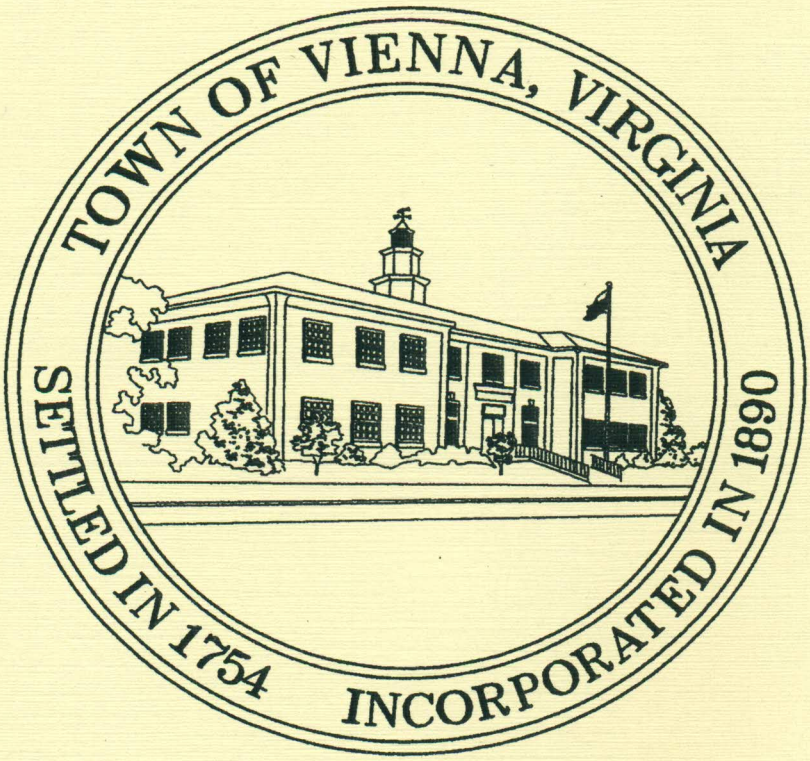
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011



TOWN OF VIENNA, VIRGINIA

- Introductory Section -

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TOWN OF VIENNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

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, 2011

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TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

COUNCIL

M. Jane Seeman, Mayor

Laurie Genevro Cole	**Michael J. Polychrones**
Laurie A. DiRocco	**Carey J. Sienicki**
Edythe Frankel Kelleher	**Howard J. Springsteen**

TOWN MANAGER

Mercury Payton

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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Town of
Vienna
Virginia

Office of Finance

December 1, 2011

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, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

This report includes all funds under the jurisdiction and oversight of the Town of Vienna government. The Town was incorporated in 1890, consists of 4.41 square miles, has a population of 15,687 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.

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www.viennava.gov

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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 three 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, 2011 was 4.5 percent. This compares favorably with the State's 6.0 percent and the national rate of 9.2 percent and reflects a 0.6 decrease from 2010. According to the American Community Survey, during 2009 (the last year available) 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. Assessed property values declined 7.7 percent from tax year 2009 to 2010. Revenues from interest earnings and rental income combined were down 18 percent. Business tax collections were down 0.5 percent due to the slowdown partially offset by the results of increased collection activity. There were, however, some positive indicators. Local sales tax revenue was up 4 percent, revenue from meals and lodging taxes collections were up 5.7 percent, and the number of homes in foreclosure within the Town totaled 13 during the fiscal year, with only 3 remaining in foreclosure in June, 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 nearby Tyson's Corner area. It is estimated that 25,000 additional area jobs will be created as a result.

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. The impact of such policies was exemplified in FYE 2011 by the increase in unassigned balances and an increase in the FYE 2012 General Fund revenue budget of only $94,499 or .5 percent over the previous fiscal year's actual revenues.

MAJOR INITIATIVES

During this past fiscal year, various projects were completed or continued. These include sidewalk, curb and gutter, street rebuilding and storm drainage projects, several financed in conjunction with the Virginia Department of Transportation. In addition, systematic inspection and maintenance on the Town's water and sewer infrastructure continued and a study and inventory of the infrastructure to determine future capital needs was completed. The Town's web site was revamped and converted to a new system that allows for more customer interaction. Work on the development of a geographic information system continued and several of the Town's billing software systems were upgraded to a Windows-based system. New debt, including Non-Taxable BABS Bonds were issued for almost $5 million dollars and the Town's Bond rating was upgraded to triple-A status during the year.

OPERATIONAL FOCUS

In 2011 Town management set up several new committees and task forces to study and make recommendations to senior management on important issues facing the Town, getting the input from more senior and middle managers than previously had input. The Budget committee is reviewing all major budget issues and assisting in the development of the annual operating and capital budgets and making recommendations on key capital projects and financing for the next several years. The Major Issues committee will identify major issues that need resolution and assist the Town Manager with issues related to overall vision. Committees and task forces have also been set up to study the implementation of time card software, to review staff evaluations and the evaluation process, to review customer service standards and protocols, to review and make recommendations on staff training, to implement digitizing of paper storage, to review health care and benefits available to staff and to look at pay scale and position classification issues.

Additionally, the Town made a large effort to computerize more functions in the last year and to reach out to its citizens utilizing cyber space. The Town's web site was redesigned allowing citizens to have more interaction over the web. The Town Clerk completed the computerization of the Town meetings minutes and agendas. The Public Information Officer implemented Facebook and Twitter feeds during the year. Efforts are underway to set up a cable TV channel to televise meetings, and many other projects are underway to allow more access to the Town via the internet.

GOVERNMENTAL FUNDS SUMMARY

The General and Debt Service Funds ended fiscal year 2011 with combined revenues of $21,287,438, up by $469,520 or 2.2 percent over the previous year. The increase was primarily due to instituting a vehicle license fee during the year generating $374,376 in new revenues and increased court fines of $115,687 or 38 percent due to full staffing and an extra grant-funded position. Bank franchise taxes were up $309,899 reflecting the bank trend of maintaining deposits in the bank. Revenue from the use of money and property continued to decline, down $46,585 or 18 percent; however the reduction was less than the 26 percent drop the year before.

Taxable residential and commercial property values for Tax Year 2010 totaled $3,467,055,990, a decrease of 7.8 percent from the previous tax year. Total property taxes as a percentage of total revenues were 40.6 as compared with 41.7 percent the year before. 99.7 percent of current year property taxes were collected, making last year the 17th consecutive year in which current year tax collections exceeded 99 percent.

Total expenditures of the General Fund increased $128,462 or 0.6 percent and those of the Debt Service Funds decreased $2,321, resulting in a net increase of $126,141 or 0.6 percent from the preceding year. Annual personnel cost increases account for all of the increase in General Fund Expenditures. Interest on the 2010 Debt issue offset by 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 unassigned General Fund balance increased by $487,477 or 13 percent to end the year at $4,089,728. The balance is 19.2 percent of the subsequent year's General Fund budget and is equivalent to 70 calendar days of expenditures. The increase was primarily the result of revenue increases noted above.

WATER AND SEWER OPERATIONS

Last year's operating revenue increased $231,725 from the preceding year, ending the year at $6,071,383. The 4 percent increase resulted mainly from a 9.6 percent increase in the sewer rate and slightly higher consumption due to a dry spring. Operating expenses ended the year at $5,521,436 a decrease of $240,774 or 4 percent. Most of the decrease in expenses was due to decreases contracted in asphalt as those functions were brought in-house at a lower cost, partially offset by increases in water purchase and sewage treatment by suppliers. Operating income for the year was $549,947, up $472,499 or 610 percent from the year before. The operating income gain combined with non-operating revenues, expenses, contributions, and transfers resulted in a net loss of $197,247, bringing down net assets at year-end to $8,017,298, a reduction of 2.4 percent.

PENSION FUNDS

Local and Police benefit and other costs exceeded pension contributions and interest earnings by $47,503, the amount by which the balance of net assets decreased to end the year at $5,298,724 or 0.9 percent. The decrease was the result of a decrease in contributions by 3.8 percent. Additionally, interest earnings declined by 31.5 percent with resulting income down from the previous year by $17,340 or 5 percent. Benefit payments increased by 25.5 percent due to actuarially determined changes in contribution rates.

DEBT ADMINISTRATION

$1,626,667 worth of 1996, 1998, 1999, 2002, and 2006 general obligation debt was retired last year, and $4,990,000 of new debt was issued, bringing total outstanding general obligation debt at year-end to $12,180,002. The balance represented 0.35 percent of the 2010 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 $457,686 worth of capital lease debt and issued $600,000 of new debt, ending the year with a balance of $1,067,869. Total compensated absence obligations for the General and Water and Sewer Funds decreased by $112,004 to $1,139,531.

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, 2011 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, 2010. 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.

Mercury T. Payton
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, 2010

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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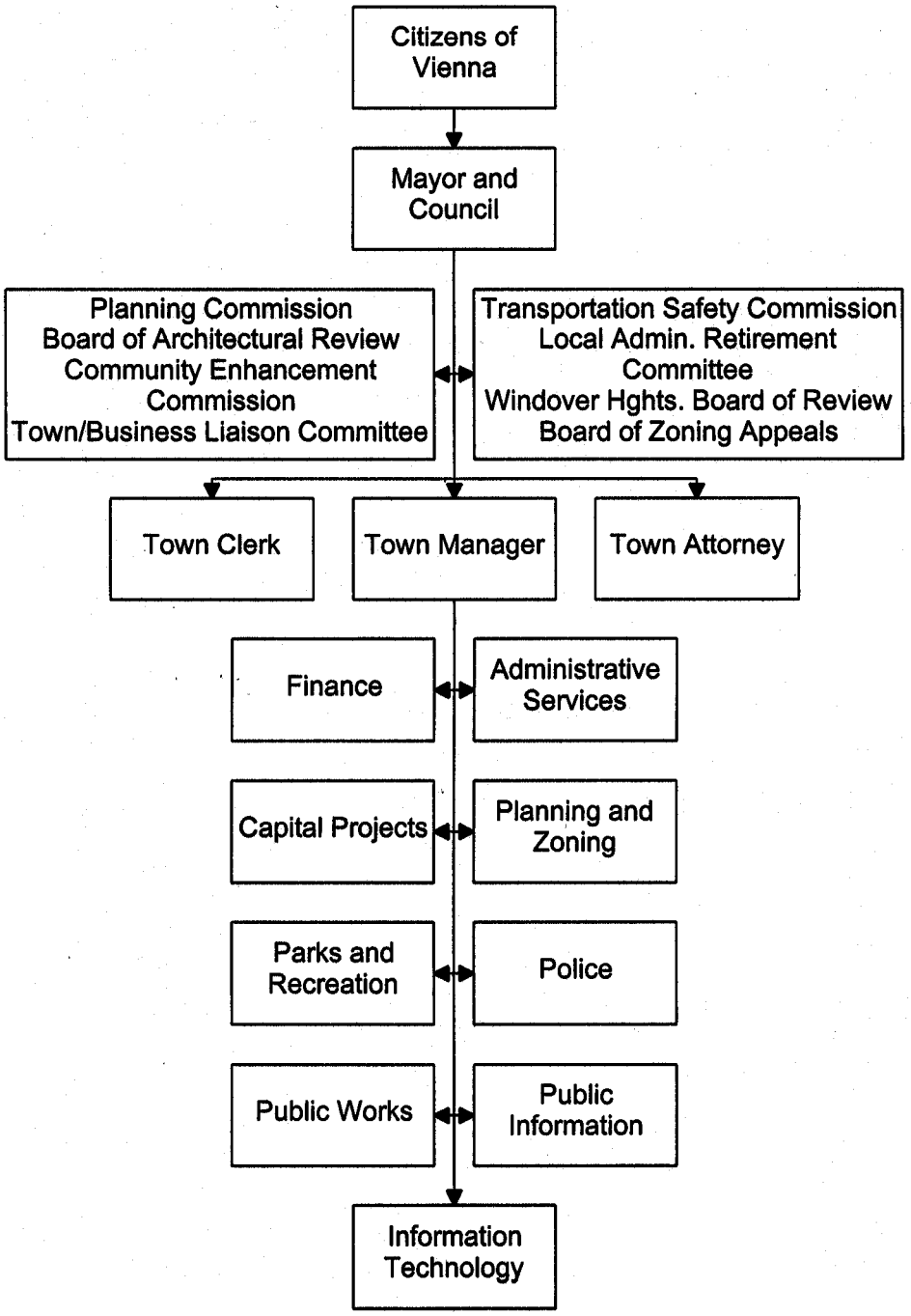
TOWN OF VIENNA, VIRGINIA
Organizational Chart



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- Financial Section -

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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, 2011, 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, 2011, 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.

As described in Note 1 to the financial statements, the Town of Vienna, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions,* effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedule of pension funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vienna, Virginia's financial statements as a whole. The introductory section, combining fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements and budgetary comparison schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 1, 2011

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, 2011. 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, 2011 by $58,719,038, a decrease of $983,747 or 1.65 percent. Although investment in capital assets were down by $4,724,202, the decrease was partially offset by an increase in unrestricted net assets that ended the year at $17,105,065, up by $3,740,455 or 17.99 percent as compared to the previous year. The increase was due primarily to an excess of revenues to expenditures in governmental 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 $19,102,838, an increase of $4,451,374 or 34.4 percent in comparison with the prior year. The increase was primarily due to unexpended proceeds in the Capital Projects Fund and a reduction in the General Fund's subsequent year budget support as compared to the preceding year. The Debt Service Fund's balance of $3,916,827 is assigned for the retirement of current and future debt issues and the $7,379,562 balance of the Capital Projects Fund is assigned reserves for completion of capital projects. $4,089,728 of the General Fund's balance is unassigned and represents 19.2 percent of total General Fund FYE 2012 budgeted expenditures.

