

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2008



**TOWN OF VIENNA,
VIRGINIA**

- Introductory Section -

TOWN OF VIENNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

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, 2008

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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**



December 15, 2008

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, 2008, 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 14,850 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 stable economic base. Property values increased in calendar year 2008 by 3.5 percent and the June, 2008 unemployment rate was 3.1 percent, significantly less than Virginia's 4.0 percent and the national average of 5.5 percent. According to Fairfax County's demographic data, the area's median family income has increased from \$33,200 in 1979 to \$122,027 in 2007 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 4.6 percent during the past five years. During the same period, meals and lodging tax revenues have increased 26.4 percent and consumer utility tax and fees revenues are up 94.6 percent since 2003. 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 and over 600 additional employees. A nearby commercial park has also been engaged in a major expansion of office space. Although the Virginia economy has been slowing in recent months, it appears the effect of the state-wide downturn on the local economy will be moderate. Most financial indicators predict the Town's ability to continue 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. Two major street reconstruction projects were completed and a new records storage facility was finished. In addition, a credit card payment system was installed in finance front counter operations.

Work continued on the development and installation of a new crime reporting software system. Preparation for a study of the business area parking needs continued and Town Council and staff began several new environmental initiatives.

OPERATIONAL FOCUS

Services provided by the Department of Public Works include semi-annual street sweeping, annual leaf collection, refuse collection, semiannual curbside pick ups, and snow removal. Departmental personnel work closely with the Town's Transportation Safety Commission and other citizen groups to install traffic calming measures such as speed bumps, pedestrian crosswalks, and speed indicator boxes. The department is responsible for maintaining Town streets, sidewalks, and storm drainage systems and provides management support to the Town's water and sewer utility operations.

During the past year, Public Works has completed several large projects including two major street reconstructions in conjunction with the Virginia Department of Transportation, several storm draining pipe restorations, and several street overlay projects. Public Works initiated a "Single Stream" program that has expanded the number and types of items to be collected for recycling. The program included a public awareness program and has resulted in more efficient collection of recyclable items, has achieved positive "green" results, and has been well received by Town residents.

GOVERNMENTAL FUNDS SUMMARY

The General and Debt Service Funds ended fiscal year 2008 with combined revenues of \$20,724,645, up by \$792,014 or 4.0 percent over the previous year. Property taxes accounted for almost 97 percent of the increase, rising by \$763,877 or 10.8 percent over the previous year. The increase was due to a rise in property values and a moderate increase in the tax rate.

GOVERNMENTAL FUNDS SUMMARY (continued)

Taxable residential and commercial property values for Tax Year 2007 totaled \$3,863,770,300, an increase of 2.8 percent over the previous year. Total property taxes as a percentage of total revenues were 37.9 as compared with 35.1 percent the year before. 99.8 percent of current year property taxes were collected, making last year the 14th consecutive year in which current year tax collections exceeded 99 percent.

Total expenditures of the General and Debt Service Funds increased \$1,127,581 or 5.3 percent over the preceding year. Annual personnel cost increases account for 86 percent of this amount and expenditures for various types of contractual services in several departmental operations account for the balance.

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 \$283,524 or 6.9 percent to end the year at \$3,805,255. The balance is 18.6 percent of the subsequent year's General Fund budget and is equivalent to almost 68 calendar days of expenditures. The decrease was primarily the result of an increase in vehicle and equipment program and various capital and equipment carry forward reserves.

WATER AND SEWER OPERATIONS

Last year's operating revenue increased by \$489,422 from the preceding year, ending last year at \$6,181,491. The 8.6 percent increase reflected a weather-related rise in billed consumption plus rate increases. Operating expenses ended the year at \$5,132,829, an increase \$101,486 or 2 percent. The resulting operating income gain for the year was \$1,048,662, an increase of \$387,936 or 58.7 percent. This improvement was offset by \$906,850 loss in non-operating revenues, expenses, contributions, and transfers. As compared to the year before, the loss decreased by \$200,260, the reduction primarily due to greater capital and developer contributions. Along with reclassification of a sewer treatment payable, net assets ended the year at \$9,055,430, up by \$854,376 or 10.4 percent.

PENSION FUNDS

Local and Police pension contributions and interest earnings exceeded benefit and other costs by \$204,182, the amount by which the balance of net assets increased to end the year at \$5,217,291. Compared to the previous year, contributions increased by 23% and were partially offset by a 16.5 percent decline in interest earnings. Additional retirements during the year plus a cost of living increase drove up the cost of benefit payments by 14.8 percent but other costs were down by 52 percent. The net result was an annual gain for the year that was less than that of the preceding year by \$16,657 or 7.5 percent.

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 down to \$12,370,003. The balance represented .3 percent of the 2007 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 \$380,761 worth of prior debt, ending the year with a balance of \$1,368,410. Total compensated absence obligations for the General and Water and Sewer Funds increased by \$44,896 to \$1,077,394.

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, \$23,785,557 or 99.1629 percent of the Town's cash was invested in the LGIP and other interest bearing accounts. Total interest income for the year was \$1,041,270, down by \$304,636 from the year before. The 22.6 percent decrease was due to lower market yields. By year end, LGIP yield was 2.594 percent as compared to 5.428 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, 2008 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, 2007. 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.



John H. Schoeberlein
Town Manager



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, 2007

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.



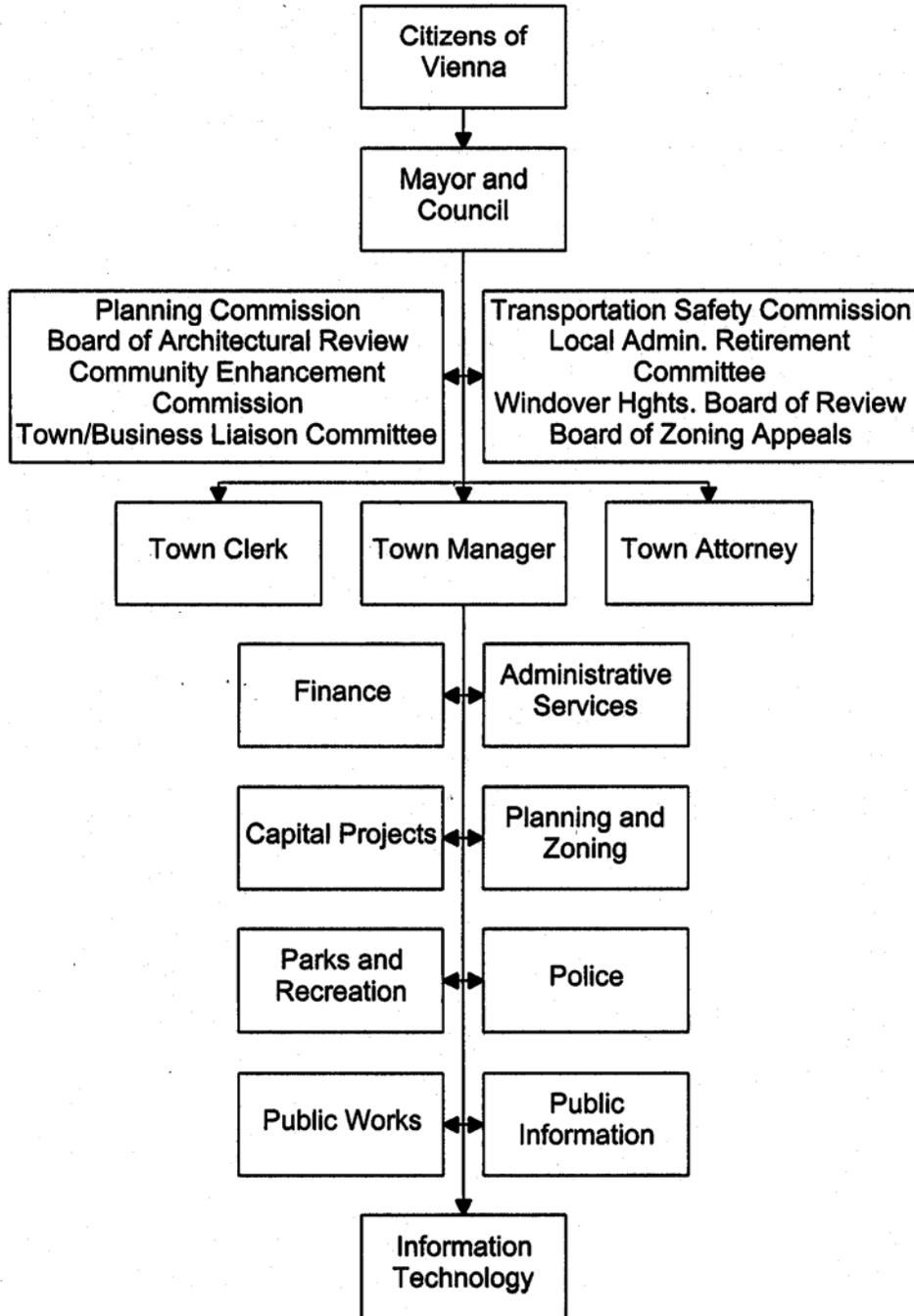
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

TOWN OF VIENNA, VIRGINIA Organizational Chart



- Financial Section -

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2008, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of June 30, 2008, 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 December 15, 2008, 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 opinions on the financial statements that collectively comprise the Town of Vienna, Virginia's basic financial statements. The introductory section, combining fund financial statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining 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, Tamara, Cox Associates

Charlottesville, Virginia
December 15, 2008

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

**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, 2008. 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, 2008 by \$62,130,664, an increase of \$5,832,548 or 10 percent. Much of the increase was due to \$3,978,378 worth of additions to the Town's capital assets and a \$1,967,807 reduction in outstanding debt. These two changes alone account for 91 percent of the increase in total net assets. The balance of the increase was due primarily to reductions in accounts payable and accrued expenses and the amount due to other governments. Unrestricted net assets ended the year at \$16,715,439, an increase of \$729,543 or 4.6 percent. 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 \$16,431,094, a decrease of \$86,028 or .5 percent in comparison with the prior year. The decrease was primarily due to Capital Project Fund expenditures that reduced the balance of the fund. Partially offsetting the decrease in the Capital Project Fund was the increase in the Debt Service Fund's balance. The Debt Service Fund's balance of \$4.3 million is reserved for the retirement of current and future debt issues and the \$3.9 million balance of the Capital Projects Fund is reserved and designated for completion of capital projects. \$3,805,255 of the General Fund's balance is unrestricted and represents 18 percent of total General Fund FYE 2009 expenditures.
- The Town's long-term obligations decreased by \$1,819,856 (10.9%) during last fiscal year. The reduction resulted from general obligation debt retirements exceeding the amount of new capital lease debt. Long-term obligations totaled \$14,794,589 at year-end. Of this amount, outstanding bonds totaled \$12,370,003, notes payable totaled \$1,056,176 and capital leases totaled \$1,368,410. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$1,758,973 and \$1,077,394 respectively, at year-end. Accounts payable and an estimated amount of \$969,656 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$44,896 or 4.3 percent more than the preceding year.
- Excluding Pension Trust Funds, total cash and cash equivalents increased \$67,967 when compared to the prior fiscal year. The increase resulted from higher cash flows due to rate increases in both the General and Water and Sewer funds combined with lower expenditures in the Debt Service Fund that offset a reduction the Capital Projects Fund caused by project expenditures. The \$179,576 (3.6%) 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.

Fund	FY 08 Cash	FY 07 Cash	Increase (Decrease)
General	\$ 9,227,569	\$ 9,173,696	\$ 53,873
Debt Service	4,076,852	3,722,794	354,058
Capital Projects	4,083,067	4,551,284	(468,217)
Water & Sewer	1,421,486	1,293,233	128,253
Total Cash	<u>\$ 18,808,974</u>	<u>\$ 18,741,007</u>	<u>\$ 67,967</u>
Pension Trust	<u>\$ 5,177,368</u>	<u>\$ 4,997,792</u>	<u>\$ 179,576</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, 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 spendable resources, as well as on balances of spendable 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 \$62,130,664 at year-end, an increase of \$5,832,548 or 10 percent. Of the total net assets, governmental activities totaled \$53,075,234, up by \$5,690,736 or 12 percent while business-type activities totaled \$9,055,430 an increase of \$141,812 or 1.6 percent. The increase in net assets of governmental activities was primarily due to growth in capital assets resulting from major investments in street reconstruction, sidewalks, and storm drainage system. The increase in net assets of the business type activities was due primarily to a reduction in Due to Other Governments plus an increase in service charges stemming from rate increases.

The Town's investment in capital assets such as land, buildings and equipment totaled \$60,134,244 at June 30, 2008; of which, governmental activities totaled \$51,347,823, an increase of \$4,097,499 or 8.7 percent. The increase was due primarily to completion 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.

Town of Vienna, Virginia						
Schedule of Assets, Liabilities and Net Assets						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
<u>Assets:</u>						
Current and other assets	\$18,462,253	\$18,843,488	\$ 2,875,064	\$ 2,687,606	\$21,337,317	\$ 21,531,094
Capital assets	51,347,823	47,250,324	8,786,421	8,908,542	60,134,244	56,158,866
Total assets	<u>\$69,810,076</u>	<u>\$66,093,812</u>	<u>\$11,661,485</u>	<u>\$11,596,148</u>	<u>\$81,471,561</u>	<u>\$ 77,689,960</u>
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$14,608,344	\$16,275,075	\$ 1,263,639	\$ 1,371,867	\$15,871,983	\$ 17,646,942
Other liabilities	2,126,498	2,434,239	1,342,416	1,310,663	3,468,914	3,744,902
Total liabilities	<u>\$16,734,842</u>	<u>\$18,709,314</u>	<u>\$ 2,606,055</u>	<u>\$ 2,682,530</u>	<u>\$19,340,897</u>	<u>\$ 21,391,844</u>
<u>Net Assets:</u>						
Invested in capital assets, net of related debt	\$37,791,201	\$31,965,939	\$ 7,624,024	\$ 7,633,717	\$45,415,225	\$ 39,599,656
Unrestricted	15,284,033	15,418,559	1,431,406	1,279,901	16,715,439	16,698,460
Total net assets	<u><u>\$53,075,234</u></u>	<u><u>\$47,384,498</u></u>	<u><u>\$ 9,055,430</u></u>	<u><u>\$ 8,913,618</u></u>	<u><u>\$62,130,664</u></u>	<u><u>\$ 56,298,116</u></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.

