

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

FISCAL YEAR ENDED JUNE 30, 2005



TOWN OF VIENNA,  
VIRGINIA

**- Introductory Section -**

**TOWN OF VIENNA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2005**

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**PREPARED BY:**

**Department of Finance**  
**Philip R. Grant, Director of Finance/Treasurer**

TOWN OF VIENNA, VIRGINIA

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2005

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**TOWN OF VIENNA, VIRGINIA**

**TOWN OFFICIALS**

**COUNCIL**

**M. Jane Seeman, Mayor**

**Laurie Genevro Cole**

**Michael J. Polychrones**

**Edythe Frankel Kelleher**

**Maud F. Robinson**

**George E. Lovelace**

**Sidney H. Verinder**

**TOWN MANAGER**

**John H. Schoeberlein**

**TOWN ATTORNEY**

**Steven D. Briglia**

**TOWN CLERK**

**Carol A. Orndorff**

**DIRECTOR OF FINANCE/TREASURER**

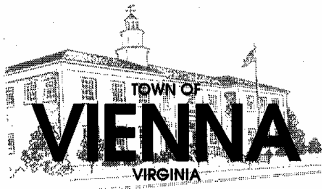
**Philip R. Grant**

**DIRECTOR OF ADMINISTRATIVE SERVICES**

**Nancy N. Novak**

**INDEPENDENT AUDITORS**

**Robinson, Farmer, Cox Associates  
Certified Public Accountants  
Charlottesville, Virginia**



November 9, 2005

To the Citizens of the Town of Vienna:

The comprehensive annual financial report of the Town of Vienna for the fiscal year ended June 30, 2005, is hereby submitted. Responsibility for both the accuracy of the data and 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.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, the Town's organizational chart, a list of principal officials, and the Government Finance Officers Association's Certificate of Achievement. The financial section includes the Management's Discussion and Analysis, basic financial statements and notes and the combining and individual fund statements and schedules as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section contains the reports on the internal control structure and compliance with laws and regulations. As part of the basic financial statements, we have included the statement of net assets and the statement of activities on a government-wide basis that, along with the Management's Discussion and Analysis, brings us into compliance with current requirements promulgated by the Governmental Accounting Standards Board.

This report includes all funds under the jurisdiction and oversight of the Town government. The Town provides a full range of municipal services contemplated by statute. These services include police protection; sanitation services; the construction and maintenance of streets, water and sewer lines, and other infrastructure; recreation and cultural activities; zoning inspection services, and general administrative services.

### **ECONOMIC CONDITION AND OUTLOOK**

Located in northern Virginia near Washington, D.C., Vienna is one of the more stable areas of the country. With its close proximity to the Dulles Airport corridor and the area's metropolitan transit systems, Vienna continues to enjoy a healthy economic base. Property values increased last year by almost 10 percent, continuing the trend of the previous seven years. The area's economic vitality is further evidenced by its June, 2005 unemployment rate of 2.9 percent, significantly less than Virginia's 3.7 percent and the national average of 5.0 percent. According to Fairfax County's demographic data, the area's median family income has increased from \$33,200 in 1979 to almost \$94,000 in 2003 and over 46 percent of families have incomes of at least \$100,000.

## **ECONOMIC CONDITION AND OUTLOOK (continued)**

Local revenue patterns are consistent with area trends. Revenue from sources such as sales, meals, and gross receipt taxes have increased over the past year by 4.3 percent, 6.6 percent, and 1.8 percent respectively. Software, telecommunications, internet, and other high-technology industries continue to be a major component of the area's economy. Area development plans include the addition of a mass transit link to Dulles Airport. It is estimated that approximately 25,000 additional jobs will be created as a result. Within the Town, Navy Federal Credit Union has been engaged in a major expansion that has added upwards of a half-million square feet of office space with a corresponding increase in staffing. A nearby commercial park has also been engaged in a major expansion of office space. According to most estimates, the area economy will continue its growth, providing the Town with a healthy economic base to support its quality services within the limits of sound fiscal management.

## **MAJOR INITIATIVES**

During this past fiscal year, various projects were completed or continued. These include sidewalk, curb and gutter, and storm drainage projects. Work continued on installation of computers in police vehicles and on the development of a wide-area network for Town operations was completed. Major improvements to parks maintenance facilities and street reconstruction projects also continued. The second and third phase of the Town's streetscape project was completed. Work on the development of a geographic information system and the replacement of its financial software system continued.

Various public facility security projects were initiated during the year and design work for a Town Green was begun. Development of a new multi-year capital projects plan was started and a study of the Town's water and sewer long-term rate and financial trends was begun.

## **OPERATIONAL FOCUS**

The Vienna police department in recent years has faced a variety of new challenges brought about by the realities that began after the 9/11 terrorist attacks. The police department has undertaken several measures that will enable their operations to better respond to the new security needs. Department management was reorganized to combine two captain positions into a deputy chief position to provide more efficient chain-of-command in dealing with emergency situations. Departmental operations were divided into three divisions: patrol, investigations, and administration, each commanded by a lieutenant. The department has also added a technology specialist to better manage its current technology systems and upgrades to new ones. An example of the latter is the new computer aided dispatch/records management system that was recently purchased and installed, with final implementation to be completed in the near future. Most of the new technology has been acquired with funding from federal and state grants as a result of the police department's aggressive pursuit of the various grant opportunities. Finally, the department has begun a study of its current and future facility needs as part of a multi-year capital improvements plan.



## **GOVERNMENTAL FUNDS SUMMARY**

The general and debt service funds ended fiscal year 2005 with combined revenues of \$19,153,719, an increase of \$1,295,617 or 7.26 percent. Almost 88 percent of the increase was due to higher revenue in the categories of Other Local Taxes, Use of Money and Property, Property Taxes and Intergovernmental Revenues. Over 90 percent of the \$536,341 increase in Other Local Taxes was generated by the first year cell phone tax revenue, a jump in meals and lodging tax collections, and greater consumer utility tax revenue. The balance of the increase occurred in revenues from state sales tax, gross receipts tax, and the telecommunications tax. Rising interest rates on the Town's investments plus added rental income from the Town-owned commercial property accounted for 88 percent of the \$245,884 increase in the Use of Money and Property category. Yield on the Town's investments averaged 2.14 percent for the year as compared to 1.08 percent the year before. The \$165,624 increase in Property Taxes was due primarily to rising property values that were taxed at a rate consistent with budgetary needs. Almost 3/4ths of the \$187,722 increase in Intergovernmental revenues resulted from state and federal grant expenditures of the public safety operations. The \$87,655 increase in Fines and Forfeitures was entirely attributable to higher photo red light fines and a jump in recreation fee revenue accounted for all of the increase in Service Charges. Insurance settlements caused Miscellaneous Revenues to go up by \$27,465 over the preceding year and the decrease in Permits, Fees, and Licenses was caused by lower animal license, zoning permit, and sign permit revenues.

Total assessed taxable property values for Tax Year 2004 were \$2,509,114,185, an increase of 9.9 percent over the previous year. Property taxes as a percentage of total revenues declined to 35.28 percent from 36.92 percent the year before. 99.86 percent of current year property taxes were collected, making last year the 11th consecutive year in which current year tax collections exceeded 99 percent. Outstanding delinquent taxes rose by \$10,051 to \$21,760 as delinquent collections were curtailed by declining refinancing volume.

Total expenditures increased \$2,055,870 over the previous year. Over \$1.8 million of the 11.48 percent increase was due to annual personnel cost increases and technology and telecommunication upgrades among the various departments, and street, curb/gutter, and sidewalk improvements. Increased expenditures for repair and maintenance of equipment and facilities, higher fuel costs, tax relief program expansion, and higher tuition assistance and training costs also contributed to the overall increase. Lower interest costs due to declining outstanding general obligation debt account for an \$83,344 reduction in debt service.

The Management's Discussion and Analysis that begins the financial section of this report provides more detail on revenues and expenditures of the governmental funds.

## **GENERAL FUND BALANCE**

The unreserved, undesignated general fund balance decreased by \$560,360 or 11.7 percent to end the year at \$4,214,000. The balance is 24.4 percent of the subsequent year's general fund budget and is equivalent to 88 calendar days of expenditures. The decrease resulted from rental property income being added to general fund balance reserves.

## WATER AND SEWER OPERATIONS

Last year's operating revenue was up by \$238,701 over the preceding year, ending last year at \$4,627,013. The 5.5 percent increase primarily reflected an increase in the Town's water and sewer rates but was not enough to offset last year's operating expenses that totaled \$4,669,286. The resulting operating loss for the year was \$42,273, significantly lower than the \$242,782 loss of the preceding year. This improvement plus higher interest earnings, miscellaneous revenue, and a transfer from the capital projects fund, combined to limit last year's reduction in net assets to \$1,072,856, an improvement of \$269,115 over that of the preceding year.

Comparative data for the last three years is shown in the following schedule.

<u>Water and Sewer Fund Analysis</u>	<u>Fiscal Year Ended 2005</u>	<u>Fiscal Year Ended 2004</u>	<u>Fiscal Year Ended 2003</u>
Operating Revenues	\$ 4,627,013	\$ 4,388,312	\$ 4,335,339
Operating Expenses	4,669,286	4,631,094	3,958,352
Operating Income (Loss)	(42,273)	(242,782)	376,987
Net of Non-Operating Revenues, Expenses and Transfers	(1,030,583)	(1,099,189)	(666,946)
Change in Net Assets	(1,072,856)	(1,341,971)	(289,959)
Net Assets, Beginning of Year	9,931,502	11,273,473	11,563,432
Net Assets, End of Year	8,858,646	9,931,502	11,273,473

## PENSION FUNDS

The Town's local and police retirement funds ended the year with combined net increase in plan assets of \$229,908 that increased combined net assets to \$5,642,588. The combined net increase in plan assets was \$118,046 or 105.5 percent more than that of the preceding year. The increase was caused by a combination of higher investment earnings and lower benefit costs. Benefit payments decreased \$12,043 or 4.3 percent while interest earnings increased by \$58,524 or 103.2 percent. The latter was due primarily to continued increases in investment yields.

## DEBT ADMINISTRATION

\$1,826,667 worth of 1990, 1993, 1996, 1998, 1999, and 2002 general obligation debt was retired last year, bringing total outstanding general obligation debt at year-end to \$12,870,004. The balance represented .51 percent of the 2004 assessed property values, well within the Town's legal debt limit and its debt retirement capacity. The general and water and sewer funds issued \$538,965 in new capital lease debt, but retired \$410,343 worth of prior debt, ending the year with a balance of \$1,145,900. Total compensated absence obligations for the general and water and sewer funds increased by \$47,649 to \$884,626.

## CASH MANAGEMENT

The Town's cash reserves were invested in the Commonwealth of Virginia Local Government Investment Pool (LGIP) and interest-bearing deposit and cash accounts during the year. Maturities ranged from one to 30 days for all investments. At year-end, \$22,208,099 or 99.7 percent of the Town's cash was invested in the LGIP. Total interest income for the year was \$487,305, an increase of \$245,569 from the year before. The 32.6 percent increase was due to an increase in market yields which increased from 2.14 percent versus 1.08 percent the year before.

### Independent Audit

The Town Charter required an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates performed the audit for fiscal year ending June 30, 2005 as part of its three-year contract with the Town of Vienna. The auditor's report on the basic financial statements, combining and individual fund statements and schedules is included in the financial section of this report.

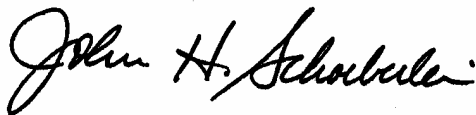
### Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vienna for its comprehensive annual financial report for the fiscal year ending June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

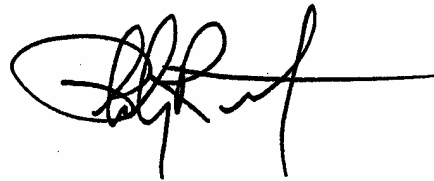
## ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not be done without the dedicated services of the entire Finance Department staff along with the efforts of the other Town departments. We would like to express our thanks and appreciation to each of the staff members whose efforts contributed to this report. We would also like to thank the Mayor and Council without whose leadership and support, responsible and progressive financial management would not be possible.



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John H. Schoeberlein  
Town Manager



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Philip R. Grant  
Director of Finance/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Vienna,  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



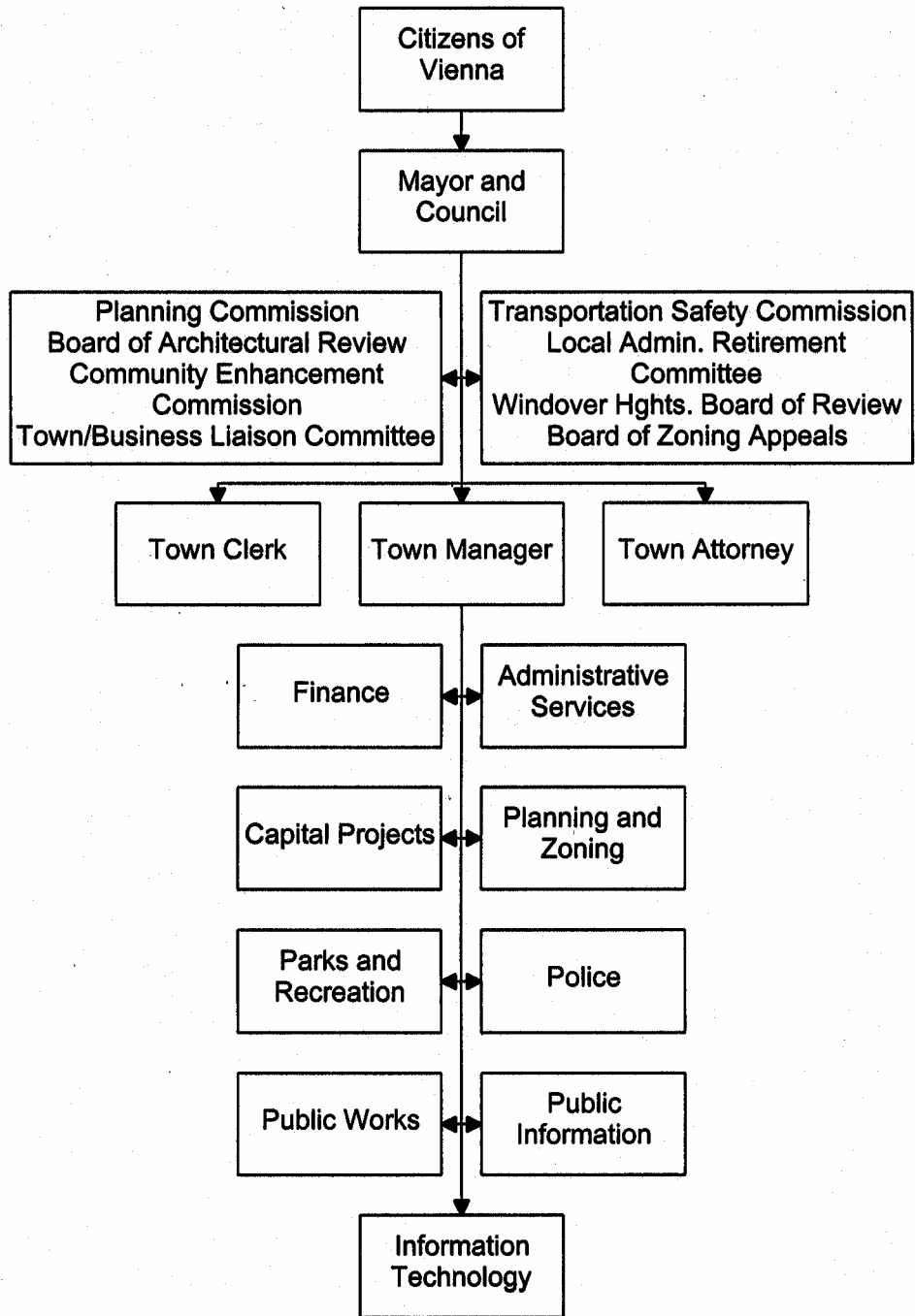
*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

Executive Director

# TOWN OF VIENNA, VIRGINIA Organizational Chart



**- Financial Section -**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### **TO THE HONORABLE MEMBERS OF THE TOWN COUNCIL TOWN OF VIENNA VIENNA, VIRGINIA**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Vienna, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audit of Counties, Cities and Towns* issued by the Commonwealth of Virginia, Office of the Auditor of Public Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2005, on our consideration of the Town of Vienna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Vienna, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Tamm, Cox Associates*

Charlottesville, Virginia  
November 9, 2005



**TOWN OF VIENNA, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**To the Honorable Members of the Town Council  
To the Citizens of the Town of Vienna**

As management of the Town of Vienna we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented in this analysis in conjunction with additional information that we have furnished in the letter of transmittal.

