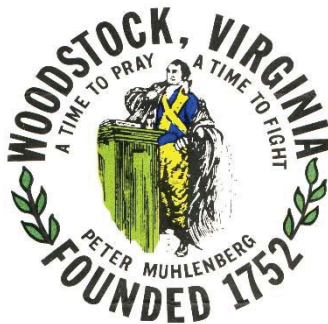


TOWN OF WOODSTOCK, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2017

# **TOWN OF WOODSTOCK, VIRGINIA**

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## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017**

**Prepared by:**

**John B O'Neill, Director of Finance**

**TOWN OF WOODSTOCK, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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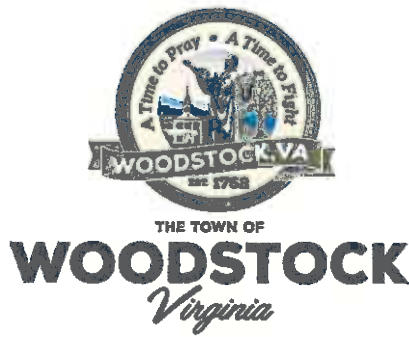
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## **INTRODUCTORY SECTION**



November 13, 2017

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, 2017. 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 8<sup>th</sup> 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 2017 in stable financial condition, it continues to be faced with concerns about future economic growth. 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 remained unchanged from 3.6 percent for the fiscal year ended June 30, 2016 to 3.6 percent for the fiscal year ended June 30, 2017. 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 for the fiscal 2018 budget year. 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 42 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.

## Major Initiatives

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 community engagement, awareness, and overall beautification. The following paragraphs highlight some of the major initiatives that the Town initiated during fiscal year 2017.

- **Investing in our Human Capital** – During Fiscal Year 2017, the Town continued some minor enhancements related its personnel complement. This included a small 2% increase in salaries during the year to offset changes in the cost of living. In addition, we were able to further restructure the salary system to accommodate the recommendations made in a recent pay study and analysis.
- **Improving our Self-Reliance** – In the preceding year, the Town also continued to improve its self-reliance by providing additional opportunities for existing staff to complete many of the services that had once been outsourced to other organizations. This has further reduced our reliance on outside contractors and other agencies for basic municipal functions. Some examples include the addition of instructor certifications for police officers and providing opportunities for staff to expand on their technical skills in the construction trades (electricity, plumbing, etc.)
- **Paying for the Cost of Water and Sewer** – In addition, the Town continued its recent efforts to insure the sustainability of its water and sewer operations as an enterprise fund. In order to accomplish this, it was necessary to implement a small increase in the consumption rates in spite of political and popular objection.
- **Renewed Investment in our Infrastructure** – In Fiscal Year 2017, the Town completed the preparatory work for a major project budgeted for next fiscal year. The design, engineering, and community involvement for the downtown parking lot are now ready for the project to begin when we close on the financing this fall.

The Town's efforts will continue into Fiscal Year 2018 to form a stronger organization through a series of efforts, including the following:

### *Continued Investment in Human Resources – A Competitive Municipal Employer*

The FY 2018 Budget includes 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 constitutes over 11 percent decrease in health insurance for FY 2017 and FY 2018.

Last year, a focus group of staff convened to study performance metrics as well as degree, licensure, and certification pay. Our previous Personnel Handbook provided a stipend for higher education, as well as water and wastewater operator licensure. We recognize that there are degrees, licensure, and certifications for every department and position therein and that employees showing significant initiative shall be rewarded with commensurate pay. Therefore, the salary modifications for degrees, licensure, and certifications have been made within this 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, 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 are provided the same 2 percent increase in pay as exhibited for employees in the General Fund. In addition, we have implemented the Degrees, Licensure, & Certification Schedule for employees in the Public Utilities Fund, which constitutes 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 a mentorship 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 this fiscal year.

*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 are over 40% complete with proofs of compliance for the accreditation standards. Accreditation is not simply an item to check off of our Strategic Plan objectives list; it represents a sustained commitment to best management practices by our organization. The FY 2018 Budget includes 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.

In addition, the Town's email system is being converted to Microsoft Exchange, which will allow 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, has been our most significant investment in the General Fund operating budget. 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 will be provided to businesses to utilize, will be implemented with the redesign of the Town's website, and will be prioritized in the Town's physical environment. We will work with an architect to complete the design for our wayfinding and parking signage utilizing the branding, and will order and purchase the signage during this fiscal year. In addition, we will be able to add Woodstock under "attractions" in the Virginia Logos interstate sign program. Woodstock has been 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 wrap will highlight the work of local artists – a project that will be implemented in Fiscal Year 2018.

While these enhancement projects do not meet the criteria for inclusion in our capital improvement program, they primarily contribute to the 27 percent increase in the Planning & Community Development budget, and further supplement our opportunities for economic development, especially in the downtown area. We continue 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 2017 the following capital investments were initiated or completed:

<i>Project</i>	<i>Approximate Cost</i>
Water Treatment Plant Improvements	\$ 3,125,000
Replacement of Accounting Software	\$ 25,000
Woodstock Dog Park Development	\$ 30,000
Replacement of Police Department Vehicle	\$ 35,000
Replacement of Public Works Truck	\$ 35,000
Construct Downtown Parking – Phase I	\$ 455,000
<i>Program Total</i>	<i>\$3,705,000</i>

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 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 and reprogrammed to Fiscal Year 2018.

## 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, 2017. 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, 2016. This was the ninth 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**

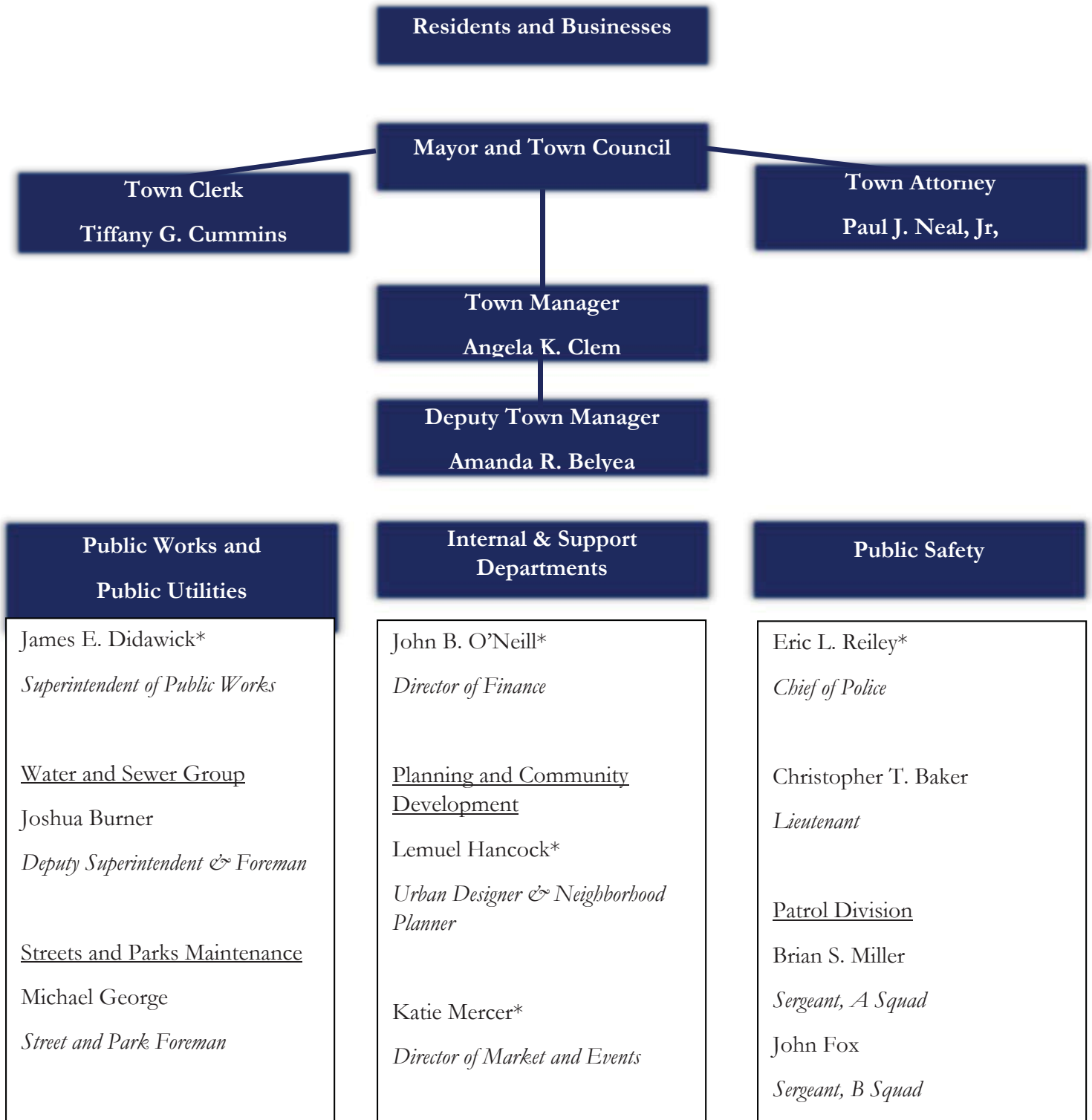
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is written in a cursive, flowing style.

Executive Director/CEO

# Town of Woodstock, Virginia



\*Town Manager's Management Team Member

## Town of Woodstock, Virginia

### Principal Town Officials

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#### **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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding and OPEB funding, on pages 14-24, 77, and 78-81, 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.

### ***Other Information***

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the Town of Woodstock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Woodstock, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
November 13, 2017

## 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, 2017. The MD&A also includes a comparative analysis for the prior fiscal year ended June 30, 2016.

### 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, 2017 by \$31,306,601, which equals the total net position of the Town. Of this amount, \$2,374,357 is unrestricted and may be used to meet the Town's future obligations to citizens and creditors. Of the \$2,374,357 unrestricted net position, \$1,054,306 is related to governmental activities. The \$1,320,051 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 2017, taxes and other revenues of the Town's governmental activities amounted to \$5,539,494. Expenses amounted to \$5,178,049.

For fiscal year 2017, revenues of the Town's business-type activities were \$4,221,685. Expenses amounted to \$3,610,056.

The Town's total long-term debt decreased by \$769,159, from \$19,488,716 as of June 30, 2016 to \$18,719,557 as of June 30, 2017. 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 with the balance to be processed in fiscal year 2018.

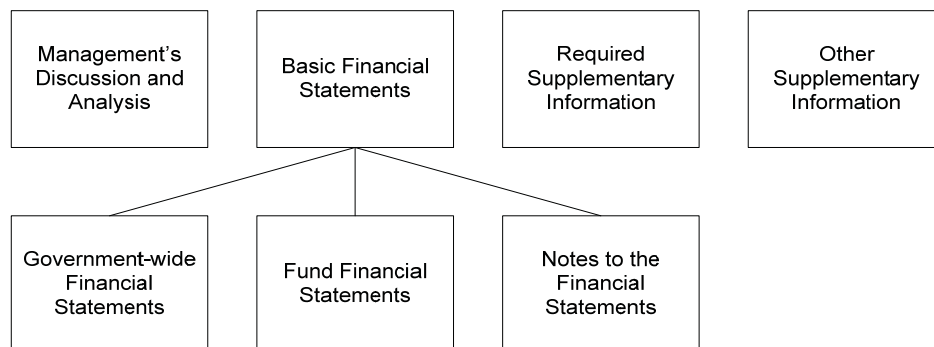
#### Fund Financial Statements

The total fund balances of the General Fund increased \$521,511 from \$3,130,746 at June 30, 2016 to \$3,652,257 at June 30, 2017. The General Fund had non-spendable fund balance of \$8,000, committed fund balance of \$227,000, assigned fund balance of \$520,444 and unassigned fund balance of \$2,896,813. Unassigned fund balance for the General Fund represented 58 percent of total General Fund expenditures at June 30, 2017.

### 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 77 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 34-76 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 77-81 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 \$31,306,601 at June 30, 2017.