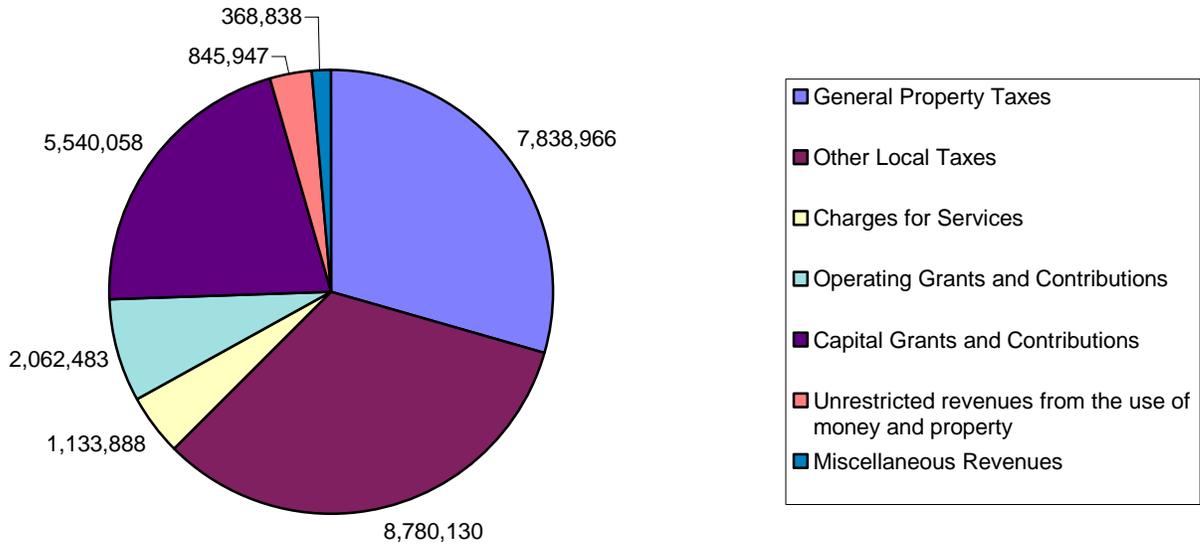
Governmental Activities - Governmental and business-type activities reflect changes in net assets of \$5,690,736 and \$141,812 respectively. The following table provides an overview of revenues, expenses, and the changes in net assets for the fiscal year.

Town of Vienna, Virginia
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,133,888	\$ 1,223,630	\$6,181,491	\$ 5,692,069	\$ 7,315,379	\$ 6,915,699
Operating grants and contributions	2,062,483	2,251,198	240,507	-	2,302,990	2,251,198
Capital grants and contributions	5,540,058	4,191,946	-	-	5,540,058	4,191,946
General revenues:						
Property taxes	7,838,966	7,094,275	-	-	7,838,966	7,094,275
Other local taxes	8,761,959	8,575,007	-	-	8,761,959	8,575,007
Grants & contributions - unrestricted	18,171	18,759	-	-	18,171	18,759
Unrestricted revenues from the use of money and property	845,947	991,582	67,458	100,211	913,405	1,091,793
Miscellaneous	368,838	304,100	77,415	42,302	446,253	346,402
Total revenues	\$26,570,310	\$24,650,497	\$6,566,871	\$ 5,834,582	\$33,137,181	\$30,485,079
Expenses:						
General government	\$ 3,119,608	\$ 3,081,052	\$ -	\$ -	\$ 3,119,608	\$ 3,081,052
Public safety	5,616,582	5,225,145	-	-	5,616,582	5,225,145
Public works	8,995,488	8,716,466	-	-	8,995,488	8,716,466
Health and welfare	294,054	305,332	-	-	294,054	305,332
Parks, recreation and cultural	2,797,313	2,706,829	-	-	2,797,313	2,706,829
Community development	734,650	691,665	-	-	734,650	691,665
Interest on long-term debt	599,829	672,020	-	-	599,829	672,020
Water and sewer	-	-	5,147,109	5,043,291	5,147,109	5,043,291
Total Expenses	\$22,157,524	\$21,398,509	\$5,147,109	\$ 5,043,291	\$27,304,633	\$26,441,800
Net Assets:						
Income before capital contributions and transfers	\$ 4,412,786	\$ 3,251,988	\$1,419,762	\$ 791,291	\$ 5,832,548	\$ 4,043,279
Capital contributions	-	-	-	-	-	-
Transfers	1,277,950	1,237,675	(1,277,950)	(1,237,675)	-	-
Increase (Decrease) in net assets	\$ 5,690,736	\$ 4,489,663	\$ 141,812	\$ (446,384)	\$ 5,832,548	\$ 4,043,279
Net assets, beginning of year, as restated	47,384,498	42,894,835	8,913,618	9,360,002	56,298,116	52,254,837
Net assets, end of year	\$53,075,234	\$47,384,498	\$9,055,430	\$ 8,913,618	\$62,130,664	\$56,298,116

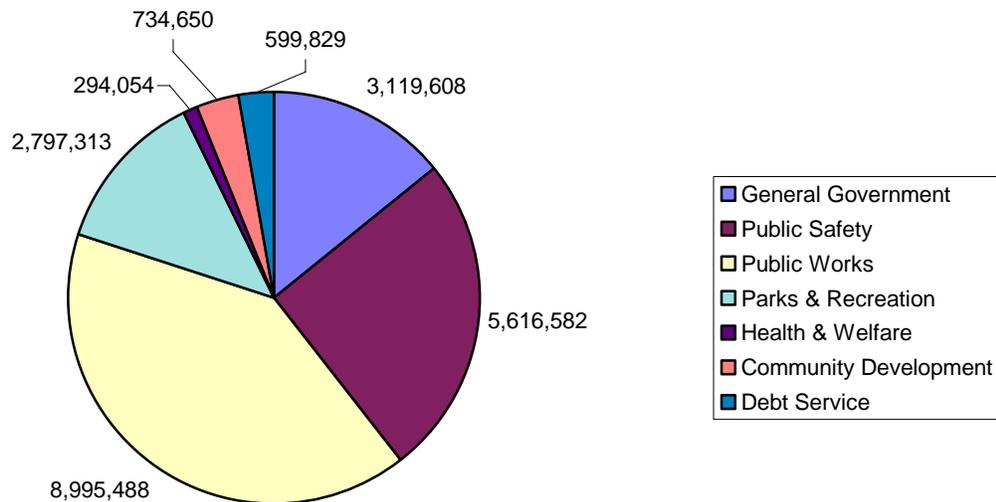
Program, general revenues, and transfers for governmental activities totaled \$27,848,260, an increase of \$1,960,088 or 7.6 percent over the previous fiscal year. Of this amount, property taxes totaled \$7,838,966 and other local taxes and other revenues totaled \$8,761,959. The 10.5 percent increase in property taxes was due entirely to a rise in assessed values combined with a tax rate increase. The 2.2 percent increase in other local taxes was due primarily to rising collections of business license and meals and lodging taxes. Capital grants and contributions totaled \$5,540,058. The \$1,277,950 worth of transfers between governmental activities and business-type activities was \$40,275 or 3.3 percent more than that of the preceding year. The transfers consist of those from the Water and Sewer Fund to the Debt Service Fund for the former fund's share of debt retirement and those from the Water and Sewer Fund to the General Fund to recover the latter fund's cost related to the support of its operations. These transfers are netted against those from the Capital Projects Fund to the Water and Sewer Fund. The net change was primarily due to an increase in the Water and Sewer Fund transfer to the General Fund and a reduction in the Capital Project Fund transfer to the Water and Sewer Fund. The chart below provides an overview of the FY 2007-2008 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. As indicated in the Statement of Activities, governmental expenses totaled \$22,157,524, an increase of \$759,015 or 3.5 percent. Directly supporting these expenditures were charges for services generating \$1,218,230 plus operating grants and contributions generating \$2,062,483, and capital grants and contributions of \$5,540,058 for total program revenues of \$8,820,771. This represents an increase of \$1,153,997 or 15.1 percent. The increase was due primarily to major infrastructure improvement projects substantially completed during the year plus various public safety grants. This increase, more than offsetting the decrease in governmental activities expenses, accounts for the \$394,982 or 2.9 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 an increase in net assets of \$141,812 to end the year with a net assets balance of \$9,055,430. Before net transfers of \$1,277,950 to the General and Debt Service Funds, Water and Sewer Fund operating income and capital transfers ended the year with a net gain of \$1,419,762. Key elements of operating results include the following:

- A. Operating revenues totaled \$6,181,491, an increase of \$489,422 or 8.6 percent over FY 2007 revenues of \$5,692,069. Non-operating revenues, transfers, and contributions netted to \$371,100 as compared to \$130,565 the previous year. The change was primarily due to an increase in capital project transfers and capital contributions to the Water and Sewer Fund.
- B. Operating expenses rose \$101,486, or 2 percent. The change was due primarily to increases in personnel costs.
- C. Adjustments to year-end billings for sewage treatment account for a 6 percent drop in accounts payable and the increase in operating revenue caused the 9.9 percent increase in cash.
- D. Compared to the preceding year, operating transfers to other funds increased \$18,182 or 1.4 percent while operating transfer from other funds decreased by \$22,093 or 65.8 percent. The result was a 3.3 percent increase in the net outflow that ended the year at a negative \$1,277,950. 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 \$16,431,094 a decrease of \$86,028 from the prior year. The change was the result of decreases in the General and Capital project funds of \$48,728 and \$396,411 respectively that were partially offset by a \$359,111 increase in the Debt Service Fund. \$12,625,839 or 76.8 percent of the combined fund balance is reserved for capital projects, debt service, and other purposes, leaving an unreserved balance of \$3,805,255 or 23.2 percent of the total available for spending at the Council's discretion. Debt Service Fund revenues increased by \$25,468, exceeding expenditures by \$359,111 resulting in a fund balance increase of 9.1 percent. The \$396,411 reduction in Capital Project Fund reserves was due from capital project expenditures primarily from the 2006 general obligation debt proceeds. The \$3,907,090 balance at year end is reserved for the various projects for which the debt was issued. The reserved portions of the fund balances indicates they are not available for new spending because they have already been committed for expenditure, as follows:

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

	Reserve Amount
Reserved:	
Inventory	\$ 135,780
Encumbrances	265,312
Debt service	4,317,423
Asset forfeiture programs	201,410
Equipment replacement	75,570
Vehicle replacement	1,086,001
PEG programs	232,879
Prepaid items	649
Carry forward requests	293,193
Restricted Yield	499,000
Capital equipment and projects	1,294,174
Completion of specific projects	3,260,662
Subsequent year's expenditures	963,786
Total Reserved	\$ 12,625,839
Unreserved:	
Undesignated	3,805,255
Total Fund Balance	\$ 16,431,094

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 \$8,206,581, which equates to 49.9 percent of the \$16,431,094 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 19.3 percent of total General Fund expenditures, while total fund balance represents 41.7 percent of that same amount.

The total fund balance for the General Fund increased \$18,728 over the previous fiscal year. The unreserved, undesignated component of fund balance, which totaled \$3,805,255 at year-end, decreased \$361,275 over the prior fiscal year. Both changes were the function of the following:

- Overall, General Fund revenues were up by \$766,546 or 4.4 percent, primarily as a result of increased revenues from property taxes that rose \$763,877 or 10.8 percent. That increase along with those in other local taxes, and miscellaneous revenues offset declines in revenues from intergovernmental sources and use of money and property.
- General Fund expenditures rose by \$1,201,752 or 6.5 percent over the previous year. Annual personnel and fringe benefit cost increases account for 86.2 percent of the change. The remainder of the overall increase was spread among the various operations in the categories of contracts and services, supplies and commodities, and public safety grant funded security equipment and systems.
- Net other financing sources increased by \$92,605 over the previous year. The increase was primarily due to more capital lease financing as compared to the preceding year accompanied by a 2 percent increase in transfers from the Water and Sewer Fund.

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 2008 budgets. These differences totaled \$169,312 for revenues and \$1,438,742 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. 40 percent 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:

	Amount Amended
Revenues:	
Miscellaneous	\$ 54,739
State revenues	7,500
Federal revenues	107,073
Total	<u>\$ 169,312</u>
Expenditures:	
General government administration	\$ 29,114
Public safety	681,608
Public works	607,707
Parks, recreation and cultural	113,632
Community development	6,681
Total	<u>\$ 1,438,742</u>

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$51,347,823 (net of accumulated depreciation), an increase of \$4,187,499. 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.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 4,822,562	\$ 4,618,781	\$ -	\$ -	\$ 4,822,562	\$ 4,618,781
Construction in progress	8,106,436	5,794,328	-	-	8,106,436	5,794,328
Buildings and improvements	9,354,511	9,313,421	-	-	9,354,511	9,313,421
Infrastructure	25,830,351	24,210,755	8,306,120	8,425,013	34,136,471	32,635,768
Office and other equipment	1,042,650	1,112,354	-	-	1,042,650	1,112,354
Automotive and other equipment	2,191,313	2,200,685	480,301	483,529	2,671,614	2,684,214
Total assets - net of depreciation	<u>\$51,347,823</u>	<u>\$47,250,324</u>	<u>\$8,786,421</u>	<u>\$8,908,542</u>	<u>\$60,134,244</u>	<u>\$56,158,866</u>

* As adjusted for infrastructure

Long-term obligations - At the conclusion of the fiscal year, total long-term obligations totaled \$13,632,192 for General Fund activities and \$1,162,397 for the Water and Sewer Fund. Of these amounts, outstanding bonds totaled \$12,370,003 notes payable totaled \$1,056,176 and capital leases totaled \$1,368,410 The above amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$1,758,973 and \$1,077,394 respectively, at year-end. Except for \$107,739 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. Although the Town's property values are not projected to continue increasing at the rates of recent years, fluctuations will likely be fairly moderate. The area's economic vitality is further evidenced by its low unemployment rate, which totaled 3.1 percent as June 30, 2008. This rate is significantly less than the state average of 4.0 percent and the national average of 5.5 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, 2009 totals \$20,491,125 which equates to an increase of \$749,260 or 3.8 percent from the last fiscal year. General property taxes are expected to increase \$625,988 or 8 percent. Tax rates were increased by .95 cents in the subsequent fiscal year of 2008-2009. The following table provides a comparison of the FYE 2008 actual revenue and 2009 adopted revenue budget for the Town of Vienna.

