

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

FISCAL YEAR ENDED JUNE 30, 2007



**TOWN OF VIENNA,  
VIRGINIA**

**- Introductory Section -**

**TOWN OF VIENNA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2007**

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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, 2007

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**TOWN OF VIENNA, VIRGINIA**

**TOWN OFFICIALS**

**COUNCIL**

**M. Jane Seeman, Mayor**

**Laurie Genevro Cole**

**George E. Lovelace**

**Daniel M. Dellinger**

**Michael J. Polychrones**

**Edythe Frankel Kelleher**

**Maud F. Robinson**

**TOWN MANAGER**

**John H. Schoeberlein**

**TOWN ATTORNEY**

**Steven D. Briglia**

**TOWN CLERK**

**Carol A. Orndorff**

**DIRECTOR OF FINANCE/TREASURER**

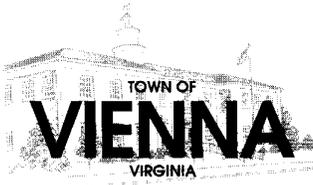
**Philip R. Grant**

**DIRECTOR OF ADMINISTRATIVE SERVICES**

**Nancy N. McMahon**

**INDEPENDENT AUDITORS**

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



November 14, 2007

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, 2007, 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.

This report includes all funds under the jurisdiction and oversight of the Town of Vienna government. The Town was incorporated in 1890, consists of 4.41 square miles, has a population of 15,122 and operates under the council-manager form of government. Policy-making and legislative authority are vested in the Town Council, consisting of a mayor and six other members, all elected on a non-partisan, at-large basis. The Town Council appoints the town manager, town attorney, town clerk and treasurer. The town manager in turn appoints the heads of the various departments. Council members serve two-year terms on a staggered election cycle with three members on one and four members on the other.

The Council is required to adopt a final budget no later than the close of the previous fiscal year. This annual budget serves as the foundation of the Town of Vienna's financial planning and control. The budget is prepared and adopted from the line item to department level and is appropriated by Town Council at the fund level. Department heads may transfer resources within their departments with approval of the Town Manager. Supplemental appropriations and transfers between departments require Town Council approval.

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 26 percent, continuing the upward trend of the previous ten years. The area's economic vitality is further evidenced by its June, 2007 unemployment rate of 2.3 percent, significantly less than Virginia's 3.0 percent and the national average of 4.5 percent. According to Fairfax County's demographic data, the area's median family income has increased from \$33,200 in 1979 to \$110,318 in 2006 and 56.2 percent of families have incomes of at least \$100,000 with half of that group having incomes over \$150,000.

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

Local revenue patterns are consistent with area trends. Annual business tax revenue growth has averaged 4.25 percent during the past five years. During the same period, meals and lodging tax revenues have increased 23 percent and consumer utility tax revenues are up 62 percent since 2002. 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 various improvements to the Town's web site were undertaken. Major improvements to parks maintenance facilities and street reconstruction projects were continued or completed. Work on the development of a geographic information system and the replacement of the Town's financial software continued. The Town Green project, conversion of the Town Hall basement area for police operations, improvements in finance front counter operations, renovation of a water storage tank, and a major overhaul of the Town's pay plans were all completed.

New projects started included two major street reconstruction projects, a new records storage facility, a new crime reporting software system, a business area parking needs assessment study, and credit card payment system for the finance front counter operations.

## **OPERATIONAL FOCUS**

During the past year the construction of the Vienna Town Green was completed. The project began with the acquisition of commercial property several years ago that was then converted into a downtown park. That property was enlarged through by use agreements to make the final size of the park about 1.6 acres. The properties were rezoned to parks and recreational use as envisioned in the Town's Comprehensive Plan.

The Vienna Town Green includes a new parking lot that, being adjacent to the area's bike and walking trail, makes the park easily accessible to the Town's residents and provides additional parking in the Town's central commercial area. The park itself includes a plaza with a fountain fronting the Town's major traffic thoroughfare, an amphitheater and stage partially surrounded by a sloped seating lawn, and restroom facilities. In addition there are ample walkways and benches through a large lawn with trees that provide green space in the center of the Town.

The Town Green is used for a variety of purposes including concerts, plays, and other performances and provides a pleasant area for picnics and other forms of informal play and relaxation. With its various features, it will provide for a variety of creative uses throughout the years.

## **GOVERNMENTAL FUNDS SUMMARY**

The General and Debt Service Funds ended fiscal year 2007 with combined revenues of \$19,932,631, up by \$689,040 or 3.5 percent over the previous year. Property taxes accounted for about a third of the increase, rising by \$252,979 or 3.7 percent over the preceding year. The increase was due to a rise in property values moderated by a lower tax rate. Service charges and federal grants contributed \$293,659 to the overall increase with most of the increase in service charges resulting from higher recreational fee collections. Interest earnings and miscellaneous revenue account for \$76,242 of the total increase. Interest earnings were up by \$54,356 or 7.4 percent due to higher investment volume. The increase in miscellaneous revenue was due to the auctioned sale of vehicles and equipment being replaced during the year.

Taxable residential and commercial property values for Tax Year 2006 totaled \$3,879,874,130, an increase of 26.6 percent over the previous year. Total property taxes as a percentage of total revenues was 35.51, the same as the year before. 99.74 percent of current year property taxes were collected, making last year the 13th consecutive year in which current year tax collections exceeded 99 percent.

Total expenditures of the General and Debt Service Funds increased \$1,415,488 or 7.2 percent over the preceding year. Annual personnel cost increases and first year debt service on new debt issued in the previous year account for over 85 percent of the total expenditure change as well as most of the increases in the various expenditure categories. Expenditures of grant funds and other revenue sources in the public safety category relating to a new crime reporting system and homeland security also contributed to the overall increase. New and expanded programs in the parks and recreation category account for the balance of the change in total expenditures.

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 \$394,054 or 8.6 percent to end the year at \$4,166,530. The balance is 21.1 percent of the subsequent year's General Fund budget and is equivalent to 77 calendar days of expenditures. The decrease was primarily the result of the changes in revenue and expenditures previously discussed.

## **WATER AND SEWER OPERATIONS**

Last year's operating revenue was down by \$25,417 from the preceding year, ending last year at \$5,692,069. The .04 percent decrease reflected a weather-related drop in billed consumption that offset rate increases. Operating expenses ended the year at \$5,031,343, a decrease of \$99,142 or 1.9 percent. The resulting operating gain for the year was \$660,726, an increase of \$73,725 or 12.6 percent. This improvement was offset by \$1,107,110 loss in non-operating revenues, expenses, contributions, and transfers. As compared to the year before, the loss increased by \$308,901, the increase primarily due to lower capital transfers and contributions plus an increase in budgeted transfers to the General and Debt Service funds.

## **WATER AND SEWER OPERATIONS (continued)**

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

<b><u>Water and Sewer Fund Analysis</u></b>	<b><u>Fiscal Year Ended 2007</u></b>	<b><u>Fiscal Year Ended 2006</u></b>	<b><u>Fiscal Year Ended 2005</u></b>	<b><u>Fiscal Year Ended 2004</u></b>
Operating Revenues	\$ 5,692,069	\$ 5,717,486	\$ 4,627,013	\$ 4,388,312
Operating Expenses	5,031,343	5,130,485	4,669,286	4,631,094
Operating Income (Loss)	660,726	587,001	(42,273)	(242,782)
Net of Non-Operating Revenues, Expenses and Transfers	(1,107,110)	(798,209)	(1,030,583)	(1,099,189)
Change in Net Assets	(446,384)	(211,208)	(1,072,856)	(1,341,971)
Net Assets, Beginning of Year	8,647,438	8,858,646	9,931,502	11,273,473
Net Assets, End of Year	8,201,054	8,647,438	8,858,646	9,931,502

## **PENSION FUNDS**

Local and Police Pension funds ended the year with combined net assets of \$5,013,109, an increase of \$220,839 or 4.6 percent. The change was the result of the non-recurrence of payouts from the local pension defined benefit plan to the new defined contribution plan that occurred last year. Contributions were down by 11.3 percent, reflecting the drop in members in the old plan. Interest earnings were up by 2.4 percent while benefit payments and other costs rose by \$19,751. The increase in benefit payments resulted from additional retirees and the annual cost of living adjustment.

## **DEBT ADMINISTRATION**

\$1,926,667 worth of 1993, 1996, 1998, 1999, 2002, and 2006 general obligation debt was retired last year, bringing total outstanding general obligation debt at year-end to \$14,296,670. The balance represented .4 percent of the 2006 taxable assessed property values, well within the Town's legal debt limit and its debt retirement capacity. The General and Water and Sewer Funds issued \$600,000 in new capital lease debt, but retired \$479,993 worth of prior debt, ending the year with a balance of \$1,222,787. Total compensated absence obligations for the General and Water and Sewer Funds decreased by \$25,547 to \$929,247.

## **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, \$23,406,126 or 99.9992 percent of the Town's cash was invested in the LGIP and other interest bearing accounts. Total interest income for the year was \$1,345,906, up by \$415,965 from the year before. The 44.7 percent increase was due to both greater investment volumes and higher market yields. By year end, LGIP yield was 5.428 percent as compared to 5.119 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, 2007 as part of its five-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, 2006. 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, 2006

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.



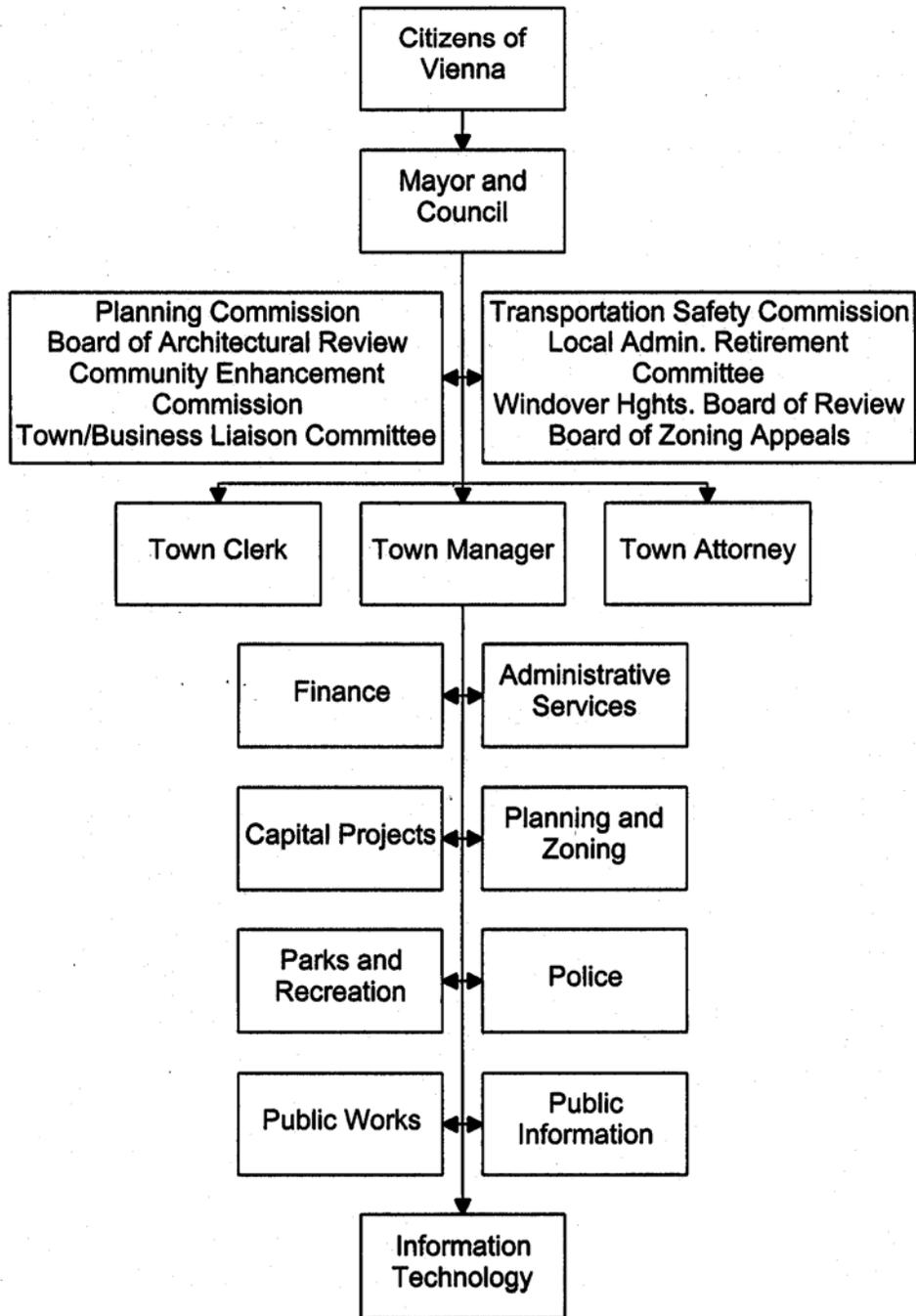
A handwritten signature in black ink, appearing to read "Ronald J. Hauer".

President

A handwritten signature in black ink, appearing to read "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, 2007, 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 Audits 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 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, 2007, 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 14, 2007, 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 important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and Schedule of Funding Progress for Town Retirement Plans 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, and the budgetary comparison schedules 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 14, 2007

**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, 2007. 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, 2007 by \$55,585,552, an increase of \$4,201,882 or 8.2 percent. Over half of the increase was due to \$2,474,278 reduction in liabilities resulting from the non-recurrence of new general obligation debt as was the case in the preceding year. Unrestricted net assets ended the year at \$15,985,896, a decrease of \$1,543,994 or 8.8 percent. The decrease was primarily due to capitalized expenditures which resulted in an increase in net assets invested in capital assets, net of related debt. 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 \$16,517,122, a decrease of \$1,135,731 in comparison with the prior year. The decrease was due to Capital Project Fund expenditures that were not offset by a new debt issue as was the case in the preceding year. Partially offsetting the decrease in the Capital Project Fund were increases in both the General Fund and the Debt Service Fund. The Debt Service Fund's balance of almost \$4 million is reserved for the retirement of current and future debt issues and the \$4.303 million balance of the Capital Projects Fund is reserved and designated for completion of capital projects. \$4,166,530 of the General Fund's balance is unrestricted and represents 21 percent of total General Fund FYE 2007 expenditures.
- The Town's long-term obligations decreased by \$1,837,275 (10%) during last fiscal year. The reduction resulted from general obligation debt retirements far exceeding the amount of new capital lease debt. Long-term obligations totaled \$16,614,445 at year-end. Of this amount, outstanding bonds totaled \$14,296,670, notes payable totaled \$1,094,988 and capital leases totaled \$1,222,787. The above amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$2,157,652 and \$929,247 respectively, at year-end. Accounts payable and an estimated amount of \$825,997 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences decreased by \$25,547 or 2.7 percent less than the preceding year.
- Excluding Pension Trust Funds, total cash and cash equivalents decreased \$2,140,495 when compared to the prior fiscal year. The reduction resulted from project expenditures in the Capital Projects Fund and the drawdown of unrestricted assets in the Water and Sewer Fund resulting primarily from payment of FYE 2006 billings from another jurisdiction received and paid in FYE 2007 plus payment of a capital equipment item funded in FYE 2006 but received and paid in FYE 2007. The \$ 217,455 (4.5%) increase in the Pension Fund was the result of contributions and interest earnings exceeding expenditures. The following table denotes cash increases and decreases by fund.

<b>Fund</b>	<b>FY 07 Cash</b>	<b>FY 06 Cash</b>	<b>Increase (Decrease)</b>
General	\$ 9,173,696	\$ 8,365,898	\$ 807,798
Debt Service	3,722,794	3,454,452	268,342
Capital Projects	4,551,284	6,627,772	(2,076,488)
Water & Sewer	1,293,233	2,433,380	(1,140,147)
Total Cash	<u>\$ 18,741,007</u>	<u>\$ 20,881,502</u>	<u>\$ (2,140,495)</u>
Pension Trust	<u>\$ 4,997,792</u>	<u>\$ 4,780,337</u>	<u>\$ 217,455</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 \$55,585,552 at year-end, an increase of \$4,201,882 or 8.2 percent. Of the total net assets, governmental activities totaled \$47,384,498, up by \$4,648,266 or 10.9 percent while business-type activities totaled \$8,201,054 a decline of \$446,384 or 5.2 percent. The increase in net assets of governmental activities was primarily due to growth in unrestricted assets and investment in capital assets. The decline in net assets of the business type activities was due primarily to a reduction in capital contributions and transfers plus an increase in debt service.