- The Town's long-term obligations increased by $3,526,215 or 32.3 percent during last fiscal year. The increase resulted primarily from new general obligation and capital lease debt issues. A reduction in notes payable partially offset an increase in post-employment benefits. Long-term obligations totaled $14,438,732 at year-end. Of this amount, outstanding bonds totaled $12,180,002, notes payable totaled $925,202, capital leases totaled $1,067,869, and post-employment benefits totaled $265,659. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled $2,564,798 and $1,139,531 respectively, at year-end. Accounts payable and an estimated amount of $1,025,578 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences declined by $112,004 or 8.9 percent over the preceding year.

- Excluding Pension Trust Funds, total cash and cash equivalents grew by $4,099,355 when compared to the prior fiscal year. All of the increase was in governmental activities and reflected the excess of expenditures over revenues in General and Capital Project funds, almost all of which was in the Capital Project Fund and due to unexpended proceeds from a new debt issue. Water and Sewer Fund operating, non-operating revenues, capital contributions, and incoming transfers were exceeded by operating and non-operating expenses and outgoing transfers by $197,247. Pension funds expenditures exceeded contributions and interest earnings by $47,503. The following table denotes cash increases and decreases by fund.

Fund	FY 11 Cash	FY 10 Cash	Increase (Decrease)
General	$ 8,315,804	$ 8,143,841	$ 171,963
Debt Service	3,533,254	3,703,800	(170,546)
Capital Projects	7,254,427	3,088,382	4,166,045
Water & Sewer	648,305	716,412	(68,107)
Total Cash	$ 19,751,790	$ 15,652,435	$ 4,099,355
Pension Trust	$ 5,286,809	$ 5,311,150	$ (24,341)

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 offers full-time employees a defined contribution, and two defined benefit plans. The Town administers the two employee defined benefit pension plans under the direction of the Town Retirement Committee. The Local Retirement Pension Plan covers non-sworn employees and police officers are covered by 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 $58,719,038 at year-end, a decrease of $983,747 or 1.65 percent. Of the total net assets, governmental activities totaled $50,701,740, down by $786,500 or 1.53 percent while business-type activities totaled $8,017,298 a decrease of $197,247 or 2.4 percent. The decrease in net assets of governmental activities was primarily due to lower investments in capital assets resulting from project completion of projects in the Capital Project fund as compared to the previous year. The decrease in net assets of the business type activities was due primarily to operating expenses and transfers out exceeding operating revenues, non-operating revenues and transfers in.

The Town's investment in capital assets such as land, buildings and equipment totaled $55,249,204 at June 30, 2011; of which, governmental activities totaled $46,138,667, a decrease of $1,691,458 or 3.54 percent. The decrease was due primarily to depreciation. 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	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	$21,243,517	$16,563,225	$ 1,997,902	$ 2,248,398	$23,241,419	$18,811,623
Capital assets	46,138,667	47,830,125	9,110,537	8,984,781	55,249,204	56,814,906
Total assets	$67,382,184	$64,393,350	$11,108,439	$11,233,179	$78,490,623	$75,626,529
Liabilities:						
Long-term liabilities outstanding	$14,475,960	$10,968,607	$ 1,164,475	$ 1,195,445	$15,640,435	$12,164,052
Other liabilities	2,204,484	1,936,503	1,926,666	1,823,189	4,131,150	3,759,692
Total liabilities	$16,680,444	$12,905,110	$ 3,091,141	$ 3,018,634	$19,771,585	$15,923,744
Net Assets:						
Invested in capital assets, net of related debt	$33,544,665	$38,411,117	$ 8,069,308	$ 7,927,058	$41,613,973	$46,338,175
Unrestricted	17,157,075	13,077,123	(52,010)	287,487	17,105,065	13,364,610
Total net assets	$50,701,740	$51,488,240	$ 8,017,298	$ 8,214,545	$58,719,038	$59,702,785

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.

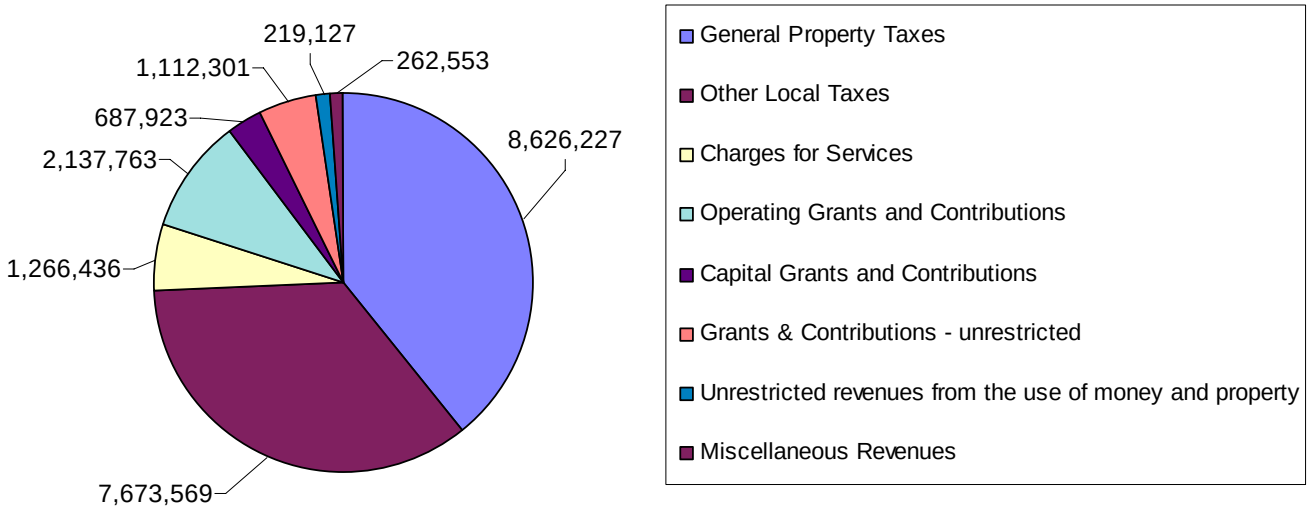
Governmental Activities - Governmental and business-type activities reflect changes in net assets of ($786,500) and ($197,247) respectively. The following table provides an overview of revenues, expenses, and the changes in net assets for the fiscal year.

Town of Vienna, Virginia
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenues:						
Program revenues:						
Charges for services	$ 1,266,436	$ 1,113,632	$ 6,071,383	$ 5,839,658	$ 7,337,819	$ 6,953,290
Operating grants and contributions	2,137,763	2,315,236	-	-	2,137,763	2,315,236
Capital grants and contributions	687,923	930,188	4,000	5,553	691,923	935,741
General revenues:						
Property taxes	8,626,227	8,668,872	-	-	8,626,227	8,668,872
Other local taxes	7,673,569	6,894,432	-	-	7,673,569	6,894,432
Grants & contributions - unrestricted	1,112,301	1,118,153	-	-	1,112,301	1,118,153
Unrestricted revenues from the use of money and property	219,127	265,712	2,176	3,099	221,303	268,811
Miscellaneous	262,553	274,906	136,930	100,966	399,483	375,872
Total revenues	$21,985,899	$21,581,131	$ 6,214,489	$ 5,949,276	$28,200,388	$27,530,407
Expenses:						
General government	$ 3,595,123	$ 3,647,013	$ -	$ -	$ 3,595,123	$ 3,647,013
Public safety	5,755,847	5,971,132	-	-	5,755,847	5,971,132
Public works	9,813,232	9,593,548	-	-	9,813,232	9,593,548
Health and welfare	284,914	290,773	-	-	284,914	290,773
Parks, recreation and cultural	3,015,055	2,836,757	-	-	3,015,055	2,836,757
Community development	714,927	711,824	-	-	714,927	711,824
Interest on long-term debt	469,103	441,336	-	-	469,103	441,336
Water and sewer	-	-	5,535,934	5,777,244	5,535,934	5,777,244
Total Expenses	$23,648,201	$23,492,383	$ 5,535,934	$ 5,777,244	$29,184,135	$29,269,627
Net Assets:						
Income before capital contributions and transfers	$(1,662,302)	$(1,911,252)	$ 678,555	$ 172,032	$ (983,747)	$(1,739,220)
Transfers	875,802	794,976	(875,802)	(794,976)	-	-
Increase (Decrease) in net assets	$ (786,500)	$(1,116,276)	$ (197,247)	$ (622,944)	$ (983,747)	$(1,739,220)
Net assets, beginning of year	51,488,240	52,604,516	8,214,545	8,837,489	59,702,785	61,442,005
Net assets, end of year	$50,701,740	$51,488,240	$ 8,017,298	$ 8,214,545	$58,719,038	$59,702,785

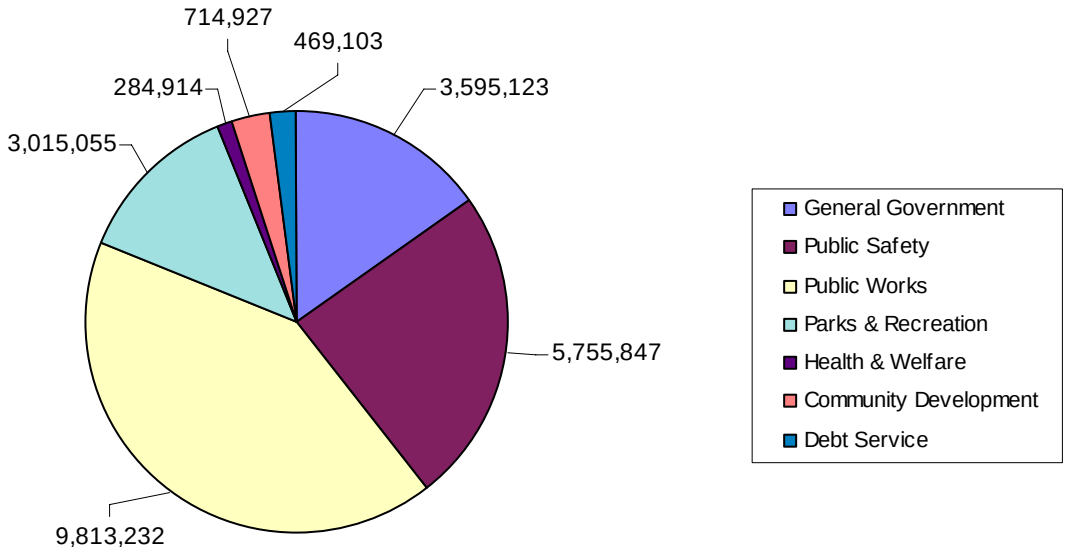
Program, general revenues, and transfers for governmental activities totaled $22,861,701 an increase of $485,594 or 2.2 percent over the previous fiscal year. Of the total amount, property taxes totaled $8,626,227 and other local taxes totaled $7,673,569. The decrease in property taxes was due to a 6.8 percent reduction in the tax rate. The 11.3 percent increase in other local taxes primarily reflected a new vehicle license fee implemented last year plus significant increases in bank stock tax collections. Business license tax collections were down by less than 1 percent, a significant improvement over the preceding year's 10.4 percent decline. Capital grants and contributions totaled $687,923, down by 26 percent from the previous year. The $875,802 worth of transfers between governmental activities and business-type activities was $80,826 or 9.8 percent more than that of the preceding year. The transfers consist of those from the Water and Sewer Fund to the Debt Service Fund for the former fund's share of debt retirement and those from the Water and Sewer Fund to the General Fund to recover the latter fund's cost related to the support of its operations. These transfers are netted against those from the Capital Projects Fund to the Water and Sewer Fund resulting from capitalization of water and sewer project completions. The net increase was due primarily to a reduction in transfers from the former to the latter. The chart below provides an overview of the FY 2010-2011 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 $23,648,201, an increase of $155,818 or .7 percent. Directly supporting these expenditures were charges for services generating $1,266,436 plus operating grants and contributions totaling $2,137,763 and capital grants and contributions of $687,923 for total program revenues of $4,092,122. This represents a reduction of $422,752 or 2.2 percent. The decrease was almost entirely due to reductions in operating grants and contributions and capital grants and contributions. This accounts for the corresponding increase in general revenue support of these activities of $422,752 or 2.3 percent. The chart below provides a graphical comparison of expenses and non-tax revenues by function (general government, public works, etc.).

Governmental Activities Expenses By Type



Business-type activities - The Water and Sewer Fund concluded the year with a decrease in net assets of $197,247 to end the year with a net assets balance of $8,017,298. Before net transfers of $875,802 to the General and Debt Service Funds, Water and Sewer Fund operating income and capital transfers ended the year with a net gain of $674,555. Key elements of operating results include the following:

A. Operating revenues totaled $6,071,383, an increase of $231,725 or 4 percent from FYE 2010 revenues of $5,839,658. The increase was due mainly to a 9.6 percent increase in the sewer rate. Non-operating revenues, transfers, and contributions netted to $124,608 in as compared to $94,584 the previous year. The change was primarily due an increase in miscellaneous receipts.

B. Operating expenses dropped $240,774, or 4.2 percent. The change was for the most part, in personnel related costs due to several retirements that occurred during the year.

C. Bills paid after June 30th account for most of a $41,602 or 3.2 percent increase in accounts payable. The retirements noted in the previous section account for the $68,107 or 9.5 percent reduction in cash and cash equivalents.