Revenue Source	FY 2009 Budget	FY 2008 Actual	Expected Increase (Decrease)
Property taxes	\$ 8,476,142	\$ 7,850,154	\$ 625,988
Other local taxes	6,432,700	6,376,604	56,096
Permits, fees & licenses	98,240	106,291	(8,051)
Fines and forfeitures	210,400	227,215	(16,815)
Use of money & property	562,000	508,026	53,974
Charges for services	805,120	800,382	4,738
State revenues	1,872,237	1,912,249	(40,012)
Federal revenues	-	107,072	(107,072)
Transfers-in	962,000	962,000	-
Other	1,072,286	891,872	180,414
Total Revenue Budget	\$ 20,491,125	\$ 19,741,865	\$ 749,260

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2008. 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.

Basic Financial Statements:

- Government-wide Financial Statements -

TOWN OF VIENNA, VIRGINIA

Statement of Net Assets

At June 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 17,387,488	\$ 1,421,486	\$ 18,808,974
Receivables, net	405,251	1,312,794	1,718,045
Prepaid items	649	-	649
Due from other governments	512,725	-	512,725
Internal balances	20,360	(20,360)	-
Inventory, at cost	135,780	161,144	296,924
Capital assets:			
Land and land improvements	4,822,562	-	4,822,562
Construction in progress	8,106,436	-	8,106,436
Other capital assets, net of accumulated depreciation	38,418,825	8,786,421	47,205,246
Capital assets, net	<u>\$ 51,347,823</u>	<u>\$ 8,786,421</u>	<u>\$ 60,134,244</u>
Total assets	<u>\$ 69,810,076</u>	<u>\$ 11,661,485</u>	<u>\$ 81,471,561</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 930,975	\$ 827,999	\$ 1,758,974
Unearned revenue	450,429	-	450,429
Escrow and other deposits	745,094	96,320	841,414
Due to other governments	-	418,097	418,097
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	1,926,667	41,140	1,967,807
Capital leases	409,374	49,536	458,910
Compensated absences	878,537	91,118	969,655
Due in more than one year:			
Bonds and notes payable	10,443,336	1,015,036	11,458,372
Capital leases	852,815	56,685	909,500
Compensated absences	97,615	10,124	107,739
Total liabilities	<u>\$ 16,734,842</u>	<u>\$ 2,606,055</u>	<u>\$ 19,340,897</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 37,791,201	\$ 7,624,024	\$ 45,415,225
Unrestricted	15,284,033	1,431,406	16,715,439
Total net assets	<u>\$ 53,075,234</u>	<u>\$ 9,055,430</u>	<u>\$ 62,130,664</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, 2008

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	
Primary Government							
Governmental activities							
General government	\$ 3,119,608	\$ 9,931	\$ -	\$ -	\$ (3,109,677)	\$ -	\$ (3,109,677)
Public safety	5,616,582	337,235	599,808	-	(4,679,539)	-	(4,679,539)
Public works	8,995,488	-	1,401,342	5,540,058	(2,054,088)	-	(2,054,088)
Health and welfare	294,054	-	-	-	(294,054)	-	(294,054)
Parks, recreation and cultural	2,797,313	786,722	-	-	(2,010,591)	-	(2,010,591)
Community development	734,650	-	61,333	-	(673,317)	-	(673,317)
Interest on long-term debt	599,829	-	-	-	(599,829)	-	(599,829)
Total governmental activities	\$ 22,157,524	\$ 1,133,888	\$ 2,062,483	\$ 5,540,058	\$ (13,421,095)	\$ -	\$ (13,421,095)
Business type activities							
Water and sewer	5,147,109	6,181,491	240,507	-	-	1,274,889	1,274,889
Total	\$ 27,304,633	\$ 7,315,379	\$ 2,302,990	\$ 5,540,058	\$ (13,421,095)	\$ 1,274,889	\$ (12,146,206)
General Revenues							
Taxes:							
General real property taxes					\$ 7,838,966	\$ -	\$ 7,838,966
Local sales and use taxes					1,214,258	-	1,214,258
Communication sales and use taxes					1,225,144	-	1,225,144
Consumer utility taxes and cell phone tax					660,742	-	660,742
Business license taxes					2,095,137	-	2,095,137
Meals and lodging taxes					2,385,355	-	2,385,355
Other					1,181,323	-	1,181,323
Grants and contributions not restricted to specific programs					18,171	-	18,171
Unrestricted revenues from the use of money and property					845,947	67,458	913,405
Miscellaneous					368,838	77,415	446,253
Transfers					<u>1,277,950</u>	<u>(1,277,950)</u>	<u>-</u>
Total general revenues					\$ 19,111,831	\$ (1,133,077)	\$ 17,978,754
Change in net assets					\$ 5,690,736	\$ 141,812	\$ 5,832,548
Net assets, beginning of year, as restated					47,384,498	8,913,618	56,298,116
Net assets, end of year					<u>\$ 53,075,234</u>	<u>\$ 9,055,430</u>	<u>\$ 62,130,664</u>

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, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 9,227,569	\$ 4,076,852	\$ 4,083,067	\$ 17,387,488
Receivables (net of allowances for uncollectibles):				
Taxes including penalties	12,672	-	-	12,672
Accounts	139,095	240,984	12,500	392,579
Prepaid items	649	-	-	649
Due from other governments	461,599	50,989	137	512,725
Due from other funds	114,481	-	-	114,481
Inventory, at cost	135,780	-	-	135,780
	<u>10,091,845</u>	<u>4,368,825</u>	<u>4,095,704</u>	<u>18,556,374</u>
Total assets	<u>\$ 10,091,845</u>	<u>\$ 4,368,825</u>	<u>\$ 4,095,704</u>	<u>\$ 18,556,374</u>
Liabilities:				
Accounts payable	\$ 616,820	\$ 44,590	\$ 101,305	\$ 762,715
Accrued liabilities	32,280	-	-	32,280
Escrow and other deposits	745,094	-	-	745,094
Due to other funds	-	6,812	87,309	94,121
Unearned revenues	491,070	-	-	491,070
	<u>1,885,264</u>	<u>51,402</u>	<u>188,614</u>	<u>2,125,280</u>
Total liabilities	<u>\$ 1,885,264</u>	<u>\$ 51,402</u>	<u>\$ 188,614</u>	<u>\$ 2,125,280</u>
Fund Balance:				
Reserved for:				
Inventory	\$ 135,780	\$ -	\$ -	\$ 135,780
Prepaid items	649	-	-	649
Encumbrances	117,884	-	147,428	265,312
Debt service	-	4,317,423	-	4,317,423
Asset forfeiture programs	201,410	-	-	201,410
Equipment replacement	75,570	-	-	75,570
Vehicle replacement	1,086,001	-	-	1,086,001
PEG program	232,879	-	-	232,879
Carry forward requests	293,193	-	-	293,193
Capital equipment and projects	1,294,174	-	-	1,294,174
Restricted yield	-	-	499,000	499,000
Unreserved:				
Designated:				
Completion of specific projects	-	-	3,260,662	3,260,662
Subsequent year's expenditures	963,786	-	-	963,786
Undesignated	3,805,255	-	-	3,805,255
	<u>8,206,581</u>	<u>4,317,423</u>	<u>3,907,090</u>	<u>16,431,094</u>
Total fund balance	<u>\$ 8,206,581</u>	<u>\$ 4,317,423</u>	<u>\$ 3,907,090</u>	<u>\$ 16,431,094</u>
Total liabilities and fund balance	<u>\$ 10,091,845</u>	<u>\$ 4,368,825</u>	<u>\$ 4,095,704</u>	<u>\$ 18,556,374</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, 2008

Total fund balances for governmental funds (Exhibit 3)	\$	16,431,094
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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	\$	4,822,562
Construction in progress		8,106,436
Depreciable capital assets, net of accumulated depreciation		<u>38,418,825</u>

Total capital assets		51,347,823
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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.

40,641

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	\$	(135,980)
Bonds, notes and capital leases payable		(13,632,192)
Compensated absences		<u>(976,152)</u>

Total		<u>(14,744,324)</u>
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Total net assets of governmental activities (Exhibits 1 and 2)	\$	<u><u>53,075,234</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, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 7,850,154	\$ -	\$ -	\$ 7,850,154
Other local taxes	6,376,604	2,385,355	-	8,761,959
Permits, privilege fees and regulatory licenses	106,291	-	-	106,291
Fines and forfeitures	227,215	-	-	227,215
Revenue from use of money and property	508,026	159,265	178,656	845,947
Charges for services	800,382	-	-	800,382
Miscellaneous	291,872	160	76,806	368,838
Intergovernmental	2,019,321	-	61,333	2,080,654
Total revenues	\$ 18,179,865	\$ 2,544,780	\$ 316,795	\$ 21,041,440
Expenditures:				
Current:				
General government administration	\$ 3,284,008	\$ -	\$ -	\$ 3,284,008
Public safety	5,714,956	-	-	5,714,956
Public works	6,388,010	-	-	6,388,010
Health and welfare	294,054	-	-	294,054
Parks, recreation, and cultural	2,863,952	-	-	2,863,952
Community development	729,537	-	-	729,537
Capital projects	-	-	799,922	799,922
Debt service:				
Principal retirement	380,761	1,926,667	-	2,307,428
Interest and other fiscal charges	37,127	586,424	-	623,551
Total expenditures	\$ 19,692,405	\$ 2,513,091	\$ 799,922	\$ 23,005,418
Excess (deficiency) of revenues over expenditures	\$ (1,512,540)	\$ 31,689	\$ (483,127)	\$ (1,963,978)
Other financing sources (uses):				
Long term debt issued	\$ 600,000	\$ -	\$ -	\$ 600,000
Transfers in	962,000	327,422	98,188	1,387,610
Transfers out	(98,188)	-	(11,472)	(109,660)
Total other financing sources (uses)	\$ 1,463,812	\$ 327,422	\$ 86,716	\$ 1,877,950
Net changes in fund balances	\$ (48,728)	\$ 359,111	\$ (396,411)	\$ (86,028)
Fund balances at beginning of year	8,255,309	3,958,312	4,303,501	16,517,122
Fund balances at end of year	\$ 8,206,581	\$ 4,317,423	\$ 3,907,090	\$ 16,431,094

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, 2008**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(86,028)
<p>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. The following details support this adjustment:</p>		
Capital outlay	\$	1,874,822
Disposal of capital assets		(26,405)
Depreciation expense		<u>(3,290,977)</u>
		(1,442,560)
Contributed assets from other governmental agency		5,540,058
<p>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.</p>		
		(11,188)
<p>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.</p>		
Debt issued:		
Capital leases	\$	(600,000)
Repayments:		
General obligation bonds		1,926,667
Capital leases		<u>380,761</u>
Net adjustment		1,707,428
<p>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:</p>		
Compensated absences	\$	(40,696)
Accrued interest on bonds and loans		<u>23,722</u>
Net adjustment		<u>(16,974)</u>
Change in net assets of governmental activities (Exhibit 2)	\$	<u><u>5,690,736</u></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, 2008

		Business-Type Activities Enterprise Fund Water & Sewer Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$	1,421,486
Receivables: (net of allowances for uncollectibles)		
Accounts		676,649
Unbilled service charges		636,145
Inventory, at cost		161,144
Due from other funds		6,812
		6,812
Total current assets	\$	2,902,236
Capital assets, net of accumulated depreciation		8,786,421
		8,786,421
Total assets	\$	11,688,657
Liabilities:		
Current liabilities:		
Accounts payable	\$	820,978
Accrued liabilities		7,021
Escrow and other deposits		96,320
Due to other governments		418,097
Due to other funds		27,172
Compensated absences - current portion		91,118
Note payable - current portion		41,140
Capital lease obligations payable - current portion		49,536
		49,536
Total current liabilities	\$	1,551,382
Noncurrent liabilities:		
Compensated absences - noncurrent portion	\$	10,124
Note payable - noncurrent portion		1,015,036
Capital lease obligations payable - noncurrent portion		56,685
		56,685
Total noncurrent liabilities	\$	1,081,845
Total liabilities	\$	2,633,227
Net Assets:		
Invested in capital assets, net of related debt	\$	7,624,024
Unrestricted		1,431,406
		1,431,406
Total net assets	\$	9,055,430

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, 2008

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Operating revenues:		
Charges for services	\$	<u>6,181,491</u>
Operating expenses:		
Personal services	\$	1,236,733
Fringe benefits		390,150
Contractual services		2,811,436
Other charges		124,687
Materials and supplies		140,488
Depreciation		<u>429,335</u>
Total operating expenses	\$	<u>5,132,829</u>
Operating income (loss)	\$	<u>1,048,662</u>
Nonoperating revenues (expenses):		
Interest revenue	\$	67,458
Miscellaneous		77,415
Developer contributions		240,507
Interest expense		<u>(14,280)</u>
Net nonoperating revenues	\$	<u>371,100</u>
Income (loss) before contributions and transfers	\$	<u>1,419,762</u>
Transfers:		
Transfers in	\$	11,472
Transfers (out)		<u>(1,289,422)</u>
Net transfers	\$	<u>(1,277,950)</u>
Change in net assets	\$	141,812
Net assets, beginning of year, as restated		<u>8,913,618</u>
Net assets, end of year	\$	<u><u>9,055,430</u></u>

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, 2008**

	Business-Type Activities Enterprise Fund
	Water & Sewer Fund
Cash flows from (to) operating activities:	
Receipts from customers	\$ 6,175,345
Payments to and for employees	(1,622,683)
Payments to suppliers	(3,088,716)
Other receipts	77,415
Net cash provided by operating activities	<u>\$ 1,541,361</u>
Cash flows from investing activities:	
Investment income	<u>\$ 67,458</u>
Cash flows from (to) capital and related financing activities:	
Purchase of capital assets	\$ (66,707)
Principal payments on capital lease agreements	(73,616)
Principal payments on note payable	(38,812)
Interest expense	(14,280)
Other	(2,389)
Net cash provided (used) by capital and related financing activities	<u>\$ (195,804)</u>
Cash flows from (to) noncapital and related financing activities:	
Transfers from other funds	\$ 11,472
Transfers (to) other funds	(1,296,234)
Net cash provided (used) by noncapital and related financing activities	<u>\$ (1,284,762)</u>
Net increase (decrease) in cash and cash equivalents	\$ 128,253
Cash and cash equivalents at beginning of year	<u>1,293,233</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,421,486</u></u>

TOWN OF VIENNA, VIRGINIA

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2008 (continued)

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$	1,048,662
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		429,335
Miscellaneous income		77,415
Increase (decrease) in allowance for uncollectibles		(22,000)
Loss on disposition of capital assets		24,389
Changes in operating accounts:		
Accounts receivable		(23,865)
Unbilled service charges		19,883
Inventory		(46,821)
Accounts payable and accrued liabilities		(54,785)
Due to other funds		(1,590)
Escrow and other deposits		(4,553)
Due to other governments		91,091
Accrued leave		4,200
Net cash provided (used) by operating activities	\$	<u>1,541,361</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, 2008

Assets:

Investment in State Treasurer's Local Government	
Investment Pool	\$ 5,177,368
Accounts receivable	<u>50,847</u>
Total assets	\$ <u>5,228,215</u>

Liabilities:

Accounts payable	\$ <u>10,924</u>
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Net Assets:

Held in trust for pension benefits	\$ <u><u>5,217,291</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, 2008

Additions:	
Contributions:	
Employer	\$ 263,200
Plan members	<u>40,037</u>
Total contributions	\$ 303,237
Investment income:	
Interest earned on investments	<u>212,207</u>
Total additions	<u>\$ 515,444</u>
Deductions:	
Pension benefit payments	\$ 301,612
Other charges	<u>9,650</u>
Total deductions	<u>\$ 311,262</u>
Net increase in plan assets	\$ 204,182
Net assets held in trust for pension benefits:	
Balance, beginning of year	<u>5,013,109</u>
Balance, end of year	<u><u>\$ 5,217,291</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, 2008

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, 2008 (continued)

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, 2008 (continued)

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, 2008 (continued)

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 2008.