The Town's investment in capital assets such as land, buildings and equipment totaled \$56,158,866 at June 30, 2007; of which, governmental activities totaled \$47,250,324 an increase of \$4,073,762 or 9.4 percent. The increase was due primarily to development of Town-owned land for recreational use and the start of two major street reconstruction projects. 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.

<b>Town of Vienna, Virginia</b>						
<b>Schedule of Assets, Liabilities and Net Assets</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b><u>Assets:</u></b>						
Current and other assets	\$18,843,488	\$20,274,993	\$ 2,687,606	\$ 3,381,863	\$21,531,094	\$ 23,656,856
Capital assets	47,250,324	43,176,562	8,908,542	9,287,541	56,158,866	52,464,103
Total assets	<u>\$66,093,812</u>	<u>\$63,451,555</u>	<u>\$11,596,148</u>	<u>\$12,669,404</u>	<u>\$77,689,960</u>	<u>\$ 76,120,959</u>
<b><u>Liabilities:</u></b>						
Long-term liabilities outstanding	\$16,275,075	\$17,964,527	\$ 1,371,867	\$ 1,441,987	\$17,646,942	\$ 19,406,514
Other liabilities	2,434,239	2,592,193	2,023,227	2,579,979	4,457,466	5,172,172
Total liabilities	<u>\$18,709,314</u>	<u>\$20,556,720</u>	<u>\$ 3,395,094</u>	<u>\$ 4,021,966</u>	<u>\$22,104,408</u>	<u>\$ 24,578,686</u>
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of related debt	\$31,965,939	\$26,085,741	\$ 7,633,717	\$ 7,926,642	\$39,599,656	\$ 34,012,383
Unrestricted	15,418,559	16,809,094	567,337	720,796	15,985,896	17,529,890
Total net assets	<u>\$47,384,498</u>	<u>\$42,894,835</u>	<u>\$ 8,201,054</u>	<u>\$ 8,647,438</u>	<u>\$55,585,552</u>	<u>\$ 51,542,273</u>

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

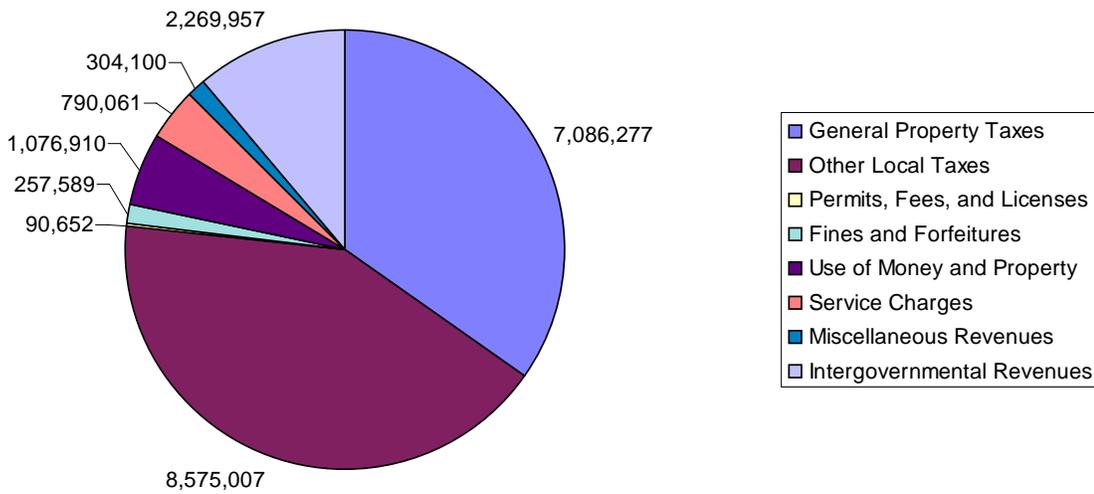
**Governmental Activities** - Governmental and business-type activities reflect changes in net assets of \$4,489,663 and (\$446,384) respectively. The following table provides an overview of revenues, expenses, and the changes in net assets for the fiscal year.

**Town of Vienna, Virginia**  
**Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,223,630	\$ 1,232,335	\$5,692,069	\$ 5,717,486	\$ 6,915,699	\$ 6,949,821
Operating grants and contributions	2,251,198	1,987,302	-	-	2,251,198	1,987,302
Capital grants and contributions	4,191,946	-	-	-	4,191,946	-
<b>General revenues:</b>						
Property taxes	7,094,275	6,817,919	-	-	7,094,275	6,817,919
Other local taxes	8,575,007	8,633,079	-	-	8,575,007	8,633,079
Grants & contributions - unrestricted	18,759	18,913	-	-	18,759	18,913
Investment earnings	991,582	620,147	100,211	99,113	1,091,793	719,260
Miscellaneous	304,100	206,174	42,302	57,192	346,402	263,366
<b>Total revenues</b>	<b>\$24,650,497</b>	<b>\$19,515,869</b>	<b>\$5,834,582</b>	<b>\$ 5,873,791</b>	<b>\$30,485,079</b>	<b>\$25,389,660</b>
<b>Expenses:</b>						
General government	\$ 3,081,052	\$ 3,092,863	\$ -	\$ -	\$ 3,081,052	\$ 3,092,863
Public safety	5,225,145	4,800,550	-	-	5,225,145	4,800,550
Public works	8,716,466	7,697,348	-	-	8,716,466	7,697,348
Health and welfare	305,332	230,802	-	-	305,332	230,802
Parks, recreation and cultural	2,706,829	2,498,235	-	-	2,706,829	2,498,235
Community development	691,665	589,001	-	-	691,665	589,001
Interest on long-term debt	672,020	617,754	-	-	672,020	617,754
Water and sewer	-	-	5,043,291	5,144,312	5,043,291	5,144,312
<b>Total Expenses</b>	<b>\$21,398,509</b>	<b>\$19,526,553</b>	<b>\$5,043,291</b>	<b>\$ 5,144,312</b>	<b>\$26,441,800</b>	<b>\$24,670,865</b>
<b>Net Assets:</b>						
Income before capital contributions and transfers	\$ 3,251,988	\$ (10,684)	\$ 791,291	\$ 729,479	\$ 4,043,279	\$ 718,795
Capital contributions	-	-	-	112,250	-	112,250
Transfers	1,237,675	1,052,937	(1,237,675)	(1,052,937)	-	-
Increase (Decrease) in net assets	\$ 4,489,663	\$ 1,042,253	\$ (446,384)	\$ (211,208)	\$ 4,043,279	\$ 831,045
Net assets, beginning of year, as	42,894,835	41,852,582	8,647,438	8,858,646	51,542,273	50,711,228
Net assets, end of year	<b>\$47,384,498</b>	<b>\$42,894,835</b>	<b>\$8,201,054</b>	<b>\$ 8,647,438</b>	<b>\$55,585,552</b>	<b>\$51,542,273</b>

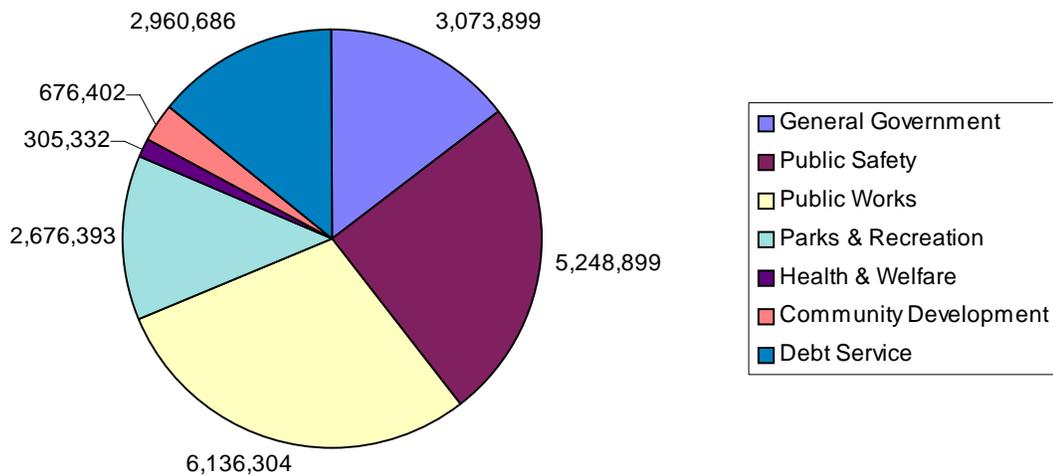
Program, general revenues, and transfers for governmental activities totaled \$25,888,172, an increase of \$5,319,366 or 26 percent over the previous fiscal year. Of this amount, property taxes totaled \$7,094,245 and other local taxes and other revenues totaled \$8,575,007. The 4.0 percent increase in property taxes was due entirely to a rise in assessed values combined with a tax rate reduction. The .007 percent decrease in other local taxes was due primarily to a mid-year takeover of collecting telecommunication taxes. Capital grants and contributions totaled \$4,191,946. The \$1,237,675 worth of transfers between governmental activities and business-type activities was \$184,738 more 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 netted against transfers into the Water and Sewer Fund from the Capital Projects Fund, the 17.5 percent increase is due primarily to a decline in the latter.. The chart below provides an overview of the FY 2006-2007 revenues by program source.

### Governmental Activities Revenues By 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 \$21,398,509, an increase of \$1,871,956 or 9.5 percent. Directly supporting these expenditures were charges for services generating \$1,233,630 plus operating grants and contributions generating \$2,251,198, and capital grants and contributions of \$4,491,946 for total program revenues of \$7,676,774. This represents an increase of \$4,457,137 or 138.4 percent. The increase was due primarily to the almost \$4.2 million worth of major infrastructure improvement projects that began during the year plus various public safety grants. This increase, more than offsetting the increase in governmental activities expenses, accounts for the \$2,733,784 or 16.7 percent decrease 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.).

### Governmental Activities Expenses By Type



**Business-type activities** - The Water and Sewer Fund concluded the year with a decrease in net assets of \$446,384 to end the year with a net assets balance of \$8,201,054. Before net transfers of \$1,052,937 to the General and Debt Service Funds, Water and Sewer Fund operating income and capital transfers ended the year with a net gain of \$791,291. Key elements of operating results include the following:

- A. Operating revenues totaled \$5,692,069, a decrease of \$25,417 or .005 percent increase from FY 2006 revenues of \$5,717,486. Non-operating revenues, transfers, and contributions netted to a negative \$1,107,110 as compared to a negative \$798,209 the previous year. The change was primarily due to reductions in capital project transfers and capital contributions to the Water and Sewer Fund combined with increases in transfer from the Water and Sewer Fund to the General and Debt Service funds.
- B. Operating expenses decreased \$99,142, or 1.9 percent. The change was due primarily to reductions in repair and maintenance costs and lower expenditures for water purchases and sewage treatment.
- C. Payment of delayed water purchase billings from a supplier for the preceding year was the primary reason for decreases in accounts payable and cash of 39.8 percent and 46.9 percent respectively.
- D. Compared to the preceding year, operating transfers to other funds increased \$75,857 or 6.3 percent while operating transfer from other funds decreased by \$108,881 or 76.4. The result was a 17.5 percent increase in the net outflow that ended the year at a negative \$1,237,675. The change in the former was the result of fewer capital project transfers; the latter change was due to budgeted increases in transfers to the General and Debt Service funds.

### **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 spendable resources, as well as on balances of spendable 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 \$16,517,122, a decrease of \$1,135,731 from the prior year. The change was the result of increases in the General and Debt Service funds of \$452,476 and \$260,390 respectively that were offset by a \$1,848,597 reduction in the Capital Project Fund. \$12,350,592 or 74.8 percent of the combined fund balance is reserved for capital projects, debt service, and other purposes, leaving an unreserved balance of \$4,166,530 or 25.2 percent of the total available for spending at the Council's discretion. Debt Service Fund revenues increased by over \$101,000 exceeding expenditures in spite of an increase in debt service expenditures caused by the 2006 debt issue, resulting in its fund balance increase of 7.0 percent.. The \$1,848,597 reduction in Capital Project Fund reserves resulted from capital project expenditures from the 2006 general obligation debt proceeds. The \$4,303,501 balance at year end is reserved for the various projects for which the debt was issued. 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	\$ 132,758
Encumbrances	465,124
Debt service	3,958,312
Asset forfeiture programs	285,704
Equipment replacement	55,235
Vehicle replacement	880,759
PEG programs	174,397
Prepaid items	5,595
Capital equipment and projects	1,185,138
Completion of specific projects	4,257,570
Subsequent year's expenditures	950,000
Total Reserved	\$ 12,350,592
<b>Unreserved:</b>	
Undesignated	4,166,530
Total Fund Balance	\$ 16,517,122

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 \$8,225,309, which equates to 50.0 percent of the \$16,517,122 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 22.5 percent of total General Fund expenditures, while total fund balance represents 44.6 percent of that same amount.

The total fund balance for the General Fund increased \$293,873 over the previous fiscal year. The unreserved, undesignated component of fund balance, which totaled \$4,166,530 at year-end, decreased \$394,054 over the prior fiscal year. Both changes were the function of the following:

- Overall, General Fund revenues were up by \$429,202 or 2.5 percent, primarily as a result of increased revenues from property taxes, service charges, and the state. Property tax revenue increased by \$252,979 or 3.7 percent while service charges and revenues from the state were up by 18.2 percent and 5.6 percent respectively.
- General Fund expenditures rose by \$974,770 or 5.6 percent over the previous year. Annual personnel and fringe benefit cost increases account for 85.5 percent of the change. The remainder of the overall increase was fairly evenly spread among the categories of contracts and services, supplies and commodities, and public safety grant funded security equipment and systems.
- Net other financing sources increased by \$247,778 over the previous year, primarily because of the non-recurrence of transfers to the Capital Projects Fund for new sidewalk construction projects that had not occurred in the preceding fiscal year and an increase in the annual capital lease proceeds as compared to the year before.

**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 2007 budgets. These differences totaled \$279,302 for revenues and \$1,301,219 for expenditures. The increase in the miscellaneous revenue budget was due primarily to the budgeting of donations for designated purposes. Public safety related grants from the federal and state governments account for the increases in the federal and state revenue budgets. Almost half of the increase in expenditure budgets consisted of the appropriation of the annual capital lease proceeds for the Town's Vehicle and Replacement Program. This plus the appropriation of public safety grants, asset forfeiture funds, and outstanding encumbrance and project balances account for most the budgetary increases in the categories of public safety, public works, and parks, recreation, and cultural activities. The appropriation of outstanding encumbrances and year-end project balances account for the increases in general government administration and community development. Details are summarized in the following table:

	<u>Amount Amended</u>
<b>Revenues:</b>	
Miscellaneous	\$ 50,592
Charges for services	308
State revenues	14,871
Federal revenues	213,531
Total	<u>\$ 279,302</u>
<b>Expenditures:</b>	
General government administration	\$ 11,026
Public safety	572,576
Public works	636,078
Parks, recreation and cultural	57,999
Community development	23,540
Total	<u>\$ 1,301,219</u>

## Capital Assets and Debt Administration

**Capital assets** - The Town's investment in capital assets for governmental activities totaled \$47,250,324 (net of accumulated depreciation), an increase of \$4,073,762. The schedule below provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity is in Note 7 of the Notes to Financial Statements.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 4,618,781	\$ 2,999,387	\$ -	\$ -	\$ 4,618,781	\$ 2,999,387
Construction in progress	5,794,328	1,732,056	-	-	5,794,328	1,732,056
Buildings and improvements	9,313,421	9,624,033	-	-	9,313,421	9,624,033
Infrastructure	24,210,755	25,789,646	8,425,013	8,762,094	32,635,768	34,551,740
Office and other equipment	1,112,354	1,022,182	-	-	1,112,354	1,022,182
Automotive and other equipment	2,200,685	2,009,258	483,529	525,447	2,684,214	2,534,705
Total assets - net of depreciation	<u>\$47,250,324</u>	<u>\$43,176,562</u>	<u>\$8,908,542</u>	<u>\$9,287,541</u>	<u>\$56,158,866</u>	<u>\$52,464,103</u>

\* As adjusted for infrastructure

**Long-term obligations** - At the conclusion of the fiscal year, total long-term obligations totaled \$15,339,620 for General Fund activities and \$1,274,825 for the Water and Sewer Fund. Of these amounts, outstanding bonds totaled \$14,296,670 notes payable totaled \$1,094,988 and capital leases totaled \$1,222,787. The above amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$2,157,652 and \$1,032,497 respectively, at year-end. Except for \$103,250 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 upward trend of the previous ten years. The area's economic vitality is further evidenced by its low unemployment rate, which totaled 2.3 percent as June 30, 2007. This rate is significantly less than the state average of 3.0 percent and the national average of 4.5 percent, for the same period. According to recent Fairfax County demographic data, median family income increased from \$33,200 in 1979 to almost \$110,318 in 2006 and 52.2 percent of families have incomes of at least \$100,000 with half of that group having incomes over \$150,000.