D. Compared to the preceding year, operating transfers to other funds decreased $147,382 or 12.2 percent while operating transfers from other funds were down by $228,208 or 54.6 percent. The net result was a 10.2 percent increase in net outflow that ended the year at a negative $875,802. The change in the former was the result of fewer 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 $19,102,838 an increase of $4,451,374 or 30.4 percent from the prior year. The change was the result of increases in the General, Debt Service and Capital Project Funds of $259,759, $34,381, and $4,157,234 respectively. $15,013,110 or 78.6 percent of the combined fund balance is non-spendable, restricted, committed, or assigned for capital projects, debt service, and other purposes, leaving an unassigned balance of $4,089,728 or 21.4 percent of the total available for spending at the Council's discretion. Debt Service Fund revenues were up by $111,338 or 6.5, primarily because of rising meals and lodging tax collections. Transfers from the Water and Sewer Fund increased by 1 percent as a result of additional debt service due to new debt issued during the year. Expenditures were down by .1 percent due to declining outstanding debt interest and less than revenues and transfers by $34,381. Capital Project Fund year-end balance increased by $4,157,234, reflecting the receipt of proceeds from a new debt issue. The 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

Nonspendable:	
Inventory	$ 139,340
Restricted:	
Unappropriated PEG Funds	$ 455,135
Committed:	
VRP reserves	$ 487,587
Subsequent year budget support	900,000
Capital lease proceeds	85,260
New financial system	383,551
Total Committed	$ 1,856,398
Assigned:	
Encumbrance reserves	$ 23,553
Carryforward	210,000
Wright Building	868,664
Federal AF Funds	32,497
State AF Funds	131,134
Debt service	3,916,827
Capital projects	7,379,562
Total Assigned	$ 12,562,237
Unassigned:	
General fund	$ 4,089,728
Total Fund Balance	$ 19,102,838

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 $7,806,449 which equates to 40.9 percent of the $19,102,838 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 the unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 20 percent of total General Fund expenditures, while total fund balance represents 38.2 percent of that same amount.

The total fund balance for the General Fund increased $259,759 from the previous fiscal year. The unassigned component of fund balance was $4,089,728 at year-end, an increase over the prior fiscal year of $487,477. Both changes were the function of the following:

- Overall, General Fund revenues were up by $358,182 or 1.9 percent, primarily as a result of increased revenues from a new vehicle license tax implemented during the year.

- General Fund expenditures rose by $128,462 or .6 percent over the previous year. Increases in Public Works and Parks and Recreation operations of 4.5 percent and 2.7 percent respectively accounted for the change.

- Net other financing sources were up by $593,513 over the previous year. The 90 percent increase was due primarily to the resumption of the annual capital lease for equipment replacement that had been deferred in the previous year.

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

General Fund Budgetary Highlights

During the year Council adopted various budget amendments, which resulted in differences between the original and final FY 2011 budgets. These differences totaled $107,100 for revenues and $427,220 for expenditures. Donations to the police and parks and recreation departments comprise most of the miscellaneous revenue budget amendments. Funding of web site development and similar projects account for the increase in general government administration. 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. Completion of projects that began the previous year account for amendments to public works budgets. Details are summarized in the following table:

	Amount Amended
Revenues:	
Federal revenues	$ 107,100
Total	$ 107,100
Expenditures:	
General government administration	$ 65,553
Public safety	118,228
Public works	243,439
Total	$ 427,220

General Fund Budgetary Variances

General Fund actual revenues were $651,139 or 3.5 percent more than amended budgetary estimates. The difference was largely due to unanticipated increases in the bank stock tax collections and miscellaneous revenues. General Fund actual expenditures were less than amended budgets by $570,811 or 2.7 percent. 93 percent of the budgetary expenditure under-runs occurred in the categories of general and financial administration, public safety and public works. Most of the difference resulted from retirements, position vacancies, and project under-runs in the various operations.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled $46,138,667 (net of accumulated depreciation), a decrease of $1,691,458 or 3.5 percent. The decline was primarily due to the changes in infrastructure values in which net additions were exceeded by depreciation costs. The schedule below provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity is in Note 7 of the Notes to Financial Statements.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 4,822,562	$ 4,822,562	$ -	$ -	$ 4,822,562	$ 4,822,562
Construction in progress	2,957,136	2,131,821	-	-	2,957,136	2,131,821
Buildings and improvements	8,102,849	8,544,747	-	-	8,102,849	8,544,747
Infrastructure	26,763,755	28,885,429	8,662,765	8,532,225	35,426,520	37,417,654
Office and other equipment	1,321,998	1,289,398	-	-	1,321,998	1,289,398
Automotive and other equipment	2,170,367	2,156,168	447,772	452,556	2,618,139	2,608,724
Total assets - net of depreciation	$46,138,667	$47,830,125	$9,110,537	$8,984,781	$55,249,204	$56,814,906

Long-term obligations - At the conclusion of the fiscal year, total long-term obligations totaled $13,370,941 for General Fund activities and $1,041,229 for the Water and Sewer Fund. Of these amounts, outstanding bonds totaled $12,180,002, notes payable totaled $925,202 and capital leases totaled $1,067,869. The above amounts do not include the Town's obligations related to accounts payable, compensated absences, and other post-employment benefits which totaled $2,564,798, $1,139,531, and $265,659 respectively, at year-end. Except for $113,953 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 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 increased by 5.7 percent during the past calendar year and are projected to moderately increase 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 4.5 percent as compared to 6 percent and 9.2 percent for Virginia and the nation respectively. According to the American Community Survey, 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, 2012 totals $20,372,703 which equates to an increase of $94,499 or .5 percent from the previous fiscal year. General property taxes are expected to increase $395,333 or 4.6 percent. The tax rate was decreased by .27 cents in the subsequent fiscal year of 2011-2012. The following table provides a comparison of the FYE 2011 actual revenue and the FYE 2012 adopted revenue budget for the Town of Vienna. It should be noted that for the purposes of this comparison, the FYE 2012 Budget revenue source amounts have been adjusted to match the structure of the FYE 2011 Actual amount with no change in totals.

Revenue Source	FY 2012 Budget	FY 2011 Actual	Expected Increase (Decrease)
Property taxes	$ 9,028,347	$ 8,633,014	$ 395,333
Other local taxes	5,895,200	5,877,714	17,486
Permits, fees & licenses	113,000	117,484	(4,484)
Fines and forfeitures	331,000	414,608	(83,608)
Use of money & property	202,800	196,140	6,660
Charges for services	707,700	734,344	(26,644)
State revenues	3,122,706	3,114,714	7,992
Federal revenues	-	117,553	(117,553)
Transfers-in	850,000	812,000	38,000
Other	121,950	260,633	(138,683)
Total Revenue Budget	$ 20,372,703	$ 20,278,204	$ 94,499

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2011. 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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Exhibit 1

TOWN OF VIENNA, VIRGINIA

Statement of Net Assets
At June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 19,103,485	$ 648,305	$ 19,751,790
Receivables, (net of allowances for uncollectibles):	556,601	1,330,499	1,887,100
Due from other governments	1,269,114	-	1,269,114
Internal balances	174,977	(174,977)	-
Inventory, at cost	139,340	194,075	333,415
Capital assets:			
Land and land improvements	4,822,562	-	4,822,562
Construction in progress	2,957,136	-	2,957,136
Other capital assets, net of accumulated depreciation	38,358,969	9,110,537	47,469,506
Capital assets, net	$ 46,138,667	$ 9,110,537	$ 55,249,204
Total assets	$ 67,382,184	$ 11,108,439	$ 78,490,623
Liabilities:			
Accounts payable and accrued expenses	$ 1,242,304	$ 1,322,494	$ 2,564,798
Unearned revenue	274,655	-	274,655
Escrow and other deposits	687,525	93,901	781,426
Due to other governments	-	510,271	510,271
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	1,643,560	48,999	1,692,559
Capital leases	416,811	39,120	455,931
Compensated absences	938,562	87,016	1,025,578
Due in more than one year:			
Bonds and notes payable	10,598,614	876,203	11,474,817
Capital leases	535,031	76,907	611,938
Other post employment benefits	239,097	26,562	265,659
Compensated absences	104,285	9,668	113,953
Total liabilities	$ 16,680,444	$ 3,091,141	$ 19,771,585
Net Assets:			
Invested in capital assets, net of related debt	$ 33,544,665	$ 8,069,308	$ 41,613,973
Unrestricted (deficit)	17,157,075	(52,010)	17,105,065
Total net assets	$ 50,701,740	$ 8,017,298	$ 58,719,038

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

Exhibit 2

TOWN OF VIENNA, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government							
Governmental activities							
General government	$ 3,595,123	$ 13,714	$ -	$ -	$ (3,581,409)	$ -	$ (3,581,409)
Public safety	5,755,847	547,135	556,553	-	(4,652,159)	-	(4,652,159)
Public works	9,813,232	-	1,563,413	687,923	(7,561,896)	-	(7,561,896)
Health and welfare	284,914	-	-	-	(284,914)	-	(284,914)
Parks, recreation and cultural	3,015,055	705,587	-	-	(2,309,468)	-	(2,309,468)
Community development	714,927	-	-	-	(714,927)	-	(714,927)
Interest on long-term debt	469,103	-	17,797	-	(451,306)	-	(451,306)
Total governmental activities	$ 23,648,201	$ 1,266,436	$ 2,137,763	$ 687,923	$ (19,556,079)	$ -	$ (19,556,079)
Business type activities							
Water and sewer	5,535,934	6,071,383	-	4,000	-	539,449	539,449
Total	$ 29,184,135	$ 7,337,819	$ 2,137,763	$ 691,923	$ (19,556,079)	$ 539,449	$ (19,016,630)
	General Revenues						
	Taxes:						
	General real property taxes				$ 8,626,227	$ -	$ 8,626,227
	Local sales and use taxes				1,336,821	-	1,336,821
	Consumer utility taxes				660,823	-	660,823
	Business license taxes				1,964,360	-	1,964,360
	Meals and lodging taxes				1,795,855	-	1,795,855
	Other				1,915,710	-	1,915,710
	Grants and contributions not restricted to specific programs				1,112,301	-	1,112,301
	Unrestricted revenues from the use of money and property				219,127	2,176	221,303
	Miscellaneous				262,553	136,930	399,483
	Transfers				875,802	(875,802)	-
	Total general revenues and transfers				$ 18,769,579	$ (736,696)	$ 18,032,883
	Change in net assets				$ (786,500)	$ (197,247)	$ (983,747)
	Net assets, beginning of year				51,488,240	8,214,545	59,702,785
	Net assets, end of year				$ 50,701,740	$ 8,017,298	$ 58,719,038

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

Basic Financial Statements:

- Fund Financial Statements -

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Exhibit 3

TOWN OF VIENNA, VIRGINIA

Balance Sheet
Governmental Funds
At June 30, 2011

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 8,315,804	$ 3,533,254	$ 7,254,427	$ 19,103,485
Receivables (net of allowance for uncollectibles):				
Taxes including penalties	31,583	-	-	31,583
Accounts	319,581	204,918	519	525,018
Due from other governments	704,507	50,969	513,638	1,269,114
Due from other funds	4,110	172,276	84,898	261,284
Inventory, at cost	139,340	-	-	139,340
Total assets	$ 9,514,925	$ 3,961,417	$ 7,853,482	$ 21,329,824
Liabilities:				
Accounts payable	$ 557,884	$ 44,590	$ 473,920	$ 1,076,394
Accrued liabilities	39,024	-	-	39,024
Escrow and other deposits	687,525	-	-	687,525
Due to other funds	86,307	-	-	86,307
Deferred revenues	337,736	-	-	337,736
Total liabilities	$ 1,708,476	$ 44,590	$ 473,920	$ 2,226,986
Fund Balance:				
Nonspendable:				
Inventory	$ 139,340	$ -	$ -	$ 139,340
Restricted:				
Unappropriated PEG Funds	455,135	-	-	455,135
Committed:				
VRP reserves	487,587	-	-	487,587
Subsequent year budget support	900,000	-	-	900,000
Capital lease proceeds	85,260	-	-	85,260
New financial system	383,551	-	-	383,551
Assigned:				
Encumbrance reserves	23,553	-	-	23,553
Carryforward	210,000	-	-	210,000
Wright Building	868,664	-	-	868,664
Federal AF funds	32,497	-	-	32,497
State AF funds	131,134	-	-	131,134
Debt service	-	3,916,827	-	3,916,827
Capital projects	-	-	7,379,562	7,379,562
Unassigned:	4,089,728	-	-	4,089,728
Total fund balance	$ 7,806,449	$ 3,916,827	$ 7,379,562	$ 19,102,838
Total liabilities and fund balance	$ 9,514,925	$ 3,961,417	$ 7,853,482	$ 21,329,824

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

Exhibit 4

TOWN OF VIENNA, VIRGINIA

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
At June 30, 2011

Total fund balances for governmental funds (Exhibit 3)		$ 19,102,838
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	2,957,136	
Depreciable capital assets, net of accumulated depreciation	38,358,969	
Total capital assets		46,138,667
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.		63,081
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	$ (126,886)	
Bonds and capital leases payable	(13,131,844)	
Unamortized bond premium	(62,172)	
Other post employment benefits	(239,097)	
Compensated absences	(1,042,847)	
Total		(14,602,846)
Total net assets of governmental activities (Exhibits 1 and 2)		$ 50,701,740