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, 2008 (continued)

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, 2008 (continued)**

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, 2008 (continued)

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, 2008.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2008.

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, 2008 (continued)**

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 (2008). 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, 2008 (continued)**

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 \$173,000 at June 30, 2008 and is comprised of the following:

General Fund:		
Taxes receivable	\$	4,000
Water and Sewer Fund:		
Accounts receivable		<u>169,000</u>
Total	\$	<u><u>173,000</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, 2008 (continued)

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, 2008. 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 \$198,704 and the bank balances were \$140,151.

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, 2008 consisted solely of investment in the Commonwealth of Virginia Local Government Investment Pool.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2008 (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, 2008 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Locality's Rated Debt Investments	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Investment in State Treasurer's Local Government Investment Pool (LGIP) (1)	<u>\$ 23,785,557</u>

- (1) The fair value of the position in the pool is the same as the value of the pool shares. As this pool is not SEC registered, the Treasurer of Virginia is responsible for the regulatory oversight of the pool. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Reconciliation of Deposits and Investments

Cash and cash equivalents - Per Exhibit 1	\$ 18,808,974
Fiduciary funds	<u>5,177,368</u>
Total cash and investments	<u>\$ 23,986,342</u>
Cash:	
Deposits	\$ 198,704
Cash on hand and cash items	<u>2,081</u>
Total cash	<u>\$ 200,785</u>
Investments	<u>\$ 23,785,557</u>
Total cash and investments	<u>\$ 23,986,342</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 3 - PROPERTY TAXES:

Real property taxes are levied on July 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the State of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal 2008 was \$.1996 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	Capital Projects Fund	Total	Water & Sewer Fund
Property taxes	\$ 16,672	\$ -	\$ -	\$ 16,672	\$ -
Consumer utility taxes	53,933	-	-	53,933	-
Business license fees	18,436	-	-	18,436	-
Meals taxes	-	240,984	-	240,984	-
Water and sewer charges	-	-	-	-	845,649
Unbilled revenues	-	-	-	-	636,145
Other	66,726	-	12,500	79,226	-
Total	\$ 155,767	\$ 240,984	\$ 12,500	\$ 409,251	\$ 1,481,794
Less: Allowance for uncollectibles	(4,000)	-	-	(4,000)	(169,000)
Net accounts receivable	\$ 151,767	\$ 240,984	\$ 12,500	\$ 405,251	\$ 1,312,794

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 5 - DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments are detailed as follows:

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
Commonwealth of Virginia:				
Virginia Department of Highways	\$ -	\$ 50,989	\$ 137	\$ 51,126
Criminal Justice grants	1,235	-	-	1,235
County of Fairfax, Virginia:				
Local sales tax	206,417	-	-	206,417
Communications tax	196,842	-	-	196,842
Court fines and forfeitures	21,287	-	-	21,287
Other	2,149	-	-	2,149
County of Loudoun, Virginia:				
Gang grant	26,190	-	-	26,190
County of Arlington, Virginia:				
Drug Trafficking Grant	7,479	-	-	7,479
Total	<u>\$ 461,599</u>	<u>\$ 50,989</u>	<u>\$ 137</u>	<u>\$ 512,725</u>

NOTE 6 - INTERFUND BALANCES AND ACTIVITY:

Details of interfund receivables, payables and activity as of June 30, 2008 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	\$ 27,172
Water and Sewer	Debt Service	6,812
General	Capital Projects	87,309
Total		<u>\$ 121,293</u>

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 962,000
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	11,472
Transfers to the Capital Projects Fund from the General Fund for capital projects	98,188
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	<u>327,422</u>
Total transfers	<u>\$ 1,399,082</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2008 (continued)

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land and land improvements	\$ 4,618,781	\$ 203,781	\$ -	\$ 4,822,562
Construction in progress - infrastructure	5,058,730	4,954,132	2,543,570	7,469,292
Construction in progress - other	735,598	244,157	342,611	637,144
Total capital assets not being depreciated	<u>\$ 10,413,109</u>	<u>\$ 5,402,070</u>	<u>\$ 2,886,181</u>	<u>\$ 12,928,998</u>
Other capital assets:				
Buildings and improvements	\$ 12,960,730	\$ 482,189	\$ -	\$ 13,442,919
Infrastructure	57,450,159	4,001,662	-	61,451,821
Office and other equipment	1,913,009	43,700	-	1,956,709
Automotive and other equipment	4,283,498	371,441	493,218	4,161,721
Total other capital assets	<u>\$ 76,607,396</u>	<u>\$ 4,898,992</u>	<u>\$ 493,218</u>	<u>\$ 81,013,170</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 3,647,309	\$ 442,075	\$ 976	\$ 4,088,408
Infrastructure	33,239,404	2,382,066	-	35,621,470
Office and other equipment	800,655	113,404	-	914,059
Automotive and other equipment	2,082,813	353,432	465,837	1,970,408
Total accumulated depreciation	<u>\$ 39,770,181</u>	<u>\$ 3,290,977</u>	<u>\$ 466,813</u>	<u>\$ 42,594,345</u>
Net capital assets	<u>\$ 47,250,324</u>	<u>\$ 7,010,085</u>	<u>\$ 2,912,586</u>	<u>\$ 51,347,823</u>
Depreciation expense has been allocated as follows:				
General government administration		\$ 112,680		
Public safety		200,487		
Public works		2,787,503		
Parks and recreation		185,923		
Community development		4,384		
Total depreciation expense		<u>\$ 3,290,977</u>		

Business-Type Activities:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Other capital assets:				
Automotive equipment	\$ 879,500	\$ 55,235	\$ 59,382	\$ 875,353
Improvements	16,896,447	251,979	-	17,148,426
Total capital assets	<u>\$ 17,775,947</u>	<u>\$ 307,214</u>	<u>\$ 59,382</u>	<u>\$ 18,023,779</u>
Less: Accumulated depreciation for:				
Automotive equipment	\$ 395,971	\$ 58,463	\$ 59,382	\$ 395,052
Improvements	8,471,434	370,872	-	8,842,306
Total accumulated depreciation	<u>\$ 8,867,405</u>	<u>\$ 429,335</u>	<u>\$ 59,382</u>	<u>\$ 9,237,358</u>
Net capital assets	<u>\$ 8,908,542</u>	<u>\$ (122,121)</u>	<u>\$ -</u>	<u>\$ 8,786,421</u>

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 2,274,613	\$ 91,607	\$ 370,956
Business activities	396,391	25,853	68,945
Total	<u>\$ 2,671,004</u>	<u>\$ 117,460</u>	<u>\$ 439,901</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 8 - DEFERRED REVENUE:

	Government-wide	
	<u>Statements</u>	
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Funds</u>
A. <i>Unearned Property Tax Revenue</i> - Unearned revenue representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 40,641
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	450,429	450,429
Total	<u>\$ 450,429</u>	<u>\$ 491,070</u>

NOTE 9 - LONG-TERM OBLIGATIONS:

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

Governmental Activities:

Year Ending June 30,	<u>General Obligation Debt</u>		<u>Capital Lease</u>	
	<u>Public</u>		<u>Obligations</u>	
	<u>Improvement Bonds</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>		
2009	\$ 1,926,667	\$ 499,807	\$ 409,374	\$ 44,831
2010	1,626,667	421,759	403,904	30,353
2011	1,626,667	351,378	291,042	16,148
2012	1,301,667	288,802	157,869	5,557
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>\$ 12,370,003</u>	<u>\$ 2,420,453</u>	<u>\$ 1,262,189</u>	<u>\$ 96,889</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Business-Type Activities:

Year Ending June 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
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>\$ 1,056,176</u>	<u>\$ 615,999</u>	<u>\$ 106,221</u>	<u>\$ 8,232</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, 2008.

	Bonds	Capital Leases	Total
Balance, July 1, 2007	<u>\$ 14,296,670</u>	<u>\$ 1,042,950</u>	<u>\$ 15,339,620</u>
Increases:			
Capital leases	\$ -	\$ 600,000	\$ 600,000
Total increases	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Retirements:			
Public improvement bonds	\$ 1,926,667	\$ -	\$ 1,926,667
Capital leases	-	380,761	380,761
Total retirements	<u>\$ 1,926,667</u>	<u>\$ 380,761</u>	<u>\$ 2,307,428</u>
Balance, June 30, 2008	<u>\$ 12,370,003</u>	<u>\$ 1,262,189</u>	<u>\$ 13,632,192</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Changes in Long-term Debt: (continued)

The following is a summary of business activities long-term debt of the Town for the year ended June 30, 2008.

	<u>Note Payable</u>	<u>Capital Leases</u>	<u>Total</u>
Balance, July 1, 2007	\$ 1,094,988	\$ 179,837	\$ 1,274,825
Increases:			
Capital leases	\$ -	\$ -	\$ -
Total increases	\$ -	\$ -	\$ -
Retirements:			
Note payable	\$ 38,812	\$ -	\$ 38,812
Capital leases	-	73,616	73,616
Total retirements	\$ 38,812	\$ 73,616	\$ 112,428
Balance, June 30, 2008	<u>\$ 1,056,176</u>	<u>\$ 106,221</u>	<u>\$ 1,162,397</u>

Gross amounts of assets acquired by capital leases during fiscal year 2008:

Equipment	<u>\$ 392,942</u>
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Note: Capital lease proceeds are received 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%	\$ 300,000	\$ 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%	975,000	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%	1,625,000	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%	2,240,000	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%	2,940,003	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>4,290,000</u>	<u>330,000</u>
Total public improvement bonds	<u>\$ 12,370,003</u>	<u>\$ 1,926,667</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 9 - 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%	\$ 1,056,176	\$ 41,140
<u>Capital Lease Obligations:</u>		
\$134,741 capital lease obligations due in annual installments of \$33,685 through April 30, 2009, interest payable at 3.88%	\$ 33,687	\$ 33,687
\$534,000 capital lease obligations due in annual installments of \$145,815 through December 29, 2009, interest payable at 3.63%	276,505	135,791
\$600,000 capital lease obligations due in annual installments of \$164,399 through March 30, 2011, interest payable at 3.77%	458,218	147,124
\$600,000 capital lease obligations due in annual installments of \$163,425 through October 12, 2011, interest payable at 3.52%	<u>600,000</u>	<u>142,308</u>
Total capital lease obligations	<u>\$ 1,368,410</u>	<u>\$ 458,910</u>
Total general long-term obligations	<u>\$ 14,794,589</u>	<u>\$ 2,426,717</u>

Federal Arbitrage Regulations:

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

NOTE 10 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

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

	Governmental Activities	Business-Type Activities	Total
Balance, July 1, 2007	\$ 935,456	\$ 97,042	\$ 1,032,498
Increases	976,152	101,242	1,077,394
Decreases	(935,456)	(97,042)	(1,032,498)
Balance, June 30, 2008	<u>\$ 976,152</u>	<u>\$ 101,242</u>	<u>\$ 1,077,394</u>
Amounts due within one year	\$ 878,537	\$ 91,118	\$ 969,655
Amounts due after one year	97,615	10,124	107,739
Total	<u>\$ 976,152</u>	<u>\$ 101,242</u>	<u>\$ 1,077,394</u>

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS:

A. Plan Description - Virginia Retirement System

Name of Plan: Virginia Retirement System (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, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs 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 General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or 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, 2008 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

A. Plan Description - Virginia Retirement System (continued)

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be 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 Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2008 was 11.74% of the annual covered payroll.

Annual Pension Cost

For fiscal year 2008, the Town's annual pension cost of \$1,106,443 was equal to the Town's required and actual contributions.

<u>Trend Information</u>			
<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, 2004	\$ 302,605	100%	\$ -
June 30, 2005	676,421	100%	-
June 30, 2006	719,191	100%	-
June 30, 2007	1,023,557	100%	-
June 30, 2008	1,106,443	100%	-

* Includes employer contributions only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2008 (continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

A. Plan Description - Virginia Retirement System (continued)

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the Town's plan was 84.51% funded. The actuarial accrued liability for benefits was \$41,737,362, and the actuarial value of assets was \$35,271,566, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,465,796. The covered payroll (annual payroll of active employees covered by the plan) was \$8,690,608, and ratio of the UAAL to the covered payroll was 74.40%.

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

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2008 (continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

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.