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

The table on the following page represents a summary of the net position of the Town at June 30, 2017 and 2016.

## Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current and other assets	\$ 4,427,430	\$ 3,947,397	\$ 2,962,069	\$ 2,013,551	\$ 7,389,499	\$ 5,960,948
Capital assets	12,197,017	12,439,081	35,309,097	36,160,192	47,506,114	48,599,273
<b>Total assets</b>	<b>\$ 16,624,447</b>	<b>\$ 16,386,478</b>	<b>\$ 38,271,166</b>	<b>\$ 38,173,743</b>	<b>\$ 54,895,613</b>	<b>\$ 54,560,221</b>
Deferred charge on refunding	\$ -	\$ -	\$ 145,687	\$ 159,345	\$ 145,687	\$ 159,345
Pension Contributions subsequent to measurement date	480,325	360,083	213,169	144,637	693,494	504,720
<b>Total deferred outflows of resources</b>	<b>\$ 480,325</b>	<b>\$ 360,083</b>	<b>\$ 358,856</b>	<b>\$ 303,982</b>	<b>\$ 839,181</b>	<b>\$ 664,065</b>
Current and other liabilities	\$ 68,722	\$ 80,916	\$ 285,966	\$ 187,590	\$ 354,688	\$ 268,506
Long-term liabilities	4,043,645	3,923,389	19,323,477	19,883,094	23,367,122	23,806,483
<b>Total liabilities</b>	<b>\$ 4,112,367</b>	<b>\$ 4,004,305</b>	<b>\$ 19,609,443</b>	<b>\$ 20,070,684</b>	<b>\$ 23,721,810</b>	<b>\$ 24,074,989</b>
Deferred revenue-property taxes	\$ 553,382	\$ 544,641	\$ -	\$ -	\$ 553,382	\$ 544,641
Items related to measurement of net pension liability	78,416	198,454	74,585	72,676	153,001	271,130
<b>Total deferred inflows of resources</b>	<b>\$ 631,798</b>	<b>\$ 743,095</b>	<b>\$ 74,585</b>	<b>\$ 72,676</b>	<b>\$ 706,383</b>	<b>\$ 815,771</b>
Net investment in capital assets	\$ 11,306,301	\$ 11,437,805	\$ 17,625,943	\$ 17,835,299	\$ 28,932,244	\$ 29,273,104
Unrestricted	1,054,306	561,357	1,320,051	499,066	2,374,357	1,060,423
<b>Total net position</b>	<b>\$ 12,360,607</b>	<b>\$ 11,999,162</b>	<b>\$ 18,945,994</b>	<b>\$ 18,334,365</b>	<b>\$ 31,306,601</b>	<b>\$ 30,333,527</b>

The Town's combined net position totaled \$31,306,601 at June 30, 2017. Approximately 92 percent of this represents the Town's investment in capital assets (e.g., land, buildings, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

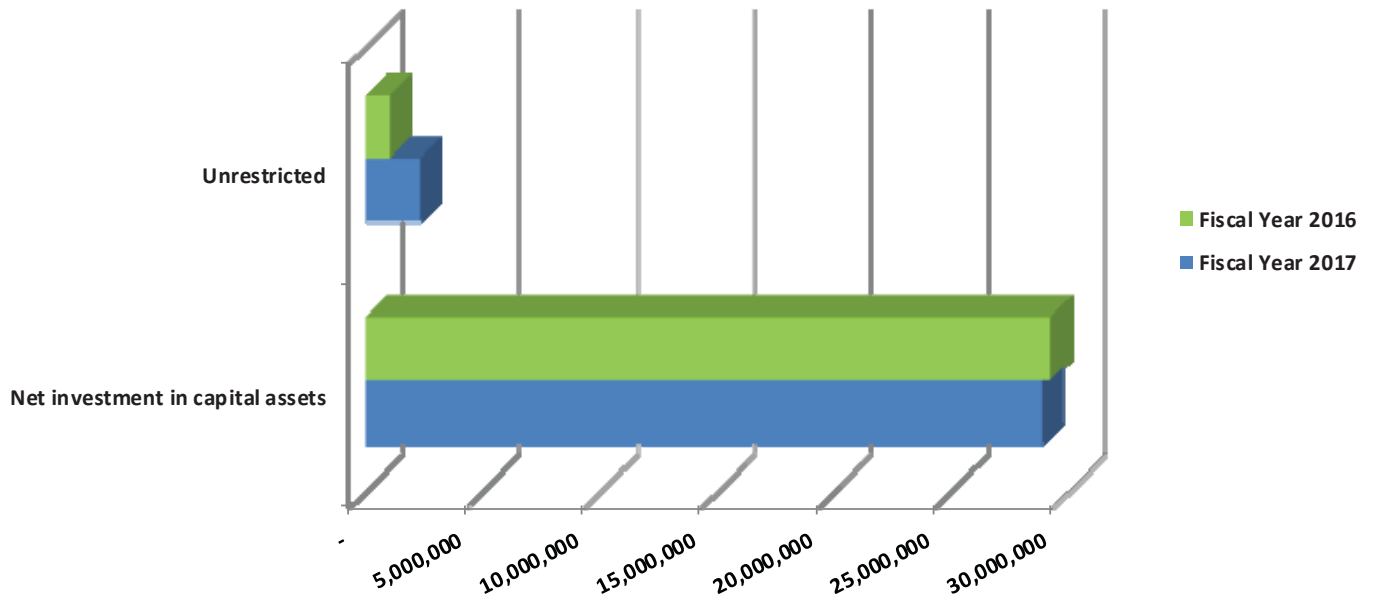
The remaining balance of \$2,374,357, representing 7.6 percent of total net position, is unrestricted and may be used to meet the Town's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the governmental and business-type activities. The same situation held true in the prior fiscal year.

During the current fiscal year, the Town's net position increased by \$973,074 or 3.2 percent. This increase primarily represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

The chart on the next page illustrates the Town's net position as of June 30, 2016 and 2017.

### Town of Woodstock Net Position June 30, 2016 and 2017



The table on the following page represents a summary of the changes in net position at June 30, 2017 and 2016.

## Summary of Changes in Net position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 311,828	\$ 307,599	\$ 4,203,321	\$ 4,168,585	\$ 4,515,149	\$ 4,476,184
Operating grants and contributions	157,232	125,783	-	-	157,232	125,783
Capital grants and contributions	793,286	769,760	-	-	793,286	769,760
<b>General revenues</b>						
Property taxes	1,205,600	1,100,172	-	-	1,205,600	1,100,172
Other taxes and fees	2,879,809	2,797,385	-	-	2,879,809	2,797,385
Grants and contributions not restricted to specific programs	155,223	148,248	-	-	155,223	148,248
Unrestricted investment earnings	21,881	10,997	18,364	7,494	40,245	18,491
Other	14,635	4,375	-	-	14,635	4,375
<b>Total revenues</b>	<u>\$ 5,539,494</u>	<u>\$ 5,264,319</u>	<u>\$ 4,221,685</u>	<u>\$ 4,176,079</u>	<u>\$ 9,761,179</u>	<u>\$ 9,440,398</u>
<b>Expenses</b>						
General government administration	\$ 855,522	\$ 815,926	\$ -	\$ -	\$ 855,522	\$ 815,926
Public safety	1,777,730	1,737,572	-	-	1,777,730	1,737,572
Public works	1,752,264	1,805,168	-	-	1,752,264	1,805,168
Parks and recreation	345,730	368,217	-	-	345,730	368,217
Community development	420,727	393,317	-	-	420,727	393,317
Interest on long-term debt	26,076	24,942	-	-	26,076	24,942
Public utilities	-	-	3,610,056	3,542,094	3,610,056	3,542,094
<b>Total expenses</b>	<u>\$ 5,178,049</u>	<u>\$ 5,145,142</u>	<u>\$ 3,610,056</u>	<u>\$ 3,542,094</u>	<u>\$ 8,788,105</u>	<u>\$ 8,687,236</u>
<b>Change in net position</b>	\$ 361,445	\$ 119,177	\$ 611,629	\$ 633,985	\$ 973,074	\$ 753,162
<b>Net position</b>	11,999,162	11,879,985	18,334,365	17,700,380	30,333,527	29,580,365
<b>Net position, ending</b>	<u>\$ 12,360,607</u>	<u>\$ 11,999,162</u>	<u>\$ 18,945,994</u>	<u>\$ 18,334,365</u>	<u>\$ 31,306,601</u>	<u>\$ 30,333,527</u>

### Governmental Activities

Governmental activities increased the Town's net position by \$361,445, 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 \$157,232 and \$793,286, respectively, from State and Federal government and other funding. Capital grants and contributions increased 3.0 percent from fiscal year 2016 to fiscal year 2017.

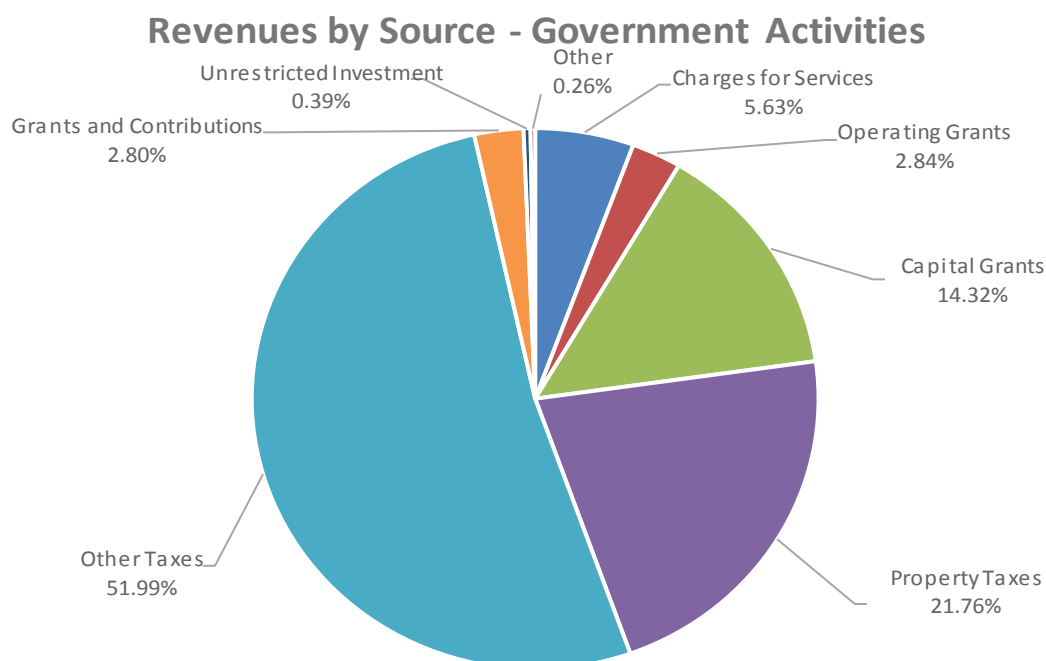
The Town's single largest revenue source is general property taxes (i.e., real estate and personal property taxes), which increased almost ten percent from fiscal year 2016 to fiscal year 2017.

The Town's real estate property tax assessments for fiscal year 2017 were \$526,242,600. The Town's real estate tax rate in 2017 was \$0.16 per \$100 of assessed value, an increase of one cent from 2016. The Town's personal property tax assessments for the year were \$44,698,629. The Town's personal property tax rate was \$0.90 per \$100 of assessed value for both the 2016 and 2017 tax years. The Town's machinery and tools tax assessments for the year were \$153,814. The Town's machinery and tools tax rate was \$0.90 per \$100 of assessed value for the 2016 and 2017 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.

