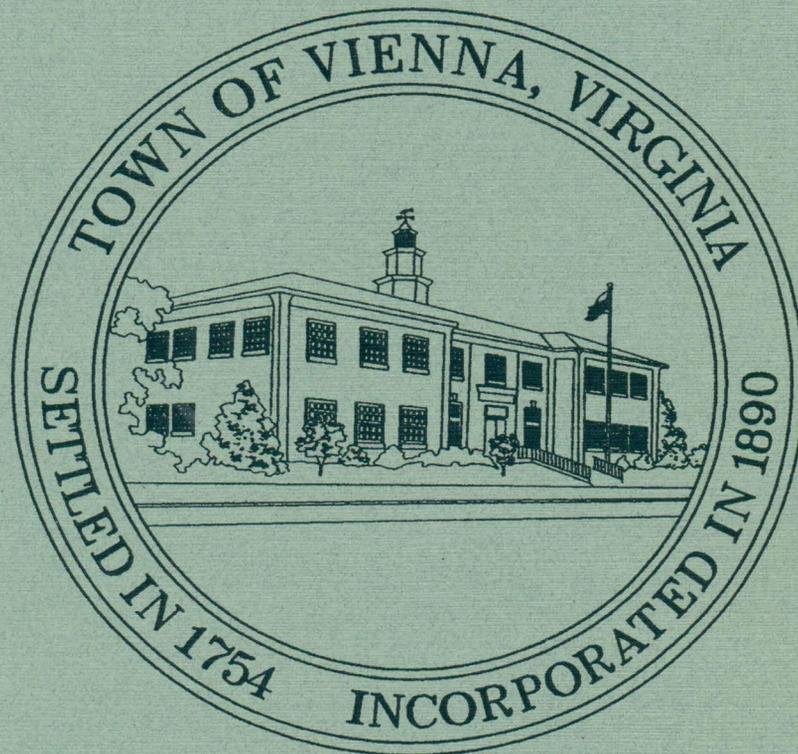


**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2010



**TOWN OF VIENNA,
VIRGINIA**

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- Introductory Section -

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TOWN OF VIENNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY:

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

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TOWN OF VIENNA, VIRGINIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010

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TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

COUNCIL

M. Jane Seeman, Mayor

Laurie Genevro Cole

George E. Lovelace

Laurie A. DiRocco

Michael J. Polychrones

Edythe Frankel Kelleher

Howard J. Springsteen

TOWN MANAGER

John H. Schoeberlein

TOWN ATTORNEY

Steven D. Briglia

TOWN CLERK

Melanie J. Clark

DIRECTOR OF FINANCE/TREASURER

Philip R. Grant

DIRECTOR OF ADMINISTRATIVE SERVICES

Nancy N. McMahon

INDEPENDENT AUDITORS

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

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December 7, 2010

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, 2010, 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's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse. It is further responsible to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States. The internal control structure is designed to provide reasonable, but not absolutely assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits of internal controls requires estimates and judgments by management.

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. Although existing property values have declined during the past two years, the decline was far less than those in surrounding areas and has been moderated by continued construction of upscale homes and residential renovations in many areas of the Town. Overall property values are projected to stabilize during the next several years and the Town continues to enjoy the effects of the area's relatively low unemployment that at June 30, 2010 was 5.1 percent. This compares favorably with the state's 7 percent and the national rate of 9.6 percent. According to the American Community Survey, during the last 12 months the area's mean household income has averaged almost \$131,000 with 52 percent of the households having incomes of at least \$100,000 and 16.7 percent having incomes of at least \$200,000.

Several revenue trends during the past year reflected the slowing national and state economies. Business tax collections were down 10.4 percent. Assessed property values declined 6 percent from tax year 2008 to 2009. Revenues from interest earnings and rental income combined were down 26 percent. There were, however, some positive indicators. Local sales tax revenue was up 5 percent, revenue from meals and lodging taxes collections were up slightly at .4 percent, and the number of homes in foreclosure within the Town totaled 5 from early 2010 through the end of the fiscal year, a fraction of those in the other areas of northern Virginia. In general, 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 has added several hundred additional 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. In addition, systematic inspection and maintenance on the Town's water and sewer infrastructure began and several related projects were begun. Work on the development of a geographic information system continued and the Town's financial software system was upgraded to a Windows-based system. By the end of the fiscal year, all basic accounting operations were converted to the new system.

OPERATIONAL FOCUS

The Town's financial operations administered in the Department of Finance include revenue billing and collections, payroll and vendor payment disbursements, accounting and reporting, central procurement functions, and financial software systems. As such the department provides financial policy recommendations to the Town Manager and Town Council and assists in the annual budgeting process; it coordinates capital financing and debt management, provides special reports and information to council and staff as needed and prepares the Town's comprehensive annual financial report. In general it is responsible to Council and Manager for establishing and maintaining internal control systems and operations designed to protect the Town's assets from loss, theft, or misuse.

Projects and improvements undertaken in recent years include remote payment options via phone and internet for water and sewer and tax bills; financial system software upgrade via "cloud" computing services; enforcement of business license requirements; and several operational restructurings to improve departmental processes. Some indicators of operational effectiveness the department seeks to maintain include property tax collection rates above 99 percent, utility billing collection rates above 95 percent, the Certificate of Achievement for financial reporting awarded annually by the Government Finance Officers Association, and excellent bond ratings.

GOVERNMENTAL FUNDS SUMMARY

The General and Debt Service Funds ended fiscal year 2010 with combined revenues of \$20,817,918, up by \$40,685 or .2 percent over the previous year. The increase was primarily due to property taxes that rose by \$215,774, the increase due primarily to new construction. A 14.6 percent reduction in other local taxes and 52.8 percent increase in intergovernmental transfers reflect a state-mandated reclassification of communication sales and use taxes from the former to the latter. Also within the category of other local taxes, business collections were down 10.4 percent from last year, due to the economic down turn. Revenue from the use of money and property continued to decline, down \$89,745 or 26 percent; however the reduction was less than the 48.2 percent drop the year before.

Taxable residential and commercial property values for Tax Year 2009 totaled \$3,760,518,020, a decrease of 6 percent from the previous tax year. Total property taxes as a percentage of total revenues were 41.7 as compared with 40.8 percent the year before. 99.7 percent of current year property taxes were collected, making last year the 16th consecutive year in which current year tax collections exceeded 99 percent.

Total expenditures of the General Fund rose \$56,561 or .3 percent and those of the Debt Service Funds decreased \$387,706, resulting in a net decrease of \$328,145 or 1.4 percent from the preceding year. Annual personnel cost increases account for all of the increase in General Fund Expenditures. Declining outstanding debt balances account for the reduction in Debt Service Fund expenditures.

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

GENERAL FUND BALANCE

The unreserved, undesignated General Fund balance decreased by \$89,029 or 1.97 percent to end the year at \$3,602,251. The balance is 17.3 percent of the subsequent year's General Fund budget and is equivalent to 63 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 increased \$86,328 from the preceding year, ending last year at \$5,839,658. The 1.5 percent increase reflected a weather-related rise in billed consumption late in the fiscal year. Operating expenses ended the year at \$5,762,210 an increase of \$457,504 or 8.6 percent. Most of the rise in expenses was due to increases in water purchase, sewage treatment, and repair and maintenance costs, the latter being due to more emphasis on systematic inspections and repairs of water and sewer infrastructure. Operating income gain for the year was \$77,448, down \$371,176 or 82.7 percent from the year before. The operating income gain combined with non-operating revenues, expenses, contributions, and transfers resulted in a net loss of \$622,944, bringing down net assets at year-end to \$8,214,545, a reduction of 7 percent.

PENSION FUNDS

Local and Police pension contributions and interest earnings exceeded benefit and other costs by \$15,515, the amount by which the balance of net assets increased to end the year at \$5,346,227 or .3 percent. Compared to the previous year, contributions decreased by 6.3 percent. Additionally, interest earnings declined by 82.1 percent with resulting income down from the previous year by \$94,558 or 21.6 percent. Benefit payments declined by 9.8 percent due to actuarially determined changes in contribution rates. The reduction was offset by higher administrative costs associated with GASB compliance, resulting in a 1 percent increase in expenses.

DEBT ADMINISTRATION

\$1,626,667 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 \$8,816,669. The balance represented .43 percent of the 2009 taxable assessed property values, well within the Town's legal debt limit and its debt retirement capacity. The General and Water and Sewer Funds retired \$583,947 worth of capital lease debt, ending the year with a balance of \$925,555. Total compensated absence obligations for the General and Water and Sewer Funds increased by \$126,129 to \$1,251,535.

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, 2010 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, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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



John H. Schoeberlein
Town Manager



Philip R. Grant
Director of Finance/Treasurer

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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, 2009

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.

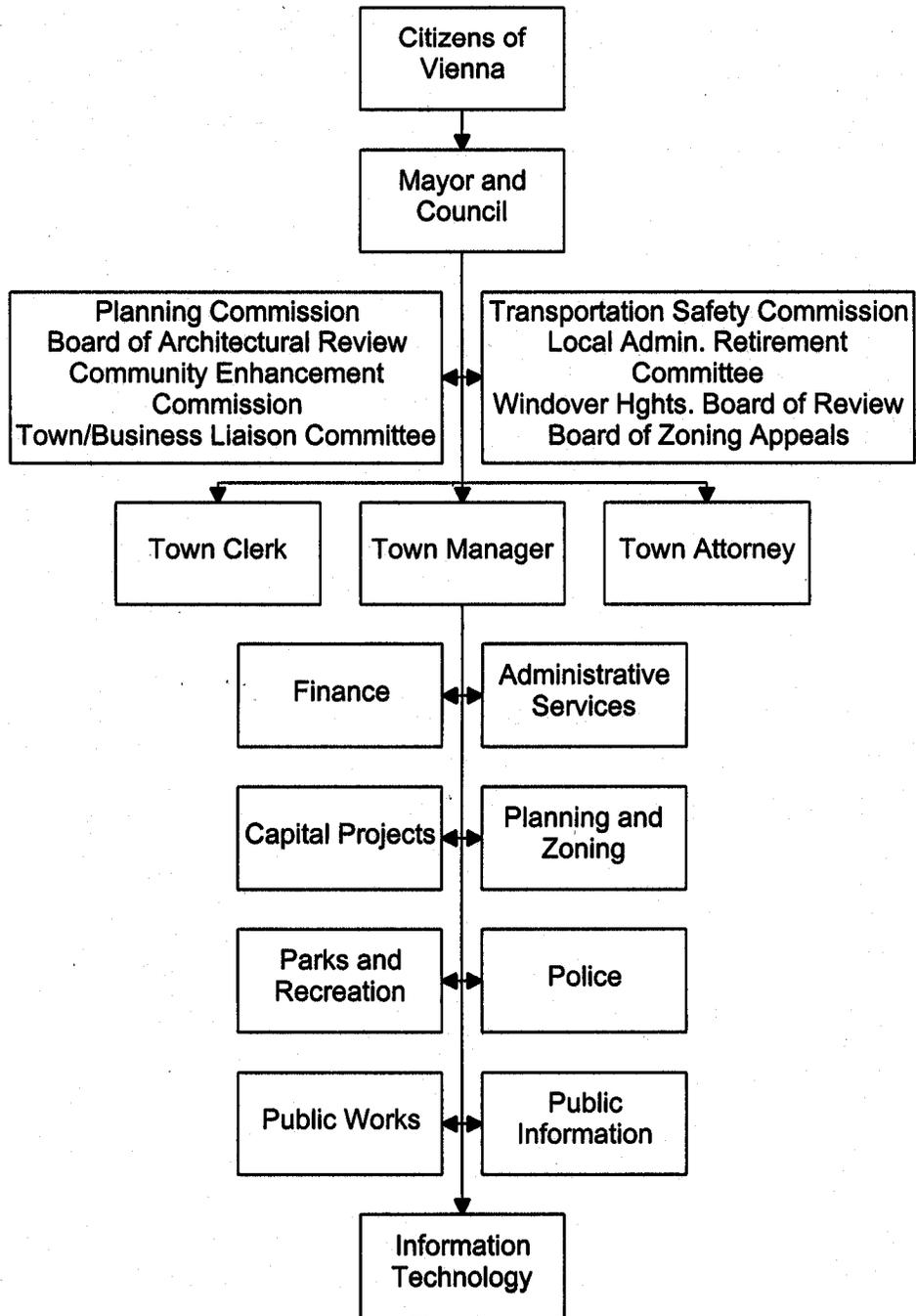


President

Executive Director

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TOWN OF VIENNA, VIRGINIA Organizational Chart



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- Financial Section -

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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, 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, 2010, 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, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010, 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 Schedules 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Town of Vienna, Virginia. The combining fund financial statements, budgetary comparison schedules and the schedule of expenditures of federal awards 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, 2010

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

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

As management of the Town of Vienna we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. 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, 2010 by \$59,702,785, a decrease of \$1,739,220 or 2.83 percent. Although investment in capital assets were up by \$681,233, the increase was offset by a decrease in unrestricted net assets that ended the year at \$13,364,610, down by \$2,420,453 or 15.33 percent as compared to the previous year. 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 \$14,651,464, a decrease of \$1,271,608 or 8.0 percent in comparison with the prior year. About half of the reduction was due to budgeted draw-downs of the General Fund and Debt Service Fund reserves. The remainder of the reduction was due to continued expenditures of long-term debt proceeds in the Capital Project Fund. The Debt Service Fund's balance of \$3,882,446 is reserved for the retirement of current and future debt issues and the \$3,222,328 balance of the Capital Projects Fund is reserved and designated for completion of capital projects. \$3,602,251 of the General Fund's balance is unrestricted and represents 17.3 percent of total General Fund FYE 2011 budgeted expenditures.
- The Town's long-term obligations decreased by \$2,187,795 or 16.7 percent during last fiscal year. The reduction resulted from general obligation and capital lease debt retirements exceeding an increase in other post-employment benefits. Long-term obligations totaled \$10,912,517 at year-end. Of this amount, outstanding bonds totaled \$8,816,669, notes payable totaled \$971,427, capital leases totaled \$925,555, and other post-employment benefits totaled \$198,866. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$2,296,348 and \$1,251,535 respectively, at year-end. Accounts payable and an estimated amount of \$1,126,382 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$126,129 or 11.2 percent over the preceding year.
- Excluding Pension Trust Funds, total cash and cash equivalents decreased \$2,007,087 when compared to the prior fiscal year. Almost 80 percent 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 \$1,790 or .00034 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.

Fund	FY 10 Cash	FY 09 Cash	Increase (Decrease)
General	\$ 8,143,841	\$ 8,954,036	\$ (810,195)
Debt Service	3,703,800	3,783,085	(79,285)
Capital Projects	3,088,382	3,784,118	(695,736)
Water & Sewer	716,412	1,138,283	(421,871)
Total Cash	<u>\$ 15,652,435</u>	<u>\$ 17,659,522</u>	<u>\$ (2,007,087)</u>
Pension Trust	<u>\$ 5,311,150</u>	<u>\$ 5,309,360</u>	<u>\$ 1,790</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 for 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, 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 \$59,702,785 at year-end, a decrease of \$1,739,220 or 2.83 percent. Of the total net assets, governmental activities totaled \$51,488,240, down by \$1,116,276 or 2.12 percent while business-type activities totaled \$8,214,545 a decrease of \$622,944 or 7.05 percent. The decrease in net assets of governmental activities was primarily due to budgeted draw-downs of cash reserves in the General and Capital Project funds. The decrease in net assets of the business-type activities was due primarily to increased operating expenditures and lower non-operating revenues.