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

Exhibit 5

TOWN OF VIENNA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General	Debt Service	Capital Project	Total Governmental Funds
Revenues:				
General property taxes	$ 8,633,014	$ -	$ -	$ 8,633,014
Other local taxes	5,877,714	1,795,855	-	7,673,569
Permits, privilege fees and regulatory licenses	117,484	-	-	117,484
Fines and forfeitures	414,608	-	-	414,608
Revenue from use of money and property	196,140	7,542	15,445	219,127
Charges for services	734,344	-	-	734,344
Miscellaneous	260,633	40	1,880	262,553
Intergovernmental	3,232,267	17,797	687,923	3,937,987
Total revenues	$ 19,466,204	$ 1,821,234	$ 705,248	$ 21,992,686
Expenditures:				
Current:				
General government administration	$ 3,569,339	$ -	$ -	$ 3,569,339
Public safety	5,725,283	-	-	5,725,283
Public works	6,914,263	-	-	6,914,263
Health and welfare	284,147	-	-	284,147
Parks, recreation, and cultural	2,803,448	-	-	2,803,448
Community development	722,868	-	-	722,868
Capital projects	-	-	1,499,027	1,499,027
Debt service:				
Principal retirement	416,844	1,626,667	-	2,043,511
Interest and other fiscal charges	23,182	413,645	-	436,827
Total expenditures	$ 20,459,374	$ 2,040,312	$ 1,499,027	$ 23,998,713
Excess (deficiency) of revenues over expenditures	$ (993,170)	$ (219,078)	$ (793,779)	$ (2,006,027)
Other financing sources (uses):				
Capital lease proceeds	$ 529,427	$ -	$ -	$ 529,427
Issuance of long-term debt	-	-	4,990,000	4,990,000
Premium on issuance of long-term debt	-	-	62,172	62,172
Transfers in	812,000	253,459	88,498	1,153,957
Transfers out	(88,498)	-	(189,657)	(278,155)
Total other financing sources (uses)	$ 1,252,929	$ 253,459	$ 4,951,013	$ 6,457,401
Net changes in fund balances	$ 259,759	$ 34,381	$ 4,157,234	$ 4,451,374
Fund balances at beginning of year	7,546,690	3,882,446	3,222,328	14,651,464
Fund balances at end of year	$ 7,806,449	$ 3,916,827	$ 7,379,562	$ 19,102,838

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

Exhibit 6

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, 2011

Net change in fund balances - total governmental funds (Exhibit 5)		$ 4,451,374
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 deprecation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following details support this adjustment:		
Capital outlay	$ 2,091,963	
Disposal of capital assets	(8,716)	
Depreciation expense	(3,774,706)	(1,691,459)
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.		(6,787)
Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Debt issued:		
Bonds	$ (5,052,172)	
Capital leases	(529,427)	
Repayments:		
General obligation bonds	1,626,667	
Capital leases	416,844	
Net adjustment		(3,538,088)
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	$ 91,518	
Other post employment benefits	(60,782)	
Accrued interest on bonds and loans	(32,276)	
Net adjustment		(1,540)
Change in net assets of governmental activities (Exhibit 2)		$ (786,500)

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

Exhibit 7

TOWN OF VIENNA, VIRGINIA

Statement of Net Assets
Proprietary Fund
At June 30, 2011

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Assets:		
Current assets:		
Cash and cash equivalents	$	648,305
Receivables: (net of allowance for uncollectibles)		
Accounts		664,226
Unbilled service charges		666,273
Inventory, at cost		194,075
Total current assets	$	2,172,879
Capital assets, net of accumulated depreciation		9,110,537
Total assets	$	11,283,416
Liabilities:		
Current liabilities:		
Accounts payable	$	1,315,675
Accrued liabilities		6,819
Escrow and other deposits		93,901
Due to other governments		510,271
Due to other funds		174,977
Compensated absences - current portion		87,016
Note payable - current portion		48,999
Capital lease obligations payable - current portion		39,120
Total current liabilities	$	2,276,778
Noncurrent liabilities:		
Compensated absences - noncurrent portion	$	9,668
Net OPEB obligation payable		26,562
Note payable - noncurrent portion		876,203
Capital lease obligations payable - noncurrent portion		76,907
Total noncurrent liabilities	$	989,340
Total liabilities	$	3,266,118
Net Assets:		
Invested in capital assets, net of related debt	$	8,069,308
Unrestricted		(52,010)
Total net assets	$	8,017,298

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

Exhibit 8

TOWN OF VIENNA, VIRGINIA

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
Year Ended June 30, 2011

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Operating revenues:		
Charges for services	$	6,071,383
Operating expenses:		
Personal services	$	1,135,379
Fringe benefits		378,239
Contractual services		3,544,230
Other charges		84,514
Materials and supplies		150,724
Depreciation		228,350
Total operating expenses	$	5,521,436
Operating income (loss)	$	549,947
Nonoperating revenues (expenses):		
Interest revenue	$	2,176
Miscellaneous		136,930
Interest expense		(14,498)
Net nonoperating revenues	$	124,608
Income (loss) before contributions and transfers	$	674,555
Capital contributions	$	4,000
Transfers:		
Transfers in	$	189,657
Transfers (out)		(1,065,459)
Net transfers	$	(875,802)
Change in net assets	$	(197,247)
Net assets, beginning of year		8,214,545
Net assets, end of year	$	8,017,298

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, 2011

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Cash flows from (to) operating activities:		
Receipts from customers	$	6,124,361
Payments to and for employees		(1,528,370)
Payments to suppliers		(3,721,840)
Other receipts		136,930
Net cash provided by operating activities	$	1,011,081
Cash flows from (to) investing activities:		
Investment income	$	2,176
Cash flows from (to) capital and related financing activities:		
Purchase of capital assets	$	(354,106)
Proceeds from capital lease obligations		70,573
Capital contributions		4,000
Principal payments on capital lease agreements		(40,842)
Principal payments on note payable		(46,225)
Interest expense		(14,498)
Net cash provided (used) by capital and related financing activities	$	(381,098)
Cash flows from (to) noncapital and related financing activities:		
Transfers from other funds	$	365,193
Transfers (to) other funds		(1,065,459)
Net cash provided (used) by noncapital and related financing activities	$	(700,266)
Net increase (decrease) in cash and cash equivalents	$	(68,107)
Cash and cash equivalents at beginning of year		716,412
Cash and cash equivalents at end of year	$	648,305

TOWN OF VIENNA, VIRGINIA

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2011 (continued)

		Business-Type Activities Enterprise Fund
		Water & Sewer Fund
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	$	549,947
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		228,350
Miscellaneous income		136,930
Increase (decrease) in allowance for uncollectibles		
Changes in operating accounts:		
Accounts receivable		(19,084)
Unbilled service charges		10,187
Inventory		15,750
Accounts payable and accrued liabilities		41,602
Escrow and other deposits		(2,490)
Due to other governments		64,365
Net OPEB obligation payable		6,011
Accrued leave		(20,487)
Net cash provided (used) by operating activities	$	1,011,081

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

Exhibit 10

TOWN OF VIENNA, VIRGINIA

Statement of Fiduciary Net Assets
Pension Trust Funds
At June 30, 2011

Assets:		
Investment in State Treasurer's Local Government Investment Pool	$	5,286,809
Accounts receivable		11,915
Total assets	$	5,298,724
Net Assets:		
Held in trust for pension benefits	$	5,298,724

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

Exhibit 11

TOWN OF VIENNA, VIRGINIA

Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year Ended June 30, 2011

Additions:		
Contributions:		
Employer	$	276,448
Plan members		38,661
Total contributions	$	315,109
Investment income:		
Interest earned on investments		10,874
Total additions	$	325,983
Deductions:		
Pension benefit payments	$	347,070
Other charges		26,416
Total deductions	$	373,486
Net increase in plan assets	$	(47,503)
Net assets held in trust for pension benefits:		
Balance, beginning of year		5,346,227
Balance, end of year	$	5,298,724

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

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.

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

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 operational 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.

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 2011.

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 and reports all revenues and expenditures of the Town which are not accounted for and reported 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 - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The Debt Service Fund revenues are derived primarily from other local taxes and transfers from the Water and Sewer Fund.

   Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

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

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

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

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.

   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 or custodian 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 increases (e.g., revenues) and decreases (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.

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.

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 as well as 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, 2011.

10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2011.

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.

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 (2011). 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
Office, automotive, and other 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.

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, 2011 and is comprised of the following:

General Fund:	
Taxes receivable	$ 4,000
Water and Sewer Fund:	
Accounts receivable	129,000
Total	$ 133,000

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.

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

R. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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, 2011 consisted solely of investment in the Commonwealth of Virginia Local Government Investment Pool.

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, 2011 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Town's Rated Debt Investments

Rated Debt Investments	Fair Quality Ratings	
		AAAm
Investment in State Treasurer's Local Government Investment Pool (LGIP) (1)	$	24,200,991

(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	$	19,751,790
Fiduciary funds		5,286,809
Total cash and investments	$	25,038,599
Cash:		
Deposits	$	835,632
Cash on hand and cash items		1,976
Total cash	$	837,608
Investments	$	24,200,991
Total cash and investments	$	25,038,599

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 year 2011 was $.2448 per $100 of assessed valuation.

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

NOTE 4 - ACCOUNTS RECEIVABLE:

Accounts receivable are detailed as follows:

	Governmental Activities				Business Activities
	General Fund	Debt Service Fund	Capital Projects Fund	Total	Water & Sewer Fund
Property taxes	$ 35,583	$ -	$ -	$ 35,583	$ -
Consumer utility taxes	87,248	-	-	87,248	-
PEG funds	35,579	-	-	35,579	-
Business license fees	60,794	-	-	60,794	-
Meals taxes	-	204,918	-	204,918	-
Water and sewer charges	-	-	-	-	793,226
Unbilled revenues	-	-	-	-	666,273
Other	135,960	-	519	136,479	-
Total	$ 355,164	$ 204,918	$ 519	$ 560,601	$ 1,459,499
Less: Allowance for uncollectibles	(4,000)	-	-	(4,000)	(129,000)
Net accounts receivable	$ 351,164	$ 204,918	$ 519	$ 556,601	$ 1,330,499

NOTE 5 - DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments are detailed as follows:

	Governmental Activities			
	General Fund	Debt Service Fund	Capital Projects Fund	Total
Commonwealth of Virginia:				
Virginia Department of Highways	$ -	$ 50,969	$ 513,638	$ 564,607
Federal Government:				
FEMA grant	211,542	-	-	211,542
Traffic enforcement	5,064			5,064
County of Fairfax, Virginia:				
Local sales tax	220,654	-	-	220,654
Communications tax	169,379	-	-	169,379
Court fines and forfeitures	42,500	-	-	42,500
Other	511	-	-	511
County of Loudoun, Virginia:				
Gang grant	45,188	-	-	45,188
County of Arlington, Virginia:				
Drug Trafficking Grant	9,669	-	-	9,669
Total	$ 704,507	$ 50,969	$ 513,638	$ 1,269,114

NOTE 6 - INTERFUND BALANCES AND ACTIVITY:

Details of interfund receivables, payables and activity as of June 30, 2011 are as follows:

Interfund balances resulting from cash advances to the various funds:

Interfund Receivable	Interfund Payable	
General	Water and Sewer	$ 4,110
Debt Service	General	1,409
Debt Service	Water and Sewer	170,867
Capital Projects	General	84,898
Total		$ 261,284

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	$ 812,000
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	189,657
Transfers to the Capital Projects Fund from the General Fund for capital projects	88,498
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	253,459
Total transfers	$ 1,343,614

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land and land improvements	$ 4,822,562	$ -	$ -	$ 4,822,562
Construction in progress - infrastructure	1,381,998	1,211,438	503,378	2,090,058
Construction in progress - other	749,823	179,329	62,074	867,078
Total capital assets not being depreciated	$ 6,954,383	$ 1,390,767	$ 565,452	$ 7,779,698
Other capital assets:				
Buildings and improvements	$ 13,533,396	$ 15,271	$ -	$ 13,548,667
Infrastructure	69,892,740	689,336	-	70,582,076
Office and other equipment	2,457,909	208,946	-	2,666,855
Automotive and other equipment	4,488,485	353,096	231,833	4,609,748
Total other capital assets	$ 90,372,530	$ 1,266,649	$ 231,833	$ 91,407,346
Less: Accumulated depreciation for:				
Buildings and improvements	$ 4,988,649	$ 457,169	$ -	$ 5,445,818
Infrastructure	41,007,311	2,811,010	-	43,818,321
Office and other equipment	1,168,511	176,346	-	1,344,857
Automotive and other equipment	2,332,317	330,181	223,117	2,439,381
Total accumulated depreciation	$ 49,496,788	$ 3,774,706	$ 223,117	$ 53,048,377
Net capital assets	$ 47,830,125	$ (1,117,290)	$ 574,168	$ 46,138,667

Depreciation expense has been allocated as follows:

General government administration	$ 136,374
Public safety	195,528
Public works	3,250,573
Parks and recreation	187,847
Community development	4,384
Total depreciation expense	$ 3,774,706

Business-Type Activities:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Other capital assets:				
Automotive equipment	$ 922,414	$ 70,573	$ 15,331	$ 977,656
Improvements	18,045,911	283,533	-	18,329,444
Total capital assets	$ 18,968,325	$ 354,106	$ 15,331	$ 19,307,100
Less: Accumulated depreciation for:				
Automotive equipment	$ 469,858	$ 75,357	$ 15,331	$ 529,884
Improvements	9,513,686	152,993	-	9,666,679
Total accumulated depreciation	$ 9,983,544	$ 228,350	$ 15,331	$ 10,196,563
Net capital assets	$ 8,984,781	$ 125,756	$ -	$ 9,110,537

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	$ 2,663,272	$ 213,744	$ 902,379
Business activities	530,103	37,090	167,151
Total	$ 3,193,375	$ 250,834	$ 1,069,530

NOTE 8 - DEFERRED REVENUE:

	Government-wide Statements: Governmental Activities	Governmental Funds
A. *Deferred Property Tax Revenue* - Deferred revenue representing uncollected tax billings not available for funding of current expenditures	$ -	$ 63,081
B. *Non-refundable deposits held for various sidewalk and street improvements* - Revenues related to such deposits are not recognized until the related street improvement expenditures have been incurred	248,241	248,241
C. *Other* - deferred grant revenues and bank franchise taxes	26,414	26,414
Total	$ 274,655	$ 337,736

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: Public Improvement Bonds: Principal	General Obligation Debt: Public Improvement Bonds: Interest	Capital Lease Obligations: Principal	Capital Lease Obligations: Interest
2012	$ 1,636,667	$ 464,160	$ 416,811	$ 23,909
2013	1,636,667	383,023	265,663	11,628
2014	1,311,667	320,620	133,506	4,750
2015	1,311,667	273,534	135,862	2,394
2016	991,667	232,989	-	-
2017	991,667	198,607	-	-
2018	665,000	163,806	-	-
2019	665,000	142,627	-	-
2020	665,000	118,936	-	-
2021	665,000	92,732	-	-
2022	335,000	66,193	-	-
2023	335,000	51,871	-	-
2024	335,000	37,048	-	-
2025	335,000	21,805	-	-
2026	300,000	7,050	-	-
Total	$ 12,180,002	$ 2,575,001	$ 951,842	$ 42,681

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Business-Type Activities:

Year Ending June 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2012	$ 48,999	$ 55,512	$ 39,120	$ 3,933
2013	51,939	52,572	40,445	2,607
2014	55,055	49,456	17,927	1,236
2015	58,358	46,153	18,535	628
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	$ 925,202	$ 433,440	$ 116,027	$ 8,404

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, 2011.