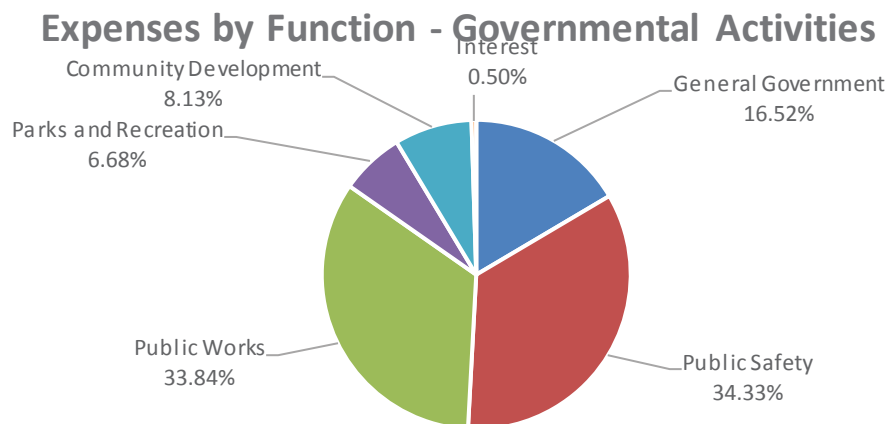
Other local taxes were \$2,879,809 for the year, increasing 2.9 percent from fiscal year 2016 to fiscal year 2017. Other local taxes consist of the town share of county sales taxes, in addition to meals taxes, transient occupancy taxes, bank franchise taxes, utility taxes, cigarette taxes, licenses and 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 \$4,375 in fiscal year 2016 to \$14,635 in 2017.

The chart below illustrates the revenues by source for the Town's governmental activities for fiscal year 2017.



For fiscal year 2017, expenses for governmental activities totaled \$5,178,049, which increased \$32,907 or less than one percent from fiscal year 2016. This negligible change is a reflection of the essentially flat budget for FY 2017. The chart below illustrates the expenses by function for the Town's governmental activities for fiscal year 2017.



### 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 \$611,629 in fiscal year 2017.

Revenues for the business-type activities totaled \$4,221,685, almost all of which is from charges for services.

Revenue from charges for services increased by a little more than 1 percent from fiscal year 2016 to fiscal year 2017. This growth in revenue is the result of a minimal increase in water and sewer consumption rates effective in July 2016.

There were no capital grants and contributions in fiscal year 2017.

The Public Utilities Fund expenses increased \$67,962 (1.9%) from fiscal year 2016 to fiscal year 2017.

### 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

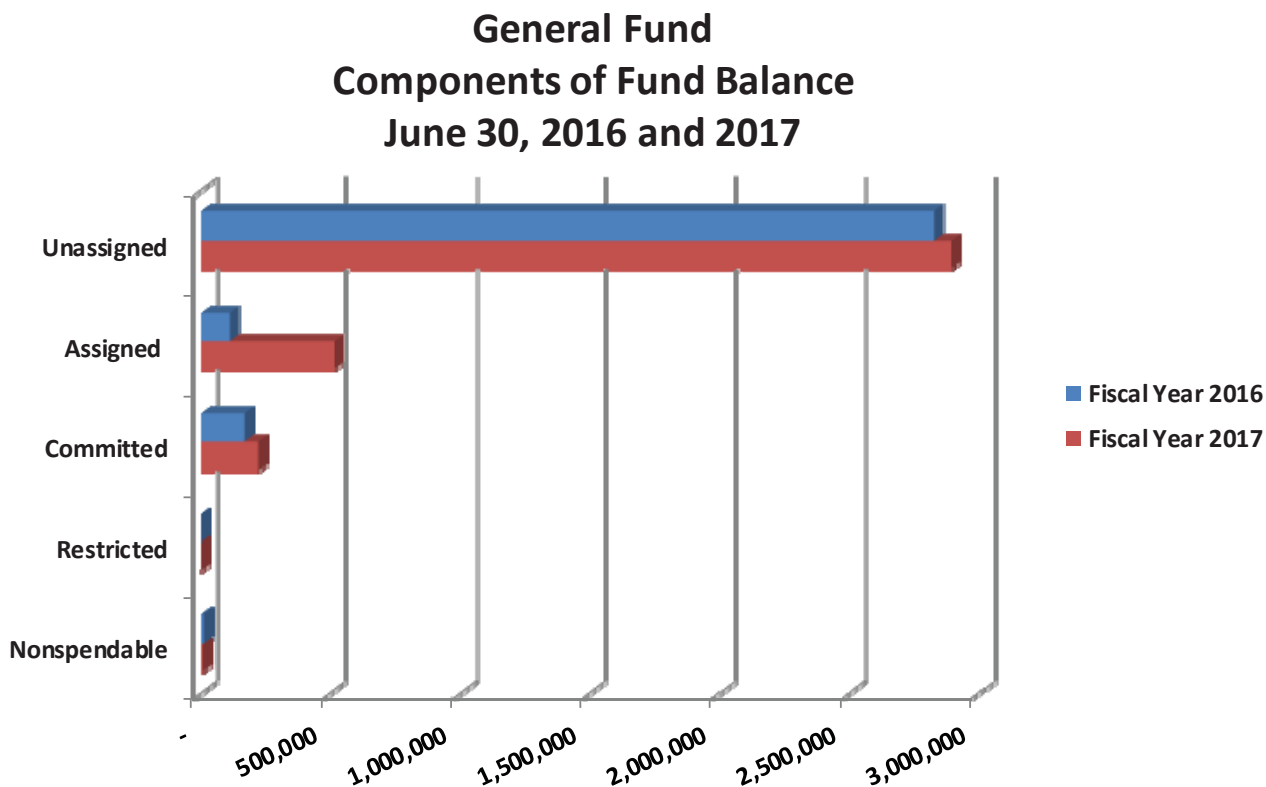
The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources 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 2017, the Town's governmental funds reported ending fund balances of \$3,652,257. Of this amount, \$8,000 was not in spendable form, \$227,000 was committed for fire and rescue, \$520,444 was assigned for appropriation of fund balance in the subsequent year's budget, and the remaining \$2,896,813, or 79% 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 42 percent of the total general fund expenditures planned in the FY 2018 budget.

The total fund balance of the Town's General Fund increased by \$521,511 or 16.6 percent during fiscal year 2017. 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, 2017, unrestricted net position of the Public Utilities Fund totaled \$1,320,051.

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 budgetary amendments to the total appropriations of the General Fund during fiscal year 2017 in the total amount of \$34,500 as illustrated in Exhibit 10 on page 77.

Fiscal year 2017 actual revenues were \$243,486 more than the fiscal year 2017 final budgeted revenues. Fiscal year 2017 actual expenditures were \$1,012,808 less than the fiscal year 2017 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Other local taxes were \$66,173 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 \$70,254.
- Operating expenditures overall were \$1,012,808 less than the final budgeted expenditures largely due to the delay in the downtown parking project budgeted at \$500,000 until fiscal year 2017 and a reduction in planned contributions in the amount of \$227,000.. However, excluding these delays, actual expenditures were still \$285,808 less than the budget amount.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Town's investment in capital assets as of June 30, 2017 for its governmental and business-type activities was \$47,506,114, net of depreciation, as reflected in the schedule below.

### **Capital Assets, Net of Depreciation**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Land	\$ 1,320,305	\$ 1,320,305	\$ 171,915	\$ 171,915	\$ 1,492,220	\$ 1,492,220
Buildings and improvements	4,830,068	4,895,329	36,478,814	36,478,814	41,308,882	41,374,143
Infrastructure	12,138,364	12,112,535	8,369,305	8,340,874	20,507,669	20,453,409
Machinery and equipment	1,907,198	1,836,581	528,403	884,955	2,435,601	2,721,536
Construction in progress	72,586	16,905	586,760	442,680	659,346	459,585
Accumulated depreciation	(8,071,504)	(7,742,574)	(10,826,100)	(10,159,046)	(18,897,604)	(17,901,620)
<b>Total net capital assets</b>	<b>\$ 12,197,017</b>	<b>\$ 12,439,081</b>	<b>\$ 35,309,097</b>	<b>\$ 36,160,192</b>	<b>\$ 47,506,114</b>	<b>\$ 48,599,273</b>

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

- The Town purchased a new police vehicle, a new public works truck, and a programmable sign board as part of its Capital Improvements plan.
- In addition, the Town completed construction of the Community Dog Park which held its grand opening on July 10, 2017.
- The Town initiated planning and design for the planned downtown parking center with construction postponed until the next fiscal year, and began construction on 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 2017, the Town had the following outstanding obligations:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
General obligation bonds	\$ 820,998	\$ 897,530	\$ 17,569,990	\$ 18,208,921	\$ 18,390,988	\$ 19,106,451
Original issue premium	-	-	258,851	278,519	258,851	278,519
Capital leases	69,718	103,746	-	-	69,718	103,746
Compensated absences	200,580	176,643	151,584	115,768	352,164	292,411
<b>Total long-term obligations</b>	<b>\$ 1,091,296</b>	<b>\$ 1,177,919</b>	<b>\$ 17,980,425</b>	<b>\$ 18,603,208</b>	<b>\$ 19,071,721</b>	<b>\$ 19,781,127</b>

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 marginally as interest rates are projected to increase slowly.
- 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 2018.
- On the expenditure side, a moderate decrease has been announced for health insurance premiums. This is the second consecutive year that the Town has benefitted from decreased insurance premiums.
- All of these factors were considered in preparing the Town's budget for fiscal year 2018.

### 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,445,630	\$ 2,397,245	\$ 5,842,875
Receivables, net of allowance for uncollectibles:			
Taxes	706,800	-	706,800
Accounts	242,511	366,819	609,330
Unbilled and other	-	93,960	93,960
Intergovernmental receivables	8,764	-	8,764
Prepaid items	8,000	-	8,000
Restricted assets:			
Cash and cash equivalents	15,725	104,045	119,770
Capital assets, not depreciable:			
Land	1,320,305	171,915	1,492,220
Construction in progress	72,586	586,760	659,346
Capital assets, net of accumulated depreciation:			
Buildings	357,833	27,796,423	28,154,256
Improvements other than buildings	2,664,232	1,383,603	4,047,835
Machinery and equipment	604,717	74,847	679,564
Infrastructure	7,177,344	5,295,549	12,472,893
Total assets	\$ 16,624,447	\$ 38,271,166	\$ 54,895,613
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ -	\$ 145,687	\$ 145,687
Pension contributions subsequent to measurement date	294,542	132,454	426,996
Items related to measurement of net pension liability	185,783	80,715	266,498
Total deferred outflows of resources	\$ 480,325	\$ 358,856	\$ 839,181
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 46,260	\$ 156,885	\$ 203,145
Accrued interest payable	2,920	25,036	27,956
Unearned revenue	3,817	-	3,817
Customers' deposits	-	104,045	104,045
Performance deposits	15,725	-	15,725
Noncurrent liabilities:			
Portion due and payable within one year:			
General obligation bonds, net of original issue premium	79,369	1,145,165	1,224,534
Capital leases	34,579	-	34,579
Compensated absences	10,078	9,095	19,173
Portion due and payable after one year:			
General obligation bonds, net of original issue premium	741,629	16,683,676	17,425,305
Capital leases	35,139	-	35,139
Net OPEB obligation	178,180	95,520	273,700
Net pension liability	2,774,169	1,247,532	4,021,701
Compensated absences	190,502	142,489	332,991
Total liabilities	\$ 4,112,367	\$ 19,609,443	\$ 23,721,810
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue-property taxes	\$ 553,382	\$ -	\$ 553,382
Items related to measurement of net pension liability	78,416	74,585	153,001
Total deferred inflows of resources	\$ 631,798	\$ 74,585	\$ 706,383
<b>NET POSITION</b>			
Net investment in capital assets	\$ 11,306,301	\$ 17,625,943	\$ 28,932,244
Unrestricted	1,054,306	1,320,051	2,374,357
Total net position	\$ 12,360,607	\$ 18,945,994	\$ 31,306,601