**Financial Highlights**

- Total net assets exceeded total liabilities on June 30, 2005 by \$50,711,228, a decrease of \$137,343 or .027 percent. The decrease resulted primarily from a drop in construction-in-progress assets. Unrestricted net assets ended the year at \$10,870,248, an increase of \$209,398 or 1.96 percent, reflecting a \$815,552 in unrestricted net assets of governmental activities that was offset by a \$606,154 decrease in those of business-type activities. Unrestricted net assets may be appropriated by the Town Council to meet the ongoing obligations to citizens, water and sewer customers, and creditors.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet (Exhibit 3) reported a combined ending fund balance of \$13,063,294, an increase of \$602,365 in comparison with the prior year. The increase reflects \$827,235 worth of growth in the General and Debt Service funds resulting primarily from higher-than-anticipated revenue that offset a \$224,870 reduction in the Capital Projects Fund's balance due to completion of various capital projects. The Debt Service Fund's balance is reserved for the retirement of current and future debt issues and the balance of the Capital Projects Fund is reserved for completion of capital projects. \$4,214,000 of the General Fund's balance is unrestricted and represents 24 percent of total general fund FYE 2005 expenditures.
- The Town's long-term obligations decreased by \$1,732,587 (10.3 percent) during the fiscal year. The net decrease was comprised of debt payments in the amount of \$2,271,552 and a new capital lease in the amount of \$538,965. Long-term obligations totaled \$15,178,249 at year-end. Of this amount, outstanding bonds totaled \$12,870,004, notes payable totaled \$1,162,345, and capital leases totaled \$1,145,900. The above amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$3,328,107 and \$884,626 respectively, at year-end. Accounts payable and an estimated amount of \$728,348 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$47,649 or 5.6 percent over the preceding year.
- Excluding Pension Trust Funds, total cash and cash equivalents increased \$165,009 when compared to the prior fiscal year. The increase is primarily related to unexpected revenue growth in the General and Debt Service funds that offset declines in the Capital Project and Water and Sewer funds. The \$211,057 increase in Pension Funds cash and cash equivalents is primarily due to a rise in member contributions and investment earnings. The following table denotes cash increases and decreases by fund.

<b>Fund</b>	<b>FY 05 Cash</b>	<b>FY 04 Cash</b>	<b>Increase (Decrease)</b>
General	\$ 7,746,039	\$ 5,035,722	\$ 2,710,317
Debt Service	2,906,258	2,568,288	337,970
Capital Projects	3,758,062	6,157,381	(2,399,319)
Water & Sewer	2,239,478	2,723,437	(483,959)
Total Cash	<u>\$16,649,837</u>	<u>\$ 16,484,828</u>	<u>\$ 165,009</u>
Pension Trust	<u>\$ 5,617,563</u>	<u>\$ 5,406,506</u>	<u>\$ 211,057</u>

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of Town finances, in a manner similar to a private-sector business.

1. Statement of Net Assets - Presents information on all Town assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. Statement of Activities - Presents information showing how Town net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the 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 of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, police, fire and rescue, public works, social services, community development and recreation. The business-type activities of the Town encompass water and sewer operations.

Town of Vienna students attend Fairfax County Schools, and therefore, no school related financial information is reflected in this report.

B. Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Vienna, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

1. Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These activities include general government, police, fire and rescue, public works, social services, community development and recreation. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of speedball resources, as well as on balances of speedball resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's ability to satisfy near-term financing requirements.

The Town maintains three individual governmental funds: the General Fund, the Debt Service Fund, and the Capital Projects Fund. A separate balance sheet and statement of revenues, expenditures and changes in fund balances has been prepared for each fund. The Town adopts annual appropriated budgets for these three funds; and accordingly, a budgetary comparison statement has been provided for these funds to demonstrate compliance with budgetary controls.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Accounting differences between the governmental fund and government-wide financial statements include, but are not limited to, the following:

- a. Asset purchases for land, buildings and equipment are reflected as expenditures in governmental fund financial statements; whereas, these same expenditures are capitalized and allocated (depreciation) to operations over the estimated useful lives of the assets in the government-wide financial statements.
  - b. Interest expense is reflected as an expenditure, when due, in the governmental fund financial statements, but is posted as an accrued expense in the government-wide financial statements.
  - c. Receivables reported in the government-wide financial statements when a claim is established (or revenue is earned), are reported as deferred revenues in the government fund financial statements if not available to pay current-period expenditures.
2. Proprietary funds - Proprietary funds consist of enterprise and internal service funds. Enterprise funds are predominantly used to account to goods and services that are offered for sale to the general public. Whereas, internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Town does not utilize internal service funds, but does maintain one enterprise fund that accounts for the delivery and sale of water and sewer services. Enterprise funds employ the accrual basis of accounting and are used to report the same functions presented as business-type activities in the government-wide financial statements.
  3. Fiduciary funds - Fiduciary funds account for assets held by the Town as a trustee or agent for individuals (pension plan), private organizations or other government units. The Town administers two employee defined benefit pension plans under the direction of the Town Retirement Committee. The Local Retirement Pension Plan covers all full-time employees, except police and fire, who are covered under the Police Retirement Pension Plan. Although reported in the governmental fund financial statements, fiduciary funds are not reported in the Town's government-wide financial statement because the funds are not available to support Town programs. Fiduciary funds employ the accrual basis of accounting.

C. Notes to the financial statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve as a useful indicator of a government's financial position. The Town's total assets exceeded total liabilities by \$50,711,228 at year-end, a decrease of \$137,343 or .027 percent. Of this amount, governmental activities totaled \$41,852,582, up by \$935,513 or 2.29 percent while business-type activities totaled \$8,858,646, a decline of \$1,072,856 or 10.8 percent. The increase in the former was primarily due to growth in unrestricted assets and investment in capital assets. The latter's decrease was primarily due to reductions in contributed capital and capital transfers from Capital Projects Fund combined with a decrease in cash and cash equivalents that resulted from operating expenditures and transfers out that exceeded operating income and transfers in.

The Town's investment in capital assets such as land, buildings and equipment totaled \$52,454,714 at June 30, 2005; of which, governmental activities totaled \$43,335,448, a decrease of \$1,519,835 or 3.39 percent. The reduction was due primarily to a drop in construction-in-progress value. The Town uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although capital assets are 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 these liabilities.

The following table provides an overview of the Town's Statement of Net Assets for the fiscal year.

**Town of Vienna, Virginia**  
**Schedule of Assets, Liabilities and Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b><u>Assets:</u></b>						
Current and other assets	\$ 16,267,022	\$ 15,115,110	\$ 3,349,430	\$ 3,744,565	\$ 19,616,452	\$ 18,859,675
Capital assets	43,335,448	44,855,283	9,119,266	9,453,884	52,454,714	54,309,167
Total assets	<u>\$ 59,602,470</u>	<u>\$ 59,970,393</u>	<u>\$ 12,468,696</u>	<u>\$ 13,198,449</u>	<u>\$ 72,071,166</u>	<u>\$ 73,168,842</u>
<b><u>Liabilities:</u></b>						
Long-term liabilities outstanding	\$ 14,479,672	\$ 16,304,684	\$ 1,583,203	\$ 1,443,124	\$ 16,062,875	\$ 17,747,808
Other liabilities	3,270,216	2,748,640	2,026,847	1,823,823	5,297,063	4,572,463
Total liabilities	<u>\$ 17,749,888</u>	<u>\$ 19,053,324</u>	<u>\$ 3,610,050</u>	<u>\$ 3,266,947</u>	<u>\$ 21,359,938</u>	<u>\$ 22,320,271</u>
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of related debt	\$ 29,665,051	\$ 29,320,220	\$ 7,611,414	\$ 8,078,116	\$ 37,276,465	\$ 37,398,336
Restricted	2,564,515	2,789,385	-	-	2,564,515	2,789,385
Unrestricted	9,623,016	8,807,464	1,247,232	1,853,386	10,870,248	10,660,850
Total net assets	<u>\$ 41,852,582</u>	<u>\$ 40,917,069</u>	<u>\$ 8,858,646</u>	<u>\$ 9,931,502</u>	<u>\$ 50,711,228</u>	<u>\$ 50,848,571</u>

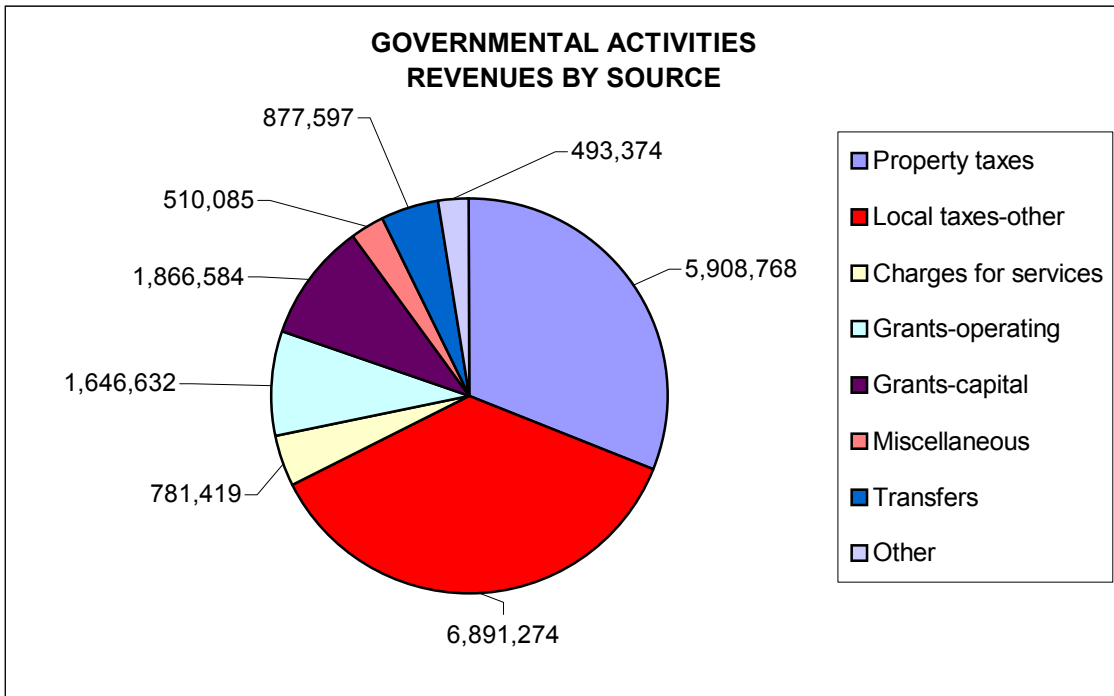
Restricted net assets represent resources that are subject to external restrictions on how they will be expended. The above-restricted assets, which total \$2,564,515 are designated for capital improvements in accordance with the bond covenants. The remaining balance of unrestricted assets (\$9,623,016 and \$1,247,232) maybe used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Vienna is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as its business-type activities.

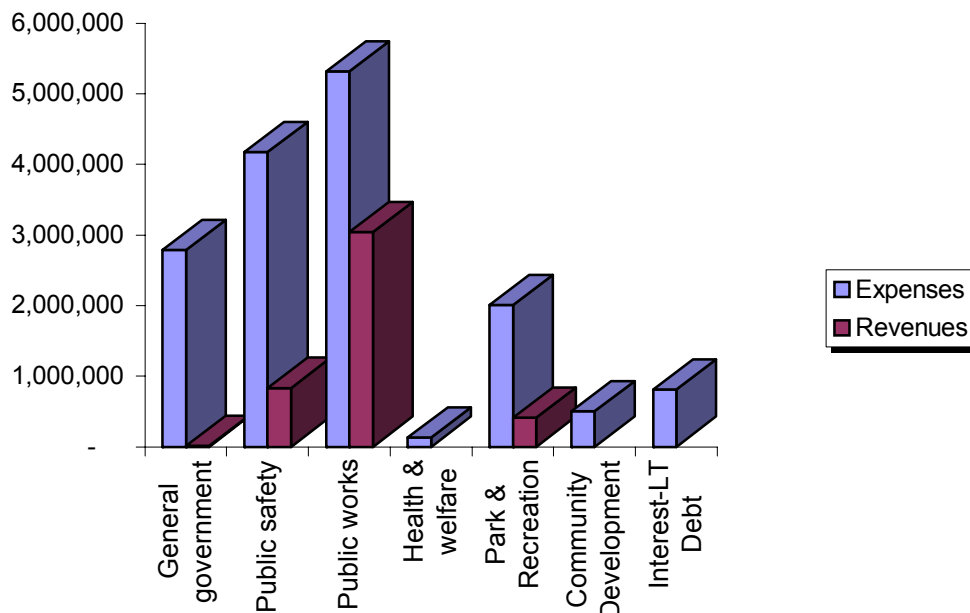
**Governmental Activities** - Governmental and business-type activities reflect changes in net assets of \$935,513 and (\$1,072,856), respectively. The following table provides an overview of revenues, expenses, and the changes in net assets for the fiscal year.

<b>Town of Vienna, Virginia</b>						
<b>Changes in Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,547,824	\$ 1,045,492	\$ 4,627,013	\$ 4,388,312	\$ 6,174,837	\$ 5,433,804
Operating grants and contributions	2,081,809	1,830,979	-	12,101	2,081,809	1,843,080
Capital grants and contributions	-	44,691	-	-	-	44,691
<b>General revenues:</b>						
Property taxes	6,768,321	6,630,581	-	-	6,768,321	6,630,581
Other local taxes	8,229,088	7,692,747	-	-	8,229,088	7,692,747
Grants & contributions - unrestricted	17,435	35,852	-	-	17,435	35,852
Use of property	-	255,027	-	-	-	255,027
Investment earnings	313,866	150,636	58,206	34,391	372,072	185,027
Miscellaneous	304,443	276,978	68,206	33,903	372,649	310,881
<b>Total revenues</b>	<b>\$ 19,262,786</b>	<b>\$ 17,962,983</b>	<b>\$ 4,753,425</b>	<b>\$ 4,468,707</b>	<b>\$ 24,016,211</b>	<b>\$ 22,431,690</b>
<b>Expenses:</b>						
General government	\$ 3,242,113	\$ 2,948,861	\$ -	\$ -	\$ 3,242,113	\$ 2,948,861
Public safety	5,143,055	4,208,668	-	-	5,143,055	4,208,668
Public works	7,696,605	7,052,387	-	-	7,696,605	7,052,387
Health and welfare	186,891	158,447	-	-	186,891	158,447
Parks, recreation and cultural	2,043,892	2,285,303	-	-	2,043,892	2,285,303
Community development	547,117	527,204	-	-	547,117	527,204
Interest on long-term debt	640,992	725,405	-	-	640,992	725,405
Water and sewer	-	-	4,679,889	4,641,190	4,679,889	4,641,190
<b>Total Expenses</b>	<b>\$ 19,500,665</b>	<b>\$ 17,906,275</b>	<b>\$ 4,679,889</b>	<b>\$ 4,641,190</b>	<b>\$ 24,180,554</b>	<b>\$ 22,547,465</b>
<b>Net Assets:</b>						
Income before capital contributions and transfers	\$ (237,879)	\$ 56,708	\$ 73,536	\$ (172,483)	\$ (164,343)	\$ (115,775)
Capital contributions	-	-	27,000	24,000	27,000	24,000
Transfers	1,173,392	1,193,488	(1,173,392)	(1,193,488)	-	-
Increase (Decrease) in net assets	\$ 935,513	\$ 1,250,196	\$ (1,072,856)	\$ (1,341,971)	\$ (137,343)	\$ (91,775)
Net assets, beginning of year	40,917,069	39,666,873	9,931,502	11,273,473	50,848,571	50,940,346
Net assets, end of year	<b>\$ 41,852,582</b>	<b>\$ 40,917,069</b>	<b>\$ 8,858,646</b>	<b>\$ 9,931,502</b>	<b>\$ 50,711,228</b>	<b>\$ 50,848,571</b>

Program and general revenues for governmental activities totaled \$20,436,178, an increase of \$1,279,707 or 6.6 percent over the previous fiscal year. Of this amount, property taxes totaled \$6,768,321 and other local taxes totaled \$8,229,088. These represent increases of 2 percent and 6.9 percent respectively. There were no capital grants and contributions, a non-recurring federal grant having ended the preceding year. The \$27,000 capital contribution to business-type activities represents the value of an improvement to the Town's water and sewer system by one of its users. The \$1,173,392 worth of transfers between governmental activities and business-type activities is \$20,096 less than that of the preceding year. Consisting of water and sewer fund transfers to the debt service fund for the former fund's share of debt retirement and the water and sewer fund's transfer to the general fund to recover the latter fund's costs related to the support of the water and sewer operations, the .017 percent decrease is primarily due to declining debt service costs related to the pay-down of the Town's long-term debt. The chart below provides an overview of the FY 2004-05 revenues by program source.



The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of providing services by function. The expenses associated with individual functions are compared to the non-tax revenues generated by charges for services and intergovernmental grants. A review of the Statement of Activities reveals that governmental expenses totaled \$19,500,665, an increase of \$1,594,390 or 8.9 percent from the prior year primarily due to expenditures for security technology in public safety operations and infrastructure improvements in public works operations. Directly supporting these expenditures were charges for services generating \$1,547,824 plus operating grants and contributions generating \$2,081,809 for total program revenues of \$3,629,633. This represents an increase of \$708,471 or 24.2 percent. This plus the increased expenditures, account for the \$885,919 or 5.9 percent jump in general revenue support of these activities. The chart below provides a graphical comparison of expenses and non-tax revenues by function (general government, public works, etc.).



**Business-type activities** - The water and sewer fund concluded the year with a decrease in net assets of \$1,072,856 to end the year with a net assets balance of \$8,858,646. Before net transfers of \$1,173,392 to the General and Debt Service funds, water and sewer fund operating income and capital transfers ended the year with a net gain of \$100,536. Key elements of operating results include the following:

- A. Operating revenues totaled \$4,627,013, an increase of \$238,701 or 5.4 percent increase over FY 04 revenues of \$4,388,312. Non-operating revenues, transfers, and contributions netted to a negative \$1,030,583 as compared to a negative \$1,099,189 the previous year. The change was primarily due to increased contributed capital and capital transfers from the Capital Projects Fund.
- B. Operating expenses increased \$38,699, or .08 percent. The increase was due primarily to increased cost of wholesale water purchases.
- C. More timely remittances of Fairfax County sewer charges billed by the Town to County residents, account for most of the reductions in accounts payable and cash of 9.76 percent and 17.77 percent respectively.
- D. Compared to the preceding year, operating transfers to other funds increased \$25,662 or 2.1 percent while operating transfer from other funds increased by \$45,758. The resulting 1.7 percent decrease in the net outflow totaled \$1,173,392 for the year.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town employs three funds: the general fund, the debt service fund, and the capital projects fund.