The Town’s investment in capital assets such as land, buildings and equipment totaled \$56,814,906 at June 30, 2010; of which, governmental activities totaled \$47,830,125, a decrease of \$1,824,657 or 3.67 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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Assets:</u>						
Current and other assets	\$16,563,225	\$17,769,101	\$ 2,248,398	\$ 2,582,606	\$18,811,623	\$20,351,707
Capital assets	47,830,125	49,654,782	8,984,781	8,942,236	56,814,906	58,597,018
Total assets	<u>\$64,393,350</u>	<u>\$67,423,883</u>	<u>\$11,233,179</u>	<u>\$11,524,842</u>	<u>\$75,626,529</u>	<u>\$78,948,725</u>
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$10,968,607	\$12,951,787	\$ 1,195,445	\$ 1,273,931	\$12,164,052	\$14,225,718
Other liabilities	1,936,503	1,867,580	1,823,189	1,413,422	3,759,692	3,281,002
Total liabilities	<u>\$12,905,110</u>	<u>\$14,819,367</u>	<u>\$ 3,018,634</u>	<u>\$ 2,687,353</u>	<u>\$15,923,744</u>	<u>\$17,506,720</u>
<u>Net Assets:</u>						
Invested in capital assets, net of related debt	\$38,411,117	\$37,874,402	\$ 7,927,058	\$ 7,782,540	\$46,338,175	\$45,656,942
Unrestricted	13,077,123	14,730,114	287,487	1,054,949	13,364,610	15,785,063
Total net assets	<u>\$51,488,240</u>	<u>\$52,604,516</u>	<u>\$ 8,214,545</u>	<u>\$ 8,837,489</u>	<u>\$59,702,785</u>	<u>\$61,442,005</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.

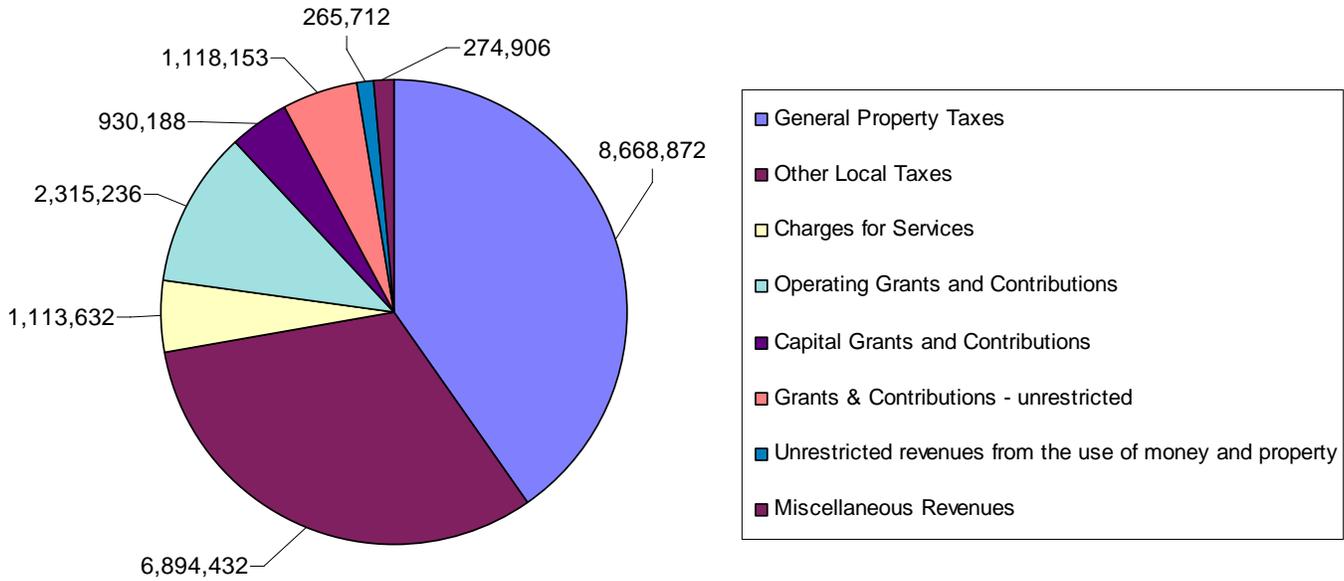
Governmental Activities - Governmental and business-type activities reflect changes in net assets of (\$1,116,276) and (\$622,944) respectively. The following table provides an overview of revenues, expenses, and the changes in net assets for the fiscal year.

Town of Vienna, Virginia
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,113,632	\$ 1,104,549	\$ 5,839,658	\$ 5,753,330	\$ 6,953,290	\$ 6,857,879
Operating grants and contributions	2,315,236	2,115,797	-	-	2,315,236	2,115,797
Capital grants and contributions	930,188	334,464	5,553	277,977	935,741	612,441
General revenues:						
Property taxes	8,668,872	8,523,543	-	-	8,668,872	8,523,543
Other local taxes	6,894,432	8,071,034	-	-	6,894,432	8,071,034
Grants & contributions - unrestricted	1,118,153	446	-	-	1,118,153	446
Unrestricted revenues from the use of money and property	265,712	411,190	3,099	30,702	268,811	441,892
Miscellaneous	274,906	1,060,904	100,966	77,920	375,872	1,138,824
Total revenues	\$ 21,581,131	\$ 21,621,927	\$ 5,949,276	\$ 6,139,929	\$ 27,530,407	\$ 27,761,856
Expenses:						
General government	\$ 3,647,013	\$ 3,466,917	\$ -	\$ -	\$ 3,647,013	\$ 3,466,917
Public safety	5,971,132	5,845,864	-	-	5,971,132	5,845,864
Public works	9,593,548	9,379,606	-	-	9,593,548	9,379,606
Health and welfare	290,773	292,930	-	-	290,773	292,930
Parks, recreation and cultural	2,836,757	2,871,670	-	-	2,836,757	2,871,670
Community development	711,824	755,281	-	-	711,824	755,281
Interest on long-term debt	441,336	523,205	-	-	441,336	523,205
Water and sewer	-	-	5,777,244	5,315,042	5,777,244	5,315,042
Total Expenses	\$ 23,492,383	\$ 23,135,473	\$ 5,777,244	\$ 5,315,042	\$ 29,269,627	\$ 28,450,515
Net Assets:						
Income before capital contributions and transfers	\$ (1,911,252)	\$ (1,513,546)	\$ 172,032	\$ 824,887	\$ (1,739,220)	\$ (688,659)
Transfers	794,976	1,042,828	(794,976)	(1,042,828)	-	-
Increase (Decrease) in net assets	\$ (1,116,276)	\$ (470,718)	\$ (622,944)	\$ (217,941)	\$ (1,739,220)	\$ (688,659)
Net assets, beginning of year	52,604,516	53,075,234	8,837,489	9,055,430	61,442,005	62,130,664
Net assets, end of year	\$ 51,488,240	\$ 52,604,516	\$ 8,214,545	\$ 8,837,489	\$ 59,702,785	\$ 61,442,005

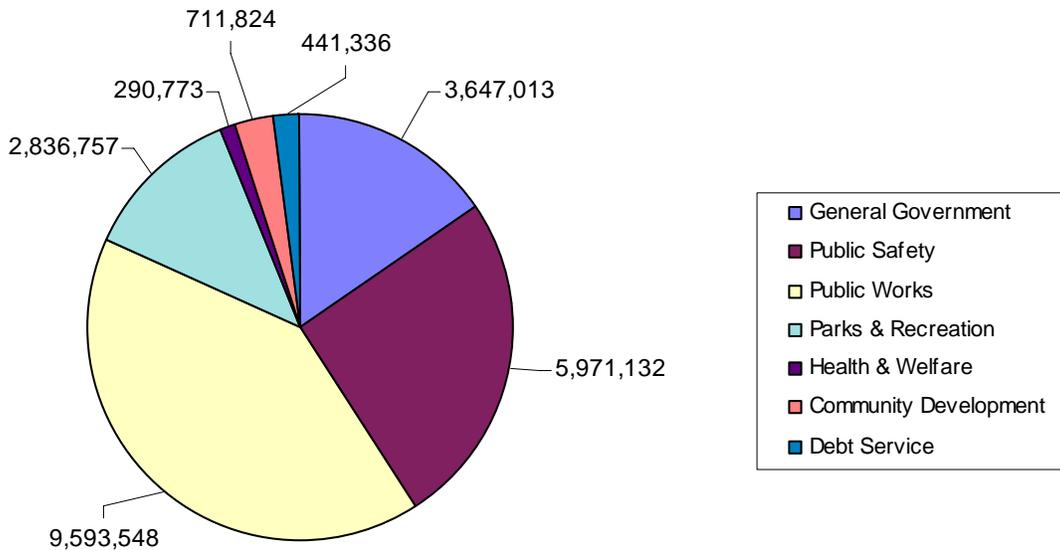
Program, general revenues, and transfers for governmental activities totaled \$22,376,107, a decrease of \$288,648 or 1.3 percent from the previous fiscal year. Of this amount, property taxes totaled \$8,668,872 and other local taxes totaled \$6,894,432. The 1.7 percent increase in property taxes was due almost entirely to a tax rate increase that offset a reduction in assessed property values. The 13.9 percent decrease in other local taxes was due primarily to a state-mandated reclassification of communications sales and use taxes to a state contribution from a local tax. Business license collections decreased by 10.4 percent, largely reflecting the general economic downturn. Capital grants and contributions totaled \$930,188. The \$794,976 worth of transfers between governmental activities and business-type activities was \$247,852 or 23.8 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 following chart provides an overview of the FY 2009-2010 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 \$23,492,383, an increase of \$356,910 or 1.5 percent. Directly supporting these expenditures were charges for services generating \$1,113,632 plus operating grants and contributions generating \$2,315,236 and capital grants and contributions of \$930,188 for total program revenues of \$4,359,056. This represents an increase of \$804,246 or 22.6 percent. The increase was due primarily to an increase of almost \$596,000 in capital grants and contributions. This primarily accounts for a reduction in general revenue support of these activities of \$447,336 or 2.3 percent. The following chart 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 \$622,944 to end the year with a net assets balance of \$8,214,545. Before net transfers of \$794,976 to the General and Debt Service Funds, Water and Sewer Fund operating income and capital transfers ended the year with a net gain of \$172,032. Key elements of operating results include the following:

- A. Operating revenues totaled \$5,839,658 an increase of \$86,328 or 1.5 percent from FYE 2009 revenues of \$5,753,330. The modest increase was due to a sharp reduction in rainfall late in the fiscal year. Non-operating revenues, transfers, and contributions netted to \$94,584 as compared to \$376,263 the previous year. The change was primarily due to a reduction in capital project transfers and capital contributions to the Water and Sewer Fund.
- B. Operating expenses rose \$457,504, or 8.6 percent. The change was due primarily to greater over time, sewage treatment, and repair and maintenance supply costs, the latter being due to more emphasis on systematic inspections and repairs of water and sewer infrastructure.
- C. Annual billings paid after June 30th account for most of a \$331,187 or 34.87 percent increase in accounts payable. The rise in operating expenses previously noted account for most of the 37 percent drop in cash.
- D. Compared to the preceding year, operating transfers to other funds decreased \$64,678 or 5.1 percent while operating transfer from other funds increased by \$183,774 or 78 percent. The result was an 18.4 percent decrease in net outflow that ended the year at a negative \$794,976. 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 \$14,651,464 a decrease of \$1,271,608 from the prior year. The change was the result of decreases in the General, Debt Service and Capital Project Funds of \$563,474, \$81,896, and \$626,238 respectively. \$11,049,213 or 75.4 percent of the combined fund balance is reserved or designated for capital projects, debt service, and other purposes, leaving an unreserved, undesignated balance of \$3,602,251 or 24.6 percent of the total available for spending at the Council's discretion. Debt Service Fund revenues were down by \$48,843 or 2.8, primarily because of the sharp drop in interest earnings. Transfers from the Water and Sewer Fund declined 20.5 percent as a result of debt retirements. Expenditures were down by 15.8 percent due to declining outstanding debt, but still exceeded revenue and transfers by \$81,896, far less than the budgeted use of prior year reserves. The \$626,238 reduction in Capital Project Fund reserves was due to capital project expenditures that exceeded interest and capital contribution transfers by that amount. The \$3,222,328 balance at year-end is reserved for the various projects for which the debt was issued. The reserved portions of the fund balances indicates they are not available for new spending because they have already been committed for expenditure, as follows:

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

	Reserve Amount
Reserved:	
Inventory	\$ 140,238
Encumbrances	459,348
Debt service	3,882,446
Asset forfeiture programs	186,826
Vehicle replacement	541,141
PEG programs	342,507
Carry forward requests	207,000
Restricted Yield	519,176
Capital equipment and projects	1,189,365
Total Reserved	\$ 7,468,047
Unreserved:	
Designated:	
Completion of specific projects	2,331,166
Subsequent year's expenditures	1,250,000
Total Unreserved, Designated	\$ 3,581,166
Undesignated	\$ 3,602,251
Total Fund Balance	\$ 14,651,464

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, the fund balance of the General Fund totaled \$7,546,690 which equates to 51.5 percent of the \$14,651,464 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 17.7 percent of total General Fund expenditures, while total fund balance represents 37.1 percent of that same amount.

The total fund balance for the General Fund declined \$563,474 from the previous fiscal year. The unreserved, undesignated component of fund balance, which totaled \$3,602,251 at year-end, decreased \$89,029 from the prior fiscal year. Both changes were the function of the following:

- Overall, General Fund revenues were up by \$89,528 or .5 percent, primarily as a result of increased revenues from property taxes that rose \$215,774 or 2.5 percent. That plus an increase in intergovernmental revenue offset an 18.5 percent drop in other local taxes due primarily to reduced business license tax revenue.
- General Fund expenditures rose by \$56,561 or .3 percent over the previous year. Annual personnel and fringe benefit cost increases totaling \$429,687 or 3 percent, were offset by reductions in other expenditure categories, most notably that of capital, reflecting completion of the new automated crime reporting system.
- Net other financing uses dropped \$500,024 over the previous year. The 43.1 percent reduction was due primarily to deferral of the annual capital lease for equipment replacement.