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

Statement of Activities  
For the Year Ended June 30, 2017

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		
					Governmental Activities	Business-type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
General government administration	\$ 855,522	\$ -	\$ -	\$ -	(855,522)	\$ -	(855,522)
Public safety	1,777,730	38,080	139,156	-	(1,600,494)	-	(1,600,494)
Public works	1,752,264	183,770	-	793,286	(775,208)	-	(775,208)
Parks and recreation	345,730	88,900	18,076	-	(238,754)	-	(238,754)
Community development	420,727	1,078	-	-	(419,649)	-	(419,649)
Interest on long-term debt	26,076	-	-	-	(26,076)	-	(26,076)
Total governmental activities	\$ 5,178,049	\$ 311,828	\$ 157,232	\$ 793,286	\$ (3,915,703)	\$ -	\$ (3,915,703)
<b>Business-type Activities</b>							
Water & Sewer	\$ 3,610,056	\$ 4,203,321	\$ -	\$ -	\$ -	\$ 593,265	\$ 593,265
<b>Total primary government</b>	<b>\$ 8,788,105</b>	<b>\$ 4,515,149</b>	<b>\$ 157,232</b>	<b>\$ 793,286</b>	<b>\$ (3,915,703)</b>	<b>\$ 593,265</b>	<b>\$ (3,322,438)</b>
<b>General revenues</b>							
General property taxes					\$ 1,205,600	\$ -	\$ 1,205,600
Other local taxes:							
Local sales and use					251,070	-	251,070
Consumers' utility					89,709	-	89,709
Bank franchise					215,177	-	215,177
Meals					1,205,408	-	1,205,408
Transient occupancy					280,467	-	280,467
Cigarette					216,375	-	216,375
Vehicle license					97,868	-	97,868
Business license					395,688	-	395,688
Other local taxes					128,047	-	128,047
Unrestricted revenues from use of money and property					21,881	18,364	40,245
Miscellaneous					14,635	-	14,635
Grants and contributions not restricted to specific programs					155,223	-	155,223
Total general revenues					\$ 4,277,148	\$ 18,364	\$ 4,295,512
Change in net position					\$ 361,445	\$ 611,629	\$ 973,074
Net position, beginning of year					11,999,162	18,334,365	30,333,527
Net position, end of year					\$ 12,360,607	\$ 18,945,994	\$ 31,306,601

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

## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Fund  
June 30, 2017

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,445,630
Receivables (net of allowance for uncollectibles):	
Property taxes	706,800
Accounts	242,511
Intergovernmental receivables	8,764
Prepaid items	8,000
Restricted assets:	
Cash and cash equivalents	15,725
Total assets	<u>\$ 4,427,430</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 46,260
Performance deposits	15,725
Unearned revenue	3,817
Total liabilities	<u>\$ 65,802</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	\$ 709,371
Total deferred inflows of resources	<u>\$ 709,371</u>
<b>FUND BALANCES</b>	
<b>Nonspendable:</b>	
Prepaid items	\$ 8,000
<b>Committed:</b>	
Woodstock Volunteer Fire Department	202,000
Woodstock Volunteer Rescue Squad	25,000
<b>Assigned:</b>	
Subsequent year's budget: appropriation of fund balance	520,444
<b>Unassigned</b>	2,896,813
Total fund balances	<u>\$ 3,652,257</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,427,430</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, 2017

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

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Fund	\$ 3,652,257
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	12,197,017
Other long-term assets are not available to pay for current-period expenditures, and therefore are reported as unavailable revenues in the funds.	77,573
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	294,542
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	<u>(3,860,782)</u>
Net position of governmental activities	\$ <u>12,360,607</u>

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, 2017

	<u>General Fund</u>
<b>REVENUES</b>	
General property taxes	\$ 1,196,076
Other local taxes	2,484,121
Permits, privilege fees, and regulatory licenses	395,688
Fines and forfeitures	38,080
Revenue from the use of money and property	21,881
Charges for services	273,748
Miscellaneous	18,543
Intergovernmental:	
Commonwealth	1,093,765
Federal	11,976
Total revenues	<u>\$ 5,533,878</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 825,857
Public safety	1,697,088
Public works	1,539,431
Parks and recreation	233,425
Community development	343,876
Capital projects	235,778
Debt service:	
Principal retirement	110,560
Interest and other fiscal charges	26,352
Total expenditures	<u>\$ 5,012,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 521,511</u>
Net change in fund balance	\$ 521,511
Fund balance - beginning	3,130,746
Fund balance - ending	<u><u>\$ 3,652,257</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, 2017

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

Net change in fund balance - total governmental fund	\$ 521,511
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeds capital outlay in the current period.	(238,156)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(3,908)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	81,736
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	110,560
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(110,298)</u>
Change in net position of governmental activities	<u>\$ 361,445</u>

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

Statement of Net Position  
Proprietary Fund  
June 30, 2017

	<b>Enterprise Fund Public Utilities</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,397,245
Accounts receivable, net of allowance for uncollectibles	366,819
Unbilled and other receivables	93,960
Total current assets	<u>\$ 2,858,024</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 104,045
Total restricted assets	<u>\$ 104,045</u>
Capital assets (net of accumulated depreciation):	
Land	\$ 171,915
Construction in progress	586,760
Buildings	27,796,423
Improvements other than buildings	1,383,603
Machinery and equipment	74,847
Infrastructure	5,295,549
Total capital assets	<u>\$ 35,309,097</u>
Total noncurrent assets	<u>\$ 35,413,142</u>
Total assets	<u>\$ 38,271,166</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	\$ 145,687
Pension contributions subsequent to measurement date	132,454
Items related to measurement of net pension liability	80,715
Total deferred outflows of resources	<u>\$ 358,856</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 156,885
Accrued interest payable	25,036
Customers' deposits	104,045
General obligation bonds, net of original issue premium	1,145,165
Compensated absences	9,095
Total current liabilities	<u>\$ 1,440,226</u>
Noncurrent liabilities:	
General obligation bonds, net of original issue premium	\$ 16,683,676
Net OPEB obligation	95,520
Net pension liability	1,247,532
Compensated absences	142,489
Total noncurrent liabilities	<u>\$ 18,169,217</u>
Total liabilities	<u>\$ 19,609,443</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Items related to measurement of net pension liability	<u>\$ 74,585</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 17,625,943
Unrestricted	1,320,051
Total net position	<u>\$ 18,945,994</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, 2017

	<b>Enterprise Fund Public Utilities</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 4,203,321
Total operating revenues	\$ <u>4,203,321</u>
<b>OPERATING EXPENSES</b>	
Water treatment facility	\$ 721,810
Water transmission and distribution	340,079
Wastewater treatment facility	1,072,602
Sanitary sewer maintenance	249,954
Non-departmental	55,760
Depreciation	<u>937,869</u>
Total operating expenses	\$ <u>3,378,074</u>
Operating income (loss)	\$ <u>825,247</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	\$ 18,364
Interest expense	(208,901)
Loss on disposal of property	<u>(23,081)</u>
Total nonoperating revenues (expenses)	\$ <u>(213,618)</u>
Change in net position	\$ 611,629
Total net position - beginning	<u>18,334,365</u>
Total net position - ending	\$ <u><u>18,945,994</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, 2017

	<b>Enterprise Fund Public Utilities</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 4,190,071
Payments to suppliers	(985,053)
Payments to employees	(1,325,903)
Net cash provided by (used for) operating activities	<u>\$ 1,879,115</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	\$ (209,854)
Proceeds from sale of capital assets	100,000
Proceeds from indebtedness	258,200
Principal paid on bonds	(897,131)
Interest payments	(217,626)
Net cash provided by (used for) capital and related financing activities	<u>\$ (966,411)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	\$ 18,364
Sale of investments	3,202
Net cash provided by (used for) investing activities	<u>\$ 21,566</u>
Net increase (decrease) in cash and cash equivalents	\$ 934,270
Cash and cash equivalents, including restricted - beginning	1,567,020
Cash and cash equivalents, including restricted - ending	<u>\$ 2,501,290</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 825,247
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 937,869
(Increase) decrease in accounts receivable	(13,693)
(Increase) decrease in unbilled and other receivables	(3,757)
(Increase) decrease in deferred outflows of resources	(68,532)
Increase (decrease) in accounts payable	96,891
Increase (decrease) in customer deposits	4,200
Increase (decrease) in deferred inflows of resources	1,909
Increase (decrease) in compensated absences payable	35,816
Increase (decrease) in net pension liability	52,116
Increase (decrease) in net OPEB obligation	11,049
Total adjustments	<u>\$ 1,053,868</u>
Net cash provided by (used for) operating activities	<u>\$ 1,879,115</u>

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

**TOWN OF WOODSTOCK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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, 2017.

**Discretely presented component units** – There were no discretely presented component units for the Town for the year ended June 30, 2017.

**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, 2017 (CONTINUED)

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**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, 2017 (CONTINUED)

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**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 \$57,996 at June 30, 2017 and is comprised of property taxes \$36,460, accounts and water and sewer accounts receivable \$21,536.

# TOWN OF WOODSTOCK, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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### **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, 2017 (CONTINUED)

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**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, 2017 (CONTINUED)

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**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 \$104,045.

***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, 2017 amounted to \$145,687. The second item shows deferred outflows which are comprised of certain items related to the measurement of the net pension liability. 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 plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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**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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows or resources. Additionally, certain items related to the measurement of the net pension liability 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 note.

**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 has 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.

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(3,860,782) difference for the Town are as follows:

	<b>Governmental Activities</b>
General obligation bonds	\$ (820,998)
Capital lease	(69,718)
Net pension liability	(2,774,169)
Compensated absences	(200,580)
Accrued interest payable	(2,920)
Net OPEB obligations	(178,180)
Deferred outflows related to measurement of net pension liability	185,783
<b>Net adjustment to decrease fund balance-total governmental funds to arrive at net position-governmental activities</b>	<b>\$ (3,860,782)</b>

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.” The details of this \$77,573 difference for the primary government are as follows:

	<b>Primary Government</b>
Unavailable revenue - property taxes	\$ 155,989
Deferred inflows related to measurement of net pension liability	(78,416)
<b>Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities</b>	<b>\$ 77,573</b>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$238,156) difference for the Town are as follows:

	<b>Governmental Activities</b>
Capital outlay	\$ 291,612
Depreciation expense	(529,768)
<b>Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i></b>	<b>\$ (238,156)</b>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.” The details of this (\$3,908) difference are as follows:

In the statement of activities, only the <i>loss</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets disposed or abandoned.	\$ (3,908)
<b>Net adjustment to decrease <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i></b>	<b>\$ (3,908)</b>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$81,736 difference for the Town are as follows:

Decrease in unavailable revenue-property taxes	\$ (9,524)
Increase in deferred inflows of resources related to measurement of net pension liability	91,260
<b>Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i></b>	<b>\$ 81,736</b>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$110,560 difference for the Town are as follows:

Principal repayments:	
General obligation bonds	\$ 76,532
Capital leases	<u>34,028</u>
<b>Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i></b>	<b>\$ <u>110,560</u></b>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$110,298) difference for the Town are as follows:

Decrease (increase) in accrued interest	\$ 276
Decrease (increase) in compensated absences	(23,937)
Decrease (increase) in net pension liability	(185,428)
(Decrease) increase in deferred outflows related to pension payments subsequent to the measurement date	(10,690)
Decrease (increase) in deferred outflows related to measurement of net pension liability	130,932
Decrease (increase) net OPEB obligation	<u>(21,451)</u>
<b>Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i></b>	<b>\$ <u>(110,298)</u></b>

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **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, 2017, there were no funds with expenditures exceeding appropriations.

##### **C. Deficit fund equity**

At June 30, 2017, there were no funds with deficit fund equity.

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (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). The Town does not have a formally adopted investment policy.