The General Fund revenue budget for the fiscal year ending June 30, 2008 totals \$19,706,467 which equates to an increase of \$1,139,234 or 6.1 percent from the last fiscal year. General property taxes are expected to increase \$718,137 or 10.1 percent. Tax rates were increased by 1.34 cents in the subsequent fiscal year of 200-08. The following table provides a comparison of the FY 2007 actual revenue and 2008 adopted revenue budget for the Town of Vienna.

<b>Revenue Source</b>	<b>FY 2008 Budget</b>	<b>FY 2007 Actual</b>	<b>Expected Increase (Decrease)</b>
Property taxes	\$ 7,818,249	\$ 7,086,277	\$ 731,972
Other local taxes	6,354,900	6,239,430	115,470
Permits, fees & licenses	66,500	90,652	(24,152)
Fines and forfeitures	267,500	257,589	9,911
Use of money & property	604,000	597,540	6,460
Charges for services	700,000	790,061	(90,061)
State revenues	1,911,218	1,898,016	13,202
Federal revenues	-	222,774	(222,774)
Transfers-in	962,000	942,900	19,100
Other	1,022,100	755,660	266,440
<b>Total Revenue Budget</b>	<b>\$19,706,467</b>	<b>\$18,880,899</b>	<b>\$ 825,568</b>

**Request for Information**

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2007. 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.viennava.gov](http://www.viennava.gov).

**Basic Financial Statements:**

**- Government-wide Financial Statements -**

## TOWN OF VIENNA, VIRGINIA

## Statement of Net Assets

At June 30, 2007

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 17,447,774	\$ 1,293,233	\$ 18,741,007
Receivables, net	462,992	1,308,812	1,771,804
Prepaid items	5,595	-	5,595
Due from other governments	765,607	-	765,607
Internal balances	28,762	(28,762)	-
Inventory, at cost	132,758	114,323	247,081
Capital assets:			
Land and land improvements	4,618,781	-	4,618,781
Construction in progress	5,794,328	-	5,794,328
Other capital assets, net of accumulated depreciation	36,837,215	8,908,542	45,745,757
Capital assets, net	<u>\$ 47,250,324</u>	<u>\$ 8,908,542</u>	<u>\$ 56,158,866</u>
Total assets	<u>\$ 66,093,812</u>	<u>\$ 11,596,148</u>	<u>\$ 77,689,960</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 1,274,868	\$ 882,784	\$ 2,157,651
Unearned revenue	531,452	-	531,452
Escrow and other deposits	627,919	100,873	728,792
Due to other governments	-	1,039,570	1,039,570
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	1,926,667	38,812	1,965,479
Capital leases	380,761	73,616	454,377
Compensated absences	841,910	87,338	929,248
Due in more than one year:			
Bonds and notes payable	12,370,003	1,056,176	13,426,179
Capital leases	662,189	106,221	768,410
Compensated absences	93,546	9,704	103,250
Total liabilities	<u>\$ 18,709,314</u>	<u>\$ 3,395,094</u>	<u>\$ 22,104,408</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$ 31,965,939	\$ 7,633,717	\$ 39,599,656
Unrestricted	15,418,559	567,337	15,985,896
Total net assets	<u>\$ 47,384,498</u>	<u>\$ 8,201,054</u>	<u>\$ 55,585,552</u>

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, 2007**

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	\$ 3,081,052	\$ 10,043	\$ -	\$ -	\$ (3,071,009)	\$ -	\$ (3,071,009)
Public safety	5,225,145	357,090	745,177	-	(4,122,878)	-	(4,122,878)
Public works	8,716,466	85,328	1,356,854	4,191,946	(3,082,338)	-	(3,082,338)
Health and welfare	305,332	-	-	-	(305,332)	-	(305,332)
Parks, recreation and cultural	2,706,829	771,169	-	-	(1,935,660)	-	(1,935,660)
Community development	691,665	-	149,167	-	(542,498)	-	(542,498)
Interest on long-term debt	672,020	-	-	-	(672,020)	-	(672,020)
Total governmental activities	\$ 21,398,509	\$ 1,223,630	\$ 2,251,198	\$ 4,191,946	\$ (13,731,735)	\$ -	\$ (13,731,735)
<b>Business type activities</b>							
Water and sewer	5,043,291	5,692,069	-	-	-	648,778	648,778
<b>Total</b>	<b>\$ 26,441,800</b>	<b>\$ 6,915,699</b>	<b>\$ 2,251,198</b>	<b>\$ 4,191,946</b>	<b>\$ (13,731,735)</b>	<b>\$ 648,778</b>	<b>\$ (13,082,957)</b>
<b>General Revenues</b>							
Taxes:							
General real property taxes					\$ 7,094,275	\$ -	\$ 7,094,275
Local sales and use taxes					1,197,980	-	1,197,980
Consumer utility taxes and cell phone tax					1,153,656	-	1,153,656
Business license taxes					1,994,824	-	1,994,824
Meals and lodging taxes					2,335,577	-	2,335,577
Other					1,892,970	-	1,892,970
Grants and contributions not restricted to specific programs					18,759	-	18,759
Investment earnings					991,582	100,211	1,091,793
Miscellaneous					304,100	42,302	346,402
<b>Transfers</b>					1,237,675	(1,237,675)	-
Total general revenues					\$ 18,221,398	\$ (1,095,162)	\$ 17,126,236
Change in net assets					\$ 4,489,663	\$ (446,384)	\$ 4,043,279
Net assets, beginning of year, as restated					42,894,835	8,647,438	51,542,273
Net assets, end of year					\$ 47,384,498	\$ 8,201,054	\$ 55,585,552

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, 2007**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,173,696	\$ 3,722,794	\$ 4,551,284	\$ 17,447,774
Receivables (net of allowances for uncollectibles):				
Taxes including penalties	21,055	-	-	21,055
Accounts	149,135	228,802	-	377,937
Notes receivable	-	-	64,000	64,000
Prepaid items	5,595	-	-	5,595
Due from other governments	577,814	50,989	136,804	765,607
Due from other funds	117,700	381	-	118,081
Inventory, at cost	132,758	-	-	132,758
Total assets	<u>\$ 10,177,753</u>	<u>\$ 4,002,966</u>	<u>\$ 4,752,088</u>	<u>\$ 18,932,807</u>
<b>Liabilities:</b>				
Accounts payable	\$ 742,446	\$ 44,590	\$ 295,332	\$ 1,082,368
Accrued liabilities	32,798	-	-	32,798
Escrow and other deposits	627,919	-	-	627,919
Due to other funds	-	64	89,255	89,319
Unearned revenues	519,281	-	64,000	583,281
Total liabilities	<u>\$ 1,922,444</u>	<u>\$ 44,654</u>	<u>\$ 448,587</u>	<u>\$ 2,415,685</u>
<b>Fund Balance:</b>				
Reserved for:				
Inventory	\$ 132,758	\$ -	\$ -	\$ 132,758
Prepaid items	5,595	-	-	5,595
Encumbrances	419,193	-	45,931	465,124
Debt service	-	3,958,312	-	3,958,312
Asset forfeiture programs	285,704	-	-	285,704
Equipment replacement	55,235	-	-	55,235
Vehicle replacement	880,759	-	-	880,759
PEG program	174,397	-	-	174,397
Capital equipment and projects	1,185,138	-	-	1,185,138
Unreserved:				
Designated:				
Completion of specific projects	-	-	4,257,570	4,257,570
Subsequent year's expenditures	950,000	-	-	950,000
Undesignated	4,166,530	-	-	4,166,530
Total fund balance	<u>\$ 8,255,309</u>	<u>\$ 3,958,312</u>	<u>\$ 4,303,501</u>	<u>\$ 16,517,122</u>
Total liabilities and fund balance	<u>\$ 10,177,753</u>	<u>\$ 4,002,966</u>	<u>\$ 4,752,088</u>	<u>\$ 18,932,807</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, 2007**

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Total fund balances for governmental funds (Exhibit 3)	\$	16,517,122
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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	\$	4,618,781
Construction in progress		5,794,328
Depreciable capital assets, net of accumulated depreciation		<u>36,837,215</u>

Total capital assets		47,250,324
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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.

		51,829
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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	\$	(159,702)
Bonds, notes and capital leases payable		(15,339,620)
Compensated absences		<u>(935,455)</u>

Total		<u>(16,434,777)</u>
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Total net assets of governmental activities (Exhibits 1 and 2)	\$	<u><u>47,384,498</u></u>
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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, 2007**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
General property taxes	\$ 7,086,277	\$ -	\$ -	\$ 7,086,277
Other local taxes	6,239,430	2,335,577	-	8,575,007
Permits, privilege fees and regulatory licenses	90,652	-	-	90,652
Fines and forfeitures	257,589	-	-	257,589
Revenue from use of money and property	597,540	183,715	295,655	1,076,910
Charges for services	790,061	-	-	790,061
Miscellaneous	230,980	20	73,100	304,100
Intergovernmental	2,120,790	-	149,167	2,269,957
<b>Total revenues</b>	<b>\$ 17,413,319</b>	<b>\$ 2,519,312</b>	<b>\$ 517,922</b>	<b>\$ 20,450,553</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 3,073,899	\$ -	\$ -	\$ 3,073,899
Public safety	5,248,899	-	-	5,248,899
Public works	6,136,304	-	-	6,136,304
Health and welfare	305,332	-	-	305,332
Parks, recreation, and cultural	2,676,393	-	-	2,676,393
Community development	676,402	-	-	676,402
Capital projects	-	-	2,429,327	2,429,327
<b>Debt service:</b>				
Principal retirement	349,214	1,926,667	-	2,275,881
Interest and other fiscal charges	24,210	660,595	-	684,805
<b>Total expenditures</b>	<b>\$ 18,490,653</b>	<b>\$ 2,587,262</b>	<b>\$ 2,429,327</b>	<b>\$ 23,507,242</b>
Excess (deficiency) of revenues over expenditures	\$ (1,077,334)	\$ (67,950)	\$ (1,911,405)	\$ (3,056,689)
<b>Other financing sources (uses):</b>				
Long term debt issued	\$ 524,680	\$ -	\$ -	\$ 524,680
Transfers in	942,900	328,340	96,373	1,367,613
Transfers out	(96,373)	-	(33,565)	(129,938)
<b>Total other financing sources (uses)</b>	<b>\$ 1,371,207</b>	<b>\$ 328,340</b>	<b>\$ 62,808</b>	<b>\$ 1,762,355</b>
<b>Net changes in fund balances</b>	<b>\$ 293,873</b>	<b>\$ 260,390</b>	<b>\$ (1,848,597)</b>	<b>\$ (1,294,334)</b>
Fund balances at beginning of year, as restated	7,961,436	3,697,922	6,152,098	17,811,456
<b>Fund balances at end of year</b>	<b>\$ 8,255,309</b>	<b>\$ 3,958,312</b>	<b>\$ 4,303,501</b>	<b>\$ 16,517,122</b>

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, 2007**

Net change in fund balances - total governmental funds (Exhibit 5)	\$ (1,294,334)	
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.		(118,184)
Contributed assets from other governmental agency		4,191,946
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.		7,998
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	\$ (524,680)	
Repayments:		
General obligation bonds	1,926,667	
Capital leases	<u>349,214</u>	
Net adjustment		1,751,201
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	\$ (61,749)	
Accrued interest on bonds and loans	<u>12,785</u>	
Net adjustment		<u>(48,964)</u>
Change in net assets of governmental activities (Exhibit 2)		<u>\$ 4,489,663</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, 2007**

	<b>Business-Type Activities Enterprise Fund Water &amp; Sewer Fund</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 1,293,233
Receivables: (net of allowances for uncollectibles)	
Accounts	652,784
Unbilled service charges	656,028
Inventory, at cost	114,323
Total current assets	\$ 2,716,368
Capital assets, net of accumulated depreciation	8,908,542
Total assets	\$ 11,624,910
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	\$ 873,004
Accrued liabilities	9,780
Escrow and other deposits	100,873
Due to other governments	1,039,570
Due to other funds	28,762
Compensated absences - current portion	87,338
Note payable - current portion	38,812
Capital lease obligations payable - current portion	73,616
Total current liabilities	\$ 2,251,755
Noncurrent liabilities:	
Compensated absences - noncurrent portion	\$ 9,704
Note payable - noncurrent portion	1,056,176
Capital lease obligations payable - noncurrent portion	106,221
Total noncurrent liabilities	\$ 1,172,101
Total liabilities	\$ 3,423,856
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	\$ 7,633,717
Unrestricted	567,337
Total net assets	\$ 8,201,054

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, 2007**

		<b>Business Type Activities Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Operating revenues:</b>		
Charges for services	\$	5,692,069
<b>Operating expenses:</b>		
Personal services	\$	1,149,331
Fringe benefits		374,003
Contractual services		2,838,086
Other charges		133,106
Materials and supplies		122,971
Depreciation		413,846
Total operating expenses	\$	5,031,343
Operating income (loss)	\$	660,726
<b>Nonoperating revenues (expenses):</b>		
Interest revenue	\$	100,211
Miscellaneous		42,302
Interest expense		(11,948)
Net nonoperating revenues	\$	130,565
<b>Income (loss) before contributions and transfers</b>	\$	791,291
<b>Transfers:</b>		
Transfers in	\$	33,565
Transfers (out)		(1,271,240)
Net transfers	\$	(1,237,675)
Change in net assets	\$	(446,384)
Net assets, beginning of year		8,647,438
Net assets, end of year	\$	8,201,054

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, 2007**

	<b>Business Type Activities Enterprise Fund</b>
	<b>Water &amp; Sewer Fund</b>
<b>Cash flows from (to) operating activities:</b>	
Receipts from customers	\$ 5,604,266
Payments to and for employees	(1,507,380)
Payments to suppliers	(3,956,613)
Other receipts	42,302
	\$ 182,575
<b>Cash flows from investing activities:</b>	
Investment income	\$ 100,211
<b>Cash flows from (to) capital and related financing activities:</b>	
Purchase of capital assets	\$ (69,418)
Proceeds from capital lease obligations	75,320
Principal payments on capital lease agreements	(123,210)
Principal payments on note payable	(36,615)
Interest expense	(11,948)
Other	(19,387)
	\$ (185,258)
<b>Cash flows from (to) noncapital and related financing activities:</b>	
Transfers from other funds	\$ 33,565
Transfers (to) other funds	(1,271,240)
	\$ (1,237,675)
Net increase (decrease) in cash and cash equivalents	\$ (1,140,147)
Cash and cash equivalents at beginning of year	2,433,380
Cash and cash equivalents at end of year	\$ 1,293,233

**TOWN OF VIENNA, VIRGINIA**

**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2007 (continued)**

		<b>Business Type Activities Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income	\$	660,726
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		413,846
Miscellaneous income		42,302
Increase in allowance for uncollectibles		28,000
Loss on disposition of capital assets		24,389
Changes in operating accounts:		
Accounts receivable		(40,841)
Unbilled service charges		(98,914)
Inventory		(6,785)
Accounts payable and accrued liabilities		(577,224)
Due to other funds		(299,350)
Escrow and other deposits		(437)
Due to other governments		20,909
Accrued leave		15,954
Net cash provided (used) by operating activities	\$	<u>182,575</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, 2007**

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**Assets:**

Cash and cash equivalents	\$ 4,997,792
Accounts receivable	<u>15,617</u>
Total assets	<u>\$ 5,013,409</u>

**Liabilities:**

Accounts payable	<u>\$ 300</u>
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**Net Assets:**

Held in trust for pension benefits	<u><u>\$ 5,013,109</u></u>
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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, 2007**

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Additions:	
Contributions:	
Employer	\$ 213,746
Plan members	<u>35,780</u>
Total contributions	\$ 249,526
Investment income:	
Interest earned on investments	<u>254,113</u>
Total additions	<u>\$ 503,639</u>
Deductions:	
Pension benefit payments	\$ 262,740
Other charges	<u>20,060</u>
Total deductions	<u>\$ 282,800</u>
Net increase in plan assets	\$ 220,839
Net assets held in trust for pension benefits:	
Balance, beginning of year	<u>4,792,270</u>
Balance, end of year	<u><u>\$ 5,013,109</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, 2007

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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**

##### 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:

GASB Statement No. 34 requires that financial statements be 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 costs 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, 2007 (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 the current reporting model, governments will continue to provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition 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. 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 applicable. Both the

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2007 (continued)

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

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

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 adjustments 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, 2007 (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 2007.

