

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

FISCAL YEAR ENDED JUNE 30, 2009



TOWN OF VIENNA,  
VIRGINIA

**- Introductory Section -**

**TOWN OF VIENNA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2009**

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**PREPARED BY:**

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

TOWN OF VIENNA, VIRGINIA

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2009

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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 7, 2009

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, 2009, 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 on a line item basis at the department level and is appropriated by the 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 relatively stable economic base. Property values increased in calendar year 2008 by 3.5 percent and the June, 2009 area unemployment rate was 5.2 percent, significantly less than Virginia's 7.2 percent and the national average of 9.5 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)

Revenue trends during the past year reflected the slowing national and state economies. Business tax collections grew by 5.2 percent, but the increase was due more to additional enforcement activities than to business growth. Local sales tax collections were up by only .8 percent and consumer utility taxes remained essentially flat. Meals tax revenues adjusted for the rate decrease from 4 percent to 3 percent declined 5.4 percent. Assessed property values grew 3.5 percent between tax year 2007 and 2008, but much of the increase was due to new construction rather than appreciation of existing values. The number of home foreclosures within the Town were a fraction of those in the outlying areas of northern Virginia. In spite of these trends, the area's underlying economy remains relatively stable. Software, telecommunications, internet and other high-technology industries along with its proximity to Washington, D.C. remain the major components of the area's economy. A nearby mass transit link to the Dulles Airport has been started along with major commercial expansion in the area. It is estimated that 25,000 additional area jobs will be created as a result. Within the Town, Navy Federal Credit Union has added over 500,000 square feet of office space and will eventually add 600 employees. A nearby commercial park has also been engaged in major expansion of office space. In light of these trends, most predictions are that the area's economic down turn will be less severe and of shorter duration than that of the state. In addition, Town Council has strongly supported maintaining adequate reserves in the General and Debt Service funds to buffer financial emergencies and economic downturns. During the periods when property values were rising in the double-digits, Council maintained relatively modest increases to the budget while reducing property tax rates within the limits of realistic revenue estimates. These policies have helped Vienna continue its ability to provide 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. Installation of laptop computers in police vehicles and a new records management system project was completed. Work on the development of a geographic information system and the replacement of the Town's financial software continued.

## **OPERATIONAL FOCUS**

Data collection has long been one of the critical functions of the Police Department's Records Section. In recent years, data gathering and reporting has significantly increased and is providing the global law enforcement community with valuable information to fight crime and assist citizens.

During the past year, the Vienna Police Department installed laptop computers in its patrol vehicles in an effort to utilize the criminal network information to better serve the citizens of Vienna. The new Computer Aided Dispatch (CAD) system is being used daily in all aspects of law enforcement duties. The CAD system enables officers to confirm stolen vehicles, locate wanted individuals, check criminal histories and information, and fill out police reports on the laptops. The reports can then be downloaded to the system server. This paperless system stores the information for future use and sharing with other law enforcement agencies.

A new Records Management System (RMS) was also installed to enhance data collection and retrieval. The RMS has enabled the Vienna Police Department to join the National Capital Region Law Enforcement Exchange system and give police officers access to millions of files from other law enforcement agencies, a crucial necessity in this post 9-11 world.

## **GOVERNMENTAL FUNDS SUMMARY**

The General and Debt Service Funds ended fiscal year 2009 with combined revenues of \$20,777,233, up by \$58,588 or .3 percent over the previous year. The increase was primarily due to property taxes that rose by \$623,553 and offset a 7.9 percent decline in other local taxes that reflected a reduction in the meals and lodging tax rate combined with a decrease in restaurant business. Other significant changes included a 48.2 percent drop in the use of money and property category that was offset by a 16.4 percent increase in intergovernmental revenues.

Taxable residential and commercial property values for Tax Year 2008 totaled \$4,000,023,980, an increase of 3.5 percent over the previous tax year. Total property taxes as a percentage of total revenues were 40.8 as compared with 37.9 percent the year before. 99.8 percent of current year property taxes were collected, making last year the 15th consecutive year in which current year tax collections exceeded 99 percent.

Total expenditures of the General Fund rose \$581,946 or 3.0 percent and those of the Debt Service Funds decreased \$85,752, resulting in a net increase of \$496,194 or 2.2 percent over the preceding year. Annual personnel cost increases account for most of the General Fund amount and capital grant expenditures in the public safety category account for the rest of the increase.

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 \$113,975 or 3.0 percent to end the year at \$3,691,280. The balance is 17.7 percent of the subsequent year's General Fund budget and is equivalent to 65 calendar days of expenditures. The decrease was primarily the result of budgeted use of prior year fund balance.

### **WATER AND SEWER OPERATIONS**

Last year's operating revenue decreased \$428,161 from the preceding year, ending last year at \$5,753,330. The 6.9 percent decrease reflected a weather-related drop in billed consumption. Operating expenses ended the year at \$5,304,706, an increase of \$171,877 or 3.3 percent. Most of the increase in expenses was due to higher water purchase and sewage treatment costs. Operating income gain for the year was \$448,624, down \$600,038 or 57.2 percent from the year before. The operating income gain combined with non-operating revenues, expenses, contributions, and transfers resulted in a net loss of \$217,941, bringing down net assets at year-end to \$8,837,489, a reduction of 2.4 percent.

### **PENSION FUNDS**

Local and Police pension contributions and interest earnings exceeded benefit and other costs by \$113,421, the amount by which the balance of net assets increased to end the year at \$5,330,712. Compared to the previous year, contributions increased by 15.2% and were partially offset by a 58.3 percent decline in interest earnings. A cost of living increase and annual changes in the number of members in the plans plus an increase in administrative costs required by GASB 45 related consulting fees, increased total deductions by 4.2 percent. The net result was an annual gain of \$113,421 for the year, down by \$90,761 or 44.5 percent as compared to that of the preceding year. Net assets at year-end were \$5,330,712, an increase of 2.2 percent over the year before.

## **DEBT ADMINISTRATION**

\$1,926,667 worth of 1996, 1998, 1999, 2002, and 2006 general obligation debt was retired last year, bringing total outstanding general obligation debt at year-end down to \$10,443,336. The balance represented slightly less than .3 percent of the 2008 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 \$458,908 worth of prior debt, ending the year with a balance of \$1,509,502. Total compensated absence obligations for the General and Water and Sewer Funds increased by \$48,012 to \$1,125,406.

### **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, 2009 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, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **ACKNOWLEDGEMENTS**

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



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John H. Schoeberlein  
Town Manager



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Philip R. Grant  
Director of Finance/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Vienna  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



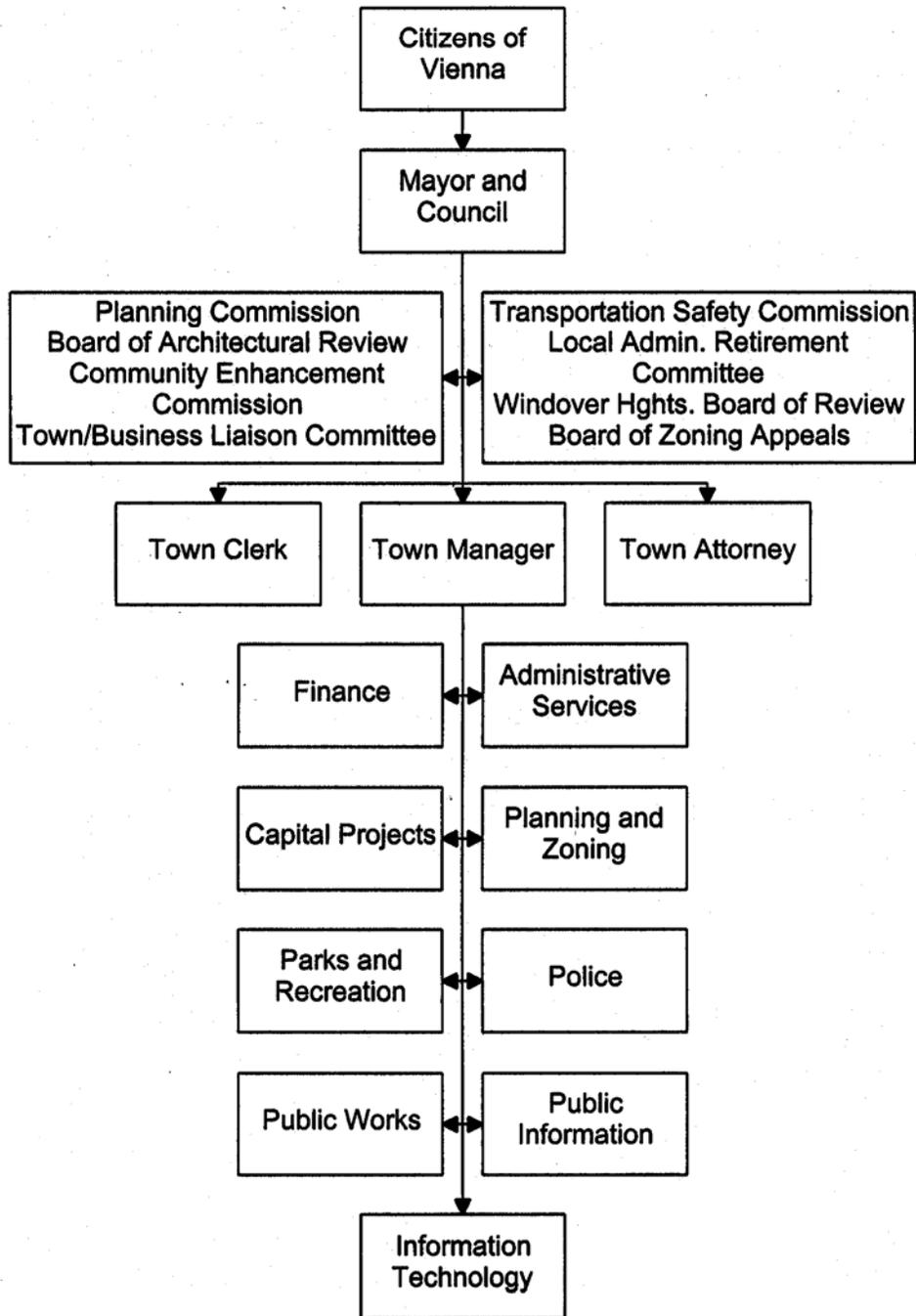
A handwritten signature in black ink, appearing to read "M. L. R. T.", positioned above the printed name of the President.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the printed name of the Executive Director.

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, 2009, 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, 2009, 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.

As discussed in Note 18, the Town implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Post-Employment Benefits other than Pensions*, effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the Town of Vienna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, 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*

Fredericksburg, Virginia  
December 7, 2009

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

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

As management of the Town of Vienna we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. 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, 2009 by \$61,442,005, a decrease of \$688,659 or 1.1 percent. Over two-thirds of the decrease was due to a \$6,503,774 reduction in capital improvement additions as compared to the previous year. Unrestricted net assets ended the year at \$15,785,063, a decrease of \$930,376 or 5.57 percent. The decrease was due primarily to an excess of expenditures to revenues in both governmental and business-type activities. Unrestricted net assets may be appropriated by the Town Council to meet the ongoing obligations to citizens, water and sewer customers, and creditors.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet (Exhibit 3) reported a combined ending fund balance of \$15,923,072, a decrease of \$508,022 or 3.1 percent in comparison with the prior year. Over two-thirds of the decrease was due to a budgeted reduction of the Debt Service Fund reserve. The remainder of the decrease was split between reductions in both the General Fund and Capital Projects Fund of 1.2 percent and 1.5 percent respectively. The Debt Service Fund's balance of almost \$4 million is reserved for the retirement of current and future debt issues and the \$3.8 million balance of the Capital Projects Fund is reserved and designated for completion of capital projects. \$3,691,280 of the General Fund's balance is unrestricted and represents 17.7 percent of total General Fund FYE 2010 expenditures.
- The Town's long-term obligations decreased by \$1,694,277 or 11.45 percent during last fiscal year. The reduction resulted from general obligation debt retirements exceeding the amount of new capital lease debt. Long-term obligations totaled \$13,100,312 at year-end. Of this amount, outstanding bonds totaled \$10,443,336, notes payable totaled \$1,015,036, capital leases totaled \$1,509,502, and other post-employment benefits totaled \$132,438. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$1,990,068 and \$1,125,406 respectively, at year-end. Accounts payable and an estimated amount of \$1,012,866 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$48,012 or 4.5 percent more than the preceding year.
- Excluding Pension Trust Funds, total cash and cash equivalents decreased \$1,149,452 when compared to the prior fiscal year. Three-quarters of the reduction was in governmental activities and reflected the excess of expenditures over revenues in General, Debt Service, and Capital Project funds. Water and Sewer Fund operating revenues and incoming transfers exceeded by operating expenses and outgoing transfers accounted for the remainder of the decrease. The \$131,992 or 2.5 percent increase in the Pension Fund was the result of contributions and interest earnings exceeding expenditures. The following table denotes cash increases and decreases by fund.

<b>Fund</b>	<b>FY 09 Cash</b>	<b>FY 08 Cash</b>	<b>Increase (Decrease)</b>
General	\$ 8,954,036	\$ 9,227,569	\$ (273,533)
Debt Service	3,783,085	4,076,852	(293,767)
Capital Projects	3,784,118	4,083,067	(298,949)
Water & Sewer	1,138,283	1,421,486	(283,203)
Total Cash	<u>\$ 17,659,522</u>	<u>\$ 18,808,974</u>	<u>\$ (1,149,452)</u>
Pension Trust	<u>\$ 5,309,360</u>	<u>\$ 5,177,368</u>	<u>\$ 131,992</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 \$61,442,005 at year-end, a decrease of \$688,659 or 1.1 percent. Of the total net assets, governmental activities totaled \$52,604,516, down by \$470,718 or .89 percent while business-type activities totaled \$8,837,489 a decrease of \$217,941 or 2.41 percent. The decrease in net assets of governmental activities was primarily due to a reduction in capital improvement expenditures as compared to the previous year. The decrease in net assets of the business type activities was due primarily to higher water purchase and sewage treatment costs as compared to the preceding year while utility rates remained constant.