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, 2008 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Funding Policy and Annual Pension Cost

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

	<u>Local Retirement Plan</u>	<u>Police Retirement Plan</u>
Contribution rate: (1)		
Town	7.20%	4.73%
Plan members	-	1.50%
Annual pension cost (1)	\$134,812	\$98,762
Contributions made (1)	\$134,812	\$98,762
Actuarial valuation date	January 1, 2008	January 1, 2008
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, 2007

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Funding Policy and Annual Pension Cost (continued)

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

<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:			
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%	-
2007	134,812	100%	-
Police Plan:			
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%	-
2007	98,762	100%	-

* Employer cost only

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Other Information

The Town's membership in the Local and Police Plans at January 1, 2008 is as follows:

	Local Retirement Plan	Police Retirement Plan
Retirees and beneficiaries	50	26
Terminated vested members	70	-
Disabled	7	-
Active members	34	40
Total	<u>161</u>	<u>66</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
Assets:			
Investments - LGIP	\$ 2,198,050	\$ 2,979,318	\$ 5,177,368
Accounts receivable	23,094	27,753	50,847
Total assets	<u>\$ 2,221,144</u>	<u>\$ 3,007,071</u>	<u>\$ 5,228,215</u>
Liabilities:			
Accounts payable	\$ 4,759	\$ 6,165	\$ 10,924
Total liabilities	<u>\$ 4,759</u>	<u>\$ 6,165</u>	<u>\$ 10,924</u>
Net Assets:			
Net assets held in trust for pension benefits	<u>\$ 2,216,385</u>	<u>\$ 3,000,906</u>	<u>\$ 5,217,291</u>
Additions:			
Contributions:			
Employer	\$ 137,480	\$ 125,720	\$ 263,200
Plan members	-	40,037	40,037
Total contributions	<u>\$ 137,480</u>	<u>\$ 165,757</u>	<u>\$ 303,237</u>
Investment income:			
Interest earned on investments	89,802	122,405	212,207
Total additions	<u>\$ 227,282</u>	<u>\$ 288,162</u>	<u>\$ 515,444</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2008 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Other Information (continued)

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
<i>(table continued from previous page)</i>			
Deductions:			
Pension benefit payments	\$ 130,332	\$ 171,280	\$ 301,612
Other charges	4,825	4,825	9,650
Total deductions	\$ 135,157	\$ 176,105	\$ 311,262
Net increase in plan assets	\$ 92,125	\$ 112,057	\$ 204,182
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,124,260	2,888,849	5,013,109
Balance, end of year	\$ 2,216,385	\$ 3,000,906	\$ 5,217,291

NOTE 12 - 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 \$170,070, and employee contributions were \$79,460 for fiscal year 2008.

NOTE 13 - 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 \$16,000 in 2008. Employees who are age 50 or older may defer up to \$21,000 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, 2008 (continued)**

NOTE 13 - 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 14 - LITIGATION:

There was no pending or threatened litigation at June 30, 2008 that would materially affect the financial statements.

NOTE 15 - COMMITMENTS:

Lease Commitments

The Town is committed under various short-term operating leases including those for rental of a storage facility and copier lease. The leases may be revoked by the Town without penalty upon 30 days notice to the lessor. The Town paid approximately \$3,313 per month during the year ended June 30, 2008 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2008 approximated \$39,751.

NOTE 16 - 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 17 - 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, 2008 (continued)**

NOTE 17 - 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 18 - SUBSEQUENT EVENTS:

On July 7, 2008 the Town Council approved the awarding of a four year capital lease contract in the amount of \$600,000 in order to finance the vehicle and equipment replacement program for fiscal year ending June 30, 2009.

NOTE 19 - RESTATEMENT OF BEGINNING FUND BALANCES / NET ASSETS:

Certain amounts in the beginning fund balances and net assets have been restated in fiscal year 2008 as follows:

	<u>Business-Type Activities</u>
Beginning net assets, as previously reported	\$ 8,201,054
Elimination of a prior year liability deemed to be a disputed claim	712,564
Beginning net assets, as restated	<u>\$ 8,913,618</u>

- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 7,818,249	\$ 7,818,249	\$ 7,850,154	\$ 31,905
Other local taxes	6,354,900	6,354,900	6,376,604	21,704
Permits, privilege fees and regulatory licenses	66,500	66,500	106,291	39,791
Fines and forfeitures	267,500	267,500	227,215	(40,285)
Use of money and property	604,000	604,000	508,026	(95,974)
Charges for services	700,000	700,000	800,382	100,382
Miscellaneous	72,100	126,839	291,872	165,033
Intergovernmental:				
Revenue from the Commonwealth	1,911,218	1,918,718	1,912,249	(6,469)
Revenue from the Federal Government	-	107,073	107,072	(1)
Total revenues	<u>\$ 17,794,467</u>	<u>\$ 17,963,779</u>	<u>\$ 18,179,865</u>	<u>\$ 216,086</u>
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 381,668	\$ 384,199	\$ 352,464	\$ 31,735
General and financial administration	3,190,701	3,217,284	2,930,344	286,940
Board of elections	1,925	1,925	1,200	725
Total general government administration	<u>\$ 3,574,294</u>	<u>\$ 3,603,408</u>	<u>\$ 3,284,008</u>	<u>\$ 319,400</u>
Public Safety:				
Law enforcement and traffic control	\$ 5,215,356	\$ 5,896,964	\$ 5,575,230	\$ 321,734
Volunteer fire department	53,500	53,500	63,099	(9,599)
Other protection	73,653	73,653	76,627	(2,974)
Total public safety	<u>\$ 5,342,509</u>	<u>\$ 6,024,117</u>	<u>\$ 5,714,956</u>	<u>\$ 309,161</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 2,782,847	\$ 3,429,982	\$ 2,959,392	\$ 470,590
Sanitation and waste removal	1,444,926	1,406,152	1,315,219	90,933
Maintenance of buildings and grounds	2,171,259	2,170,605	2,113,399	57,206
Total public works	<u>\$ 6,399,032</u>	<u>\$ 7,006,739</u>	<u>\$ 6,388,010</u>	<u>\$ 618,729</u>

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2008 (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	\$ 284,676	\$ 284,676	\$ 294,054	\$ (9,378)
Parks, recreation and cultural:				
Parks and recreation	\$ 2,709,710	\$ 2,823,342	\$ 2,863,952	\$ (40,610)
Community Development:				
Planning and community development	\$ 721,183	\$ 727,864	\$ 729,537	\$ (1,673)
Debt Service:				
Principal	\$ 373,552	\$ 373,552	\$ 380,761	\$ (7,209)
Interest and fiscal charges	51,408	51,408	37,127	14,281
Total debt service	\$ 424,960	\$ 424,960	\$ 417,888	\$ 7,072
Total expenditures	\$ 19,456,364	\$ 20,895,106	\$ 19,692,405	\$ 1,202,701
Excess (deficiency) of revenues over expenditures	\$ (1,661,897)	\$ (2,931,327)	\$ (1,512,540)	\$ 1,418,787
Other Financing Sources (Uses)				
Long term debt issued	\$ -	\$ 600,000	\$ 600,000	\$ -
Transfers in	962,000	962,000	962,000	-
Transfers out	-	(96,500)	(98,188)	(1,688)
Total other financing sources (uses)	\$ 962,000	\$ 1,465,500	\$ 1,463,812	\$ (1,688)
Net change in fund balance	\$ (699,897)	\$ (1,465,827)	\$ (48,728)	\$ 1,417,099
Fund balance, beginning of year	<u>699,897</u>	<u>1,465,827</u>	<u>8,255,309</u>	<u>6,789,482</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,206,581</u>	<u>\$ 8,206,581</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, 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%
June 30, 2007	35,271,566	41,737,362	6,465,796	84.51%	8,690,608	74.40%
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%
January 1, 2008	2,182,001	3,120,154	938,153	69.9%	1,723,132	54.4%
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%
January 1, 2008	2,958,622	3,266,674	308,052	90.6%	2,672,310	11.5%

- Other Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Assets
At June 30, 2008

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Total
Assets:			
Investment in State Treasurer's Local Government Investment Pool	\$ 2,198,050	\$ 2,979,318	\$ 5,177,368
Accounts receivable	23,094	27,753	50,847
Total assets	\$ 2,221,144	\$ 3,007,071	\$ 5,228,215
Liabilities:			
Accounts payable	\$ 4,759	\$ 6,165	\$ 10,924
Net Assets:			
Net assets held in trust for pension benefits	\$ 2,216,385	\$ 3,000,906	\$ 5,217,291

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2008

	Local Retirement Fund	Police Retirement Fund	Total
Additions:			
Contributions:			
Employer	\$ 137,480	\$ 125,720	\$ 263,200
Plan members	-	40,037	40,037
Total contributions	\$ 137,480	\$ 165,757	\$ 303,237
Investment income:			
Interest earned on investments	89,802	122,405	212,207
Total additions	\$ 227,282	\$ 288,162	\$ 515,444
Deductions:			
Pension benefit payments	\$ 130,332	\$ 171,280	\$ 301,612
Other charges	4,825	4,825	9,650
Total deductions	\$ 135,157	\$ 176,105	\$ 311,262
Net increase in plan assets	\$ 92,125	\$ 112,057	\$ 204,182
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,124,260	2,888,849	5,013,109
Balance, end of year	\$ 2,216,385	\$ 3,000,906	\$ 5,217,291

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,727,249	\$ 7,727,249	\$ 7,743,005	\$ 15,756
Public service corporation taxes:				
Real property	65,000	65,000	79,074	14,074
Penalties and interest	26,000	26,000	28,075	2,075
Total general property taxes	<u>\$ 7,818,249</u>	<u>\$ 7,818,249</u>	<u>\$ 7,850,154</u>	<u>\$ 31,905</u>
Other local taxes:				
Local sales and use taxes	\$ 1,262,100	\$ 1,262,100	\$ 1,214,258	\$ (47,842)
Consumer utility taxes	680,000	680,000	660,742	(19,258)
Business license tax	2,085,000	2,085,000	2,095,137	10,137
Communication sales and use tax	900,000	900,000	1,225,144	325,144
Bank franchise taxes	475,000	475,000	420,385	(54,615)
Motor vehicle licenses	-	-	12,213	12,213
Tobacco tax	468,000	468,000	429,906	(38,094)
Fiber-optic franchise tax	27,800	27,800	28,584	784
Telecommunications tax	130,000	130,000	128,220	(1,780)
Cable TV franchise fee	172,000	172,000	-	(172,000)
Media general franchise fees and related taxes	95,000	95,000	102,182	7,182
Utility consumption taxes	60,000	60,000	59,833	(167)
Total other local taxes	<u>\$ 6,354,900</u>	<u>\$ 6,354,900</u>	<u>\$ 6,376,604</u>	<u>\$ 21,704</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 6,910	\$ (90)
Other permits, privilege fees and regulatory licenses	59,500	59,500	99,381	39,881
Total permits, privilege fees and regulatory licenses	<u>\$ 66,500</u>	<u>\$ 66,500</u>	<u>\$ 106,291</u>	<u>\$ 39,791</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 267,500	\$ 267,500	\$ 227,215	\$ (40,285)

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Revenue from use of money and property:				
Interest on bank deposits	\$ 520,000	\$ 520,000	\$ 423,684	\$ (96,316)
Concessions and rentals	84,000	84,000	84,342	342
Total revenue from use of money and property	<u>\$ 604,000</u>	<u>\$ 604,000</u>	<u>\$ 508,026</u>	<u>\$ (95,974)</u>
Charges for services:				
Recreation fees	\$ 690,000	\$ 690,000	\$ 786,722	\$ 96,722
Police reimbursements	-	-	3,729	3,729
Special service fees	10,000	10,000	9,931	(69)
Total charges for services	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 800,382</u>	<u>\$ 100,382</u>
Miscellaneous revenue:				
Miscellaneous income	\$ 72,100	\$ 126,839	\$ 291,872	\$ 165,033
Total revenue from local sources	<u>\$ 15,883,249</u>	<u>\$ 15,937,988</u>	<u>\$ 16,160,544</u>	<u>\$ 222,556</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	-	-	28	28
Rolling stock tax	-	-	789	789
Total non-categorical aid	<u>\$ 17,354</u>	<u>\$ 17,354</u>	<u>\$ 18,171</u>	<u>\$ 817</u>
Categorical aid:				
Street and highway maintenance	\$ 1,409,711	\$ 1,409,711	\$ 1,396,591	\$ (13,120)
Litter control	-	-	4,751	4,751
Law enforcement assistance	-	7,500	7,500	-
Public safety grants	455,653	455,653	447,137	(8,516)
Fire funds	28,500	28,500	38,099	9,599
Total Categorical aid	<u>\$ 1,893,864</u>	<u>\$ 1,901,364</u>	<u>\$ 1,894,078</u>	<u>\$ (7,286)</u>
Total revenue from the Commonwealth	<u>\$ 1,911,218</u>	<u>\$ 1,918,718</u>	<u>\$ 1,912,249</u>	<u>\$ (6,469)</u>

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Federal revenue:				
Categorical aid:				
Public safety grants	\$ -	\$ 107,073	\$ 107,072	\$ (1)
Total revenue from the federal government	\$ -	\$ 107,073	\$ 107,072	\$ (1)
Total General Fund	<u>\$ 17,794,467</u>	<u>\$ 17,963,779</u>	<u>\$ 18,179,865</u>	<u>\$ 216,086</u>
<u>Debt Service Fund:</u>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,343,800	\$ 2,343,800	\$ 2,385,355	\$ 41,555
Revenue from use of money and property:				
Interest on bank deposits	180,150	180,150	159,265	(20,885)
Miscellaneous revenue:				
Miscellaneous income	-	-	160	160
Total Debt Service Fund	<u>\$ 2,523,950</u>	<u>\$ 2,523,950</u>	<u>\$ 2,544,780</u>	<u>\$ 20,830</u>
<u>Capital Projects Fund:</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 178,656	\$ 178,656
Total revenue from use of money and property	\$ -	\$ -	\$ 178,656	\$ 178,656
Miscellaneous revenue:				
Other	\$ -	\$ 12,500	\$ 76,806	\$ 64,306
Total miscellaneous revenue	\$ -	\$ 12,500	\$ 76,806	\$ 64,306
Total revenue from local sources	\$ -	\$ 12,500	\$ 255,462	\$ 242,962
Federal revenue:				
Housing and urban development	\$ -	\$ -	\$ 61,333	\$ 61,333
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 316,795</u>	<u>\$ 304,295</u>
Grand Total All Governmental Funds	<u>\$ 20,318,417</u>	<u>\$ 20,500,229</u>	<u>\$ 21,041,440</u>	<u>\$ 541,211</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

**Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2008**

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>General Fund:</u>				
General Government Administration:				
Legislative:				
Town council	\$ 119,573	\$ 120,661	\$ 112,907	\$ 7,754
Boards and commissions	56,272	56,272	47,347	8,925
Town clerk	205,823	207,266	192,210	15,056
Total legislative	<u>\$ 381,668</u>	<u>\$ 384,199</u>	<u>\$ 352,464</u>	<u>\$ 31,735</u>
General and Financial Administration:				
Town manager	\$ 273,973	\$ 277,085	\$ 267,636	\$ 9,449
Administrative services	406,397	372,490	363,142	9,348
Legal services	217,361	217,361	211,944	5,417
Financial administration	411,056	423,609	401,498	22,111
Disbursement operations	126,557	133,440	133,187	253
Data processing	63,420	74,920	38,910	36,010
Risk management	532,004	549,504	499,211	50,293
Information technology	226,315	226,849	218,315	8,534
Purchasing	123,840	121,840	118,266	3,574
Revenue operations	299,414	308,536	302,075	6,461
Public information	149,530	150,816	136,530	14,286
Central services	251,834	208,102	151,658	56,444
PC replacement	109,000	152,732	87,972	64,760
Total general and financial administration	<u>\$ 3,190,701</u>	<u>\$ 3,217,284</u>	<u>\$ 2,930,344</u>	<u>\$ 286,940</u>
Board of Elections:				
Elections	\$ 1,925	\$ 1,925	\$ 1,200	\$ 725
Total general government administration	<u>\$ 3,574,294</u>	<u>\$ 3,603,408</u>	<u>\$ 3,284,008</u>	<u>\$ 319,400</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 657,530	\$ 684,159	\$ 726,856	\$ (42,697)
Uniform patrol	2,012,057	2,013,462	2,226,214	(212,752)
Communications	839,430	842,036	617,367	224,669
Investigations	931,179	931,179	863,171	68,008
Community services	116,274	143,940	114,139	29,801
Traffic unit	658,886	658,886	628,767	30,119
Vehicle replacement	-	189,198	106,489	82,709
Other law enforcement and traffic control	-	434,104	292,227	141,877
Total law enforcement and traffic control	<u>\$ 5,215,356</u>	<u>\$ 5,896,964</u>	<u>\$ 5,575,230</u>	<u>\$ 321,734</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2008 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Public Safety: (continued)				
Fire and rescue:				
Volunteer fire department	\$ 53,500	\$ 53,500	\$ 63,099	\$ (9,599)
Other protection:				
Personal property/animal control	73,653	73,653	76,627	(2,974)
Total public safety	<u>\$ 5,342,509</u>	<u>\$ 6,024,117</u>	<u>\$ 5,714,956</u>	<u>\$ 309,161</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 632,777	\$ 647,777	\$ 628,246	\$ 19,531
Street maintenance	1,703,683	1,884,911	1,766,398	118,513
Street maintenance equipment	-	334,400	188,216	146,184
Snow removal	110,835	108,835	103,574	5,261
Traffic engineering	335,552	454,059	272,958	181,101
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 2,782,847</u>	<u>\$ 3,429,982</u>	<u>\$ 2,959,392</u>	<u>\$ 470,590</u>
Sanitation and waste removal:				
Sanitation	\$ 853,805	\$ 860,305	\$ 828,565	\$ 31,740
Refuse disposal	416,822	396,548	356,263	40,285
Fall/spring cleanup - leaf collection and other	174,299	149,299	130,391	18,908
Total sanitation and waste removal	<u>\$ 1,444,926</u>	<u>\$ 1,406,152</u>	<u>\$ 1,315,219</u>	<u>\$ 90,933</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,143,278	\$ 1,160,471	\$ 1,175,442	\$ (14,971)
Maintenance of buildings and grounds	1,027,981	1,010,134	937,957	72,177
Total maintenance of buildings and grounds	<u>\$ 2,171,259</u>	<u>\$ 2,170,605</u>	<u>\$ 2,113,399</u>	<u>\$ 57,206</u>
Total public works	<u>\$ 6,399,032</u>	<u>\$ 7,006,739</u>	<u>\$ 6,388,010</u>	<u>\$ 618,729</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	<u>\$ 284,676</u>	<u>\$ 284,676</u>	<u>\$ 294,054</u>	<u>\$ (9,378)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2008 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 509,667	\$ 509,667	\$ 514,474	\$ (4,807)
Parks and recreation programs	446,447	446,447	473,317	(26,870)
General maintenance	901,640	905,250	946,763	(41,513)
Community center	483,361	483,661	496,037	(12,376)
Special events	161,200	192,891	179,052	13,839
Vehicle replacement	-	76,402	43,003	33,399
Teen Center	168,395	168,395	170,552	(2,157)
Historic preservation	39,000	40,629	40,754	(125)
Total parks and recreation	<u>\$ 2,709,710</u>	<u>\$ 2,823,342</u>	<u>\$ 2,863,952</u>	<u>\$ (40,610)</u>
Community Development:				
Planning and community development:				
Litter control	\$ -	\$ -	\$ 3,063	\$ (3,063)
Planning and zoning	700,343	706,524	706,934	(410)
Various contributions	20,840	21,340	19,540	1,800
Total planning and community development	<u>\$ 721,183</u>	<u>\$ 727,864</u>	<u>\$ 729,537</u>	<u>\$ (1,673)</u>
Debt Service:				
Principal on capital lease obligation	\$ 373,552	\$ 373,552	\$ 380,761	\$ (7,209)
Interest on capital leases	51,408	51,408	37,127	14,281
Total debt service	<u>\$ 424,960</u>	<u>\$ 424,960</u>	<u>\$ 417,888</u>	<u>\$ 7,072</u>
Total General Fund	<u>\$ 19,456,364</u>	<u>\$ 20,895,106</u>	<u>\$ 19,692,405</u>	<u>\$ 1,202,701</u>
Debt Service Fund:				
Debt Service:				
Principal retirement	\$ 1,926,667	\$ 1,926,667	\$ 1,926,667	\$ -
Interest and fiscal charges	585,944	585,944	586,424	(480)
Total Debt Service Fund	<u>\$ 2,512,611</u>	<u>\$ 2,512,611</u>	<u>\$ 2,513,091</u>	<u>\$ (480)</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

**Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2008 (continued)**

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>Capital Projects Fund:</u>				
Capital projects:				
Water tanks and well generators	\$ -	\$ 477,004	\$ -	\$ 477,004
Parks and recreation projects	-	239,117	149,423	89,694
Records storage facility	-	143,085	264,286	(121,201)
HVAC upgrades	-	75,000	20,461	54,539
Computer replacements	-	43,868	41,818	2,050
Street improvement projects	-	1,326,360	134,529	1,191,831
Storm drainage project	-	202,500	189,405	13,095
Other capital projects and administration	-	215,292	-	215,292
Total Capital Projects Fund	\$ -	\$ 2,722,226	\$ 799,922	\$ 1,922,304
Grand Total Expenditures--All Governmental Funds	\$ 21,968,975	\$ 26,129,943	\$ 23,005,418	\$ 3,124,525

- Statistical Section -

Contents	Tables
Financial Trends: These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity: 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
Debt Capacity: These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future.	11 - 15
Demographic and Economic Information: 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
Operating Information: These tables contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates 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.

TOWN OF VIENNA, VIRGINIA

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

	<u>2003</u>	<u>2004</u>
Governmental activities:		
Invested in capital assets, net of related debt	\$ 2,013,207	\$ 29,320,220
Unrestricted	<u>11,662,319</u>	<u>11,596,849</u>
Total governmental activities net assets	<u>\$ 13,675,526</u>	<u>\$ 40,917,069</u>
Business-type activities:		
Invested in capital assets, net of related debt	\$ 8,366,047	\$ 8,078,116
Unrestricted	<u>2,907,426</u>	<u>1,853,386</u>
Total business-type activities net assets	<u>\$ 11,273,473</u>	<u>\$ 9,931,502</u>
Total primary government net assets	<u>\$ 24,948,999</u>	<u>\$ 50,848,571</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 1

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 29,665,051	\$ 26,085,741	\$ 31,965,939	\$ 37,791,201
<u>12,187,531</u>	<u>16,650,491</u>	<u>15,418,559</u>	<u>15,284,033</u>
<u>\$ 41,852,582</u>	<u>\$ 42,736,232</u>	<u>\$ 47,384,498</u>	<u>\$ 53,075,234</u>
\$ 7,611,414	\$ 7,926,642	\$ 7,633,717	\$ 7,624,024
<u>1,247,232</u>	<u>720,796</u>	<u>567,337</u>	<u>1,431,406</u>
<u>\$ 8,858,646</u>	<u>\$ 8,647,438</u>	<u>\$ 8,201,054</u>	<u>\$ 9,055,430</u>
<u>\$ 50,711,228</u>	<u>\$ 51,383,670</u>	<u>\$ 55,585,552</u>	<u>\$ 62,130,664</u>

TOWN OF VIENNA, VIRGINIA

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

	2003	2004
Expenses:		
Governmental Activities:		
General government	\$ 2,786,245	\$ 2,948,861
Public safety	4,176,902	4,208,668
Public works	5,316,915	7,052,387
Health and welfare	133,572	158,447
Parks, recreation and cultural	2,004,775	2,285,303
Community development	504,473	527,204
Interest on long-term debt	810,906	725,405
Total governmental activities expenses	<u>\$ 15,733,788</u>	<u>\$ 17,906,275</u>
Business type activities:		
Water and sewer	3,967,057	4,641,190
Total expenses	<u>\$ 19,700,845</u>	<u>\$ 22,547,465</u>
Program Revenues:		
Governmental Activities:		
Charges for services		
General government	\$ 9,780	\$ 7,425
Public safety	362,547	531,180
Public works	254,660	255,027
Parks, recreation and cultural	409,092	506,887
Operating grants and contributions	1,646,632	1,830,979
Capital grants and contributions	1,866,584	44,691
Total governmental activities program revenues	<u>\$ 4,549,295</u>	<u>\$ 3,176,189</u>
Business type activities:		
Water and sewer		
Charges for services	\$ 4,335,339	\$ 4,388,312
Operating grants and contributions	-	12,101
Total business type activities	<u>\$ 4,335,339</u>	<u>\$ 4,400,413</u>
Total revenues	<u>\$ 8,884,634</u>	<u>\$ 7,576,602</u>
Net (expenses)/revenues	<u>\$ (10,816,211)</u>	<u>\$ (14,970,863)</u>
General Revenues and Other Changes in Net Assets:		
Governmental Activities:		
Taxes:		
General real property taxes	\$ 5,908,768	\$ 6,630,581
Local sales and use taxes	968,684	1,088,688
Communication sales and use taxes	-	-
Consumer utility taxes	1,036,740	1,211,958
Business license taxes	1,703,461	1,818,112
Meals and lodging taxes	1,887,503	2,092,435
Other	1,294,886	1,481,554
Grants and contributions not restricted to specific programs	33,848	35,852
Unrestricted revenues from the use of money and property	204,866	150,636
Miscellaneous	510,085	276,978
Transfers	877,597	1,193,488
Total governmental activities general revenues	<u>\$ 14,426,438</u>	<u>\$ 15,980,282</u>
Business type activities:		
Investment earnings	\$ 54,840	\$ 34,391
Miscellaneous	26,896	33,903
Capital contributions	137,620	24,000
Transfers	(877,597)	(1,193,488)
Total business-type activities general revenues	<u>\$ (658,241)</u>	<u>\$ (1,101,194)</u>
Total general revenues	<u>\$ 13,768,197</u>	<u>\$ 14,879,088</u>
Changes in net assets:		
Governmental activities	\$ 3,241,945	\$ 1,250,196
Business-type activities	(289,959)	(1,341,971)
Total changes in net assets	<u>\$ 2,951,986</u>	<u>\$ (91,775)</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 2

	2005	2006	2007	2008
\$	3,242,113	\$ 3,092,863	\$ 3,081,052	\$ 3,119,608
	5,143,055	4,800,550	5,225,145	5,616,582
	7,696,605	7,697,348	8,716,466	8,995,488
	186,891	230,802	305,332	294,054
	2,043,892	2,498,235	2,706,829	2,797,313
	547,117	589,001	691,665	734,650
	640,992	617,754	672,020	599,829
\$	<u>19,500,665</u>	<u>\$ 19,526,553</u>	<u>\$ 21,398,509</u>	<u>\$ 22,157,524</u>
	4,679,889	5,144,312	5,043,291	5,147,109
\$	<u>24,180,554</u>	<u>\$ 24,670,865</u>	<u>\$ 26,441,800</u>	<u>\$ 27,304,633</u>
\$	9,454	\$ 11,420	\$ 10,043	\$ 9,931
	617,402	336,558	357,090	337,235
	369,751	235,806	85,328	-
	551,217	648,551	771,169	786,722
	2,081,809	1,828,699	2,251,198	2,062,483
	-	-	4,191,946	5,540,058
\$	<u>3,629,633</u>	<u>\$ 3,061,034</u>	<u>\$ 7,666,774</u>	<u>\$ 8,736,429</u>
\$	4,627,013	\$ 5,717,486	\$ 5,692,069	\$ 6,181,491
	-	-	-	240,507
\$	<u>4,627,013</u>	<u>\$ 5,717,486</u>	<u>\$ 5,692,069</u>	<u>\$ 6,421,998</u>
\$	<u>8,256,646</u>	<u>\$ 8,778,520</u>	<u>\$ 13,358,843</u>	<u>\$ 15,158,427</u>
\$	<u>(15,923,908)</u>	<u>\$ (15,892,345)</u>	<u>\$ (13,082,957)</u>	<u>\$ (12,146,206)</u>
\$	6,768,321	\$ 6,817,919	\$ 7,094,275	\$ 7,838,966
	1,134,790	1,154,058	1,197,980	1,214,258
	-	-	-	1,225,144
	1,341,121	1,336,727	1,153,656	660,742
	1,850,557	1,964,737	1,994,824	2,095,137
	2,230,408	2,297,579	2,335,577	2,385,355
	1,672,212	1,879,978	1,892,970	1,181,323
	17,435	18,913	18,759	18,171
	313,866	620,147	991,582	845,947
	304,443	206,174	304,100	368,838
	1,173,392	1,052,937	1,237,675	1,277,950
\$	<u>16,806,545</u>	<u>\$ 17,349,169</u>	<u>\$ 18,221,398</u>	<u>\$ 19,111,831</u>
\$	58,206	\$ 99,113	\$ 100,211	\$ 67,458
	68,206	57,192	42,302	77,415
	27,000	112,250	-	-
	(1,173,392)	(1,052,937)	(1,237,675)	(1,277,950)
\$	<u>(1,019,980)</u>	<u>\$ (784,382)</u>	<u>\$ (1,095,162)</u>	<u>\$ (1,133,077)</u>
\$	<u>15,786,565</u>	<u>\$ 16,564,787</u>	<u>\$ 17,126,236</u>	<u>\$ 17,978,754</u>
\$	935,513	\$ 883,650	\$ 4,489,663	\$ 5,690,736
	(1,072,856)	(211,208)	(446,384)	141,812
\$	<u>(137,343)</u>	<u>\$ 672,442</u>	<u>\$ 4,043,279</u>	<u>\$ 5,832,548</u>