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 2010 budgets. These differences totaled \$574,153 for revenues and \$1,003,970 for expenditures. Donations to the police and parks and recreation departments comprise most of the miscellaneous revenue budget amendments. Federal and state law enforcement grants account for the amendments to state and federal revenue accounts and are also reflected in the amendments to public safety expenditure budgets. Snow removal costs related to unusually heavy snowfalls and completion of street maintenance projects began the previous year account for amendments to public works budgets. Details are summarized in the following table:

	Amount Amended
Revenues:	
Miscellaneous	\$ 41,249
Charges for services	5,999
State revenues	46,502
Federal revenues	480,403
Total	<u>\$ 574,153</u>
Expenditures:	
General government administration	\$ 142,652
Public safety	422,474
Public works	424,454
Parks, recreation and cultural	6,480
Community development	7,910
Total	<u>\$ 1,003,970</u>

General Fund Budgetary Variances

General Fund actual revenues were \$174,651 or .9 percent less than amended budgetary estimates. Although revenues from local sale taxes, bank franchise and rental income exceeded budgetary estimates, they were not enough to offset budgetary shortfalls in business license taxes, interest income, tobacco taxes, and recreation fees caused by the economic downturn during last year. General Fund actual expenditures were less than amended budgets by \$1,200,703 or 5.6 percent. 93 percent of the budgetary expenditure under runs occurred in the categories of general and financial administration, public safety and public works. Within those categories, almost 35 percent was generated by position vacancies and turn-over in several departments. Another 30 percent resulted from lower than anticipated repair and maintenance costs, reduced activity in several infrastructure maintenance areas due to weather conditions, and lower landfill costs due to the success of the Town’s recycling programs and less solid waste being generated. Also contributing was a reduction in parks and recreation expenditures due to lower demand for programs and events resulting from the economic down turn.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$47,830,125 (net of accumulated depreciation), a decrease of \$1,824,657 or 3.7 percent. The decline was primarily due to the changes in infrastructure values in which net additions were exceeded by depreciation costs. Also contributing to the reduction was planned deferral of the annual vehicle and equipment replacement due to budgetary constraints. This accounts for the decline in automotive and other equipment. The following schedule provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity is in Note 7 of the Notes to Financial Statements.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 4,822,562	\$ 4,822,562	\$ -	\$ -	\$ 4,822,562	\$ 4,822,562
Construction in progress	2,131,821	1,602,662	-	-	2,131,821	1,602,662
Buildings and improvements	8,544,747	8,960,354	-	-	8,544,747	8,960,354
Infrastructure	28,885,429	30,677,925	8,532,225	8,501,303	37,417,654	39,179,228
Office and other equipment	1,289,398	1,174,508	-	-	1,289,398	1,174,508
Automotive and other equipment	2,156,168	2,416,771	452,556	440,933	2,608,724	2,857,704
Total assets - net of depreciation	\$47,830,125	\$49,654,782	\$8,984,781	\$8,942,236	\$56,814,906	\$ 58,597,018

Long-term obligations - At the conclusion of the fiscal year, total long-term obligations totaled \$9,655,928 for General Fund activities and \$1,057,723 for the Water and Sewer Fund. Of these amounts, outstanding bonds totaled \$8,816,669, notes payable totaled \$971,427 and capital leases totaled \$925,555. The above amounts do not include the Town's obligations related to accounts payable, compensated absences, and other post-employment benefits which totaled \$2,296,348, \$1,251,535, and \$198,866 respectively, at year-end. Except for \$125,153 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 existing property values have declined during the past two years, the decline was far less than those in the surrounding areas and has been moderated by continued construction of upscale homes and residential renovations in many areas of Vienna. Overall property values are projected to stabilize during the next several years. The Town continues to enjoy the effects of the area's relatively low unemployment which at the end of the fiscal year was 5.1 percent as compared to 7 percent and 9.6 percent for Virginia and the nation respectively. According to the American Community Survey, during the past 12 months the area's mean household income has averaged almost \$131,000 with over 52 percent of households having incomes of at least \$100,000 and 16.7 percent having incomes of at least \$200,000.

The General Fund revenue budget for the fiscal year ending June 30, 2011 totals \$19,519,965 which equates to a decrease of \$550,057 or 2.7 percent from the last fiscal year. General property taxes are expected to increase \$63,810 or .7 percent. Tax rates were decreased by 1.7 cents in the subsequent fiscal year of 2010-2011. The following table provides a comparison of the FYE 2010 actual revenue and 2011 adopted revenue budget for the Town of Vienna. It should be noted that the increase in Other Local Taxes and decrease in State Revenues reflects a change in state classification requirements regarding the Communications Sale and Use Tax that affected the FYE 2010 Annual Financial Report but was made after the FYE 2011 Budget was adopted.

Revenue Source	FY 2011 Budget	FY 2010 Actual	Expected Increase (Decrease)
Property taxes	\$ 8,625,671	\$ 8,689,481	\$ (63,810)
Other local taxes	6,775,200	5,196,134	1,579,066
Permits, fees & licenses	87,300	101,143	(13,843)
Fines and forfeitures	290,200	298,921	(8,721)
Use of money & property	221,500	244,164	(22,664)
Charges for services	708,400	713,568	(5,168)
State revenues	1,933,844	3,116,282	(1,182,438)
Federal revenues	-	473,564	(473,564)
Transfers-in	812,000	962,000	(150,000)
Other	65,850	274,765	(208,915)
Total Revenue Budget	\$ 19,519,965	\$ 20,070,022	\$ (550,057)

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2010. 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.

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Basic Financial Statements:

- Government-wide Financial Statements -

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TOWN OF VIENNA, VIRGINIA

Statement of Net Assets
At June 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 14,936,023	\$ 716,412	\$ 15,652,435
Receivables, (net of allowances for uncollectibles):	367,767	1,321,602	1,689,369
Due from other governments	1,119,756	-	1,119,756
Internal balances	(559)	559	-
Inventory, at cost	140,238	209,825	350,063
Capital assets:			
Land and land improvements	4,822,562	-	4,822,562
Construction in progress	2,131,821	-	2,131,821
Other capital assets, net of accumulated depreciation	40,875,742	8,984,781	49,860,523
Capital assets, net	<u>\$ 47,830,125</u>	<u>\$ 8,984,781</u>	<u>\$ 56,814,906</u>
Total assets	<u>\$ 64,393,350</u>	<u>\$ 11,233,179</u>	<u>\$ 75,626,529</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 1,015,456	\$ 1,280,892	\$ 2,296,348
Unearned revenue	343,834	-	343,834
Escrow and other deposits	577,213	96,391	673,604
Due to other governments	-	445,906	445,906
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	1,626,667	46,225	1,672,892
Capital leases	416,844	40,842	457,686
Compensated absences	1,020,928	105,454	1,126,382
Due in more than one year:			
Bonds and notes payable	7,190,002	925,202	8,115,204
Capital leases	422,415	45,454	467,869
Other post employment benefits	178,315	20,551	198,866
Compensated absences	113,436	11,717	125,153
Total liabilities	<u>\$ 12,905,110</u>	<u>\$ 3,018,634</u>	<u>\$ 15,923,744</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 38,411,117	\$ 7,927,058	\$ 46,338,175
Unrestricted	13,077,123	287,487	13,364,610
Total net assets	<u>\$ 51,488,240</u>	<u>\$ 8,214,545</u>	<u>\$ 59,702,785</u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities							
General government	\$ 3,647,013	\$ 12,019	\$ -	\$ -	\$ (3,634,994)	\$ -	\$ (3,634,994)
Public safety	5,971,132	425,829	580,940	156,457	(4,807,906)	-	(4,807,906)
Public works	9,593,548	-	1,734,296	773,731	(7,085,521)	-	(7,085,521)
Health and welfare	290,773	-	-	-	(290,773)	-	(290,773)
Parks, recreation and cultural	2,836,757	675,784	-	-	(2,160,973)	-	(2,160,973)
Community development	711,824	-	-	-	(711,824)	-	(711,824)
Interest on long-term debt	441,336	-	-	-	(441,336)	-	(441,336)
Total governmental activities	\$ 23,492,383	\$ 1,113,632	\$ 2,315,236	\$ 930,188	\$ (19,133,327)	\$ -	\$ (19,133,327)
Business type activities							
Water and sewer	5,777,244	5,839,658	-	5,553	-	67,967	67,967
Total	\$ 29,269,627	\$ 6,953,290	\$ 2,315,236	\$ 935,741	\$ (19,133,327)	\$ 67,967	\$ (19,065,360)
General Revenues							
Taxes:							
General real property taxes					\$ 8,668,872	\$ -	\$ 8,668,872
Local sales and use taxes					1,285,506	-	1,285,506
Consumer utility taxes					656,858	-	656,858
Business license taxes					1,973,781	-	1,973,781
Meals and lodging taxes					1,698,298	-	1,698,298
Other					1,279,989	-	1,279,989
Grants and contributions not restricted to specific programs					1,118,153	-	1,118,153
Unrestricted revenues from the use of money and property					265,712	3,099	268,811
Miscellaneous					274,906	100,966	375,872
Transfers					794,976	(794,976)	-
Total general revenues					\$ 18,017,051	\$ (690,911)	\$ 17,326,140
Change in net assets					\$ (1,116,276)	\$ (622,944)	\$ (1,739,220)
Net assets, beginning of year					52,604,516	8,837,489	61,442,005
Net assets, end of year					\$ 51,488,240	\$ 8,214,545	\$ 59,702,785

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

Basic Financial Statements:

- Fund Financial Statements -

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TOWN OF VIENNA, VIRGINIA

Balance Sheet
Governmental Funds
At June 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 8,143,841	\$ 3,703,800	\$ 3,088,382	\$ 14,936,023
Receivables (net of allowance for uncollectibles):				
Taxes including penalties	28,967	-	-	28,967
Accounts	166,034	172,247	519	338,800
Due from other governments	730,769	50,989	337,998	1,119,756
Due from other funds	91,223	-	-	91,223
Inventory, at cost	140,238	-	-	140,238
Total assets	<u>\$ 9,301,072</u>	<u>\$ 3,927,036</u>	<u>\$ 3,426,899</u>	<u>\$ 16,655,007</u>
Liabilities:				
Accounts payable	\$ 631,361	\$ 44,590	\$ 80,449	\$ 756,400
Accrued liabilities	164,446	-	-	164,446
Escrow and other deposits	577,213	-	-	577,213
Due to other funds	559	-	91,223	91,782
Deferred revenues	380,803	-	32,899	413,702
Total liabilities	<u>\$ 1,754,382</u>	<u>\$ 44,590</u>	<u>\$ 204,571</u>	<u>\$ 2,003,543</u>
Fund Balance:				
Reserved for:				
Inventory	\$ 140,238	\$ -	\$ -	\$ 140,238
Encumbrances	87,362	-	371,986	459,348
Debt service	-	3,882,446	-	3,882,446
Asset forfeiture programs	186,826	-	-	186,826
Vehicle replacement	541,141	-	-	541,141
PEG program	342,507	-	-	342,507
Carry forward requests	207,000	-	-	207,000
Capital equipment and projects	1,189,365	-	-	1,189,365
Restricted yield	-	-	519,176	519,176
Unreserved:				
Designated:				
Completion of specific projects	-	-	2,331,166	2,331,166
Subsequent year's expenditures	1,250,000	-	-	1,250,000
Undesignated	3,602,251	-	-	3,602,251
Total fund balance	<u>\$ 7,546,690</u>	<u>\$ 3,882,446</u>	<u>\$ 3,222,328</u>	<u>\$ 14,651,464</u>
Total liabilities and fund balance	<u>\$ 9,301,072</u>	<u>\$ 3,927,036</u>	<u>\$ 3,426,899</u>	<u>\$ 16,655,007</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, 2010

Total fund balances for governmental funds (Exhibit 3) \$ 14,651,464

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	2,131,821	
Depreciable capital assets, net of accumulated depreciation	<u>40,875,742</u>	
Total capital assets		47,830,125

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. 69,868

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	\$ (94,610)	
Bonds, notes and capital leases payable	(9,655,928)	
Other post employment benefits	(178,315)	
Compensated absences	<u>(1,134,364)</u>	
Total		<u>(11,063,217)</u>

Total net assets of governmental activities (Exhibits 1 and 2) \$ 51,488,240

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, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 8,689,481	\$ -	\$ -	\$ 8,689,481
Other local taxes	5,196,134	1,698,298	-	6,894,432
Permits, privilege fees and regulatory licenses	101,143	-	-	101,143
Fines and forfeitures	298,921	-	-	298,921
Revenue from use of money and property	244,164	11,457	10,091	265,712
Charges for services	713,568	-	-	713,568
Miscellaneous	274,765	141	-	274,906
Intergovernmental	3,589,846	-	773,731	4,363,577
Total revenues	<u>\$ 19,108,022</u>	<u>\$ 1,709,896</u>	<u>\$ 783,822</u>	<u>\$ 21,601,740</u>
Expenditures:				
Current:				
General government administration	\$ 3,545,989	\$ -	\$ -	\$ 3,545,989
Public safety	5,850,604	-	-	5,850,604
Public works	6,617,842	-	-	6,617,842
Health and welfare	290,027	-	-	290,027
Parks, recreation, and cultural	2,729,770	-	-	2,729,770
Community development	728,309	-	-	728,309
Capital projects	-	-	1,294,779	1,294,779
Debt service:				
Principal retirement	525,583	1,626,667	-	2,152,250
Interest and other fiscal charges	42,788	415,966	-	458,754
Total expenditures	<u>\$ 20,330,912</u>	<u>\$ 2,042,633</u>	<u>\$ 1,294,779</u>	<u>\$ 23,668,324</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,222,890)</u>	<u>\$ (332,737)</u>	<u>\$ (510,957)</u>	<u>\$ (2,066,584)</u>
Other financing sources (uses):				
Transfers in	\$ 962,000	\$ 250,841	\$ 302,584	\$ 1,515,425
Transfers out	(302,584)	-	(417,865)	(720,449)
Total other financing sources (uses)	<u>\$ 659,416</u>	<u>\$ 250,841</u>	<u>\$ (115,281)</u>	<u>\$ 794,976</u>
Net changes in fund balances	\$ (563,474)	\$ (81,896)	\$ (626,238)	\$ (1,271,608)
Fund balances at beginning of year	<u>8,110,164</u>	<u>3,964,342</u>	<u>3,848,566</u>	<u>15,923,072</u>
Fund balances at end of year	<u>\$ 7,546,690</u>	<u>\$ 3,882,446</u>	<u>\$ 3,222,328</u>	<u>\$ 14,651,464</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, 2010**

Net change in fund balances - total governmental funds (Exhibit 5) \$ (1,271,608)

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	\$ 1,895,261	
Disposal of capital assets	(12,269)	
Depreciation expense	<u>(3,707,650)</u>	(1,824,658)

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. (20,609)

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.