	Bonds	Capital Leases	Total
Balance, July 1, 2010	$ 8,816,669	$ 839,259	$ 9,655,928
Increases:			
Public improvement bonds	$ 4,990,000	$ -	$ 4,990,000
Unamortized bond premium	62,172	-	62,172
Capital leases	-	529,427	529,427
Total increases	$ 5,052,172	$ 529,427	$ 5,581,599
Retirements:			
Public improvement bonds	$ 1,626,667	$ -	$ 1,626,667
Capital leases	-	416,844	416,844
Total retirements	$ 1,626,667	$ 416,844	$ 2,043,511
Balance, June 30, 2011	$ 12,242,174	$ 951,842	$ 13,194,016

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, 2011.

	Note Payable	Capital Leases	Total
Balance, July 1, 2010	$ 971,427	$ 86,296	$ 1,057,723
Increases:			
Capital leases	$ -	$ 70,573	$ 70,573
Total increases	$ -	$ 70,573	$ 70,573
Retirements:			
Note payable	$ 46,225	$ -	$ 46,225
Capital leases	-	40,842	40,842
Total retirements	$ 46,225	$ 40,842	$ 87,067
Balance, June 30, 2011	$ 925,202	$ 116,027	$ 1,041,229

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
Governmental activities:		
Public Improvement Bonds:		
$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%	$ 650,000	$ 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%	1,280,000	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%	1,960,002	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%	3,300,000	330,000
$2,680,000 issued July 28, 2010, maturing in annual installments of $335,000 through August 1, 2018 with interest payable semiannually at rates from 2.00% to 2.50%	2,680,000	335,000
$2,310,00 issued July 28, 2010, maturing in annual installments of $335,000 from August 1, 2019 through August 1, 2025 with interest payable semiannually at rates from 4.00% to 4.70%	2,310,000	-
Total public improvement bonds	$ 12,180,002	$ 1,636,667

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Details of Long-Term Obligations (continued)

	Amount Outstanding	Amount Due In One Year
Governmental activities: (continued)		
Capital Lease Obligations:		
$600,000 capital lease obligations due in annual installments of $163,425 through October 12, 2011, interest payable at 3.52%	$ 157,871	$ 157,871
$512,025 capital lease obligations due in annual installments of $139,035 through December 30, 2012, interest payable at 3.390%	264,544	130,068
$529,427 capital lease obligations due in annual installments of $138,256 through June 1, 2015, interest payable at 1.94%	529,427	128,872
Total capital lease obligations	$ 951,842	$ 416,811
Unamortized bond premiums	$ 62,172	$ 6,893
Total general long-term obligations from governmental activities	$ 13,194,016	$ 2,060,371
Business-Type activities:		
Note Payable:		
Note payable to Fairfax County for Town share of pollution control plant upgrade, maturing in annual installments of $104,511 through June 30, 2023, interest at 6%	$ 925,202	$ 48,999
Capital Lease Obligations:		
$87,975 capital lease obligations due in annual installments of $23,889 through December 30, 2012, interest payable at 3.390%	$ 45,454	$ 22,349
$70,573 capital lease obligations due in annual installments of $19,164 through June 1, 2015, interest payable at 1.94%	70,573	16,771
Total capital lease obligations	$ 116,027	$ 39,120
Total general long-term obligations from business-type activities	$ 1,041,229	$ 88,119

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.

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, 2010	$ 1,134,364	$ 117,171	$ 1,251,535
Increases	1,042,847	96,684	1,139,531
Decreases	(1,134,364)	(117,171)	(1,251,535)
Balance, June 30, 2011	$ 1,042,847	$ 96,684	$ 1,139,531
Amounts due within one year	$ 938,562	$ 87,016	$ 1,025,578
Amounts due after one year	104,285	9,668	113,953
Total	$ 1,042,847	$ 96,684	$ 1,139,531

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 Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

A. Plan Description - Virginia Retirement System (continued)

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the report may be obtained from the VRS Web site at http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Town 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 2011 was 9.8% of annual covered payroll.

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

A. Plan Description - Virginia Retirement System (continued)

Annual Pension Cost

For fiscal year 2011, the Town's annual pension cost of $963,272 (does not include employee share of $491,465 which was assumed by the Town for VRS) 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, 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%	-
June 30, 2011	963,272	100%	-

* Includes employer contributions only

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 76.06% funded. The actuarial accrued liability for benefits was $52,129,729, and the actuarial value of assets was $39,652,325, resulting in an unfunded actuarial accrued liability (UAAL) of $12,477,404. The covered payroll (annual payroll of active employees covered by the plan) was $10,063,665, and ratio of the UAAL to the covered payroll was 123.98%.

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 (AAL) for benefits.

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans

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

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

The plans do not issue separate financial statements.

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

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

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

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 25 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.

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:

	Local Retirement Plan	Police Retirement Plan
Contribution rate: (1)		
Town	8.04%	6.03%
Plan members	-	1.50%
Annual pension cost (1)	$133,737	$161,868
Contributions made (1)	$133,737	$161,868
Actuarial valuation date	January 1, 2011	January 1, 2011
Actuarial cost method	Aggregate entry age normal	Aggregate entry age normal
Amortization method	Level dollar (open)	Level dollar (open)
Remaining amortization period	12 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return *	5%	5%
Projected salary increases *	7.4% first 20 years, 3.25% thereafter	4.28%-8.41%
* Includes inflation at	3.25%	3.25%
Cost of living adjustments	Smaller of CPI or 5%	Smaller of CPI or 5%

(1) Employer portion only - plan year ended December 31, 2010

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:			
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%	-
2010	133,737	100%	-
Police Plan:			
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%	-
2010	161,868	100%	-

* Employer cost only

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, 2011 is as follows:

	Local Retirement Plan	Police Retirement Plan
Retirees and beneficiaries	39	21
Terminated vested members	69	-
Disabled	4	-
Active members	30	37
Total	142	58

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	$ 2,273,745	$ 3,013,064	$ 5,286,809
Accounts receivable	11,915	-	11,915
Total assets	$ 2,285,660	$ 3,013,064	$ 5,298,724
Net Assets:			
Net assets held in trust for pension benefits	$ 2,285,660	$ 3,013,064	$ 5,298,724
Additions:			
Contributions:			
Employer	$ 143,200	$ 133,248	$ 276,448
Plan members	-	38,661	38,661
Total contributions	$ 143,200	$ 171,909	$ 315,109
Investment income:			
Interest earned on investments	4,662	6,212	10,874
Total additions	$ 147,862	$ 178,121	$ 325,983

NOTE 11 - DEFINED BENEFIT PENSION PLANS: (continued)

B. Plan Description - Town Retirement Plans (continued)

Other Information (continued)

(table continued from previous page)	Pension Trust Funds: Local Retirement Fund	Pension Trust Funds: Police Retirement Fund	Totals
Deductions:			
Pension benefit payments	$ 155,770	$ 191,300	$ 347,070
Other charges	5,975	20,441	26,416
Total deductions	$ 161,745	$ 211,741	$ 373,486
Net increase in plan assets	$ (13,883)	$ (33,620)	$ (47,503)
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,299,543	3,046,684	5,346,227
Balance, end of year	$ 2,285,660	$ 3,013,064	$ 5,298,724

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the Local plan was 73.2% funded. The actuarial accrued liability for benefits was $3,103,787, and the actuarial value of assets was $2,270,433, resulting in an unfunded actuarial accrued liability (UAAL) of $833,354. The covered payroll (annual payroll of active employees covered by the plan) was $1,843,666, and ratio of the UAAL to the covered payroll was 45.2%.

As of January 1, 2011, the most recent actuarial valuation date, the Police plan was 88.4% funded. The actuarial accrued liability for benefits was $3,439,713, and the actuarial value of assets was $3,039,475, resulting in an unfunded actuarial accrued liability (UAAL) of $400,238. The covered payroll (annual payroll of active employees covered by the plan) was $2,660,946, and ratio of the UAAL to the covered payroll was 15.0%.

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.

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 $189,164, and employee contributions were $87,477 for fiscal year 2011.

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 2011. 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, 2011 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 $746 per month during the year ended June 30, 2011 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2011 approximated $8,953.

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:

Employee	Title	Amount of Surety Bond
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.

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	$	126,000
Interest on net OPEB obligation		7,954
Adjustment to annual required contribution		(6,861)
Annual OPEB cost (expense)	$	127,093
Contributions made		(60,300)
Increase in net OPEB obligation	$	66,793
Net OPEB obligation - beginning of year		198,866
Net OPEB obligation - end of year	$	265,659

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 2011, 2010, and 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 252,438	48%	$ 132,438
June 30, 2010	121,528	45%	198,866
June 30, 2011	127,093	47%	265,659

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 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.

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 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, 2011 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.

	Unfunded
Discount rate	4.00%
Payroll growth	3.75%

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

Town: (continued)

Net OPEB Obligation Payable

	Governmental Activities	Business-Type Activities	Total
Balance, July 1, 2010	$ 178,315	$ 20,551	$ 198,866
Increases	115,655	11,438	127,093
Decreases	(54,873)	(5,427)	(60,300)
Balance, June 30, 2011	$ 239,097	$ 26,562	$ 265,659
Total	$ 239,097	$ 26,562	$ 265,659

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- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General property taxes	$ 8,625,671	$ 8,625,671	$ 8,633,014	$ 7,343
Other local taxes	5,675,200	5,675,200	5,877,714	202,514
Permits, privilege fees and regulatory licenses	87,300	87,300	117,484	30,184
Fines and forfeitures	290,200	290,200	414,608	124,408
Revenue from the use of money and property	221,500	221,500	196,140	(25,360)
Charges for services	708,400	708,400	734,344	25,944
Miscellaneous	65,850	65,850	260,633	194,783
Intergovernmental:				
Revenue from the Commonwealth	3,033,844	3,033,844	3,114,714	80,870
Revenue from the Federal Government	-	107,100	117,553	10,453
Total revenues	$ 18,707,965	$ 18,815,065	$ 19,466,204	$ 651,139
Expenditures				
Current:				
General Government Administration:				
Legislative	$ 388,350	$ 416,951	$ 395,048	$ 21,903
General and financial administration	3,344,106	3,381,058	3,174,291	206,767
Total general government administration	$ 3,732,456	$ 3,798,009	$ 3,569,339	$ 228,670
Public Safety:				
Law enforcement and traffic control	$ 5,627,639	$ 5,745,867	$ 5,586,308	$ 159,559
Fire and rescue	49,874	49,874	51,732	(1,858)
Other protection	70,613	70,613	87,243	(16,630)
Total public safety	$ 5,748,126	$ 5,866,354	$ 5,725,283	$ 141,071
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	$ 3,116,976	$ 3,415,275	$ 3,521,698	$ (106,423)
Sanitation and waste removal	1,454,493	1,374,993	1,330,818	44,175
Maintenance of buildings and grounds	2,210,950	2,235,590	2,061,747	173,843
Total public works	$ 6,782,419	$ 7,025,858	$ 6,914,263	$ 111,595

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011 (continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Health and Welfare:				
Welfare/Social Services	$ 285,162	$ 285,162	$ 284,147	$ 1,015
Parks, recreation and cultural:				
Parks and recreation	$ 2,732,587	$ 2,732,587	$ 2,803,448	$ (70,861)
Community Development:				
Planning and community development	$ 746,000	$ 746,000	$ 722,868	$ 23,132
Debt Service:				
Principal	$ 416,844	$ 416,844	$ 416,844	$ -
Interest and fiscal charges	23,210	23,210	23,182	28
Total debt service	$ 440,054	$ 440,054	$ 440,026	$ 28
Total expenditures	$ 20,466,804	$ 20,894,024	$ 20,459,374	$ 434,650
Excess (deficiency) of revenues over expenditures	$ (1,758,839)	$ (2,078,959)	$ (993,170)	$ 1,085,789
Other Financing Sources (Uses)				
Capital lease proceeds	$ -	$ -	$ 529,427	$ 529,427
Transfers in	812,000	812,000	812,000	-
Transfers out	-	(142,000)	(88,498)	53,502
Total other financing sources (uses)	$ 812,000	$ 670,000	$ 1,252,929	$ 582,929
Net change in fund balance	$ (946,839)	$ (1,408,959)	$ 259,759	$ 1,668,718
Fund balance, beginning of year	946,839	1,408,959	7,546,690	6,137,731
Fund balance, end of year	$ -	$ -	$ 7,806,449	$ 7,806,449