#### **NOTE 5—RECEIVABLES:**

Receivables as of June 30, 2017 for the Town's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Public Utilities Fund</b>	<b>Total</b>
<b>Receivables:</b>			
Property taxes	\$ 731,432	\$ -	\$ 731,432
Accounts	254,339	388,355	642,694
Unbilled and other	-	93,960	93,960
<b>Gross receivables</b>	<b>\$ 985,771</b>	<b>\$ 482,315</b>	<b>\$ 1,468,086</b>
Less: allowance for uncollectibles	(36,460)	(21,536)	(57,996)
<b>Net total receivables</b>	<b>\$ 949,311</b>	<b>\$ 460,779</b>	<b>\$ 1,410,090</b>

#### **NOTE 6—INTERGOVERNMENTAL RECEIVABLES:**

The following amounts represent receivables from other governments as of June 30, 2017:

	<b>Primary Government</b>
<b>Commonwealth of Virginia:</b>	
Rolling Stock	\$ 4,415
Rental tax	3,182
	<u>\$ 7,597</u>
<b>Federal Government:</b>	
Ground Transportation Safety	1,167
<b>Total</b>	<u><b>\$ 8,764</b></u>

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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**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 \$3,817 is comprised of the following:

- A. Police Seizures – Funds received as a result of police search and seizure that are awaiting court action totaled \$3,817 at June 30, 2017.

**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 \$553,382 and \$709,371 respectively is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2017, but paid in advance by the taxpayers totaled \$35,865 in the general fund at June 30, 2017.
- B. Unbilled Property Taxes – Property taxes for the second half of 2017 that had not been billed as of June 30, 2017 amounted to \$517,517.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$155,989 at June 30, 2017.

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 9—CAPITAL ASSETS:**

The following is a summary of the capital assets activity for the fiscal year ended June 30, 2017:

**Governmental Activities:**

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 1,320,305	\$ -	\$ -	\$ 1,320,305
Construction in progress	16,905	55,681	-	72,586
Total capital assets not being depreciated	\$ 1,337,210	\$ 55,681	\$ -	\$ 1,392,891
Capital assets being depreciated:				
Buildings	\$ 691,013	\$ -	\$ -	\$ 691,013
Improvements other than buildings	4,204,316	61,646	(126,907)	4,139,055
Infrastructure	12,112,535	25,829	-	12,138,364
Machinery and equipment	1,836,581	148,456	(77,839)	1,907,198
Total depreciable capital assets	\$ 18,844,445	\$ 235,931	\$ (204,746)	\$ 18,875,630
Accumulated depreciation:				
Buildings	\$ (319,846)	\$ (13,334)	\$ -	\$ (333,180)
Improvements other than buildings	(1,414,630)	(187,100)	126,907	(1,474,823)
Infrastructure	(4,790,163)	(170,857)	-	(4,961,020)
Machinery and equipment	(1,217,935)	(158,477)	73,931	(1,302,481)
Total accumulated depreciation	\$ (7,742,574)	\$ (529,768)	\$ 200,838	\$ (8,071,504)
Total depreciable capital assets, net	\$ 11,101,871	\$ (293,837)	\$ (3,908)	\$ 10,804,126
<b>Capital assets, net</b>	<b>\$ 12,439,081</b>	<b>\$ (238,156)</b>	<b>\$ (3,908)</b>	<b>\$ 12,197,017</b>

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

General government administration	\$ 19,773
Public safety	63,431
Public works	258,220
Parks and recreation	112,406
Community development	75,938
<b>Total depreciation expense</b>	<b>\$ 529,768</b>

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TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 9—CAPITAL ASSETS: (CONTINUED)**

**Business-type Activities:**

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 171,915	\$ -	\$ -	\$ 171,915
Construction in progress	442,680	144,080	-	586,760
Total capital assets not being depreciated	\$ 614,595	\$ 144,080	\$ -	\$ 758,675
Capital assets being depreciated:				
Buildings	\$ 33,891,070	\$ -	\$ -	\$ 33,891,070
Improvements other than buildings	2,587,744	-	-	2,587,744
Infrastructure	8,340,874	28,431	-	8,369,305
Machinery and equipment	884,955	37,343	(393,895)	528,403
Total depreciable capital assets	\$ 45,704,643	\$ 65,774	\$ (393,895)	\$ 45,376,522
Accumulated depreciation:				
Buildings	\$ (5,416,827)	\$ (677,820)	\$ -	\$ (6,094,647)
Improvements other than buildings	(1,065,225)	(138,916)	-	(1,204,141)
Infrastructure	(2,962,228)	(111,528)	-	(3,073,756)
Machinery and equipment	(714,766)	(9,605)	270,815	(453,556)
Total accumulated depreciation	\$ (10,159,046)	\$ (937,869)	\$ 270,815	\$ (10,826,100)
Total depreciable capital assets, net	\$ 35,545,597	\$ (872,095)	\$ (123,080)	\$ 34,550,422
<b>Capital assets, net</b>	<b>\$ 36,160,192</b>	<b>\$ (728,015)</b>	<b>\$ (123,080)</b>	<b>\$ 35,309,097</b>

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:

	<b>Governmental Activities</b>
<b>Asset:</b>	
Machinery and equipment	\$ 170,183
Accumulated depreciation	(89,145)
<b>Total</b>	<b>\$ 81,038</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>
2018	35,708
2019	35,709
<b>Total minimum lease payments</b>	<b>\$ 71,417</b>
Less: amount representing interest	(1,699)
<b>Present value of minimum lease payments</b>	<b>\$ 69,718</b>

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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, 2017:

	Balance Payable July 1, 2016	Issuances Increases	Retirements Decreases	Balance Payable June 30, 2017	Amount Due Within One Year
<b>Primary Government:</b>					
Governmental Activities					
General obligation bonds	\$ 897,530	\$ -	\$ (76,532)	\$ 820,998	\$ 79,369
Capital lease obligations	103,746	-	(34,028)	69,718	34,579
Compensated absences	176,643	23,937	-	200,580	10,078
<b>Total governmental activities</b>	<b>\$ 1,177,919</b>	<b>\$ 23,937</b>	<b>\$ (110,560)</b>	<b>\$ 1,091,296</b>	<b>\$ 124,026</b>
Business-type Activities					
General obligation bonds	\$ 18,208,921	\$ 258,200	\$ (897,131)	\$ 17,569,990	\$ 1,125,497
Premium on bond issue	278,519	-	(19,668)	258,851	19,668
Compensated absences	115,768	35,816	-	151,584	9,095
<b>Total business-type activities</b>	<b>\$ 18,603,208</b>	<b>\$ 294,016</b>	<b>\$ (916,799)</b>	<b>\$ 17,980,425</b>	<b>\$ 1,154,260</b>
<b>Total primary government</b>	<b>\$ 19,781,127</b>	<b>\$ 317,953</b>	<b>\$ (1,027,359)</b>	<b>\$ 19,071,721</b>	<b>\$ 1,278,286</b>

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

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

<b>Governmental Activities Long-term Obligations</b>						
<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>		<b>Capital Leases</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 79,369	\$ 19,256	\$ 34,579	\$ 1,129	\$ 113,948	\$ 20,385
2019	81,667	16,958	35,139	569	116,806	17,527
2020	84,041	14,584	-	-	84,041	14,584
2021	76,877	12,199	-	-	76,877	12,199
2022	68,134	10,547	-	-	68,134	10,547
2023-2027	364,733	28,671	-	-	364,733	28,671
2028	66,177	376	-	-	66,177	376
<b>Total</b>	<b>\$ 820,998</b>	<b>\$ 102,591</b>	<b>\$ 69,718</b>	<b>\$ 1,698</b>	<b>\$ 890,716</b>	<b>\$ 104,289</b>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)**

Year Ending June 30,	Business-type Activities Long-term Obligations	
	General Obligation Bonds	
	Principal	Interest
2018	\$ 1,125,497	\$ 200,245
2019	1,084,199	186,106
2020	1,045,176	174,127
2021	1,046,135	162,491
2022	902,850	151,163
2023-2027	4,622,384	661,206
2028-2032	3,993,842	482,956
2033-2037	2,733,312	271,050
2038-2042	920,266	80,982
2043	96,329	1,497
<b>Total</b>	<b>\$ 17,569,990</b>	<b>\$ 2,371,823</b>

**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% \$ 64,293

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% 756,705

**Sub-total general obligation bonds** \$ **820,998**

**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% \$ 69,718

**Compensated absences** \$ **200,580**

**Total governmental activities long-term obligations** \$ **1,091,296**

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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% \$ 48,368

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% 152,516

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% 1,864,897

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% 497,891

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 2,622,665

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 10,020,453

Series 2007B, \$2,470,000, issued December 13, 2007, payable in variable annual installments, beginning October 1, 2008 through October 1, 2037, with variable interest rates 60,000

Series 2011B, \$855,000, issued November 16, 2011, payable in variable annual installments, beginning November 1, 2012 through November 1, 2020, with variable interest rates 40,000

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 \$258,200 drawn to date.) 258,200

**Sub-total general obligation bonds \$ 17,569,990**

**Unamortized premium on general obligation bonds \$ 258,851**

**Compensated absences \$ 151,584**

**Total business-type activities long-term obligations \$ 17,980,425**

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

**NOTE 11—PENSION PLAN:**

***Plan Description***

All full-time, salaried permanent employees of the Town are automatically covered by 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:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b></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. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b></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. Employees are eligible for 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><b>About the Hybrid Retirement Plan</b></p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> </ul>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1 (Cont.)</b></p>	<p><b>About Plan 2 (Cont.)</b></p>	<p><b>About the Hybrid Retirement Plan (Cont.)</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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"> <li>• Political subdivision employees*</li> <li>• 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.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b></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><b>Hybrid Opt-In Election (Cont.)</b></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><b>*Non-Eligible Members (Cont.)</b></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><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. 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><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p><b>Retirement Contributions</b></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>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b></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><b>Creditable Service</b></p> <p>Same as Plan 1.</p>	<p><b>Creditable Service</b></p> <p><b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contributions Component:</u></b> 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, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b></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><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contributions Component:</u></b> 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, 2017 (CONTINUED)

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Vesting (Cont.)</b>	<b>Vesting (Cont.)</b>	<b>Vesting (Cont.)</b>  <u><b>Defined Contributions Component: (Cont.)</b></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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> Distribution is not required by law until age 70½.
<b>Calculating the Benefit</b>  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.	<b>Calculating the Benefit</b>  See definition under Plan 1.	<b>Calculating the Benefit</b>  <u><b>Defined Benefit Component:</b></u> See definition under Plan 1

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b></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><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b></p> <p><b><u>Defined Contribution Component:</u></b> 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><b>Average Final Compensation</b></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><b>Average Final Compensation</b></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><b>Average Final Compensation</b></p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component:</u></b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

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

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> 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><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

**NOTE 11—PENSION PLAN: (CONTINUED)**

***Plan Description (Continued)***

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> 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>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> 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>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> 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><b>Purchase of Prior Service</b> 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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **NOTE 11—PENSION PLAN: (CONTINUED)**

##### ***Plan Description (Continued)***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2015 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	34
Inactive members:	
Vested inactive members	9
Non-vested inactive members	2
Inactive members active elsewhere in VRS	<u>18</u>
Total inactive members	63
Active members	<u>51</u>
Total covered employees	<u>114</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 contribution rate for the year ended June 30, 2017 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 \$426,996 and \$440,978 for the years ended June 30, 2017 and June 30, 2016, respectively.

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **NOTE 11—PENSION PLAN: (CONTINUED)**

##### ***Net Pension Liability***

The Town's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

##### ***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, 2015 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, 2016.

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: 14% of deaths are assumed to be service related

##### **Largest 10 – Non-LEOS:**

###### **Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

###### **Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

###### **Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

##### **All Others (Non 10 Largest) – Non-LEOS:**

###### **Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

###### **Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

###### **Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **NOTE 11—PENSION PLAN: (CONTINUED)**

##### ***Actuarial Assumptions – General Employees (Continued)***

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

##### ***Actuarial Assumptions – Public Safety Employees***

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
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.

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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**NOTE 11—PENSION PLAN: (CONTINUED)**

***Actuarial Assumptions – Public Safety Employees (Continued)***

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

**TOWN OF WOODSTOCK, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

**NOTE 11—PENSION PLAN: (CONTINUED)**

***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, 2018, 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, 2018 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.