TOWN OF VIENNA, VIRGINIA

Governmental Activities Tax Revenues By Source
Last Six Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Local Sales & Use Tax	Communication Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses
2008	\$ 7,838,966	\$ 1,214,258	\$ 1,225,144	\$ 660,742	\$ 2,095,137
2007	7,094,275	1,197,980	-	1,153,656	1,994,824
2006	6,817,919	1,154,058	-	1,663,824	1,864,737
2005	6,768,321	1,134,790	-	1,558,099	1,850,557
2004	6,630,581	1,088,688	-	1,211,958	1,818,112
2003	5,908,768	968,684	-	1,036,740	1,703,461

Note:

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

Table 3

Meals & Lodging Taxes	Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
\$ 2,385,355	\$ 12,213	\$ 420,385	\$ 429,906	\$ 318,819	\$ 16,600,925
2,335,577	229,110	424,938	329,958	908,964	15,669,282
2,297,579	248,864	495,020	360,587	463,789	15,366,377
2,230,408	256,582	405,596	373,021	420,035	14,997,409
2,092,435	255,456	396,233	390,335	439,530	14,323,328
1,887,503	256,737	428,504	258,226	351,419	12,800,042

TOWN OF VIENNA, VIRGINIA

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund:				
Reserved	\$ 879,549	\$ 572,399	\$ 1,130,615	\$ 1,679,356
Designated	-	-	-	-
Undesignated	<u>1,786,551</u>	<u>3,110,179</u>	<u>2,978,115</u>	<u>3,117,477</u>
Total General Fund	<u>\$ 2,666,100</u>	<u>\$ 3,682,578</u>	<u>\$ 4,108,730</u>	<u>\$ 4,796,833</u>
Debt Service Fund:				
Reserved	<u>\$ 2,298,915</u>	<u>\$ 2,075,477</u>	<u>\$ 1,712,367</u>	<u>\$ 1,570,253</u>
Capital Projects Fund:				
Reserved	\$ 1,161,099	\$ 362,449	\$ 3,659,227	\$ 851,116
Designated	<u>12,445,876</u>	<u>11,989,091</u>	<u>6,496,932</u>	<u>7,645,507</u>
Total Capital Projects Fund	<u>\$ 13,606,975</u>	<u>\$ 12,351,540</u>	<u>\$ 10,156,159</u>	<u>\$ 8,496,623</u>

Table 4

2003	2004	2005	2006	2007	2008
\$ 1,527,269	\$ 1,331,345	\$ 2,555,773	\$ 2,529,976	\$ 3,138,779	\$ 3,437,540
-	623,524	600,000	712,273	950,000	963,786
<u>3,682,023</u>	<u>4,774,360</u>	<u>4,214,000</u>	<u>4,560,584</u>	<u>4,166,530</u>	<u>3,805,255</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>	<u>\$ 8,206,581</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>	<u>\$ 4,317,423</u>
\$ 2,948,382	\$ 2,789,385	\$ 2,564,515	\$ 2,948,382	\$ 45,931	\$ 646,428
<u>1,472,535</u>	<u>-</u>	<u>-</u>	<u>3,203,716</u>	<u>4,257,570</u>	<u>3,260,662</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>	<u>\$ 3,907,090</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues:				
General property taxes	\$ 4,429,214	\$ 4,643,091	\$ 4,930,690	\$ 5,321,471
Other local taxes	5,757,769	6,181,885	6,431,340	6,478,622
Permits, privilege fees and regulatory licenses	46,500	43,326	35,560	38,159
Fines and forfeitures	370,248	416,832	479,454	327,144
Revenue from use of money and property	879,341	1,112,693	1,159,717	610,412
Charges for services	306,724	385,007	397,295	349,748
Miscellaneous	108,564	332,778	291,511	229,531
Intergovernmental	1,421,731	1,578,927	1,745,725	1,809,696
Total revenues	<u>\$ 13,320,091</u>	<u>\$ 14,694,539</u>	<u>\$ 15,471,292</u>	<u>\$ 15,164,783</u>
Expenditures:				
Current:				
General government administration	\$ 1,930,040	\$ 2,135,902	\$ 2,246,340	\$ 2,401,794
Public safety	3,637,680	3,794,037	3,915,784	3,861,770
Public works	3,976,694	4,178,500	4,529,193	5,261,069
Health and welfare	82,478	78,111	95,834	109,774
Parks, recreation, and cultural	1,308,520	1,434,851	1,551,173	1,678,994
Community development	409,387	435,105	440,949	451,390
Capital projects	3,612,591	1,559,091	2,258,180	6,360,816
Debt service:				
Principal retirement	1,462,931	1,523,290	1,852,573	1,945,541
Interest and other fiscal charges	710,998	780,950	785,587	718,880
Total expenditures	<u>\$ 17,131,319</u>	<u>\$ 15,919,837</u>	<u>\$ 17,675,613</u>	<u>\$ 22,790,028</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,811,228)</u>	<u>\$ (1,225,298)</u>	<u>\$ (2,204,321)</u>	<u>\$ (7,625,245)</u>
Other financing sources (uses):				
Long term debt issued	\$ 4,978,519	\$ 358,219	\$ 392,954	\$ 5,256,368
Transfers in	1,148,933	1,110,437	1,163,298	1,171,092
Transfers out	(333,142)	(705,753)	(805,304)	(594,728)
Total other financing sources (uses)	<u>\$ 5,794,310</u>	<u>\$ 762,903</u>	<u>\$ 750,948</u>	<u>\$ 5,832,732</u>
Net changes in fund balances	<u>\$ 1,983,082</u>	<u>\$ (462,395)</u>	<u>\$ (1,453,373)</u>	<u>\$ (1,792,513)</u>
Debt service as a percentage of noncapital expenditures				
	19.16%	19.11%	20.64%	19.36%

Table 5

	2003	2004	2005	2006	2007	2008
\$	5,913,739	\$ 6,592,333	\$ 6,757,957	\$ 6,833,298	\$ 7,086,277	\$ 7,850,154
	6,891,274	7,692,747	8,229,088	8,633,079	8,575,007	8,761,959
	40,958	51,403	50,025	78,320	90,652	106,291
	306,734	468,396	556,051	249,646	257,589	227,215
	459,526	405,663	683,617	855,953	1,076,910	845,947
	433,727	525,693	571,997	668,563	790,061	800,382
	510,085	276,978	304,443	206,174	304,100	368,838
	3,547,064	1,911,522	2,099,244	1,847,612	2,269,957	2,080,654
\$	<u>18,103,107</u>	<u>\$ 17,924,735</u>	<u>\$ 19,252,422</u>	<u>\$ 19,372,645</u>	<u>\$ 20,450,553</u>	<u>\$ 21,041,440</u>
\$	2,662,877	\$ 2,857,364	\$ 3,250,998	\$ 2,944,474	\$ 3,073,899	\$ 3,284,008
	3,964,685	4,224,570	4,921,959	4,791,532	5,248,899	5,714,956
	5,113,761	5,090,520	5,954,747	6,111,875	6,136,304	6,388,010
	133,572	158,447	186,891	230,802	305,332	294,054
	1,828,948	2,141,689	2,272,337	2,431,783	2,676,393	2,863,952
	493,383	518,634	543,506	581,899	676,402	729,537
	4,364,932	1,704,587	169,741	1,593,117	2,429,327	799,922
	2,104,465	2,168,147	2,170,312	1,999,097	2,275,881	2,307,428
	833,491	744,108	658,599	570,965	684,805	623,551
\$	<u>21,500,114</u>	<u>\$ 19,608,066</u>	<u>\$ 20,129,090</u>	<u>\$ 21,255,544</u>	<u>\$ 23,507,242</u>	<u>\$ 23,005,418</u>
\$	<u>(3,397,007)</u>	<u>\$ (1,683,331)</u>	<u>\$ (876,668)</u>	<u>\$ (1,882,899)</u>	<u>\$ (3,056,689)</u>	<u>\$ (1,963,978)</u>
\$	233,271	\$ 373,202	\$ 305,641	\$ 5,419,521	\$ 524,680	\$ 600,000
	1,271,552	1,199,910	1,327,224	1,462,323	1,367,613	1,387,610
	(393,955)	(6,422)	(153,832)	(409,386)	(129,938)	(109,660)
\$	<u>1,110,868</u>	<u>\$ 1,566,690</u>	<u>\$ 1,479,033</u>	<u>\$ 6,472,458</u>	<u>\$ 1,762,355</u>	<u>\$ 1,877,950</u>
\$	<u>(2,286,139)</u>	<u>\$ (116,641)</u>	<u>\$ 602,365</u>	<u>\$ 4,589,559</u>	<u>\$ (1,294,334)</u>	<u>\$ (86,028)</u>
	20.69%	19.43%	16.51%	15.04%	16.34%	15.21%

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
2008	\$ 7,850,154	\$ 1,214,258	\$ 1,225,144	\$ 660,742	\$ 2,095,137	\$ 2,385,355
2007	7,086,277	1,197,980	525,358	1,153,656	1,994,824	2,335,577
2006	6,833,298	1,154,058	-	1,663,824	1,964,737	2,297,579
2005	6,757,957	1,134,790	-	1,558,099	1,850,557	2,230,408
2004	6,592,333	1,088,688	-	1,211,958	1,818,112	2,092,435
2003	5,913,739	968,684	-	1,036,740	1,703,461	1,887,503
2002	5,321,471	921,260	-	1,138,485	1,690,742	1,643,797
2001	4,930,690	979,858	-	1,059,569	1,705,520	1,485,934
2000	4,643,091	962,422	-	969,825	1,578,641	1,472,468
1999	4,429,214	940,557	-	998,158	1,399,441	1,392,075

Table 6

Motor Vehicle License	Bank Franchise	Tobacco	Cable TV Fees	Franchise Taxes	Total
\$ 12,213	\$ 420,385	\$ 429,906	\$ -	\$ 318,819	\$ 16,612,113
229,110	424,938	329,958	79,135	304,471	15,661,284
248,864	495,020	360,587	151,237	297,173	15,466,377
256,582	405,596	373,021	138,261	281,774	14,987,045
256,768	435,002	390,335	134,610	264,839	14,285,080
255,456	396,233	258,226	125,235	259,736	12,805,013
256,737	428,504	175,825	126,948	96,324	11,800,093
258,038	430,236	185,732	124,083	202,370	11,362,030
258,678	450,461	203,616	124,971	160,803	10,824,976
252,023	309,960	206,837	121,929	136,789	10,186,983

Table 7

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Real Property (1)		Direct Tax Rate	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	
2008	\$ 3,863,770,300	\$ 3,863,770,300	\$ 0.1996	\$ 39,616,343	\$ 39,616,343	\$ 3,903,386,643	\$ 3,903,386,643	100%
2007	3,757,310,160	3,757,310,160	0.1862	32,206,330	32,206,330	3,789,516,490	3,789,516,490	100%
2006	3,062,950,480	3,062,950,480	0.220	30,207,995	30,207,995	3,093,158,475	3,093,158,475	100%
2005	2,509,114,185	2,509,114,185	0.265	30,295,589	30,295,589	2,539,409,774	2,539,409,774	100%
2004	2,283,913,650	2,283,913,650	0.275	66,438,116	66,438,116	2,350,351,766	2,350,351,766	100%
2003	2,042,603,785	2,042,603,785	0.285	62,868,762	62,868,762	2,105,472,547	2,105,472,547	100%
2002	1,730,573,560	1,730,573,560	0.30	32,935,274	32,935,274	1,763,508,834	1,763,508,834	100%
2001	1,545,633,135	1,545,633,135	0.30	32,541,980	32,541,980	1,578,175,115	1,578,175,115	100%
2000	1,440,560,665	1,397,688,483	0.31	42,872,182	42,872,182	1,483,432,847	1,440,560,665	103%
1999	1,377,921,470	1,377,921,470	0.31	37,818,137	37,818,137	1,415,739,607	1,415,739,607	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 \$3,903,386,643 is the assessed valuation effective January 1, 2007, which was used as a basis for billing taxes in the fiscal year 2007-2008.