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

Exhibit 13

TOWN OF VIENNA, VIRGINIA

Required Supplemental Information
Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (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, 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%
June 30, 2010	39,652,325	52,129,729	12,477,404	76.06%	10,063,665	123.98%
Town Local Plan:						
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%
January 1, 2011	2,270,433	3,103,787	833,354	73.2%	1,843,666	45.2%
Police Plan:						
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%
January 1, 2011	3,039,475	3,439,713	400,238	88.4%	2,660,946	15.0%
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 -

Exhibit 14

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Assets
At June 30, 2011

	Pension Trust Funds		
	Local Retirement Fund	**Police Retirement Fund**	**Total**
Assets:			
Investment in State Treasurer's Local Government Investment Pool	$ 2,273,745	$ 3,013,064	$ 5,286,809
Accounts receivable	11,915	-	11,915
Total assets	$ 2,285,660	$ 3,013,064	$ 5,298,724
Net Assets:			
Net assets held in trust for pension benefits	$ 2,285,660	$ 3,013,064	$ 5,298,724

Exhibit 15

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2011

	Local Retirement Fund	Police Retirement Fund	Total
Additions:			
Contributions:			
Employer	$ 143,200	$ 133,248	$ 276,448
Plan members	-	38,661	38,661
Total contributions	$ 143,200	$ 171,909	$ 315,109
Investment income:			
Interest earned on investments	4,662	6,212	10,874
Total additions	$ 147,862	$ 178,121	$ 325,983
Deductions:			
Pension benefit payments	$ 155,770	$ 191,300	$ 347,070
Other charges	5,975	20,441	26,416
Total deductions	$ 161,745	$ 211,741	$ 373,486
Net increase in plan assets	$ (13,883)	$ (33,620)	$ (47,503)
Net assets held in trust for pension benefits:			
Balance, beginning of year	2,299,543	3,046,684	5,346,227
Balance, end of year	$ 2,285,660	$ 3,013,064	$ 5,298,724

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011

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	$ 8,507,436	$ 8,507,436	$ 8,480,844	$ (26,592)
Public service corporation taxes:				
Real property	92,235	92,235	96,921	4,686
Penalties and interest	26,000	26,000	55,249	29,249
Total general property taxes	$ 8,625,671	$ 8,625,671	$ 8,633,014	$ 7,343
Other local taxes:				
Local sales and use taxes	$ 1,250,000	$ 1,250,000	$ 1,336,821	$ 86,821
Consumer utility taxes	652,700	652,700	660,823	8,123
Business license tax	2,210,000	2,210,000	1,964,360	(245,640)
Vehicle license tax	330,000	330,000	347,963	17,963
Bank franchise taxes	523,000	523,000	867,459	344,459
Tobacco tax	355,000	355,000	350,098	(4,902)
Fiber-optic franchise tax	29,000	29,000	30,031	1,031
Telecommunications tax	142,000	142,000	118,498	(23,502)
Media general franchise fees and related taxes	127,300	127,300	139,578	12,278
Utility consumption taxes	56,200	56,200	62,083	5,883
Total other local taxes	$ 5,675,200	$ 5,675,200	$ 5,877,714	$ 202,514
Permits, privilege fees and regulatory licenses:				
Animal licenses	$ 7,600	$ 7,600	$ 8,282	$ 682
Other permits, privilege fees and regulatory licenses	79,700	79,700	109,202	29,502
Total permits, privilege fees and regulatory licenses	$ 87,300	$ 87,300	$ 117,484	$ 30,184
Fines and Forfeitures:				
Court fines and forfeitures	$ 290,200	$ 290,200	$ 414,608	$ 124,408

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011 (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	$ 25,100	$ 25,100	$ 18,104	$ (6,996)
Concessions and rentals	196,400	196,400	178,036	(18,364)
Total revenue from use of money and property	$ 221,500	$ 221,500	$ 196,140	$ (25,360)
Charges for services:				
Recreation fees	$ 705,000	$ 705,000	$ 705,587	$ 587
Police reimbursements	-	-	15,043	15,043
Special service fees	3,400	3,400	13,714	10,314
Total charges for services	$ 708,400	$ 708,400	$ 734,344	$ 25,944
Miscellaneous revenue:				
Miscellaneous income	$ 65,850	$ 65,850	$ 260,633	$ 194,783
Total revenue from local sources	$ 15,674,121	$ 15,674,121	$ 16,233,937	$ 559,816
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	$ 1,100,000	$ 1,100,000	$ 1,112,261	$ 12,261
Rolling stock tax	-	-	40	40
Total non-categorical aid	$ 1,100,000	$ 1,100,000	$ 1,112,301	$ 12,301
Categorical aid:				
Street and highway maintenance	$ 1,504,231	$ 1,504,231	$ 1,559,095	$ 54,864
Litter control	-	-	4,318	4,318
Law enforcement assistance	-	-	7,500	7,500
Public safety grants	389,739	389,739	389,768	29
Fire funds	39,874	39,874	41,732	1,858
Total Categorical aid	$ 1,933,844	$ 1,933,844	$ 2,002,413	$ 68,569
Total revenue from the Commonwealth	$ 3,033,844	$ 3,033,844	$ 3,114,714	$ 80,870

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Federal revenue:				
Categorical aid:				
Public safety grants	$ -	$ 92,300	$ 98,014	$ 5,714
DMV grants	-	14,800	19,539	4,739
Total revenue from the federal government	$ -	$ 107,100	$ 117,553	$ 10,453
Total General Fund	$ 18,707,965	$ 18,815,065	$ 19,466,204	$ 651,139
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	$ 1,576,900	$ 1,576,900	$ 1,795,855	$ 218,955
Revenue from use of money and property:				
Interest on bank deposits	12,000	12,000	7,542	(4,458)
Miscellaneous revenue:				
Miscellaneous income	-	-	40	40
Federal revenue:				
Build America Bonds interest subsidy	-	-	17,797	17,797
Total Debt Service Fund	$ 1,588,900	$ 1,588,900	$ 1,821,234	$ 232,334
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	$ -	$ -	$ 15,445	$ 15,445
Total revenue from use of money and property	$ -	$ -	$ 15,445	$ 15,445
Miscellaneous revenue:				
Other	$ -	$	$ 1,880	$ 1,880
Total miscellaneous revenue	$ -	$ -	$ 1,880	$ 1,880
Total revenue from local sources	$ -	$ -	$ 17,325	$ 17,325
State revenue:				
VDOT revenue sharing	$ -	$ -	$ 337,762	$ 337,762
Federal revenue:				
Federal transit grants	$ -	$	$ 350,161	$ 350,161
Total Capital Projects Fund	$ -	$ -	$ 705,248	$ 705,248
Grand Total All Governmental Funds	$ 20,296,865	$ 20,403,965	$ 21,992,686	$ 1,588,721

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund:				
General Government Administration:				
Legislative:				
Town council	$ 125,914	$ 152,074	$ 128,373	$ 23,701
Boards and commissions	53,816	53,816	52,700	1,116
Town clerk	208,620	211,061	213,975	(2,914)
Total legislative	$ 388,350	$ 416,951	$ 395,048	$ 21,903
General and Financial Administration:				
Town manager	$ 279,385	$ 282,655	$ 365,100	$ (82,445)
Administrative services	416,900	382,353	350,100	32,253
Legal services	224,683	225,441	228,931	(3,490)
Financial administration	434,303	461,894	439,509	22,385
Disbursement operations	136,196	137,300	134,225	3,075
Data processing	47,500	47,500	9,388	38,112
Risk management	616,170	616,170	540,278	75,892
Information technology	239,114	265,628	276,564	(10,936)
Purchasing	135,197	135,197	129,626	5,571
Revenue operations	343,264	345,526	376,426	(30,900)
Public information	146,875	156,875	141,143	15,732
Central services	276,519	276,519	135,472	141,047
PC replacement	48,000	48,000	47,529	471
Total general and financial administration	$ 3,344,106	$ 3,381,058	$ 3,174,291	$ 206,767
Total general government administration	$ 3,732,456	$ 3,798,009	$ 3,569,339	$ 228,670
Public Safety:				
Law enforcement and traffic control:				
Police administration	$ 714,110	$ 720,148	$ 705,770	$ 14,378
Uniform patrol	2,098,313	2,102,926	2,020,244	82,682
Communications	961,564	961,564	847,155	114,409
Investigations	1,075,182	1,075,182	1,060,470	14,712
Community services	125,847	126,324	127,762	(1,438)
Traffic unit	652,623	652,623	586,073	66,550
Vehicle replacement	-	-	83,984	(83,984)
Other law enforcement and traffic control	-	107,100	154,850	(47,750)
Total law enforcement and traffic control	$ 5,627,639	$ 5,745,867	$ 5,586,308	$ 159,559

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011 (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	$ 49,874	$ 49,874	$ 51,732	$ (1,858)
Other protection:				
Personal property/animal control	70,613	70,613	87,243	(16,630)
Total public safety	$ 5,748,126	$ 5,866,354	$ 5,725,283	$ 141,071
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	$ 690,112	$ 718,312	$ 663,708	$ 54,604
Street maintenance	1,971,828	2,129,778	2,010,430	119,348
Street maintenance equipment	-	-	269,112	(269,112)
Snow removal	112,839	185,988	232,801	(46,813)
Traffic engineering	342,197	381,197	345,647	35,550
Total maintenance of streets, highways, bridges, and sidewalks	$ 3,116,976	$ 3,415,275	$ 3,521,698	$ (106,423)
Sanitation and waste removal:				
Sanitation	$ 914,316	$ 917,816	$ 878,768	$ 39,048
Refuse disposal	395,978	312,978	322,948	(9,970)
Fall/spring cleanup - leaf collection and other	144,199	144,199	129,102	15,097
Total sanitation and waste removal	$ 1,454,493	$ 1,374,993	$ 1,330,818	$ 44,175
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	$ 1,234,195	$ 1,236,695	$ 1,160,486	$ 76,209
Maintenance of buildings and grounds	976,755	998,895	901,261	97,634
Total maintenance of buildings and grounds	$ 2,210,950	$ 2,235,590	$ 2,061,747	$ 173,843
Total public works	$ 6,782,419	$ 7,025,858	$ 6,914,263	$ 111,595
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	$ 285,162	$ 285,162	$ 284,147	$ 1,015

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	$ 509,806	$ 509,806	$ 523,599	$ (13,793)
Parks and recreation programs	415,500	415,500	425,197	(9,697)
General maintenance	932,589	932,589	1,006,629	(74,040)
Community center	484,422	484,422	461,485	22,937
Special events	163,695	163,695	139,757	23,938
Vehicle replacement	-	-	41,312	(41,312)
Teen Center	178,075	178,075	164,718	13,357
Historic preservation	48,500	48,500	40,751	7,749
Total parks and recreation	$ 2,732,587	$ 2,732,587	$ 2,803,448	$ (70,861)
Community Development:				
Planning and community development:				
Litter control	$ -	$ -	$ 3,122	$ (3,122)
Planning and zoning	736,250	736,250	709,996	26,254
Various contributions	9,750	9,750	9,750	-
Total planning and community development	$ 746,000	$ 746,000	$ 722,868	$ 23,132
Debt Service:				
Principal on capital lease obligation	$ 416,844	$ 416,844	$ 416,844	$ -
Interest on capital leases	23,210	23,210	23,182	28
Total debt service	$ 440,054	$ 440,054	$ 440,026	$ 28
Total General Fund	$ 20,466,804	$ 20,894,024	$ 20,459,374	$ 434,650
Debt Service Fund:				
Debt Service:				
Principal retirement	$ 1,626,667	$ 1,626,667	$ 1,626,667	$ -
Interest and fiscal charges	352,278	352,278	413,645	(61,367)
Total Debt Service Fund	$ 1,978,945	$ 1,978,945	$ 2,040,312	$ (61,367)

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Capital Projects Fund:				
Capital projects:				
A.S.P. implementation	$ -	$ -	$ 125,976	$ (125,976)
Street improvement projects	-	-	1,280,248	(1,280,248)
Other capital projects and administration	-	-	92,803	(92,803)
Total Capital Projects Fund	$ -	$ -	$ 1,499,027	$ (1,499,027)
Grand Total Expenditures--All Governmental Funds	$ 22,445,749	$ 22,872,969	$ 23,998,713	$ (1,125,744)

- 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 Nine Fiscal Years
(Accrual Basis of Accounting)

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

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	2011
$ 26,085,741	$ 31,965,939	$ 37,791,201	$ 37,874,402	$ 38,411,117	$ 33,544,665
16,650,491	15,418,559	15,284,033	14,730,114	13,077,123	17,157,075
$ 42,736,232	$ 47,384,498	$ 53,075,234	$ 52,604,516	$ 51,488,240	$ 50,701,740
$ 7,926,642	$ 7,633,717	$ 7,624,024	$ 7,782,540	$ 7,927,058	$ 8,069,308
720,796	567,337	1,431,406	1,054,949	287,487	(52,010)
$ 8,647,438	$ 8,201,054	$ 9,055,430	$ 8,837,489	$ 8,214,545	$ 8,017,298
$ 34,012,383	$ 39,599,656	$ 45,415,225	$ 45,656,942	$ 46,338,175	$ 41,613,973
17,371,287	15,985,896	16,715,439	15,785,063	13,364,610	17,105,065
$ 51,383,670	$ 55,585,552	$ 62,130,664	$ 61,442,005	$ 59,702,785	$ 58,719,038

TOWN OF VIENNA, VIRGINIA

Changes in Net Assets
Last Nine 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	$ 15,733,788	$ 17,906,275	$ 19,500,665
Business type activities:			
Water and sewer	3,967,057	4,641,190	4,679,889
Total expenses	$ 19,700,845	$ 22,547,465	$ 24,180,554
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	$ 4,549,295	$ 3,176,189	$ 3,629,633
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	$ 4,335,339	$ 4,400,413	$ 4,627,013
Total revenues	$ 8,884,634	$ 7,576,602	$ 8,256,646
Net (expenses)/revenues	$ (10,816,211)	$ (14,970,863)	$ (15,923,908)
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	$ 14,426,438	$ 15,980,282	$ 16,806,545
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	$ (658,241)	$ (1,101,194)	$ (1,019,980)
Total general revenues	$ 13,768,197	$ 14,879,088	$ 15,786,565
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	$ 2,951,986	$ (91,775)	$ (137,343)