**Governmental Funds** - The governmental fund financial statements focus on near-term inflows and outflows of speedball resources, as well as on balances of speedball resources available at the end of the fiscal year. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the Town's three governmental funds reported combined ending fund balances of \$13,063,294, an increase of \$602,365 from the prior year. The change was primarily the result of increases in the General and Debt Service fund balances of \$640,544 and \$186,691 respectively that were partially offset by a \$224,870 decline in the Capital Projects fund balance. \$8,849,294 or 67.7 percent of the combined fund balance is reserved for capital projects, debt service, and other purposes, leaving an unreserved balance of \$4,214,000 or 32.3 percent of the total available for spending at the Council's discretion. The 6.3 percent rise in Debt Service fund debt reserves was due to a sharp increase in that fund's meals and lodging tax revenue over the preceding year. The \$224,870 decrease in the Capital Project Fund's encumbrance and undesignated reserves reflect the appropriation and expenditures of the preceding year's reserves relating to storm drainage, street reconstruction, parks and recreation facility, and Town Center projects. The reserved portion of fund balance indicates that it is not available for new spending because it has already been committed for expenditure, as follows:

**Town of Vienna, Virginia**  
**Fund Balance Components**  
**General, Debt Service and Capital Projects Funds**

	<b>Reserve Amount</b>
<b>Reserved:</b>	
Inventory	\$ 123,076
Encumbrances	2,873,301
Debt Service	3,118,559
Asset forfeiture programs	207,446
Vehicle replacement	703,623
PEG programs	738
Prepaid items	964
Capital equipment and projects	1,221,587
Subsequent year's expenditures	600,000
Total Reserved	\$ 8,849,294
<b>Unreserved:</b>	
Undesignated	4,214,000
Total Fund Balance	\$ 13,063,294

The general fund is the primary operating fund of the Town. At the end of the current fiscal year, the fund balance of the general fund totaled \$7,369,773, which equates to 56.4 percent of the \$13,063,294 combined fund balance for the three funds the Town employs. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 24 percent of total general fund expenditures, while total fund balance represents 42.1 percent of that same amount.

The total fund balance for the general fund increased \$640,544 during the current fiscal year. The unreserved, undesignated component of fund balance, which totaled \$4,214,000 at year-end, declined by \$560,360 over the prior fiscal year. The primary cause of the decrease was additional reserves for capital equipment and project commitments. Also impacting the unreserved, undesignated fund balance were the following factors:

- General fund revenues as a whole increased \$1,295,617 or 7.26 percent. This increase resulted primarily from a \$165,624 increase in general property taxes, a \$536,341 increase in other local taxes, a \$245,884 increase in use of money and property, and a \$187,722 increase in intergovernmental revenues.
- While general fund revenues increased \$1,295,617 over the prior fiscal year, general fund expenditures rose by \$2,055,870 or 11.48 percent for the same period. In addition to annual personnel costs, security technology and infrastructure expenditures account for most of the increase.
- Net other financing sources reflected a \$87,660 or 7.4 percent increase over the prior fiscal year, primarily due to an increase in transfers from the water and sewer fund, partially offset by less capital lease proceeds as compared with the preceding year.

**Proprietary Fund** - The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the results of operations have already been addressed in the prior discussion of the Town's business-type activities.



## General Fund Budgetary Highlights

During the year Council adopted various budget amendments, which resulted in differences between the original and final FY 2005 budgets. These differences totaled \$535,405 for revenues and \$1,767,432 for expenditures. The increase in charges for services was due primarily to the budgeting of a reimbursement for police services. Large insurance reimbursements account for most of the increase in miscellaneous revenue budgets. Public safety grants from the state account for the increase in revenues from the state. Additional homeland security grants account for the increase in federal revenue budgets. The increase in general government administration's budget was due primarily to the supplemental appropriation of grant funds for development of a wide-area network. Public safety's budget was increased largely because of new grants being appropriated and the increase in public works' budget was primarily due to supplementary appropriation of project carry-forward funds. Parks, recreation, and culture budgetary increases were due to the supplemental appropriation of grants and improvement projects and the increase in community development's budget was due to supplemental appropriation of project carry-forward funding. Details are summarized in the following table:

	<b>Amount Amended</b>
<b>Revenues:</b>	
Charges for services	\$ 656
Miscellaneous	137,080
State revenues	30,000
Federal revenues	367,669
Total	<u>\$ 535,405</u>
<b>Expenditures:</b>	
General government administration	\$ 591,064
Public safety	423,411
Public works	715,215
Parks, recreation and cultural	33,706
Community development	4,036
Total	<u>\$ 1,767,432</u>

## Capital Assets and Debt Administration

**Capital assets** - The Town's investment in capital assets for governmental activities totaled \$43,335,448 (net of accumulated depreciation), a decrease of \$1,519,835. The schedule below provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity are in Note 7 of the Notes to Financial Statements.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Land	\$ 2,624,522	\$ 2,500,179	\$ -	\$ -	\$ 2,624,522	\$ 2,500,179
Construction in progress	5,594,561	8,367,485	-	-	5,594,561	8,367,485
Buildings and improvements	10,045,447	10,777,203	8,863,927	9,186,291	18,909,374	19,963,494
Infrastructure	22,499,628	21,236,215	-	-	22,499,628	21,236,215
Office and other equipment	812,672	397,759	-	-	812,672	397,759
Automotive and other equipment	1,758,618	1,576,442	255,339	267,593	2,013,957	1,844,035
Total assets - net of depreciation	<u>\$43,335,448</u>	<u>\$44,855,283</u>	<u>\$9,119,266</u>	<u>\$9,453,884</u>	<u>\$52,454,714</u>	<u>\$54,309,167</u>

\* As adjusted for infrastructure

**Long-term obligations** - At the conclusion of the fiscal year, total long-term obligations totaled \$13,670,397 for the Town and \$1,507,852 for the water and sewer fund. Of this amount, outstanding bonds totaled \$12,870,004, notes payable totaled \$1,162,345 and capital leases totaled \$1,145,900. The above amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$3,328,107 and \$884,626, respectively, at year-end. Except for \$796,164 worth of compensated absences, these obligations will be paid from current resources and were not included in long-term liabilities. Additional information relative to the Town's long-term obligations can be found in Note 9 of the Notes to Financial Statements.

**Economic Factors and Next Year's Budget and Rates**

Located in northern Virginia, approximately 10 miles west of Washington D.C., the Town of Vienna is situated in one of the more economically stable regions of the country. Vienna continues to enjoy a healthy economic base given its metropolitan transit system, and its close proximity to the Dulles Airport corridor and Washington D.C. Property values are expected to increase by at least 10 percent, continuing the trend of the previous eight years. The area's economic vitality is further evidenced by its low unemployment rate, which totaled 2.9 percent as June 30, 2005. This rate is significantly less than the state average of 3.7 percent and the national average of 5 percent, for the same period. According to recent Fairfax County demographic data, median family income increased from \$33,200 in 1979 to almost \$94,000 in 2003 and over 46 percent of families have incomes of at least \$100,000.

The general fund revenue budget for the fiscal year ending June 30, 2006 totals \$17,327,600, which equates to a decrease of \$809,319 or 4.5 percent from the last fiscal year. General property taxes are expected to increase \$95,005, or 1.4 percent. Tax rates will be reduced by 4.5 cents in fiscal year 2005-06. The following table provides a comparison of the FY 2005 actual revenue and 2006 adopted revenue budget for the Town of Vienna.

<u>Revenue Source</u>	<u>FY 2006 Budget</u>	<u>FY 2005 Actual</u>	<u>Expected Increase (Decrease)</u>
Property taxes	\$ 6,852,962	\$ 6,757,957	\$ 95,005
Other local taxes	6,049,200	5,998,680	50,520
Permits, fees & licenses	50,900	50,025	875
Fines and forfeitures	275,000	556,021	(281,021)
Use of money & property	222,245	530,115	(307,870)
Charges for services	539,200	571,997	(32,797)
State revenues	1,764,093	1,749,810	14,283
Federal revenues	-	349,434	(349,434)
Reimbursements	-	-	-
Transfers-in	898,000	963,299	(65,299)
Other	676,000	609,581	66,419
Total Revenue Budget	<u>\$ 17,327,600</u>	<u>\$ 18,136,919</u>	<u>\$ (809,319)</u>

**Request for Information**

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2005. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 127 Center Street, South, Vienna, Virginia 22180. Information relative to Town government may also be obtained by visiting the Town of Vienna web site at [www.ci.vienna.va.us](http://www.ci.vienna.va.us).

**Basic Financial Statements:**

**- Government-wide Financial Statements -**

## TOWN OF VIENNA, VIRGINIA

Statement of Net Assets  
At June 30, 2005

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 14,410,359	\$ 2,239,478	\$ 16,649,837
Receivables, net	728,100	1,011,137	1,739,237
Prepaid items	964	-	964
Due from other governments	1,001,448	-	1,001,448
Internal balances	3,075	(3,075)	-
Inventory, at cost	123,076	101,890	224,966
Capital assets:			
Land and land improvements	2,624,522	-	2,624,522
Construction in progress	5,594,561	-	5,594,561
Other capital assets, net of accumulated depreciation	35,116,365	9,119,266	44,235,631
Capital assets, net	\$ 43,335,448	\$ 9,119,266	\$ 52,454,714
Total assets	\$ 59,602,470	\$ 12,468,696	\$ 72,071,166
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 2,412,815	\$ 915,292	\$ 3,328,107
Deferred revenue	417,150	-	417,150
Escrow and other deposits	440,251	102,593	542,844
Due to other governments	-	1,008,962	1,008,962
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	1,596,667	34,542	1,631,209
Capital leases	584,688	181,507	766,195
Compensated absences	728,348	67,816	796,164
Due in more than one year:			
Bonds and notes payable	11,273,337	1,127,803	12,401,140
Capital leases	215,705	164,000	379,705
Compensated absences	80,927	7,535	88,462
Total liabilities	\$ 17,749,888	\$ 3,610,050	\$ 21,359,938
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$ 29,665,051	\$ 7,611,414	\$ 37,276,465
Restricted:			
Capital projects	2,564,515	-	2,564,515
Unrestricted	9,623,016	1,247,232	10,870,248
Total net assets	\$ 41,852,582	\$ 8,858,646	\$ 50,711,228

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

## TOWN OF VIENNA, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental activities</b>							
General government	\$ 3,242,113	\$ 9,454	\$ -	\$ -	\$ (3,232,659)	\$ -	\$ (3,232,659)
Public safety	5,143,055	617,402	819,195	-	(3,706,458)	-	(3,706,458)
Public works	7,696,605	369,751	1,262,614	-	(6,064,240)	-	(6,064,240)
Health and welfare	186,891	-	-	-	(186,891)	-	(186,891)
Parks, recreation and cultural	2,043,892	551,217	-	-	(1,492,675)	-	(1,492,675)
Community development	547,117	-	-	-	(547,117)	-	(547,117)
Interest on long-term debt	640,992	-	-	-	(640,992)	-	(640,992)
Total governmental activities	\$ 19,500,665	\$ 1,547,824	\$ 2,081,809	\$ -	\$ (15,871,032)	\$ -	\$ (15,871,032)
<b>Business type activities</b>							
Water and sewer	4,679,889	4,627,013	-	-	-	(52,876)	(52,876)
<b>Total</b>	\$ 24,180,554	\$ 6,174,837	\$ 2,081,809	\$ -	\$ (15,871,032)	\$ (52,876)	\$ (15,923,908)
<b>General Revenues</b>							
Taxes:							
General real property taxes					\$ 6,768,321	\$ -	\$ 6,768,321
Local sales and use taxes					1,134,790	-	1,134,790
Consumer utility taxes and pass-through fees					1,341,121	-	1,341,121
Business license taxes					1,850,557	-	1,850,557
Meals and lodging taxes					2,230,408	-	2,230,408
Other					1,672,212	-	1,672,212
Grants and contributions not restricted to specific programs					17,435	-	17,435
Investment earnings					313,866	58,206	372,072
Miscellaneous					304,443	68,206	372,649
<b>Capital contributions</b>					-	27,000	27,000
<b>Transfers</b>					1,173,392	(1,173,392)	-
Total general revenues					\$ 16,806,545	\$ (1,019,980)	\$ 15,786,565
Change in net assets					\$ 935,513	\$ (1,072,856)	\$ (137,343)
Net assets, beginning of year					40,917,069	9,931,502	50,848,571
Net assets, end of year					\$ 41,852,582	\$ 8,858,646	\$ 50,711,228

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

**Basic Financial Statements:**

**- Fund Financial Statements -**

## TOWN OF VIENNA, VIRGINIA

**Balance Sheet**  
**Governmental Funds**  
**At June 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 7,746,039	\$ 2,906,258	\$ 3,758,062	\$ 14,410,359
Receivables (net of allowances for uncollectibles):				
Taxes including penalties	17,760	-	-	17,760
Accounts	442,502	267,838	-	710,340
Prepaid items	964	-	-	964
Due from other governments	1,001,311	-	137	1,001,448
Due from other funds	46,751	-	-	46,751
Inventory, at cost	123,076	-	-	123,076
Total	<u>\$ 9,378,403</u>	<u>\$ 3,174,096</u>	<u>\$ 3,758,199</u>	<u>\$ 16,310,698</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,040,435	\$ 45,090	\$ 1,146,508	\$ 2,232,033
Accrued liabilities	55,084	-	-	55,084
Escrow and other deposits	436,751	-	3,500	440,251
Due to other funds	-	-	43,676	43,676
Deferred revenues	476,360	-	-	476,360
Total liabilities	<u>\$ 2,008,630</u>	<u>\$ 45,090</u>	<u>\$ 1,193,684</u>	<u>\$ 3,247,404</u>
<b>Fund Balance:</b>				
Reserved for:				
Inventory	\$ 123,076	\$ -	\$ -	\$ 123,076
Prepaid items	964	-	-	964
Encumbrances	298,339	10,447	2,564,515	2,873,301
Debt service	-	3,118,559	-	3,118,559
Asset forfeiture programs	207,446	-	-	207,446
Vehicle replacement	703,623	-	-	703,623
PEG program	738	-	-	738
Capital equipment and projects	1,221,587	-	-	1,221,587
Subsequent year's expenditures	600,000	-	-	600,000
Unreserved:				
Undesignated	4,214,000	-	-	4,214,000
Total fund balance	<u>\$ 7,369,773</u>	<u>\$ 3,129,006</u>	<u>\$ 2,564,515</u>	<u>\$ 13,063,294</u>
Total liabilities and fund balance	<u>\$ 9,378,403</u>	<u>\$ 3,174,096</u>	<u>\$ 3,758,199</u>	<u>\$ 16,310,698</u>

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

## TOWN OF VIENNA, VIRGINIA

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

At June 30, 2005

Total fund balances for governmental funds (Exhibit 3)	\$	13,063,294
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and land improvements	\$	2,624,522
Construction in progress		5,594,561
Depreciable capital assets, net of accumulated depreciation		<u>35,116,365</u>
Total capital assets		43,335,448
Some of the Town's taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as deferred revenue in the funds.		
		59,210
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net assets are as follows:		
Accrued interest on debt	\$	(125,698)
Bonds, notes and capital leases payable		(13,670,397)
Compensated absences		<u>(809,275)</u>
Total		<u>(14,605,370)</u>
Total net assets of governmental activities (Exhibits 1 and 2)	\$	<u><u>41,852,582</u></u>

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



## TOWN OF VIENNA, VIRGINIA

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 6,757,957	\$ -	\$ -	\$ 6,757,957
Other local taxes	5,998,680	2,230,408	-	8,229,088
Permits, privilege fees and regulatory licenses	50,025	-	-	50,025
Fines and forfeitures	556,051	-	-	556,051
Revenue from use of money and property	530,115	54,799	98,703	683,617
Charges for services	571,997	-	-	571,997
Miscellaneous	303,910	533	-	304,443
Intergovernmental	2,099,244	-	-	2,099,244
Total revenues	<u>\$ 16,867,979</u>	<u>\$ 2,285,740</u>	<u>\$ 98,703</u>	<u>\$ 19,252,422</u>
Expenditures:				
Current:				
General government administration	\$ 3,250,998	\$ -	\$ -	\$ 3,250,998
Public safety	4,921,959	-	-	4,921,959
Public works	5,954,747	-	-	5,954,747
Health and welfare	186,891	-	-	186,891
Parks, recreation, and cultural	2,272,337	-	-	2,272,337
Community development	543,506	-	-	543,506
Capital projects	-	-	169,741	169,741
Debt service:				
Principal retirement	343,645	1,826,667	-	2,170,312
Interest and other fiscal charges	22,292	636,307	-	658,599
Total expenditures	<u>\$ 17,496,375</u>	<u>\$ 2,462,974</u>	<u>\$ 169,741</u>	<u>\$ 20,129,090</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (628,396)</u>	<u>\$ (177,234)</u>	<u>\$ (71,038)</u>	<u>\$ (876,668)</u>
Other financing sources (uses):				
Long term debt issued	\$ 305,641	\$ -	\$ -	\$ 305,641
Operating transfers in	963,299	363,925	-	1,327,224
Operating transfers out	-	-	(153,832)	(153,832)
Total other financing sources (uses)	<u>\$ 1,268,940</u>	<u>\$ 363,925</u>	<u>\$ (153,832)</u>	<u>\$ 1,479,033</u>
Net changes in fund balances	\$ 640,544	\$ 186,691	\$ (224,870)	\$ 602,365
Fund balances at beginning of year	<u>6,729,229</u>	<u>2,942,315</u>	<u>2,789,385</u>	<u>12,460,929</u>
Fund balances at end of year	<u>\$ 7,369,773</u>	<u>\$ 3,129,006</u>	<u>\$ 2,564,515</u>	<u>\$ 13,063,294</u>