***Changes in Net Pension Liability***

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2015	\$ 12,386,045	\$ 8,601,888	\$ 3,784,157
Changes for the year:			
Service cost	\$ 299,879	\$ -	\$ 299,879
Interest	845,739	-	845,739
Differences between expected and actual experience	(198,402)	-	(198,402)
Contributions - employer	-	440,978	(440,978)
Contributions - employee	-	122,720	(122,720)
Net investment income	-	151,347	(151,347)
Benefit payments, including refunds of employee contributions	(608,106)	(608,106)	-
Administrative expenses	-	(5,309)	5,309
Other changes	-	(64)	64
Net changes	\$ 339,110	\$ 101,566	\$ 237,544
Balances at June 30, 2016	\$ 12,725,155	\$ 8,703,454	\$ 4,021,701

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

***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:

	<b>Rate</b>		
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
Town Net Pension Liability \$	5,732,900	\$ 4,021,701	\$ 2,612,786

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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, 2017, the Town recognized pension expense of \$400,260. At June 30, 2017, 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	\$ 42,970	\$ 153,001
Net difference between projected and actual earnings on pension plan investments	223,528	-
Employer contributions subsequent to the measurement date	<u>426,996</u>	<u>-</u>
Total	<u>\$ 693,494</u>	<u>\$ 153,001</u>

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

\$426,996 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ (27,621)
2019	(27,622)
2020	95,731
2021	73,009
2022	-
Thereafter	-

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **NOTE 12—OTHER POSTEMPLOYMENT BENEFITS:**

##### **The Local Choice (TLC) Health Benefits Program:**

###### **A. Plan Description**

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

The Town participates in the TLC, which provides healthcare benefits to eligible retired Town employees and their beneficiaries. Eligibility for retiree healthcare coverage in the TLC mirrors the age and service criteria for the VRS reduced retirement, which stipulates that the retiree must be at least 55 years of age and have at least 5 years of service with the Town or at least 50 years of age and have at least 10 years of service with the Town. Title 2.2 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in the TLC to the respective employer entities. The Commonwealth of Virginia issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the TLC. A copy of that report can be downloaded from the website at <http://www.doa.virginia.gov/reports/CAFR/2016-CAFR.shtml> or by writing to the Virginia Department of Human Resource Management at 101 North 14<sup>th</sup> Street, 12<sup>th</sup> Floor, Richmond, VA 23219.

###### **B. Funding Policy**

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

###### **C. Annual OPEB Cost and Net OPEB Obligation**

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

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

Annual Required Contribution (ARC)	\$ 61,500
Interest on OPEB Obligation	9,600
Adjustment to ARC	(10,000)
Annual OPEB cost	\$ 61,100
Contributions Made During FY17	(28,600)
Increase in Net OPEB Obligation	\$ 32,500
Net OPEB Obligation - beginning of year	241,200
Net OPEB Obligation - end of year	\$ 273,700

TOWN OF WOODSTOCK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

**The Local Choice (TLC) Health Benefits Program: (continued)**

**C. Annual OPEB Cost and Net OPEB Obligation (continued)**

For fiscal year 2017, the Town's expected cash payment of \$28,600 was \$32,500 short of the OPEB cost. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2017	\$ 61,100	46.81%	\$ 273,700
June 30, 2016	59,300	48.90%	241,200
June 30, 2015	57,500	47.31%	210,900

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2017 is as follows:

Actuarial accrued liability (AAL)	\$ 869,300
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 869,300
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,360,900
UAAL as a percentage of covered payroll	36.82%

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

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

For governmental and business-type activities, net other post-employment benefit liabilities are liquidated by the General and Public Utilities Fund, respectively.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

**The Local Choice (TLC) Health Benefits Program: (continued)**

**E. Actuarial Methods and Assumptions**

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

The actuarial valuation of the liabilities as of June 30, 2014 was based on the entry age actuarial cost method. The actuarial assumptions included a 4.00% investment rate of return on assets and an annual healthcare cost trend rate of 8.00% initially, reduced by decrements of .5% per year until an ultimate rate of 5.00% is reached. The assumptions also included a 4.00% interest discount rate and a 2.5% general rate of inflation. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over a 30-year amortization period.

**Health Insurance Credit Program:**

**A. Plan Description**

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

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

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

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

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

# TOWN OF WOODSTOCK, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

#### Health Insurance Credit Program: (continued)

##### **B. Funding Policy**

As a participating local political subdivision, the Town is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2017 was 0.33% of annual covered payroll.

##### **C. OPEB Cost and Net OPEB Obligation**

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

For fiscal year 2017, the Town's contribution of \$8,558 was equal to the ARC and OPEB cost. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the preceding two years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2017	\$ 8,558	100.00%	\$ -
June 30, 2016	8,052	100.00%	-
June 30, 2015	7,651	100.00%	-

##### **D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 119,922
Actuarial value of plan assets	\$ 56,021
Unfunded actuarial accrued liability (UAAL)	\$ 63,901
Funded ratio (actuarial value of plan assets/ AAL)	46.71%
Covered payroll (active plan members)	\$ 2,536,666
UAAL as a percentage of covered payroll	2.52%

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)

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**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

**Health Insurance Credit Program: (continued)**

**D. Funded Status and Funding Progress (continued)**

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

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

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

**E. Actuarial Methods and Assumptions**

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including a healthcare cost trend rate of 9%, inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2016 was 18-27 years.

**NOTE 13—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.

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **NOTE 14—RISK MANAGEMENT:**

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

The Town is a member of the 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 15—CONTINGENT LIABILITIES:**

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

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

#### **NOTE 16 — COMMITMENTS:**

The Town had the following material contracts outstanding at June 30, 2017:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
WTP Improvement Project	\$ 3,060,900	\$ 120,550	\$ 2,940,350
Total	<u>\$ 3,060,900</u>	<u>\$ 120,550</u>	<u>\$ 2,940,350</u>

#### **NOTE 17—LITIGATION:**

At June 30, 2017, 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.

## TOWN OF WOODSTOCK, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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#### **NOTE 18—UPCOMING PRONOUNCEMENTS:**

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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.

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

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## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Note to Required Supplementary Information**

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

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,125,822	\$ 1,125,822	\$ 1,196,076	\$ 70,254
Other local taxes	2,417,948	2,417,948	2,484,121	66,173
Permits, privilege fees, and regulatory licenses	379,856	379,856	395,688	15,832
Fines and forfeitures	37,000	37,000	38,080	1,080
Revenue from the use of money and property	8,000	8,000	21,881	13,881
Charges for services	251,276	251,276	273,748	22,472
Miscellaneous	15,250	32,250	18,543	(13,707)
Intergovernmental:				
Commonwealth	1,028,990	1,028,990	1,093,765	64,775
Federal	9,250	9,250	11,976	2,726
Total revenues	<u>\$ 5,273,392</u>	<u>\$ 5,290,392</u>	<u>\$ 5,533,878</u>	<u>\$ 243,486</u>
EXPENDITURES				
Current:				
General government administration	\$ 882,201	\$ 882,201	\$ 825,857	\$ 56,344
Public safety	1,789,419	1,789,419	1,697,088	92,331
Public works	1,639,246	1,611,746	1,539,431	72,315
Parks and recreation	252,036	251,536	233,425	18,111
Community development	639,509	639,509	343,876	295,633
Capital projects	613,930	676,430	235,778	440,652
Debt service:				
Principal retirement	126,198	126,198	110,560	15,638
Interest and other fiscal charges	48,136	48,136	26,352	21,784
Total expenditures	<u>\$ 5,990,675</u>	<u>\$ 6,025,175</u>	<u>\$ 5,012,367</u>	<u>\$ 1,012,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (717,283)</u>	<u>\$ (734,783)</u>	<u>\$ 521,511</u>	<u>\$ 1,256,294</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Transfers out	(46,200)	(28,200)	-	28,200
Total other financing sources (uses)	<u>\$ 453,800</u>	<u>\$ 471,800</u>	<u>\$ -</u>	<u>\$ (471,800)</u>
Net change in fund balance	\$ (263,483)	\$ (262,983)	\$ 521,511	\$ 784,494
Fund balance - beginning	2,953,186	2,953,186	3,130,746	177,560
Fund balance - ending	<u>\$ 2,689,703</u>	<u>\$ 2,690,203</u>	<u>\$ 3,652,257</u>	<u>\$ 962,054</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, 2017

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

For the Years Ended June 30, 2008 through June 30, 2017

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)
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%
2008	268,544	268,544	-	2,224,888	12.07%

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  
For the Year Ended June 30, 2017

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**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 was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Schedule of OPEB Funding Progress  
June 30, 2017

**Town Other Postemployment Benefit Program:**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/16 ®	\$ -	\$ 869,300	\$ 869,300	0.00%	\$ 2,360,900	36.82%
06/30/15 ®	-	840,100	840,100	0.00%	2,360,900	35.58%
06/30/14	-	810,200	810,200	0.00%	2,360,900	34.32%

® = Roll-forward of valuation date results from June 30, 2014

**Health Care Credit Plan Funding Progress:**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/16	\$ 56,021	\$ 119,922	\$ 63,901	46.71%	\$ 2,536,666	2.52%
06/30/15	54,784	124,994	70,210	43.83%	2,355,119	2.98%
06/30/14	52,684	132,240	79,556	39.84%	2,338,003	3.40%

## **OTHER SUPPLEMENTARY INFORMATION**

## **SUPPORTING SCHEDULE**

Computation of Legal Debt Margin  
June 30, 2017

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Total Assessed Value of Real Estate	\$ <u>526,242,600</u>
Legal Debt Margin:	\$ 52,624,260
Less: Gross Indebtedness	<u>(820,998)</u>
Legal Margin for Creation of Additional Debt	\$ <u>51,803,262</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>
<b>Financial Trends</b>	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.	
<b>Revenue Capacity</b>	5-9
These tables contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
<b>Debt Capacity</b>	10-12
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.	
<b>Demographic and Economic Information</b>	13-14
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
<b>Operating Information</b>	15-17
These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the 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			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 9,448,747	\$ 10,512,039	\$ 11,988,383	\$ 11,767,180
Restricted	113,081	-	-	-
Unrestricted	1,032,218	1,379,844	1,839,493	2,397,512
Total governmental activities net position	<u>\$ 10,594,046</u>	<u>\$ 11,891,883</u>	<u>\$ 13,827,876</u>	<u>\$ 14,164,692</u>
Business-type activities				
Net investment in capital assets	\$ 6,228,020	\$ 15,252,251	\$ 15,531,479	\$ 16,255,641
Restricted	40,160	-	-	-
Unrestricted	1,651,143	551,162	1,222,630	1,424,895
Total business-type activities net position	<u>\$ 7,919,323</u>	<u>\$ 15,803,413</u>	<u>\$ 16,754,109</u>	<u>\$ 17,680,536</u>
Primary government				
Net investment in capital assets	\$ 15,676,767	\$ 25,764,290	\$ 27,519,862	\$ 28,022,821
Restricted	153,241	-	-	-
Unrestricted	2,683,361	1,931,006	3,062,123	3,822,407
Total primary government net position	<u>\$ 18,513,369</u>	<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
\$ 11,564,646	\$ 11,379,865	\$ 11,787,556	\$ 11,612,015	\$ 11,437,805	\$ 11,306,301
-	7,604	-	-	-	-
2,916,634	2,774,479	2,456,615	267,970	561,357	1,054,306
<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>\$ 12,360,607</u>
\$ 16,390,921	\$ 16,722,638	\$ 17,013,876	\$ 17,282,819	\$ 17,835,299	\$ 17,625,943
-	-	-	-	-	-
1,471,213	1,679,715	1,551,902	417,561	499,066	1,320,051
<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>\$ 18,945,994</u>
\$ 27,955,567	\$ 28,102,503	\$ 28,801,432	\$ 28,894,834	\$ 29,273,104	\$ 28,932,244
-	7,604	-	-	-	-
4,387,847	4,454,194	4,008,517	685,531	1,060,423	2,374,357
<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>\$ 31,306,601</u>