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	2011
$ 3,092,863	$ 3,081,052	$ 3,119,608	$ 3,466,917	$ 3,647,013	$ 3,595,123
4,800,550	5,225,145	5,616,582	5,845,864	5,971,132	5,755,847
7,697,348	8,716,466	8,995,488	9,379,606	9,593,548	9,813,232
230,802	305,332	294,054	292,930	290,773	284,914
2,498,235	2,706,829	2,797,313	2,871,670	2,836,757	3,015,055
589,001	691,665	734,650	755,281	711,824	714,927
617,754	672,020	599,829	523,205	441,336	469,103
$ 19,526,553	$ 21,398,509	$ 22,157,524	$ 23,135,473	$ 23,492,383	$ 23,648,201
5,144,312	5,043,291	5,147,109	5,315,042	5,777,244	5,535,934
$ 24,670,865	$ 26,441,800	$ 27,304,633	$ 28,450,515	$ 29,269,627	$ 29,184,135
$ 11,420	$ 10,043	$ 9,931	$ 9,833	$ 12,019	$ 13,714
336,558	357,090	337,235	376,512	425,829	547,135
235,806	85,328	-	-	-	-
648,551	771,169	786,722	718,204	675,784	705,587
1,828,699	2,251,198	2,062,483	2,115,797	2,315,236	2,137,763
-	4,191,946	5,540,058	334,464	930,188	687,923
$ 3,061,034	$ 7,666,774	$ 8,736,429	$ 3,554,810	$ 4,359,056	$ 4,092,122
$ 5,717,486	$ 5,692,069	$ 6,181,491	$ 5,753,330	$ 5,839,658	$ 6,071,383
-	-	240,507	-	-	-
-	-	-	277,977	5,553	4,000
$ 5,717,486	$ 5,692,069	$ 6,421,998	$ 6,031,307	$ 5,845,211	$ 6,075,383
$ 8,778,520	$ 13,358,843	$ 15,158,427	$ 9,586,117	$ 10,204,267	$ 10,167,505
$ (15,892,345)	$ (13,082,957)	$ (12,146,206)	$ (18,864,398)	$ (19,065,360)	$ (19,016,630)
$ 6,817,919	$ 7,094,275	$ 7,838,966	$ 8,523,543	$ 8,668,872	$ 8,626,227
1,154,058	1,197,980	1,214,258	1,224,471	1,285,506	1,336,821
1,336,727	1,153,656	660,742	659,932	656,858	660,823
1,964,737	1,994,824	2,095,137	2,204,093	1,973,781	1,964,360
2,297,579	2,335,577	2,385,355	1,691,961	1,698,298	1,795,855
1,879,978	1,892,970	1,181,323	1,177,426	1,279,989	1,915,710
18,913	18,759	1,243,315	1,113,597	1,118,153	1,112,301
620,147	991,582	845,947	411,190	265,712	219,127
206,174	304,100	368,838	1,060,904	274,906	262,553
1,052,937	1,237,675	1,277,950	1,042,828	794,976	875,802
$ 17,349,169	$ 18,221,398	$ 19,111,831	$ 19,109,945	$ 18,017,051	$ 18,769,579
$ 99,113	$ 100,211	$ 67,458	$ 30,702	$ 3,099	$ 2,176
57,192	42,302	77,415	77,920	100,966	136,930
112,250	-	-	-	-	
(1,052,937)	(1,237,675)	(1,277,950)	(1,042,828)	(794,976)	(875,802)
$ (784,382)	$ (1,095,162)	$ (1,133,077)	$ (934,206)	$ (690,911)	$ (736,696)
$ 16,564,787	$ 17,126,236	$ 17,978,754	$ 18,175,739	$ 17,326,140	$ 18,032,883
$ 883,650	$ 4,489,663	$ 5,690,736	$ (470,718)	$ (1,116,276)	$ (786,500)
(211,208)	(446,384)	141,812	(217,941)	(622,944)	(197,247)
$ 672,442	$ 4,043,279	$ 5,832,548	$ (688,659)	$ (1,739,220)	$ (983,747)

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Property Tax	Local Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses	Meals & Lodging Taxes
2011	$ 8,626,227	$ 1,336,821	$ 660,823	$ 1,964,360	$ 1,795,855
2010	8,668,872	1,285,506	656,858	1,973,781	1,698,298
2009	8,523,543	1,224,471	659,932	2,204,093	1,691,961
2008	7,838,966	1,214,258	660,742	2,095,137	2,385,355
2007	7,094,275	1,197,980	1,153,656	1,994,824	2,335,577
2006	6,817,919	1,154,058	1,663,824	1,864,737	2,297,579
2005	6,768,321	1,134,790	1,558,099	1,850,557	2,230,408
2004	6,630,581	1,088,688	1,211,958	1,818,112	2,092,435
2003	5,908,768	968,684	1,036,740	1,703,461	1,887,503

Note:

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

Table 3

Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
$ 347,963	$ 867,459	$ 350,098	$ 350,190	$ 16,299,796
-	557,561	359,962	362,466	15,563,304
-	444,050	407,741	325,635	15,481,426
12,213	420,385	429,906	318,819	15,375,781
229,110	424,938	329,958	908,964	15,669,282
248,864	495,020	360,587	463,789	15,366,377
256,582	405,596	373,021	420,035	14,997,409
255,456	396,233	390,335	439,530	14,323,328
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)

	2002	2003	2004	2005
General Fund:				
Reserved	$ 1,679,356	$ 1,527,269	$ 1,331,345	$ 2,555,773
Designated	-	-	623,524	600,000
Undesignated	3,117,477	3,682,023	4,774,360	4,214,000
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$ 4,796,833	$ 5,209,292	$ 6,729,229	$ 7,369,773
Debt Service Fund:				
Reserved	$ 1,570,253	$ 2,947,361	$ 2,942,315	$ 3,129,006
Assigned	-	-	-	-
Total General Fund	$ 1,570,253	$ 2,947,361	$ 2,942,315	$ 3,129,006
Capital Projects Fund:				
Reserved	$ 851,116	$ 2,948,382	$ 2,789,385	$ 2,564,515
Designated	7,645,507	1,472,535	-	-
Assigned	-	-	-	-
Total Capital Projects Fund	$ 8,496,623	$ 4,420,917	$ 2,789,385	$ 2,564,515

Note: The City implemented GASB Statement 54 beginning with fiscal year 2011 - see Note 1 in the Notes to Basic Financial Statements section of the report.

Table 4

2006	2007	2008	2009	2010	2011
$ 2,529,976	$ 3,138,779	$ 3,437,540	$ 3,321,836	$ 2,694,439	$ -
712,273	950,000	963,786	1,097,048	1,250,000	-
4,560,584	4,166,530	3,805,255	3,691,280	3,602,251	-
-	-	-	-	-	139,340
-	-	-	-	-	455,135
-	-	-	-	-	1,856,398
-	-	-	-	-	1,265,848
-	-	-	-	-	4,089,728
$ 7,802,833	$ 8,255,309	$ 8,206,581	$ 8,110,164	$ 7,546,690	$ 7,806,449
$ 3,697,922	$ 3,958,312	$ 4,317,423	$ 3,964,342	$ 3,882,446	$ -
-	-	-	-	-	3,916,827
$ 3,697,922	$ 3,958,312	$ 4,317,423	$ 3,964,342	$ 3,882,446	$ 3,916,827
$ 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	-
-	-	-	-	-	7,379,562
$ 6,152,098	$ 4,303,501	$ 3,907,090	$ 3,848,566	$ 3,222,328	$ 7,379,562

TOWN OF VIENNA, VIRGINIA

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

	2002	2003	2004	2005
Revenues:				
General property taxes	$ 5,321,471	$ 5,913,739	$ 6,592,333	$ 6,757,957
Other local taxes	6,478,622	6,891,274	7,692,747	8,229,088
Permits, privilege fees and regulatory licenses	38,159	40,958	51,403	50,025
Fines and forfeitures	327,144	306,734	468,396	556,051
Revenue from use of money and property	610,412	459,526	405,663	683,617
Charges for services	349,748	433,727	525,693	571,997
Miscellaneous	229,531	510,085	276,978	304,443
Intergovernmental	1,809,696	3,547,064	1,911,522	2,099,244
Total revenues	$ 15,164,783	$ 18,103,107	$ 17,924,735	$ 19,252,422
Expenditures:				
Current:				
General government administration	$ 2,401,794	$ 2,662,877	$ 2,857,364	$ 3,250,998
Public safety	3,861,770	3,964,685	4,224,570	4,921,959
Public works	5,261,069	5,113,761	5,090,520	5,954,747
Health and welfare	109,774	133,572	158,447	186,891
Parks, recreation, and cultural	1,678,994	1,828,948	2,141,689	2,272,337
Community development	451,390	493,383	518,634	543,506
Capital projects	6,360,816	4,364,932	1,704,587	169,741
Debt service:				
Principal retirement	1,945,541	2,104,465	2,168,147	2,170,312
Interest	718,880	833,491	744,108	658,599
Total expenditures	$ 22,790,028	$ 21,500,114	$ 19,608,066	$ 20,129,090
Excess (deficiency) of revenues over expenditures	$ (7,625,245)	$ (3,397,007)	$ (1,683,331)	$ (876,668)
Other financing sources (uses):				
Capital lease proceeds	$ -	$ -	$ -	$ -
Long term debt issued	5,256,368	233,271	373,202	305,641
Premium on issuance of long-term debt	-	-	-	-
Transfers in	1,171,092	1,271,552	1,199,910	1,327,224
Transfers out	(594,728)	(393,955)	(6,422)	(153,832)
Total other financing sources (uses)	$ 5,832,732	$ 1,110,868	$ 1,566,690	$ 1,479,033
Net changes in fund balances	$ (1,792,513)	$ (2,286,139)	$ (116,641)	$ 602,365
Debt service as a percentage of noncapital expenditures	19.36%	20.69%	19.43%	16.51%

Table 5

2006	2007	2008	2009	2010	2011
$ 6,833,298	$ 7,086,277	$ 7,850,154	$ 8,473,707	$ 8,689,481	$ 8,633,014
8,633,079	8,575,007	8,761,959	8,071,034	6,894,432	7,673,569
78,320	90,652	106,291	88,388	101,143	117,484
249,646	257,589	227,215	277,174	298,921	414,608
855,953	1,076,910	845,947	411,190	265,712	219,127
668,563	790,061	800,382	738,987	713,568	734,344
206,174	304,100	368,838	432,804	274,906	262,553
1,847,612	2,269,957	2,080,654	2,450,707	4,363,577	3,937,987
$ 19,372,645	$ 20,450,553	$ 21,041,440	$ 20,943,991	$ 21,601,740	$ 21,992,686
$ 2,944,474	$ 3,073,899	$ 3,284,008	$ 3,317,553	$ 3,545,989	$ 3,569,339
4,791,532	5,248,899	5,714,956	5,968,972	5,850,604	5,725,283
6,111,875	6,136,304	6,388,010	6,847,062	6,617,842	6,914,263
230,802	305,332	294,054	291,386	290,027	284,147
2,431,783	2,676,393	2,863,952	2,651,234	2,729,770	2,803,448
581,899	676,402	729,537	742,287	728,309	722,868
1,593,117	2,429,327	799,922	305,176	1,294,779	1,499,027
1,999,097	2,275,881	2,307,428	2,336,039	2,152,250	2,043,511
570,965	684,805	623,551	547,157	458,754	436,827
$ 21,255,544	$ 23,507,242	$ 23,005,418	$ 23,006,866	$ 23,668,324	$ 23,998,713
$ (1,882,899)	$ (3,056,689)	$ (1,963,978)	$ (2,062,875)	$ (2,066,584)	$ (2,006,027)
$ -	$ -	$ -	$ -	$ -	$ 529,427
5,419,521	524,680	600,000	512,025	-	4,990,000
-	-	-	-	-	62,172
1,462,323	1,367,613	1,387,610	1,592,104	1,515,425	1,153,957
(409,386)	(129,938)	(109,660)	(549,276)	(720,449)	(278,155)
$ 6,472,458	$ 1,762,355	$ 1,877,950	$ 1,554,853	$ 794,976	$ 6,457,401
$ 4,589,559	$ (1,294,334)	$ (86,028)	$ (508,022)	$ (1,271,608)	$ 4,451,374
15.04%	16.34%	13.87%	13.60%	11.99%	11.32%

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
2011	$ 8,633,014	$ 1,336,821	$ 660,823	$ 1,964,360	$ 1,795,855
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

Table 6

Motor Vehicle License	Bank Franchise	Tobacco	Cable TV Fees	Franchise Taxes	Total
$ 347,963	$ 867,459	$ 350,098	$ -	$ 350,190	$ 16,306,583
-	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

Table 7

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Real Property (1) Assessed Value	Real Property (1) Estimated Actual Value	Direct Tax Rate	Utility Companies Real Property Assessed Value	Utility Companies Real Property Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio of Total Estimated Actual Value
2011	$ 3,467,055,990	$3,467,055,990	0.2448	$ 39,591,839	$ 39,591,839	$3,506,647,829	$3,506,647,829	100%
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%

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

Fiscal Year	Town of Vienna	County of Fairfax	Total Direct Tax Rate
2011	0.2448	1.09	1.3348
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

(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 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