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, 2007 (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.

#### **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. 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, 2007 (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, 2007 (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, 2007.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2007.

##### **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, 2007 (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 consist 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 (2007). 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, 2007 (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 \$195,000 at June 30, 2007 and is comprised of the following:

General Fund:		
Taxes receivable	\$	4,000
Water and Sewer Fund:		
Accounts receivable		<u>191,000</u>
Total	\$	<u><u>195,000</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, 2007 (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, 2007. 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 \$330,793 and the bank balances were \$558,976.

##### **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, 2007 consisted solely of investment in the Commonwealth of Virginia Local Government Investment Pool.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (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, 2007 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

<u>Locality's Rated Debt Investments</u>					
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>				
	<u>AAAm</u>	<u>AAA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
Investment in State Treasurer's Local Government Investment Pool (LGIP) (1)	<u>\$ 23,406,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(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	\$ 18,741,007
Fiduciary funds	4,997,792
Total cash and investments	<u>\$ 23,738,799</u>
Cash:	
Deposits	\$ 330,793
Cash on hand and cash items	1,880
Total cash	<u>\$ 332,673</u>
Investments	<u>\$ 23,406,126</u>
Total cash and investments	<u>\$ 23,738,799</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

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**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 2007 was \$.1862 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			Business Activities
	General Fund	Debt Service Fund	Total	Water & Sewer Fund
Property taxes	\$ 25,055	\$ -	\$ 25,055	\$ -
Consumer utility taxes	54,197	-	54,197	-
Business license fees	46,374	-	46,374	-
Meals taxes	-	226,164	226,164	-
Water and sewer charges	-	-	-	843,784
Unbilled revenues	-	-	-	656,028
Other	48,564	2,638	51,202	-
Total	\$ 174,190	\$ 228,802	\$ 402,992	\$ 1,499,812
Less: Allowance for uncollectibles	(4,000)	-	(4,000)	(191,000)
Net accounts receivable	<u>\$ 170,190</u>	<u>\$ 228,802</u>	<u>\$ 398,992</u>	<u>\$ 1,308,812</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

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

Amounts due from other governments are detailed as follows:

	Governmental Activities			Total
	General Fund	Debt Service Fund	Capital Projects Fund	
Commonwealth of Virginia:				
Virginia Department of Highways	\$ -	\$ 50,989	\$ 137	\$ 51,126
Criminal Justice grants	10,656	-	-	10,656
Federal Government:				
Department of Housing and Urban Development	-	-	136,667	136,667
County of Fairfax, Virginia:				
Local sales tax	207,361	-	-	207,361
Communications tax	185,549	-	-	185,549
Court fines and forfeitures	18,856	-	-	18,856
Homeland Security grants	122,531	-	-	122,531
Other	8,335	-	-	8,335
County of Loudoun, Virginia:				
Gang grant	24,526	-	-	24,526
Total	<u>\$ 577,814</u>	<u>\$ 50,989</u>	<u>\$ 136,804</u>	<u>\$ 765,607</u>

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

Details of interfund receivables, payables and activity as of June 30, 2007 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	\$ 28,381
General	Capital Projects	89,255
General	Debt Service	64
Debt Service	Water and Sewer	381
Total		<u>\$ 118,081</u>

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 942,900
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	33,565
Transfers to the Capital Projects Fund from the General Fund for capital projects	96,373
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	328,340
Total transfers	<u>\$ 1,401,178</u>

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2007 (continued)

### NOTE 7 - CAPITAL ASSETS:

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

#### Governmental Activities:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land and land improvements	\$ 2,999,387	\$ 3,763,885	\$ 2,144,491	\$ 4,618,781
Construction in progress - infrastructure	959,872	4,745,610	646,752	5,058,730
Construction in progress - other	772,184	184,740	221,326	735,598
Total capital assets not being depreciated	<u>\$ 4,731,443</u>	<u>\$ 8,694,235</u>	<u>\$ 3,012,569</u>	<u>\$ 10,413,109</u>
Other capital assets:				
Buildings and improvements	\$ 12,841,768	\$ 118,962	\$ -	\$ 12,960,730
Infrastructure	56,733,763	716,396	-	57,450,159
Office and other equipment	1,718,971	238,320	44,282	1,913,009
Automotive and other equipment	3,963,251	559,699	239,452	4,283,498
Total other capital assets	<u>\$ 75,257,753</u>	<u>\$ 1,633,377</u>	<u>\$ 283,734</u>	<u>\$ 76,607,396</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 3,217,735	\$ 429,574	\$ -	\$ 3,647,309
Infrastructure	30,944,117	2,295,287	-	33,239,404
Office and other equipment	696,789	121,786	17,920	800,655
Automotive and other equipment	1,953,993	368,269	239,449	2,082,813
Total accumulated depreciation	<u>\$ 36,812,634</u>	<u>\$ 3,214,916</u>	<u>\$ 257,369</u>	<u>\$ 39,770,181</u>
Net capital assets	<u>\$ 43,176,562</u>	<u>\$ 7,112,696</u>	<u>\$ 3,038,934</u>	<u>\$ 47,250,324</u>
Depreciation expense has been allocated as follows:				
General government administration		\$ 132,175		
Public safety		163,593		
Public works		2,745,089		
Parks and recreation		165,891		
Community development		8,168		
Total depreciation expense		<u>\$ 3,214,916</u>		

#### Business Type Activities:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Other capital assets:				
Automotive equipment	\$ 956,787	\$ 35,852	\$ 113,139	\$ 879,500
Improvements	16,862,881	33,566	-	16,896,447
Total capital assets	<u>\$ 17,819,668</u>	<u>\$ 69,418</u>	<u>\$ 113,139</u>	<u>\$ 17,775,947</u>
Less: Accumulated depreciation for:				
Automotive equipment	\$ 431,340	\$ 53,381	\$ 88,750	\$ 395,971
Improvements	8,100,787	370,647	-	8,471,434
Total accumulated depreciation	<u>8,532,127</u>	<u>424,028</u>	<u>88,750</u>	<u>8,867,405</u>
Net capital assets	<u>\$ 9,287,541</u>	<u>\$ (354,610)</u>	<u>\$ 24,389</u>	<u>\$ 8,908,542</u>

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 2,262,683	\$ 143,442	\$ 483,188
Business activities	609,507	40,462	131,094
Total	<u>\$ 2,872,190</u>	<u>\$ 183,904</u>	<u>\$ 614,282</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

**NOTE 8 - OTHER ASSETS:**

Note Receivable:

\$130,000 note dated April 12, 2007 payable in various installments  
of principal only \$ 64,000

**NOTE 9 - DEFERRED REVENUE:**

	Government-wide Statements	Governmental Funds
	Governmental Activities	Funds
A. <i>Unearned Property Tax Revenue</i> - Unearned revenue representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 51,829
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	467,452	467,452
C. <i>MobileTec Revenue</i> - Revenues related to a settlement that are not recognized until 90 days after receipt due to the possibility of MobileTec declaring bankruptcy	64,000	64,000
Total	<u><u>\$ 531,452</u></u>	<u><u>\$ 583,281</u></u>

**NOTE 10 - LONG-TERM OBLIGATIONS:**

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

**Governmental Activities:**

Year Ending June 30,	General Obligation Debt		Capital Lease Obligations	
	Public Improvement Bonds		Principal	Interest
	Principal	Interest		
2008	\$ 1,926,667	\$ 585,243	\$ 380,761	\$ 36,091
2009	1,926,667	499,807	267,064	23,711
2010	1,626,667	421,759	256,586	14,242
2011	1,626,667	351,378	138,539	5,223
2012	1,301,667	288,802	-	-
2013	1,301,667	233,583	-	-
2014	976,667	177,880	-	-
2015	976,667	137,494	-	-
2016	656,667	104,068	-	-
2017	656,667	77,642	-	-
2018	330,000	51,216	-	-
2019	330,000	38,412	-	-
2020	330,000	25,608	-	-
2021	330,000	12,804	-	-
Total	<u><u>\$ 14,296,670</u></u>	<u><u>\$ 3,005,696</u></u>	<u><u>\$ 1,042,950</u></u>	<u><u>\$ 79,267</u></u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

**NOTE 10 - LONG-TERM OBLIGATIONS: (continued)**

**Business-Type Activities:**

Year Ending June 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2008	\$ 38,812	\$ 65,699	\$ 73,616	\$ 7,986
2009	41,140	63,371	49,536	4,895
2010	43,609	60,902	36,797	2,587
2011	46,225	58,286	19,888	750
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	98,595	5,916	-	-
Total	<u>\$ 1,094,988</u>	<u>\$ 681,698</u>	<u>\$ 179,837</u>	<u>\$ 16,218</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, 2007.

	Bonds	Capital Leases	Total
Balance, July 1, 2006	<u>\$ 16,223,337</u>	<u>\$ 867,484</u>	<u>\$ 17,090,821</u>
Increases:			
Capital leases	<u>\$ -</u>	<u>\$ 524,680</u>	<u>\$ 524,680</u>
Total increases	<u>\$ -</u>	<u>\$ 524,680</u>	<u>\$ 524,680</u>
Retirements:			
Public improvement bonds	<u>\$ 1,926,667</u>	<u>\$ -</u>	<u>\$ 1,926,667</u>
Capital leases	<u>-</u>	<u>349,214</u>	<u>349,214</u>
Total retirements	<u>\$ 1,926,667</u>	<u>\$ 349,214</u>	<u>\$ 2,275,881</u>
Balance, June 30, 2007	<u>\$ 14,296,670</u>	<u>\$ 1,042,950</u>	<u>\$ 15,339,620</u>

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2007 (continued)

### NOTE 10 - 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, 2007.

	<u>Bonds</u>	<u>Capital Leases</u>	<u>Total</u>
Balance, July 1, 2006	\$ 16,223,337	\$ 867,484	\$ 17,090,821
Increases:			
Capital leases	\$ -	\$ 524,680	\$ 524,680
Total increases	\$ -	\$ 524,680	\$ 524,680
Retirements:			
Public improvement bonds	\$ 1,926,667	\$ -	\$ 1,926,667
Capital leases	-	349,214	349,214
Total retirements	\$ 1,926,667	\$ 349,214	\$ 2,275,881
Balance, June 30, 2007	<u>\$ 14,296,670</u>	<u>\$ 1,042,950</u>	<u>\$ 15,339,620</u>

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. There were no non-cash transactions resulting from capital leases.

#### Detail of Long-Term Obligations

##### Public Improvement Bonds:

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</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%	\$ 600,000	\$ 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%	1,300,000	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%	1,950,000	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%	2,560,000	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%	3,266,670	326,667
\$4,950,000 issued June 20, 2006, maturing in annual installments of \$330,000 through June 1, 2021 with interest payable semiannually at 3.88%	<u>4,620,000</u>	<u>330,000</u>
Total public improvement bonds	<u>\$ 14,296,670</u>	<u>\$ 1,926,667</u>

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2007 (continued)

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### **NOTE 10 - LONG-TERM OBLIGATIONS:** (continued)

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Note Payable:</u>		
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>1,094,988</u>	\$ <u>38,812</u>
<u>Capital Lease Obligations:</u>		
\$398,039 capital lease obligations due in annual installments of \$96,113 through December 16, 2007, interest payable at 2.32%	\$ 102,957	\$ 102,957
\$134,741 capital lease obligations due in annual installments of \$44,914 through April 30, 2008, interest payable at 3.74%	44,913	44,913
\$134,741 capital lease obligations due in annual installments of \$33,685 through April 30, 2009, interest payable at 3.88%	67,372	33,685
\$534,000 capital lease obligations due in annual installments of \$145,815 through December 29, 2009, interest payable at 3.63%	407,545	131,040
\$600,000 capital lease obligations due in annual installments of \$164,399 through March 30, 2011, interest payable at 3.77%	<u>600,000</u>	<u>141,782</u>
Total capital lease obligations	\$ <u>1,222,787</u>	\$ <u>454,377</u>
Total general long-term obligations	\$ <u>16,614,445</u>	\$ <u>2,419,856</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 11 - 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, 2007 (continued)**

**NOTE 11 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES: (continued)**

	Governmental Activities	Business Type Activities	Total
Balance, July 1, 2006	\$ 873,706	\$ 81,088	\$ 954,794
Increases	935,456	97,042	1,032,498
Decreases	(873,706)	(81,088)	(954,794)
Balance, June 30, 2007	<u>\$ 935,456</u>	<u>\$ 97,042</u>	<u>\$ 1,032,498</u>
Amounts due within one year	\$ 841,910	\$ 87,338	\$ 929,248
Amounts due after one year	93,546	9,704	103,250
Total	<u>\$ 935,456</u>	<u>\$ 97,042</u>	<u>\$ 1,032,498</u>

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS:**

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

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

All full-time, salaried permanent 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) 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) 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 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, 2007 (continued)**

**NOTE 12 - 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 2007 was 11.74% of annual covered payroll. The Town's contribution rates for 2006 and 2005 were 8.50% and 8.59%, respectively. The Town's annual pension cost to the VRS was \$1,023,557 (does not include the employee share of \$435,927 which was assumed by the Town).

