832,508	\$ 25,540,178	\$ 24,486,559
Less: Business-type activities bonds	(22,659,145)	(25,361,012)	(24,336,748)
Total amount of debt applicable to debt limitation	\$ 173,363	\$ 179,166	\$ 149,811
Legal debt margin	\$ 50,519,242	\$ 52,314,134	\$ 53,899,624
Total net debt applicable to the limit as a percentage of debt limit	0.34%	0.34%	0.28%

Table 12

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 543,301,050	\$ 548,482,400	\$ 553,348,600	\$ 556,191,000	\$ 519,325,520	\$ 526,242,600	\$ 524,379,160
\$ 54,330,105	\$ 54,848,240	\$ 55,334,860	\$ 55,619,100	\$ 51,932,552	\$ 52,624,260	\$ 52,437,916
\$ 23,363,662	\$ 23,125,151	\$ 21,825,269	\$ 20,728,605	\$ 19,384,970	\$ 18,649,839	\$ 20,142,046
(23,226,539)	(22,010,469)	(20,780,135)	(19,756,083)	(18,487,440)	(17,828,841)	(19,398,495)
\$ 137,123	\$ 1,114,682	\$ 1,045,134	\$ 972,522	\$ 897,530	\$ 820,998	\$ 743,551
\$ 54,192,982	\$ 53,733,558	\$ 54,289,726	\$ 54,646,578	\$ 51,035,022	\$ 51,803,262	\$ 51,694,365
0.25%	2.03%	1.89%	1.75%	1.73%	1.56%	1.42%

Direct and Overlapping Governmental Activities Debt
June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage	Amount applicable to Primary Government
County of Shenandoah, Virginia	\$ 29,989,494	11.79%	\$ 3,536,297
Town of Woodstock, Virginia direct debt			<u>20,142,046</u>
Total direct and overlapping debt			<u><u>\$ 23,678,343</u></u>

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

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2018	5,212	\$ 1,724,404	\$ 39,940	3.32%
2017	5,177	1,696,997	39,291	3.60%
2016	5,170	1,647,658	37,896	3.60%
2015	5,155	1,630,305	36,627	4.99%
2014	5,127	1,565,050	35,016	5.90%
2013	5,129	1,550,472	35,016	6.20%
2012	5,096	1,464,248	35,016	6.60%
2011	5,097	1,390,234	31,909	7.30%
2010	5,097	1,366,727	31,917	8.60%
2009	4,295	1,390,797	32,370	6.80%

(1) The 2014 population value is from the US Census Bureau. Other population numbers came from the University of Virginia - Weldon Cooper Center for Public Service.

(2) This information is not maintained for the towns in Virginia. The amounts used here are for the County of Shenandoah, Virginia, which the Town lies within. Information provided came from the US. Bureau of Economic Analysis, Personal Income in Shenandoah County, VA [PI51171], retrieved from

(3) This information is not maintained for the towns in Virginia. The amounts used here are for the County of Shenandoah, Virginia, which the Town lies within. Information provided came from the US. Bureau of Economic Analysis, Per Capita Personal Income in Shenandoah County, VA [PCPI51171],

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

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2018		Fiscal Year 2009	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
Valley Health System	250 to 499	2	250 to 499	2
County of Shenandoah	250 to 499	3	250 to 499	3
Wal-Mart	100 to 249	4	250 to 499	4
Food Lion	100 to 249	5	-	5
Skyline Terrace Nursing Home	100 to 249	6	100 to 249	8
Lowes Home Centers, Inc.	100 to 249	7	100 to 249	6
Cracker Barrel Old Country Store	100 to 249	8	100 to 249	7
McDonald's	50 to 99	9	-	12
First Bank	50-99	10	-	9
U.S. Postal Service	50 to 99	11	-	10
Woodstock Facility Operations (formally Tandem Healthcare)	50 to 99	12	-	-
Assisting Angels Home Care LLC	50 to 99	13		
Town of Woodstock	50 to 99	14	50 to 99	15
Regulus Group, LLC	50 to 99	15	-	-
Pollywog Place LLC	20 to 49	16	-	-
Massanutten Military Academy	50 to 99	17	50 to 99	11
Shenandoah County Department of Social Services	50 to 99	18	50 to 99	14

Source: Virginia Employment Commission

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

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TOWN OF WOODSTOCK, VIRGINIA

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

Function	Fiscal Year				
	2009	2010	2011	2012	2013
General government					
General administration	2.0	2.0	2.0	2.0	2.0
Financial administration	3.0	3.0	3.0	3.0	4.0
Planning Office					
Public safety					
Sworn Officers	16.0	16.0	15.0	15.0	15.0
Administrative	1.0	1.0	1.0	1.0	1.0
Public works	10.0	10.0	10.0	8.0	9.5
Community development	1.0	1.0	1.0	1.0	1.0
Parks and recreation	2.0	2.0	2.0	2.0	2.0
Water and sewer	19.0	20.0	20.0	19.0	18.0
Totals	54.0	55.0	54.0	51.0	52.5