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**

<u>Fiscal Year</u>	<u>Town of Vienna</u>	<u>County of Fairfax</u>	<u>Total Tax Rate</u>
2008	0.1996	0.89	1.0896
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

(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 2008			Fiscal Year 1999		
	2007 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1998 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union	\$ 200,567,850	1	5.17%	\$ 107,932,380	1	7.62%
Maple Avenue Shopping *	35,225,510	2	0.91%	15,162,540	2	1.07%
Transwestern Goldstar LLC	26,265,920	3	0.68%	-	N/A	N/A
Vienna Park Properties	25,861,430	4	0.67%	12,861,280	3	0.91%
Maryland Gardens Ltd. Partnership	25,653,130	5	0.66%	8,955,495	7	0.63%
Vienna Shopping Center, LP	21,753,780	6	0.56%	9,603,025	6	0.68%
P. Daniel & Diana S. Orlich	18,845,870	7	0.49%	7,543,145	9	0.53%
Frank Zafren & Alec Jacobson, Tr.	15,970,810	8	0.41%	4,937,040	13	0.35%
RDT Electric Avenue LLC	13,640,510	9	0.35%	-	N/A	N/A
Westwood Country Club, Inc.	11,148,680	10	0.29%	8,731,800	8	0.62%
BFH Danor Plaza	10,961,490	11	0.28%	-	N/A	N/A
Sidney Albrittain	10,879,210	12	0.28%	-	N/A	N/A
Vienna 301 Maple Venture	9,978,900	13	0.26%	-	N/A	N/A
Swart Vienna LLC	8,653,760	14	0.22%	4,509,810	14	0.32%
Storage Partners of Vienna	8,486,030	15	0.22%	-	N/A	N/A
Vienna Technology Park Associates	-	N/A	N/A	11,936,215	4	0.84%
W.H. Tysons Page Corp.	-	N/A	N/A	11,236,585	5	0.79%
Maple Professional Park	-	N/A	N/A	7,297,660	10	0.52%
Cedar Park & Shop	-	N/A	N/A	5,733,860	11	0.41%
David and Bessie Feldman	-	N/A	N/A	4,987,180	12	0.35%
Northern Virginia Motel Partnership	-	N/A	N/A	3,560,590	15	0.25%
Total	\$ 443,892,880		11.44%	\$ 224,988,605		15.89%

* 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
2008	\$ 7,733,269	\$ 7,718,007	99.80%	\$ -	\$ 7,718,007	99.80%
2007	7,002,121	6,983,862	99.74%	16,902	7,000,764	99.98%
2006	6,733,801	6,726,596	99.89%	10,748	6,737,344	100.05%
2005	6,660,504	6,649,942	99.84%	15,733	6,665,675	100.08%
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%

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			
2008	\$ 12,370,003	\$ 1,262,189	\$ 1,056,176	\$ 106,221	\$ 14,794,589	2.64%	996
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

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, 2008**

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct Debt:			
Town of Vienna General Bonded Debt	\$ 12,370,003	100.00%	\$ 12,370,003
Overlapping Debt: *			
County of Fairfax General Bonded Debt	<u>1,860,900,000</u>	1.64%	<u>30,518,760</u>
Total direct and overlapping debt	<u>\$ 1,873,270,003</u>		<u>\$ 42,888,763</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**

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (1)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (3)
2008	\$ 12,370,003	\$ 4,317,423	8,052,580	0.20%	542.26
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

(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

TOWN OF VIENNA, VIRGINIA

**Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt limit	\$ 141,573,961	\$ 144,056,067	\$ 157,817,512	\$ 176,350,883
Total net debt applicable to limit	<u>18,265,000</u>	<u>16,870,000</u>	<u>15,160,000</u>	<u>18,355,000</u>
Legal debt margin	<u>\$ 123,308,961</u>	<u>\$ 127,186,067</u>	<u>\$ 142,657,512</u>	<u>\$ 157,995,883</u>
Total net debt applicable to the limit as a percentage of debt limit	12.90%	11.71%	9.61%	10.41%

Table 14

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 210,547,255	\$ 235,035,177	\$ 253,940,977	\$ 309,315,848	\$ 391,208,046	\$ 402,576,843
<u>16,523,333</u>	<u>14,696,671</u>	<u>12,870,004</u>	<u>16,223,337</u>	<u>14,296,670</u>	<u>12,370,003</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>	<u>\$ 390,206,840</u>
7.85%	6.25%	5.07%	5.24%	3.65%	3.07%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 4,025,768,433
Add back: exempt real property	-
Total assessed value	<u>\$ 4,025,768,433</u>
Debt limit (10% of total assessed value)	\$ 402,576,843
Net debt applicable to limit	<u>12,370,003</u>
Legal debt margin	<u>\$ 390,206,840</u>

TOWN OF VIENNA, VIRGINIA

Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	(3) Principal	(3) Interest	Total	Coverage
2008	\$ 6,326,364	\$ 4,703,494	\$ 1,622,870	-	-	-	N/A
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

- 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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
2008	14,850 \$	560,632,050 \$	37,753	40.0	2.50%
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%

Source: Weldon Cooper Center, www.fedstats.gov

TOWN OF VIENNA, VIRGINIA

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2008		Fiscal Year 1999	
	Employees	Rank	Employees	Rank
Navy Federal Credit Union	2,500 +	1	2,500 +	1
Fairfax County Public Schools	500 to 999	2	500 to 999	2
Town of Vienna	100 to 249	3	N/A	N/A
Cardiovascular Management Group	100 to 249	4	N/A	N/A
Westwood Country Club	100 to 249	5	100 to 249	6
Whole Foods Market Group	100 to 249	6	100 to 249	7
Contemporary Electrical Services, Inc	100 to 249	7	N/A	N/A
Giant Foods	100 to 249	8	100 to 249	8
Wheat's Lawn and Custom Land Inc	100 to 249	9	N/A	N/A
U.S. Postal Service	100 to 249	10	N/A	N/A
Cost Management Systems	N/A	N/A	100 to 249	3
Excel Temporary Services	N/A	N/A	100 to 249	4
Management Systems Design, Inc.	N/A	N/A	100 to 249	5
Ameriprint, Inc.	N/A	N/A	50 to 99	9
APH Wrecking	N/A	N/A	50 to 99	10

Source: Virginia Employment Commission

TOWN OF VIENNA, VIRGINIA

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

Function	1999	2000	2001	2002
Legislative				
Town Council	0.500	0.500	0.500	0.500
Town Clerk	2.500	2.500	2.500	2.500
Town Attorney	0.000	0.500	0.500	0.500
Subtotal	3.000	3.500	3.500	3.500
Administration				
Town manager	1.500	1.500	1.500	1.500
Administrative Services	2.000	2.000	2.000	2.000
Public Information	1.000	1.000	1.000	1.000
Information Technology	0.000	0.000	1.000	1.000
Subtotal	4.500	4.500	5.500	5.500
Finance				
Administration	2.375	2.375	2.375	2.375
Disbursement Operations	2.000	2.000	2.000	2.000
Purchasing	1.500	1.675	1.675	1.675
Central Services	0.370	0.500	0.500	0.500
Revenue Operations	3.000	3.000	3.000	3.000
Subtotal	9.245	9.550	9.550	9.550
Police				
Administration	4.000	4.000	4.000	4.000
Patrol	20.000	20.000	20.000	20.000
Communications	9.000	8.000	8.000	8.000
Community Services	2.000	2.000	2.000	2.000
Traffic	7.000	8.000	8.000	8.000
Personnel/Accreditation/ Animal Control	2.000	2.000	2.000	2.000
Investigations	6.000	6.000	6.000	6.000
Subtotal	50.000	50.000	50.000	50.000
Public Works				
Administration	5.000	5.000	5.000	5.000
Street Maintenance	13.000	13.000	15.000	15.000
Vehicle Maintenance	8.000	8.000	8.000	8.000
General Maintenance	9.000	9.000	9.000	9.000
Sanitation	14.000	14.000	14.000	14.000
Traffic Engineering	1.000	1.000	1.000	1.000
Subtotal	50.000	50.000	52.000	52.000
Parks and Recreation				
Administration	4.000	4.000	4.000	4.000
Parks Maintenance	10.000	10.000	10.000	10.000
Community Center Operations	4.000	4.000	3.750	3.750
Teen Center	0.000	0.000	1.000	1.000
Subtotal	18.000	18.000	18.750	18.750
Planning and Zoning				
Planning and Zoning	6.000	6.000	6.000	6.500
Subtotal	6.000	6.000	6.000	6.500
GENERAL FUND TOTAL				
	140.745	141.550	145.300	145.800
Water and Sewer				
Operations and Maintenance	14.200	14.200	14.000	14.500
Meter Maintenance and Reading	4.000	4.000	4.000	4.000
Billing/Customer Service	1.800	1.800	2.000	2.000
TOTAL WATER & SEWER FUND				
	20.000	20.000	20.000	20.500
GRAND TOTAL				
	160.745	161.550	165.300	166.300

Source: Town of Vienna Budget

Table 18

2003	2004	2005	2006	2007	2008
0.500	0.500	0.500	0.500	0.500	0.500
2.500	2.500	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500
3.500	3.500	3.000	3.000	3.000	3.000
1.500	1.500	1.500	1.500	1.500	1.500
2.000	2.000	2.000	2.000	2.000	2.000
1.000	1.000	1.000	1.000	1.000	1.000
1.000	1.000	2.000	2.000	2.000	2.000
5.500	5.500	6.500	6.500	6.500	6.500
2.000	2.000	2.000	2.000	2.500	3.000
2.000	2.000	1.625	1.625	1.625	1.625
1.675	1.675	1.675	1.625	1.625	1.625
1.000	1.000	1.000	1.000	1.000	1.000
3.375	3.375	3.500	3.500	3.500	3.500
10.050	10.050	9.800	9.750	10.250	10.750
4.000	4.000	4.000	3.000	3.000	3.000
20.000	20.000	20.000	21.000	21.000	21.000
8.000	8.000	8.000	11.000	11.000	11.000
2.000	2.000	2.000	1.000	1.000	1.000
8.000	8.000	8.000	6.000	6.000	6.000
2.000	2.000	2.000	1.000	1.000	1.000
6.000	6.000	7.000	9.000	9.000	9.000
50.000	50.000	51.000	52.000	52.000	52.000
5.500	5.500	6.000	6.000	6.000	6.500
15.000	15.000	15.000	15.000	15.000	15.000
8.000	9.000	9.000	9.000	9.000	9.000
8.000	8.000	8.000	8.000	8.000	8.000
14.000	14.000	14.000	14.000	14.000	14.000
2.000	2.000	2.000	2.000	2.000	2.000
52.500	53.500	54.000	54.000	54.000	54.500
4.000	4.750	4.750	4.750	4.750	4.750
10.000	10.000	10.000	10.000	10.000	10.000
3.750	4.000	4.000	4.000	4.500	4.500
1.000	1.000	1.000	1.000	1.500	1.500
18.750	19.750	19.750	19.750	20.750	20.750
6.500	6.500	6.500	6.500	7.000	7.000
6.500	6.500	6.500	6.500	7.000	7.000
146.800	148.800	150.550	151.500	153.500	154.500
14.500	14.500	14.500	14.500	14.500	14.500
4.000	4.000	4.000	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000
20.500	20.500	20.500	20.500	20.500	20.500
167.300	169.300	171.050	172.000	174.000	175.000

TOWN OF VIENNA, VIRGINIA

**Operating Indicators by Function
Last Ten Fiscal Years**

<u>Function</u>	(1)	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Government				
Administrative Service				
Job applications processed		297	254	254
Public Information				
Information requests responded to		1,500	2,350	2,239
Press releases per year		250	250	287
Finance				
Real Estate bills processed		11,561	11,720	11,718
Water and Sewer bills processed		36,700	37,000	37,000
(a) Vehicle decals issued		13,492	13,632	13,659
(b) Payroll checks/Direct Deposits		6,607	6,565	6,972
(b) Vendor check issued		5,401	4,393	4,467
Competitive bids completed		-	-	-
Public Safety				
Number of Calls for Service received		9,064	10,912	11,015
Number of Citations issued		10,782	10,375	9,322
Number of Animal complaints		598	542	577
Public Works				
Tons of asphalt installed		800	800	800
(c) Vehicles Maintained		116	120	121
Tons of Waste collected		5,876	5,928	5,487
Tons of Recycled materials collected		1,467	1,477	1,655
Cubic Yards of leaves collected		13,483	14,709	13,393
Water and Sewer Operations				
Repair Water Main breaks		47	57	60
Repair defective sewer lines		11	15	20
Completed work orders		3,850	3,750	3,840
Parks and Recreation				
Number of programs held		300 (3)	400	430
Daily average number of teens using Teen Center		15 (3)	36	30
Planning and Zoning				
Permit applications		875	827	939
New zoning violation cases opened		205	185	248
New weed and debris violation cases		75	81	85

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 19

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
254	575	575	581	587	620	468
2,209	2,261	2,404	2,192	2,200	2,357	2,000
281	293	234	221	225	233	240
12,120	12,120	12,220	12,130	12,136	12,080	12,225
37,000	37,000	36,000	36,950	36,850	36,500	37,500
13,522	13,377	13,384	13,297	12,858	11,688	-
7,056	7,685	7,660	7,689	7,500	7,560	7,688
4,524	5,045	4,886	5,049	4,919	4,864	4,695
30	20	15	18	22	17	30
10,469	11,845	10,595	11,786	11,519	12,849	11,654
7,859	8,173	7,667	5,888	6,737	5,839	5,216
-	-	412	477	330	400	387
415	357	330	788	662	700	1,480
123	122	131	132	147	143	145
6,219	6,700	7,950	7,950	7,073	6,474	6,883
1,734	1,910	2,000	1,701	1,809	1,878	2,067
16,341	16,623	11,263	13,719	15,227	15,850	14,042
57	64	71	42	46	44	72
15	20	9	12	12	13	12
3,840	3,200	3,700	3,800	3,600	3,400	4,200
450	427	450	450	520	592	573
35	40	40	40	40	40	30
939	860	817	876	801	1,050	880
248	260	244	235	220	324	413
85	85	82	50	42	56	78

TOWN OF VIENNA, VIRGINIA

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	1999	2000	2001
General government			
Administration buildings	2	2	2
Vehicles	5	5	5
Public safety			
Patrol units	16	18	21
Motorcycles	4	5	5
Other vehicles	2	2	2
Public works			
Trucks/vehicles	72	73	70
Parks and recreation			
Community center	1	1	1
Vehicles	14	14	15
Number of parks	6	6	7
Park acres	63.71	63.71	74.32
Community development			
Planning vehicles	3	3	3

Source: Individual Town Departments

Table 20

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
3	3	3	3	3	3	4
5	5	5	6	6	6	6
18	17	20	18	20	20	18
5	5	6	5	5	5	5
1	2	2	3	3	3	3
74	73	75	75	85	83	84
1	1	1	1	1	1	1
16	16	19	21	24	22	25
7	7	7	7	7	10	10
74.32	74.32	74.32	74.32	74.32	93.47	93.47
4	4	4	4	4	4	4

- Compliance Section -

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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, 2008, which collectively comprise the Town of Vienna, Virginia's basic financial statements and have issued our report thereon dated December 15, 2008. 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 opinions 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 December 15, 2008.

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
December 15, 2008