		Fiscal Year 2011			Fiscal Year 2001		
Owner	**Notes**	**2010 Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	**2000 Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Navy Federal Credit Union		$ 130,950,690	1	3.78%	$ 128,717,240	1	7.30%
Transwestern Goldstar LLC	(1)	45,160,310	2	1.30%	20,759,050	2	1.18%
Maple Avenue Shopping	(2)	32,499,020	3	0.94%	20,070,225	3	1.14%
Vienna Park LLC		26,109,020	4	0.75%	13,870,785	4	0.79%
Maryland Gardens Ltd. Partnership		21,255,200	5	0.61%	12,145,405	7	0.69%
Vienna Shopping Center, LP		18,298,700	6	0.53%	12,160,275	6	0.69%
P. Daniel & Diana S. Orlich		14,924,100	7	0.43%	9,229,110	9	0.52%
Frank Zafren & Alec Jacobson, Tr.		13,979,740	8	0.40%	6,789,050	12	0.38%
RDT Electric Avenue LLC	(3)	13,090,580	9	0.38%	13,707,135	5	0.78%
Westwood Country Club		11,009,160	11	0.32%	8,731,800	10	0.50%
BFH Danor Plaza		9,173,280	12	0.26%	5,740,885	13	0.33%
GRI Cedar Park LLC	(4)	11,407,650	10	0.33%	7,026,615	11	0.40%
Walgreen Company		7,430,650	14	0.21%	-	N/A	N/A
Swart Vienna LLC		8,567,680	13	0.25%	5,176,520	14	0.29%
Storage Partners of Vienna		7,176,780	15	0.21%	-	N/A	N/A
Maple Professional Park		-	N/A	N/A	9,292,350	8	0.53%
Northern Virginia Motel Partnership		-	N/A	N/A	4,710,780	15	0.27%
Total		$ 371,032,560		10.70%	$ 278,127,225		15.79%

(1) Ownership change from 801 Follin Lane in 2005
(2) Name change from Maple Avenue Limited Partners in 2003
(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
2011	$ 8,487,353	$ 8,464,923	99.74%	$ -	$ 8,464,923	99.74%
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%

Notes: (1) Penalties and interest not included

Table 11

TOWN OF VIENNA, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities				
Fiscal Years	General Obligation Bonds	Capital Leases	Other/ Notes	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2011	$ 12,180,002	$ 951,842	$ 925,202	$ 116,027	$ 14,173,073	1.82%	903
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

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

Table 12

TOWN OF VIENNA, VIRGINIA

Computation of Direct and Overlapping Bonded Debt -
General Obligation Bonds
At June 30, 2011

	Net Bonded Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct Debt:			
Town of Vienna			
General Bonded Debt	$ 12,180,002	100.00%	$ 12,180,002
Overlapping Debt: *			
County of Fairfax			
General Bonded Debt	1,996,210,000	1.64%	32,737,844
Total direct and overlapping debt	$ 2,008,390,002		$ 44,917,846

* 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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Table 13

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/ Assigned for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2011	$ 12,180,002	$ -	$ 12,180,002	0.35%	$ 776.44
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

(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

	2002	2003	2004	2005
Debt limit	$ 176,350,883	$ 210,547,255	$ 235,035,177	$ 253,940,977
Total net debt applicable to limit	18,355,000	16,523,333	14,696,671	12,870,004
Legal debt margin	$ 157,995,883	$ 194,023,922	$ 220,338,506	$ 241,070,973
Total net debt applicable to the limit as a percentage of debt limit	10.41%	7.85%	6.25%	5.07%

Table 14

2006	2007	2008	2009	2010	2011
$ 309,315,848	$ 378,951,649	$ 390,338,664	$ 404,083,054	$ 379,979,764	$ 350,664,783
16,223,337	14,296,670	12,370,003	10,443,336	8,816,669	12,180,002
$ 293,092,511	$ 364,654,979	$ 377,968,661	$ 393,639,718	$ 371,163,095	$ 338,484,781
5.24%	3.77%	3.17%	2.58%	2.32%	3.47%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	$ 3,506,647,829
Add back: exempt real property	140,509,980
Total assessed value	$ 3,647,157,809
Debt limit (10% of total assessed value)	$ 364,715,781
Net debt applicable to limit	12,180,002
Legal debt margin	$ 352,535,779

Table 15

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
2011	$ 6,210,489	$ 5,293,086	$ 917,403	-	-	-	N/A
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

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	Unemploy-ment Rate (1)
2011	15,687	$ 777,196,728	$ 49,544	40.7	4.50%
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%

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

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Table 17

TOWN OF VIENNA, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

	Fiscal Year 2011		Fiscal Year 2002	
Employer	**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
Contemporary Electrical Services, Inc	100 to 249	3	100 to 249	3
Giant Foods	100 to 249	4	100 to 249	4
Town of Vienna	100 to 249	5	100 to 249	5
Westwood Country Club	100 to 249	6	100 to 249	6
Wheat's Lawn and Custom Land Inc	100 to 249	7	100 to 249	7
Whole Foods Market Group	100 to 249	8	100 to 249	8
The Hope Center for Advanced Veterinary Medicine	100 to 249	9	100 to 249	9
U.S. Postal Service	50 to 99	10	50 to 99	10

Source: Virginia Employment Commission

TOWN OF VIENNA, VIRGINIA

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

Function		2002	2003	2004	2005
Legislative					
	Town Council	0.500	0.500	0.500	0.500
	Town Clerk	2.500	2.500	2.500	2.000
	Town Attorney	0.500	0.500	0.500	0.500
Subtotal		**3.500**	**3.500**	**3.500**	**3.000**
Administration					
	Town manager	1.500	1.500	1.500	1.500
	Administrative Services	2.000	2.000	2.000	2.000
	Public Information	1.000	1.000	1.000	1.000
	Information Technology	1.000	1.000	1.000	2.000
Subtotal		**5.500**	**5.500**	**5.500**	**6.500**
Finance					
	Administration	2.375	2.000	2.000	2.000
	Disbursement Operations	2.000	2.000	2.000	1.625
	Purchasing	1.675	1.675	1.675	1.675
	Central Services	0.500	1.000	1.000	1.000
	Revenue Operations	3.000	3.375	3.375	3.500
Subtotal		**9.550**	**10.050**	**10.050**	**9.800**
Police					
	Administration	4.000	4.000	4.000	4.000
	Patrol	20.000	20.000	20.000	20.000
	Communications	8.000	8.000	8.000	8.000
	Community Services	2.000	2.000	2.000	2.000
	Traffic	8.000	8.000	8.000	8.000
	Personnel/Accreditation/ Animal Control	2.000	2.000	2.000	2.000
	Investigations	6.000	6.000	6.000	7.000
Subtotal		**50.000**	**50.000**	**50.000**	**51.000**
Public Works					
	Administration	5.000	5.500	5.500	6.000
	Street Maintenance	15.000	15.000	15.000	15.000
	Vehicle Maintenance	8.000	8.000	9.000	9.000
	General Maintenance	9.000	8.000	8.000	8.000
	Sanitation	14.000	14.000	14.000	14.000
	Traffic Engineering	1.000	2.000	2.000	2.000
Subtotal		**52.000**	**52.500**	**53.500**	**54.000**
Parks and Recreation					
	Administration	4.000	4.000	4.750	4.750
	Parks Maintenance	10.000	10.000	10.000	10.000
	Community Center Operations	3.750	3.750	4.000	4.000
	Teen Center	1.000	1.000	1.000	1.000
Subtotal		**18.750**	**18.750**	**19.750**	**19.750**
Planning and Zoning					
	Planning and Zoning	6.500	6.500	6.500	6.500
Subtotal		**6.500**	**6.500**	**6.500**	**6.500**
GENERAL FUND TOTAL		**145.800**	**146.800**	**148.800**	**150.550**
Water and Sewer					
	* Water Operations				
	* Sewer Operations				
	* Operations and Maintenance	14.500	14.500	14.500	14.500
	Meter Maintenance and Reading	4.000	4.000	4.000	4.000
	Billing/Customer Service	2.000	2.000	2.000	2.000
TOTAL WATER & SEWER FUND		**20.500**	**20.500**	**20.500**	**20.500**
GRAND TOTAL		**166.300**	**167.300**	**169.300**	**171.050**

Source: Town of Vienna Budget
* Water and Sewer Operations split out beginning in FY 2011

Table 18

2006	2007	2008	2009	2010	2011
0.500	0.500	0.500	0.500	0.500	0.500
2.000	2.000	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500
3.000	**3.000**	**3.000**	**3.000**	**3.000**	**3.000**
1.500	1.500	1.500	1.500	1.500	1.500
2.000	2.000	2.000	2.000	2.000	2.000
1.000	1.000	1.000	1.000	1.000	1.000
2.000	2.000	2.000	2.000	2.000	2.000
6.500	**6.500**	**6.500**	**6.500**	**6.500**	**6.500**
2.000	2.500	3.000	3.000	3.000	3.000
1.625	1.625	1.625	1.625	1.625	1.625
1.625	1.625	1.625	1.625	1.625	1.625
1.000	1.000	1.000	1.000	1.000	1.000
3.500	3.500	3.500	3.500	3.500	3.500
9.750	**10.250**	**10.750**	**10.750**	**10.750**	**10.750**
3.000	3.000	3.000	3.000	3.000	3.000
21.000	21.000	21.000	21.000	21.000	21.000
11.000	11.000	11.000	11.000	11.000	11.000
1.000	1.000	1.000	1.000	1.000	1.000
6.000	6.000	6.000	6.000	6.000	6.000
1.000	1.000	1.000	1.000	1.000	1.000
9.000	9.000	9.000	9.000	9.000	9.000
52.000	**52.000**	**52.000**	**52.000**	**52.000**	**52.000**
6.000	6.000	6.500	6.500	6.500	6.500
15.000	15.000	15.000	15.000	15.000	15.000
9.000	9.000	9.000	9.000	9.000	9.000
8.000	8.000	8.000	8.000	8.000	8.000
14.000	14.000	14.000	14.000	14.000	14.000
2.000	2.000	2.000	2.000	2.000	2.000
54.000	**54.000**	**54.500**	**54.500**	**54.500**	**54.500**
4.750	4.750	4.750	4.750	4.750	4.750
10.000	10.000	10.000	10.000	10.000	10.000
4.000	4.500	4.500	4.500	4.500	4.500
1.000	1.500	1.500	1.500	1.500	1.500
19.750	**20.750**	**20.750**	**20.750**	**20.750**	**20.750**
6.500	7.000	7.000	7.000	7.000	7.000
6.500	**7.000**	**7.000**	**7.000**	**7.000**	**7.000**
151.500	**153.500**	**154.500**	**154.500**	**154.500**	**154.500**
					8.500
					6.000
14.500	14.500	14.500	14.500	14.500	
4.000	4.000	4.000	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000
20.500	**20.500**	**20.500**	**20.500**	**20.500**	**20.500**
172.000	**174.000**	**175.000**	**175.000**	**175.000**	**175.000**

TOWN OF VIENNA, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

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

Sources: Town Budget unless noted
(a) Decal logs
Fee instituted in 2011; number of bills sent
(b) Check logs
(c) Fixed Asset Records

Notes:
(1) Data not available indicated by dash (-)
(2) Vehicle decals were discontinued in 2007

Table 19

2005	2006	2007	2008	2009	2010	2011
581	587	620	468	586	620	675
2,192	2,200	2,357	2,000	1,600	1,600	1,225
221	225	233	240	254	254	245
-	-	-	-	-	-	1,000
12,130	12,136	12,080	12,225	12,300	12,300	12,300
36,950	36,850	36,500	37,500	38,000	38,000	38,000
13,297	12,858	11,688	-	-	-	-
-	-	-	-	-	-	12,395
7,689	7,500	7,560	7,688	8,915	7,870	7,311
5,049	4,919	4,864	4,695	5,355	4,600	4,300
18	22	17	30	30	30	30
11,786	11,519	12,849	11,654	13,000	13,000	13,000
5,888	6,737	5,839	5,216	7,400	7,200	7,000
477	330	400	387	400	400	400
788	662	700	1,480	1,500	1,721	5,300
132	147	143	145	145	140	145
7,950	7,073	6,474	6,883	6,001	6,001	5,810
1,701	1,809	1,878	2,067	2,036	2,036	1,840
13,719	15,227	15,850	14,042	14,000	13,500	13,000
42	46	44	72	68	50	68
12	12	13	12	15	15	15
3,800	3,600	3,400	4,200	3,800	3,800	3,800
450	520	592	573	642	642	660
40	40	40	30	35	35	35
876	801	1,050	880	829	829	820
235	220	324	413	557	557	550

TOWN OF VIENNA, VIRGINIA

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005
General government				
Administration buildings	3	3	3	3
Vehicles	5	5	5	6
Public safety				
Patrol units	18	17	20	18
Motorcycles	5	5	6	5
Other vehicles	1	2	2	3
Public works				
Trucks/vehicles	74	73	75	75
Parks and recreation				
Community center	1	1	1	1
Vehicles	16	16	19	21
Number of parks	7	7	7	7
Park acres	74.32	74.32	74.32	74.32
Community development				
Planning vehicles	4	4	4	4

Source: Individual Town Departments

Table 20

2006	2007	2008	2009	2010	2011
3	3	4	4	4	5
6	6	6	6	6	6
20	20	18	19	18	18
5	5	5	6	4	4
3	3	3	3	3	3
85	83	84	88	85	89
1	1	1	1	1	1
24	22	25	20	20	21
7	10	10	10	10	10
74.32	93.47	93.47	93.47	93.47	93.47
4	4	4	3	4	4

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- Compliance Section -

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

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, 2011, which collectively comprise the Town of Vienna, Virginia's basic financial statements and have issued our report thereon dated December 1, 2011. 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 over financial reporting 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 and management and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 1, 2011