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

TOWN OF VIENNA, VIRGINIA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2005**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	602,365	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			(1,519,840)
Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and realizable to pay current obligations. However, in the statement of net assets revenues are reported when earned. This requires adjustments to convert the revenues to the accrual basis.			10,364
Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.			
Debt issued:			
Capital leases	\$	(305,641)	
Repayments:			
General obligation bonds		1,826,667	
Capital leases		343,645	
		<u>                    </u>	
Net adjustment			1,864,671
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:			
Compensated absences	\$	(39,654)	
Accrued interest on bonds and loans		17,607	
		<u>                    </u>	
Net adjustment			<u>(22,047)</u>
Change in net assets of governmental activities (Exhibit 2)	\$		<u>935,513</u>

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

## TOWN OF VIENNA, VIRGINIA

**Statement of Net Assets**  
**Proprietary Fund**  
**At June 30, 2005**

		<b>Business-Type Activities Enterprise Fund Water &amp; Sewer Fund</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$	2,239,478
Receivables: (net of allowances for uncollectibles)		
Accounts		471,761
Unbilled service charges		539,376
Inventory, at cost		101,890
Total current assets	\$	3,352,505
Capital assets, net of accumulated depreciation		9,119,266
Total assets	\$	12,471,771
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$	902,018
Accrued liabilities		13,274
Escrow and other deposits		102,593
Due to other governments		1,008,962
Due to other funds		3,075
Compensated absences - current portion		67,816
Note payable - current portion		34,542
Capital lease obligations payable - current portion		181,507
Total current liabilities	\$	2,313,787
Noncurrent liabilities:		
Compensated absences - noncurrent portion	\$	7,535
Note payable - noncurrent portion		1,127,803
Capital lease obligations payable - noncurrent portion		164,000
Total noncurrent liabilities	\$	1,299,338
Total liabilities	\$	3,613,125
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	\$	7,611,414
Unrestricted		1,247,232
Total net assets	\$	8,858,646

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

## TOWN OF VIENNA, VIRGINIA

**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
**Year Ended June 30, 2005**

		<b>Business Type Activities Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Operating revenues:</b>		
Charges for services	\$	4,627,013
<b>Operating expenses:</b>		
Personal services	\$	965,368
Fringe benefits		303,497
Contractual services		2,776,609
Other charges		46,140
Materials and supplies		157,764
Depreciation		419,908
Total operating expenses	\$	4,669,286
Operating income (loss)	\$	(42,273)
<b>Nonoperating revenues (expenses):</b>		
Interest revenue	\$	58,206
Miscellaneous		68,206
Interest expense		(10,603)
Net nonoperating revenues	\$	115,809
<b>Income (loss) before contributions and transfers</b>	\$	73,536
<b>Capital contributions</b>	\$	27,000
<b>Transfers:</b>		
Transfers in	\$	45,758
Transfers (out)		(1,219,150)
Net transfers	\$	(1,173,392)
Change in net assets	\$	(1,072,856)
Net assets, beginning of year		9,931,502
Net assets, end of year	\$	8,858,646

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

**TOWN OF VIENNA, VIRGINIA**

**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2005**

		<b>Business Type Activities</b>
		<b>Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$	4,533,350
Payments to and for employees		(1,268,865)
Payments to suppliers		(2,828,861)
Other receipts		68,206
Net cash provided by operating activities	\$	503,830
<b>Cash flows from investing activities:</b>		
Investment income	\$	58,206
<b>Cash flows from (to) capital and related financing activities:</b>		
Purchase of capital assets	\$	(85,290)
Proceeds from capital lease obligations		233,324
Capital contributions		27,000
Principal payments on capital lease agreements		(66,698)
Principal payments on note payable		(32,587)
Interest expense		(10,603)
Other		83,487
Net cash provided (used) by capital and related financing activities	\$	148,633
<b>Cash flows from noncapital and related financing activities:</b>		
Net transfers from (to) other funds	\$	(1,194,628)
Net cash used by noncapital and related financing activities	\$	(1,194,628)
Net increase (decrease) in cash and cash equivalents	\$	(483,959)
Cash and cash equivalents at beginning of year		2,723,437
Cash and cash equivalents at end of year	\$	2,239,478
<b>Noncash transactions affecting financial position:</b>		
Capital assets acquired from capital contributions	\$	-

**TOWN OF VIENNA, VIRGINIA**

**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2005 (continued)**

		<b>Business Type Activities Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>		
Operating income	\$	(42,273)
Adjustments to reconcile operating income to net cash provided (used for) operating activities:		
Depreciation		419,908
Increase in allowance for uncollectibles		4,000
Changes in operating accounts:		
Accounts receivable		(2,807)
Unbilled service charges		(94,856)
Inventory		(12,397)
Accounts payable and accrued liabilities		(99,044)
Due to other funds		21,236
Escrow and other deposits		5,670
Due to other governments		296,398
Accrued leave		7,995
Net cash provided (used) by operating activities	\$	<u>503,830</u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Fiduciary Net Assets  
 Pension Trust Funds  
 At June 30, 2005

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<b>Assets:</b>	
Cash and cash equivalents	\$ 5,617,563
Accounts receivable	25,025
	<hr/>
Total assets	\$ 5,642,588
	<hr/>
<b>Liabilities:</b>	
Accounts payable	\$ -
	<hr/>
<b>Net Assets:</b>	
Held in trust for pension benefits	\$ 5,642,588
	<hr/> <hr/>

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

## TOWN OF VIENNA, VIRGINIA

**Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**Year Ended June 30, 2005**

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Additions:	
Contributions:	
Employer	\$ 356,557
Plan members	<u>33,471</u>
Total contributions	\$ 390,028
Investment income:	
Interest earned on investments	<u>115,233</u>
Total additions	<u>\$ 505,261</u>
Deductions:	
Pension benefit payments	\$ 267,854
Investment expenses	-
Other charges	<u>7,499</u>
Total deductions	<u>\$ 275,353</u>
Net increase in plan assets	\$ 229,908
Net assets held in trust for pension benefits:	
Balance, beginning of year	<u>5,412,680</u>
Balance, end of year	<u><u>\$ 5,642,588</u></u>

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



# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2005

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **Narrative Profile**

The Town of Vienna, located in central Fairfax County, Virginia, approximately 10 miles west of the District of Columbia, was incorporated in 1890. With a population of 14,453 and a land area of 4.40 square miles, Vienna is the second largest town in the Commonwealth of Virginia.

The Town is governed under the Council-Manager form of government. The Town government, with approximately 200 full-time employees, engages in a wide range of municipal services including: police protection, refuse and leaf collection, recycling, street and sidewalk maintenance, street lights, storm drainage system maintenance, street cleaning, snow removal, water and sewer services, insect and animal control, zoning enforcement, planning and community development, recreational facilities and programs and Town beautification. Judicial administration, educational, fire, library, health and welfare services are provided by Fairfax County.

The financial statements of the Town of Vienna, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

#### **A. Financial Reporting Entity**

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the Town prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private sector financial reports.

GASB Statement No. 34 established requirements and a reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

- Management's Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.
- Government-wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2005 (continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

#### **A. Financial Reporting Entity (continued)**

- Statement of Net Assets: The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.
  
- Statement of Program Activities: The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
  
- Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. Under this reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results for its major funds.

Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

#### **B. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in this reporting model the focus is on either the Town as a whole or major individual funds (within the fund financial statements). The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units, if

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2005 (continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

#### **B. Government-Wide and Fund Financial Statements (continued)**

applicable. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

The Town's fiduciary funds are presented in the fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the Town in FY 2005.

1. *Governmental Funds* - Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

*General Fund* - The General Fund accounts for all revenues and expenditures of the Town which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units.

*Debt Service Fund* - Transactions related to resources obtained and used for the payment of interest and principal on long-term general obligation debt and capital leases, except for the debt payable by the enterprise funds, are accounted for in the Debt Service Fund. The Debt Service Fund revenues are derived primarily from other local taxes and transfers from the General Fund and Water and Sewer Fund.

*Capital Projects Funds* - The Capital Projects Funds account for all resources used in the acquisition, construction or improvement of the major capital facilities of the Town with the exception of those financed by the enterprise funds.

Projects are financed principally through general obligation debt and general operations.

2. *Proprietary Funds* - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and cash flows. The Proprietary Fund consists of the water and sewer enterprise fund.

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2005 (continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

#### **B. Government-Wide and Fund Financial Statements** (continued)

*Enterprise Funds* - Enterprise Funds account for operations of the Town's water and sewer fund. Revenues are primarily derived from user charges. The Town purchases water and conveys sewage under inter-governmental agreements with the City of Falls Church and the County of Fairfax, Virginia.

3. *Fiduciary Funds* - Fiduciary Funds account for assets held by the Town in a Trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds.

*Trust Funds* - Trust Funds include the local retirement and the police retirement pension trust funds. These funds are accounted for and reported similarly to proprietary funds. Pension trust funds are used to account for assets held by the Town as trustee to provide to Town employees retirement benefits in addition to the benefits provided by the Virginia Retirement System and Social Security.

*Agency Funds* - An Agency Fund is used to account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units and/or other funds. The Town has no agency funds.

#### **C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increase (e.g., revenues) and decrease (e.g., expenses) in net total assets.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2005 (continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

#### **C. Basis of Accounting** (continued)

1. *Governmental Funds* - Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the State or utilities 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 State and other grants for the purpose of funding specific expenditures, are recognized when measurable and available or at the time of the specific expenditure. Revenues from general purpose grants, such as entitlement programs, are recognized in the period to which the grant applies.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Principal and interest on long-term debt is recognized when due except for amounts due on July 1, which are accrued.

2. *Proprietary Funds* - The accrual basis of accounting is used for the Enterprise and Pension Trust Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Operating revenues and expenses are defined as those items that result from providing services, and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as noncapital related financing and other expenses.

3. *Fiduciary Funds* - Pension Trust Funds utilize the accrual basis of accounting.

#### **D. Budgets and Budgetary Accounting**

The Town Council annually adopts budgets for the general and debt service funds.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April of each year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. At least one public hearing is conducted at the Town Hall to obtain taxpayer comments.

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2005 (continued)

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

#### **D. Budgets and Budgetary Accounting** (continued)

3. Prior to June 30, the budget is legally enacted through passage of an appropriation ordinance. The Town Council may approve supplemental appropriations.
4. The legal level of control is at the function level within an individual fund. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. This is done during a quarterly review and analysis, and approved by motion by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, and Capital Projects Fund. Capital Projects are budgeted on a project basis rather than on an annual basis.
6. The budgets for the General Fund, Debt Service and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. A review of the presented budget comparisons herein will disclose how accurately the governing body was actually able to forecast the revenues and expenditures of the Town.
8. Appropriations lapse on June 30 except for the Capital Projects Fund which adopts both annual and project-length budgets. Those appropriations lapse when the project has been completed.
9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2005.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2005.

#### **E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Funds must be reappropriated in the ensuing fiscal year to provide for the payment of encumbrances which were unliquidated at the end of the previous year.

#### **F. Cash Equivalents**

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term highly liquid investments that are both (1) readily convertible to known amounts of cash, and (2) so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**G. Investments**

Investments, consisting of deposits in the Local Government Investment Pool, are stated at fair value.

**H. Inventory**

Inventory is valued at cost on a first-in, first-out basis. Inventories in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are offset by a fund balance reserve which indicate that they do not constitute available spendable resources, except in the Proprietary Fund.

**I. Prepaid Items**

The consumption method is used for accounting of prepaid items.

**J. Capital Assets**

Capital outlays are recorded as expenditures of the governmental funds of the Town, and as assets in the government-wide financial statements to the extent the Town's capitalization threshold of \$5,000 is met. Expenditures for infrastructure capital assets, which consist of roads, streets, bridges and similar assets, have been capitalized for acquisitions acquired and/or constructed during the current fiscal year (2005). Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and related improvements	15 - 30 years
Water and sewer lines	50 years
Storage tanks and wells	40 years
Improvements	20 - 40 years
Machinery and equipment	5 - 10 years
Infrastructure	25 years

**K. Other Local Taxes**

Included in other local taxes is meal and lodging tax revenue which the Town began to assess as of January 1, 1990. Since the Town Council has designated that, such revenue is to be used to repay principal and interest on governmental debt, the revenue is included as debt service revenue.



**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**L. 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 \$130,000 at June 30, 2005 and is composed of the following:

General Fund:		
Taxes receivable	\$	4,000
Water and Sewer Fund:		
Accounts receivable		<u>126,000</u>
Total	\$	<u><u>130,000</u></u>

**M. Accumulated Unpaid Vacation Pay and Other Employee Benefit Amounts**

Vested vacation pay, sick pay and other related employee benefit amounts are accrued when earned in all funds.

**N. Unbilled Revenue**

The Water and Sewer Fund bills service charges to customers on a quarterly basis. Service charges earned but unbilled are accrued based on the last billing and reported in the financial statements as unbilled service charges.

**O. Retirement Plan**

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service costs over various periods. The Town's policy is to fund pension cost as it accrues.

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Q. Long-Term Obligations**

The Town reports long-term debt of governmental funds at face value. The face value of the debt is believed to approximate fair value. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

## TOWN OF VIENNA, VIRGINIA

### Notes to Financial Statements June 30, 2005 (continued)

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#### **NOTE 2 - DEPOSITS AND INVESTMENTS:**

##### **Deposits**

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The collateral pool is considered to fully insure 100% of deposits. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balances, no amounts were uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at June 30, 2005. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments. The carrying value of deposits with banks was \$57,763 and the bank balances were \$512,788.

##### **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), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Town's investment policies allow investments in the following:

- a. U.S. Treasury bills
- b. Treasury notes on bonds
- c. insured or fully collateralized certificates of deposit of banks and savings and loan
- d. associations approved by the State Treasurer
- e. repurchase agreements collateralized by U.S. Treasury securities market-to-market
- f. the state investment pool
- g. fully secured/insured U.S. government securities

##### **Custodial Credit Risk (Investments)**

To protect against potential fraud and embezzlement, the assets of the Town shall be secured through third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Investment officials shall be bonded to protect the public against embezzlement and malfeasance. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping.

The Town's investments at June 30, 2005 consisted solely of investment in the Commonwealth of Virginia Local Government Investment Pool.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)**

**Credit Risk of Debt Securities**

The Town's investment policies state that no individual investment transaction shall be undertaken that jeopardizes the capital position of the portfolio, and that does not bear the full faith and credit of the United States government or which is not fully collateralized or insured. These investments shall be limited to instruments maturing within one year at the time of purchase, except for the pension and debt retirement funds.

The Town's rated debt instruments as of June 30, 2005 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Locality's Rated Debt Investments					
Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	A	A1	Unrated
Investment in State Treasurer's Local Government Investment Pool (LGIP) (1)	\$ 22,208,099	\$ -	\$ -	\$ -	\$ -

(1) The fair value of the position in the pool is the same as the value of the pool shares. The Treasurer of Virginia is responsible for the regulatory oversight of the pool.

**Reconciliation of Deposits and Investments**

Cash and cash equivalents - Per Exhibit 1	\$ 16,649,837
Fiduciary funds	5,617,563
Total cash and investments	<u>\$ 22,267,400</u>
Cash:	
Deposits	\$ 57,763
Cash on hand and cash items	1,538
Total cash	<u>\$ 59,301</u>
Investments	<u>\$ 22,208,099</u>
Total cash and investments	<u>\$ 22,267,400</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 3 - PROPERTY TAXES:**

Real property taxes are levied on July 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the State of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal 2005 was \$.275 per \$100 of assessed valuation.

Taxes are due in semi-annual installments on July 28 and December 5 of each year. A penalty of 10 percent or \$5.00, whichever is greater, is added to each delinquent installment. No discounts are allowed and interest at 10 percent per annum is also assessed on delinquent installments. All unpaid taxes become subject to liens against the properties upon which they are assessed as of June 30 of the year following assessment.