The required contributions for fiscal year 2007 were determined as part of the June 30, 2005 actuarial valuation using the entry age normal cost method, as detailed below:

Valuation date	June 30, 2005
Actuarial assumptions used:	
Investment rate of return	7.5%
Projected salary increases: (1)	
Non-LEO employees	3.50 to 5.73%
LEO employees	3.50 to 4.71%
Cost of living adjustments	2.50%
Determination of actuarial accrued liability:	
Amortization method	Level percent, open
Payroll growth rate	3.00%
Remaining amortization period	21 Years
Asset valuation method	Modified market

(1) Includes inflation of 2.50%

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, 2003	\$ 296,470	100%	\$ -
June 30, 2004	302,605	100%	-
June 30, 2005	676,421	100%	-
June 30, 2006	719,191	100%	-
June 30, 2007	1,023,557	100%	-

\* Includes employer contributions only

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS: (continued)**

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

Other Information

The Town's VRS membership as of June 30, 2007:

Actives	182
Retirees and beneficiaries	94
Inactive - vested	14
Inactive - nonvested	18
Total	<u>308</u>

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

The Town's Local Retirement Plan covers all full-time employees of the Town except police officers 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, 2007 (continued)

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#### **NOTE 12 - 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, 2007 (continued)**

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**NOTE 12 - 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	7.20%	4.73%
Plan members	-	1.50%
Annual pension cost (1)	\$124,416	\$58,596
Contributions made (1)	\$124,416	\$58,596
Actuarial valuation date	January 1, 2007	January 1, 2007
Actuarial cost method	Aggregate entry age normal	Aggregate entry age normal
Amortization method	Level dollar (open)	Level dollar (open)
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, 2006

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

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**NOTE 12 - 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:

<u>Trend Information</u>			
<u>Plan Year Ending December 31</u>	<u>Annual Pension Cost (APC) *</u>	<u>Percentage of APC</u>	<u>Net Pension Obligation</u>
Town Local Plan:			
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%	-
2005	296,157	100%	-
2006	124,416	100%	-
Police Plan:			
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%	-
2005	59,001	100%	-
2006	58,596	100%	-

\* Employer cost only

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

**NOTE 12 - 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, 2007 is as follows:

	Local Retirement Plan	Police Retirement Plan
Retirees and beneficiaries	51	25
Terminated vested members	70	-
Disabled	7	-
Active members	37	36
Total	<u>165</u>	<u>61</u>

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

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,113,343	\$ 2,884,449	\$ 4,997,792
Accounts receivable	10,917	4,700	15,617
Total assets	<u>\$ 2,124,260</u>	<u>\$ 2,889,149</u>	<u>\$ 5,013,409</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 300	\$ 300
Total liabilities	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>
<b>Net Assets:</b>			
Net assets held in trust for pension benefits	<u>\$ 2,124,260</u>	<u>\$ 2,888,849</u>	<u>\$ 5,013,109</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 138,866	\$ 74,880	\$ 213,746
Plan members	-	35,780	35,780
Total contributions	<u>\$ 138,866</u>	<u>\$ 110,660</u>	<u>\$ 249,526</u>
<b>Investment income:</b>			
Interest earned on investments	106,466	147,647	254,113
Total additions	<u>\$ 245,332</u>	<u>\$ 258,307</u>	<u>\$ 503,639</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

**NOTE 12 - 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	\$ 126,262	\$ 136,478	\$ 262,740
Other charges	4,600	15,460	20,060
Total deductions	<u>\$ 130,862</u>	<u>\$ 151,938</u>	<u>\$ 282,800</u>
<b>Net increase in plan assets</b>	\$ 114,470	\$ 106,369	\$ 220,839
<b>Net assets held in trust for pension benefits:</b>			
Balance, beginning of year	<u>2,009,790</u>	<u>2,782,480</u>	<u>4,792,270</u>
Balance, end of year	<u>\$ 2,124,260</u>	<u>\$ 2,888,849</u>	<u>\$ 5,013,109</u>

**NOTE 13 - DEFINED CONTRIBUTION CIVILIAN RETIREMENT PLAN:**

During fiscal year 2006 the Town established the Town of Vienna Defined Contribution Civilian Retirement plan pursuant to Internal Revenue Code 401(a) for employees who are members of the local pension plan. The plan was initially funded by a payment of \$1,079,183 from the Local Retirement Fund. Under the terms of the plan administered by ICMA-RC, employees are eligible to participate after six months of employment. The Town contributes 2% of the participating employee's annual base salary to the plan. An employee may elect to contribute to the plan to the extent allowed by federal law. Employee contributions of up to 2% will be matched by the Town 100%. The Town may amend the plan, including contribution rates, as allowed by federal law.

Total employer contributions to the plan totaled \$152,739, and employee contributions were \$71,782 for fiscal year 2007.

**NOTE 14 - 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 \$15,500 in 2007. Employees who are age 50 or older may defer up to \$20,500 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

## TOWN OF VIENNA, VIRGINIA

### Notes to Financial Statements June 30, 2007 (continued)

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#### **NOTE 14 - DEFERRED COMPENSATION PLAN:** (continued)

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 15 - LITIGATION:**

There was no pending or threatened litigation at June 30, 2007 that would materially affect the financial statements.

#### **NOTE 16 - 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 \$3,036 per month during the year ended June 30, 2007 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2007 approximated \$36,430.

#### **NOTE 17 - 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 18 - 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.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2007 (continued)**

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**NOTE 18 - RISK MANAGEMENT: (continued)**

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
Gina Syverson	Purchasing Agent	200,000
Marion Serfass	Deputy Director of Finance	200,000
Robert Carlisle	Police Chief	20,000

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.

**NOTE 19 - SUBSEQUENT EVENTS:**

On September 24, 2007 the Town Council approved the awarding of a four year capital lease contract to Commerce Bank in the amount of \$600,000 in order to finance the vehicle and equipment replacement program for fiscal year ending June 30, 2008.

**NOTE 20 - RESTATEMENT OF BEGINNING FUND BALANCES / NET ASSETS:**

Certain amounts in the beginning fund balances and net assets have been restated in fiscal year 2007 as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Beginning fund balance, net assets, as previously reported	\$ 7,802,833	\$ 42,736,232
Public safety federal grant adjustments for federal expenditures prior to June 30, 2006	158,603	158,603
Beginning fund balance, net assets, as restated	<u>\$ 7,961,436</u>	<u>\$ 42,894,835</u>

**- Required Supplementary Information -**

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 7,100,112	\$ 7,100,112	\$ 7,086,277	\$ (13,835)
Other local taxes	6,468,600	6,468,600	6,239,430	(229,170)
Permits, privilege fees and regulatory licenses	52,100	52,100	90,652	38,552
Fines and forfeitures	267,500	267,500	257,589	(9,911)
Use of money and property	424,500	424,500	597,540	173,040
Charges for services	655,600	655,908	790,061	134,153
Miscellaneous	75,400	125,992	230,980	104,988
Intergovernmental:				
Revenue from the Commonwealth	1,868,248	1,883,119	1,898,016	14,897
Revenue from the Federal Government	-	213,531	222,774	9,243
Total revenues	<u>\$ 16,912,060</u>	<u>\$ 17,191,362</u>	<u>\$ 17,413,319</u>	<u>\$ 221,957</u>
<b>Expenditures</b>				
Current:				
General Government Administration:				
Legislative	\$ 369,919	\$ 374,919	\$ 329,784	\$ 45,135
General and financial administration	3,055,760	3,061,786	2,741,950	319,836
Board of elections	1,925	1,925	2,165	(240)
Total general government administration	<u>\$ 3,427,604</u>	<u>\$ 3,438,630</u>	<u>\$ 3,073,899</u>	<u>\$ 364,731</u>
Public Safety:				
Law enforcement and traffic control	\$ 5,039,391	\$ 5,611,967	\$ 5,100,067	\$ 511,900
Volunteer fire department	53,500	53,500	92,800	(39,300)
Other protection	62,971	62,971	56,032	6,939
Total public safety	<u>\$ 5,155,862</u>	<u>\$ 5,728,438</u>	<u>\$ 5,248,899</u>	<u>\$ 479,539</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 2,557,241	\$ 3,188,319	\$ 2,999,341	\$ 188,978
Sanitation and waste removal	1,379,526	1,368,356	1,212,157	156,199
Maintenance of buildings and grounds	2,058,648	2,074,818	1,924,806	150,012
Total public works	<u>\$ 5,995,415</u>	<u>\$ 6,631,493</u>	<u>\$ 6,136,304</u>	<u>\$ 495,189</u>

**TOWN OF VIENNA, VIRGINIA**

**Budgetary Comparison Schedule**

**General Fund**

**Year Ended June 30, 2007 (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	\$ 230,615	\$ 230,615	\$ 305,332	\$ (74,717)
Parks, recreation and cultural:				
Parks and recreation	\$ 2,457,543	\$ 2,515,542	\$ 2,676,393	\$ (160,851)
Community Development:				
Planning and community development	\$ 652,841	\$ 676,381	\$ 676,402	\$ (21)
Debt Service:				
Principal	\$ 349,788	\$ 349,788	\$ 349,214	\$ 574
Interest and fiscal charges	21,673	21,673	24,210	(2,537)
Total debt service	\$ 371,461	\$ 371,461	\$ 373,424	\$ (1,963)
Total expenditures	\$ 18,291,341	\$ 19,592,560	\$ 18,490,653	\$ 1,101,907
Excess (deficiency) of revenues over expenditures	\$ (1,379,281)	\$ (2,401,198)	\$ (1,077,334)	\$ 1,323,864
<b>Other Financing Sources (Uses)</b>				
Long term debt issued	\$ -	\$ 524,680	\$ 524,680	\$ -
Transfers in	942,900	942,900	942,900	-
Transfers out	-	(111,000)	(96,373)	14,627
Total other financing sources (uses)	\$ 942,900	\$ 1,356,580	\$ 1,371,207	\$ 14,627
Net change in fund balance	\$ (436,381)	\$ (1,044,618)	\$ 293,873	\$ 1,338,491
<b>Fund balance, beginning of year, as restated</b>	<u>436,381</u>	<u>1,044,618</u>	<u>7,961,436</u>	<u>6,916,818</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,255,309</u>	<u>\$ 8,255,309</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, 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%
June 30, 2005	30,040,868	36,816,749	6,775,881	81.60%	7,920,687	85.55%
June 30, 2006	31,694,430	36,112,140	4,417,710	87.77%	8,538,265	51.74%
Town Local Plan:						
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%
January 1, 2006	1,975,919	2,891,396	915,477	68.3%	2,005,892	45.6%
January 1, 2007	2,067,554	2,955,390	887,836	70.0%	1,871,352	47.4%
Police Plan:						
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%
January 1, 2006	2,744,895	2,857,574	112,679	96.1%	2,332,673	4.8%
January 1, 2007	2,830,414	3,124,663	294,249	90.6%	2,337,348	12.6%

**- Other Supplementary Information -**

## TOWN OF VIENNA, VIRGINIA

## Fiduciary Funds

**Combining Statement of Fiduciary Net Assets**  
**At June 30, 2007**

	<b>Pension Trust Funds</b>		
	<b>Local Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,113,343	\$ 2,884,449	\$ 4,997,792
Due from other funds	<u>10,917</u>	<u>4,700</u>	<u>15,617</u>
Total assets	<u>\$ 2,124,260</u>	<u>\$ 2,889,149</u>	<u>\$ 5,013,409</u>
<b>Liabilities:</b>			
Accounts payable	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>
<b>Net Assets:</b>			
Net assets held in trust for pension benefits	<u><u>\$ 2,124,260</u></u>	<u><u>\$ 2,888,849</u></u>	<u><u>\$ 5,013,109</u></u>

## TOWN OF VIENNA, VIRGINIA

## Fiduciary Funds

**Combining Statement of Changes in Fiduciary Net Assets  
Year Ended June 30, 2007**

	<u>Local Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 138,866	\$ 74,880	\$ 213,746
Plan members	-	35,780	35,780
Total contributions	\$ 138,866	\$ 110,660	\$ 249,526
Investment income:			
Interest earned on investments	106,466	147,647	254,113
Total additions	\$ 245,332	\$ 258,307	\$ 503,639
Deductions:			
Pension benefit payments	\$ 126,262	\$ 136,478	\$ 262,740
Other charges	4,600	15,460	20,060
Total deductions	\$ 130,862	\$ 151,938	\$ 282,800
Net increase in plan assets	\$ 114,470	\$ 106,369	\$ 220,839
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,009,790	2,782,480	4,792,270
Balance, end of year	\$ 2,124,260	\$ 2,888,849	\$ 5,013,109

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2007

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,021,112	\$ 7,021,112	\$ 6,996,821	\$ (24,291)
Public service corporation taxes:				
Real property	67,000	67,000	59,968	(7,032)
Penalties and interest	12,000	12,000	29,488	17,488
Total general property taxes	<u>\$ 7,100,112</u>	<u>\$ 7,100,112</u>	<u>\$ 7,086,277</u>	<u>\$ (13,835)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,202,000	\$ 1,202,000	\$ 1,197,980	\$ (4,020)
Consumer utility taxes	1,390,000	1,390,000	964,967	(425,033)
Business license tax	1,951,000	1,951,000	1,994,824	43,824
Communication sales and use tax	-	-	525,358	525,358
Bank franchise taxes	486,000	486,000	424,938	(61,062)
Motor vehicle licenses	257,000	257,000	229,110	(27,890)
Tobacco tax	370,000	370,000	329,958	(40,042)
Fiber-optic franchise tax	26,600	26,600	27,485	885
Telecommunications tax	160,000	160,000	126,373	(33,627)
Cable TV franchise fee	150,000	150,000	79,135	(70,865)
Media general franchise fees and related taxes	83,000	83,000	90,273	7,273
Cell phone tax	329,000	329,000	188,689	(140,311)
Utility consumption taxes	64,000	64,000	60,340	(3,660)
Total other local taxes	<u>\$ 6,468,600</u>	<u>\$ 6,468,600</u>	<u>\$ 6,239,430</u>	<u>\$ (229,170)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 6,982	\$ (518)
Other permits, privilege fees and regulatory licenses	44,600	44,600	83,670	39,070
Total permits, privilege fees and regulatory licenses	<u>\$ 52,100</u>	<u>\$ 52,100</u>	<u>\$ 90,652</u>	<u>\$ 38,552</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 267,500	\$ 267,500	\$ 257,589	\$ (9,911)

## Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2007 (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	\$ 350,000	\$ 350,000	\$ 512,212	\$ 162,212
Concessions and rentals	74,500	74,500	85,328	10,828
Total revenue from use of money and property	<u>\$ 424,500</u>	<u>\$ 424,500</u>	<u>\$ 597,540</u>	<u>\$ 173,040</u>
Charges for services:				
Recreation fees	\$ 644,100	\$ 644,408	\$ 771,169	\$ 126,761
Police reimbursements	-	-	8,849	8,849
Special service fees	11,500	11,500	10,043	(1,457)
Total charges for services	<u>\$ 655,600</u>	<u>\$ 655,908</u>	<u>\$ 790,061</u>	<u>\$ 134,153</u>
Miscellaneous revenue:				
Miscellaneous income	\$ 75,400	\$ 125,992	\$ 230,980	\$ 104,988
Total revenue from local sources	<u>\$ 15,043,812</u>	<u>\$ 15,094,712</u>	<u>\$ 15,292,529</u>	<u>\$ 197,817</u>
Revenue from the Commonwealth:				
Non-categorical aid:				
ABC profits	\$ 8,473	\$ 8,473	\$ 8,473	\$ -
Wine tax	8,881	8,881	8,881	-
Auto rental tax	-	-	403	403
Rolling stock tax	-	-	1,002	1,002
Total non-categorical aid	<u>\$ 17,354</u>	<u>\$ 17,354</u>	<u>\$ 18,759</u>	<u>\$ 1,405</u>
Categorical aid:				
Street and highway maintenance	\$ 1,355,292	\$ 1,355,292	\$ 1,352,983	\$ (2,309)
Litter control	-	-	3,871	3,871
Law enforcement assistance	-	11,000	5,625	(5,375)
FEMA grants	-	3,871	3,870	(1)
Public safety grants	467,102	467,102	445,108	(21,994)
Fire funds	28,500	28,500	67,800	39,300
Total Categorical aid	<u>\$ 1,850,894</u>	<u>\$ 1,865,765</u>	<u>\$ 1,879,257</u>	<u>\$ 13,492</u>
Total revenue from the Commonwealth	<u>\$ 1,868,248</u>	<u>\$ 1,883,119</u>	<u>\$ 1,898,016</u>	<u>\$ 14,897</u>

## Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2007 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>General Fund: (continued)</u></b>				
Federal revenue:				
Categorical aid:				
Public safety grants	\$ -	\$ 213,531	\$ 222,774	\$ 9,243
Total revenue from the federal government	\$ -	\$ 213,531	\$ 222,774	\$ 9,243
Total General Fund	<u>\$ 16,912,060</u>	<u>\$ 17,191,362</u>	<u>\$ 17,413,319</u>	<u>\$ 221,957</u>
<b><u>Debt Service Fund:</u></b>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,253,000	\$ 2,253,000	\$ 2,335,577	\$ 82,577
Revenue from use of money and property:				
Interest on bank deposits	110,150	110,150	183,715	73,565
Miscellaneous revenue:				
Miscellaneous income	-	-	20	20
Total Debt Service Fund	<u>\$ 2,363,150</u>	<u>\$ 2,363,150</u>	<u>\$ 2,519,312</u>	<u>\$ 156,162</u>
<b><u>Capital Projects Fund:</u></b>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ 200,197	\$ 295,655	\$ 95,458
Total revenue from use of money and property	\$ -	\$ 200,197	\$ 295,655	\$ 95,458
Miscellaneous revenue:				
Other	\$ -	\$ 73,100	\$ 73,100	\$ -
Total miscellaneous revenue	\$ -	\$ 73,100	\$ 73,100	\$ -
Total revenue from local sources	\$ -	\$ 273,297	\$ 368,755	\$ 95,458
State revenue:				
State grant - town hall	\$ -	\$ 12,500	\$ 12,500	\$ -
Federal revenue:				
Housing and urban development	\$ -	\$ 198,000	\$ 136,667	\$ (61,333)
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 483,797</u>	<u>\$ 517,922</u>	<u>\$ 34,125</u>
Grand Total All Governmental Funds	<u>\$ 19,275,210</u>	<u>\$ 20,038,309</u>	<u>\$ 20,450,553</u>	<u>\$ 412,244</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2007

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund:</b>				
General Government Administration:				
Legislative:				
Town council	\$ 119,561	\$ 124,561	\$ 103,630	\$ 20,931
Boards and commissions	55,432	55,432	43,122	12,310
Town clerk	194,926	194,926	183,032	11,894
Total legislative	<u>\$ 369,919</u>	<u>\$ 374,919</u>	<u>\$ 329,784</u>	<u>\$ 45,135</u>
General and Financial Administration:				
Town manager	\$ 262,180	\$ 262,180	\$ 258,742	\$ 3,438
Administrative services	416,243	416,243	367,561	48,682
Legal services	205,892	205,892	200,581	5,311
Financial administration	356,306	339,306	333,692	5,614
Disbursement operations	116,600	116,600	115,156	1,444
Data processing	63,700	63,700	46,698	17,002
Risk management	494,950	494,950	445,528	49,422
Information technology	212,605	212,605	210,464	2,141
Purchasing	134,080	124,080	105,824	18,256
Revenue operations	289,143	316,143	314,730	1,413
Public information	143,515	143,515	143,378	137
Central services	251,546	249,566	146,603	102,963
PC replacement	109,000	117,006	52,993	64,013
Total general and financial administration	<u>\$ 3,055,760</u>	<u>\$ 3,061,786</u>	<u>\$ 2,741,950</u>	<u>\$ 319,836</u>
Board of Elections:				
Elections	\$ 1,925	\$ 1,925	\$ 2,165	\$ (240)
Total general government administration	<u>\$ 3,427,604</u>	<u>\$ 3,438,630</u>	<u>\$ 3,073,899</u>	<u>\$ 364,731</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 626,878	\$ 628,568	\$ 776,965	\$ (148,397)
Uniform patrol	1,925,187	1,925,187	1,843,334	81,853
Communications	975,234	975,234	631,417	343,817
Investigations	853,569	866,376	840,362	26,014
Community services	111,226	127,610	123,925	3,685
Traffic unit	547,297	547,297	579,407	(32,110)
Vehicle replacement	-	88,108	78,907	9,201
Other law enforcement and traffic control	-	453,587	225,750	227,837
Total law enforcement and traffic control	<u>\$ 5,039,391</u>	<u>\$ 5,611,967</u>	<u>\$ 5,100,067</u>	<u>\$ 511,900</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2007 (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	\$ 53,500	\$ 53,500	\$ 92,800	\$ (39,300)
Other protection:				
Personal property/animal control	62,971	62,971	56,032	6,939
Total public safety	<u>\$ 5,155,862</u>	<u>\$ 5,728,438</u>	<u>\$ 5,248,899</u>	<u>\$ 479,539</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 605,424	\$ 635,586	\$ 583,309	\$ 52,277
Street maintenance	1,550,874	1,692,002	1,628,836	63,166
Street maintenance equipment	-	384,313	358,569	25,744
Snow removal	105,173	105,173	165,640	(60,467)
Traffic engineering	295,770	371,245	262,987	108,258
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 2,557,241</u>	<u>\$ 3,188,319</u>	<u>\$ 2,999,341</u>	<u>\$ 188,978</u>
Sanitation and waste removal:				
Sanitation	\$ 798,054	\$ 798,054	\$ 747,287	\$ 50,767
Refuse disposal	423,268	412,098	340,428	71,670
Fall/spring cleanup - leaf collection and other	158,204	158,204	124,442	33,762
Total sanitation and waste removal	<u>\$ 1,379,526</u>	<u>\$ 1,368,356</u>	<u>\$ 1,212,157</u>	<u>\$ 156,199</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,069,222	\$ 1,074,222	\$ 1,080,564	\$ (6,342)
Maintenance of buildings and grounds	989,426	1,000,596	844,242	156,354
Total maintenance of buildings and grounds	<u>\$ 2,058,648</u>	<u>\$ 2,074,818</u>	<u>\$ 1,924,806</u>	<u>\$ 150,012</u>
Total public works	<u>\$ 5,995,415</u>	<u>\$ 6,631,493</u>	<u>\$ 6,136,304</u>	<u>\$ 495,189</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	<u>\$ 230,615</u>	<u>\$ 230,615</u>	<u>\$ 305,332</u>	<u>\$ (74,717)</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2007 (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	\$ 488,536	\$ 488,536	\$ 490,733	\$ (2,197)
Parks and recreation programs	350,196	354,039	445,578	(91,539)
General maintenance	844,051	845,099	895,472	(50,373)
Community center	413,772	414,407	414,338	69
Special events	150,450	164,725	162,536	2,189
Vehicle replacement	-	33,198	56,851	(23,653)
After school program	20,000	20,000	17	19,983
Teen Center	149,538	154,538	168,702	(14,164)
Historic preservation	41,000	41,000	42,166	(1,166)
Total parks and recreation	<u>\$ 2,457,543</u>	<u>\$ 2,515,542</u>	<u>\$ 2,676,393</u>	<u>\$ (160,851)</u>
Community Development:				
Planning and community development:				
Litter control	\$ -	\$ -	\$ 2,902	\$ (2,902)
Planning and zoning	652,841	653,841	652,260	1,581
Various contributions	-	22,540	21,240	1,300
Total planning and community development	<u>\$ 652,841</u>	<u>\$ 676,381</u>	<u>\$ 676,402</u>	<u>\$ (21)</u>
Debt Service:				
Principal on capital lease obligation	\$ 349,788	\$ 349,788	\$ 349,214	\$ 574
Interest on capital leases	21,673	21,673	24,210	(2,537)
Total debt service	<u>\$ 371,461</u>	<u>\$ 371,461</u>	<u>\$ 373,424</u>	<u>\$ (1,963)</u>
Total General Fund	<u>\$ 18,291,341</u>	<u>\$ 19,592,560</u>	<u>\$ 18,490,653</u>	<u>\$ 1,101,907</u>
<b>Debt Service Fund:</b>				
Debt Service:				
Principal retirement	\$ 1,926,667	\$ 1,926,667	\$ 1,926,667	\$ -
Interest and fiscal charges	658,596	658,596	660,595	(1,999)
Total Debt Service Fund	<u>\$ 2,585,263</u>	<u>\$ 2,585,263</u>	<u>\$ 2,587,262</u>	<u>\$ (1,999)</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2007 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b><u>Capital Projects Fund:</u></b>				
Capital projects:				
Nutley property yard project	\$ -	\$ -	\$ 38,059	\$ (38,059)
Vienna Town Center	-	263,097	1,574,331	(1,311,234)
Computer system upgrade	-	201,148	157,280	43,868
Street improvement projects	-	184,700	166,718	17,982
Storm drainage project	-	229,755	294,104	(64,349)
Other capital projects and administration	-	95,911	198,835	(102,924)
Total Capital Projects Fund	\$ -	\$ 974,611	\$ 2,429,327	\$ (1,454,716)
Grand Total Expenditures--All Governmental Funds	\$ 20,876,604	\$ 23,152,434	\$ 23,507,242	\$ (354,808)

## - Statistical Section -

Contents	Tables
<b>Financial Trends:</b> These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1 - 6
<b>Revenue Capacity:</b> These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.	7 – 10
<b>Debt Capacity:</b> These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.	11 - 15
<b>Demographic and Economic Information:</b> This table offers demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	16
<b>Operating Information:</b> These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relate to the services the Town provides and the activities it performs.	17 - 20

*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

Table 1

## TOWN OF VIENNA, VIRGINIA

**Net Assets by Component**  
**Last Five Fiscal Years**  
*(Accrual Basis of Accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 2,013,207	\$ 29,320,220	\$ 29,665,051	\$ 26,085,741	\$ 31,965,939
Unrestricted	<u>11,662,319</u>	<u>11,596,849</u>	<u>12,187,531</u>	<u>16,650,491</u>	<u>15,418,559</u>
Total governmental activities net assets	<u><u>\$ 13,675,526</u></u>	<u><u>\$ 40,917,069</u></u>	<u><u>\$ 41,852,582</u></u>	<u><u>\$ 42,736,232</u></u>	<u><u>\$ 47,384,498</u></u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 8,366,047	\$ 8,078,116	\$ 7,611,414	\$ 7,926,642	\$ 7,633,717
Unrestricted	<u>2,907,426</u>	<u>1,853,386</u>	<u>1,247,232</u>	<u>720,796</u>	<u>567,337</u>
Total business-type activities net assets	<u><u>\$ 11,273,473</u></u>	<u><u>\$ 9,931,502</u></u>	<u><u>\$ 8,858,646</u></u>	<u><u>\$ 8,647,438</u></u>	<u><u>\$ 8,201,054</u></u>
Total primary government net assets	<u><u>\$ 24,948,999</u></u>	<u><u>\$ 50,848,571</u></u>	<u><u>\$ 50,711,228</u></u>	<u><u>\$ 51,383,670</u></u>	<u><u>\$ 55,585,552</u></u>

## Notes:

Accrual basis financial information is only available from fiscal year 2003 when the Town implemented GASB 34. Infrastructure capital assets implementation began in fiscal year 2004.

Table 2

## TOWN OF VIENNA, VIRGINIA

**Changes in Net Assets**  
**Last Five Fiscal Years**  
*(Accrual Basis of Accounting)*

	2003	2004	2005	2006	2007
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General government	\$ 2,786,245	\$ 2,948,861	\$ 3,242,113	\$ 3,092,863	\$ 3,081,052
Public safety	4,176,902	4,208,668	5,143,055	4,800,550	5,225,145
Public works	5,316,915	7,052,387	7,696,605	7,697,348	8,716,466
Health and welfare	133,572	158,447	186,891	230,802	305,332
Parks, recreation and cultural	2,004,775	2,285,303	2,043,892	2,498,235	2,706,829
Community development	504,473	527,204	547,117	589,001	691,665
Interest on long-term debt	810,906	725,405	640,992	617,754	672,020
Total governmental activities expenses	<u>\$ 15,733,788</u>	<u>\$ 17,906,275</u>	<u>\$ 19,500,665</u>	<u>\$ 19,526,553</u>	<u>\$ 21,398,509</u>
<b>Business type activities:</b>					
Water and sewer	3,967,057	4,641,190	4,679,889	5,144,312	5,043,291
Total expenses	<u>\$ 19,700,845</u>	<u>\$ 22,547,465</u>	<u>\$ 24,180,554</u>	<u>\$ 24,670,865</u>	<u>\$ 26,441,800</u>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
Charges for services					
General government	\$ 9,780	\$ 7,425	\$ 9,454	\$ 11,420	\$ 10,043
Public safety	362,547	531,180	617,402	336,558	357,090
Public works	254,660	255,027	369,751	235,806	85,328
Parks, recreation and cultural	409,092	506,887	551,217	648,551	771,169
Operating grants and contributions	1,646,632	1,830,979	2,081,809	1,828,699	2,251,198
Capital grants and contributions	1,866,584	44,691	-	-	4,191,946
Total governmental activities program revenues	<u>\$ 4,549,295</u>	<u>\$ 3,176,189</u>	<u>\$ 3,629,633</u>	<u>\$ 3,061,034</u>	<u>\$ 7,666,774</u>
<b>Business type activities:</b>					
Water and sewer					
Charges for services	\$ 4,335,339	\$ 4,388,312	\$ 4,627,013	\$ 5,717,486	\$ 5,692,069
Operating grants and contributions	-	12,101	-	-	-
Total business type activities	<u>\$ 4,335,339</u>	<u>\$ 4,400,413</u>	<u>\$ 4,627,013</u>	<u>\$ 5,717,486</u>	<u>\$ 5,692,069</u>
Total revenues	<u>\$ 8,884,634</u>	<u>\$ 7,576,602</u>	<u>\$ 8,256,646</u>	<u>\$ 8,778,520</u>	<u>\$ 13,358,843</u>
Net (expenses)/revenues	<u>\$(10,816,211)</u>	<u>\$(14,970,863)</u>	<u>\$(15,923,908)</u>	<u>\$(15,892,345)</u>	<u>\$(13,082,957)</u>
<b>General Revenues and Other Changes in Net Assets:</b>					
<b>Governmental Activities:</b>					
Taxes:					
General real property taxes	\$ 5,908,768	\$ 6,630,581	\$ 6,768,321	\$ 6,817,919	\$ 7,094,275
Local sales and use taxes	968,684	1,088,688	1,134,790	1,154,058	1,197,980
Consumer utility taxes	1,036,740	1,211,958	1,341,121	1,336,727	1,153,656
Business license taxes	1,703,461	1,818,112	1,850,557	1,964,737	1,994,824
Meals and lodging taxes	1,887,503	2,092,435	2,230,408	2,297,579	2,335,577
Other	1,294,886	1,481,554	1,672,212	1,879,978	1,892,970
Grants and contributions not restricted to specific programs	33,848	35,852	17,435	18,913	18,759
Investment earnings	204,866	150,636	313,866	620,147	991,582
Miscellaneous	510,085	276,978	304,443	206,174	304,100
Transfers	877,597	1,193,488	1,173,392	1,052,937	1,237,675
Total governmental activities general revenues	<u>\$ 14,426,438</u>	<u>\$ 15,980,282</u>	<u>\$ 16,806,545</u>	<u>\$ 17,349,169</u>	<u>\$ 18,221,398</u>
<b>Business type activities:</b>					
Investment earnings	\$ 54,840	\$ 34,391	\$ 58,206	\$ 99,113	\$ 100,211
Miscellaneous	26,896	33,903	68,206	57,192	42,302
Capital contributions	137,620	24,000	27,000	112,250	-
Transfers	(877,597)	(1,193,488)	(1,173,392)	(1,052,937)	(1,237,675)
Total business-type activities general revenues	<u>\$ (658,241)</u>	<u>\$ (1,101,194)</u>	<u>\$ (1,019,980)</u>	<u>\$ (784,382)</u>	<u>\$ (1,095,162)</u>
Total general revenues	<u>\$ 13,768,197</u>	<u>\$ 14,879,088</u>	<u>\$ 15,786,565</u>	<u>\$ 16,564,787</u>	<u>\$ 17,126,236</u>
<b>Changes in net assets:</b>					
Governmental activities	\$ 3,241,945	\$ 1,250,196	\$ 935,513	\$ 883,650	\$ 4,489,663
Business-type activities	(289,959)	(1,341,971)	(1,072,856)	(211,208)	(446,384)
Total changes in net assets	<u>\$ 2,951,986</u>	<u>\$ (91,775)</u>	<u>\$ (137,343)</u>	<u>\$ 672,442</u>	<u>\$ 4,043,279</u>

## Note:

Accrual basis financial information is available from fiscal year 2003 when the Town implemented GASB 34. Beginning in fiscal year 2004, the Town recorded infrastructure capital assets.