Repayments:		
General obligation bonds	\$ 1,626,667	
Capital leases	<u>525,583</u>	
Net adjustment		2,152,250

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	\$ (109,948)	
Other post employment benefits	(59,121)	
Accrued interest on bonds and loans	<u>17,418</u>	
Net adjustment		<u>(151,651)</u>

Change in net assets of governmental activities (Exhibit 2) \$ (1,116,276)

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, 2010

	Business-Type Activities Enterprise Fund Water & Sewer Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 716,412
Receivables: (net of allowance for uncollectibles)	
Accounts	645,142
Unbilled service charges	676,460
Inventory, at cost	209,825
Due from other funds	559
Total current assets	\$ 2,248,398
Capital assets, net of accumulated depreciation	8,984,781
Total assets	\$ 11,233,179
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,273,797
Accrued liabilities	7,095
Escrow and other deposits	96,391
Due to other governments	445,906
Compensated absences - current portion	105,454
Note payable - current portion	46,225
Capital lease obligations payable - current portion	40,842
Total current liabilities	\$ 2,015,710
Noncurrent liabilities:	
Compensated absences - noncurrent portion	\$ 11,717
Net OPEB obligation payable - current portion	20,551
Note payable - noncurrent portion	925,202
Capital lease obligations payable - noncurrent portion	45,454
Total noncurrent liabilities	\$ 1,002,924
Total liabilities	\$ 3,018,634
Net Assets:	
Invested in capital assets, net of related debt	\$ 7,927,058
Unrestricted	287,487
Total net assets	\$ 8,214,545

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, 2010

	Business-Type Activities Enterprise Fund
	Water & Sewer Fund
Operating revenues:	
Charges for services	\$ <u>5,839,658</u>
Operating expenses:	
Personal services	\$ 1,338,109
Fringe benefits	407,128
Contractual services	3,120,617
Other charges	236,622
Materials and supplies	196,972
Depreciation	<u>462,762</u>
Total operating expenses	\$ <u>5,762,210</u>
Operating income (loss)	\$ <u>77,448</u>
Nonoperating revenues (expenses):	
Interest revenue	\$ 3,099
Miscellaneous	100,966
Interest expense	<u>(15,034)</u>
Net nonoperating revenues	\$ <u>89,031</u>
Income (loss) before contributions and transfers	\$ <u>166,479</u>
Capital contributions	\$ <u>5,553</u>
Transfers:	
Transfers in	\$ 417,865
Transfers (out)	<u>(1,212,841)</u>
Net transfers	\$ <u>(794,976)</u>
Change in net assets	\$ (622,944)
Net assets, beginning of year	<u>8,837,489</u>
Net assets, end of year	\$ <u><u>8,214,545</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, 2010**

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Cash flows from (to) operating activities:		
Receipts from customers	\$	5,709,020
Payments to and for employees		(1,721,750)
Payments to suppliers		(3,174,128)
Other receipts		100,966
Net cash provided by operating activities	\$	<u>914,108</u>
Cash flows from investing activities:		
Investment income	\$	<u>3,099</u>
Cash flows from (to) capital and related financing activities:		
Purchase of capital assets	\$	(505,307)
Capital contributions		5,553
Principal payments on capital lease agreements		(58,364)
Principal payments on note payable		(43,609)
Interest expense		(15,034)
Net cash provided (used) by capital and related financing activities	\$	<u>(616,761)</u>
Cash flows from (to) noncapital and related financing activities:		
Transfers from other funds	\$	490,524
Transfers (to) other funds		(1,212,841)
Net cash provided (used) by noncapital and related financing activities	\$	<u>(722,317)</u>
Net increase (decrease) in cash and cash equivalents	\$	(421,871)
Cash and cash equivalents at beginning of year		<u>1,138,283</u>
Cash and cash equivalents at end of year	\$	<u><u>716,412</u></u>

TOWN OF VIENNA, VIRGINIA

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2010 (continued)

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$	77,448
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		462,762
Miscellaneous income		100,966
Increase (decrease) in allowance for uncollectibles		4,000
Changes in operating accounts:		
Accounts receivable		(12,347)
Unbilled service charges		(124,676)
Inventory		(27,299)
Accounts payable and accrued liabilities		331,187
Escrow and other deposits		2,385
Due to other governments		76,195
Net OPEB obligation payable		7,307
Accrued leave		16,180
Net cash provided (used) by operating activities	\$	<u>914,108</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, 2010

Assets:

Investment in State Treasurer's Local Government	
Investment Pool	\$ 5,311,150
Accounts receivable	35,077
	<hr/>
Total assets	\$ 5,346,227
	<hr/>

Net Assets:

Held in trust for pension benefits	\$ 5,346,227
	<hr/>
	<hr/>

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

TOWN OF VIENNA, VIRGINIA

Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended June 30, 2010

Additions:	
Contributions:	
Employer	\$ 286,496
Plan members	<u>40,960</u>
Total contributions	\$ 327,456
Investment income:	
Interest earned on investments	<u>15,867</u>
Total additions	\$ <u>343,323</u>
Deductions:	
Pension benefit payments	\$ 276,465
Other charges	<u>51,343</u>
Total deductions	\$ <u>327,808</u>
Net increase in plan assets	\$ 15,515
Net assets held in trust for pension benefits:	
Balance, beginning of year	<u>5,330,712</u>
Balance, end of year	\$ <u><u>5,346,227</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, 2010

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.

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, 2010 (continued)

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

A. Financial Reporting Entity (continued)

Statement of Net Assets:

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

Statement of Program Activities:

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

Budgetary Comparison Schedules:

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

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

B. Government-wide and Fund Financial Statements

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2010 (continued)

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

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

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

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

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

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

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

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

The Town's fiduciary funds are presented in the fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the Town in FY 2010.

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, 2010 (continued)

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

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

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

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

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

C. Basis of Accounting

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

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2010 (continued)

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

C. Basis of Accounting (continued)

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2010 (continued)

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

D. Budgets and Budgetary Accounting (continued)

3. Prior to June 30, the budget is legally enacted through passage of an appropriation ordinance. The Town Council may approve supplemental appropriations.
4. The legal level of control is at the function level within an individual fund. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. This is done during a quarterly review and analysis, and approved by motion by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, and Capital Projects Fund. Capital Projects are budgeted on a project basis rather than on an annual basis.
6. The budgets for the General Fund, Debt Service and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. A review of the presented budget comparisons herein will disclose how accurately the governing body was actually able to forecast the revenues and expenditures of the Town.
8. Appropriations lapse on June 30 except for the Capital Projects Fund which adopts both annual and project-length budgets. Those appropriations lapse when the project has been completed.
9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2010.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2010.

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, 2010 (continued)**

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

G. Investments

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

H. Inventory

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

I. Prepaid Items

The consumption method is used for accounting of prepaid items.

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the Town, and as assets in the government-wide financial statements to the extent the Town's capitalization threshold of \$5,000 is met. Expenditures for infrastructure capital assets, which consist of roads, streets, bridges and similar assets, have been capitalized for acquisitions acquired and/or constructed during the current fiscal year (2010). 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, 2010 (continued)**

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

L. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$133,000 at June 30, 2010 and is comprised of the following:

General Fund:		
Taxes receivable	\$	4,000
Water and Sewer Fund:		
Accounts receivable		<u>129,000</u>
Total	\$	<u><u>133,000</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, 2010 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, 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, 2010 consisted solely of investment in the Commonwealth of Virginia Local Government Investment Pool.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2010 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Credit Risk of Debt Securities

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

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, 2010 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>\$ 20,705,665</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	\$ 15,652,435
Fiduciary funds	<u>5,311,150</u>
Total cash and investments	<u>\$ 20,963,585</u>
Cash:	
Deposits	\$ 255,920
Cash on hand and cash items	<u>2,000</u>
Total cash	<u>\$ 257,920</u>
Investments	<u>\$ 20,705,665</u>
Total cash and investments	<u>\$ 20,963,585</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

NOTE 3 - PROPERTY TAXES:

Real property taxes are levied on July 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the State of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal 2010 was \$.2281 per \$100 of assessed valuation.

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

NOTE 4 - ACCOUNTS RECEIVABLE:

Accounts receivable are detailed as follows:

	Governmental Activities			Total	Business Activities
	General Fund	Debt Service Fund	Capital Projects Fund		Water & Sewer Fund
Property taxes	\$ 32,967	\$ -	\$ -	\$ 32,967	\$ -
Consumer utility taxes	53,747	-	-	53,747	-
PEG funds	33,768	-	-	33,768	-
Business license fees	10,244	-	-	10,244	-
Meals taxes	-	172,247	-	172,247	-
Water and sewer charges	-	-	-	-	774,142
Unbilled revenues	-	-	-	-	676,460
Other	68,275	-	519	68,794	-
Total	\$ 199,001	\$ 172,247	\$ 519	\$ 371,767	\$ 1,450,602
Less: Allowance for uncollectibles	(4,000)	-	-	(4,000)	(129,000)
Net accounts receivable	\$ 195,001	\$ 172,247	\$ 519	\$ 367,767	\$ 1,321,602

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (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	\$ 337,998	\$ 388,987
Federal Government:				
FEMA grant	230,065	-	-	230,065
Traffic enforcement	5,239	-	-	5,239
County of Fairfax, Virginia:				
Local sales tax	214,427	-	-	214,427
Communications tax	188,675	-	-	188,675
Court fines and forfeitures	28,561	-	-	28,561
Other	455	-	-	455
County of Loudoun, Virginia:				
Gang grant	57,714	-	-	57,714
County of Arlington, Virginia:				
Drug Trafficking Grant	5,633	-	-	5,633
Total	<u>\$ 730,769</u>	<u>\$ 50,989</u>	<u>\$ 337,998</u>	<u>\$ 1,119,756</u>

NOTE 6 - INTERFUND BALANCES AND ACTIVITY:

Details of interfund receivables, payables and activity as of June 30, 2010 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	\$ 559
General	Capital Projects	91,223
Total		<u>\$ 91,782</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	417,865
Transfers to the Capital Projects Fund from the General Fund for capital projects	302,584
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	250,841
Total transfers	<u>\$ 1,933,290</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2010 (continued)

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land and land improvements	\$ 4,822,562	\$ -	\$ -	\$ 4,822,562
Construction in progress - infrastructure	952,850	1,045,657	616,509	1,381,998
Construction in progress - other	649,812	108,268	8,257	749,823
Total capital assets not being depreciated	<u>\$ 6,425,224</u>	<u>\$ 1,153,925</u>	<u>\$ 624,766</u>	<u>\$ 6,954,383</u>
Other capital assets:				
Buildings and improvements	\$ 13,498,390	\$ 81,200	\$ 46,194	\$ 13,533,396
Infrastructure	68,904,508	991,046	2,814	69,892,740
Office and other equipment	2,205,874	252,035	-	2,457,909
Automotive and other equipment	4,464,616	79,759	55,890	4,488,485
Total other capital assets	<u>\$ 89,073,388</u>	<u>\$ 1,404,040</u>	<u>\$ 104,898</u>	<u>\$ 90,372,530</u>
Less: Accumulated depreciation for:				
Buildings and improvements	\$ 4,538,036	\$ 450,613	\$ -	\$ 4,988,649
Infrastructure	38,226,583	2,780,728	-	41,007,311
Office and other equipment	1,031,366	137,145	-	1,168,511
Automotive and other equipment	2,047,845	339,164	54,692	2,332,317
Total accumulated depreciation	<u>\$ 45,843,830</u>	<u>\$ 3,707,650</u>	<u>\$ 54,692</u>	<u>\$ 49,496,788</u>
Net capital assets	<u>\$ 49,654,782</u>	<u>\$ (1,149,685)</u>	<u>\$ 674,972</u>	<u>\$ 47,830,125</u>
Depreciation expense has been allocated as follows:				
General government administration		\$ 123,320		
Public safety		186,629		
Public works		3,210,462		
Parks and recreation		182,437		
Community development		4,802		
Total depreciation expense		<u>\$ 3,707,650</u>		

Business-Type Activities:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Other capital assets:				
Automotive equipment	\$ 881,507	\$ 81,889	\$ 40,982	\$ 922,414
Improvements	17,721,307	423,418	98,814	18,045,911
Total capital assets	<u>\$ 18,602,814</u>	<u>\$ 505,307</u>	<u>\$ 139,796</u>	<u>\$ 18,968,325</u>
Less: Accumulated depreciation for:				
Automotive equipment	\$ 440,574	\$ 70,266	\$ 40,982	\$ 469,858
Improvements	9,220,004	392,496	98,814	9,513,686
Total accumulated depreciation	<u>\$ 9,660,578</u>	<u>\$ 462,762</u>	<u>\$ 139,796</u>	<u>\$ 9,983,544</u>
Net capital assets	<u>\$ 8,942,236</u>	<u>\$ 42,545</u>	<u>\$ -</u>	<u>\$ 8,984,781</u>

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 2,268,864	\$ 216,466	\$ 686,627
Business activities	456,390	37,090	124,969
Total	<u>\$ 2,725,254</u>	<u>\$ 253,556</u>	<u>\$ 811,596</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

NOTE 8 - DEFERRED REVENUE:

	Government-wide Statements	
	Governmental Activities	Governmental Funds
A. <i>Deferred Property Tax Revenue</i> - Deferred revenue representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 69,868
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
C. <i>Other</i> - deferred grant revenues and bank franchise taxes	107,117	107,117
Total	<u>\$ 343,834</u>	<u>\$ 413,702</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		
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>\$ 8,816,669</u>	<u>\$ 1,498,887</u>	<u>\$ 839,259</u>	<u>\$ 48,465</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Business-Type Activities:

Year Ending June 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2011	\$ 46,225	\$ 58,286	\$ 40,842	\$ 3,023
2012	48,999	55,512	22,348	1,541
2013	51,939	52,572	23,106	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>\$ 971,427</u>	<u>\$ 491,726</u>	<u>\$ 86,296</u>	<u>\$ 5,347</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, 2010.

	Bonds	Capital Leases	Total
Balance, July 1, 2009	<u>\$ 10,443,336</u>	<u>\$ 1,364,842</u>	<u>\$ 11,808,178</u>
Increases:			
Capital leases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total increases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Retirements:			
Public improvement bonds	<u>\$ 1,626,667</u>	<u>\$ -</u>	<u>\$ 1,626,667</u>
Capital leases	<u>-</u>	<u>525,583</u>	<u>525,583</u>
Total retirements	<u>\$ 1,626,667</u>	<u>\$ 525,583</u>	<u>\$ 2,152,250</u>
Balance, June 30, 2010	<u>\$ 8,816,669</u>	<u>\$ 839,259</u>	<u>\$ 9,655,928</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (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, 2010.

	Note Payable	Capital Leases	Total
Balance, July 1, 2009	\$ 1,015,036	\$ 144,660	\$ 1,159,696
Increases:			
Capital leases	\$ -	\$ -	\$ -
Total increases	\$ -	\$ -	\$ -
Retirements:			
Note payable	\$ 43,609	\$ -	\$ 43,609
Capital leases	-	58,364	58,364
Total retirements	\$ 43,609	\$ 58,364	\$ 101,973
Balance, June 30, 2010	\$ 971,427	\$ 86,296	\$ 1,057,723

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.