The Town's investment in capital assets such as land, buildings and equipment totaled \$58,597,018 at June 30, 2009; of which, governmental activities totaled \$49,654,782, a decrease of \$1,693,041 or 3.3 percent. The decrease was due primarily to reduced capital project expenditures as compared to the previous year. The Town uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b><u>Assets:</u></b>						
Current and other assets	\$17,769,101	\$18,462,253	\$ 2,582,606	\$ 2,875,064	\$20,351,707	\$ 21,337,317
Capital assets	49,654,782	51,347,823	8,942,236	8,786,421	58,597,018	60,134,244
Total assets	<u>\$67,423,883</u>	<u>\$69,810,076</u>	<u>\$11,524,842</u>	<u>\$11,661,485</u>	<u>\$78,948,725</u>	<u>\$ 81,471,561</u>
<b><u>Liabilities:</u></b>						
Long-term liabilities outstanding	\$12,951,787	\$14,608,344	\$ 1,273,931	\$ 1,263,639	\$14,225,718	\$ 15,871,983
Other liabilities	1,867,580	2,126,498	1,413,422	1,342,416	3,281,002	3,468,914
Total liabilities	<u>\$14,819,367</u>	<u>\$16,734,842</u>	<u>\$ 2,687,353</u>	<u>\$ 2,606,055</u>	<u>\$17,506,720</u>	<u>\$ 19,340,897</u>
<b><u>Net Assets:</u></b>						
Invested in capital assets, net of related debt	\$37,874,402	\$37,791,201	\$ 7,782,540	\$ 7,624,024	\$45,656,942	\$ 45,415,225
Unrestricted	14,730,114	15,284,033	1,054,949	1,431,406	15,785,063	16,715,439
Total net assets	<u>\$52,604,516</u>	<u>\$53,075,234</u>	<u>\$ 8,837,489</u>	<u>\$ 9,055,430</u>	<u>\$61,442,005</u>	<u>\$ 62,130,664</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.

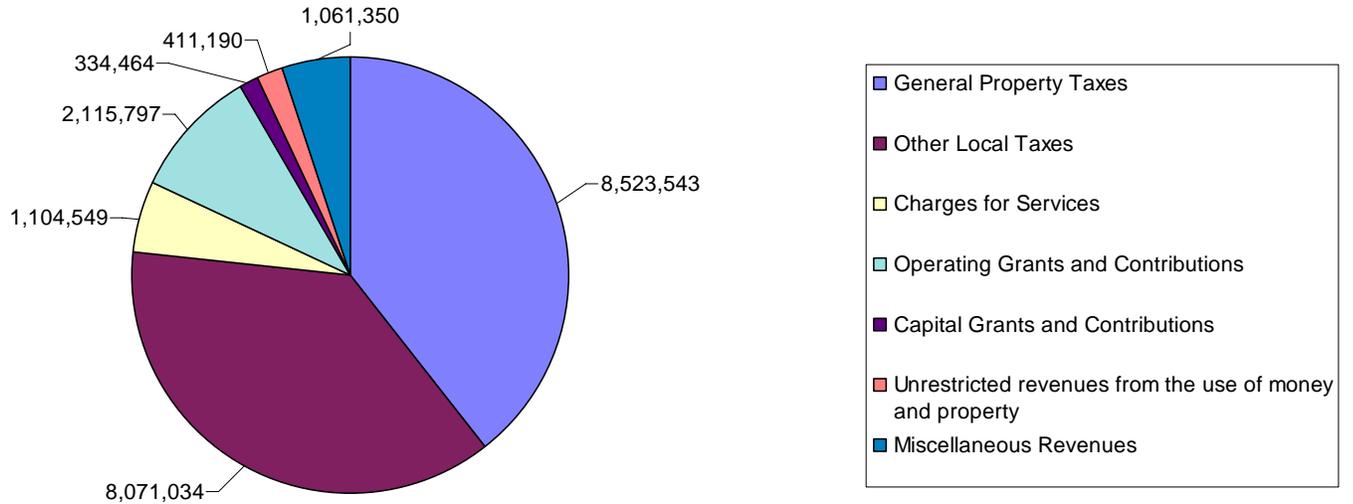
**Governmental Activities** - Governmental and business-type activities reflect changes in net assets of (\$470,718) and (\$217,941) respectively. The following table provides an overview of revenues, expenses, and the changes in net assets for the fiscal year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,104,549	\$ 1,133,888	\$5,753,330	\$ 6,181,491	\$ 6,857,879	\$ 7,315,379
Operating grants and contributions	2,115,797	2,062,483	-	240,507	2,115,797	2,302,990
Capital grants and contributions	334,464	5,540,058	277,977	-	612,441	5,540,058
<b>General revenues:</b>						
Property taxes	8,523,543	7,838,966	-	-	8,523,543	7,838,966
Other local taxes	8,071,034	8,761,959	-	-	8,071,034	8,761,959
Grants & contributions - unrestricted	446	18,171	-	-	446	18,171
Unrestricted revenues from the use of money and property	411,190	845,947	30,702	67,458	441,892	913,405
Miscellaneous	1,060,904	368,838	77,920	77,415	1,138,824	446,253
<b>Total revenues</b>	<b>\$21,621,927</b>	<b>\$26,570,310</b>	<b>\$6,139,929</b>	<b>\$ 6,566,871</b>	<b>\$27,761,856</b>	<b>\$33,137,181</b>
<b>Expenses:</b>						
General government	\$ 3,466,917	\$ 3,119,608	\$ -	\$ -	\$ 3,466,917	\$ 3,119,608
Public safety	5,845,864	5,616,582	-	-	5,845,864	5,616,582
Public works	9,379,606	8,995,488	-	-	9,379,606	8,995,488
Health and welfare	292,930	294,054	-	-	292,930	294,054
Parks, recreation and cultural	2,871,670	2,797,313	-	-	2,871,670	2,797,313
Community development	755,281	734,650	-	-	755,281	734,650
Interest on long-term debt	523,205	599,829	-	-	523,205	599,829
Water and sewer	-	-	5,315,042	5,147,109	5,315,042	5,147,109
<b>Total Expenses</b>	<b>\$23,135,473</b>	<b>\$22,157,524</b>	<b>\$5,315,042</b>	<b>\$ 5,147,109</b>	<b>\$28,450,515</b>	<b>\$27,304,633</b>
<b>Net Assets:</b>						
Income before capital contributions and transfers	\$(1,513,546)	\$ 4,412,786	\$ 824,887	\$ 1,419,762	\$ (688,659)	\$ 5,832,548
Transfers	1,042,828	1,277,950	(1,042,828)	(1,277,950)	-	-
Increase (Decrease) in net assets	\$ (470,718)	\$ 5,690,736	\$ (217,941)	\$ 141,812	\$ (688,659)	\$ 5,832,548
Net assets, beginning of year	53,075,234	47,384,498	9,055,430	8,913,618	62,130,664	56,298,116
Net assets, end of year	<u>\$52,604,516</u>	<u>\$53,075,234</u>	<u>\$8,837,489</u>	<u>\$ 9,055,430</u>	<u>\$61,442,005</u>	<u>\$62,130,664</u>

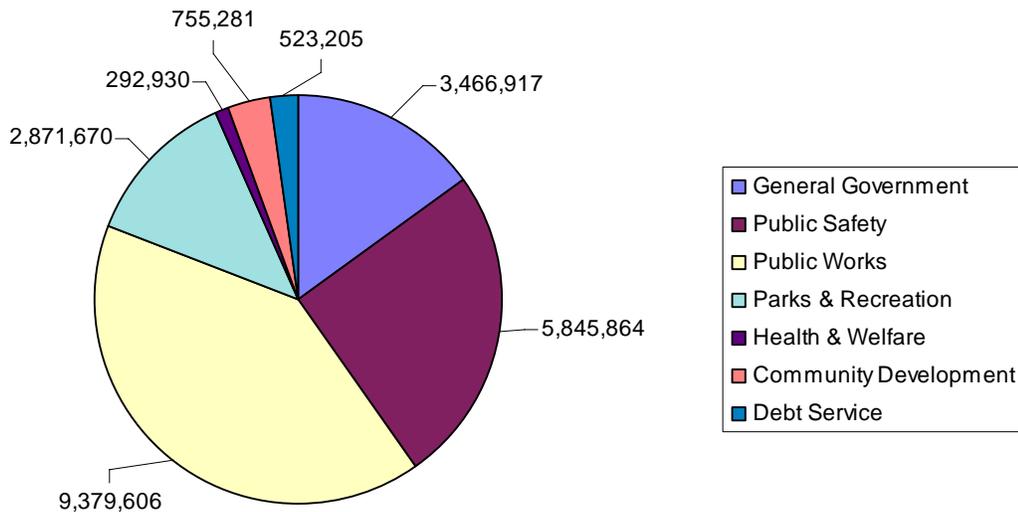
Program, general revenues, and transfers for governmental activities totaled \$22,664,755, a decrease of \$5,183,505 or 18.6 percent from the previous fiscal year. Of this amount, property taxes totaled \$8,523,543 and other local taxes and other revenues totaled \$8,071,034. The 8.7 percent increase in property taxes was due entirely to a rise in assessed values combined with a tax rate increase. The 7.9 percent decrease in other local taxes was due primarily to Town Council's reduction in the meals and lodging tax rate from 4 percent to 3 percent combined with a downturn in the Town's restaurant business. Business license collections rose by 5.2 percent, offsetting reductions in Communication Sales and Use taxes. Capital grants and contributions totaled \$334,464. The \$1,042,828 worth of transfers between governmental activities and business-type activities was \$235,122 or 18.4 percent less 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 a reduction in the Capital Project Fund transfer to the Water and Sewer Fund due to completion of water and sewer capital projects the preceding year. The chart below provides an overview of the FY 2008-2009 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 \$23,135,473, an increase of \$977,949 or 4.4 percent. Directly supporting these expenditures were charges for services generating \$1,104,549 plus operating grants and contributions generating \$2,115,797 and capital grants and contributions of \$334,464 for total program revenues of \$3,554,810. This represents a decrease of \$5,181,619 or 59.3 percent. The decrease was due primarily to non-recurrence of major infrastructure improvement projects completed the year before. This decrease primarily accounts for the \$6,159,568 or 45.9 percent increase in general revenue support of these activities. The chart below provides a graphical comparison of expenses and non-tax revenues by function (general government, public works, etc.).

### Governmental Activities Expenses By Type



**Business-type activities** - The Water and Sewer Fund concluded the year with a decrease in net assets of \$217,941 to end the year with a net assets balance of \$8,837,489. Before net transfers of \$1,042,828 to the General and Debt Service Funds, Water and Sewer Fund operating income and capital transfers ended the year with a net gain of \$824,887. Key elements of operating results include the following:

- A. Operating revenues totaled \$5,753,330, a decrease of \$428,161 or 6.9 percent from FYE 2008 revenues of \$6,181,491. The decline was due to a reduction in water usage due to more rainfall than that of the preceding year. Non-operating revenues, transfers, and contributions netted to \$376,263 as compared to \$371,100 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 \$171,877, or 3.3 percent. The change was due primarily to the higher costs of water purchases and sewage treatment.
- C. Non-recurrence of an adjustment to accounts payable to year-end billings for sewage treatment in the year before last accounts for a 14.7 percent jump in accounts payable. The decrease in operating revenue caused a 19.9 percent drop in cash.
- D. Compared to the preceding year, operating transfers to other funds decreased \$11,903 or .9 percent while operating transfer from other funds increased by \$223,219 or 17.5 percent. The result was an 18.4 percent decrease in net outflow that ended the year at a negative \$1,042,828. The change in the former was the result of additional capital project transfers; the latter change was due to a budgeted decrease in transfers 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 \$15,923,072 a decrease of \$508,022 from the prior year. The change was the result of decreases in the General, Debt Service and Capital Project Funds of \$96,417, \$353,081, and \$58,524 respectively. \$7,812,908 or 67.9 percent of the combined fund balance is reserved for capital projects, debt service, and other purposes, leaving an unreserved balance of \$3,691,280 or 32.9 percent of the total available for spending at the Council's discretion. Debt Service Fund revenues were down by \$786,041 as a result of the meals and lodging tax rates being reduced from 4 to 3 percent combined with a downturn in the Town's restaurant business. Transfers from the Water and Sewer Fund declined 3.6 percent as a result of debt retirements. Expenditures also decreased by 3.4 percent due to declining outstanding debt, but still exceeded revenue and transfers by \$353,081. The \$58,524 reduction in Capital Project Fund reserves was due to capital project expenditures that exceeded interest and capital contribution transfers by that amount. The \$3,848,566 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**

	<b>Reserve Amount</b>
<b>Reserved:</b>	
Inventory	\$ 133,301
Encumbrances	468,912
Debt service	3,964,342
Asset forfeiture programs	193,583
Vehicle replacement	978,794
PEG programs	343,467
Carry forward requests	208,000
Restricted Yield	513,735
Capital equipment and projects	1,367,765
Completion of specific projects	2,962,845
Subsequent year's expenditures	1,097,048
<b>Total Reserved</b>	<b>\$ 12,231,792</b>
<b>Unreserved:</b>	
Undesignated	3,691,280
<b>Total Fund Balance</b>	<b>\$ 15,923,072</b>

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 \$8,110,164, which equates to 50.9 percent of the \$15,923,072 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 18.2 percent of total General Fund expenditures, while total fund balance represents 40.0 percent of that same amount.

The total fund balance for the General Fund declined \$96,417 from the previous fiscal year. The unreserved, undesignated component of fund balance, which totaled \$3,691,280 at year-end, decreased \$113,975 from the prior fiscal year. Both changes were the function of the following:

- Overall, General Fund revenues were up by \$838,629 or 4.6 percent, primarily as a result of increased revenues from property taxes that rose \$627,228 or 8.1 percent. That plus increases in gross receipt taxes and state street maintenance funds offset declines in other local and state revenues, most notably a 60.5 percent drop in interest earnings.
- General Fund expenditures rose by \$581,946 or 3.0 percent over the previous year. Annual personnel and fringe benefit cost increases account for 71.5 percent of the change. The remainder of the overall increase was spread among the various operations, primarily in the category of capital equipment relating to public safety grant funded security equipment and police crime reporting systems.
- Net other financing uses increased by \$304,372 over the previous year. The 20.8 percent increase was due primarily to escrow liquidation transfers to sidewalk project reserves in the Capital Project fund as compared to the preceding year.

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

## **General Fund Budgetary Highlights**

During the year Council adopted various budget amendments, which resulted in differences between the original and final FY 2009 budgets. These differences totaled \$634,397 for revenues and \$808,606 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. 63.4 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, liquidated escrows, 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:

	<b>Amount Amended</b>
<b>Revenues:</b>	
Miscellaneous	\$ 270,912
State revenues	20,640
Federal revenues	342,845
Total	<u>\$ 634,397</u>
<b>Expenditures:</b>	
General government administration	\$ 58,710
Public safety	450,968
Public works	239,127
Parks, recreation and cultural	54,160
Community development	5,641
Total	<u>\$ 808,606</u>

## **General Fund Budgetary Variances**

General Fund actual revenues were \$181,242 or .9 percent less than amended budgetary estimates. Although revenues from the bank stock tax, court fines, state support of street maintenance were greater than budgetary estimates, they were offset by a 36.2 percent drop in interest earnings due to the sharp decline in market rates and a 7 percent decline in communication sales and use taxes collected by the state and remitted to the Town. General Fund actual expenditures were less than amended budgets by \$786,663 or 3.7 percent. 71 percent of the budgetary surpluses were in the categories of general and financial administration and parks, recreation, and cultural functions. In the former, budgeted additions to reserve accounts and lower insurance costs account for most of the budgetary surpluses. Vacant position savings, lower repair and maintenance costs, less demand for youth and adult activities due to the economic downturn, and donation funded events account for the budgetary surpluses in the latter.