Table 3

**TOWN OF VIENNA, VIRGINIA**  
**Governmental Activities Tax Revenues By Source**  
**Last Five Fiscal Years**  
*(Accrual Basis of Accounting)*

75	<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales &amp; Use Tax</b>	<b>Consumer Utility Tax</b>	<b>Business &amp; Occupation Licenses</b>	<b>Meals &amp; Lodging Taxes</b>	<b>Motor Vehicle License Tax</b>	<b>Bank Franchise Tax</b>	<b>Tobacco Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
	2007	\$ 7,094,275	\$ 1,197,980	\$ 1,153,656	\$ 1,994,824	\$ 2,335,577	\$ 229,110	\$ 424,938	\$ 329,958	\$ 908,964	\$ 15,669,282
	2006	6,817,919	1,154,058	1,663,824	1,864,737	2,297,579	248,864	495,020	360,587	463,789	15,366,377
	2005	6,768,321	1,134,790	1,558,099	1,850,557	2,230,408	256,582	405,596	373,021	420,035	14,997,409
	2004	6,630,581	1,088,688	1,211,958	1,818,112	2,092,435	255,456	396,233	390,335	439,530	14,323,328
	2003	5,908,768	968,684	1,036,740	1,703,461	1,887,503	256,737	428,504	258,226	351,419	12,800,042

Note:

Accrual basis financial information is available from 2003 when the Town implemented GASB 34.

Table 4

TOWN OF VIENNA, VIRGINIA

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund:										
Reserved	\$ 472,860	\$ 879,549	\$ 572,399	\$ 1,130,615	\$ 1,679,356	\$ 1,527,269	\$ 1,331,345	\$ 2,555,773	\$ 2,529,976	\$ 3,138,779
Designated	-	-	-	-	-	-	623,524	600,000	712,273	950,000
Undesignated	1,561,931	1,786,551	3,110,179	2,978,115	3,117,477	3,682,023	4,774,360	4,214,000	4,560,584	4,166,530
Total General Fund	<u>\$ 2,034,791</u>	<u>\$ 2,666,100</u>	<u>\$ 3,682,578</u>	<u>\$ 4,108,730</u>	<u>\$ 4,796,833</u>	<u>\$ 5,209,292</u>	<u>\$ 6,729,229</u>	<u>\$ 7,369,773</u>	<u>\$ 7,802,833</u>	<u>\$ 8,255,309</u>
Debt Service Fund:										
Reserved	<u>\$ 2,538,625</u>	<u>\$ 2,298,915</u>	<u>\$ 2,075,477</u>	<u>\$ 1,712,367</u>	<u>\$ 1,570,253</u>	<u>\$ 2,947,361</u>	<u>\$ 2,942,315</u>	<u>\$ 3,129,006</u>	<u>\$ 3,697,922</u>	<u>\$ 3,958,312</u>
Capital Projects Fund:										
Reserved	\$ 2,591,007	\$ 1,161,099	\$ 362,449	\$ 3,659,227	\$ 851,116	\$ 2,948,382	\$ 2,789,385	\$ 2,564,515	\$ 2,948,382	\$ 45,931
Designated	9,424,485	12,445,876	11,989,091	6,496,932	7,645,507	1,472,535	-	-	3,203,716	4,257,570
Total Capital Projects Fund	<u>\$ 12,015,492</u>	<u>\$ 13,606,975</u>	<u>\$ 12,351,540</u>	<u>\$ 10,156,159</u>	<u>\$ 8,496,623</u>	<u>\$ 4,420,917</u>	<u>\$ 2,789,385</u>	<u>\$ 2,564,515</u>	<u>\$ 6,152,098</u>	<u>\$ 4,303,501</u>

Table 5

**TOWN OF VIENNA, VIRGINIA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>										
General property taxes	\$ 4,328,653	\$ 4,429,214	\$ 4,643,091	\$ 4,930,690	\$ 5,321,471	\$ 5,913,739	\$ 6,592,333	\$ 6,757,957	\$ 6,833,298	\$ 7,086,277
Other local taxes	5,386,809	5,757,769	6,181,885	6,431,340	6,478,622	6,891,274	7,692,747	8,229,088	8,633,079	8,575,007
Permits, privilege fees and regulatory licenses	47,463	46,500	43,326	35,560	38,159	40,958	51,403	50,025	78,320	90,652
Fines and forfeitures	319,980	370,248	416,832	479,454	327,144	306,734	468,396	556,051	249,646	257,589
Revenue from use of money and property	819,690	879,341	1,112,693	1,159,717	610,412	459,526	405,663	683,617	855,953	1,076,910
Charges for services	360,543	306,724	385,007	397,295	349,748	433,727	525,693	571,997	668,563	790,061
Miscellaneous	380,405	108,564	332,778	291,511	229,531	510,085	276,978	304,443	206,174	304,100
Intergovernmental	1,256,924	1,421,731	1,578,927	1,745,725	1,809,696	3,547,064	1,911,522	2,099,244	1,847,612	2,269,957
<b>Total revenues</b>	<b>\$ 12,900,467</b>	<b>\$ 13,320,091</b>	<b>\$ 14,694,539</b>	<b>\$ 15,471,292</b>	<b>\$ 15,164,783</b>	<b>\$ 18,103,107</b>	<b>\$ 17,924,735</b>	<b>\$ 19,252,422</b>	<b>\$ 19,372,645</b>	<b>\$ 20,450,553</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government administration	\$ 1,876,363	\$ 1,930,040	\$ 2,135,902	\$ 2,246,340	\$ 2,401,794	\$ 2,662,877	\$ 2,857,364	\$ 3,250,998	\$ 2,944,474	\$ 3,073,899
Public safety	3,406,397	3,637,680	3,794,037	3,915,784	3,861,770	3,964,685	4,224,570	4,921,959	4,791,532	5,248,899
Public works	3,597,027	3,976,694	4,178,500	4,529,193	5,261,069	5,113,761	5,090,520	5,954,747	6,111,875	6,136,304
Health and welfare	84,606	82,478	78,111	95,834	109,774	133,572	158,447	186,891	230,802	305,332
Parks, recreation, and cultural	1,271,505	1,308,520	1,434,851	1,551,173	1,678,994	1,828,948	2,141,689	2,272,337	2,431,783	2,676,393
Community development	394,035	409,387	435,105	440,949	451,390	493,383	518,634	543,506	581,899	676,402
Capital projects	1,024,094	3,612,591	1,559,091	2,258,180	6,360,816	4,364,932	1,704,587	169,741	1,593,117	2,429,327
<b>Debt service:</b>										
Principal retirement	1,207,514	1,462,931	1,523,290	1,852,573	1,945,541	2,104,465	2,168,147	2,170,312	1,999,097	2,275,881
Interest and other fiscal charges	561,239	710,998	780,950	785,587	718,880	833,491	744,108	658,599	570,965	684,805
<b>Total expenditures</b>	<b>\$ 13,422,780</b>	<b>\$ 17,131,319</b>	<b>\$ 15,919,837</b>	<b>\$ 17,675,613</b>	<b>\$ 22,790,028</b>	<b>\$ 21,500,114</b>	<b>\$ 19,608,066</b>	<b>\$ 20,129,090</b>	<b>\$ 21,255,544</b>	<b>\$ 23,507,242</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (522,313)</b>	<b>\$ (3,811,228)</b>	<b>\$ (1,225,298)</b>	<b>\$ (2,204,321)</b>	<b>\$ (7,625,245)</b>	<b>\$ (3,397,007)</b>	<b>\$ (1,683,331)</b>	<b>\$ (876,668)</b>	<b>\$ (1,882,899)</b>	<b>\$ (3,056,689)</b>
<b>Other financing sources (uses):</b>										
Long term debt issued	\$ 4,900,000	\$ 4,978,519	\$ 358,219	\$ 392,954	\$ 5,256,368	\$ 233,271	\$ 373,202	\$ 305,641	\$ 5,419,521	\$ 524,680
Transfers in	1,111,676	1,148,933	1,110,437	1,163,298	1,171,092	1,271,552	1,199,910	1,327,224	1,462,323	1,367,613
Transfers out	(504,486)	(333,142)	(705,753)	(805,304)	(594,728)	(393,955)	(6,422)	(153,832)	(409,386)	(129,938)
<b>Total other financing sources (uses)</b>	<b>\$ 5,507,190</b>	<b>\$ 5,794,310</b>	<b>\$ 762,903</b>	<b>\$ 750,948</b>	<b>\$ 5,832,732</b>	<b>\$ 1,110,868</b>	<b>\$ 1,566,690</b>	<b>\$ 1,479,033</b>	<b>\$ 6,472,458</b>	<b>\$ 1,762,355</b>
<b>Net changes in fund balances</b>	<b>\$ 4,984,877</b>	<b>\$ 1,983,082</b>	<b>\$ (462,395)</b>	<b>\$ (1,453,373)</b>	<b>\$ (1,792,513)</b>	<b>\$ (2,286,139)</b>	<b>\$ (116,641)</b>	<b>\$ 602,365</b>	<b>\$ 4,589,559</b>	<b>\$ (1,294,334)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>16.64%</b>	<b>19.16%</b>	<b>19.11%</b>	<b>20.64%</b>	<b>19.36%</b>	<b>20.69%</b>	<b>19.43%</b>	<b>16.51%</b>	<b>15.04%</b>	<b>16.34%</b>

Table 6

TOWN OF VIENNA, VIRGINIA

General Governmental Tax Revenues By Source  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Real Property	Local Sales	Communication Sales and Use Tax	Consumer Utility	Business & Occupation License	Meals & Lodging Tax	Motor Vehicle License	Bank Franchise	Tobacco	Cable TV Fees	Franchise Taxes	Total
2007	\$ 7,086,277	\$ 1,197,980	\$ 525,358	\$ 1,153,656	\$ 1,994,824	\$ 2,335,577	\$ 229,110	\$ 424,938	\$ 329,958	\$ 79,135	\$ 304,471	\$ 15,661,284
2006	6,833,298	1,154,058	-	1,663,824	1,964,737	2,297,579	248,864	495,020	360,587	151,237	297,173	15,466,377
2005	6,757,957	1,134,790	-	1,558,099	1,850,557	2,230,408	256,582	405,596	373,021	138,261	281,774	14,987,045
2004	6,592,333	1,088,688	-	1,211,958	1,818,112	2,092,435	256,768	435,002	390,335	134,610	264,839	14,285,080
2003	5,913,739	968,684	-	1,036,740	1,703,461	1,887,503	255,456	396,233	258,226	125,235	259,736	12,805,013
2002	5,321,471	921,260	-	1,138,485	1,690,742	1,643,797	256,737	428,504	175,825	126,948	96,324	11,800,093
2001	4,930,690	979,858	-	1,059,569	1,705,520	1,485,934	258,038	430,236	185,732	124,083	202,370	11,362,030
2000	4,643,091	962,422	-	969,825	1,578,641	1,472,468	258,678	450,461	203,616	124,971	160,803	10,824,976
1999	4,429,214	940,557	-	998,158	1,399,441	1,392,075	252,023	309,960	206,837	121,929	136,789	10,186,983
1998	4,328,653	844,753	-	984,720	1,352,262	1,332,794	248,906	267,525	215,448	118,686	21,715	9,715,462

Table 7

## TOWN OF VIENNA, VIRGINIA

Assessed and Estimated Actual Value of Taxable 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	
2007	\$ 3,879,874,130	\$ 3,879,874,130	\$ 32,206,330	\$ 32,206,330	\$ 3,912,080,460	\$ 3,912,080,460	100%
2006	3,062,950,480	3,062,950,480	30,207,995	30,207,995	3,093,158,475	3,093,158,475	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%
2004	2,283,913,650	2,283,913,650	66,438,116	66,438,116	2,350,351,766	2,350,351,766	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%
2002	1,730,573,560	1,730,573,560	32,935,274	32,935,274	1,763,508,834	1,763,508,834	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%
2000	1,397,688,483	1,397,688,483	42,872,182	42,872,182	1,440,560,665	1,440,560,665	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%
1998	1,352,378,160	1,352,378,160	34,454,211	34,454,211	1,386,832,371	1,386,832,371	100%

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 \$3,912,080,460 is the assessed valuation effective January 2, 2006, which was used as a basis for billing taxes in the fiscal year 2006-2007.

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 8**

**TOWN OF VIENNA, VIRGINIA**  
**Property Tax Rates (1)**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	Town of Vienna	County of Fairfax	Total Tax Rate
2007	0.1862	0.89	1.0762
2006	0.220	1.00	1.220
2005	0.265	1.13	1.395
2004	0.275	1.16	1.435
2003	0.285	1.21	1.495
2002	0.30	1.21	1.51
2001	0.30	1.23	1.53
2000	0.31	1.23	1.54
1999	0.31	1.23	1.54
1998	0.31	1.23	1.54

(1) Per \$100 of assessed value

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 \$2.00 per \$100 assessed value, except and 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.

Table 9

**TOWN OF VIENNA, VIRGINIA**  
**Principal Real Property Taxpayers**  
**Current Year and the Period Nine Years Prior**

Owner	Fiscal Year 2007			Fiscal Year 1998		
	2006 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1997 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union	\$ 172,928,870	1	4.46%	\$ 99,548,170	1	7.36%
Maple Avenue Shopping *	33,395,660	2	0.86%	14,806,690	2	1.09%
Maryland Gardens Ltd. Partnership	24,889,720	3	0.64%	8,671,695	7	0.64%
Transwestern Goldstar LLC	23,670,040	4	0.61%	-	N/A	N/A
Vienna Park Properties	23,265,990	5	0.60%	12,624,105	3	0.93%
RDT Electric Avenue LLC	21,476,960	6	0.55%	-	N/A	N/A
Vienna Shopping Center, LP	17,005,970	8	0.44%	9,540,200	6	0.71%
P. Daniel & Diana S. Orlich	18,105,980	7	0.47%	7,373,140	9	0.55%
Frank Zafren & Alec Jacobson, Tr.	14,410,860	9	0.37%	4,605,605	13	0.34%
Sidney Albrittain	11,256,530	10	0.29%	-	N/A	N/A
Westwood Country Club, Inc.	10,761,660	11	0.28%	8,019,000	8	0.59%
BFH Danor Plaza	10,473,570	12	0.27%	-	N/A	N/A
Vienna 301 Maple Venture	9,453,110	13	0.24%	-	N/A	N/A
Swart Vienna LLC	8,564,920	14	0.22%	4,471,575	14	0.33%
MFS Electric LLC et al	7,758,960	15	0.20%	-	N/A	N/A
W.H. Tysons Page Corp.	-	N/A	N/A	10,952,505	4	0.81%
Vienna Technology Park Associates	-	N/A	N/A	10,034,025	5	0.74%
Maple Professional Park	-	N/A	N/A	6,294,880	10	0.47%
Cedar Park & Shop	-	N/A	N/A	5,240,725	11	0.39%
David and Bessie Feldman	-	N/A	N/A	4,721,090	12	0.35%
Northern Virginia Motel Partnership	-	N/A	N/A	3,464,060	15	0.26%
<b>Total</b>	<b>\$ 407,418,800</b>		<b>10.50%</b>	<b>\$ 210,367,465</b>		<b>15.56%</b>

\* Name change from Maple Avenue Limited Partners in 2002

Table 10

TOWN OF VIENNA, VIRGINIA

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percentage of Levy
2007	\$ 7,002,121	\$ 6,983,862	99.74%	\$ -	\$ 6,983,862	99.74%
2006	6,733,801	6,726,596	99.89%	4,751	6,731,347	99.96%
2005	6,660,504	6,649,942	99.84%	14,986	6,664,928	100.07%
2004	6,275,332	6,271,068	99.93%	7,153	6,278,221	100.05%
2003	5,777,576	5,768,777	99.85%	12,090	5,780,867	100.06%
2002	5,192,967	5,182,277	99.79%	13,477	5,195,754	100.05%
2001	4,794,275	4,782,250	99.75%	12,025	4,794,275	100.00%
2000	4,478,593	4,463,164	99.66%	15,429	4,478,593	100.00%
1999	4,278,415	4,258,545	99.54%	19,870	4,278,415	100.00%
1998	4,304,609	4,283,556	99.51%	21,053	4,304,609	100.00%