**NOTE 4 - ACCOUNTS RECEIVABLE:**

Accounts receivable are detailed as follows:

	Governmental Activities			Total	Business Activities
	General Fund	Debt Service Fund	Capital Projects Fund		Water & Sewer Fund
Property taxes	\$ 21,760	\$ -	\$ -	\$ 21,760	\$ -
Consumer utility taxes	131,587	-	-	131,587	-
Telephone wireless taxes	26,889	-	-	26,889	-
Cable TV franchise fee	36,069	-	-	36,069	-
Other franchise fees	83,298	-	-	83,298	-
Business license fees	68,982	-	-	68,982	-
Meals taxes	-	267,838	-	267,838	-
Water and sewer charges	-	-	-	-	597,761
Unbilled revenues	-	-	-	-	539,376
Other	117,437	-	-	117,437	-
<b>Total</b>	<b>\$ 464,262</b>	<b>\$ 267,838</b>	<b>\$ -</b>	<b>\$ 732,100</b>	<b>\$ 1,137,137</b>
Less: Allowance for uncollectibles	(4,000)	-	-	(4,000)	(126,000)
<b>Net accounts receivable</b>	<b>\$ 460,262</b>	<b>\$ 267,838</b>	<b>\$ -</b>	<b>\$ 728,100</b>	<b>\$ 1,011,137</b>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 5 - DUE FROM OTHER GOVERNMENTS:**

Amounts due from other governments are detailed as follows:

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
Commonwealth of Virginia:				
Street and highway maintenance	\$ 314,868	\$ -	\$ -	\$ 314,868
Tobacco tax	27,541	-	-	27,541
Homeland Security grants	273,924	-	-	273,924
Virginia Department of Highways	1,929	-	137	2,066
County of Fairfax, Virginia:				
Local sales tax	287,590	-	-	287,590
Court fines and forfeitures	23,287	-	-	23,287
SLEP grant	45,637	-	-	45,637
Other	2,417	-	-	2,417
County of Loudoun, Virginia:				
Gang grant	16,243	-	-	16,243
Washington-Baltimore High Intensity Drug Trafficking Area Commission	7,875	-	-	7,875
Total	<u>\$ 1,001,311</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 1,001,448</u>

**NOTE 6 - INTERFUND BALANCES AND ACTIVITY:**

Details of interfund receivable, payables and activity as of June 30, 2005 are as follows:

Interfund balances resulting from cash advances to the various funds:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
General	Water and Sewer	\$ 1,983
General	Capital Projects	43,676
Debt Service	General	-
Water and Sewer	General	1,092
Total		<u>\$ 46,751</u>

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 855,225
Transfers to the General Fund from the Capital Projects Fund for advances	108,074
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	363,925
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	<u>45,758</u>
Total transfers	<u>\$ 1,372,982</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 7 - CAPITAL ASSETS:**

The following is a summary of changes in capital assets during the fiscal year:

**Governmental Activities:**

	Balance July 1, 2004	Beginning Balance Reclassifications	Balance As Adjusted July 1, 2004	Additions	Deletions	Balance June 30, 2005
Capital assets not being depreciated:						
Land and land improvements	\$ 2,500,179	\$ -	\$ 2,500,179	\$ 124,343	\$ -	\$ 2,624,522
Construction in progress - infrastructure	8,367,485	22,305	8,389,790	10,089	3,341,042	5,058,837
Construction in progress - other	-	303,408	303,408	376,085	143,769	535,724
Total capital assets not being depreciated	\$ 10,867,664	\$ 325,713	\$ 11,193,377	\$ 510,517	\$ 3,484,811	\$ 8,219,083
Other capital assets:						
Buildings and improvements	\$ 13,138,126	\$ (303,408)	\$ 12,834,718	\$ -	\$ -	\$ 12,834,718
Infrastructure	48,064,372	(22,305)	48,042,067	3,341,042	-	51,383,109
Office and other equipment	899,187	-	899,187	480,703	-	1,379,890
Automotive and other equipment	3,381,137	-	3,381,137	547,914	303,066	3,625,985
Total other capital assets	\$ 65,482,822	\$ (325,713)	\$ 65,157,109	\$ 4,369,659	\$ 303,066	\$ 69,223,702
Less: Accumulated depreciation for:						
Buildings and improvements	\$ 2,360,923	\$ -	\$ 2,360,923	\$ 428,348	\$ -	\$ 2,789,271
Infrastructure	26,828,157	-	26,828,157	2,055,324	-	28,883,481
Office and other equipment	501,428	-	501,428	65,790	-	567,218
Automotive and other equipment	1,804,695	-	1,804,695	329,325	266,653	1,867,367
Total accumulated depreciation	\$ 31,495,203	\$ -	\$ 31,495,203	\$ 2,878,787	\$ 266,653	\$ 34,107,337
Net capital assets	\$ 44,855,283	\$ -	\$ 44,855,283	\$ 2,001,389	\$ 3,521,224	\$ 43,335,448

Depreciation expense has been allocated as follows:

General government administration	\$ 104,678
Public safety	204,039
Public works	2,405,429
Parks and recreation	161,166
Community development	3,475
Total depreciation expense	\$ 2,878,787

**Business Type Activities:**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Other capital assets:				
Automotive equipment	\$ 636,625	\$ 12,532	\$ -	\$ 649,157
Improvements	16,535,427	72,758	-	16,608,185
Total capital assets	\$ 17,172,052	\$ 85,290	\$ -	\$ 17,257,342
Less: Accumulated depreciation	7,718,168	419,908	-	8,138,076
Total property, plant and equipment	\$ 9,453,884	\$ (334,618)	\$ -	\$ 9,119,266

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 1,108,912	\$ 91,009	\$ 199,825
Business activities	251,239	26,601	54,470
Total	\$ 1,360,151	\$ 117,610	\$ 254,295

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 8 - DEFERRED REVENUE:**

	Government-wide Statements	
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
A. <i>Deferred Property Tax Revenue</i> - Deferred revenue representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 59,210
B. <i>Non-refundable deposits held for various sidewalk and street improvements</i> - Revenues related to such deposits are not recognized until the related street improvement expenditures have been incurred	417,150	417,150
Total	<u>\$ 417,150</u>	<u>\$ 476,360</u>

**NOTE 9 - LONG-TERM OBLIGATIONS:**

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

**Governmental Activities:**

Year Ending June 30,	<u>General Obligation Debt</u>		<u>Capital Lease Obligations</u>	
	Public		<u>Principal</u>	<u>Interest</u>
	<u>Improvement Bonds</u>			
	<u>Principal</u>	<u>Interest</u>		
2006	\$ 1,596,667	\$ 549,302	\$ 403,181	\$ 22,049
2007	1,596,667	478,015	237,002	10,962
2008	1,596,667	405,987	141,107	4,675
2009	1,596,667	333,356	19,103	741
2010	1,296,667	268,110	-	-
2011	1,296,667	210,534	-	-
2012	971,667	160,761	-	-
2013	971,667	118,347	-	-
2014	646,667	75,447	-	-
2015	646,667	47,866	-	-
2016	326,667	27,243	-	-
2017	326,667	13,622	-	-
Total	<u>\$ 12,870,004</u>	<u>\$ 2,688,590</u>	<u>\$ 800,393</u>	<u>\$ 38,427</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS: (continued)**

**Business-Type Activities:**

Year Ending June 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2006	\$ 34,542	\$ 69,969	\$ 181,507	\$ 10,408
2007	36,615	67,896	108,966	5,171
2008	38,812	65,699	40,451	2,008
2009	41,140	63,371	14,583	566
2010	43,609	60,902	-	-
2011	46,225	58,286	-	-
2012	48,999	55,512	-	-
2013	51,939	52,572	-	-
2014	55,055	49,456	-	-
2015	58,358	46,153	-	-
2016	61,860	42,651	-	-
2017	65,571	38,939	-	-
2018	69,506	35,005	-	-
2019	73,676	30,835	-	-
2020	78,097	26,414	-	-
2021	82,782	21,728	-	-
2022	87,749	16,762	-	-
2023	93,015	11,497	-	-
2024	94,795	5,916	-	-
Total	<u>\$ 1,162,345</u>	<u>\$ 819,563</u>	<u>\$ 345,507</u>	<u>\$ 18,153</u>

Changes in Long-term Debt:

The following is a summary of the governmental activities long-term debt of the Town for the year ended June 30, 2005.

	Bonds	Capital Leases	Total
Balance, July 1, 2004	\$ 14,696,671	\$ 838,397	\$ 15,535,068
Increases:			
Public improvement bonds	\$ -	\$ -	\$ -
Capital leases	-	305,641	305,641
Total increases	\$ -	\$ 305,641	\$ 305,641
Retirements:			
Public improvement bonds	\$ 1,826,667	\$ -	\$ 1,826,667
Capital leases	-	343,645	343,645
Total retirements	\$ 1,826,667	\$ 343,645	\$ 2,170,312
Balance, June 30, 2005	<u>\$ 12,870,004</u>	<u>\$ 800,393</u>	<u>\$ 13,670,397</u>



**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 9 - LONG-TERM OBLIGATIONS: (continued)**

Changes in Long-term Debt: (continued)

The following is a summary of business activities long-term debt of the Town for the year ended June 30, 2005.

	Note Payable	Capital Leases	Total
Balance, July 1, 2004	\$ 1,196,887	\$ 178,881	\$ 1,375,768
Increases:			
Capital leases	\$ -	\$ 233,324	\$ 233,324
Total increases	\$ -	\$ 233,324	\$ 233,324
Retirements:			
Note payable	\$ 34,542	\$ -	\$ 34,542
Capital leases	-	66,698	66,698
Total retirements	\$ 34,542	\$ 66,698	\$ 101,240
Balance, June 30, 2005	\$ 1,162,345	\$ 345,507	\$ 1,507,852

Gross amounts of assets acquired by capital leases during fiscal year 2005:

Equipment	\$ 576,969
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Note: Capital lease proceeds are receipted by the Town and purchases from such funds are made from Town funds rather than by the financing entity. Total equipment acquisitions from capital leases totaled \$538,965 for 2005.

<u>Detail of Long-term Obligations:</u>	<u>Amount Due in One Year</u>	
<u>Public Improvement Bonds:</u>		
\$4,500,000 issued May 15, 1993, maturing in annual installments of \$300,000 through May 15, 2009 with interest payable semiannually at rates between 3.95% and 5.3%	\$ 1,200,000	\$ 300,000
\$4,900,000 issued April 3, 1996, maturing in annual installments ranging from \$325,000 to \$330,000 through April 2011, interest payable semiannually at rates between 4.7% to 5.0%	1,950,000	325,000
\$4,900,000 issued March 1, 1998, maturing in annual installments of \$330,000 through March 1, 2003, and \$325,000 from March 1, 2004 through March 1, 2013, interest at rates from 3.9% to 4.75%	2,600,000	325,000
\$4,800,000 issued April 27, 1999, maturing in annual installments of \$320,000 through July 1, 2014, interest payable semiannually at rates from 4.05% to 4.375%	3,200,000	320,000
\$4,900,000 issued February 1, 2002, maturing in annual installments of \$326,667 through February 1, 2017 with interest payable semiannually at 4.17%	3,920,004	326,667
Total public improvement bonds	\$ 12,870,004	\$ 1,596,667

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 9 - LONG-TERM OBLIGATIONS: (continued)**

Note Payable:

Note payable to Fairfax County for Town share of pollution control plant upgrade, maturing in annual installments of \$104,511 through June 30, 2023, interest at 6%

	<u>\$ 1,162,345</u>	<u>\$ 34,542</u>
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Capital Lease Obligations:

\$414,052 capital lease obligation due in annual installments of \$111,152 through December 19, 2005, interest at 4.00%	\$ 108,009	\$ 108,009
\$387,134 capital lease obligation due in annual installments of \$101,153 through May 28, 2006, interest at 1.79%	197,001	97,627
\$398,039 capital lease obligation due in annual installments of \$105,347 through December 16, 2007 interest at 2.32%	301,926	98,342
\$134,741 capital lease obligation due in annual principal installments of \$134,741 through April 30, 2006, plus interest at 2.83%	134,741	134,741
\$134,741 capital lease obligation due in annual principal installments of \$67,370 through April 30, 2007, plus interest at 3.49%	134,741	67,370
\$134,741 capital lease obligation due in annual principal installments of \$44,914 through April 30, 2008, plus interest at 3.74%	134,741	44,914
\$134,741 capital lease obligation due in annual principal installments of \$33,685 through April 30, 2009, plus interest at 3.88%	<u>134,741</u>	<u>33,685</u>
Total capital lease obligations	<u>\$ 1,145,900</u>	<u>\$ 584,688</u>
Total general long-term debt	<u>\$ 15,178,249</u>	<u>\$ 2,215,897</u>

**Federal Arbitrage Regulations:**

The Town is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

**NOTE 10 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:**

In accordance with GASB 16, *Accounting and Financial Reporting for Claims, Judgments and Compensated Absences*, the Town has accrued the liability arising from all outstanding claims, judgments and compensated absences. The liability for future vacation benefits is accrued when certain conditions are fulfilled.

Town employees earn vacation and sick leave at rates determined by length of service. Accumulated vacation paid upon termination varies with the length of service.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 10 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES: (continued)**

	Governmental Activities	Business Type Activities	Total
Balance, July 1, 2004	\$ 769,621	\$ 67,356	\$ 836,977
Increases	809,275	75,351	884,626
Decreases	(769,621)	(67,356)	(836,977)
Balance, June 30, 2005	<u>\$ 809,275</u>	<u>\$ 75,351</u>	<u>\$ 884,626</u>
Amounts due within one year	\$ 728,348	\$ 67,816	\$ 796,163
Amounts due after one year	80,928	7,535	88,463
Total	<u>\$ 809,275</u>	<u>\$ 75,351</u>	<u>\$ 884,626</u>

Gross increases and decreases are not available.

The General Fund is used to liquidate the liability for compensated absences for all governmental funds.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS:**

**A. Plan Description - Virginia Retirement System**

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits.

Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**A. Plan Description - Virginia Retirement System (continued)**

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employer. In addition, the Town of Vienna is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Town of Vienna contribution rate for the fiscal year ended 2005 was 8.50% of annual covered payroll. The Town's annual pension cost to the VRS was \$676,421 (does not include the employee share of \$397,895 which was assumed by the Town).

The required contributions for fiscal year 2005 were determined as part of the June 30, 2003 actuarial valuation using the entry age normal cost method, as detailed below:

Valuation date	June 30, 2003
Actuarial assumptions used:	
Investment rate of return	8%
Projected salary increases: (1)	
Non-LEO employees	4.25 to 6.10%
LEO employees	4.50 to 5.75%
Cost of living adjustments	3.0%
Determination of actuarial accrued liability:	
Amortization method	Level percent, open
Payroll growth rate	3%
Remaining amortization period	10 years
Asset valuation method	Modified market

(1) Includes inflation of 3%

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC) *</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2002	\$ 432,647	100%	\$ -
June 30, 2003	296,470	100%	-
June 30, 2004	302,605	100%	-
June 30, 2005	676,421	100%	-

\* Includes employer contributions only

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**A. Plan Description - Virginia Retirement System (continued)**

Other Information

The Town's VRS membership as of June 30, 2004:

Actives	175
Retirees and beneficiaries	95
Inactive - vested	14
Inactive - nonvested	12
Total	<u>296</u>

**B. Plan Description - Town Retirement Plans**

The Town's Local Retirement Plan covers all full-time employees of the Town except police officers and firefighters who are covered under the Police Retirement Pension Plan. Both are defined benefit plans authorized by the Town Council, and are administered by the Town Retirement Committee. The Town's two plans are single-employer retirement systems.

Upon retirement, a participant in the two Town Plans would receive a monthly retirement allowance which is determined based on a certain percentage of the participant's average final compensation at the date of retirement and the number of years of the participant's credited service. In the event of death prior to retirement, the participant's accumulated contributions are paid to the participant's designated beneficiaries in a lump sum. If a participant were vested at time of death, the designated beneficiary would receive a monthly retirement allowance.

The plans do not issue separate financial statements.

*Summary of significant accounting policies – basis of accounting and valuation of investments.* The local retirement plans utilize the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market are reported at estimated fair value.

Administration costs of the plans are assumed by the General Fund. The plans are not assessed administration fees except for actuarial valuation and related costs.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**B. Plan Description - Town Retirement Plans (continued)**

The following is a summary of the two Town retirement plans:

Local Retirement Plan

All full-time, salaried permanent employees not covered by the Police Retirement Pension Plan must participate in the Plan. Benefits vest after 5 years of service. Employees who retire with at least 5 years of service are entitled to an annual retirement benefit payable monthly for life in an amount equal to .25 percent of their average final salary (AFS) times years of credited service. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire before age 50 and with less than 30 years of service. The plan also provides death and disability benefits. These benefit provisions and other requirements are established by local statute.

Employees do not make any contributions to the Plan. The employer contributes all amounts necessary to fund the Plan using the actuarial basis specified by statute.

Police Retirement Plan

Any full-time, salaried sworn officers may participate in the Plan. Benefits vest after 20 years of service. Employees who retire with at least 20 years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 2 percent of their average final salary (AFS) for each of the first 25 years of service, less the Virginia Retirement System benefit payable. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to age 55. The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by local statute.

Employees are required to contribute 1 ½ percent of their annual salary to the Plan. The employer is required to contribute the remaining amounts necessary to fund the Plan using the actuarial basis specified by statute.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**B. Plan Description - Town Retirement Plans (continued)**

Funding Policy and Annual Pension Cost

The Town Council may amend the contribution requirements of plan members and the Town. The Town's annual pension cost for the current year and related information for each plan is as follows:

	<u>Local Retirement Plan</u>	<u>Police Retirement Plan</u>
Contribution rate: (1)		
Town	5.12%	3.25%
Plan members	-	1.50%
Annual pension cost (1)	\$266,596	\$57,984
Contributions made (1)	\$266,596	\$57,984
Actuarial valuation date	January 1, 2005	January 1, 2005
Actuarial cost method	Aggregate entry age actuarial cost method	Aggregate entry age actuarial cost method
Amortization method	Level dollar (closed)	Level dollar (closed)
Remaining amortization period	15 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return *	6%	6%
Projected salary increases *	8.7% first 20 years, 4.5% thereafter	5.55%-9.73%
* Includes inflation at	4.5%	4.5%
Cost of living adjustments	Smaller of CPI or 5%	Smaller of CPI or 5%

(1) Employer portion only - plan year ended December 31, 2003

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**B. Plan Description - Town Retirement Plans (continued)**

Funding Policy and Annual Pension Cost (continued)

The following trend and required supplemental information is presented as follows:

Trend Information			
Plan Year Ending December 31	Annual Pension Cost (APC) *	Percentage of APC	Net Pension Obligation
Town Local Plan:			
1996	\$ 127,938	100%	\$ -
1997	135,361	100%	-
1998	191,672	100%	-
1999	207,309	100%	-
2000	242,024	100%	-
2001	270,036	100%	-
2002	275,210	100%	-
2003	274,469	100%	-
2004	266,596	100%	-
Police Plan:			
1996	\$ 22,724	100%	\$ -
1997	22,633	100%	-
1998	52,888	100%	-
1999	63,739	100%	-
2000	58,157	100%	-
2001	50,396	100%	-
2002	32,956	100%	-
2003	25,359	100%	-
2004	57,984	100%	-

\* Employer cost only



**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**B. Plan Description - Town Retirement Plans (continued)**

Other Information

The Town's membership in the Local and Police Plans at January 1, 2005 is as follows:

	Local Retirement Plan	Police Retirement Plan
Retirees and beneficiaries	49	23
Terminated vested members	68	-
Disabled	7	-
Active members	117	40
Total	<u>241</u>	<u>63</u>

The following is a summary of financial information for the Town's local retirement plans.