## **Capital Assets and Debt Administration**

**Capital assets** - The Town's investment in capital assets for governmental activities totaled \$49,654,782 (net of accumulated depreciation), a decrease of \$1,693,041 or 3.3 percent. The decline was primarily due to completion of a major street reconstruction project that included water and sewer line renovation that was in progress the year before. This also accounts for the infrastructure value increases in both government and business-type activities. The decrease in building and improvements values reflects normal depreciation. Office and equipment values increased due to computer equipment replacement.

Automotive values increased as the result of the Town’s annual vehicle replacement program. 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.

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 4,822,562	\$ 4,822,562	\$ -	\$ -	\$ 4,822,562	\$ 4,822,562
Construction in progress	1,602,662	8,106,436	-	-	1,602,662	8,106,436
Buildings and improvements	8,960,354	9,354,511	-	-	8,960,354	9,354,511
Infrastructure	30,677,925	25,830,351	8,501,303	8,306,120	39,179,228	34,136,471
Office and other equipment	1,174,508	1,042,650	-	-	1,174,508	1,042,650
Automotive and other equipment	2,416,771	2,191,313	440,933	480,301	2,857,704	2,671,614
Total assets - net of depreciation	<u>\$49,654,782</u>	<u>\$51,347,823</u>	<u>\$8,942,236</u>	<u>\$8,786,421</u>	<u>\$58,597,018</u>	<u>\$60,134,244</u>

\* As adjusted for infrastructure

**Long-term obligations** - At the conclusion of the fiscal year, total long-term obligations totaled \$11,808,178 for General Fund activities and \$1,159,696 for the Water and Sewer Fund. Of these amounts, outstanding bonds totaled \$10,443,336, notes payable totaled \$1,015,036 and capital leases totaled \$1,509,502. The above amounts do not include the Town's obligations related to accounts payable, compensated absences, and other post-employment benefits which totaled \$1,990,068, \$1,125,406, and \$132,438 respectively, at year-end. Except for \$112,540 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 relatively low unemployment rate, which totaled 5.2 percent as June 30, 2009. This rate is significantly less than the state average of 7.2 percent and the national average of 9.5 percent, for the same period. According to recent 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.

The General Fund revenue budget for the fiscal year ending June 30, 2010 totals \$20,817,568 which equates to an increase of \$325,049 or 1.6 percent over the last fiscal year. General property taxes are expected to increase \$236,141 or 2.8 percent. Tax rates were increased by 1.90 cents in the subsequent fiscal year of 2009-2010. The following table provides a comparison of the FYE 2009 actual revenue and 2010 adopted revenue budget for the Town of Vienna.

<b>Revenue Source</b>	<b>FY 2010 Budget</b>	<b>FY 2009 Actual</b>	<b>Expected Increase (Decrease)</b>
Property taxes	\$ 8,712,283	\$ 8,473,707	\$ 238,576
Other local taxes	6,383,200	6,379,073	4,127
Permits, fees & licenses	75,700	88,388	(12,688)
Fines and forfeitures	310,000	277,174	32,826
Use of money & property	350,000	278,788	71,212
Charges for services	789,500	738,987	50,513
State revenues	1,998,337	2,006,394	(8,057)
Federal revenues	-	343,671	(343,671)
Transfers-in	1,012,000	962,000	50,000
Other	1,186,548	944,337	242,211
<b>Total Revenue Budget</b>	<b>\$ 20,817,568</b>	<b>\$ 20,492,519</b>	<b>\$ 325,049</b>

### **Request for Information**

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2009. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 127 Center Street, South, Vienna, Virginia 22180. Information relative to Town government may also be obtained by visiting the Town of Vienna web site at [www.viennava.gov](http://www.viennava.gov).

**Basic Financial Statements:**

**- Government-wide Financial Statements -**

## TOWN OF VIENNA, VIRGINIA

## Statement of Net Assets

At June 30, 2009

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 16,521,239	\$ 1,138,283	\$ 17,659,522
Receivables, (net of allowances for uncollectibles):	363,576	1,188,579	1,552,155
Due from other governments	824,203	-	824,203
Internal balances	(73,218)	73,218	-
Inventory, at cost	133,301	182,526	315,827
Capital assets:			
Land and land improvements	4,822,562	-	4,822,562
Construction in progress	1,602,662	-	1,602,662
Other capital assets, net of accumulated depreciation	43,229,558	8,942,236	52,171,794
Capital assets, net	\$ 49,654,782	\$ 8,942,236	\$ 58,597,018
Total assets	\$ 67,423,883	\$ 11,524,842	\$ 78,948,725
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 1,040,363	\$ 949,705	\$ 1,990,068
Unearned revenue	236,717	-	236,717
Escrow and other deposits	590,500	94,006	684,506
Due to other governments	-	369,711	369,711
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	1,626,667	43,609	1,670,276
Capital leases	525,583	57,703	583,286
Compensated absences	921,974	90,892	1,012,866
Other post employment benefits	119,194	13,244	132,438
Due in more than one year:			
Bonds and notes payable	8,816,669	971,427	9,788,096
Capital leases	839,259	86,957	926,216
Compensated absences	102,441	10,099	112,540
Total liabilities	\$ 14,819,367	\$ 2,687,353	\$ 17,506,720
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$ 37,874,402	\$ 7,782,540	\$ 45,656,942
Unrestricted	14,730,114	1,054,949	15,785,063
Total net assets	\$ 52,604,516	\$ 8,837,489	\$ 61,442,005

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, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental activities</b>							
General government	\$ 3,466,917	\$ 9,833	\$ -	\$ -	\$ (3,457,084)	\$ -	\$ (3,457,084)
Public safety	5,845,864	376,512	597,049	233,822	(4,638,481)	-	(4,638,481)
Public works	9,379,606	-	1,518,748	-	(7,860,858)	-	(7,860,858)
Health and welfare	292,930	-	-	-	(292,930)	-	(292,930)
Parks, recreation and cultural	2,871,670	718,204	-	-	(2,153,466)	-	(2,153,466)
Community development	755,281	-	-	100,642	(654,639)	-	(654,639)
Interest on long-term debt	523,205	-	-	-	(523,205)	-	(523,205)
Total governmental activities	\$ 23,135,473	\$ 1,104,549	\$ 2,115,797	\$ 334,464	\$ (19,580,663)	\$ -	\$ (19,580,663)
<b>Business type activities</b>							
Water and sewer	5,315,042	5,753,330	-	277,977	-	716,265	716,265
<b>Total</b>	<b>\$ 28,450,515</b>	<b>\$ 6,857,879</b>	<b>\$ 2,115,797</b>	<b>\$ 612,441</b>	<b>\$ (19,580,663)</b>	<b>\$ 716,265</b>	<b>\$ (18,864,398)</b>
<b>General Revenues</b>							
Taxes:							
General real property taxes					\$ 8,523,543	\$ -	\$ 8,523,543
Local sales and use taxes					1,224,471	-	1,224,471
Communication sales and use taxes					1,113,151	-	1,113,151
Consumer utility taxes and cell phone tax					659,932	-	659,932
Business license taxes					2,204,093	-	2,204,093
Meals and lodging taxes					1,691,961	-	1,691,961
Other					1,177,426	-	1,177,426
Grants and contributions not restricted to specific programs					446	-	446
Unrestricted revenues from the use of money and property					411,190	30,702	441,892
Miscellaneous					1,060,904	77,920	1,138,824
<b>Transfers</b>					1,042,828	(1,042,828)	-
Total general revenues					\$ 19,109,945	\$ (934,206)	\$ 18,175,739
Change in net assets					\$ (470,718)	\$ (217,941)	\$ (688,659)
Net assets, beginning of year					53,075,234	9,055,430	62,130,664
Net assets, end of year					\$ 52,604,516	\$ 8,837,489	\$ 61,442,005

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, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,954,036	\$ 3,783,085	\$ 3,784,118	\$ 16,521,239
Receivables (net of allowance for uncollectibles):				
Taxes including penalties	15,417	-	-	15,417
Accounts	173,301	174,858	-	348,159
Due from other governments	672,435	50,989	100,779	824,203
Due from other funds	-	-	96,817	96,817
Inventory, at cost	133,301	-	-	133,301
Total assets	<u>\$ 9,948,490</u>	<u>\$ 4,008,932</u>	<u>\$ 3,981,714</u>	<u>\$ 17,939,136</u>
<b>Liabilities:</b>				
Accounts payable	\$ 733,389	\$ 44,590	\$ 133,148	\$ 911,127
Accrued liabilities	17,208	-	-	17,208
Escrow and other deposits	590,500	-	-	590,500
Due to other funds	170,035	-	-	170,035
Deferred revenues	327,194	-	-	327,194
Total liabilities	<u>\$ 1,838,326</u>	<u>\$ 44,590</u>	<u>\$ 133,148</u>	<u>\$ 2,016,064</u>
<b>Fund Balance:</b>				
Reserved for:				
Inventory	\$ 133,301	\$ -	\$ -	\$ 133,301
Encumbrances	96,926	-	371,986	468,912
Debt service	-	3,964,342	-	3,964,342
Asset forfeiture programs	193,583	-	-	193,583
Vehicle replacement	978,794	-	-	978,794
PEG program	343,467	-	-	343,467
Carry forward requests	208,000	-	-	208,000
Capital equipment and projects	1,367,765	-	-	1,367,765
Restricted yield	-	-	513,735	513,735
Unreserved:				
Designated:				
Completion of specific projects	-	-	2,962,845	2,962,845
Subsequent year's expenditures	1,097,048	-	-	1,097,048
Undesignated	3,691,280	-	-	3,691,280
Total fund balance	<u>\$ 8,110,164</u>	<u>\$ 3,964,342</u>	<u>\$ 3,848,566</u>	<u>\$ 15,923,072</u>
Total liabilities and fund balance	<u>\$ 9,948,490</u>	<u>\$ 4,008,932</u>	<u>\$ 3,981,714</u>	<u>\$ 17,939,136</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, 2009**

Total fund balances for governmental funds (Exhibit 3)	\$	15,923,072
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		1,602,662
Depreciable capital assets, net of accumulated depreciation		<u>43,229,558</u>
Total capital assets		49,654,782
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.		
		90,477
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	\$	(112,028)
Bonds, notes and capital leases payable		(11,808,178)
Other post employment benefits		(119,194)
Compensated absences		<u>(1,024,415)</u>
Total		<u>(13,063,815)</u>
Total net assets of governmental activities (Exhibits 1 and 2)	\$	<u><u>52,604,516</u></u>

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

## TOWN OF VIENNA, VIRGINIA

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 8,473,707	\$ -	\$ -	\$ 8,473,707
Other local taxes	6,379,073	1,691,961	-	8,071,034
Permits, privilege fees and regulatory licenses	88,388	-	-	88,388
Fines and forfeitures	277,174	-	-	277,174
Revenue from use of money and property	278,788	66,578	65,824	411,190
Charges for services	738,987	-	-	738,987
Miscellaneous	432,312	200	292	432,804
Intergovernmental	2,350,065	-	100,642	2,450,707
Total revenues	<u>\$ 19,018,494</u>	<u>\$ 1,758,739</u>	<u>\$ 166,758</u>	<u>\$ 20,943,991</u>
Expenditures:				
Current:				
General government administration	\$ 3,317,553	\$ -	\$ -	\$ 3,317,553
Public safety	5,968,972	-	-	5,968,972
Public works	6,847,062	-	-	6,847,062
Health and welfare	291,386	-	-	291,386
Parks, recreation, and cultural	2,651,234	-	-	2,651,234
Community development	742,287	-	-	742,287
Capital projects	-	-	305,176	305,176
Debt service:				
Principal retirement	409,374	1,926,665	-	2,336,039
Interest and other fiscal charges	46,483	500,674	-	547,157
Total expenditures	<u>\$ 20,274,351</u>	<u>\$ 2,427,339</u>	<u>\$ 305,176</u>	<u>\$ 23,006,866</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,255,857)</u>	<u>\$ (668,600)</u>	<u>\$ (138,418)</u>	<u>\$ (2,062,875)</u>
Other financing sources (uses):				
Long term debt issued	\$ 512,025	\$ -	\$ -	\$ 512,025
Transfers in	962,000	315,519	314,585	1,592,104
Transfers out	(314,585)	-	(234,691)	(549,276)
Total other financing sources (uses)	<u>\$ 1,159,440</u>	<u>\$ 315,519</u>	<u>\$ 79,894</u>	<u>\$ 1,554,853</u>
Net changes in fund balances	\$ (96,417)	\$ (353,081)	\$ (58,524)	\$ (508,022)
Fund balances at beginning of year	<u>8,206,581</u>	<u>4,317,423</u>	<u>3,907,090</u>	<u>16,431,094</u>
Fund balances at end of year	<u>\$ 8,110,164</u>	<u>\$ 3,964,342</u>	<u>\$ 3,848,566</u>	<u>\$ 15,923,072</u>

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

## TOWN OF VIENNA, VIRGINIA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2009**

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Net change in fund balances - total governmental funds (Exhibit 5)	\$	(508,022)
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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:

Capital outlay	\$	1,813,343	
Disposal of capital assets		(16,774)	
Depreciation expense		<u>(3,489,611)</u>	(1,693,042)

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.