Details of Long-Term Obligations

	Amount Outstanding	Amount Due In One Year
<u>Governmental activities:</u>		
<u>Public Improvement Bonds:</u>		
\$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%	\$ 325,000	\$ 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%	975,000	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%	1,600,000	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%	2,286,669	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%	3,630,000	330,000
Total public improvement bonds	\$ 8,816,669	\$ 1,626,667

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Details of Long-Term Obligations (continued)

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities: (continued)</u>		
<u>Capital Lease Obligations:</u>		
\$525,797 capital lease obligations due in annual installments of \$143,761 through March 30, 2011, interest payable at 3.77%	\$ 138,539	\$ 138,539
\$600,000 capital lease obligations due in annual installments of \$163,425 through October 12, 2011, interest payable at 3.52%	310,374	152,503
\$512,025 capital lease obligations due in annual installments of \$139,035 through December 30, 2012, interest payable at 3.390%	<u>390,346</u>	<u>125,802</u>
Total capital lease obligations	<u>\$ 839,259</u>	<u>\$ 416,844</u>
Total general long-term obligations from governmental activities	<u>\$ 9,655,928</u>	<u>\$ 2,043,511</u>
<u>Business-Type activities:</u>		
<u>Note Payable:</u>		
Note payable to Fairfax County for Town share of pollution control plant upgrade, maturing in annual installments of \$104,511 through June 30, 2023, interest at 6%	<u>\$ 971,427</u>	<u>\$ 46,225</u>
<u>Capital Lease Obligations:</u>		
\$74,203 capital lease obligations due in annual installments of \$20,638 through March 30, 2011, interest payable at 3.77%	\$ 19,227	\$ 19,227
\$87,975 capital lease obligations due in annual installments of \$23,889 through December 30, 2012, interest payable at 3.390%	<u>67,069</u>	<u>21,615</u>
Total capital lease obligations	<u>\$ 86,296</u>	<u>\$ 40,842</u>
Total general long-term obligations from business-type activities	<u>\$ 1,057,723</u>	<u>\$ 87,067</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 OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

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

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.

	Governmental Activities	Business-Type Activities	Total
Balance, July 1, 2009	\$ 1,024,415	\$ 100,991	\$ 1,125,406
Increases	1,134,364	117,171	1,251,535
Decreases	(1,024,415)	(100,991)	(1,125,406)
Balance, June 30, 2010	<u>\$ 1,134,364</u>	<u>\$ 117,171</u>	<u>\$ 1,251,535</u>
Amounts due within one year	\$ 1,020,928	\$ 105,454	\$ 1,126,382
Amounts due after one year	113,436	11,717	125,153
Total	<u>\$ 1,134,364</u>	<u>\$ 117,171</u>	<u>\$ 1,251,535</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/2009-Annual-Report.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, 2010 (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 2010 was 10.12% of the annual covered payroll.

Annual Pension Cost

For fiscal year 2010, the Town's annual pension cost of \$1,015,742 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, 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%	-
June 30, 2010	1,015,742	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, 2010 (continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

A. Plan Description - Virginia Retirement System (continued)

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the Town's plan was 82.55% funded. The actuarial accrued liability for benefits was \$47,680,082, and the actuarial value of assets was \$39,358,892, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,321,190. The covered payroll (annual payroll of active employees covered by the plan) was \$10,000,452, and ratio of the UAAL to the covered payroll was 83.21%.

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, 2010 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

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

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

Local Retirement Plan

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

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

Police Retirement Plan

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Funding Policy and Annual Pension Cost

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

	<u>Local Retirement Plan</u>	<u>Police Retirement Plan</u>
Contribution rate: (1)		
Town	8.35%	5.16%
Plan members	-	1.50%
Annual pension cost (1)	\$155,751	\$148,117
Contributions made (1)	\$155,751	\$148,117
Actuarial valuation date	January 1, 2010	January 1, 2010
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, 2009

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Funding Policy and Annual Pension Cost (continued)

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

Trend Information			
Plan Year Ending December 31	Annual Pension Cost (APC) *	Percentage of APC	Net Pension Obligation
Town Local Plan:			
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%	-
2009	155,751	100%	-
Police Plan:			
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%	-
2009	148,117	100%	-

* Employer cost only

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (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, 2010 is as follows:

	Local Retirement Plan	Police Retirement Plan
Retirees and beneficiaries	49	20
Terminated vested members	69	-
Disabled	4	-
Active members	31	39
Total	<u>153</u>	<u>59</u>

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

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
Assets:			
Investments - LGIP	\$ 2,271,678	\$ 3,039,472	\$ 5,311,150
Accounts receivable	27,865	7,212	35,077
Total assets	<u>\$ 2,299,543</u>	<u>\$ 3,046,684</u>	<u>\$ 5,346,227</u>
Net Assets:			
Net assets held in trust for pension benefits	<u>\$ 2,299,543</u>	<u>\$ 3,046,684</u>	<u>\$ 5,346,227</u>
Additions:			
Contributions:			
Employer	\$ 144,200	\$ 142,296	\$ 286,496
Plan members	-	40,960	40,960
Total contributions	<u>\$ 144,200</u>	<u>\$ 183,256</u>	<u>\$ 327,456</u>
Investment income:			
Interest earned on investments	6,758	9,109	15,867
Total additions	<u>\$ 150,958</u>	<u>\$ 192,365</u>	<u>\$ 343,323</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2010 (continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Other Information (continued)

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
<i>(table continued from previous page)</i>			
Deductions:			
Pension benefit payments	\$ 119,216	\$ 157,249	\$ 276,465
Other charges	4,975	46,368	51,343
Total deductions	<u>\$ 124,191</u>	<u>\$ 203,617</u>	<u>\$ 327,808</u>
Net increase in plan assets	\$ 26,767	\$ (11,252)	\$ 15,515
Net assets held in trust for pension benefits:			
Balance, beginning of year	<u>2,272,776</u>	<u>3,057,936</u>	<u>5,330,712</u>
Balance, end of year	<u><u>\$ 2,299,543</u></u>	<u><u>\$ 3,046,684</u></u>	<u><u>\$ 5,346,227</u></u>

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the Local plan was 70.2% funded. The actuarial accrued liability for benefits was \$3,258,352, and the actuarial value of assets was \$2,288,525, resulting in an unfunded actuarial accrued liability (UAAL) of \$969,827. The covered payroll (annual payroll of active employees covered by the plan) was \$1,906,693, and ratio of the UAAL to the covered payroll was 50.9%.

As of January 1, 2010, the most recent actuarial valuation date, the Police plan was 92.9% funded. The actuarial accrued liability for benefits was \$3,310,083, and the actuarial value of assets was \$3,073,793, resulting in an unfunded actuarial accrued liability (UAAL) of \$236,290. The covered payroll (annual payroll of active employees covered by the plan) was \$2,795,709, and ratio of the UAAL to the covered payroll was 8.5%.

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, 2010 (continued)**

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 \$188,022, and employee contributions were \$86,989 for fiscal year 2010.

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 2010. 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, 2010 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 \$843 per month during the year ended June 30, 2010 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2010 approximated \$10,110.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

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 as required by Town Code:

<u>Employee</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Philip R. Grant	Director of Finance - Town Treasurer	\$ 50,000
Robert Carlisle	Police Chief	5,000

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, 2010 (continued)**

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. The Town's plan is a single-employer plan. A separate audit report for the plan is not available.

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	\$ 120,800
Interest on net OPEB obligation	5,297
Adjustment to annual required contribution	<u>(4,569)</u>
Annual OPEB cost (expense)	\$ 121,528
Contributions made	<u>(55,100)</u>
Increase in net OPEB obligation	\$ 66,428
Net OPEB obligation - beginning of year	<u>132,438</u>
Net OPEB obligation - end of year	<u><u>\$ 198,866</u></u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2010 (continued)

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 2010 and 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 252,438	48%	\$ 132,438
June 30, 2010	121,528	45%	\$ 198,866

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 1,597,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,597,000
Funded ratio (actuarial value of plan assets / AAL)	-
Covered payroll (active plan members)	11,077,000
UAAL as a percentage of covered payroll	14.42%

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, 2010 (continued)**

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

Town: (continued)

Cost Method

Annual contributions to the Plan have been computed under the Projected Unit Credit (PUC) Actuarial Cost Method.

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

A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's benefit projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

The actuarial liability and the normal cost for disability benefits are determined in a similar manner by projecting the member's benefit to each assumed date of disablement. The actuarial liability and normal cost for the disability benefits are based upon the present value of the expected benefit expected to be paid to those covered employees attaining eligibility. The actuarial liability for inactive members is determined as the actuarial present value of the benefits expected to be paid.

The difference between the actuarial liability and the actuarial value of assets is the unfunded actuarial liability. The annual required contribution is the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liability over the amortization period. The amortization amount is determined as a level percentage of payroll.

Interest Assumptions

In the June 30, 2010, actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions included a 4.0 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 8.2 percent initially, reduced by decrements to an ultimate rate of 4.7 percent after eighty years. Both rates included a 2.5 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 June 30, 2010 was thirty years.

	<u>Unfunded</u>
Discount rate	4.00%
Payroll growth	3.75%

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2010 (continued)**

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

Town: (continued)

Net OPEB Obligation Payable

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, July 1, 2009	\$ 119,194	\$ 13,244	\$ 132,438
Increases	108,160	13,368	121,528
Decreases	(49,039)	(6,061)	(55,100)
Balance, June 30, 2010	<u>\$ 178,315</u>	<u>\$ 20,551</u>	<u>\$ 198,866</u>
Total	<u>\$ 178,315</u>	<u>\$ 20,551</u>	<u>\$ 198,866</u>

NOTE 19 - SUBSEQUENT EVENT:

On July 28, 2010 the Town issued \$2,680,000 of General Public Improvement Bonds, Series 2010A and \$2,310,000 of General Obligation Public Improvement Bonds, Series 2010B.

- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 8,712,283	\$ 8,712,283	\$ 8,689,481	\$ (22,802)
Other local taxes	5,224,300	5,224,300	5,196,134	(28,166)
Permits, privilege fees and regulatory licenses	75,700	75,700	101,143	25,443
Fines and forfeitures	310,000	310,000	298,921	(11,079)
Use of money and property	350,000	350,000	244,164	(105,836)
Charges for services	789,500	795,499	713,568	(81,931)
Miscellaneous	89,500	130,749	274,765	144,016
Intergovernmental:				
Revenue from the Commonwealth	3,157,237	3,203,739	3,116,282	(87,457)
Revenue from the Federal Government	-	480,403	473,564	(6,839)
Total revenues	<u>\$ 18,708,520</u>	<u>\$ 19,282,673</u>	<u>\$ 19,108,022</u>	<u>\$ (174,651)</u>
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 377,543	\$ 461,624	\$ 457,127	\$ 4,497
General and financial administration	3,231,379	3,289,950	3,088,862	201,088
Total general government administration	<u>\$ 3,608,922</u>	<u>\$ 3,751,574</u>	<u>\$ 3,545,989</u>	<u>\$ 205,585</u>
Public Safety:				
Law enforcement and traffic control	\$ 5,617,354	\$ 6,039,828	\$ 5,722,740	\$ 317,088
Volunteer fire department	46,200	46,200	49,874	(3,674)
Other protection	78,270	78,270	77,990	280
Total public safety	<u>\$ 5,741,824</u>	<u>\$ 6,164,298</u>	<u>\$ 5,850,604</u>	<u>\$ 313,694</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 3,135,982	\$ 3,560,375	\$ 3,244,154	\$ 316,221
Sanitation and waste removal	1,453,444	1,453,505	1,324,643	128,862
Maintenance of buildings and grounds	2,199,349	2,199,349	2,049,045	150,304
Total public works	<u>\$ 6,788,775</u>	<u>\$ 7,213,229</u>	<u>\$ 6,617,842</u>	<u>\$ 595,387</u>

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2010 (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	\$ 290,027	\$ 494
Parks, recreation and cultural:				
Parks and recreation	\$ 2,771,177	\$ 2,777,657	\$ 2,729,770	\$ 47,887
Community Development:				
Planning and community development	\$ 758,055	\$ 765,965	\$ 728,309	\$ 37,656
Debt Service:				
Principal	\$ 520,890	\$ 520,890	\$ 525,583	\$ (4,693)
Interest and fiscal charges	47,481	47,481	42,788	4,693
Total debt service	\$ 568,371	\$ 568,371	\$ 568,371	\$ -
Total expenditures	\$ 20,527,645	\$ 21,531,615	\$ 20,330,912	\$ 1,200,703
Excess (deficiency) of revenues over expenditures	\$ (1,819,125)	\$ (2,248,942)	\$ (1,222,890)	\$ 1,026,052
Other Financing Sources (Uses)				
Transfers in	\$ 962,000	\$ 962,000	\$ 962,000	\$ -
Transfers out	(106,700)	(343,849)	(302,584)	41,265
Total other financing sources (uses)	\$ 855,300	\$ 618,151	\$ 659,416	\$ 41,265
Net change in fund balance	\$ (963,825)	\$ (1,630,791)	\$ (563,474)	\$ 1,067,317
Fund balance, beginning of year	963,825	1,630,791	8,110,164	6,479,373
Fund balance, end of year	\$ -	\$ -	\$ 7,546,690	\$ 7,546,690

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, 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%
June 30, 2009	39,358,892	47,680,082	8,321,190	82.55%	10,000,452	83.21%
Town Local Plan:						
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%
January 1, 2010	2,288,525	3,258,352	969,827	70.2%	1,906,693	50.9%
Police Plan:						
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%
January 1, 2010	3,073,793	3,310,083	236,290	92.9%	2,795,709	8.5%
Other Post-Employment Benefits:						
January 1, 2007	\$ -	\$ 3,966,615	\$ 3,966,615	0.0%	\$ 8,867,000	44.7%
June 30, 2010	-	1,597,000	1,597,000	0.0%	11,077,000	14.42%

- Other Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Assets
At June 30, 2010

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Total
Assets:			
Investment in State Treasurer's Local Government Investment Pool	\$ 2,271,678	\$ 3,039,472	\$ 5,311,150
Accounts receivable	27,865	7,212	35,077
Total assets	\$ 2,299,543	\$ 3,046,684	\$ 5,346,227
Net Assets:			
Net assets held in trust for pension benefits	\$ 2,299,543	\$ 3,046,684	\$ 5,346,227

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

**Combining Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2010**

	Local Retirement Fund	Police Retirement Fund	Total
Additions:			
Contributions:			
Employer	\$ 144,200	\$ 142,296	\$ 286,496
Plan members	-	40,960	40,960
Total contributions	\$ 144,200	\$ 183,256	\$ 327,456
Investment income:			
Interest earned on investments	6,758	9,109	15,867
Total additions	\$ 150,958	\$ 192,365	\$ 343,323
Deductions:			
Pension benefit payments	\$ 119,216	\$ 157,249	\$ 276,465
Other charges	4,975	46,368	51,343
Total deductions	\$ 124,191	\$ 203,617	\$ 327,808
Net increase in plan assets	\$ 26,767	\$ (11,252)	\$ 15,515
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,272,776	3,057,936	5,330,712
Balance, end of year	\$ 2,299,543	\$ 3,046,684	\$ 5,346,227