Notes: (1) Penalties and interest not included

Table 11

TOWN OF VIENNA, VIRGINIA

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Other/ Notes	Capital Leases			
2007	\$ 14,296,670	\$ 1,042,950	\$1,094,988	\$ 179,837	\$ 16,614,445	2.96%	\$ 1,119
2006	16,223,337	867,484	1,131,603	229,296	18,451,720	3.29%	1,243
2005	12,870,004	800,393	1,162,345	345,507	15,178,249	2.71%	1,022
2004	14,696,671	838,397	1,198,732	178,881	16,912,681	3.01%	1,138
2003	16,523,333	806,676	1,229,474	217,417	18,776,900	3.44%	1,299
2002	18,355,000	846,202	1,258,476	88,520	20,548,198	3.77%	1,422
2001	15,160,000	730,375	1,285,837	46,566	17,222,778	2.52%	1,192
2000	16,870,000	479,704	1,311,469	25,326	18,686,499	2.74%	1,293
1999	18,265,000	71,229	1,336,000	-	19,672,229	2.65%	1,253
1998	14,860,000	139,160	1,336,000	-	16,335,160	2.70%	1,044

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

(1) See the Schedule of Demographic and Economic Statistics - Table 16

## TOWN OF VIENNA, VIRGINIA

**Computation of Direct and Overlapping Bonded Debt -  
General Obligation Bonds  
At June 30, 2007**

	<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	\$ 14,296,670	100.00%	\$ 14,296,670
Overlapping Debt: *			
County of Fairfax General Bonded Debt	<u>1,784,240,000</u>	1.64%	<u>29,261,536</u>
Total direct and overlapping debt	<u>\$ 1,798,536,670</u>		<u>\$ 43,558,206</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

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

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (1)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (3)</b>
2007	\$ 14,296,670	\$ 3,958,312	\$ 10,338,358	0.27%	\$ 696.19
2006	16,223,337	3,697,922	12,525,415	0.41%	843.46
2005	12,870,004	3,129,006	9,740,998	0.39%	655.96
2004	14,696,671	2,942,315	11,754,356	0.51%	790.58
2003	16,523,333	2,947,361	13,575,972	0.66%	939.32
2002	18,355,000	1,570,253	16,784,747	0.97%	1,161.33
2001	15,160,000	1,712,367	13,447,633	0.87%	930.44
2000	16,870,000	2,075,477	14,794,523	1.06%	1,023.63
1999	18,265,000	2,298,915	15,966,085	1.16%	1,017.01
1998	14,860,000	2,538,625	12,321,375	0.91%	787.11

(1) Includes all long-term general obligation bonded debt; excludes capital leases and compensated absences.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16

Table 14

TOWN OF VIENNA, VIRGINIA

Legal Debt Margin Information  
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 138,683,237	\$ 141,573,961	\$ 144,056,067	\$ 157,817,512	\$ 176,350,883	\$ 210,547,255	\$ 235,035,177	\$ 253,940,977	\$ 309,315,848	\$ 391,208,046
Total net debt applicable to limit	14,860,000	18,265,000	16,870,000	15,160,000	18,355,000	16,523,333	14,696,671	12,870,004	16,223,337	14,296,670
Legal debt margin	<u>\$ 123,823,237</u>	<u>\$ 123,308,961</u>	<u>\$ 127,186,067</u>	<u>\$ 142,657,512</u>	<u>\$ 157,995,883</u>	<u>\$ 194,023,922</u>	<u>\$ 220,338,506</u>	<u>\$ 241,070,973</u>	<u>\$ 293,092,511</u>	<u>\$ 376,911,376</u>
Total net debt applicable to the limit as a percentage of debt limit	10.72%	12.90%	11.71%	9.61%	10.41%	7.85%	6.25%	5.07%	5.24%	3.65%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 3,912,080,460
Add back: exempt real property	-
Total assessed value	<u>\$ 3,912,080,460</u>
Debt limit (10% of total assessed value)	\$ 391,208,046
Net debt applicable to limit	<u>14,296,670</u>
Legal debt margin	<u>\$ 376,911,376</u>

## TOWN OF VIENNA, VIRGINIA

**Revenue Bond Coverage  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(1) Gross Revenue</b>	<b>(2) Direct Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>(3) Principal</b>	<b>(3) Interest</b>	<b>Total</b>	<b>Coverage</b>
2007	\$5,834,582	\$ 4,617,497	\$ 1,217,085	-	-	-	N/A
2006	5,873,791	5,130,485	743,306	-	-	-	N/A
2005	4,753,425	4,249,378	504,047	-	-	-	N/A
2004	4,388,312	4,631,094	(242,782)	-	-	-	N/A
2003	4,335,339	3,559,026	776,313	-	-	-	N/A
2002	4,303,823	3,220,541	1,083,282	-	-	-	N/A
2001	4,350,216	3,104,618	1,245,598	-	-	-	N/A
2000	4,575,121	3,068,368	1,506,753	-	-	-	N/A
1999	4,841,168	2,899,409	1,941,759	-	-	-	N/A
1998	4,222,544	2,729,274	1,493,270	-	-	-	N/A

- Notes:
- (1) Includes 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 and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
2007	14,850	\$ 560,632,050	\$ 37,753	40.0	2.50%
2006	14,850	560,632,050	37,753	40.0	2.50%
2005	14,850	560,632,050	37,753	40.0	2.50%
2004	14,868	561,311,604	37,753	39.5	2.50%
2003	14,453	545,644,109	37,753	40.0	2.50%
2002	14,453	545,644,109	37,753	40.0	1.60%
2001	14,453	682,774,173	47,241	36.0	2.00%
2000	14,453	682,774,173	47,241	35.9	1.70%
1999	15,699	741,636,459	47,241	36.7	1.70%
1998	15,654	604,025,244	38,586	36.7	1.70%

Source: Weldon Cooper Center, [www.fedstats.gov](http://www.fedstats.gov)

## TOWN OF VIENNA, VIRGINIA

**Principal Employers**  
**Current Year and Nine Years Prior**

<b>Employer</b>	<b>Fiscal Year 2007</b>		<b>Fiscal Year 1998 *</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Navy Federal Credit Union	2,500 +	1	N/A	N/A
Fairfax County Public Schools	500 to 999	2	N/A	N/A
Town of Vienna	100 to 249	3	N/A	N/A
Cost Management Systems, Inc.	100 to 249	4	N/A	N/A
Whole Foods Market Group	100 to 249	5	N/A	N/A
NISH	100 to 249	6	N/A	N/A
Westwood Country Club	100 to 249	7	N/A	N/A
Cardiovascular Management Group	100 to 249	8	N/A	N/A
Wheat's Lawn and Custom Land Inc.	100 to 249	9	N/A	N/A
L3 Communications	100 to 249	10	N/A	N/A

Source: Fairfax County Office of Economic Development

\* 1998 Data not available

TOWN OF VIENNA, VIRGINIA

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legislative										
Town Council	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Town Clerk	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.000	2.000	2.000
Town Attorney	0.000	0.000	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
<b>Subtotal</b>	<b>3.000</b>	<b>3.000</b>	<b>3.500</b>	<b>3.500</b>	<b>3.500</b>	<b>3.500</b>	<b>3.500</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>
Administration										
Town manager	2.000	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Administrative Services	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Public Information	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Information Technology	0.000	0.000	0.000	1.000	1.000	1.000	1.000	2.000	2.000	2.000
<b>Subtotal</b>	<b>5.000</b>	<b>4.500</b>	<b>4.500</b>	<b>5.500</b>	<b>5.500</b>	<b>5.500</b>	<b>5.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>
Finance										
Administration	2.000	2.375	2.375	2.375	2.375	2.000	2.000	2.000	2.000	2.500
Disbursement Operations	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.625	1.625	1.625
Purchasing	1.500	1.500	1.675	1.675	1.675	1.675	1.675	1.675	1.625	1.625
Central Services	1.000	0.370	0.500	0.500	0.500	1.000	1.000	1.000	1.000	1.000
Revenue Operations	3.000	3.000	3.000	3.000	3.000	3.375	3.375	3.500	3.500	3.500
<b>Subtotal</b>	<b>9.500</b>	<b>9.245</b>	<b>9.550</b>	<b>9.550</b>	<b>9.550</b>	<b>10.050</b>	<b>10.050</b>	<b>9.800</b>	<b>9.750</b>	<b>10.250</b>
Police										
Administration	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	3.000	3.000
Patrol	22.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	21.000	21.000
Communications	9.000	9.000	8.000	8.000	8.000	8.000	8.000	8.000	11.000	11.000
Community Services	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000
Traffic	5.000	7.000	8.000	8.000	8.000	8.000	8.000	8.000	6.000	6.000
Personnel/Accreditation/ Animal Control	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000
Investigations	7.000	6.000	6.000	6.000	6.000	6.000	6.000	7.000	9.000	9.000
<b>Subtotal</b>	<b>50.000</b>	<b>51.000</b>	<b>52.000</b>	<b>52.000</b>						
Public Works										
Administration	6.000	5.000	5.000	5.000	5.000	5.500	5.500	6.000	6.000	6.000
Street Maintenance	14.000	13.000	13.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000
Vehicle Maintenance	8.000	8.000	8.000	8.000	8.000	8.000	9.000	9.000	9.000	9.000
General Maintenance	9.000	9.000	9.000	9.000	9.000	8.000	8.000	8.000	8.000	8.000
Sanitation	15.000	14.000	14.000	14.000	14.000	14.000	14.000	14.000	14.000	14.000
Traffic Engineering	1.000	1.000	1.000	1.000	1.000	2.000	2.000	2.000	2.000	2.000
<b>Subtotal</b>	<b>53.000</b>	<b>50.000</b>	<b>50.000</b>	<b>52.000</b>	<b>52.000</b>	<b>52.500</b>	<b>53.500</b>	<b>54.000</b>	<b>54.000</b>	<b>54.000</b>
Parks and Recreation										
Administration	4.000	4.000	4.000	4.000	4.000	4.000	4.750	4.750	4.750	4.750
Parks Maintenance	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Community Center Operations	4.000	4.000	4.000	3.750	3.750	3.750	4.000	4.000	4.000	4.500
Teen Center	0.000	0.000	0.000	1.000	1.000	1.000	1.000	1.000	1.000	1.500
<b>Subtotal</b>	<b>18.000</b>	<b>18.000</b>	<b>18.000</b>	<b>18.750</b>	<b>18.750</b>	<b>18.750</b>	<b>19.750</b>	<b>19.750</b>	<b>19.750</b>	<b>20.750</b>
Planning and Zoning										
Planning and Zoning	6.000	6.000	6.000	6.000	6.500	6.500	6.500	6.500	6.500	7.000
<b>Subtotal</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>7.000</b>
<b>GENERAL FUND TOTAL</b>	<b>144.500</b>	<b>140.745</b>	<b>141.550</b>	<b>145.300</b>	<b>145.800</b>	<b>146.800</b>	<b>148.800</b>	<b>150.550</b>	<b>151.500</b>	<b>153.500</b>
Water and Sewer										
Operations and Maintenance	14.000	14.200	14.200	14.000	14.500	14.500	14.500	14.500	14.500	14.500
Meter Maintenance and Reading	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Billing/Customer Service	2.000	1.800	1.800	2.000	2.000	2.000	2.000	2.000	2.000	2.000
<b>TOTAL WATER &amp; SEWER FUND</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.500</b>	<b>20.500</b>	<b>20.500</b>	<b>20.500</b>	<b>20.500</b>	<b>20.500</b>
<b>GRAND TOTAL</b>	<b>164.500</b>	<b>160.745</b>	<b>161.550</b>	<b>165.300</b>	<b>166.300</b>	<b>167.300</b>	<b>169.300</b>	<b>171.050</b>	<b>172.000</b>	<b>174.000</b>

Source: Town of Vienna Budget

Table 19

TOWN OF VIENNA, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years

Function	(1)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>											
Administrative Service											
Job applications processed		297	297	254	254	254	575	575	581	587	620
Public Information											
Information requests responded to		-	1,500	2,350	2,239	2,209	2,261	2,404	2,192	2,200	2,357
Press releases per year		260	250	250	287	281	293	234	221	225	233
Finance											
Real Estate bills processed		11,967	11,561	11,720	11,718	12,120	12,120	12,220	12,130	12,136	12,080
Water and Sewer bills processed		40,000	36,700	37,000	37,000	37,000	37,000	36,000	36,950	36,850	36,500
(a) Vehicle decals issued		13,300	13,492	13,632	13,659	13,522	13,377	13,384	13,297	12,858	11,688
(b) Payroll checks/Direct Deposits		6,680	6,607	6,565	6,972	7,056	7,685	7,660	7,689	7,500	7,560
(b) Vendor check issued		4,091	5,401	4,393	4,467	4,524	5,045	4,886	5,049	4,919	4,864
Competitive bids completed		-	-	-	-	30	20	15	18	22	17
<b>Public Safety</b>											
Number of Calls for Service received		12,000	9,064	10,912	11,015	10,469	11,845	10,595	11,786	11,519	12,849
Number of Citations issued		9,500	10,782	10,375	9,322	7,859	8,173	7,667	5,888	6,737	5,839
Number of Animal complaints		-	598	542	577	-	-	412	477	330	400
<b>Public Works</b>											
Tons of asphalt installed		691	800	800	800	415	357	330	788	662	700
(c) Vehicles Maintained		116	116	120	121	123	122	131	132	147	143
Tons of Waste collected		5,955	5,876	5,928	5,487	6,219	6,700	7,950	7,950	7,073	6,474
Tons of Recycled materials collected		1,420	1,467	1,477	1,655	1,734	1,910	2,000	1,701	1,809	1,878
Cubic Yards of leaves collected		13,810	13,483	14,709	13,393	16,341	16,623	11,263	13,719	15,227	15,850
<b>Water and Sewer Operations</b>											
Repair Water Main breaks		60	47	57	60	57	64	71	42	46	44
Repair defective sewer lines		-	11	15	20	15	20	9	12	12	13
Completed work orders		-	3,850	3,750	3,840	3,840	3,200	3,700	3,800	3,600	3,400
<b>Parks and Recreation</b>											
Number of programs held		400	300 (3)	400	430	450	427	450	450	520	592
Daily average number of teens using Teen Center		- (2)	15 (3)	36	30	35	40	40	40	40	40
<b>Planning and Zoning</b>											
Permit applications		1,100	875	827	939	939	860	817	876	801	1,050
New zoning violation cases opened		250	205	185	248	248	260	244	235	220	324
New weed and debris violation cases		90	75	81	85	85	85	82	50	42	56

Sources: Town Budget unless noted

- (a) Decal logs
- (b) Check logs
- (c) Fixed Asset Records

Notes:

- (1) Data not available indicated by dash (-)
- (2) Teen Center opened in 1999.
- (3) Community center closed for renovations from December 1998 to March 1999.

Table 20

## TOWN OF VIENNA, VIRGINIA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

<b>Function</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General government</b>										
Administration buildings	2	2	2	2	3	3	3	3	3	3
Vehicles	5	5	5	5	5	5	5	6	6	6
<b>Public safety</b>										
Patrol units	15	16	18	21	18	17	20	18	20	20
Motorcycles	4	4	5	5	5	5	6	5	5	5
Other vehicles	2	2	2	2	1	2	2	3	3	3
<b>Public works</b>										
Trucks/vehicles	72	72	73	70	74	73	75	75	85	83
<b>Parks and recreation</b>										
Community center	1	1	1	1	1	1	1	1	1	1
Vehicles	15	14	14	15	16	16	19	21	24	22
Number of parks	6	6	6	7	7	7	7	7	7	10
Park acres	63.71	63.71	63.71	74.32	74.32	74.32	74.32	74.32	74.32	93.47
<b>Community development</b>										
Planning vehicles	3	3	3	3	4	4	4	4	4	4

Source: Individual Town Departments

**- 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, 2007, which collectively comprise the Town of Vienna, Virginia's basic financial statements and have issued our report thereon dated November 14, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Vienna, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Vienna, Virginia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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*.

We noted certain matters that we reported to management of the Town of Vienna, Virginia in a separate letter dated November 14, 2007.

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, Tamara, Cox Associates*

Charlottesville, Virginia  
November 14, 2007