49,836

Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt issued:			
Capital leases	\$	(512,025)	
Repayments:			
General obligation bonds		1,926,667	
Capital leases		<u>409,372</u>	
Net adjustment			1,824,014

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Compensated absences	\$	(48,262)	
Other post employment benefits		(119,194)	
Accrued interest on bonds and loans		<u>23,952</u>	
Net adjustment			<u>(143,504)</u>

Change in net assets of governmental activities (Exhibit 2)	\$	<u>(470,718)</u>	
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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, 2009**

		<b>Business-Type Activities Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$	1,138,283
Receivables: (net of allowance for uncollectibles)		
Accounts		636,795
Unbilled service charges		551,784
Inventory, at cost		182,526
Due from other funds		73,218
		<hr/>
Total current assets	\$	2,582,606
Capital assets, net of accumulated depreciation		8,942,236
		<hr/>
Total assets	\$	<u><u>11,524,842</u></u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$	942,814
Accrued liabilities		6,891
Escrow and other deposits		94,006
Due to other governments		369,711
Net OPEB obligation payable - current portion		13,244
Compensated absences - current portion		90,892
Note payable - current portion		43,609
Capital lease obligations payable - current portion		57,703
		<hr/>
Total current liabilities	\$	<u>1,618,870</u>
Noncurrent liabilities:		
Compensated absences - noncurrent portion	\$	10,099
Note payable - noncurrent portion		971,427
Capital lease obligations payable - noncurrent portion		86,957
		<hr/>
Total noncurrent liabilities	\$	<u>1,068,483</u>
		<hr/>
Total liabilities	\$	<u>2,687,353</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	\$	7,782,540
Unrestricted		1,054,949
		<hr/>
Total net assets	\$	<u><u>8,837,489</u></u>

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, 2009**

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Water &amp; Sewer Fund</b>
<b>Operating revenues:</b>	
Charges for services	\$ <u>5,753,330</u>
<b>Operating expenses:</b>	
Personal services	\$ 1,254,969
Fringe benefits	397,469
Contractual services	2,947,924
Other charges	151,951
Materials and supplies	115,024
Depreciation	<u>437,369</u>
Total operating expenses	\$ <u>5,304,706</u>
Operating income (loss)	\$ <u>448,624</u>
<b>Nonoperating revenues (expenses):</b>	
Interest revenue	\$ 30,702
Miscellaneous	77,920
Developer contributions	164,727
Non developer contributions	113,250
Interest expense	<u>(10,336)</u>
Net nonoperating revenues	\$ <u>376,263</u>
<b>Income (loss) before contributions and transfers</b>	\$ <u>824,887</u>
<b>Transfers:</b>	
Transfers in	\$ 234,691
Transfers (out)	<u>(1,277,519)</u>
Net transfers	\$ <u>(1,042,828)</u>
Change in net assets	\$ (217,941)
Net assets, beginning of year	<u>9,055,430</u>
Net assets, end of year	\$ <u><u>8,837,489</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, 2009**

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Water &amp; Sewer Fund</b>
<b>Cash flows from (to) operating activities:</b>	
Receipts from customers	\$ 5,875,231
Payments to and for employees	(1,639,445)
Payments to suppliers	(3,190,133)
Other receipts	77,920
Net cash provided by operating activities	\$ 1,123,573
<b>Cash flows from investing activities:</b>	
Investment income	\$ 30,702
<b>Cash flows from (to) capital and related financing activities:</b>	
Purchase of capital assets	\$ (315,207)
Proceeds from capital lease obligations	87,975
Principal payments on capital lease agreements	(49,536)
Principal payments on note payable	(41,140)
Interest expense	(10,336)
Net cash provided (used) by capital and related financing activities	\$ (328,244)
<b>Cash flows from (to) noncapital and related financing activities:</b>	
Transfers from other funds	\$ 234,691
Transfers (to) other funds	(1,343,925)
Net cash provided (used) by noncapital and related financing activities	\$ (1,109,234)
Net increase (decrease) in cash and cash equivalents	\$ (283,203)
Cash and cash equivalents at beginning of year	1,421,486
Cash and cash equivalents at end of year	\$ 1,138,283

**TOWN OF VIENNA, VIRGINIA**

**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2009 (continued)**

		<b>Business-Type Activities Enterprise Fund</b>
		<b>Water &amp; Sewer Fund</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income	\$	448,624
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		437,369
Miscellaneous income		77,920
Increase (decrease) in allowance for uncollectibles		(44,000)
Changes in operating accounts:		
Accounts receivable		83,854
Unbilled service charges		84,361
Inventory		(21,382)
Accounts payable and accrued liabilities		121,706
Due to other funds		(27,172)
Escrow and other deposits		(2,314)
Due to other governments		(48,386)
Net OPEB obligation payable		13,244
Accrued leave		(251)
Net cash provided (used) by operating activities	\$	<u>1,123,573</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, 2009

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**Assets:**

Investment in State Treasurer's Local Government	
Investment Pool	\$ 5,309,360
Accounts receivable	<u>21,352</u>
Total assets	<u>\$ 5,330,712</u>

**Net Assets:**

Held in trust for pension benefits	<u>\$ 5,330,712</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, 2009**

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Additions:	
Contributions:	
Employer	\$ 307,839
Plan members	<u>41,619</u>
Total contributions	\$ 349,458
Investment income:	
Interest earned on investments	<u>88,423</u>
Total additions	<u>\$ 437,881</u>
Deductions:	
Pension benefit payments	\$ 306,545
Other charges	<u>17,915</u>
Total deductions	<u>\$ 324,460</u>
Net increase in plan assets	\$ 113,421
Net assets held in trust for pension benefits:	
Balance, beginning of year	<u>5,217,291</u>
Balance, end of year	<u><u>\$ 5,330,712</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, 2009

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

#### **Narrative Profile**

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

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

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

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

##### Management's Discussion and Analysis:

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

##### Government-wide Financial Statements:

GASB Statement No. 34 requires that financial statements be prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2009 (continued)

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

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

##### Statement of Net Assets:

The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

##### Statement of Program Activities:

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

##### Budgetary Comparison Schedules:

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the current reporting model, governments will continue to provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to the current comparison of final budget and actual results for its major funds.

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

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

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units, if applicable. Both the

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2009 (continued)

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

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

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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

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

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

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

The Town's fiduciary funds are presented in the fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the Town in FY 2009.

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, 2009 (continued)**

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

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

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

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

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

**C. Basis of Accounting**

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

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

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

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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

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

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

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

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

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

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

**D. Budgets and Budgetary Accounting**

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

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

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

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2009 (continued)

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

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

3. Prior to June 30, the budget is legally enacted through passage of an appropriation ordinance. The Town Council may approve supplemental appropriations.
4. The legal level of control is at the function level within an individual fund. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. This is done during a quarterly review and analysis, and approved by motion by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, and Capital Projects Fund. Capital Projects are budgeted on a project basis rather than on an annual basis.
6. The budgets for the General Fund, Debt Service and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. A review of the presented budget comparisons herein will disclose how accurately the governing body was actually able to forecast the revenues and expenditures of the Town.
8. Appropriations lapse on June 30 except for the Capital Projects Fund which adopts both annual and project-length budgets. Those appropriations lapse when the project has been completed.
9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2009.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2009.

#### **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, 2009 (continued)**

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

**G. Investments**

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

**H. Inventory**

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

**I. Prepaid Items**

The consumption method is used for accounting of prepaid items.

**J. Capital Assets**

Capital outlays are recorded as expenditures of the governmental funds of the Town, and as assets in the government-wide financial statements to the extent the Town's capitalization threshold of \$5,000 is met. Expenditures for infrastructure capital assets, which consist of roads, streets, bridges and similar assets, have been capitalized for acquisitions acquired and/or constructed during the current fiscal year (2009). 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, 2009 (continued)**

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

**L. Allowance for Uncollectible Accounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$129,000 at June 30, 2009 and is comprised of the following:

General Fund:		
Taxes receivable	\$	4,000
Water and Sewer Fund:		
Accounts receivable		<u>125,000</u>
Total	\$	<u><u>129,000</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, 2009 (continued)

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

##### **Deposits**

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

##### **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, 2009 consisted solely of investment in the Commonwealth of Virginia Local Government Investment Pool.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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**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.

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Investors Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

The Town's rated debt instruments as of June 30, 2009 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

**Town'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>\$ 22,103,676</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	\$ 17,659,522
Fiduciary funds	<u>5,309,360</u>
Total cash and investments	<u>\$ 22,968,882</u>
Cash:	
Deposits	\$ 863,194
Cash on hand and cash items	<u>2,012</u>
Total cash	<u>\$ 865,206</u>
Investments	<u>\$ 22,103,676</u>
Total cash and investments	<u>\$ 22,968,882</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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**NOTE 3 - PROPERTY TAXES:**

Real property taxes are levied on July 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the State of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal 2009 was \$.2091 per \$100 of assessed valuation.

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

**NOTE 4 - ACCOUNTS RECEIVABLE:**

Accounts receivable are detailed as follows:

	Governmental Activities			Business Activities
	General Fund	Debt Service Fund	Total	Water & Sewer Fund
Property taxes	\$ 19,417	\$ -	\$ 19,417	\$ -
Consumer utility taxes	53,202	-	53,202	-
Business license fees	53,419	-	53,419	-
Meals taxes	-	174,858	174,858	-
Water and sewer charges	-	-	-	761,795
Unbilled revenues	-	-	-	551,784
Other	66,680	-	66,680	-
Total	\$ 192,718	\$ 174,858	\$ 367,576	\$ 1,313,579
Less: Allowance for uncollectibles	(4,000)	-	(4,000)	(125,000)
Net accounts receivable	<u>\$ 188,718</u>	<u>\$ 174,858</u>	<u>\$ 363,576</u>	<u>\$ 1,188,579</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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

Amounts due from other governments are detailed as follows:

	Governmental Activities			Total
	General Fund	Debt Service Fund	Capital Projects Fund	
Commonwealth of Virginia:				
Virginia Department of Highways	\$ -	\$ 50,989	\$ 100,779	\$ 151,768
Criminal Justice grants	500	-	-	500
Federal Government:				
Technology grant	233,822	-	-	233,822
County of Fairfax, Virginia:				
Local sales tax	219,535	-	-	219,535
Communications tax	161,560	-	-	161,560
Court fines and forfeitures	22,485	-	-	22,485
Other	466	-	-	466
County of Loudoun, Virginia:				
Gang grant	29,828	-	-	29,828
County of Arlington, Virginia:				
Drug Trafficking Grant	4,239	-	-	4,239
Total	<u>\$ 672,435</u>	<u>\$ 50,989</u>	<u>\$ 100,779</u>	<u>\$ 824,203</u>

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

Details of interfund receivables, payables and activity as of June 30, 2009 are as follows:

Interfund balances resulting from cash advances to the various funds:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
Water and Sewer	General	\$ 73,218
General	Capital Projects	96,817
Total		<u>\$ 170,035</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	234,691
Transfers to the Capital Projects Fund from the General Fund for capital projects	314,585
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	<u>315,519</u>
Total transfers	<u>\$ 1,826,795</u>

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2009 (continued)

### NOTE 7 - CAPITAL ASSETS:

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

#### Governmental Activities:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land and land improvements	\$ 4,822,562	\$ -	\$ -	\$ 4,822,562
Construction in progress - infrastructure	7,469,292	241,158	6,757,600	952,850
Construction in progress - other	637,144	58,862	46,194	649,812
Total capital assets not being depreciated	<u>\$ 12,928,998</u>	<u>\$ 300,020</u>	<u>\$ 6,803,794</u>	<u>\$ 6,425,224</u>
Other capital assets:				
Buildings and improvements	\$ 13,442,919	\$ 55,471	\$ -	\$ 13,498,390
Infrastructure	61,451,821	7,452,687	-	68,904,508
Office and other equipment	1,956,709	249,165	-	2,205,874
Automotive and other equipment	4,161,721	559,796	256,901	4,464,616
Total other capital assets	<u>\$ 81,013,170</u>	<u>\$ 8,317,119</u>	<u>\$ 256,901</u>	<u>\$ 89,073,388</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 4,088,408	\$ 449,628	\$ -	\$ 4,538,036
Infrastructure	35,621,470	2,605,113	-	38,226,583
Office and other equipment	914,059	117,307	-	1,031,366
Automotive and other equipment	1,970,408	317,563	240,126	2,047,845
Total accumulated depreciation	<u>\$ 42,594,345</u>	<u>\$ 3,489,611</u>	<u>\$ 240,126</u>	<u>\$ 45,843,830</u>
Net capital assets	<u>\$ 51,347,823</u>	<u>\$ 5,127,528</u>	<u>\$ 6,820,569</u>	<u>\$ 49,654,782</u>
Depreciation expense has been allocated as follows:				
General government administration		\$ 123,320		
Public safety		167,662		
Public works		3,010,286		
Parks and recreation		183,959		
Community development		4,384		
Total depreciation expense		<u>\$ 3,489,611</u>		

#### Business-Type Activities:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Other capital assets:				
Automotive equipment	\$ 875,353	\$ 20,844	\$ 14,690	\$ 881,507
Improvements	17,148,426	572,881	-	17,721,307
Total capital assets	<u>\$ 18,023,779</u>	<u>\$ 593,725</u>	<u>\$ 14,690</u>	<u>\$ 18,602,814</u>
Less: Accumulated depreciation for:				
Automotive equipment	\$ 395,052	\$ 60,212	\$ 14,690	\$ 440,574
Improvements	8,842,306	377,698	-	9,220,004
Total accumulated depreciation	<u>\$ 9,237,358</u>	<u>\$ 437,910</u>	<u>\$ 14,690</u>	<u>\$ 9,660,578</u>
Net capital assets	<u>\$ 8,786,421</u>	<u>\$ 155,815</u>	<u>\$ -</u>	<u>\$ 8,942,236</u>

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 2,505,785	\$ 176,611	\$ 473,847
Business activities	459,529	27,684	88,112
Total	<u>\$ 2,965,314</u>	<u>\$ 204,295</u>	<u>\$ 561,959</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

**NOTE 8 - DEFERRED REVENUE:**

	Government-wide Statements	Governmental Funds
	<u>Governmental Activities</u>	<u>Funds</u>
A. <i>Deferred Property Tax Revenue</i> - Deferred revenue representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 90,477
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	236,717	236,717
Total	<u>\$ 236,717</u>	<u>\$ 327,194</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,	General Obligation Debt		Capital Lease Obligations	
	Public Improvement Bonds		Principal	Interest
	Principal	Interest		
2010	\$ 1,626,667	\$ 421,759	\$ 525,583	\$ 47,711
2011	1,626,667	351,378	416,844	29,381
2012	1,301,667	288,802	287,938	14,525
2013	1,301,667	233,583	134,477	4,559
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>\$ 10,443,336</u>	<u>\$ 1,920,646</u>	<u>\$ 1,364,842</u>	<u>\$ 96,176</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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

**Business-Type Activities:**

Year Ending June 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2010	\$ 43,609	\$ 60,902	\$ 57,703	\$ 5,570
2011	46,225	58,286	40,842	3,023
2012	48,999	55,512	22,348	1,541
2013	51,939	52,572	23,767	783
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>\$ 1,015,036</u>	<u>\$ 552,628</u>	<u>\$ 144,660</u>	<u>\$ 10,917</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, 2009.

	Bonds	Capital Leases	Total
Balance, July 1, 2008	<u>\$ 12,370,003</u>	<u>\$ 1,262,189</u>	<u>\$ 13,632,192</u>
Increases:			
Capital leases	<u>\$ -</u>	<u>\$ 512,025</u>	<u>\$ 512,025</u>
Total increases	<u>\$ -</u>	<u>\$ 512,025</u>	<u>\$ 512,025</u>
Retirements:			
Public improvement bonds	<u>\$ 1,926,667</u>	<u>\$ -</u>	<u>\$ 1,926,667</u>
Capital leases	<u>-</u>	<u>409,372</u>	<u>409,372</u>
Total retirements	<u>\$ 1,926,667</u>	<u>\$ 409,372</u>	<u>\$ 2,336,039</u>
Balance, June 30, 2009	<u>\$ 10,443,336</u>	<u>\$ 1,364,842</u>	<u>\$ 11,808,178</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (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, 2009.