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,602,283	\$ 8,602,283	\$ 8,568,642	\$ (33,641)
Public service corporation taxes:				
Real property	85,000	85,000	92,325	7,325
Penalties and interest	25,000	25,000	28,514	3,514
Total general property taxes	<u>\$ 8,712,283</u>	<u>\$ 8,712,283</u>	<u>\$ 8,689,481</u>	<u>\$ (22,802)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,285,506	\$ 85,506
Consumer utility taxes	665,000	665,000	656,858	(8,142)
Business license tax	2,150,000	2,150,000	1,973,781	(176,219)
Bank franchise taxes	416,800	416,800	557,561	140,761
Tobacco tax	441,000	441,000	359,962	(81,038)
Fiber-optic franchise tax	29,000	29,000	29,242	242
Telecommunications tax	156,700	156,700	145,436	(11,264)
Media general franchise fees and related taxes	106,700	106,700	128,680	21,980
Utility consumption taxes	59,100	59,100	59,108	8
Total other local taxes	<u>\$ 5,224,300</u>	<u>\$ 5,224,300</u>	<u>\$ 5,196,134</u>	<u>\$ (28,166)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,200	\$ 7,200	\$ 9,977	\$ 2,777
Other permits, privilege fees and regulatory licenses	68,500	68,500	91,166	22,666
Total permits, privilege fees and regulatory licenses	<u>\$ 75,700</u>	<u>\$ 75,700</u>	<u>\$ 101,143</u>	<u>\$ 25,443</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 310,000	\$ 310,000	\$ 298,921	\$ (11,079)

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2010 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Revenue from use of money and property:				
Interest on bank deposits	\$ 190,000	\$ 190,000	\$ 28,923	\$ (161,077)
Concessions and rentals	160,000	160,000	215,241	55,241
Total revenue from use of money and property	\$ 350,000	\$ 350,000	\$ 244,164	\$ (105,836)
Charges for services:				
Recreation fees	\$ 785,000	\$ 790,999	\$ 675,784	\$ (115,215)
Police reimbursements	-	-	25,765	25,765
Special service fees	4,500	4,500	12,019	7,519
Total charges for services	\$ 789,500	\$ 795,499	\$ 713,568	\$ (81,931)
Miscellaneous revenue:				
Miscellaneous income	\$ 89,500	\$ 130,749	\$ 274,765	\$ 144,016
Total revenue from local sources	\$ 15,551,283	\$ 15,598,531	\$ 15,518,176	\$ (80,355)
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	\$ 1,158,900	\$ 1,158,900	\$ 1,117,791	\$ (41,109)
Rolling stock tax	-	-	362	362
Total non-categorical aid	\$ 1,158,900	\$ 1,158,900	\$ 1,118,153	\$ (40,747)
Categorical aid:				
Street and highway maintenance	\$ 1,515,000	\$ 1,515,000	\$ 1,504,231	\$ (10,769)
Litter control	-	-	3,745	3,745
Law enforcement assistance	-	-	9,375	9,375
Emergency management	-	46,502	46,502	-
Public safety grants	447,137	447,137	394,402	(52,735)
Fire funds	36,200	36,200	39,874	3,674
Total Categorical aid	\$ 1,998,337	\$ 2,044,839	\$ 1,998,129	\$ (46,710)
Total revenue from the Commonwealth	\$ 3,157,237	\$ 3,203,739	\$ 3,116,282	\$ (87,457)

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2010 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Federal revenue:				
Categorical aid:				
Public safety grants	\$ -	\$ 276,590	\$ 273,049	\$ (3,541)
FEMA	-	183,563	183,563	-
DMV grants	-	20,250	16,952	(3,298)
Total revenue from the federal government	\$ -	\$ 480,403	\$ 473,564	\$ (6,839)
Total General Fund	\$ 18,708,520	\$ 19,282,673	\$ 19,108,022	\$ (174,651)
<u>Debt Service Fund:</u>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 1,520,663	\$ 1,520,663	\$ 1,698,298	\$ 177,635
Revenue from use of money and property:				
Interest on bank deposits	30,025	30,025	11,457	(18,568)
Miscellaneous revenue:				
Miscellaneous income	-	-	141	141
Total Debt Service Fund	\$ 1,550,688	\$ 1,550,688	\$ 1,709,896	\$ 159,208
<u>Capital Projects Fund:</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 10,091	\$ 10,091
Total revenue from use of money and property	\$ -	\$ -	\$ 10,091	\$ 10,091
Total revenue from local sources	\$ -	\$ -	\$ 10,091	\$ 10,091
State revenue:				
VDOT revenue sharing	\$ -	\$ -	\$ 325,651	\$ 325,651
Federal revenue:				
Federal transit grants	\$ -	\$ -	\$ 448,080	\$ 448,080
Total Capital Projects Fund	\$ -	\$ -	\$ 783,822	\$ 783,822
Grand Total All Governmental Funds	\$ 20,259,208	\$ 20,833,361	\$ 21,601,740	\$ 768,379

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2010

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund:				
General Government Administration:				
Legislative:				
Town council	\$ 121,896	\$ 123,056	\$ 106,519	\$ 16,537
Boards and commissions	53,816	53,816	50,976	2,840
Town clerk	201,831	284,752	299,632	(14,880)
Total legislative	<u>\$ 377,543</u>	<u>\$ 461,624</u>	<u>\$ 457,127</u>	<u>\$ 4,497</u>
General and Financial Administration:				
Town manager	\$ 280,249	\$ 283,519	\$ 277,919	\$ 5,600
Administrative services	421,995	387,448	372,109	15,339
Legal services	224,683	224,683	216,494	8,189
Financial administration	431,465	448,957	426,043	22,914
Disbursement operations	136,623	140,223	139,020	1,203
Data processing	68,000	79,400	43,940	35,460
Risk management	529,818	529,818	568,366	(38,548)
Information technology	239,457	244,285	222,907	21,378
Purchasing	132,722	132,722	127,139	5,583
Revenue operations	311,860	314,122	303,935	10,187
Public information	160,756	160,756	165,602	(4,846)
Central services	283,751	283,751	147,537	136,214
PC replacement	10,000	60,266	77,851	(17,585)
Total general and financial administration	<u>\$ 3,231,379</u>	<u>\$ 3,289,950</u>	<u>\$ 3,088,862</u>	<u>\$ 201,088</u>
Total general government administration	<u>\$ 3,608,922</u>	<u>\$ 3,751,574</u>	<u>\$ 3,545,989</u>	<u>\$ 205,585</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 713,100	\$ 716,328	\$ 692,188	\$ 24,140
Uniform patrol	2,036,161	2,039,518	2,042,321	(2,803)
Communications	955,451	955,451	823,004	132,447
Investigations	1,072,651	1,072,651	1,117,213	(44,562)
Community services	125,633	146,312	128,246	18,066
Traffic unit	714,358	714,358	585,471	128,887
Other law enforcement and traffic control	-	395,210	334,297	60,913
Total law enforcement and traffic control	<u>\$ 5,617,354</u>	<u>\$ 6,039,828</u>	<u>\$ 5,722,740</u>	<u>\$ 317,088</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2010 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Public Safety: (continued)				
Fire and rescue:				
Volunteer fire department	\$ 46,200	\$ 46,200	\$ 49,874	\$ (3,674)
Other protection:				
Personal property/animal control	78,270	78,270	77,990	280
Total public safety	<u>\$ 5,741,824</u>	<u>\$ 6,164,298</u>	<u>\$ 5,850,604</u>	<u>\$ 313,694</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 708,202	\$ 711,813	\$ 588,908	\$ 122,905
Street maintenance	1,987,354	2,136,458	1,937,422	199,036
Street maintenance equipment	-	-	17,094	(17,094)
Snow removal	112,839	342,904	442,327	(99,423)
Traffic engineering	327,587	369,200	258,403	110,797
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 3,135,982</u>	<u>\$ 3,560,375</u>	<u>\$ 3,244,154</u>	<u>\$ 316,221</u>
Sanitation and waste removal:				
Sanitation	\$ 905,780	\$ 905,841	\$ 866,651	\$ 39,190
Refuse disposal	395,465	395,465	319,914	75,551
Fall/spring cleanup - leaf collection and other	152,199	152,199	138,078	14,121
Total sanitation and waste removal	<u>\$ 1,453,444</u>	<u>\$ 1,453,505</u>	<u>\$ 1,324,643</u>	<u>\$ 128,862</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,228,768	\$ 1,228,768	\$ 1,139,400	\$ 89,368
Maintenance of buildings and grounds	970,581	970,581	909,645	60,936
Total maintenance of buildings and grounds	<u>\$ 2,199,349</u>	<u>\$ 2,199,349</u>	<u>\$ 2,049,045</u>	<u>\$ 150,304</u>
Total public works	<u>\$ 6,788,775</u>	<u>\$ 7,213,229</u>	<u>\$ 6,617,842</u>	<u>\$ 595,387</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	<u>\$ 290,521</u>	<u>\$ 290,521</u>	<u>\$ 290,027</u>	<u>\$ 494</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2010 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 508,302	\$ 508,302	\$ 502,329	\$ 5,973
Parks and recreation programs	417,000	417,000	399,121	17,879
General maintenance	920,534	920,534	957,912	(37,378)
Community center	532,073	532,554	509,521	23,033
Special events	180,695	186,694	121,461	65,233
Vehicle replacement	-	-	37,539	(37,539)
Teen Center	178,073	178,073	164,964	13,109
Historic preservation	34,500	34,500	36,923	(2,423)
Total parks and recreation	<u>\$ 2,771,177</u>	<u>\$ 2,777,657</u>	<u>\$ 2,729,770</u>	<u>\$ 47,887</u>
Community Development:				
Planning and community development:				
Litter control	\$ -	\$ -	\$ 3,798	\$ (3,798)
Planning and zoning	746,655	754,565	687,985	66,580
Vehicle replacement	-	-	25,126	(25,126)
Various contributions	11,400	11,400	11,400	-
Total planning and community development	<u>\$ 758,055</u>	<u>\$ 765,965</u>	<u>\$ 728,309</u>	<u>\$ 37,656</u>
Debt Service:				
Principal on capital lease obligation	\$ 520,890	\$ 520,890	\$ 525,583	\$ (4,693)
Interest on capital leases	47,481	47,481	42,788	4,693
Total debt service	<u>\$ 568,371</u>	<u>\$ 568,371</u>	<u>\$ 568,371</u>	<u>\$ -</u>
Total General Fund	<u>\$ 20,527,645</u>	<u>\$ 21,531,615</u>	<u>\$ 20,330,912</u>	<u>\$ 1,200,703</u>
Debt Service Fund:				
Debt Service:				
Principal retirement	\$ 1,626,667	\$ 1,626,667	\$ 1,626,667	\$ -
Interest and fiscal charges	422,459	422,459	415,966	6,493
Total Debt Service Fund	<u>\$ 2,049,126</u>	<u>\$ 2,049,126</u>	<u>\$ 2,042,633</u>	<u>\$ 6,493</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2010 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>Capital Projects Fund:</u>				
Capital projects:				
A.S.P. implementation	\$ -	\$ 196,000	\$ 76,160	\$ 119,840
Parks and recreation projects	-	72,780	24,618	48,162
Street improvement projects	-	1,717,408	1,194,001	523,407
Other capital projects and administration	-	811,543	-	811,543
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 2,797,731</u>	<u>\$ 1,294,779</u>	<u>\$ 1,502,952</u>
Grand Total Expenditures--All Governmental Funds	<u>\$ 22,576,771</u>	<u>\$ 26,378,472</u>	<u>\$ 23,668,324</u>	<u>\$ 2,710,148</u>

- Statistical Section -

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

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

TOWN OF VIENNA, VIRGINIA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 2,013,207	\$ 29,320,220	\$ 29,665,051
Unrestricted	<u>11,662,319</u>	<u>11,596,849</u>	<u>12,187,531</u>
Total governmental activities net assets	<u>\$ 13,675,526</u>	<u>\$ 40,917,069</u>	<u>\$ 41,852,582</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 8,366,047	\$ 8,078,116	\$ 7,611,414
Unrestricted	<u>2,907,426</u>	<u>1,853,386</u>	<u>1,247,232</u>
Total business-type activities net assets	<u>\$ 11,273,473</u>	<u>\$ 9,931,502</u>	<u>\$ 8,858,646</u>
Primary government:			
Invested in capital assets, net of related debt	\$ 10,379,254	\$ 37,398,336	\$ 37,276,465
Unrestricted	<u>14,569,745</u>	<u>13,450,235</u>	<u>13,434,763</u>
Total primary government net assets	<u>\$ 24,948,999</u>	<u>\$ 50,848,571</u>	<u>\$ 50,711,228</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

2006	2007	2008	2009	2010
\$ 26,085,741	\$ 31,965,939	\$ 37,791,201	\$ 37,874,402	\$ 38,411,117
16,650,491	15,418,559	15,284,033	14,730,114	13,077,123
<u>\$ 42,736,232</u>	<u>\$ 47,384,498</u>	<u>\$ 53,075,234</u>	<u>\$ 52,604,516</u>	<u>\$ 51,488,240</u>
\$ 7,926,642	\$ 7,633,717	\$ 7,624,024	\$ 7,782,540	\$ 7,927,058
720,796	567,337	1,431,406	1,054,949	287,487
<u>\$ 8,647,438</u>	<u>\$ 8,201,054</u>	<u>\$ 9,055,430</u>	<u>\$ 8,837,489</u>	<u>\$ 8,214,545</u>
\$ 34,012,383	\$ 39,599,656	\$ 45,415,225	\$ 45,656,942	\$ 46,338,175
17,371,287	15,985,896	16,715,439	15,785,063	13,364,610
<u>\$ 51,383,670</u>	<u>\$ 55,585,552</u>	<u>\$ 62,130,664</u>	<u>\$ 61,442,005</u>	<u>\$ 59,702,785</u>