## Town of Woodstock, Virginia

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government administration	\$ 662,189	\$ 523,267	\$ 537,743	\$ 732,891
Public safety	1,515,604	1,545,926	1,463,009	1,352,205
Public works	1,473,509	1,567,715	1,611,231	1,567,676
Parks and recreation	-	-	229,804	256,685
Community development	207,147	238,157	283,696	262,583
Interest on long-term debt	20,567	13,835	11,668	8,925
Total governmental activities expenses	\$ 3,879,016	\$ 3,888,900	\$ 4,137,151	\$ 4,180,965
Business-type activities:				
Water and sewer	\$ 2,694,088	\$ 2,905,148	\$ 3,025,061	\$ 3,173,607
Recreation	253,660	243,486	-	-
Total business-type activities expenses	\$ 2,947,748	\$ 3,148,634	\$ 3,025,061	\$ 3,173,607
Total primary government expenses	\$ 6,826,764	\$ 7,037,534	\$ 7,162,212	\$ 7,354,572
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government administration	\$ 42,750	\$ 28,457	\$ 25,650	\$ 31,161
Judicial administration	-	-	-	-
Public safety	40,414	48,639	40,930	38,766
Public works	86,617	163,163	165,537	166,982
Parks and recreation	-	-	43,113	52,393
Community development	-	-	-	-
Operating grants and contributions:				
Public safety	136,678	136,650	135,004	126,503
Public works	-	-	13,847	-
Parks and recreation	-	-	-	-
Community development	-	-	-	750
Capital grants and contributions:				
Public works	538,481	610,254	606,267	636,447
Parks and recreation	-	-	5,178	9,136
Community development	58,489	1,003,602	70,049	-
Total governmental activities program revenues	\$ 903,429	\$ 1,990,765	\$ 1,105,575	\$ 1,062,138
Business-type activities:				
Charges for services:				
Water and sewer	\$ 2,429,330	\$ 2,683,843	\$ 2,815,129	\$ 3,191,737
Recreation	44,619	38,919	-	-
Operating grants and contributions:				
Capital grants and contributions:				
Water and sewer	1,854,371	8,046,109	2,726,391	891,093
Total business-type activities program revenues	\$ 4,328,320	\$ 10,768,871	\$ 5,541,520	\$ 4,082,830
Total primary government program revenues	\$ 5,231,749	\$ 12,759,636	\$ 6,647,095	\$ 5,144,968
Net (expense)/revenue				
Governmental activities	\$ (2,975,587)	\$ (1,898,135)	\$ (3,031,576)	\$ (3,118,827)
Business-type activities	1,380,572	7,620,237	2,516,459	909,223
Total primary government net (expense) revenue	\$ (1,595,015)	\$ 5,722,102	\$ (515,117)	\$ (2,209,604)

Table 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 701,454	\$ 843,966	\$ 828,451	\$ 783,174	\$ 815,926	\$ 855,522
1,458,135	1,739,156	1,878,638	1,597,406	1,737,572	1,777,730
1,588,522	1,545,390	1,724,374	1,760,414	1,805,168	1,752,264
268,582	240,960	223,802	350,601	368,217	345,730
311,986	318,861	331,185	628,977	393,317	420,727
10,075	14,290	32,203	28,648	24,942	26,076
<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>
\$ 3,539,931	\$ 3,431,982	\$ 3,500,570	\$ 3,498,131	\$ 3,542,094	\$ 3,610,056
-	-	-	-	-	-
<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>\$ 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>
\$ 13,490	\$ 11,640	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
44,209	34,551	101,910	38,963	29,491	38,080
169,697	171,530	171,920	173,031	188,517	183,770
56,899	50,670	57,652	64,818	89,591	88,900
-	-	-	-	-	1,078
126,259	121,228	135,933	167,613	125,783	139,156
50,483	8,500	-	-	-	-
-	-	-	-	-	18,076
-	750	750	-	-	-
667,173	578,173	806,634	724,039	769,760	793,286
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>
\$ 3,160,050	\$ 3,429,399	\$ 3,456,904	\$ 3,710,805	\$ 4,168,585	\$ 4,203,321
-	-	-	-	-	-
501,146	192,580	153,116	109,344	-	-
<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>\$ 4,860,792</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>
\$ (3,139,158)	\$ (3,725,581)	\$ (3,743,854)	\$ (3,980,756)	\$ (3,942,000)	\$ (3,915,703)
121,265	189,997	109,450	322,018	626,491	593,265
<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>

# Town of Woodstock, Virginia

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

	Fiscal Year			
	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 1,082,654	\$ 1,091,836	\$ 1,081,463	\$ 1,069,706
Other local taxes:				
Vehicle license	95,500	96,943	97,503	95,332
Local sales and use	203,660	205,454	180,407	189,043
Consumers' utility	84,238	82,881	84,408	86,170
Telecommunications	107,894	98,032	98,442	97,955
Bank franchise	156,003	148,090	175,542	185,327
Meals	908,132	855,044	887,187	914,462
Transient occupancy	130,343	129,090	143,360	176,252
Business license	364,902	349,238	342,759	335,139
Other local taxes	145,135	139,892	137,308	122,606
Unrestricted revenues from use of money and property	45,753	27,240	23,683	18,866
Miscellaneous	42,632	60,940	15,724	53,236
Grants and contributions not restricted to specific programs	115,792	111,292	111,491	111,549
Transfers	(200,000)	(200,000)	1,588,292	-
Total governmental activities	\$ <u>3,282,638</u>	\$ <u>3,195,972</u>	\$ <u>4,967,569</u>	\$ <u>3,455,643</u>
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 106,998	\$ 48,588	\$ 22,529	\$ 17,204
Miscellaneous	1,701	15,265	-	-
Transfers	200,000	200,000	(1,588,292)	-
Total business-type activities	\$ <u>308,699</u>	\$ <u>263,853</u>	\$ <u>(1,565,763)</u>	\$ <u>17,204</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 307,051	\$ 1,297,837	\$ 1,935,993	\$ 336,816
Business-type activities	<u>1,689,271</u>	<u>7,884,090</u>	<u>950,696</u>	<u>926,427</u>
Total primary government	\$ <u>1,996,322</u>	\$ <u>9,181,927</u>	\$ <u>2,886,689</u>	\$ <u>1,263,243</u>

Table 2

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

**Town of Woodstock, Virginia**

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 113,081	\$ 115,481	\$ 15,725	\$ -
Unreserved	1,083,603	1,353,606	1,916,903	-
Nonspendable	-	-	-	41,165
Restricted	-	-	-	-
Committed	-	-	-	375,000
Assigned	-	-	-	110,000
Unassigned	-	-	-	1,977,281
Total general fund	<u>\$ 1,196,684</u>	<u>\$ 1,469,087</u>	<u>\$ 1,932,628</u>	<u>\$ 2,503,446</u>
Total governmental funds	<u>\$ 1,196,684</u>	<u>\$ 1,469,087</u>	<u>\$ 1,932,628</u>	<u>\$ 2,503,446</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					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
48,654	23,319	23,211	24,368	12,779	8,000
-	998,500	143,093	-	-	-
420,000	265,000	220,000	95,000	173,500	227,000
387,676	649,000	75,000	227,000	114,983	520,444
<u>2,127,394</u>	<u>1,936,390</u>	<u>2,257,949</u>	<u>2,487,868</u>	<u>2,829,484</u>	<u>2,896,813</u>
\$ <u>2,983,724</u>	\$ <u>3,872,209</u>	\$ <u>2,719,253</u>	\$ <u>2,834,236</u>	\$ <u>3,130,746</u>	\$ <u>3,652,257</u>
\$ <u>2,983,724</u>	\$ <u>3,872,209</u>	\$ <u>2,719,253</u>	\$ <u>2,834,236</u>	\$ <u>3,130,746</u>	\$ <u>3,652,257</u>

**Town of Woodstock, Virginia**

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues</b>				
General property taxes	\$ 1,057,663	\$ 1,101,680	\$ 1,072,371	\$ 1,067,235
Other local taxes	1,828,063	1,752,017	1,808,073	1,863,818
Permits, privilege fees and regulatory licenses	407,652	377,695	368,409	366,300
Fines and forfeitures	40,414	48,639	40,930	38,766
Revenue from the use of money and property	45,753	27,240	23,683	18,866
Charges for service	86,617	163,163	208,649	219,375
Miscellaneous	42,632	60,940	15,724	53,236
Intergovernmental:				
Commonwealth	783,395	848,994	922,673	862,786
Federal	66,045	1,012,804	19,163	21,596
<b>Total revenues</b>	<u>\$ 4,358,234</u>	<u>\$ 5,393,172</u>	<u>\$ 4,479,675</u>	<u>\$ 4,511,978</u>
<b>Expenditures</b>				
General government administration	\$ 655,720	\$ 501,546	\$ 521,139	\$ 711,620
Judicial administration	-	-	-	-
Public safety	1,497,079	1,505,471	1,432,595	1,352,755
Public works	1,231,418	1,318,209	1,375,118	1,338,803
Parks and recreation	-	-	190,834	214,514
Community development	207,147	195,244	210,846	187,965
Capital projects	188,931	1,273,538	218,784	145,713
Debt service:				
Principal	222,521	112,926	116,812	44,289
Interest and other fiscal charges	20,567	13,835	11,668	8,925
<b>Total expenditures</b>	<u>\$ 4,023,383</u>	<u>\$ 4,920,769</u>	<u>\$ 4,077,796</u>	<u>\$ 4,004,584</u>
Excess of revenues over (under) expenditures	<u>\$ 334,851</u>	<u>\$ 472,403</u>	<u>\$ 401,879</u>	<u>\$ 507,394</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ -	\$ 35,947	\$ -
Transfers out	(200,000)	(200,000)	-	-
Sale of equipment	-	-	-	-
Proceeds from indebtedness	73,881	-	25,715	63,424
<b>Total other financing sources (uses)</b>	<u>\$ (126,119)</u>	<u>\$ (200,000)</u>	<u>\$ 61,662</u>	<u>\$ 63,424</u>
<b>Net change in fund balances</b>	<u>\$ 208,732</u>	<u>\$ 272,403</u>	<u>\$ 463,541</u>	<u>\$ 570,818</u>
Debt service as a percentage of noncapital expenditures	6.34%	3.48%	3.33%	1.38%

Table 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,062,487	\$ 1,110,457	\$ 1,124,109	\$ 1,113,136	\$ 1,124,215	\$ 1,196,076
1,934,808	2,180,418	2,196,782	2,356,856	2,400,741	2,484,121
352,145	363,532	368,553	372,770	396,644	395,688
44,209	34,551	101,910	38,963	29,491	38,080
20,844	14,734	6,203	6,478	10,997	21,881
226,596	222,200	229,572	237,849	278,108	273,748
62,254	23,012	34,220	90,694	4,375	18,543
904,391	813,057	1,045,007	1,043,814	1,033,283	1,093,765
86,894	7,803	10,605	8,717	10,508	11,976
<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>
\$ 684,415	\$ 822,722	\$ 840,874	\$ 780,676	\$ 806,820	\$ 825,857
-	-	-	-	-	-
1,411,996	1,688,741	1,819,715	1,556,530	1,679,597	1,697,088
1,375,285	1,312,920	1,630,325	1,550,568	1,579,628	1,539,431
222,624	198,497	181,503	233,824	258,965	233,425
237,368	243,763	255,927	480,153	321,670	343,876
145,422	162,105	1,590,497	418,211	210,840	235,778
41,667	52,431	91,432	105,563	108,477	110,560
10,074	12,424	29,830	28,769	25,855	26,352
<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>\$ 565,777</u>	<u>\$ 276,161</u>	<u>\$ (1,323,142)</u>	<u>\$ 114,983</u>	<u>\$ 296,510</u>	<u>\$ 521,511</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(110,000)	(387,676)	-	-	-	-
24,501	-	-	-	-	-
-	1,000,000	170,186	-	-	-
<u>\$ (85,499)</u>	<u>\$ 612,324</u>	<u>\$ 170,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>
1.30%	1.50%	2.58%	2.84%	2.81%	2.90%

**Town of Woodstock, Virginia**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales and Use Tax</b>	<b>Consumer Utility Tax</b>	<b>Tele- communications Tax</b>	<b>Bank Franchise Tax</b>	<b>Cigarette Tax</b>
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
2008	1,057,663	203,660	84,238	107,894	156,003	108,838