	Note Payable	Capital Leases	Total
Balance, July 1, 2008	\$ 1,056,176	\$ 106,221	\$ 1,162,397
Increases:			
Capital leases	\$ -	\$ 87,975	\$ 87,975
Total increases	\$ -	\$ 87,975	\$ 87,975
Retirements:			
Note payable	\$ 41,140	\$ -	\$ 41,140
Capital leases	-	49,536	49,536
Total retirements	\$ 41,140	\$ 49,536	\$ 90,676
Balance, June 30, 2009	<u>\$ 1,015,036</u>	<u>\$ 144,660</u>	<u>\$ 1,159,696</u>

Gross amounts of assets acquired by capital leases during fiscal year 2009:

Equipment	<u>\$ 647,772</u>
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Note: Capital lease proceeds are receipted by the Town and purchases from such funds are made from Town funds rather than by the financing entity. There were no non-cash transactions resulting from capital leases.

Detail of Long-Term Obligations

Public Improvement Bonds:

	Amount Outstanding	Amount Due In One Year
\$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%	\$ 650,000	\$ 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%	1,300,000	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%	1,920,000	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%	2,613,336	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>3,960,000</u>	<u>330,000</u>
Total public improvement bonds	<u>\$ 10,443,336</u>	<u>\$ 1,626,667</u>

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2009 (continued)

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### **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%	\$ 1,015,036	\$ 43,609
<u>Capital Lease Obligations:</u>		
\$534,000 capital lease obligations due in annual installments of \$145,815 through December 29, 2009, interest payable at 3.63%	\$ 140,714	\$ 140,714
\$600,000 capital lease obligations due in annual installments of \$164,399 through March 30, 2011, interest payable at 3.77%	311,094	152,671
\$600,000 capital lease obligations due in annual installments of \$163,425 through October 12, 2011, interest payable at 3.52%	457,694	147,318
\$600,000 capital lease obligations due in annual installments of \$162,924 through December 30, 2012, interest payable at 3.390%	<u>600,000</u>	<u>142,584</u>
Total capital lease obligations	<u>\$ 1,509,502</u>	<u>\$ 583,286</u>
Total general long-term obligations	<u>\$ 12,967,874</u>	<u>\$ 2,253,562</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, 2009 (continued)**

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

	Governmental Activities	Business-Type Activities	Total
Balance, July 1, 2008	\$ 976,152	\$ 101,242	\$ 1,077,394
Increases	1,024,415	100,991	1,125,406
Decreases	(976,152)	(101,242)	(1,077,394)
Balance, June 30, 2009	<u>\$ 1,024,415</u>	<u>\$ 100,991</u>	<u>\$ 1,125,406</u>
Amounts due within one year	\$ 921,974	\$ 90,892	\$ 1,012,866
Amounts due after one year	102,441	10,099	112,540
Total	<u>\$ 1,024,415</u>	<u>\$ 100,991</u>	<u>\$ 1,125,406</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 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for 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 adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. 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/2008AnnuRept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (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 5.00% of their annual salary to the VRS. This 5.00% 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 2009 was 10.12% of the annual covered payroll.

Annual Pension Cost

For fiscal year 2009, the Town's annual pension cost of \$1,004,946 was equal to the Town's required and actual contributions.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) *	Percentage of APC Contributed	Net Pension Obligation
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%	-
June 30, 2009	1,004,946	100%	-

\* Includes employer contributions only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include 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 projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

## TOWN OF VIENNA, VIRGINIA

### Notes to Financial Statements June 30, 2009 (continued)

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

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

###### Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the Town's plan was 86.96% funded. The actuarial accrued liability for benefits was \$44,686,857, and the actuarial value of assets was \$38,859,411, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,827,446. The covered payroll (annual payroll of active employees covered by the plan) was \$9,447,165, and ratio of the UAAL to the covered payroll was 61.68%.

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, 2009 (continued)**

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**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, 2009 (continued)**

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

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

Funding Policy and Annual Pension Cost

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

	<u>Local Retirement Plan</u>	<u>Police Retirement Plan</u>
Contribution rate: (1)		
Town	8.05%	5.48%
Plan members	-	1.50%
Annual pension cost (1)	\$145,979	\$140,348
Contributions made (1)	\$145,979	\$140,348
Actuarial valuation date	January 1, 2009	January 1, 2009
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, 2008

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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

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

Funding Policy and Annual Pension Cost (continued)

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

Trend Information			
Plan Year Ending December 31	Annual Pension Cost (APC) *	Percentage of APC	Net Pension Obligation
Town Local Plan:			
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%	-
2008	145,979	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%	-
2008	140,348	100%	-

\* Employer cost only

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (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, 2009 is as follows:

	Local Retirement Plan	Police Retirement Plan
Retirees and beneficiaries	51	26
Terminated vested members	70	-
Disabled	5	-
Active members	33	40
Total	<u>159</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
<b>Assets:</b>			
Investments - LGIP	\$ 2,259,400	\$ 3,049,960	\$ 5,309,360
Accounts receivable	13,376	7,976	21,352
Total assets	<u>\$ 2,272,776</u>	<u>\$ 3,057,936</u>	<u>\$ 5,330,712</u>
<b>Net Assets:</b>			
Net assets held in trust for pension benefits	<u>\$ 2,272,776</u>	<u>\$ 3,057,936</u>	<u>\$ 5,330,712</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 155,790	\$ 152,049	\$ 307,839
Plan members	-	41,619	41,619
Total contributions	<u>\$ 155,790</u>	<u>\$ 193,668</u>	<u>\$ 349,458</u>
<b>Investment income:</b>			
Interest earned on investments	37,571	50,852	88,423
Total additions	<u>\$ 193,361</u>	<u>\$ 244,520</u>	<u>\$ 437,881</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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

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

Other Information (continued)

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
<i>(table continued from previous page)</i>			
<b>Deductions:</b>			
Pension benefit payments	\$ 131,995	\$ 174,550	\$ 306,545
Other charges	4,975	12,940	17,915
Total deductions	<u>\$ 136,970</u>	<u>\$ 187,490</u>	<u>\$ 324,460</u>
<b>Net increase in plan assets</b>	\$ 56,391	\$ 57,030	\$ 113,421
<b>Net assets held in trust for pension benefits:</b>			
Balance, beginning of year	<u>2,216,385</u>	<u>3,000,906</u>	<u>5,217,291</u>
Balance, end of year	<u><u>\$ 2,272,776</u></u>	<u><u>\$ 3,057,936</u></u>	<u><u>\$ 5,330,712</u></u>

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the Local plan was 69.2% funded. The actuarial accrued liability for benefits was \$3,251,130, and the actuarial value of assets was \$2,250,356, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,000,774. The covered payroll (annual payroll of active employees covered by the plan) was \$1,977,568, and ratio of the UAAL to the covered payroll was 50.6%.

As of January 1, 2009, the most recent actuarial valuation date, the Police plan was 98.8% funded. The actuarial accrued liability for benefits was \$3,072,196, and the actuarial value of assets was \$3,035,785, resulting in an unfunded actuarial accrued liability (UAAL) of \$36,411. The covered payroll (annual payroll of active employees covered by the plan) was \$2,782,500, and ratio of the UAAL to the covered payroll was 1.3%.

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

## TOWN OF VIENNA, VIRGINIA

### Notes to Financial Statements June 30, 2009 (continued)

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#### **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 \$181,514, and employee contributions were \$84,182 for fiscal year 2009.

#### **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 \$16,500 in 2009. Employees who are age 50 or older may defer up to \$22,000 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

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

#### **NOTE 14 - LITIGATION:**

There was no pending or threatened litigation at June 30, 2009 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 a copier lease. The leases may be revoked by the Town without penalty upon 30 days notice to the lessor. The Town paid approximately \$848 per month during the year ended June 30, 2009 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2009 approximated \$10,182.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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**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.

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 Gilpin	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.

# TOWN OF VIENNA, VIRGINIA

## Notes to Financial Statements June 30, 2009 (continued)

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### **NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS PROGRAM:**

#### Town:

#### A. Plan Description:

In addition to the pension benefits described in Note 11, the Town provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. All employees who meet the eligibility criteria for Town retirement and elect to retire are eligible, at the sole expense of the retiree, for access to health care insurance coverage through the Town's group health care insurance plan that is in effect for active employees as long as coverage under the health care insurance plan is offered in the area where the retiree resides.

Retirement eligibility is at age 65 or 30 years of service and at least age 50 for civilian plan participants, and at 20 years of service for Police participants.

#### B. Funding Policy:

The Town establishes employer contribution rates for plan participants as part of the budgetary process each year. The Town also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay 100% of the premiums.

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

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 252,438
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	\$ 252,438
Contributions made	<u>(120,000)</u>
Increase in net OPEB obligation	\$ 132,438
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 132,438</u>

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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**NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (continued)**

Town: (continued)

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 252,438	48%	\$ 132,438

**Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2007 is as follows:

Actuarial accrued liability (AAL)	\$ 3,966,615
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	3,966,615
Funded ratio (actuarial value of plan assets / AAL)	-
Covered payroll (active plan members)	8,867,000
UAAL as a percentage of covered payroll	44.7%

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

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

**Actuarial Methods and Assumptions**

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

## TOWN OF VIENNA, VIRGINIA

### Notes to Financial Statements June 30, 2009 (continued)

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#### **NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (continued)**

Town: (continued)

##### Cost Method

Annual contributions to the Plan have been computed under the Entry Age Normal Actuarial Cost Method.

Under this Cost Method, the annual employer contribution is computed as follows:

##### *Normal Cost*

- The liability for all future healthcare benefits payable by the Town to current and future retired employees is computed. This is called the Fully Projected Liability (or Present Value of Future Benefits).
- Entry age is established based on the dates provided in the data from the Town.
- A portion of the Fully Projected Liability is assigned for each participant to estimate prior Entry Age Normal costs, based on assumed past earnings. The sum of these portions is called the Actuarial Accrued Liability.
- The excess of the total Fully Projected Liability over the Actuarial Accrued Liability is divided by the present value of future pay to determine the Normal Cost as a percentage of pay. The percentage for each individual is multiplied by their respective pay. The sum of these is the Employer Normal Cost.
- The Employer Normal Cost is divided by the total payroll to determine Employer Normal Cost as a percentage of payroll

##### *Amortization Cost*

- The value of assets in a qualifying trust set aside to pay future benefits (Actuarial Value of Assets) is subtracted from the Actuarial Accrued Liability, producing the Unfunded Actuarial Accrued Liability.
- The Unfunded Actuarial Accrued Liability determined from this valuation is amortized as a level percentage of pay (assuming 4.5% per year growth in total payroll) over a closed period of 30 years. The payment for a given year is expressed as a percentage of projected active member payroll for that year.
- Amortizations of future gains and losses can be tracked individually and amortized over different periods.

The sum of the Normal Cost and the Amortization Cost is the total Town contribution percentage. The Town's actuarial cost for a given fiscal year is determined by multiplying the projected payroll for that year by the applicable contribution percentage.

**TOWN OF VIENNA, VIRGINIA**

**Notes to Financial Statements  
June 30, 2009 (continued)**

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**NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (continued)**

Town: (continued)

Interest Assumptions

In the January 1, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2009 was thirty years.

	<u>Unfunded</u>
Discount rate	4.00%
Payroll growth	3.00%

Net OPEB Obligation Payable

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, July 1, 2008	\$ -	\$ -	\$ -
Increases	227,194	25,244	252,438
Decreases	(108,000)	(12,000)	(120,000)
Balance, June 30, 2009	<u>\$ 119,194</u>	<u>\$ 13,244</u>	<u>\$ 132,438</u>
Total	<u>\$ 119,194</u>	<u>\$ 13,244</u>	<u>\$ 132,438</u>

**- Required Supplementary Information -**

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 8,476,142	\$ 8,476,142	\$ 8,473,707	\$ (2,435)
Other local taxes	6,432,700	6,432,700	6,379,073	(53,627)
Permits, privilege fees and regulatory licenses	98,240	98,240	88,388	(9,852)
Fines and forfeitures	210,400	210,400	277,174	66,774
Use of money and property	562,000	562,000	278,788	(283,212)
Charges for services	805,120	805,120	738,987	(66,133)
Miscellaneous	108,500	379,412	432,312	52,900
Intergovernmental:				
Revenue from the Commonwealth	1,872,237	1,892,877	2,006,394	113,517
Revenue from the Federal Government	-	342,845	343,671	826
<b>Total revenues</b>	<b>\$ 18,565,339</b>	<b>\$ 19,199,736</b>	<b>\$ 19,018,494</b>	<b>\$ (181,242)</b>
<b>Expenditures</b>				
Current:				
General Government Administration:				
Legislative	\$ 382,239	\$ 390,014	\$ 365,326	\$ 24,688
General and financial administration	3,279,534	3,330,469	2,949,330	381,139
Board of elections	1,550	1,550	2,897	(1,347)
<b>Total general government administration</b>	<b>\$ 3,663,323</b>	<b>\$ 3,722,033</b>	<b>\$ 3,317,553</b>	<b>\$ 404,480</b>
Public Safety:				
Law enforcement and traffic control	\$ 5,514,971	\$ 5,965,939	\$ 5,853,519	\$ 112,420
Volunteer fire department	38,500	38,500	49,331	(10,831)
Other protection	75,642	75,642	66,122	9,520
<b>Total public safety</b>	<b>\$ 5,629,113</b>	<b>\$ 6,080,081</b>	<b>\$ 5,968,972</b>	<b>\$ 111,109</b>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 3,102,475	\$ 3,335,248	\$ 3,446,117	\$ (110,869)
Sanitation and waste removal	1,422,567	1,434,049	1,361,965	72,084
Maintenance of buildings and grounds	2,192,992	2,187,864	2,038,980	148,884
<b>Total public works</b>	<b>\$ 6,718,034</b>	<b>\$ 6,957,161</b>	<b>\$ 6,847,062</b>	<b>\$ 110,999</b>

**TOWN OF VIENNA, VIRGINIA**

**Budgetary Comparison Schedule**

**General Fund**

**Year Ended June 30, 2009 (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	\$ 290,521	\$ 290,521	\$ 291,386	\$ (865)
Parks, recreation and cultural:				
Parks and recreation	\$ 2,747,315	\$ 2,801,475	\$ 2,651,234	\$ 150,241
Community Development:				
Planning and community development	\$ 748,204	\$ 753,845	\$ 742,287	\$ 11,558
Debt Service:				
Principal	\$ 410,128	\$ 410,128	\$ 409,374	\$ 754
Interest and fiscal charges	45,770	45,770	46,483	(713)
Total debt service	\$ 455,898	\$ 455,898	\$ 455,857	\$ 41
Total expenditures	\$ 20,252,408	\$ 21,061,014	\$ 20,274,351	\$ 786,663
Excess (deficiency) of revenues over expenditures	\$ (1,687,069)	\$ (1,861,278)	\$ (1,255,857)	\$ 605,421
<b>Other Financing Sources (Uses)</b>				
Long term debt issued	\$ -	\$ -	\$ 512,025	\$ 512,025
Transfers in	962,000	962,000	962,000	-
Transfers out	(97,000)	(315,019)	(314,585)	434
Total other financing sources (uses)	\$ 865,000	\$ 646,981	\$ 1,159,440	\$ 512,459
Net change in fund balance	\$ (822,069)	\$ (1,214,297)	\$ (96,417)	\$ 1,117,880
<b>Fund balance, beginning of year</b>	822,069	1,214,297	8,206,581	6,992,284
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ 8,110,164	\$ 8,110,164