Source: Department of Finance

Table 16

Fiscal Year				
2014	2015	2016	2017	2018
2.5	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0
	1.0	1.0	1.0	1.0
15.0	16.0	16.0	16.0	16.0
1.0	1.0	2.0	2.0	2.0
10.0	11.0	11.0	11.0	11.0
1.5	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
18.0	18.0	18.0	18.0	18.0
53.0	55.0	56.0	56.0	56.0

TOWN OF WOODSTOCK, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2009	2010	2011	2012	2013
Public safety					
Police department					
Number of miles patrolled	113,767	98,218	97,613	103,903	70,318
Number of complaints investigated	3,882	3,464	3,094	3,198	4,305
Number of vehicle accidents investigated	172	141	127	158	170
Number of parking tickets issued	196	154	255	192	165
Number of traffic summons (adult)	749	878	698	946	683
Number of traffic summons (juvenile)	48	35	34	18	8
Number of criminal arrests (adult)	296	260	251	244	360
Number of criminal arrests (juvenile)	133	96	98	25	31
Public works					
Streets					
Streets resurfaced (miles per year)	1	3	2	0	1
Refuse					
Refuse collected (tons per year)	1,596	1,430	1,395	1,373	1,363
Recycling					
Recycling collected (tons per year)	**	**	**	68	137
Community development					
Planning and zoning					
Zoning permits issued	112	89	78	96	94
Water					
Number of water main break repairs	11	5	10	9	13
Average daily finished water production (mgd)	0.6687	0.5841	0.6300	0.8355	0.6045
Sewer					
Number of sewer line repairs	21	1	1	2	4
Average daily effluent wastewater treatment (mgd)	0.4481	0.4380	0.5706	0.5408	0.4800

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

Source: Town individual departments

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

Table 17

Fiscal Year				
2014	2015	2016	2017	2018
73,827	64,736	69,992	97,265	115,421
7,746	8,293	8,035	9,453	8,429
191	154	177	168	160
101	96	82	77	100
789	584	618	713	419
15	14	13	12	7
278	279	383	560	520
12	20	13	82	98
1	1	1	1.24	1.00
1,357	1,760	1,222	1,760	1,165
130	165	177	181	185
80	87	105	75	73
13	9	9	10	11
0.5670	0.5600	0.5760	0.6480	0.6770
6	7	2	2	1
0.6194	0.5661	0.6153	0.4094	0.7781

TOWN OF WOODSTOCK, VIRGINIA

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

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

* Information is not available.

Source: Town individual departments

Table 18

Fiscal Year				
2014	2015	2016	2017	2018
1 12	1 12	1 12	1 12	1 12
51 435	51 435	51 435	51 435	51 435
3 1 5 6	3 1 5 6	3 1 5 6	3 1 6 6	3 1 6 6
51 314 2.60	51 315 2.60	51 315 2.60	51 315 2.60	51 315 2.60
33 6	33 6	33 6	33 6	33 6

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Woodstock, Virginia, as of and for the year ended June 30, 2018, 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 November 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Woodstock, Virginia's internal control over financial reporting (internal control) 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 the Town of Woodstock, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Woodstock, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Woodstock, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 20, 2018

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Town of Woodstock, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Woodstock, Virginia's major federal programs for the year ended June 30, 2018. Town of Woodstock, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Woodstock, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Woodstock, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Woodstock, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Woodstock, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Town of Woodstock, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Woodstock, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Woodstock, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 20, 2018

TOWN OF WOODSTOCK, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass- through Entity Identifying Number	Total Federal Expenditures
<u>Environmental Protection Agency</u>			
Pass-through Payments:			
Department of Environmental Quality:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	Not available	\$ <u>2,714,555</u>
<u>Department of Transportation</u>			
Pass-through Payments:			
State Department of Transportation:			
State and Community Highway Safety	20.601	SC-2017-57204	\$ <u>1,336</u>
<u>Department of Homeland Security</u>			
Direct Payments			
U.S. Secret Service Task Force	97.000	n/a	\$ <u>1,500</u>
Total Expenditures of Federal Awards			\$ <u><u>2,717,391</u></u>

Notes to the Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Woodstock, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Woodstock, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Woodstock, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Town of Woodstock, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- (3) Pass-through entity identifying numbers are presented where available.

NOTE C - Matching Costs

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

NOTE D - Loans

Town of Woodstock, Virginia had federal loans in the amount of \$2,714,555 presented in the above Schedule.

NOTE E - Subrecipients

No awards were passed through to subrecipients.

NOTE F-RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Governmental Activities:	\$ 2,836
Reconciling items:	
Capitalization grants for clean water state revolving fund loan proceeds	<u>2,714,555</u>
Total primary government	\$ <u>2,717,391</u>

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ <u><u>2,717,391</u></u>
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Town of Woodstock, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

66.458 Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Year Findings

There were no prior year findings.