	<u>Pension Trust Funds</u>		
	Local Retirement Fund	Police Retirement Fund	Totals
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,895,734	\$ 2,721,829	\$ 5,617,563
Accounts receivable	25,025	-	25,025
Total assets	<u>\$ 2,920,759</u>	<u>\$ 2,721,829</u>	<u>\$ 5,642,588</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Assets:</b>			
Net assets held in trust for pension benefits	<u>\$ 2,920,759</u>	<u>\$ 2,721,829</u>	<u>\$ 5,642,588</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 286,046	\$ 70,511	\$ 356,557
Plan members	-	33,471	33,471
Total contributions	<u>\$ 286,046</u>	<u>\$ 103,982</u>	<u>\$ 390,028</u>
<b>Investment income:</b>			
Interest earned on investments	58,191	57,042	115,233
Total additions	<u>\$ 344,237</u>	<u>\$ 161,024</u>	<u>\$ 505,261</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)**

**B. Plan Description - Town Retirement Plans (continued)**

Other Information (continued)

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
<i>(table continued from previous page)</i>			
<b>Deductions:</b>			
Pension benefit payments	\$ 116,896	\$ 150,958	\$ 267,854
Other charges	4,166	3,333	7,499
Total deductions	<u>\$ 121,062</u>	<u>\$ 154,291</u>	<u>\$ 275,353</u>
<b>Net increase in plan assets</b>	\$ 223,175	\$ 6,733	\$ 229,908
<b>Net assets held in trust for pension benefits:</b>			
Balance, beginning of year	<u>2,697,584</u>	<u>2,715,096</u>	<u>5,412,680</u>
Balance, end of year	<u><u>\$ 2,920,759</u></u>	<u><u>\$ 2,721,829</u></u>	<u><u>\$ 5,642,588</u></u>

**NOTE 12 - DEFERRED COMPENSATION PLAN:**

The Town offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. Permanent part-time and full-time Town employees are eligible to participate and may defer 25% of their gross income up to a maximum of \$14,000 in 2005. Employees who are age 50 or older may defer up to \$18,000 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

Internal Revenue Code Section 457 requires all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the plan participant and are not subject to the claims of the Town's general creditors.

**NOTE 13 - LITIGATION:**

There was no pending or threatened litigation at June 30, 2005 that would materially affect the financial statements.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 14 - COMMITMENTS:**

Lease Commitments

The Town is committed under various short-term operating leases including those for public works equipment. The leases may be revoked by the Town without penalty upon 30 days notice to the lessor. The Town paid approximately \$1,320 per month during the year ended June 30, 2005 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2005 approximated \$15,839.

**NOTE 15 - CONTINGENCIES:**

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.

The Town has various requests for refunds of business license fees. The Town has taken the opinion that refunds that may be made, if any, will not be material.

**NOTE 16 - RISK MANAGEMENT:**

The Town contracts with private insurance carriers for health insurance coverages. The Town also contracts with the Virginia Municipal League Insurance Program Pool for workers compensation, property damage, surety bonds, automobile, professional liability, law enforcement, employee dishonesty, and general liability coverages. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums for all members in the year in which the deficit occurs.

Property coverages are for replacement costs and general liability coverages range up to \$4,000,000.

The Town has had no reductions in insurance coverages or settlements of claims in excess of insurance coverages in the past three years.

The Town maintains surety bonds with the Virginia Municipal Liability Pool on the following employees:

<u>Employee</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Philip R. Grant	Director of Finance - Town Treasurer	\$ 400,000
Carol A. Orndorff	Town Clerk	200,000
John H. Schoeberlein	Town Manager	200,000
Steven D. Briglia	Town Attorney	20,000
Luis Sanchez	Purchasing Agent	200,000
Marion Serfass	Deputy Director of Finance	200,000
Robert Carlisle	Police Chief	20,000

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2005 (continued)**

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**NOTE 16 - RISK MANAGEMENT: (continued)**

The Mayor and the Town Council are covered by public official liability insurance that the Town maintains with the Virginia Municipal League Insurance Program. Virginia State Code requires the Treasurer to be bonded by 15 percent of state revenue to be received, up to \$200,000. All others are to be bonded at the discretion of the Council as they deem necessary.

**- Required Supplementary Information -**

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 6,862,652	\$ 6,862,652	\$ 6,757,957	\$ (104,695)
Other local taxes	5,488,400	5,488,400	5,998,680	510,280
Permits, privilege fees and regulatory licenses	47,340	47,340	50,025	2,685
Fines and forfeitures	458,600	458,600	556,051	97,451
Use of money and property	121,700	121,700	530,115	408,415
Charges for services	492,700	493,356	571,997	78,641
Miscellaneous	76,840	213,920	303,910	89,990
Intergovernmental:				
Revenue from the Commonwealth	1,645,357	1,675,357	1,749,810	74,453
Revenue from the Federal Government	58,470	347,402	349,434	2,032
Total revenues	<u>\$ 15,252,059</u>	<u>\$ 15,708,727</u>	<u>\$ 16,867,979</u>	<u>\$ 1,159,252</u>
<b>Expenditures</b>				
Current:				
General Government Administration:				
Legislative	\$ 340,758	\$ 354,396	\$ 310,830	\$ 43,566
General and financial administration	2,796,194	3,409,724	2,938,540	471,184
Board of elections	2,325	2,325	1,628	697
Total general government administration	<u>\$ 3,139,277</u>	<u>\$ 3,766,445</u>	<u>\$ 3,250,998</u>	<u>\$ 515,447</u>
Public Safety:				
Law enforcement and traffic control	\$ 4,474,039	\$ 4,818,359	\$ 4,707,424	\$ 110,935
Volunteer fire department	45,685	45,685	53,463	(7,778)
Other protection	159,779	160,133	161,072	(939)
Total public safety	<u>\$ 4,679,503</u>	<u>\$ 5,024,177</u>	<u>\$ 4,921,959</u>	<u>\$ 102,218</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 2,285,506	\$ 2,939,520	\$ 3,036,139	\$ (96,619)
Sanitation and waste removal	1,261,641	1,266,573	1,166,319	100,254
Maintenance of buildings and grounds	1,818,171	1,874,440	1,752,289	122,151
Total public works	<u>\$ 5,365,318</u>	<u>\$ 6,080,533</u>	<u>\$ 5,954,747</u>	<u>\$ 125,786</u>

**TOWN OF VIENNA, VIRGINIA**

**Budgetary Comparison Schedule**

**General Fund**

**Year Ended June 30, 2005 (continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Health and Welfare:				
Tax relief for the elderly	\$ 190,514	\$ 190,514	\$ 186,891	\$ 3,623
Parks, recreation and cultural:				
Parks and recreation	\$ 2,187,295	\$ 2,235,001	\$ 2,272,337	\$ (37,336)
Community Development:				
Planning and community development	\$ 569,527	\$ 573,563	\$ 543,506	\$ 30,057
Debt Service:				
Principal	\$ 361,542	\$ 361,542	\$ 343,645	\$ 17,897
Interest and fiscal charges	-	-	22,292	(22,292)
Total debt service	\$ 361,542	\$ 361,542	\$ 365,937	\$ (4,395)
Total expenditures	\$ 16,492,976	\$ 18,231,775	\$ 17,496,375	\$ 735,400
Excess (deficiency) of revenues over expenditures	\$ (1,240,917)	\$ (2,523,048)	\$ (628,396)	\$ 1,894,652
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	\$ -	\$ -	\$ 305,641	\$ 305,641
Transfers in	814,500	855,225	963,299	108,074
Transfers out	(60,300)	(128,600)	-	128,600
Total other financing sources (uses)	\$ 754,200	\$ 726,625	\$ 1,268,940	\$ 542,315
Net change in fund balance	\$ (486,717)	\$ (1,796,423)	\$ 640,544	\$ 2,436,967
<b>Fund balance, beginning of year</b>	<u>486,717</u>	<u>1,796,423</u>	<u>6,729,229</u>	<u>4,932,806</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,369,773</u>	<u>\$ 7,369,773</u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

## TOWN OF VIENNA, VIRGINIA

**Required Supplemental Information**  
**Schedule of Funding Progress for Town Retirement Plans**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability - Entry Age (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Virginia Retirement System:						
June 30, 2001	\$ 28,819,359	\$ 26,094,692	\$(2,724,667)	110.44%	\$ 6,946,013	-39.23%
June 30, 2002	29,634,101	28,490,761	(1,143,340)	104.01%	7,184,209	-15.91%
June 30, 2003	29,548,724	30,583,363	1,034,639	96.62%	7,348,496	14.08%
June 30, 2004	29,607,897	32,922,646	3,314,749	89.93%	7,602,859	43.60%
Town Local Plan:						
January 1, 1998	\$ 1,340,911	\$ 2,451,578	\$ 1,110,667	54.7%	\$ 3,954,203	28.1%
January 1, 1999	1,487,177	2,661,438	1,174,261	55.9%	4,285,895	27.4%
January 1, 2000	1,678,793	2,960,345	1,281,552	56.7%	4,386,731	29.2%
January 1, 2001	1,943,183	3,171,648	1,228,465	61.3%	4,539,662	27.1%
January 1, 2002	2,206,228	3,397,233	1,191,005	64.9%	4,729,355	25.2%
January 1, 2003	2,429,022	3,585,063	1,156,041	67.8%	4,971,696	23.3%
January 1, 2004	2,618,969	3,809,121	1,190,152	68.8%	5,053,743	23.5%
January 1, 2005	2,803,474	4,061,823	1,258,349	69.0%	5,238,578	24.0%
Police Plan:						
January 1, 1998	\$ 2,427,204	\$ 2,383,239	\$ (43,965)	101.8%	\$ 1,661,593	-2.6%
January 1, 1999	2,505,484	2,561,272	55,788	97.8%	1,733,919	3.2%
January 1, 2000	2,615,703	2,602,047	(13,656)	100.5%	1,735,312	-0.8%
January 1, 2001	2,763,713	2,454,649	(309,064)	112.6%	1,887,441	-16.4%
January 1, 2002	2,803,560	2,425,829	(377,731)	115.6%	1,886,059	-20.0%
January 1, 2003	2,787,434	2,538,902	(248,532)	109.8%	2,022,623	-12.3%
January 1, 2004	2,747,382	2,632,983	(114,399)	104.3%	2,088,128	-5.5%
January 1, 2005	2,724,492	2,738,149	13,657	99.5%	2,300,544	0.6%



**- Other Supplementary Information -**

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Assets  
At June 30, 2005

	<b>Pension Trust Funds</b>		
	<b>Local</b>	<b>Police</b>	<b>Totals</b>
	<b>Retirement Fund</b>	<b>Retirement Fund</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 2,895,734	\$ 2,721,829	\$ 5,617,563
Due from other funds	25,025	-	25,025
Total assets	<u>\$ 2,920,759</u>	<u>\$ 2,721,829</u>	<u>\$ 5,642,588</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Net Assets:</b>			
Net assets held in trust for pension benefits	<u>\$ 2,920,759</u>	<u>\$ 2,721,829</u>	<u>\$ 5,642,588</u>

## TOWN OF VIENNA, VIRGINIA

## Fiduciary Funds

**Combining Statement of Changes in Fiduciary Net Assets**  
**Year Ended June 30, 2005**

	<u>Local Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 286,046	\$ 70,511	\$ 356,557
Plan members	-	33,471	33,471
Total contributions	\$ 286,046	\$ 103,982	\$ 390,028
Investment income:			
Interest earned on investments	58,191	57,042	115,233
Total additions	\$ 344,237	\$ 161,024	\$ 505,261
Deductions:			
Pension benefit payments	\$ 116,896	\$ 150,958	\$ 267,854
Other charges	4,166	3,333	7,499
Total deductions	\$ 121,062	\$ 154,291	\$ 275,353
Net increase in plan assets	\$ 223,175	\$ 6,733	\$ 229,908
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,697,584	2,715,096	5,412,680
Balance, end of year	\$ 2,920,759	\$ 2,721,829	\$ 5,642,588

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2005

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b><u>General Fund:</u></b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,655,152	\$ 6,655,152	\$ 6,648,786	\$ (6,366)
Public service corporation taxes:				
Real property	185,000	185,000	80,283	(104,717)
Penalties and interest	<u>22,500</u>	<u>22,500</u>	<u>28,888</u>	<u>6,388</u>
Total general property taxes	<u>\$ 6,862,652</u>	<u>\$ 6,862,652</u>	<u>\$ 6,757,957</u>	<u>\$ (104,695)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,134,790	\$ 34,790
Consumer utility taxes and pass through fees	1,087,000	1,087,000	1,341,121	254,121
Business license tax	1,755,000	1,755,000	1,850,557	95,557
Bank franchise taxes	400,000	400,000	405,596	5,596
Motor vehicle licenses	258,000	258,000	256,582	(1,418)
Tobacco tax	368,600	368,600	373,021	4,421
Fiber-optic franchise tax	25,100	25,100	25,857	757
Telecommunications tax	92,500	92,500	117,318	24,818
Cable TV franchise fee	132,000	132,000	138,261	6,261
Media general franchise fees and related taxes	79,000	79,000	78,809	(191)
Cell phone tax	132,000	132,000	216,978	84,978
Utility consumption taxes	<u>59,200</u>	<u>59,200</u>	<u>59,790</u>	<u>590</u>
Total other local taxes	<u>\$ 5,488,400</u>	<u>\$ 5,488,400</u>	<u>\$ 5,998,680</u>	<u>\$ 510,280</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,340	\$ 7,340	\$ 7,125	\$ (215)
Other permits, privilege fees and regulatory licenses	<u>40,000</u>	<u>40,000</u>	<u>42,900</u>	<u>2,900</u>
Total permits, privilege fees and regulatory licenses	<u>\$ 47,340</u>	<u>\$ 47,340</u>	<u>\$ 50,025</u>	<u>\$ 2,685</u>
Fines and Forfeitures:				
Court fines and forfeitures	<u>\$ 458,600</u>	<u>\$ 458,600</u>	<u>\$ 556,051</u>	<u>\$ 97,451</u>

## Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2005 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>General Fund: (continued)</b>				
Revenue from use of money and property:				
Interest on bank deposits	\$ 60,000	\$ 60,000	\$ 160,364	\$ 100,364
Concessions and rentals	61,700	61,700	369,751	308,051
Total revenue from use of money and property	\$ 121,700	\$ 121,700	\$ 530,115	\$ 408,415
Charges for services:				
Recreation fees	\$ 486,200	\$ 486,312	\$ 551,217	\$ 64,905
Police reimbursements	-	544	11,326	10,782
Special service fees	6,500	6,500	9,454	2,954
Total charges for services	\$ 492,700	\$ 493,356	\$ 571,997	\$ 78,641
Miscellaneous revenue:				
Miscellaneous income	\$ 76,840	\$ 213,920	\$ 303,910	\$ 89,990
Total revenue from local sources	\$ 13,548,232	\$ 13,685,968	\$ 14,768,735	\$ 1,082,767
Revenue from the Commonwealth:				
Non-categorical aid:				
ABC profits	\$ 15,000	\$ 15,000	\$ 8,473	\$ (6,527)
Wine tax	15,000	15,000	8,881	(6,119)
Rolling stock tax	149	149	81	(68)
Total non-categorical aid	\$ 30,149	\$ 30,149	\$ 17,435	\$ (12,714)
Categorical aid:				
Street and highway maintenance	\$ 1,218,800	\$ 1,218,800	\$ 1,259,470	\$ 40,670
Litter control	3,200	3,200	3,144	(56)
Law enforcement assistance	373,838	373,838	403,926	30,088
Public safety grants	-	30,000	37,372	7,372
Fire funds	19,370	19,370	28,463	9,093
Total Categorical aid	\$ 1,615,208	\$ 1,645,208	\$ 1,732,375	\$ 87,167
Total revenue from the Commonwealth	\$ 1,645,357	\$ 1,675,357	\$ 1,749,810	\$ 74,453

Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2005 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>General Fund: (continued)</b>				
Federal revenue:				
Categorical aid:				
Public safety grants	\$ 58,470	\$ 347,402	\$ 349,434	\$ 2,032
Total revenue from the federal government	\$ 58,470	\$ 347,402	\$ 349,434	\$ 2,032
Total General Fund	<u>\$ 15,252,059</u>	<u>\$ 15,708,727</u>	<u>\$ 16,867,979</u>	<u>\$ 1,159,252</u>
<b>Debt Service Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,000,000	\$ 2,000,000	\$ 2,230,408	\$ 230,408
Revenue from use of money and property:				
Interest on bank deposits	26,012	26,012	54,799	28,787
Miscellaneous revenue:				
Miscellaneous income	-	-	533	533
State revenue:				
Street construction grant	-	-	-	-
Total Debt Service Fund	<u>\$ 2,026,012</u>	<u>\$ 2,026,012</u>	<u>\$ 2,285,740</u>	<u>\$ 259,728</u>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 98,703	\$ 98,703
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,703</u>	<u>\$ 98,703</u>
Grand Total All Governmental Funds	<u>\$ 17,278,071</u>	<u>\$ 17,734,739</u>	<u>\$ 19,252,422</u>	<u>\$ 1,517,683</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2005