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  
Schedules of Funding Progress

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, 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%
June 30, 2008	38,859,411	44,686,857	5,827,446	86.96%	9,447,165	61.68%
Town Local Plan:						
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%
January 1, 2009	2,250,356	3,251,130	1,000,774	69.2%	1,977,568	50.6%
Police Plan:						
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%
January 1, 2009	3,035,785	3,072,196	36,411	98.8%	2,782,500	1.3%
Other Post-Employment Benefits:						
January 1, 2007	\$ -	\$ 3,966,615	\$ 3,966,615	0.0%	\$ 8,867,000	44.7%

**- Other Supplementary Information -**

## TOWN OF VIENNA, VIRGINIA

## Fiduciary Funds

Combining Statement of Fiduciary Net Assets  
At June 30, 2009

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Total
<b>Assets:</b>			
Investment in State Treasurer's Local Government Investment Pool	\$ 2,259,400	\$ 3,049,960	\$ 5,309,360
Accounts receivable	13,376	7,976	21,352
Total assets	\$ <u>2,272,776</u>	\$ <u>3,057,936</u>	\$ <u>5,330,712</u>
<b>Net Assets:</b>			
Net assets held in trust for pension benefits	\$ <u>2,272,776</u>	\$ <u>3,057,936</u>	\$ <u>5,330,712</u>

## TOWN OF VIENNA, VIRGINIA

## Fiduciary Funds

**Combining Statement of Changes in Fiduciary Net Assets  
Year Ended June 30, 2009**

	<u>Local Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 155,790	\$ 152,049	\$ 307,839
Plan members	-	41,619	41,619
Total contributions	\$ 155,790	\$ 193,668	\$ 349,458
Investment income:			
Interest earned on investments	37,571	50,852	88,423
Total additions	\$ 193,361	\$ 244,520	\$ 437,881
Deductions:			
Pension benefit payments	\$ 131,995	\$ 174,550	\$ 306,545
Other charges	4,975	12,940	17,915
Total deductions	\$ 136,970	\$ 187,490	\$ 324,460
Net increase in plan assets	\$ 56,391	\$ 57,030	\$ 113,421
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,216,385	3,000,906	5,217,291
Balance, end of year	\$ 2,272,776	\$ 3,057,936	\$ 5,330,712

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b><u>General Fund:</u></b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,382,042	\$ 8,382,042	\$ 8,359,022	\$ (23,020)
Public service corporation taxes:				
Real property	79,100	79,100	85,327	6,227
Penalties and interest	15,000	15,000	29,358	14,358
Total general property taxes	<u>\$ 8,476,142</u>	<u>\$ 8,476,142</u>	<u>\$ 8,473,707</u>	<u>\$ (2,435)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,260,500	\$ 1,260,500	\$ 1,224,471	\$ (36,029)
Consumer utility taxes	670,000	670,000	659,932	(10,068)
Business license tax	2,150,000	2,150,000	2,204,093	54,093
Communication sales and use tax	1,200,000	1,200,000	1,113,151	(86,849)
Bank franchise taxes	416,800	416,800	444,050	27,250
Tobacco tax	420,000	420,000	407,741	(12,259)
Fiber-optic franchise tax	29,000	29,000	28,584	(416)
Telecommunications tax	127,000	127,000	126,567	(433)
Media general franchise fees and related taxes	99,000	99,000	110,588	11,588
Utility consumption taxes	60,400	60,400	59,896	(504)
Total other local taxes	<u>\$ 6,432,700</u>	<u>\$ 6,432,700</u>	<u>\$ 6,379,073</u>	<u>\$ (53,627)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,200	\$ 7,200	\$ 7,269	\$ 69
Other permits, privilege fees and regulatory licenses	91,040	91,040	81,119	(9,921)
Total permits, privilege fees and regulatory licenses	<u>\$ 98,240</u>	<u>\$ 98,240</u>	<u>\$ 88,388</u>	<u>\$ (9,852)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 210,400	\$ 210,400	\$ 277,174	\$ 66,774

## Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2009 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b><u>General Fund: (continued)</u></b>				
Revenue from use of money and property:				
Interest on bank deposits	\$ 462,000	\$ 462,000	\$ 167,257	\$ (294,743)
Concessions and rentals	<u>100,000</u>	<u>100,000</u>	<u>111,531</u>	<u>11,531</u>
Total revenue from use of money and property	<u>\$ 562,000</u>	<u>\$ 562,000</u>	<u>\$ 278,788</u>	<u>\$ (283,212)</u>
Charges for services:				
Recreation fees	\$ 795,000	\$ 795,000	\$ 718,204	\$ (76,796)
Police reimbursements	-	-	10,950	10,950
Special service fees	<u>10,120</u>	<u>10,120</u>	<u>9,833</u>	<u>(287)</u>
Total charges for services	<u>\$ 805,120</u>	<u>\$ 805,120</u>	<u>\$ 738,987</u>	<u>\$ (66,133)</u>
Miscellaneous revenue:				
Miscellaneous income	<u>\$ 108,500</u>	<u>\$ 379,412</u>	<u>\$ 432,312</u>	<u>\$ 52,900</u>
Total revenue from local sources	<u>\$ 16,693,102</u>	<u>\$ 16,964,014</u>	<u>\$ 16,668,429</u>	<u>\$ (295,585)</u>
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446</u>	<u>\$ 446</u>
Total non-categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446</u>	<u>\$ 446</u>
Categorical aid:				
Street and highway maintenance	\$ 1,396,600	\$ 1,396,600	\$ 1,514,123	\$ 117,523
Litter control	-	-	4,625	4,625
Law enforcement assistance	-	-	2,213	2,213
DMV grants	-	20,640	15,326	(5,314)
Public safety grants	447,137	447,137	430,330	(16,807)
Fire funds	<u>28,500</u>	<u>28,500</u>	<u>39,331</u>	<u>10,831</u>
Total Categorical aid	<u>\$ 1,872,237</u>	<u>\$ 1,892,877</u>	<u>\$ 2,005,948</u>	<u>\$ 113,071</u>
Total revenue from the Commonwealth	<u>\$ 1,872,237</u>	<u>\$ 1,892,877</u>	<u>\$ 2,006,394</u>	<u>\$ 113,517</u>

## Governmental Funds

Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2009 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b><u>General Fund: (continued)</u></b>				
Federal revenue:				
Categorical aid:				
Public safety grants	\$ -	\$ 342,845	\$ 343,671	\$ 826
Total revenue from the federal government	\$ -	\$ 342,845	\$ 343,671	\$ 826
Total General Fund	<u>\$ 18,565,339</u>	<u>\$ 19,199,736</u>	<u>\$ 19,018,494</u>	<u>\$ (181,242)</u>
<b><u>Debt Service Fund:</u></b>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 1,769,250	\$ 1,769,250	\$ 1,691,961	\$ (77,289)
Revenue from use of money and property:				
Interest on bank deposits	175,000	175,000	66,578	(108,422)
Miscellaneous revenue:				
Miscellaneous income	-	-	200	200
Total Debt Service Fund	<u>\$ 1,944,250</u>	<u>\$ 1,944,250</u>	<u>\$ 1,758,739</u>	<u>\$ (185,511)</u>
<b><u>Capital Projects Fund:</u></b>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 65,824	\$ 65,824
Total revenue from use of money and property	\$ -	\$ -	\$ 65,824	\$ 65,824
Miscellaneous revenue:				
Other	\$ -	\$ -	\$ 292	\$ 292
Total miscellaneous revenue	\$ -	\$ -	\$ 292	\$ 292
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,116</u>	<u>\$ 66,116</u>
Federal revenue:				
Federal transit grants	\$ -	\$ 1,654,385	\$ 100,642	\$ (1,553,743)
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 1,654,385</u>	<u>\$ 166,758</u>	<u>\$ (1,487,627)</u>
Grand Total All Governmental Funds	<u>\$ 20,509,589</u>	<u>\$ 22,798,371</u>	<u>\$ 20,943,991</u>	<u>\$ (1,854,380)</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund:</b>				
General Government Administration:				
Legislative:				
Town council	\$ 120,829	\$ 121,969	\$ 109,014	\$ 12,955
Boards and commissions	53,816	53,816	52,141	1,675
Town clerk	207,594	214,229	204,171	10,058
Total legislative	<u>\$ 382,239</u>	<u>\$ 390,014</u>	<u>\$ 365,326</u>	<u>\$ 24,688</u>
General and Financial Administration:				
Town manager	\$ 270,937	\$ 284,349	\$ 268,134	\$ 16,215
Administrative services	414,123	380,446	363,283	17,163
Legal services	224,097	224,097	214,002	10,095
Financial administration	418,595	437,926	420,862	17,064
Disbursement operations	130,532	135,918	134,148	1,770
Data processing	68,000	68,000	42,692	25,308
Risk management	534,304	534,304	499,543	34,761
Information technology	237,062	237,062	247,488	(10,426)
Purchasing	127,604	128,779	123,989	4,790
Revenue operations	305,667	303,555	289,265	14,290
Public information	154,439	154,439	153,933	506
Central services	285,174	285,174	150,448	134,726
PC replacement	109,000	156,420	41,543	114,877
Total general and financial administration	<u>\$ 3,279,534</u>	<u>\$ 3,330,469</u>	<u>\$ 2,949,330</u>	<u>\$ 381,139</u>
Board of Elections:				
Elections	\$ 1,550	\$ 1,550	\$ 2,897	\$ (1,347)
Total general government administration	<u>\$ 3,663,323</u>	<u>\$ 3,722,033</u>	<u>\$ 3,317,553</u>	<u>\$ 404,480</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 695,164	\$ 701,425	\$ 690,789	\$ 10,636
Uniform patrol	2,045,232	2,049,196	2,255,078	(205,882)
Communications	943,726	943,726	760,931	182,795
Investigations	993,206	993,206	1,060,040	(66,834)
Community services	123,217	143,796	130,799	12,997
Traffic unit	714,426	714,426	506,273	208,153
Vehicle replacement	-	-	46,574	(46,574)
Other law enforcement and traffic control	-	420,164	403,035	17,129
Total law enforcement and traffic control	<u>\$ 5,514,971</u>	<u>\$ 5,965,939</u>	<u>\$ 5,853,519</u>	<u>\$ 112,420</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund: (continued)</b>				
Public Safety: (continued)				
Fire and rescue:				
Volunteer fire department	\$ 38,500	\$ 38,500	\$ 49,331	\$ (10,831)
Other protection:				
Personal property/animal control	75,642	75,642	66,122	9,520
Total public safety	<u>\$ 5,629,113</u>	<u>\$ 6,080,081</u>	<u>\$ 5,968,972</u>	<u>\$ 111,109</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 697,230	\$ 704,591	\$ 675,627	\$ 28,964
Street maintenance	1,967,712	2,156,120	1,884,805	271,315
Street maintenance equipment	-	-	513,222	(513,222)
Snow removal	106,835	106,835	103,101	3,734
Traffic engineering	330,698	367,702	269,362	98,340
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 3,102,475</u>	<u>\$ 3,335,248</u>	<u>\$ 3,446,117</u>	<u>\$ (110,869)</u>
Sanitation and waste removal:				
Sanitation	\$ 873,799	\$ 881,140	\$ 862,266	\$ 18,874
Refuse disposal	399,469	404,603	373,807	30,796
Fall/spring cleanup - leaf collection and other	149,299	148,306	125,892	22,414
Total sanitation and waste removal	<u>\$ 1,422,567</u>	<u>\$ 1,434,049</u>	<u>\$ 1,361,965</u>	<u>\$ 72,084</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,186,298	\$ 1,186,298	\$ 1,125,190	\$ 61,108
Maintenance of buildings and grounds	1,006,694	1,001,566	913,790	87,776
Total maintenance of buildings and grounds	<u>\$ 2,192,992</u>	<u>\$ 2,187,864</u>	<u>\$ 2,038,980</u>	<u>\$ 148,884</u>
Total public works	<u>\$ 6,718,034</u>	<u>\$ 6,957,161</u>	<u>\$ 6,847,062</u>	<u>\$ 110,099</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	<u>\$ 290,521</u>	<u>\$ 290,521</u>	<u>\$ 291,386</u>	<u>\$ (865)</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b>General Fund: (continued)</b>				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 526,803	\$ 528,258	\$ 508,729	\$ 19,529
Parks and recreation programs	443,500	443,500	447,186	(3,686)
General maintenance	911,113	918,028	881,256	36,772
Community center	452,972	453,522	448,197	5,325
Special events	198,335	238,075	154,964	83,111
Teen Center	175,592	181,092	170,287	10,805
Historic preservation	39,000	39,000	40,615	(1,615)
Total parks and recreation	<u>\$ 2,747,315</u>	<u>\$ 2,801,475</u>	<u>\$ 2,651,234</u>	<u>\$ 150,241</u>
Community Development:				
Planning and community development:				
Litter control	\$ -	\$ -	\$ 3,203	\$ (3,203)
Planning and zoning	729,914	735,555	720,994	14,561
Various contributions	18,290	18,290	18,090	200
Total planning and community development	<u>\$ 748,204</u>	<u>\$ 753,845</u>	<u>\$ 742,287</u>	<u>\$ 11,558</u>
Debt Service:				
Principal on capital lease obligation	\$ 410,128	\$ 410,128	\$ 409,374	\$ 754
Interest on capital leases	45,770	45,770	46,483	(713)
Total debt service	<u>\$ 455,898</u>	<u>\$ 455,898</u>	<u>\$ 455,857</u>	<u>\$ 41</u>
Total General Fund	<u>\$ 20,252,408</u>	<u>\$ 21,061,014</u>	<u>\$ 20,274,351</u>	<u>\$ 786,663</u>
<b>Debt Service Fund:</b>				
Debt Service:				
Principal retirement	\$ 1,927,667	\$ 1,927,667	\$ 1,926,665	\$ 1,002
Interest and fiscal charges	499,508	499,508	500,674	(1,166)
Total Debt Service Fund	<u>\$ 2,427,175</u>	<u>\$ 2,427,175</u>	<u>\$ 2,427,339</u>	<u>\$ (164)</u>