TOWN OF VIENNA, VIRGINIA

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

	2003	2004	2005
Expenses:			
Governmental Activities:			
General government	\$ 2,786,245	\$ 2,948,861	\$ 3,242,113
Public safety	4,176,902	4,208,668	5,143,055
Public works	5,316,915	7,052,387	7,696,605
Health and welfare	133,572	158,447	186,891
Parks, recreation and cultural	2,004,775	2,285,303	2,043,892
Community development	504,473	527,204	547,117
Interest on long-term debt	810,906	725,405	640,992
Total governmental activities expenses	<u>\$ 15,733,788</u>	<u>\$ 17,906,275</u>	<u>\$ 19,500,665</u>
Business type activities:			
Water and sewer	3,967,057	4,641,190	4,679,889
Total expenses	<u>\$ 19,700,845</u>	<u>\$ 22,547,465</u>	<u>\$ 24,180,554</u>
Program Revenues:			
Governmental Activities:			
Charges for services			
General government	\$ 9,780	\$ 7,425	\$ 9,454
Public safety	362,547	531,180	617,402
Public works	254,660	255,027	369,751
Parks, recreation and cultural	409,092	506,887	551,217
Operating grants and contributions	1,646,632	1,830,979	2,081,809
Capital grants and contributions	1,866,584	44,691	-
Total governmental activities program revenues	<u>\$ 4,549,295</u>	<u>\$ 3,176,189</u>	<u>\$ 3,629,633</u>
Business type activities:			
Water and sewer			
Charges for services	\$ 4,335,339	\$ 4,388,312	\$ 4,627,013
Operating grants and contributions	-	12,101	-
Capital grants and contributions	-	-	-
Total business type activities	<u>\$ 4,335,339</u>	<u>\$ 4,400,413</u>	<u>\$ 4,627,013</u>
Total revenues	<u>\$ 8,884,634</u>	<u>\$ 7,576,602</u>	<u>\$ 8,256,646</u>
Net (expenses)/revenues	<u>\$ (10,816,211)</u>	<u>\$ (14,970,863)</u>	<u>\$ (15,923,908)</u>
General Revenues and Other Changes in Net Assets:			
Governmental Activities:			
Taxes:			
General real property taxes	\$ 5,908,768	\$ 6,630,581	\$ 6,768,321
Local sales and use taxes	968,684	1,088,688	1,134,790
Consumer utility taxes	1,036,740	1,211,958	1,341,121
Business license taxes	1,703,461	1,818,112	1,850,557
Meals and lodging taxes	1,887,503	2,092,435	2,230,408
Other	1,294,886	1,481,554	1,672,212
Grants and contributions not restricted to specific programs	33,848	35,852	17,435
Unrestricted revenues from the use of money and property	204,866	150,636	313,866
Miscellaneous	510,085	276,978	304,443
Transfers	877,597	1,193,488	1,173,392
Total governmental activities general revenues	<u>\$ 14,426,438</u>	<u>\$ 15,980,282</u>	<u>\$ 16,806,545</u>
Business type activities:			
Investment earnings	\$ 54,840	\$ 34,391	\$ 58,206
Miscellaneous	26,896	33,903	68,206
Capital contributions	137,620	24,000	27,000
Transfers	(877,597)	(1,193,488)	(1,173,392)
Total business-type activities general revenues	<u>\$ (658,241)</u>	<u>\$ (1,101,194)</u>	<u>\$ (1,019,980)</u>
Total general revenues	<u>\$ 13,768,197</u>	<u>\$ 14,879,088</u>	<u>\$ 15,786,565</u>
Changes in net assets:			
Governmental activities	\$ 3,241,945	\$ 1,250,196	\$ 935,513
Business-type activities	(289,959)	(1,341,971)	(1,072,856)
Total changes in net assets	<u>\$ 2,951,986</u>	<u>\$ (91,775)</u>	<u>\$ (137,343)</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

	2006	2007	2008	2009	2010
\$	3,092,863	\$ 3,081,052	\$ 3,119,608	\$ 3,466,917	\$ 3,647,013
	4,800,550	5,225,145	5,616,582	5,845,864	5,971,132
	7,697,348	8,716,466	8,995,488	9,379,606	9,593,548
	230,802	305,332	294,054	292,930	290,773
	2,498,235	2,706,829	2,797,313	2,871,670	2,836,757
	589,001	691,665	734,650	755,281	711,824
	617,754	672,020	599,829	523,205	441,336
\$	19,526,553	\$ 21,398,509	\$ 22,157,524	\$ 23,135,473	\$ 23,492,383
	5,144,312	5,043,291	5,147,109	5,315,042	5,777,244
\$	24,670,865	\$ 26,441,800	\$ 27,304,633	\$ 28,450,515	\$ 29,269,627
\$	11,420	\$ 10,043	\$ 9,931	\$ 9,833	\$ 12,019
	336,558	357,090	337,235	376,512	425,829
	235,806	85,328	-	-	-
	648,551	771,169	786,722	718,204	675,784
	1,828,699	2,251,198	2,062,483	2,115,797	2,315,236
	-	4,191,946	5,540,058	334,464	930,188
\$	3,061,034	\$ 7,666,774	\$ 8,736,429	\$ 3,554,810	\$ 4,359,056
\$	5,717,486	\$ 5,692,069	\$ 6,181,491	\$ 5,753,330	\$ 5,839,658
	-	-	240,507	-	-
	-	-	-	277,977	5,553
\$	5,717,486	\$ 5,692,069	\$ 6,421,998	\$ 6,031,307	\$ 5,845,211
\$	8,778,520	\$ 13,358,843	\$ 15,158,427	\$ 9,586,117	\$ 10,204,267
\$	(15,892,345)	\$ (13,082,957)	\$ (12,146,206)	\$ (18,864,398)	\$ (19,065,360)
\$	6,817,919	\$ 7,094,275	\$ 7,838,966	\$ 8,523,543	\$ 8,668,872
	1,154,058	1,197,980	1,214,258	1,224,471	1,285,506
	1,336,727	1,153,656	660,742	659,932	656,858
	1,964,737	1,994,824	2,095,137	2,204,093	1,973,781
	2,297,579	2,335,577	2,385,355	1,691,961	1,698,298
	1,879,978	1,892,970	1,181,323	1,177,426	1,279,989
	18,913	18,759	1,243,315	1,113,597	1,118,153
	620,147	991,582	845,947	411,190	265,712
	206,174	304,100	368,838	1,060,904	274,906
	1,052,937	1,237,675	1,277,950	1,042,828	794,976
\$	17,349,169	\$ 18,221,398	\$ 19,111,831	\$ 19,109,945	\$ 18,017,051
\$	99,113	\$ 100,211	\$ 67,458	\$ 30,702	\$ 3,099
	57,192	42,302	77,415	77,920	100,966
	112,250	-	-	-	-
	(1,052,937)	(1,237,675)	(1,277,950)	(1,042,828)	(794,976)
\$	(784,382)	\$ (1,095,162)	\$ (1,133,077)	\$ (934,206)	\$ (690,911)
\$	16,564,787	\$ 17,126,236	\$ 17,978,754	\$ 18,175,739	\$ 17,326,140
\$	883,650	\$ 4,489,663	\$ 5,690,736	\$ (470,718)	\$ (1,116,276)
	(211,208)	(446,384)	141,812	(217,941)	(622,944)
\$	672,442	\$ 4,043,279	\$ 5,832,548	\$ (688,659)	\$ (1,739,220)

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Property Tax	Local Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses
2010	\$ 8,668,872	\$ 1,285,506	\$ 656,858	\$ 1,973,781
2009	8,523,543	1,224,471	659,932	2,204,093
2008	7,838,966	1,214,258	660,742	2,095,137
2007	7,094,275	1,197,980	1,153,656	1,994,824
2006	6,817,919	1,154,058	1,663,824	1,864,737
2005	6,768,321	1,134,790	1,558,099	1,850,557
2004	6,630,581	1,088,688	1,211,958	1,818,112
2003	5,908,768	968,684	1,036,740	1,703,461

Note:

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

Table 3

Meals & Lodging Taxes	Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
\$ 1,698,298	\$ -	\$ 557,561	\$ 359,962	\$ 362,466	\$ 15,563,304
1,691,961	-	444,050	407,741	325,635	15,481,426
2,385,355	12,213	420,385	429,906	318,819	15,375,781
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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund:				
Reserved	\$ 1,130,615	\$ 1,679,356	\$ 1,527,269	\$ 1,331,345
Designated	-	-	-	623,524
Undesignated	<u>2,978,115</u>	<u>3,117,477</u>	<u>3,682,023</u>	<u>4,774,360</u>
Total General Fund	<u>\$ 4,108,730</u>	<u>\$ 4,796,833</u>	<u>\$ 5,209,292</u>	<u>\$ 6,729,229</u>
Debt Service Fund:				
Reserved	<u>\$ 1,712,367</u>	<u>\$ 1,570,253</u>	<u>\$ 2,947,361</u>	<u>\$ 2,942,315</u>
Capital Projects Fund:				
Reserved	\$ 3,659,227	\$ 851,116	\$ 2,948,382	\$ 2,789,385
Designated	<u>6,496,932</u>	<u>7,645,507</u>	<u>1,472,535</u>	<u>-</u>
Total Capital Projects Fund	<u>\$ 10,156,159</u>	<u>\$ 8,496,623</u>	<u>\$ 4,420,917</u>	<u>\$ 2,789,385</u>

Table 4

2005	2006	2007	2008	2009	2010
\$ 2,555,773	\$ 2,529,976	\$ 3,138,779	\$ 3,437,540	\$ 3,321,836	\$ 2,694,439
600,000	712,273	950,000	963,786	1,097,048	1,250,000
<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>3,602,251</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>\$ 7,546,690</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>	<u>\$ 3,882,446</u>
\$ 2,564,515	\$ 2,948,382	\$ 45,931	\$ 646,428	\$ 885,721	\$ 891,162
-	3,203,716	4,257,570	3,260,662	2,962,845	2,331,166
<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>	<u>\$ 3,222,328</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues:				
General property taxes	\$ 4,930,690	\$ 5,321,471	\$ 5,913,739	\$ 6,592,333
Other local taxes	6,431,340	6,478,622	6,891,274	7,692,747
Permits, privilege fees and regulatory licenses	35,560	38,159	40,958	51,403
Fines and forfeitures	479,454	327,144	306,734	468,396
Revenue from use of money and property	1,159,717	610,412	459,526	405,663
Charges for services	397,295	349,748	433,727	525,693
Miscellaneous	291,511	229,531	510,085	276,978
Intergovernmental	1,745,725	1,809,696	3,547,064	1,911,522
Total revenues	<u>\$ 15,471,292</u>	<u>\$ 15,164,783</u>	<u>\$ 18,103,107</u>	<u>\$ 17,924,735</u>
Expenditures:				
Current:				
General government administration	\$ 2,246,340	\$ 2,401,794	\$ 2,662,877	\$ 2,857,364
Public safety	3,915,784	3,861,770	3,964,685	4,224,570
Public works	4,529,193	5,261,069	5,113,761	5,090,520
Health and welfare	95,834	109,774	133,572	158,447
Parks, recreation, and cultural	1,551,173	1,678,994	1,828,948	2,141,689
Community development	440,949	451,390	493,383	518,634
Capital projects	2,258,180	6,360,816	4,364,932	1,704,587
Debt service:				
Principal retirement	1,852,573	1,945,541	2,104,465	2,168,147
Interest and other fiscal charges	785,587	718,880	833,491	744,108
Total expenditures	<u>\$ 17,675,613</u>	<u>\$ 22,790,028</u>	<u>\$ 21,500,114</u>	<u>\$ 19,608,066</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (2,204,321)</u>	<u>\$ (7,625,245)</u>	<u>\$ (3,397,007)</u>	<u>\$ (1,683,331)</u>
Other financing sources (uses):				
Long term debt issued	\$ 392,954	\$ 5,256,368	\$ 233,271	\$ 373,202
Transfers in	1,163,298	1,171,092	1,271,552	1,199,910
Transfers out	(805,304)	(594,728)	(393,955)	(6,422)
Total other financing sources (uses)	<u>\$ 750,948</u>	<u>\$ 5,832,732</u>	<u>\$ 1,110,868</u>	<u>\$ 1,566,690</u>
Net changes in fund balances	<u>\$ (1,453,373)</u>	<u>\$ (1,792,513)</u>	<u>\$ (2,286,139)</u>	<u>\$ (116,641)</u>
Debt service as a percentage of noncapital expenditures				
	20.64%	19.36%	20.69%	19.43%

Table 5

	2005	2006	2007	2008	2009	2010
\$	6,757,957	\$ 6,833,298	\$ 7,086,277	\$ 7,850,154	\$ 8,473,707	\$ 8,689,481
	8,229,088	8,633,079	8,575,007	8,761,959	8,071,034	6,894,432
	50,025	78,320	90,652	106,291	88,388	101,143
	556,051	249,646	257,589	227,215	277,174	298,921
	683,617	855,953	1,076,910	845,947	411,190	265,712
	571,997	668,563	790,061	800,382	738,987	713,568
	304,443	206,174	304,100	368,838	432,804	274,906
	2,099,244	1,847,612	2,269,957	2,080,654	2,450,707	4,363,577
\$	<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>	<u>\$ 21,601,740</u>
\$	3,250,998	\$ 2,944,474	\$ 3,073,899	\$ 3,284,008	\$ 3,317,553	\$ 3,545,989
	4,921,959	4,791,532	5,248,899	5,714,956	5,968,972	5,850,604
	5,954,747	6,111,875	6,136,304	6,388,010	6,847,062	6,617,842
	186,891	230,802	305,332	294,054	291,386	290,027
	2,272,337	2,431,783	2,676,393	2,863,952	2,651,234	2,729,770
	543,506	581,899	676,402	729,537	742,287	728,309
	169,741	1,593,117	2,429,327	799,922	305,176	1,294,779
	2,170,312	1,999,097	2,275,881	2,307,428	2,336,039	2,152,250
	658,599	570,965	684,805	623,551	547,157	458,754
\$	<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>\$ 23,668,324</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>	<u>\$ (2,066,584)</u>
\$	305,641	\$ 5,419,521	\$ 524,680	\$ 600,000	\$ 512,025	\$ -
	1,327,224	1,462,323	1,367,613	1,387,610	1,592,104	1,515,425
	(153,832)	(409,386)	(129,938)	(109,660)	(549,276)	(720,449)
\$	<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>\$ 794,976</u>
\$	<u>602,365</u>	<u>\$ 4,589,559</u>	<u>\$ (1,294,334)</u>	<u>\$ (86,028)</u>	<u>\$ (508,022)</u>	<u>\$ (1,271,608)</u>
	16.51%	15.04%	16.34%	13.87%	13.60%	11.99%

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Real Property	Local Sales	Consumer Utility	Business & Occupation License	Meals & Lodging Tax
2010	\$ 8,689,481	\$ 1,285,506	\$ 656,858	\$ 1,973,781	\$ 1,698,298
2009	8,473,707	1,224,471	659,932	2,204,093	1,691,961
2008	7,850,154	1,214,258	660,742	2,095,137	2,385,355
2007	7,086,277	1,197,980	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

Table 6

Motor Vehicle License	Bank Franchise	Tobacco	Cable TV Fees	Franchise Taxes	Total
\$ -	\$ 557,561	\$ 359,962	\$ -	\$ 362,466	\$ 15,583,913
-	444,050	407,741	-	325,635	15,431,590
12,213	420,385	429,906	-	318,819	15,386,969
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

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	
2010	\$ 3,759,322,020	\$ 3,759,322,020	0.2281	\$ 40,475,624	\$ 40,475,624	\$ 3,799,797,644	\$ 3,799,797,644	100%
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%

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Notes: Real property is assessed effective January 1 of each year by the Supervisor of Assessments of Fairfax County for the concurrent use of the Town and County. In the above tabulation \$3,799,797,644 is the assessed valuation effective January 1, 2009, which was used as a basis for billing taxes in the fiscal year 2009-2010.