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund:</b>				
General Government Administration:				
Legislative:				
Town council	\$ 114,112	\$ 114,112	\$ 97,648	\$ 16,464
Boards and commissions	52,140	64,479	46,140	18,339
Town clerk	174,506	175,805	167,042	8,763
Total legislative	<u>\$ 340,758</u>	<u>\$ 354,396</u>	<u>\$ 310,830</u>	<u>\$ 43,566</u>
General and Financial Administration:				
Town manager	\$ 220,889	\$ 223,490	\$ 216,639	\$ 6,851
Administrative services	327,826	308,576	307,881	695
Legal services	193,638	193,638	189,241	4,397
Financial administration	303,482	327,886	294,415	33,471
Disbursement operations	106,669	108,127	104,746	3,381
Data processing	56,900	235,325	41,806	193,519
Risk management	522,065	634,734	603,134	31,600
Information technology	184,933	387,466	413,119	(25,653)
Purchasing	113,701	113,701	112,966	735
Revenue operations	264,321	266,121	262,815	3,306
Public information	141,162	142,536	125,863	16,673
Central services	251,608	251,608	137,304	114,304
PC replacement	109,000	216,516	128,611	87,905
Total general and financial administration	<u>\$ 2,796,194</u>	<u>\$ 3,409,724</u>	<u>\$ 2,938,540</u>	<u>\$ 471,184</u>
Board of Elections:				
Elections	\$ 2,325	\$ 2,325	\$ 1,628	\$ 697
Total general government administration	<u>\$ 3,139,277</u>	<u>\$ 3,766,445</u>	<u>\$ 3,250,998</u>	<u>\$ 515,447</u>
Public safety:				
Law enforcement and traffic control:				
Police administration	\$ 616,394	\$ 624,705	\$ 574,344	\$ 50,361
Uniform patrol	1,608,230	1,611,122	1,731,421	(120,299)
Communications	607,185	538,606	396,694	141,912
Investigations	737,584	737,584	745,276	(7,692)
Community services	165,109	171,633	105,441	66,192
Traffic unit	739,537	737,836	786,668	(48,832)
Other law enforcement and traffic control	-	396,873	367,580	29,293
Total law enforcement and traffic control	<u>\$ 4,474,039</u>	<u>\$ 4,818,359</u>	<u>\$ 4,707,424</u>	<u>\$ 110,935</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2005 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund: (continued)</b>				
Fire and rescue:				
Volunteer fire department	\$ 45,685	\$ 45,685	\$ 53,463	\$ (7,778)
Other Protection:				
Personal property/animal control	159,779	160,133	161,072	(939)
Total public safety	<u>\$ 4,679,503</u>	<u>\$ 5,024,177</u>	<u>\$ 4,921,959</u>	<u>\$ 102,218</u>
Public works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 517,739	\$ 522,688	\$ 518,331	\$ 4,357
Street maintenance	1,434,043	1,834,359	1,752,600	81,759
Street maintenance equipment	-	94,349	305,613	(211,264)
Snow removal	80,719	121,119	148,353	(27,234)
Traffic engineering	253,005	367,005	311,242	55,763
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 2,285,506</u>	<u>\$ 2,939,520</u>	<u>\$ 3,036,139</u>	<u>\$ (96,619)</u>
Sanitation and waste removal:				
Sanitation	\$ 699,100	\$ 699,100	\$ 658,565	\$ 40,535
Refuse disposal	381,995	393,995	320,515	73,480
Fall/spring cleanup - leaf collection and other	180,546	173,478	187,239	(13,761)
Total sanitation and waste removal	<u>\$ 1,261,641</u>	<u>\$ 1,266,573</u>	<u>\$ 1,166,319</u>	<u>\$ 100,254</u>
Maintenance of Buildings and Grounds:				
Vehicle and equipment maintenance	\$ 908,223	\$ 946,223	\$ 919,197	\$ 27,026
Maintenance of buildings and grounds	909,948	928,217	790,988	137,229
Other	-	-	42,104	(42,104)
Total maintenance of buildings and grounds	<u>\$ 1,818,171</u>	<u>\$ 1,874,440</u>	<u>\$ 1,752,289</u>	<u>\$ 122,151</u>
Total public works	<u>\$ 5,365,318</u>	<u>\$ 6,080,533</u>	<u>\$ 5,954,747</u>	<u>\$ 125,786</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	\$ 190,514	\$ 190,514	\$ 186,891	\$ 3,623



Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2005 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund: (continued)</b>				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 411,592	\$ 412,142	\$ 410,783	\$ 1,359
Parks and recreation programs	316,100	316,100	315,876	224
General maintenance	744,340	745,384	733,727	11,657
Community center	390,658	404,658	439,301	(34,643)
Special events	128,450	140,562	151,558	(10,996)
SOS program	-	20,000	48,107	(28,107)
Teen Center	136,155	136,155	117,732	18,423
Historic preservation	60,000	60,000	55,253	4,747
Total parks and recreation	<u>\$ 2,187,295</u>	<u>\$ 2,235,001</u>	<u>\$ 2,272,337</u>	<u>\$ (37,336)</u>
Community Development:				
Planning and Community Development:				
Litter control	\$ -	\$ -	\$ 2,939	\$ (2,939)
Planning and zoning	548,079	552,115	522,644	29,471
Various contributions	21,448	21,448	17,198	4,250
Other	-	-	725	(725)
Total planning and community development	<u>\$ 569,527</u>	<u>\$ 573,563</u>	<u>\$ 543,506</u>	<u>\$ 30,057</u>
Debt Service:				
Principal on capital lease obligation	\$ 361,542	\$ 361,542	\$ 343,645	\$ 17,897
Interest on capital leases	-	-	22,292	(22,292)
Total debt service	<u>\$ 361,542</u>	<u>\$ 361,542</u>	<u>\$ 365,937</u>	<u>\$ (4,395)</u>
Total General Fund	<u>\$ 16,492,976</u>	<u>\$ 18,231,775</u>	<u>\$ 17,496,375</u>	<u>\$ 735,400</u>
<b>Debt Service Fund:</b>				
Debt Service:				
Principal retirement	\$ 1,826,667	\$ 1,826,667	\$ 1,826,667	\$ -
Interest and fiscal charges	635,437	636,162	636,307	(145)
Total Debt Service Fund	<u>\$ 2,462,104</u>	<u>\$ 2,462,829</u>	<u>\$ 2,462,974</u>	<u>\$ (145)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2005 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b><u>General Fund: (continued)</u></b>				
<b><u>Capital Projects Fund:</u></b>				
Capital projects:				
Nutley property yard project	\$ -	\$ -	\$ 143,383	\$ (143,383)
Other capital projects and administration	-	-	26,358	(26,358)
Total Capital Projects fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,741</u>	<u>\$ (169,741)</u>
Grand Total Expenditures--All Governmental Funds	<u>\$ 18,955,080</u>	<u>\$ 20,694,604</u>	<u>\$ 20,129,090</u>	<u>\$ 565,514</u>

**- Statistical Section -**

Table I

TOWN OF VIENNA, VIRGINIA

GOVERNMENT-WIDE EXPENSES BY FUNCTION  
Last Three Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Parks, Recreation &amp; Cultural</u>	<u>Community Development</u>	<u>Interest on Debt</u>	<u>Water and Sewer</u>	<u>Total</u>
2003	\$ 2,786,245	\$ 4,176,902	\$ 5,316,915	\$ 133,572	\$ 2,004,775	\$ 504,473	\$ 810,906	\$ 3,967,057	\$ 19,700,845
2004	2,948,861	4,208,668	7,052,387	158,447	2,285,303	527,204	725,405	4,641,190	22,547,465
2005	3,242,113	5,143,055	7,696,605	186,891	2,043,892	547,117	640,992	4,679,889	24,180,554

**Table II**

**TOWN OF VIENNA, VIRGINIA**  
**GOVERNMENT-WIDE REVENUES**  
**Last Three Fiscal Years**

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<u>Fiscal Year</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Non-Categorical Aid</u>	<u>Use of Money</u>	<u>Miscellaneous</u>	<u>Capital Contributions</u>	<u>Total</u>
2003	\$ 5,371,418	\$ 1,646,632	\$ 1,866,584	\$ 5,908,768	\$ 6,891,274	\$ 33,848	\$ 514,366	\$ 259,706	\$ 137,620	\$ 22,630,216
2004	5,714,438	1,843,080	44,691	6,630,581	7,692,747	35,852	159,420	310,881	24,000	22,455,690
2005	6,174,837	2,081,809	-	6,768,321	8,229,088	17,435	372,072	372,649	27,000	24,043,211

Table III

TOWN OF VIENNA, VIRGINIA

GOVERNMENTAL REVENUES BY SOURCE (1)  
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenue from use of Money & Property	Charges for Services	Miscellaneous	Intergovernmental	Total
1996	\$ 3,931,070	\$ 4,901,602	\$ 44,350	\$ 213,737	\$ 290,222	\$ 344,464	\$ 154,210	\$ 1,316,385	\$ 11,196,040
1997	4,072,789	5,124,402	49,277	269,945	291,049	372,063	169,613	1,324,952	11,674,090
1998	4,328,653	5,386,809	47,463	319,980	315,035	360,543	161,530	1,256,924	12,176,937
1999	4,429,214	5,757,769	46,500	370,248	290,274	306,724	51,083	1,421,731	12,673,543
2000	4,643,091	6,181,885	43,326	416,832	355,281	385,007	315,291	1,578,927	13,919,640
2001	4,930,690	6,431,340	35,560	479,454	456,587	397,295	291,511	1,745,725	14,768,162
2002	5,321,471	6,478,622	38,159	327,144	344,764	349,748	229,531	1,809,696	14,899,135
2003	5,913,739	6,891,274	40,958	306,734	336,817	433,727	311,485	3,393,204	17,627,938
2004	6,592,333	7,692,747	51,403	468,396	339,030	525,693	276,978	1,911,522	17,858,102
2005	6,757,957	8,229,088	50,025	556,051	584,914	571,997	304,443	2,099,244	19,153,719

Notes: (1) Includes all governmental fund types except capital projects.

Table IV

## TOWN OF VIENNA, VIRGINIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Utility</u>	<u>Bank Franchise</u>	<u>Tobacco</u>	<u>Motor Vehicle License</u>	<u>Business &amp; Occupation License</u>	<u>Meals Tax</u>	<u>Cable TV Fees</u>	<u>Local Sales</u>	<u>Franchise Taxes</u>	<u>Total</u>
1996	\$ 3,931,070	\$ 966,694	\$ 215,893	\$ 240,319	\$ 242,827	\$ 1,132,098	\$ 1,214,861	\$ 112,184	\$ 750,889	\$ 25,837	\$ 8,832,672
1997	4,072,789	976,556	211,631	223,047	246,069	1,248,262	1,297,210	118,954	781,252	21,421	9,197,191
1998	4,328,653	984,720	267,525	215,448	248,906	1,352,262	1,332,794	118,686	844,753	21,715	9,715,462
1999	4,429,214	998,158	309,960	206,837	252,023	1,399,441	1,392,075	121,929	940,557	136,789	10,186,983
2000	4,643,091	969,825	450,461	203,616	258,678	1,578,641	1,472,468	124,971	962,422	160,803	10,824,976
2001	4,930,690	1,059,569	430,236	185,732	258,038	1,705,520	1,485,934	124,083	979,858	202,370	11,362,030
2002	5,321,471	1,138,485	428,504	175,825	256,737	1,690,742	1,643,797	126,948	921,260	96,324	11,800,093
2003	5,913,739	1,036,740	396,233	258,226	255,456	1,703,461	1,887,503	125,235	968,684	259,736	12,805,013
2004	6,592,333	1,211,958	435,002	390,335	256,768	1,818,112	2,092,435	134,610	1,088,688	264,839	14,285,080
2005	6,757,957	1,341,121	405,596	373,021	256,582	1,850,557	2,230,408	138,261	1,134,790	498,752	14,987,045

Notes: (1) Includes all governmental fund types except capital projects.

**Table V**

**TOWN OF VIENNA, VIRGINIA**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health &amp; Welfare</b>	<b>Parks &amp; Recreation</b>	<b>Community Development</b>	<b>Debt Service</b>	<b>Total</b>
1996	\$ 1,865,430	\$ 3,290,921	\$ 3,632,208	\$ 90,671	\$ 1,249,212	\$ 367,662	\$ 1,244,944	\$ 11,741,048
1997	2,016,326	3,476,941	4,007,780	84,820	1,336,055	385,707	1,889,164	13,196,793
1998	1,876,363	3,406,397	3,597,027	87,406	1,271,505	394,035	1,768,753	12,401,486
1999	1,930,040	3,637,680	3,976,694	82,478	1,308,520	409,387	2,173,929	13,518,728
2000	2,135,902	3,794,037	4,178,500	78,111	1,434,851	435,105	2,304,240	14,360,746
2001	2,246,340	3,915,784	4,529,193	95,834	1,551,173	440,949	2,638,160	15,417,433
2002	2,401,794	3,861,770	5,261,069	109,774	1,678,994	451,390	2,664,421	16,429,212
2003	2,662,877	3,964,685	5,113,761	133,572	1,828,948	493,383	2,937,956	17,135,182
2004	2,857,364	4,224,570	5,090,520	158,447	2,141,689	518,634	2,912,255	17,903,479
2005	3,250,998	4,921,959	5,954,747	186,891	2,272,337	543,506	2,828,911	19,959,349

Notes: (1) Includes all governmental fund types except capital projects.



Table VI

**TOWN OF VIENNA, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax (1) Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax (1) Collections</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent Current Levy Delinquent</b>
1996	\$ 3,905,733	\$ 3,886,919	99.52%	\$ 22,600	\$ 3,909,519	100.10%	\$ 41,340	1.06%
1997	4,036,660	4,017,592	99.53%	24,175	4,041,767	100.13%	36,213	0.90%
1998	4,304,609	4,283,556	99.51%	23,630	4,307,186	100.06%	33,635	0.78%
1999	4,278,415	4,258,545	99.54%	25,767	4,284,312	100.14%	27,739	0.65%
2000	4,478,593	4,463,164	99.66%	21,527	4,484,691	100.14%	21,868	0.49%
2001	4,794,275	4,782,250	99.75%	16,393	4,798,643	100.09%	16,298	0.34%
2002	5,192,967	5,182,277	99.79%	9,306	5,191,583	99.97%	19,316	0.37%
2003	5,777,576	5,768,777	99.85%	14,191	5,782,968	100.09%	14,337	0.25%
2004	6,275,332	6,271,068	99.93%	7,592	6,278,660	100.05%	11,709	0.19%
2005	6,660,504	6,649,942	99.84%	1,300	6,651,242	99.86%	21,760	0.33%

Notes: (1) Penalties and interest not included

Table VII

TOWN OF VIENNA, VIRGINIA

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY  
Last Ten Fiscal Years

Fiscal Year	Real Property (1)		Utility Companies Real Property		Total		Ratio of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1996	\$ 1,281,874,745	\$ 1,281,874,745	\$ 26,591,487	\$ 26,591,487	\$ 1,308,466,232	\$ 1,308,466,232	100%
1997	1,314,630,940	1,314,630,940	29,572,313	29,572,313	1,344,203,253	1,344,203,253	100%
1998	1,352,378,160	1,352,378,160	34,454,211	34,454,211	1,386,832,371	1,386,832,371	100%
1999	1,377,921,470	1,377,921,470	37,818,137	37,818,137	1,415,739,607	1,415,739,607	100%
2000	1,397,688,483	1,397,688,483	42,872,182	42,872,182	1,440,560,665	1,440,560,665	100%
2001	1,545,633,135	1,545,633,135	32,541,980	32,541,980	1,578,175,115	1,578,175,115	100%
2002	1,730,573,560	1,730,573,560	32,935,274	32,935,274	1,763,508,834	1,763,508,834	100%
2003	2,042,603,785	2,042,603,785	62,868,762	62,868,762	2,105,472,547	2,105,472,547	100%
2004	2,283,913,650	2,283,913,650	66,438,116	66,438,116	2,350,351,766	2,350,351,766	100%
2005	2,509,114,185	2,509,114,185	30,295,589	30,295,589	2,539,409,774	2,539,409,774	100%

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Notes: Real property is assessed effective January 1 of each year by the Supervisor of Assessments of Fairfax County for the concurrent use of the Town and County. In the above tabulation \$2,539,409,774 is the assessed valuation effective January 2, 2004, which was used as a basis for billing taxes in the fiscal year 2004-2005.

Real property was assessed at 100% of fair market value. Public service corporations are assessed by the State Corporation Commission.

Property owned by the Town, other governments, churches, and schools is exempt and no estimate of value is included. The Town also partially or fully exempts qualified elderly citizens. The Town does not tax personal property.

(1) Does not include abatements and adjustments.

Table VIII

## TOWN OF VIENNA, VIRGINIA

**PROPERTY TAX RATES--DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Town of Vienna Tax Rate Per \$100 of AV</b>	<b>Fairfax County Tax Rate Per \$100 of AV</b>	<b>Total Tax Rate</b>	<b>Town of Vienna Tax Levy</b>	<b>Fairfax County Tax Levy for Vienna</b>	<b>Total Tax Levies</b>
1996	\$ 0.30	\$ 1.16	\$ 1.46	\$ 3,825,959	\$ 14,793,708	\$ 18,619,667
1997	0.30	1.23	1.53	3,947,943	16,186,566	20,134,509
1998	0.31	1.23	1.54	4,197,701	16,655,394	20,853,095
1999	0.31	1.23	1.54	4,388,785	17,413,560	21,802,345
2000	0.31	1.23	1.54	4,465,739	17,718,892	22,184,631
2001	0.30	1.23	1.53	4,791,464	19,026,744	23,818,208
2002	0.30	1.21	1.53	5,191,734	21,303,361	26,495,095
2003	0.285	1.21	1.495	5,821,396	24,735,933	30,557,329
2004	0.275	1.16	1.435	6,280,738	26,516,237	32,796,975
2005	0.265	1.13	1.395	6,649,128	28,352,990	35,002,118

Notes: The laws of the Commonwealth of Virginia impose no limitation on the tax rate. The Town Charter imposes a limit on the levy of taxes on real and personal property of \$2 per \$100 of assessed value, except as permitted by State law for the payment of principal of and premium, if any, and interest on general obligation bonds in accordance with Section 15.1-227.25 of the Code of Virginia (1950), as amended.