## Governmental Funds

Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2009 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<b><u>Capital Projects Fund:</u></b>				
Capital projects:				
Water tanks and well generators	\$ -	\$ 465,532	\$ -	\$ 465,532
Parks and recreation projects	-	286,744	10,550	276,194
Records storage facility	-	9,757	9,277	480
HVAC upgrades	-	100,733	50,605	50,128
Street improvement projects	-	3,301,860	159,060	3,142,800
Storm drainage project	-	121,568	75,674	45,894
Other capital projects and administration	-	167,130	10	167,120
Total Capital Projects Fund	\$ -	\$ 4,453,324	\$ 305,176	\$ 4,148,148
Grand Total Expenditures--All Governmental Funds	\$ 22,679,583	\$ 27,941,513	\$ 23,006,866	\$ 4,934,647

## - Statistical Section -

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*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 Seven Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>
<b>Governmental activities:</b>		
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>
<b>Business-type activities:</b>		
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>	<u>2009</u>
\$ 29,665,051	\$ 26,085,741	\$ 31,965,939	\$ 37,791,201	\$ 37,874,402
<u>12,187,531</u>	<u>16,650,491</u>	<u>15,418,559</u>	<u>15,284,033</u>	<u>14,730,114</u>
<u>\$ 41,852,582</u>	<u>\$ 42,736,232</u>	<u>\$ 47,384,498</u>	<u>\$ 53,075,234</u>	<u>\$ 52,604,516</u>
\$ 7,611,414	\$ 7,926,642	\$ 7,633,717	\$ 7,624,024	\$ 7,782,540
<u>1,247,232</u>	<u>720,796</u>	<u>567,337</u>	<u>1,431,406</u>	<u>1,054,949</u>
<u>\$ 8,858,646</u>	<u>\$ 8,647,438</u>	<u>\$ 8,201,054</u>	<u>\$ 9,055,430</u>	<u>\$ 8,837,489</u>
<u>\$ 50,711,228</u>	<u>\$ 51,383,670</u>	<u>\$ 55,585,552</u>	<u>\$ 62,130,664</u>	<u>\$ 61,442,005</u>

TOWN OF VIENNA, VIRGINIA

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

	2003	2004
<b>Expenses:</b>		
<b>Governmental Activities:</b>		
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>
<b>Business type activities:</b>		
Water and sewer	3,967,057	4,641,190
Total expenses	<u>\$ 19,700,845</u>	<u>\$ 22,547,465</u>
<b>Program Revenues:</b>		
<b>Governmental Activities:</b>		
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>
<b>Business type activities:</b>		
Water and sewer		
Charges for services	\$ 4,335,339	\$ 4,388,312
Operating grants and contributions	-	12,101
Capital grants and contributions	-	-
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>
<b>General Revenues and Other Changes in Net Assets:</b>		
<b>Governmental Activities:</b>		
Taxes:		
General real property taxes	\$ 5,908,768	\$ 6,630,581
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>
<b>Business type activities:</b>		
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>
<b>Changes in net assets:</b>		
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	2009
\$	3,242,113	\$ 3,092,863	\$ 3,081,052	\$ 3,119,608	\$ 3,466,917
	5,143,055	4,800,550	5,225,145	5,616,582	5,845,864
	7,696,605	7,697,348	8,716,466	8,995,488	9,379,606
	186,891	230,802	305,332	294,054	292,930
	2,043,892	2,498,235	2,706,829	2,797,313	2,871,670
	547,117	589,001	691,665	734,650	755,281
	640,992	617,754	672,020	599,829	523,205
\$	19,500,665	\$ 19,526,553	\$ 21,398,509	\$ 22,157,524	\$ 23,135,473
	4,679,889	5,144,312	5,043,291	5,147,109	5,315,042
\$	24,180,554	\$ 24,670,865	\$ 26,441,800	\$ 27,304,633	\$ 28,450,515
\$	9,454	\$ 11,420	\$ 10,043	\$ 9,931	\$ 9,833
	617,402	336,558	357,090	337,235	376,512
	369,751	235,806	85,328	-	-
	551,217	648,551	771,169	786,722	718,204
	2,081,809	1,828,699	2,251,198	2,062,483	2,115,797
	-	-	4,191,946	5,540,058	334,464
\$	3,629,633	\$ 3,061,034	\$ 7,666,774	\$ 8,736,429	\$ 3,554,810
\$	4,627,013	\$ 5,717,486	\$ 5,692,069	\$ 6,181,491	\$ 5,753,330
	-	-	-	240,507	-
	-	-	-	-	277,977
\$	4,627,013	\$ 5,717,486	\$ 5,692,069	\$ 6,421,998	\$ 6,031,307
\$	8,256,646	\$ 8,778,520	\$ 13,358,843	\$ 15,158,427	\$ 9,586,117
\$	(15,923,908)	\$ (15,892,345)	\$ (13,082,957)	\$ (12,146,206)	\$ (18,864,398)
\$	6,768,321	\$ 6,817,919	\$ 7,094,275	\$ 7,838,966	\$ 8,523,543
	1,134,790	1,154,058	1,197,980	1,214,258	1,224,471
	-	-	-	1,225,144	1,113,151
	1,341,121	1,336,727	1,153,656	660,742	659,932
	1,850,557	1,964,737	1,994,824	2,095,137	2,204,093
	2,230,408	2,297,579	2,335,577	2,385,355	1,691,961
	1,672,212	1,879,978	1,892,970	1,181,323	1,177,426
	17,435	18,913	18,759	18,171	446
	313,866	620,147	991,582	845,947	411,190
	304,443	206,174	304,100	368,838	1,060,904
	1,173,392	1,052,937	1,237,675	1,277,950	1,042,828
\$	16,806,545	\$ 17,349,169	\$ 18,221,398	\$ 19,111,831	\$ 19,109,945
\$	58,206	\$ 99,113	\$ 100,211	\$ 67,458	\$ 30,702
	68,206	57,192	42,302	77,415	77,920
	27,000	112,250	-	-	-
	(1,173,392)	(1,052,937)	(1,237,675)	(1,277,950)	(1,042,828)
\$	(1,019,980)	\$ (784,382)	\$ (1,095,162)	\$ (1,133,077)	\$ (934,206)
\$	15,786,565	\$ 16,564,787	\$ 17,126,236	\$ 17,978,754	\$ 18,175,739
\$	935,513	\$ 883,650	\$ 4,489,663	\$ 5,690,736	\$ (470,718)
	(1,072,856)	(211,208)	(446,384)	141,812	(217,941)
\$	(137,343)	\$ 672,442	\$ 4,043,279	\$ 5,832,548	\$ (688,659)

**TOWN OF VIENNA, VIRGINIA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales &amp; Use Tax</b>	<b>Communication Sales &amp; Use Tax</b>	<b>Consumer Utility Tax</b>	<b>Business &amp; Occupation Licenses</b>
2009	\$ 8,523,543	\$ 1,224,471	\$ 1,113,151	\$ 659,932	\$ 2,204,093
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**

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	<b>Meals &amp; Lodging Taxes</b>	<b>Motor Vehicle License Tax</b>	<b>Bank Franchise Tax</b>	<b>Tobacco Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
\$	1,691,961	\$ -	\$ 444,050	\$ 407,741	\$ 325,635	\$ 16,594,577
	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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund:				
Reserved	\$ 572,399	\$ 1,130,615	\$ 1,679,356	\$ 1,527,269
Designated	-	-	-	-
Undesignated	<u>3,110,179</u>	<u>2,978,115</u>	<u>3,117,477</u>	<u>3,682,023</u>
Total General Fund	<u><u>\$ 3,682,578</u></u>	<u><u>\$ 4,108,730</u></u>	<u><u>\$ 4,796,833</u></u>	<u><u>\$ 5,209,292</u></u>
Debt Service Fund:				
Reserved	<u><u>\$ 2,075,477</u></u>	<u><u>\$ 1,712,367</u></u>	<u><u>\$ 1,570,253</u></u>	<u><u>\$ 2,947,361</u></u>
Capital Projects Fund:				
Reserved	\$ 362,449	\$ 3,659,227	\$ 851,116	\$ 2,948,382
Designated	<u>11,989,091</u>	<u>6,496,932</u>	<u>7,645,507</u>	<u>1,472,535</u>
Total Capital Projects Fund	<u><u>\$ 12,351,540</u></u>	<u><u>\$ 10,156,159</u></u>	<u><u>\$ 8,496,623</u></u>	<u><u>\$ 4,420,917</u></u>

Table 4

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,331,345	\$ 2,555,773	\$ 2,529,976	\$ 3,138,779	\$ 3,437,540	\$ 3,321,836
623,524	600,000	712,273	950,000	963,786	1,097,048
<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>3,691,280</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>\$ 8,110,164</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>	<u>\$ 3,964,342</u>
\$ 2,789,385	\$ 2,564,515	\$ 2,948,382	\$ 45,931	\$ 646,428	\$ 885,721
-	-	3,203,716	4,257,570	3,260,662	2,962,845
<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>	<u>\$ 3,848,566</u>

**TOWN OF VIENNA, VIRGINIA**

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Revenues:</b>				
General property taxes	\$ 4,643,091	\$ 4,930,690	\$ 5,321,471	\$ 5,913,739
Other local taxes	6,181,885	6,431,340	6,478,622	6,891,274
Permits, privilege fees and regulatory licenses	43,326	35,560	38,159	40,958
Fines and forfeitures	416,832	479,454	327,144	306,734
Revenue from use of money and property	1,112,693	1,159,717	610,412	459,526
Charges for services	385,007	397,295	349,748	433,727
Miscellaneous	332,778	291,511	229,531	510,085
Intergovernmental	1,578,927	1,745,725	1,809,696	3,547,064
Total revenues	<u>\$ 14,694,539</u>	<u>\$ 15,471,292</u>	<u>\$ 15,164,783</u>	<u>\$ 18,103,107</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 2,135,902	\$ 2,246,340	\$ 2,401,794	\$ 2,662,877
Public safety	3,794,037	3,915,784	3,861,770	3,964,685
Public works	4,178,500	4,529,193	5,261,069	5,113,761
Health and welfare	78,111	95,834	109,774	133,572
Parks, recreation, and cultural	1,434,851	1,551,173	1,678,994	1,828,948
Community development	435,105	440,949	451,390	493,383
Capital projects	1,559,091	2,258,180	6,360,816	4,364,932
<b>Debt service:</b>				
Principal retirement	1,523,290	1,852,573	1,945,541	2,104,465
Interest and other fiscal charges	780,950	785,587	718,880	833,491
Total expenditures	<u>\$ 15,919,837</u>	<u>\$ 17,675,613</u>	<u>\$ 22,790,028</u>	<u>\$ 21,500,114</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,225,298)</u>	<u>\$ (2,204,321)</u>	<u>\$ (7,625,245)</u>	<u>\$ (3,397,007)</u>
<b>Other financing sources (uses):</b>				
Long term debt issued	\$ 358,219	\$ 392,954	\$ 5,256,368	\$ 233,271
Transfers in	1,110,437	1,163,298	1,171,092	1,271,552
Transfers out	(705,753)	(805,304)	(594,728)	(393,955)
Total other financing sources (uses)	<u>\$ 762,903</u>	<u>\$ 750,948</u>	<u>\$ 5,832,732</u>	<u>\$ 1,110,868</u>
Net changes in fund balances	<u>\$ (462,395)</u>	<u>\$ (1,453,373)</u>	<u>\$ (1,792,513)</u>	<u>\$ (2,286,139)</u>
<b>Debt service as a percentage of noncapital expenditures</b>				
	19.11%	20.64%	19.36%	20.69%

Table 5

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$	6,592,333	\$ 6,757,957	\$ 6,833,298	\$ 7,086,277	\$ 7,850,154	\$ 8,473,707
	7,692,747	8,229,088	8,633,079	8,575,007	8,761,959	8,071,034
	51,403	50,025	78,320	90,652	106,291	88,388
	468,396	556,051	249,646	257,589	227,215	277,174
	405,663	683,617	855,953	1,076,910	845,947	411,190
	525,693	571,997	668,563	790,061	800,382	738,987
	276,978	304,443	206,174	304,100	368,838	432,804
	1,911,522	2,099,244	1,847,612	2,269,957	2,080,654	2,450,707
\$	<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>	<u>\$ 20,943,991</u>
\$	2,857,364	\$ 3,250,998	\$ 2,944,474	\$ 3,073,899	\$ 3,284,008	\$ 3,317,553
	4,224,570	4,921,959	4,791,532	5,248,899	5,714,956	5,968,972
	5,090,520	5,954,747	6,111,875	6,136,304	6,388,010	6,847,062
	158,447	186,891	230,802	305,332	294,054	291,386
	2,141,689	2,272,337	2,431,783	2,676,393	2,863,952	2,651,234
	518,634	543,506	581,899	676,402	729,537	742,287
	1,704,587	169,741	1,593,117	2,429,327	799,922	305,176
	2,168,147	2,170,312	1,999,097	2,275,881	2,307,428	2,336,039
	744,108	658,599	570,965	684,805	623,551	547,157
\$	<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>\$ 23,006,866</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>	<u>\$ (2,062,875)</u>
\$	373,202	\$ 305,641	\$ 5,419,521	\$ 524,680	\$ 600,000	\$ 512,025
	1,199,910	1,327,224	1,462,323	1,367,613	1,387,610	1,592,104
	(6,422)	(153,832)	(409,386)	(129,938)	(109,660)	(549,276)
\$	<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>\$ 1,554,853</u>
\$	<u>(116,641)</u>	<u>\$ 602,365</u>	<u>\$ 4,589,559</u>	<u>\$ (1,294,334)</u>	<u>\$ (86,028)</u>	<u>\$ (508,022)</u>
	19.43%	16.51%	15.04%	16.34%	13.87%	13.60%

**TOWN OF VIENNA, VIRGINIA**

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Local Sales</b>	<b>Communication Sales and Use Tax</b>	<b>Consumer Utility</b>	<b>Business &amp; Occupation License</b>	<b>Meals &amp; Lodging Tax</b>
2009	\$ 8,473,707	\$ 1,224,471	\$ 1,113,151	\$ 659,932	\$ 2,204,093	\$ 1,691,961
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

**Table 6**

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<b>Motor Vehicle License</b>	<b>Bank Franchise</b>	<b>Tobacco</b>	<b>Cable TV Fees</b>	<b>Franchise Taxes</b>	<b>Total</b>
\$ -	\$ 444,050	\$ 407,741	\$ -	\$ 325,635	\$ 16,544,741
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

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	
2009	\$ 4,000,023,980	\$ 4,000,023,980	0.2091	\$ 40,806,556	\$ 40,806,556	\$ 4,040,830,536	\$ 4,040,830,536	100%
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%

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 \$4,040,830,536 is the assessed valuation effective January 1, 2008, which was used as a basis for billing taxes in the fiscal year 2008-2009.