Table 5

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<b>Meals Tax</b>	<b>Transient Occupancy Tax</b>	<b>Public Right- of-Way Fees</b>	<b>Motor Vehicle Licenses</b>	<b>Business &amp; Occupational Licenses</b>
\$ 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
908,132	130,343	25,663	92,658	364,902

**Town of Woodstock, Virginia**

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

					Public Service Corporations	
Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Real Estate	Personal Property
2017	\$ 526,242,600	\$ 44,698,629	\$ -	\$ 153,814	\$ 15,093,386	\$ 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	-
2008	496,135,150	40,752,942	25,357	310,650	10,292,933	-

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

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<b>Total Taxable Assessed Value</b>		<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>	<b>Total Direct Rate</b>
\$	586,240,024	\$ 586,240,024	100%	0.22
	578,589,583	578,589,583	100%	0.21
	612,126,439	612,126,439	100%	0.20
	608,376,880	608,376,880	100%	0.20
	601,851,253	601,851,253	100%	0.20
	594,909,120	594,909,120	100%	0.20
	592,571,306	592,571,306	100%	0.20
	575,095,477	575,095,477	100%	0.21
	557,991,715	557,991,715	100%	0.22
	547,517,032	547,517,032	100%	0.22

**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
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
2008	0.16	0.90	0.16	0.90	0.51	2.86	0.51	2.86

(1) Per \$100 of assessed value

Table 7

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Combined Rates			
Real Estate	Personal Property	Mobile Homes	Machinery and Tools
\$ 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
0.67	3.76	0.67	3.76

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2017	
		2017 Assessed Valuation	% of Total Assessed Valuation
Lowes Home Center LLC	Retail Store	\$ 9,308,000	1.79%
Wal-Mart	Retail Store	8,673,100	1.67%
Spectrum 1 Woodstock LLC	Shopping Center	6,673,100	1.28%
LH & H LLC	Hotel	5,986,300	1.15%
Shree Ganesh Hospitality	Hotel	5,835,500	1.12%
HCP Virginia, Inc.	Assisted Living	4,889,900	0.94%
Shenandoah Enterprises I	Housing Development	4,400,100	0.85%
Walter Enterprises	Shopping Center	4,111,200	0.79%
Funkhouser H N and Co Inc	Commercial Development	3,935,500	0.76%
Valley Vista Apartments LLC	Housing Development	3,128,100	0.60%
		<u>\$ 56,940,800</u>	<u>10.96%</u>
Taxpayer	Type Business	Fiscal Year 2008	
		2008 Assessed Valuation	% of Total Assessed Valuation
Wal-Mart	Retail Store	\$ 7,303,100	1.50%
Lowes Home Center LLC	Retail Store	6,865,300	1.41%
Spectrum 1 Woodstock LLC	Shopping Center	5,755,800	1.18%
S&B Resources LLC	Housing Development	5,119,600	1.05%
Walter Enterprises	Shopping Center	5,115,400	1.05%
HCP Virginia, Inc.	Shopping Center	4,879,800	1.00%
Eagle Investors LLC	Housing Development	4,643,100	0.95%
Interstate Investment Property LLC	Commercial Development	4,493,000	0.92%
Manning & Ross LLC	Housing Development	4,443,400	0.91%
Toothman Investments LLC	Housing Development	4,193,600	0.86%
		<u>\$ 52,812,100</u>	<u>10.85%</u>

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

Property Tax Levies and Collections  
Last Eight 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
2017	\$ 1,245,620	\$ 1,212,997	97.38%	\$ -	\$ 1,212,997	97.38%
2016	1,230,559	1,164,789	94.66%	46,340	1,211,129	98.42%
2015	1,254,585	1,160,332	92.49%	81,549	1,241,881	98.99%
2014	1,189,142	1,097,131	92.26%	82,608	1,179,739	99.21%
2013	1,186,626	1,135,380	95.68%	45,632	1,181,012	99.53%
2012	1,172,960	1,112,675	94.86%	56,180	1,168,855	99.65%
2011	1,167,708	1,112,614	95.28%	51,836	1,164,450	99.72%
2010	1,176,238	1,122,088	95.40%	52,025	1,174,113	99.82%

Source: Department of Finance

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

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

**Town of Woodstock, Virginia**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities	
	General Obligation Bonds	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases
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
2008	214,946	-	115,564	11,865,398	32,570

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

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	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$	18,719,557	1.10%	\$ 3,567
	19,488,716	1.18%	3,714
	20,865,837	1.28%	3,993
	21,995,452	1.41%	4,239
	23,147,023	1.49%	4,476
	23,415,524	1.60%	4,563
	24,567,400	1.77%	4,820
	25,576,401	1.87%	5,018
	22,895,441	1.65%	5,331
	12,228,478	0.91%	2,844

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

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
2017	\$ 18,649,839	\$ -	\$ 18,649,839	3.18%	\$ 3,554
2016	19,384,970	-	19,384,970	3.35%	3,694
2015	20,728,605	-	20,728,605	3.39%	3,966
2014	21,825,269	-	21,825,269	3.59%	4,206
2013	23,125,151	-	23,125,151	3.84%	4,472
2012	23,363,662	-	23,363,662	3.93%	4,553
2011	24,486,559	-	24,486,559	4.13%	4,804
2010	25,540,178	-	25,540,178	4.44%	5,011
2009	22,832,508	-	22,832,508	4.09%	5,316
2008	12,080,344	-	12,080,344	2.21%	2,809

(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			
	2008	2009	2010	2011
<b>Assessed Valuations</b>				
Assessed value of taxed real property	\$ 496,135,150	\$ 506,926,050	\$ 524,933,000	\$ 540,494,350
<b>Legal debt margin</b>				
Debt limit - 10 percent of total assessed value	\$ 49,613,515	\$ 50,692,605	\$ 52,493,300	\$ 54,049,435
Debt applicable to limitation:				
Total bonded debt	\$ 12,080,344	\$ 22,832,508	\$ 25,540,178	\$ 24,486,559
Less: Business-type activities bonds	(11,865,398)	(22,659,145)	(25,361,012)	(24,336,748)
Total amount of debt applicable to debt limitation	\$ 214,946	\$ 173,363	\$ 179,166	\$ 149,811
<b>Legal debt margin</b>	\$ 49,398,569	\$ 50,519,242	\$ 52,314,134	\$ 53,899,624
Total net debt applicable to the limit as a percentage of debt limit	0.43%	0.34%	0.34%	0.28%

Table 12

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

Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (000's) (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Unemployment Rate (4)</b>
2017	5,248	\$ 1,696,997	\$ 39,291	3.60%
2016	5,248	1,647,658	37,896	3.60%
2015	5,226	1,630,305	36,627	4.99%
2014	5,189	1,565,050	35,016	5.90%
2013	5,171	1,550,472	35,016	6.20%
2012	5,132	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%
2008	4,300	1,339,039	30,340	3.70%

(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 2017		Fiscal Year 2008	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
County of Shenandoah	250 to 499	2	250 to 499	3
Valley Health System	250 to 499	3	250 to 499	2
Wal-Mart	100 to 249	4	250 to 499	4
Food Lion	100 to 249	5	100 to 249	5
Cracker Barrel Old Country Store	100 to 249	6	100 to 249	7
Skyline Terrace Nursing Home	100 to 249	7	50 to 99	8
Lowes Home Centers, Inc.	100 to 249	8	100 to 249	6
McDonald's	50 to 99	9	50 to 99	11
U.S. Postal Service	50 to 99	10	50 to 99	9
Woodstock Facility Operations (formally Tandem Healthcare)	50 to 99	11	-	-
Town of Woodstock	50 to 99	12	50 to 99	14
Regulus Group, LLC	50 to 99	13	-	-
Massanutten Military Academy	50 to 99	14	50 to 99	10
Pollywog Place LLC	20 to 49	15	-	-
Leckner Ford of Woodstock	20 to 49	16	-	-
Shenandoah County Department of Social Services	20 to 49	17	50 to 99	13

Source: Virginia Employment Commission

**Town of Woodstock, Virginia**

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

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General government</b>				
General administration	2.0	2.0	2.0	2.0
Financial administration	3.0	3.0	3.0	3.0
Planning Office				
<b>Public safety</b>				
Sworn Officers	16.0	16.0	16.0	15.0
Administrative	1.0	1.0	1.0	1.0
<b>Public works</b>	10.0	10.0	10.0	10.0
<b>Community development</b>	1.0	1.0	1.0	1.0
<b>Parks and recreation</b>	2.0	2.0	2.0	2.0
<b>Water and sewer</b>	19.0	19.0	20.0	20.0
<b>Totals</b>	54.0	54.0	55.0	54.0

Source: Department of Finance

Table 15

Fiscal Year					
2012	2013	2014	2015	2016	2017
2.0	2.0	2.5	2.0	2.0	2.0
3.0	4.0	4.0	4.0	4.0	4.0
			1.0	1.0	1.0
15.0	15.0	15.0	16.0	16.0	16.0
1.0	1.0	1.0	1.0	2.0	2.0
8.0	9.5	10.0	11.0	11.0	11.0
1.0	1.0	1.5	1.0	1.0	1.0
2.0	2.0	1.0	1.0	1.0	1.0
19.0	18.0	18.0	18.0	18.0	18.0
51.0	52.5	53.0	55.0	56.0	56.0

## Town of Woodstock, Virginia

### Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2008	2009	2010	2011
<b>Public safety</b>				
Police department				
Number of miles patrolled	122,729	113,767	98,218	97,613
Number of complaints investigated	3,531	3,882	3,464	3,094
Number of vehicle accidents investigated	170	172	141	127
Number of parking tickets issued	214	196	154	255
Number of traffic summons (adult)	783	749	878	698
Number of traffic summons (juvenile)	23	48	35	34
Number of criminal arrests (adult)	273	296	260	251
Number of criminal arrests (juvenile)	149	133	96	98
<b>Public works</b>				
Streets				
Streets resurfaced (miles per year)	2	1	3	2
Refuse				
Refuse collected (tons per year)	1,614	1,596	1,430	1,395
Recycling				
Recycling collected (tons per year)	**	**	**	**
<b>Community development</b>				
Planning and zoning				
Zoning permits issued	141	112	89	78
<b>Water</b>				
Number of water main break repairs	15	11	5	10
Average daily finished water production (mgd)	0.7240	0.6687	0.5841	0.6300
<b>Sewer</b>				
Number of sewer line repairs	20	21	1	1
Average daily effluent wastewater treatment (mgd)	0.5005	0.4481	0.4380	0.5706

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

Source: Town individual departments

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

Table 16

Fiscal Year					
2012	2013	2014	2015	2016	2017
103,903	70,318	73,827	64,736	69,992	97,265
3,198	4,305	7,746	8,293	8,035	9,453
158	170	191	154	177	168
192	165	101	96	82	77
946	683	789	584	618	713
18	8	15	14	13	12
244	360	278	279	383	560
25	31	12	20	13	82
0	1	1	1	1	1.24
1,373	1,363	1,357	1,760	1,222	1,760
68	137	130	165	177	181
96	94	80	87	105	75
9	13	13	9	9	10
0.8355	0.6045	0.5670	0.5600	0.5760	0.6480
2	4	6	7	2	2
0.5408	0.4800	0.6194	0.5661	0.6153	0.4094

**Town of Woodstock, Virginia**Capital Asset and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years

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

\* Information is not available.

Source: Town individual departments

Table 17

Fiscal Year					
2012	2013	2014	2015	2016	2017
1 12	1 12	1 12	1 12	1 12	1 12
49 432	49 433	51 435	51 435	51 435	51 435
3 1 4 6	3 1 5 6	3 1 5 6	3 1 5 6	3 1 5 6	3 1 6 6
51 313 2.60	51 314 2.60	51 314 2.60	51 315 2.60	51 315 2.60	51 315 2.60
33 6	33 6	33 6	33 6	33 6	33 6

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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

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### 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, 2017, 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 13, 2017.

### 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 13, 2017