Taxes are due in semi-annual installments on July 28 and December 5 of each year. Penalty of 10% or \$5, whichever is greater is added to each delinquent installment. No discounts are allowed and interest at 10% per annum is assessed on delinquent installments. All unpaid taxes become subject to liens against the properties upon which they were assessed as of June 30 of the year following assessments.

## TOWN OF VIENNA, VIRGINIA

**PRINCIPAL REAL PROPERTY TAXPAYERS**  
**Year Ended June 30, 2005**

Owner	Assessed Valuation	Percentage of Total Assessed Valuation
Navy Federal Credit Union	\$ 128,769,755	5.07%
Maple Avenue Ltd. Partnership	24,340,060	0.96%
Vienna Park Properties	17,230,050	0.68%
Vienna Technology Park Associates	14,145,870	0.56%
Maryland Gardens Ltd. Partnership	13,651,745	0.54%
Rushmark Follin LLC	13,261,550	0.52%
Vienna Shopping Center, LP	12,694,795	0.50%
P. Daniel & Diana S. Orlich	11,303,175	0.45%
Maple Professional Park	9,701,935	0.38%
Westwood Country Club, Inc.	9,570,960	0.38%
Frank Zafren & Alec Jacobson, Tr.	9,373,470	0.37%
BFH Danor Plaza	8,225,970	0.32%
Cedar Park & Shop	7,383,085	0.29%
Swart Vienna LLC	6,742,480	0.27%
Storage Partners of Vienna LLC	5,806,660	0.23%
MFS Electric Avenue Assoc LLC	4,963,885	0.20%
Cyrus Group, Inc.	4,309,930	0.17%
WTG Properties	4,146,330	0.16%
Jades Enterprises	4,137,650	0.16%
Edward L. Curtis, Jr.	4,044,365	0.16%
Total	\$ 313,803,720	12.36%

## TOWN OF VIENNA, VIRGINIA

**COMPUTATION OF LEGAL DEBT MARGIN**  
**At June 30, 2005**

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Assessed Value of Real Property, January 1, 2004 (1)	\$ <u>2,539,409,774</u>
Debt Limit: 10% of assessed Value (2)	\$ 253,940,977
Debt Applicable to Debt Limit:	
General Obligation Bonds	<u>12,870,004</u>
Legal Debt Margin	\$ <u>241,070,973</u>

## Notes:

- (1) Assessed valuation of real property as of January 1, 2004 as discussed in the first paragraph of the narrative in Table V.
- (2) The Constitution of Virginia mandates this debt limit on the Town.

## TOWN OF VIENNA, VIRGINIA

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
Last Ten Fiscal Years**

<u>Calendar Year</u>	<u>(1) Population</u>	<u>Assessed Value (3)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1996	15,099	\$ 1,308,466,232	12,090,000	0.92%	\$801
1997	15,122	1,344,203,253	11,025,000	0.82%	729
1998	15,654	1,386,832,371	14,860,000	1.07%	949
1999	15,699	1,415,736,607	18,265,000	1.29%	1,163
2000	(2) 14,453	1,483,432,847	16,870,000	1.14%	1,167
2001	(2) 14,453	1,578,175,115	15,160,000	0.96%	1,049
2002	(2) 14,453	1,763,508,834	18,355,000	1.04%	1,270
2003	(2) 14,453	2,105,472,547	16,523,333	0.78%	1,143
2004	(2) 14,453	2,350,351,766	14,696,666	0.63%	1,017
2005	(4) 14,850	2,539,409,774	12,870,004	0.51%	867

Notes: (1) Population figures obtained from Fairfax County Demographic Reports through 1999 by estimation methods.

(2) 2000 US Census

(3) Property values include utility real property and are for the tax year on which the fiscal year tax billing is based.

(4) Official U.S. Census estimates for calendar year 2004

## TOWN OF VIENNA, VIRGINIA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL  
BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(1) (3) Principal</b>	<b>(1) (3) Interest</b>	<b>Total Debt Service</b>	<b>Total General Expenditures (2)</b>	<b>Debt Service to Total General Expenditures</b>
1996	\$ 735,000	\$ 412,510	\$ 1,147,510	\$ 11,741,048	9.77%
1997	1,065,822	666,898	1,732,720	13,196,793	13.13%
1998	1,065,000	547,309	1,612,309	12,401,486	13.00%
1999	1,395,000	704,240	2,099,240	13,518,728	15.53%
2000	1,395,000	769,892	2,164,892	14,360,746	15.08%
2001	1,710,000	762,250	2,472,250	15,417,433	16.04%
2002	1,705,000	686,358	2,391,358	16,429,212	14.56%
2003	1,831,667	801,981	2,633,648	17,135,182	15.37%
2004	1,826,667	720,180	2,546,847	17,903,479	14.23%
2005	1,826,667	634,533	2,461,200	19,959,349	12.33%

Notes: (1) This table does not include debt service of the Water and Sewer Fund.

(2) Includes all governmental fund types except capital projects.

(3) Does not include capital leases.

## TOWN OF VIENNA, VIRGINIA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT-  
GENERAL OBLIGATION BONDS

At June 30, 2005

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct Debt:			
Town of Vienna General Bonded Debt	\$ 12,870,004	100.00%	\$ 12,870,004
Overlapping Debt: *			
County of Fairfax General Bonded Debt	<u>1,661,385,000</u>	1.64%	<u>27,246,714</u>
Total direct and overlapping debt	<u>\$ 1,674,255,004</u>		<u>\$ 40,116,718</u>

\* Overlapping debt is not bonded debt of the Town of Vienna on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the Town of Vienna are obligated to pay through the direct tax levies of these respective governmental entities. The debt of Fairfax County is a direct general obligation debt of the County for facilities to benefit the citizens of the County as a whole, including those residing within incorporated towns. Facilities include schools, hospitals, storm drainage control, parkland acquisition, etc., and the citizens of the Town of Vienna benefit generally from their use.



## TOWN OF VIENNA, VIRGINIA

## REVENUE BOND COVERAGE

## Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Gross Revenue</u>	<u>(2) Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>(3) Principal</u>	<u>(3) Interest</u>	<u>Total</u>	<u>Coverage</u>
1996	\$ 3,977,635	\$ 2,896,552	\$ 1,081,083	\$ -	\$ -	\$ -	N/A
1997	3,688,175	2,936,482	751,693	-	-	-	N/A
1998	4,222,544	2,729,274	1,493,270	-	-	-	N/A
1999	4,841,168	2,899,409	1,941,759	-	-	-	N/A
2000	4,575,121	3,068,368	1,506,753	-	-	-	N/A
2001	4,350,216	3,104,618	1,245,598	-	-	-	N/A
2002	4,303,823	3,220,541	1,083,282	-	-	-	N/A
2003	4,335,339	3,559,026	776,313	-	-	-	N/A
2004	4,388,312	4,631,094	(242,782)	-	-	-	N/A
2005	4,753,425	4,249,378	504,047	-	-	-	N/A

- Notes: (1) Excludes interest earnings and other non-operating income.
- (2) Total expenses exclusive of depreciation and bond interest.
- (3) Includes principal and interest on revenue bonds only. Does not include general obligation bond interest reported in the water and sewer fund.

N/A = Not applicable

## TOWN OF VIENNA, VIRGINIA

DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (3)</u>	<u>Education Level in Years of Formal Schooling (3)</u>	<u>Unemployment Rate (3)</u>
1996	15,099	\$ 38,586	36.7	16.2	2.5%
1997	15,122	38,586	36.7	16.2	2.5%
1998	15,654	38,586	36.7	16.2	2.5%
1999	15,699	47,241	36.7	16.2	2.5%
2000	14,453 (2)	47,241	35.9 (4)	18.2 (2)	1.6% (4)
2001	14,453 (2)	47,241	36.0 (4)	18.2 (2)	2.0% (4)
2002	14,453 (2)	37,753 (2)	40.0 (2)	18.2 (2)	1.7% (2)
2003	14,453 (2)	37,753 (2)	40.0 (2)	18.2 (2)	1.7% (2)
2004	14,868 (5)	37,753 (2)	39.5 (2)	18.2 (2)	1.7% (2)
2005	14,850 (6)	37,753 (2)	40.0 (2)	18.2 (2)	1.7% (2)

Sources: (1) Fairfax County Demographic Reports (Vienna Data)

(2) 2000 US Census

(3) 1990 U.S. Postcensus Local Review

(4) Fairfax County Demographic Reports (Fairfax County Data)

(5) Official U.S. Census estimates for calendar year 2003

(6) Official U.S. Census estimates for calendar year 2004

## TOWN OF VIENNA, VIRGINIA

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Commercial Construction (1)</b>		<b>Residential Construction (1)</b>		<b>Bank Deposits (3)</b>	<b>Property Assessed Value (2)</b>	
	<b>Number of Units</b>	<b>Value</b>	<b>Number of Units</b>	<b>Value</b>		<b>Taxable</b>	<b>Nontaxable</b>
1996	1	\$ 300,000	24	\$ 3,420,000	\$ 447,247,197	\$ 1,281,874,745	\$ 66,940,225
1997	4	21,002,000	11	1,808,000	442,314,172	1,314,630,940	67,837,685
1998	5	1,921,000	28	4,541,000	580,443,026	1,352,378,160	68,300,525
1999	-	-	57	6,852,000	615,608,062	1,377,921,470	69,201,120
2000	2	1,300,000	66	8,647,000	714,368,473	1,440,045,655	70,664,295
2001	-	-	24	7,129,000	867,922,136	1,545,633,135	74,361,650
2002	1	650,000	17	3,219,000	858,146,821	1,730,513,560	77,256,840
2003	-	-	14	2,845,000	865,639,954	2,042,603,875	84,606,800
2004	-	-	39	6,469,000	934,742,538	2,283,913,652	94,696,055
2005	-	-	138	12,637,951	887,338,304	2,509,114,185	104,569,780

Notes: (1) Values on estimated construction costs shown on building permits.

(2) Property values exclude utility real property and are for the tax year on which the fiscal year billing is based (See Table 4 notes for details).

(3) Based on Bank Franchise Tax returns.

## TOWN OF VIENNA, VIRGINIA

## MISCELLANEOUS STATISTICS

Prepared by the Department of Planning and Zoning  
June 30, 2005

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**PHYSICAL ENVIRONMENT:****Geography and Climate**

Area:	4.40925 square miles	Precipitation:	41 in./year
Elevation:	389 feet	Mean Temperature:	57 degrees

**Access**

Highways:	I-66, I-495, US 29, VA 7, VA 123, VA 237, VA 243
Public Transit:	Served by WMATA bus and rail
Air:	Dulles International, Ronald Reagan National, and Baltimore/Washington International Airports

Source: Department of Planning and Zoning, Town of Vienna

**POPULATION, HOUSING AND LAND USE:**

<b>Population</b>		<b>Age Distribution</b>	
<b><i>Historical &amp; Projected Growth</i></b>			
1940	1,237	Under 10 years	13.1%
1960	11,440	10-19 years	12.2%
1970	17,152	20-34 years	15.6%
1980	15,496	35-44 years	18.3%
1990	14,852	45-54 years	16.0%
2000	14,453	55-64 years	11.2%
2001	14,453	65-74 years	8.2%
2002	14,453	over 75 years	5.4%
2003	14,453		
2004	14,868 (1)		
2005	14,850 (2)		

Source: U.S. Census of Population and Housing, 2000

Source: U.S. Census of Population and Housing, 1940 through 1990, and 2000

(1) Official U.S. Census Estimates for calendar year 2003

(2) Official U.S. Census Estimates for calendar year 2004

## TOWN OF VIENNA, VIRGINIA

## MISCELLANEOUS STATISTICS

Prepared by the Department of Planning and Zoning  
 June 30, 2005 (continued)

**POPULATION, HOUSING AND LAND USE: (continued)****Housing**

Units	Amount	Percentage of Total
Single family dwelling	4,532	83.2%
Duplex	35	0.6%
Townhouses	482	8.9%
Apartments	300	5.5%
Condominiums	96	1.8%
Total	<u>5,445</u>	<u>100.0%</u>

Average household size: 2.72

Source: U.S. Census Bureau - 2000 Census

***Median Market Value of Housing - Vienna Planning Area, 2002 <sup>(1)</sup>***

Single family dwellings	366,851
Townhouses	245,351
Condominiums	114,488
All units	329,992

Source: Fairfax County Demographic Reports, January, 2002

<sup>(1)</sup> Outside of Town limits included

**Land Use - Acres by Zoning Category**

Category		
Residential	2,144.15	75.98%
Commercial	131.75	4.67%
Industrial	128.31	4.55%
Other (T & ROW) + PR Zone	417.69	14.80%
Total	<u>2,821.90</u>	<u>100.00%</u>

Source: Town of Vienna Department of Planning and Zoning, as of 8/1/05

## TOWN OF VIENNA, VIRGINIA

## MISCELLANEOUS STATISTICS

Prepared by the Department of Planning and Zoning  
June 30, 2005 (continued)

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**EDUCATION, INCOME, AND EMPLOYMENT:****Educational Attainment:**

Town of Vienna:

High School graduates (age 25 and older)	92.1%
College graduates (age 25 and older)	56.4%

Source: U.S. Census Bureau - 2000 census

**Income:**

	<u>Household</u>	<u>Family</u>
Median income	\$ 85,519	\$ 93,043
Mean income	\$ 101,729	\$ 110,165

Source: U.S. Census Bureau - 2000 census

**Employment:**

Place of Employment:

Fairfax County	51.0%
Washington DC	18.7%
Other Northern VA	21.0%
Maryland	5.0%
Other	4.3%

Source: Fairfax County Standards Report, 1998

TOWN OF VIENNA, VIRGINIA

SCHEDULE OF INSURANCE IN FORCE

June 30, 2005

<u>Name of Company</u> <u>Type of Coverage</u>	<u>Policy</u> <u>Number</u>	<u>Policy</u> <u>Period</u> <u>From-To</u>	<u>Details of Coverage</u>	<u>Liability</u> <u>Limits</u>	<u>Annual</u> <u>Premium</u>
<u>PROPERTY</u>					
Virginia Municipal Liability Pool (VMLP)	009	7-1-04 to 6-30-05	Insures Town against all risks of direct physical loss or damage to buildings and contents. All on replacement cost basis.	\$ 11,724,973	\$ 18,740
Extra Expense			Insures for extra expenses incurred to operate Town operation after loss of Town Hall facility.	\$ 150,000	
Valuable Paper and Records			Insures Town against loss of computer generated and maintained revenue and tax records.	\$ 30,000	
Miscellaneous Equipment			Insures mobile and specialty equipment, traffic control, radio, and photo red light systems	\$ 2,431,878	
Accounts Receivable			Insures the Town against loss of accounts receivable.	\$ 800,000	
Flood			Insures against loss or damage caused by flood.	\$ 1,500,000	
Earthquake Coverage			Insures against loss or damage caused by earthquake.	\$ 1,500,000	
<u>COMPREHENSIVE</u> <u>GENERAL LIABILITY</u>					
			Broad Form OGL endorsement with Blanket Contractual Liability, Includes: Product Liability, Owner's Protective Liability, Completed Operations Coverage, Independent, Law Enforcement and Public Officials Liability	\$ 1,000,000 1,000,000 Property Damage	\$ 74,902
			No fault property damage	\$ 10,000	\$ 10,843
			Contractor (if any). Operation of Recreation Programs, Elevator Liability.		
Monies & Securities/ Depositors Forgery	30490381		Insures against loss of money and securities by actual destruction, disappearance, or wrongful abstraction.	\$ 20,000 to 200,000	\$ 3,674

TOWN OF VIENNA, VIRGINIA

SCHEDULE OF INSURANCE IN FORCE  
June 30, 2005 (continued)

<u>Name of Company</u> <u>Type of Coverage</u>	<u>Policy</u> <u>Number</u>	<u>Policy</u> <u>Period</u> <u>From-To</u>	<u>Details of Coverage</u>	<u>Liability</u> <u>Limits</u>	<u>Annual</u> <u>Premium</u>
<u>VEHICLE POLICY</u>					
VMLP	009	7-1-04 to 6-30-05	Insures the Town against the cost of investigating, defending, and paying claims for bodily injury and property damage caused by occurrence for which the Town may be legally liable and arising out of the ownership, maintenance, or use of any owned, hired, or non-owned vehicle.	Bodily Injury & Property Damage \$1,000,000 Combined Single Limit each accident	\$ 74,902
<u>BOILER AND MACHINERY</u>					
VMLP	009	7-1-04 to 6-30-05	Insures the Town against the cost of direct losses or of investigating, defending and paying property damage claims arising out of accidents involving the boiler and other pressure vessels in Town Hall.	\$ 2,250,000	\$ 2,675
<u>UMBRELLA LIABILITY POLICY</u>					
VMLP	009	7-1-04 to 6-30-05	Insures for any additional amounts the Town is legally obligated to pay in excess of the limits under other coverages.	\$ 4,000,000	\$ 30,769
<u>WORKMEN'S COMPENSATION</u>					
Virginia Municipal Group Self Insurance Association	009	7-1-04 to 6-30-05	Insures the Town against obligation imposed by the Virginia Workmen's Compensation Act.		\$ 347,960



**- Compliance Section -**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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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**TO THE HONORABLE MEMBERS OF THE TOWN COUNCIL  
TOWN OF VIENNA  
VIENNA, VIRGINIA**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the Town of Vienna, Virginia's basic financial statements and have issued our report thereon dated November 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Commonwealth of Virginia, Office of the Auditor of Public Accounts, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Vienna, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 9, 2005