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>
2009	0.2091	0.92	1.1291
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

(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 2009			Fiscal Year 2000		
	2008 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1999 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
BFH Danor Plaza	\$ 199,959,860	1	4.84%	\$ 123,273,580	1	8.31%
Navy Federal Credit Union	36,466,400	2	0.88%	16,693,165	2	1.13%
Maple Avenue Shopping *	31,865,960	3	0.77%	12,984,070	4	0.88%
Vienna Park Properties	29,698,300	4	0.72%	-	N/A	N/A
Transwestern Goldstar LLC	26,736,120	5	0.65%	11,438,775	6	0.77%
Maryland Gardens Ltd. Partnership	22,236,410	6	0.54%	11,082,885	7	0.75%
Vienna Shopping Center, LP	19,704,680	7	0.48%	8,928,000	8	0.60%
P. Daniel & Diana S. Orlich	16,407,250	8	0.40%	5,521,910	13	0.37%
Frank Zafren & Alec Jacobson, Tr.	14,715,650	9	0.36%	-	N/A	N/A
RDT Electric Avenue LLC	13,229,380	10	0.32%	-	N/A	N/A
GRI Cedar Park LLC	12,709,980	11	0.31%	8,731,800	9	0.59%
Westwood Country Club, Inc.	11,666,900	12	0.28%	-	N/A	N/A
BFH Danor Plaza	9,851,490	13	0.24%	-	N/A	N/A
Vienna Development Association	9,045,570	14	0.22%	4,941,740	14	0.33%
Swart Vienna LLC	8,612,230	15	0.21%	-	N/A	N/A
Storage Partners of Vienna	-	N/A	N/A	12,151,930	5	0.82%
Vienna Technology Park Associates	-	N/A	N/A	14,122,455	3	0.95%
W.H. Tysons Page Corp.	-	N/A	N/A	8,112,950	10	0.55%
Maple Professional Park	-	N/A	N/A	6,122,680	11	0.41%
Cedar Park & Shop	-	N/A	N/A	5,961,270	12	0.40%
David and Bessie Feldman	-	N/A	N/A	4,104,165	15	0.28%
Cyprus Group, Inc.						
<b>Total</b>	<b>\$ 462,906,180</b>		<b>11.22%</b>	<b>\$ 254,171,375</b>		<b>17.14%</b>

\* Name change from Maple Avenue Limited Partners in 2002

**Table 10**

**TOWN OF VIENNA, VIRGINIA**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (1)</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy Collected</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2009	\$ 8,360,160	\$ 8,345,045	99.82%	\$ -	\$ 8,345,045	99.82%
2008	7,733,269	7,718,007	99.80%	11,796	7,729,803	99.96%
2007	7,002,121	6,983,862	99.74%	17,414	7,001,276	99.99%
2006	6,733,801	6,723,053	99.84%	10,748	6,733,801	100.00%
2005	6,660,504	6,644,764	99.76%	15,733	6,660,497	100.00%
2004	6,275,332	6,268,173	99.89%	7,153	6,275,326	100.00%
2003	5,777,576	5,765,448	99.79%	12,090	5,777,538	100.00%
2002	5,192,967	5,179,490	99.74%	13,477	5,192,967	100.00%
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%

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			
2009	\$ 10,443,336	\$ 1,364,842	\$ 1,015,036	\$ 144,660	\$ 12,967,874	2.31%	873
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

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, 2009**

	<b>Net Bonded Debt Outstanding</b>	<b>Percentage Applicable to this Governmental Unit</b>	<b>Share of Debt</b>
Direct Debt:			
Town of Vienna General Bonded Debt	\$ 10,443,336	100.00%	\$ 10,443,336
Overlapping Debt: *			
County of Fairfax General Bonded Debt	<u>1,895,765,000</u>	1.64%	<u>31,090,546</u>
Total direct and overlapping debt	<u>\$ 1,906,208,336</u>		<u>\$ 41,533,882</u>

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

## TOWN OF VIENNA, VIRGINIA

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

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (1)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (3)</b>
2009	\$ 10,443,336	\$ 3,964,342	\$ 6,478,994	0.16%	436.30
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

(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**

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	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt limit	\$ 144,056,067	\$ 157,817,512	\$ 176,350,883	\$ 210,547,255
Total net debt applicable to limit	<u>16,870,000</u>	<u>15,160,000</u>	<u>18,355,000</u>	<u>16,523,333</u>
Legal debt margin	<u>\$ 127,186,067</u>	<u>\$ 142,657,512</u>	<u>\$ 157,995,883</u>	<u>\$ 194,023,922</u>
Total net debt applicable to the limit as a percentage of debt limit	11.71%	9.61%	10.41%	7.85%

**Table 14**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 235,035,177	\$ 253,940,977	\$ 309,315,848	\$ 391,208,046	\$ 402,576,843	\$ 404,083,054
14,696,671	12,870,004	16,223,337	14,296,670	12,370,003	10,443,336
<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>	<u>\$ 393,639,718</u>
6.25%	5.07%	5.24%	3.65%	3.07%	2.58%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 4,040,830,536
Add back: exempt real property	131,735,280
Total assessed value	<u>\$ 4,172,565,816</u>
Debt limit (10% of total assessed value)	\$ 417,256,582
Net debt applicable to limit	10,443,336
Legal debt margin	<u>\$ 406,813,246</u>

## TOWN OF VIENNA, VIRGINIA

**Revenue Bond Coverage  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(1) Gross Revenue</b>	<b>(2) Direct Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>(3) Principal</b>	<b>(3) Interest</b>	<b>Total</b>	<b>Coverage</b>
2009	\$ 5,861,952	\$ 4,867,337	\$ 994,615	-	-	-	N/A
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

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

N/A = Not applicable

## TOWN OF VIENNA, VIRGINIA

Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate (1)</b>
2009	14,850	\$ 560,632,050	\$ 37,753	40.0	5.90%
2008	14,850	560,632,050	37,753	40.0	3.10%
2007	14,850	560,632,050	37,753	40.0	2.30%
2006	14,850	560,632,050	37,753	40.0	2.50%
2005	14,850	560,632,050	37,753	40.0	2.90%
2004	14,868	561,311,604	37,753	39.5	2.20%
2003	14,453	545,644,109	37,753	40.0	2.40%
2002	14,453	545,644,109	37,753	40.0	3.20%
2001	14,453	682,774,173	47,241	36.0	2.20%
2000	14,453	682,774,173	47,241	35.9	1.60%

Source: Weldon Cooper Center, [www.fedstats.gov](http://www.fedstats.gov), (1) Fairfax County

## TOWN OF VIENNA, VIRGINIA

Principal Employers  
Current Year and Nine Years Prior

<u>Employer</u>	<u>Fiscal Year 2009</u>		<u>Fiscal Year 2000</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
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	100 to 249	5
Cardiovascular Management Group	100 to 249	4	100 to 249	3
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	100 to 249	10
Giant Foods	100 to 249	8	100 to 249	8
Wheat's Lawn and Custom Land Inc	100 to 249	9	100 to 249	9
U.S. Postal Service	100 to 249	10	100 to 249	N/A
Management Systems Design, Inc.	N/A	N/A	100 to 249	4

Source: Virginia Employment Commission

**TOWN OF VIENNA, VIRGINIA**

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

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

Source: Town of Vienna Budget

Table 18

2003	2004	2005	2006	2007	2008	2009
0.500	0.500	0.500	0.500	0.500	0.500	0.500
2.500	2.500	2.000	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500	0.500
<b>3.500</b>	<b>3.500</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>	<b>3.000</b>
1.500	1.500	1.500	1.500	1.500	1.500	1.500
2.000	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	1.000	2.000	2.000	2.000	2.000	2.000
<b>5.500</b>	<b>5.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>
2.000	2.000	2.000	2.000	2.500	3.000	3.000
2.000	2.000	1.625	1.625	1.625	1.625	1.625
1.675	1.675	1.675	1.625	1.625	1.625	1.625
1.000	1.000	1.000	1.000	1.000	1.000	1.000
3.375	3.375	3.500	3.500	3.500	3.500	3.500
<b>10.050</b>	<b>10.050</b>	<b>9.800</b>	<b>9.750</b>	<b>10.250</b>	<b>10.750</b>	<b>10.750</b>
4.000	4.000	4.000	3.000	3.000	3.000	3.000
20.000	20.000	20.000	21.000	21.000	21.000	21.000
8.000	8.000	8.000	11.000	11.000	11.000	11.000
2.000	2.000	2.000	1.000	1.000	1.000	1.000
8.000	8.000	8.000	6.000	6.000	6.000	6.000
2.000	2.000	2.000	1.000	1.000	1.000	1.000
6.000	6.000	7.000	9.000	9.000	9.000	9.000
<b>50.000</b>	<b>50.000</b>	<b>51.000</b>	<b>52.000</b>	<b>52.000</b>	<b>52.000</b>	<b>52.000</b>
5.500	5.500	6.000	6.000	6.000	6.500	6.500
15.000	15.000	15.000	15.000	15.000	15.000	15.000
8.000	9.000	9.000	9.000	9.000	9.000	9.000
8.000	8.000	8.000	8.000	8.000	8.000	8.000
14.000	14.000	14.000	14.000	14.000	14.000	14.000
2.000	2.000	2.000	2.000	2.000	2.000	2.000
<b>52.500</b>	<b>53.500</b>	<b>54.000</b>	<b>54.000</b>	<b>54.000</b>	<b>54.500</b>	<b>54.500</b>
4.000	4.750	4.750	4.750	4.750	4.750	4.750
10.000	10.000	10.000	10.000	10.000	10.000	10.000
3.750	4.000	4.000	4.000	4.500	4.500	4.500
1.000	1.000	1.000	1.000	1.500	1.500	1.500
<b>18.750</b>	<b>19.750</b>	<b>19.750</b>	<b>19.750</b>	<b>20.750</b>	<b>20.750</b>	<b>20.750</b>
6.500	6.500	6.500	6.500	7.000	7.000	7.000
<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>6.500</b>	<b>7.000</b>	<b>7.000</b>	<b>7.000</b>
<b>146.800</b>	<b>148.800</b>	<b>150.550</b>	<b>151.500</b>	<b>153.500</b>	<b>154.500</b>	<b>154.500</b>
14.500	14.500	14.500	14.500	14.500	14.500	14.500
4.000	4.000	4.000	4.000	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000	2.000
<b>20.500</b>						
<b>167.300</b>	<b>169.300</b>	<b>171.050</b>	<b>172.000</b>	<b>174.000</b>	<b>175.000</b>	<b>175.000</b>

**TOWN OF VIENNA, VIRGINIA**

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

<b>Function</b>	<b>(1)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>General Government</b>					
Administrative Service					
Job applications processed		254	254	254	575
Public Information					
Information requests responded to		2,350	2,239	2,209	2,261
Press releases per year		250	287	281	293
Finance					
Real Estate bills processed		11,720	11,718	12,120	12,120
Water and Sewer bills processed		37,000	37,000	37,000	37,000
(a) Vehicle decals issued	<b>(2)</b>	13,632	13,659	13,522	13,377
(b) Payroll checks/Direct Deposits		6,565	6,972	7,056	7,685
(b) Vendor check issued		4,393	4,467	4,524	5,045
Competitive bids completed		-	-	30	20
<b>Public Safety</b>					
Number of Calls for Service received		10,912	11,015	10,469	11,845
Number of Citations issued		10,375	9,322	7,859	8,173
Number of Animal complaints		542	577	-	-
<b>Public Works</b>					
Tons of asphalt installed		800	800	415	357
(c) Vehicles Maintained		120	121	123	122
Tons of Waste collected		5,928	5,487	6,219	6,700
Tons of Recycled materials collected		1,477	1,655	1,734	1,910
(d) Cubic Yards/Tons of leaves collected		14,709	13,393	16,341	16,623
<b>Water and Sewer Operations</b>					
Repair Water Main breaks		57	60	57	64
Repair defective sewer lines		15	20	15	20
Completed work orders		3,750	3,840	3,840	3,200
<b>Parks and Recreation</b>					
Number of programs held		400	430	450	427
Daily average number of teens using Teen Center		36	30	35	40
<b>Planning and Zoning</b>					
Permit applications		827	939	939	860
New zoning violation cases opened		185	248	248	260

Sources: Town Budget unless noted

- (a) Decal logs
- (b) Check logs
- (c) Fixed Asset Records
- (d) Measurement changed from Cubic Yards to Tons in 2009

Notes:

- (1) Data not available indicated by dash (-)
- (2) Vehicle decals were discontinued in 2008

**Table 19**

<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
575	581	587	620	468	586
2,404	2,192	2,200	2,357	2,000	1,600
234	221	225	233	240	254
12,220	12,130	12,136	12,080	12,225	12,300
36,000	36,950	36,850	36,500	37,500	38,000
13,384	13,297	12,858	11,688	-	-
7,660	7,689	7,500	7,560	7,688	8,915
4,886	5,049	4,919	4,864	4,695	5,355
15	18	22	17	30	30
10,595	11,786	11,519	12,849	11,654	13,000
7,667	5,888	6,737	5,839	5,216	7,400
412	477	330	400	387	400
330	788	662	700	1,480	1,500
131	132	147	143	145	145
7,950	7,950	7,073	6,474	6,883	6,001
2,000	1,701	1,809	1,878	2,067	2,036
11,263	13,719	15,227	15,850	14,042	3,205
71	42	46	44	72	68
9	12	12	13	12	15
3,700	3,800	3,600	3,400	4,200	3,800
450	450	520	592	573	642
40	40	40	40	30	35
817	876	801	1,050	880	829
244	235	220	324	413	557

**TOWN OF VIENNA, VIRGINIA**

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

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>General government</b>			
Administration buildings	2	2	3
Vehicles	5	5	5
<b>Public safety</b>			
Patrol units	18	21	18
Motorcycles	5	5	5
Other vehicles	2	2	1
<b>Public works</b>			
Trucks/vehicles	73	70	74
<b>Parks and recreation</b>			
Community center	1	1	1
Vehicles	14	15	16
Number of parks	6	7	7
Park acres	63.71	74.32	74.32
<b>Community development</b>			
Planning vehicles	3	3	4

Source: Individual Town Departments

**Table 20**

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<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
3	3	3	3	3	4	4
5	5	6	6	6	6	6
17	20	18	20	20	18	19
5	6	5	5	5	5	6
2	2	3	3	3	3	3
73	75	75	85	83	84	88
1	1	1	1	1	1	1
16	19	21	24	22	25	20
7	7	7	7	10	10	10
74.32	74.32	74.32	74.32	93.47	93.47	93.47
4	4	4	4	4	4	3

**- Compliance Section -**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the Town of Vienna, Virginia's basic financial statements and have issued our report thereon dated December 7, 2009. 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 7, 2009.

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*

Fredericksburg, Virginia  
December 7, 2009