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 Rate (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>
2010	0.2281	1.05	1.2781
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

(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	Notes	Fiscal Year 2010			Fiscal Year 2001		
		2009 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2000 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union		\$ 187,331,480	1	4.79%	\$ 123,273,580	1	7.81%
Transwestern Goldstar LLC	(1)	49,600,000	2	1.27%	20,190,895	2	1.28%
Maple Avenue Shopping	(2)	35,405,530	3	0.91%	17,959,130	3	1.14%
Vienna Park LLC		27,986,840	4	0.72%	13,278,855	4	0.84%
Maryland Gardens Ltd. Partnership		25,994,000	5	0.67%	11,438,775	7	0.72%
Vienna Shopping Center, LP		21,735,100	6	0.56%	11,532,915	6	0.73%
P. Daniel & Diana S. Orlich		18,830,560	7	0.48%	8,976,680	10	0.57%
Frank Zafren & Alec Jacobson, Tr.		15,755,990	8	0.40%	6,117,745	12	0.39%
RDT Electric Avenue LLC	(3)	14,248,490	9	0.36%	12,151,930	5	0.77%
Westwood Country Club		12,368,520	10	0.32%	9,709,575	8	0.62%
BFH Danor Plaza		11,701,440	11	0.30%	5,715,985	13	0.36%
GRI Cedar Park LLC	(4)	11,627,300	12	0.30%	6,132,470	11	0.39%
Walgreen Company		9,778,620	13	0.25%	-	N/A	N/A
Swart Vienna LLC		8,644,320	14	0.22%	5,097,455	14	0.32%
Storage Partners of Vienna		8,481,450	15	0.22%	-	N/A	N/A
Maple Professional Park		-	N/A	N/A	9,155,840	9	0.58%
Northern Virginia Motel Partnership		-	N/A	N/A	4,380,690	15	0.28%
Total		\$ 459,489,640		11.76%	\$ 265,112,520		16.80%

(1) Ownership change in 2005 from 801 Follin Lane

(2) Name change from Maple Avenue Limited Partners in 2002

(3) Ownership change from Vienna Technology Park in 2006

(4) Ownership change from Cedar Park & Shop in 2007

Table 10

TOWN OF VIENNA, VIRGINIA

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percentage of Levy
2010	\$ 8,575,014	\$ 8,551,194	99.72%	\$ -	\$ 8,551,194	99.72%
2009	8,360,160	8,345,045	99.82%	9,345	8,354,390	99.93%
2008	7,733,269	7,718,007	99.80%	12,782	7,730,789	99.97%
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%

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			
2010	\$ 8,816,669	\$ 839,259	\$ 971,427	\$ 86,296	\$ 10,713,651	1.91%	721
2009	10,443,336	1,364,842	1,015,036	143,999	12,967,213	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

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, 2010**

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct Debt:			
Town of Vienna General Bonded Debt	\$ 8,816,669	100.00%	\$ 8,816,669
Overlapping Debt: *			
County of Fairfax General Bonded Debt	<u>1,997,045,000</u>	1.64%	<u>32,751,538</u>
Total direct and overlapping debt	<u>\$ 2,005,861,669</u>		<u>\$ 41,568,207</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.

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TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2010	\$ 8,816,669	\$ 3,882,446	\$ 4,934,223	0.13%	332.27
2009	10,443,336	3,964,342	6,478,994	0.16%	436.30
2008	12,370,003	4,317,423	8,052,580	0.21%	542.26
2007	14,296,670	3,958,312	10,338,358	0.28%	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

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

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

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

TOWN OF VIENNA, VIRGINIA

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 157,817,512	\$ 176,350,883	\$ 210,547,255	\$ 235,035,177
Total net debt applicable to limit	<u>15,160,000</u>	<u>18,355,000</u>	<u>16,523,333</u>	<u>14,696,671</u>
Legal debt margin	<u>\$ 142,657,512</u>	<u>\$ 157,995,883</u>	<u>\$ 194,023,922</u>	<u>\$ 220,338,506</u>
Total net debt applicable to the limit as a percentage of debt limit	9.61%	10.41%	7.85%	6.25%

Table 14

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 253,940,977	\$ 309,315,848	\$ 378,951,649	\$ 390,338,664	\$ 404,083,054	\$ 379,979,764
<u>12,870,004</u>	<u>16,223,337</u>	<u>14,296,670</u>	<u>12,370,003</u>	<u>10,443,336</u>	<u>8,816,669</u>
<u>\$ 241,070,973</u>	<u>\$ 293,092,511</u>	<u>\$ 364,654,979</u>	<u>\$ 377,968,661</u>	<u>\$ 393,639,718</u>	<u>\$ 371,163,095</u>
5.07%	5.24%	3.77%	3.17%	2.58%	2.32%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$3,799,797,644
Add back: exempt real property	<u>148,085,790</u>
Total assessed value	<u>\$3,947,883,434</u>
Debt limit (10% of total assessed value)	\$ 394,788,343
Net debt applicable to limit	<u>8,816,669</u>
Legal debt margin	<u>\$ 385,971,674</u>

TOWN OF VIENNA, VIRGINIA

Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	(3) Principal	(3) Interest	Total	Coverage
2010	\$ 5,943,723	\$ 5,299,448	\$ 644,275	-	-	-	N/A
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

- 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

Table 16

TOWN OF VIENNA, VIRGINIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate (1)
2010	14,850	\$ 560,632,050	\$ 37,753	40.0	5.10%
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%

Source: Weldon Cooper Center, www.fedstats.gov, (1) Fairfax County

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TOWN OF VIENNA, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2010		Fiscal Year 2001	
	Employees	Rank	Employees	Rank
Navy Federal Credit Union	2,500 +	1	2,500 +	1
Fairfax County Public Schools	500 to 999	2	500 to 999	2
Town of Vienna	100 to 249	3	100 to 249	5
Westwood Country Club	100 to 249	4	100 to 249	6
Giant Foods	100 to 249	5	100 to 249	8
Wheat's Lawn and Custom Land Inc	100 to 249	6	100 to 249	9
Whole Foods Market Group	100 to 249	7	100 to 249	7
Contemporary Electrical Services, Inc	100 to 249	8	100 to 249	10
U.S. Postal Service	50 to 99	9	N/A	N/A
Outback Steakhouse	50 to 99	10	N/A	N/A
Management Systems Design, Inc.	N/A	N/A	100 to 249	4
Cardiovascular Management Group	N/A	N/A	100 to 249	3

Source: Virginia Employment Commission

TOWN OF VIENNA, VIRGINIA

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

Function		2001	2002	2003
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
	Subtotal	3.500	3.500	3.500
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	1.000	1.000	1.000
	Subtotal	5.500	5.500	5.500
Finance				
	Administration	2.375	2.375	2.000
	Disbursement Operations	2.000	2.000	2.000
	Purchasing	1.675	1.675	1.675
	Central Services	0.500	0.500	1.000
	Revenue Operations	3.000	3.000	3.375
	Subtotal	9.550	9.550	10.050
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
	Subtotal	50.000	50.000	50.000
Public Works				
	Administration	5.000	5.000	5.500
	Street Maintenance	15.000	15.000	15.000
	Vehicle Maintenance	8.000	8.000	8.000
	General Maintenance	9.000	9.000	8.000
	Sanitation	14.000	14.000	14.000
	Traffic Engineering	1.000	1.000	2.000
	Subtotal	52.000	52.000	52.500
Parks and Recreation				
	Administration	4.000	4.000	4.000
	Parks Maintenance	10.000	10.000	10.000
	Community Center Operations	3.750	3.750	3.750
	Teen Center	1.000	1.000	1.000
	Subtotal	18.750	18.750	18.750
Planning and Zoning				
	Planning and Zoning	6.000	6.500	6.500
	Subtotal	6.000	6.500	6.500
GENERAL FUND TOTAL		145.300	145.800	146.800
Water and Sewer				
	Operations and Maintenance	14.000	14.500	14.500
	Meter Maintenance and Reading	4.000	4.000	4.000
	Billing/Customer Service	2.000	2.000	2.000
TOTAL WATER & SEWER FUND		20.000	20.500	20.500
GRAND TOTAL		165.300	166.300	167.300

Source: Town of Vienna Budget

Table 18

2004	2005	2006	2007	2008	2009	2010
0.500	0.500	0.500	0.500	0.500	0.500	0.500
2.500	2.000	2.000	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500	0.500
3.500	3.000	3.000	3.000	3.000	3.000	3.000
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	2.000	2.000	2.000	2.000	2.000	2.000
5.500	6.500	6.500	6.500	6.500	6.500	6.500
2.000	2.000	2.000	2.500	3.000	3.000	3.000
2.000	1.625	1.625	1.625	1.625	1.625	1.625
1.675	1.675	1.625	1.625	1.625	1.625	1.625
1.000	1.000	1.000	1.000	1.000	1.000	1.000
3.375	3.500	3.500	3.500	3.500	3.500	3.500
10.050	9.800	9.750	10.250	10.750	10.750	10.750
4.000	4.000	3.000	3.000	3.000	3.000	3.000
20.000	20.000	21.000	21.000	21.000	21.000	21.000
8.000	8.000	11.000	11.000	11.000	11.000	11.000
2.000	2.000	1.000	1.000	1.000	1.000	1.000
8.000	8.000	6.000	6.000	6.000	6.000	6.000
2.000	2.000	1.000	1.000	1.000	1.000	1.000
6.000	7.000	9.000	9.000	9.000	9.000	9.000
50.000	51.000	52.000	52.000	52.000	52.000	52.000
5.500	6.000	6.000	6.000	6.500	6.500	6.500
15.000	15.000	15.000	15.000	15.000	15.000	15.000
9.000	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
53.500	54.000	54.000	54.000	54.500	54.500	54.500
4.750	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
4.000	4.000	4.000	4.500	4.500	4.500	4.500
1.000	1.000	1.000	1.500	1.500	1.500	1.500
19.750	19.750	19.750	20.750	20.750	20.750	20.750
6.500	6.500	6.500	7.000	7.000	7.000	7.000
6.500	6.500	6.500	7.000	7.000	7.000	7.000
148.800	150.550	151.500	153.500	154.500	154.500	154.500
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
20.500						
169.300	171.050	172.000	174.000	175.000	175.000	175.000

TOWN OF VIENNA, VIRGINIA

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

<u>Function</u>	(1)	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Government					
Administrative Service					
Job applications processed		254	254	575	575
Public Information					
Information requests responded to		2,239	2,209	2,261	2,404
Press releases per year		287	281	293	234
Finance					
Real Estate bills processed		11,718	12,120	12,120	12,220
Water and Sewer bills processed		37,000	37,000	37,000	36,000
(a) Vehicle decals issued	(2)	13,659	13,522	13,377	13,384
(b) Payroll checks/Direct Deposits		6,972	7,056	7,685	7,660
(b) Vendor check issued		4,467	4,524	5,045	4,886
Competitive bids completed		-	30	20	15
Public Safety					
Number of Calls for Service received		11,015	10,469	11,845	10,595
Number of Citations issued		9,322	7,859	8,173	7,667
Number of Animal complaints		577	-	-	412
Public Works					
Tons of asphalt installed		800	415	357	330
(c) Vehicles Maintained		121	123	122	131
Tons of Waste collected		5,487	6,219	6,700	7,950
Tons of Recycled materials collected		1,655	1,734	1,910	2,000
(d) Cubic Yards/Tons of leaves collected		13,393	16,341	16,623	11,263
Water and Sewer Operations					
Repair Water Main breaks		60	57	64	71
Repair defective sewer lines		20	15	20	9
Completed work orders		3,840	3,840	3,200	3,700
Parks and Recreation					
Number of programs held		430	450	427	450
Daily average number of teens using Teen Center		30	35	40	40
Planning and Zoning					
Permit applications		939	939	860	817
New zoning violation cases opened		248	248	260	244

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

2005	2006	2007	2008	2009	2010
581	587	620	468	586	620
2,192	2,200	2,357	2,000	1,600	1,600
221	225	233	240	254	254
12,130	12,136	12,080	12,225	12,300	12,300
36,950	36,850	36,500	37,500	38,000	38,000
13,297	12,858	11,688	-	-	-
7,689	7,500	7,560	7,688	8,915	7,870
5,049	4,919	4,864	4,695	5,355	4,600
18	22	17	30	30	30
11,786	11,519	12,849	11,654	13,000	13,000
5,888	6,737	5,839	5,216	7,400	7,200
477	330	400	387	400	400
788	662	700	1,480	1,500	1,721
132	147	143	145	145	-
7,950	7,073	6,474	6,883	6,001	6,001
1,701	1,809	1,878	2,067	2,036	2,036
13,719	15,227	15,850	14,042	3,205	3,205
42	46	44	72	68	50
12	12	13	12	15	15
3,800	3,600	3,400	4,200	3,800	3,800
450	520	592	573	642	642
40	40	40	30	35	35
876	801	1,050	880	829	829
235	220	324	413	557	557

TOWN OF VIENNA, VIRGINIA

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

Function	2001	2002	2003
General government			
Administration buildings	2	3	3
Vehicles	5	5	5
Public safety			
Patrol units	21	18	17
Motorcycles	5	5	5
Other vehicles	2	1	2
Public works			
Trucks/vehicles	70	74	73
Parks and recreation			
Community center	1	1	1
Vehicles	15	16	16
Number of parks	7	7	7
Park acres	74.32	74.32	74.32
Community development			
Planning vehicles	3	4	4

Source: Individual Town Departments

Table 20

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
3	3	3	3	4	4	4
5	6	6	6	6	6	6
20	18	20	20	18	19	18
6	5	5	5	5	6	4
2	3	3	3	3	3	3
75	75	85	83	84	88	85
1	1	1	1	1	1	1
19	21	24	22	25	20	20
7	7	7	10	10	10	10
74.32	74.32	74.32	93.47	93.47	93.47	93.47
4	4	4	4	4	3	4

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- Compliance Section -

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the Town Council Town of Vienna, 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, 2010, which collectively comprise the Town of Vienna, Virginia's basic financial statements and have issued our report thereon dated December 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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*.

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, Tamra, Cox Associates

Fredericksburg, Virginia
December 7, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Independent Auditor's Report

**To the Honorable Members of the Town Council
Town of Vienna, Virginia**

Compliance

We have audited the Town of Vienna, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Town of Vienna, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Vienna, Virginia's management. Our responsibility is to express an opinion on the Town of Vienna, Virginia's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Vienna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town of Vienna, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Town of Vienna, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Vienna, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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, Tammen, Cox Associates

Fredericksburg, Virginia
December 7, 2010

TOWN OF VIENNA, VIRGINIA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010**

<u>Federal Grantor/State Pass - Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF CRIMINAL JUSTICE:</u>			
<u>Direct payments:</u>			
Congressionally recommended awards	16.753	N/A	\$ 116,592
Public safety partnership and community policing grants	16.710	N/A	<u>156,457</u>
Total Department of Criminal Justice			\$ <u>273,049</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Direct payments:</u>			
Highway planning and construction	20.205	N/A	\$ 448,080
<u>Pass through payments:</u>			
Virginia Department of Rail and Public Transportation:			
Alcohol impaired driving countermeasures incentive grants I	20.601	60507-50185	15,351
Alcohol open container requirements	20.607	60507-59332	<u>1,601</u>
Total Department of Transportation			\$ <u>465,032</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Services:			
Disaster grants - public assistance	97.036	059-81072-00	\$ <u>183,563</u>
Total Expenditures of Federal Awards			\$ <u><u>921,644</u></u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF VIENNA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For Year Ended June 30, 2010

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Vienna, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Vienna, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Vienna, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements (Exhibit 12/16):

Primary government:

General Fund	\$ 473,564
Capital Projects Fund	448,080
Total federal expenditures per basic financial statements	<u>\$ 921,644</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 921,644</u>
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TOWN OF VIENNA, VIRGINIA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway planning and construction
97.036	Disaster grants - public assistance

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Audit Findings

There were no prior year audit findings.

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