

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



TOWN OF VIENNA,
VIRGINIA

- Introductory Section -

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TOWN OF VIENNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY:

Department of Finance
Karen L. Spence, Director of Finance/Treasurer

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TOWN OF VIENNA, VIRGINIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

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TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Laurie A. DiRocco, Mayor

Edythe Frankel Kelleher, Vice Mayor

Emil Attanisi

Pasha M. Majdii

Linda J. Colbert

Carey J. Sienicki

Howard J. Springsteen

MANAGEMENT TEAM

Town Manager

Mercury T. Payton

Town Attorney

Steven D. Briglia

Town Clerk

Melanie J. Clark

Dennis Johnson, P.E.

Director of Public Works

Maggie Kain

Director of Human Resources

James Morris

Chief of Police

Patrick J. Mulhern, AICP

Director of Planning and Zoning

Antoine Mull

Director of Information Technology

Catherine Salgado

Director of Parks and Recreation

Karen L. Spence, CPA, CGMA

Director of Finance / Treasurer

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates

Certified Public Accountants

Fredericksburg, Virginia

Prepared by the Department of Finance, Town of Vienna, Virginia

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December 10, 2015

To the Citizens of the Town of Vienna:

The comprehensive annual financial report (CAFR) of the Town of Vienna for the fiscal year ended June 30, 2015, is hereby submitted. The Town Code of the Town of Vienna, Section 2.6 requires the Town Treasurer to arrange for an annual audit of the books by such persons as the Council may designate for this purpose. In addition, Section 15.2-2511 of the Code of Virginia requires that all counties, cities and towns with populations greater than 3,500 have their accounts and records audited annually as of June 30 by an independent certified public accountant in accordance with the specifications furnished by the Auditor of Public Accounts of the Commonwealth of Virginia. This report is formally submitted in fulfillment of those requirements.

The financial statements included in this report, which have earned an unmodified audit opinion, conform to the standards of financial reporting prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and the Auditor of Public Accounts.

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.

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 absolute 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's financial statements have been audited by Robinson, Farmer, Cox Associates, a certified public accounting firm. The goal of an independent audit was to provide reasonable assurance that the financial statements of the town for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by Town management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first part of the Financial Section of the CAFR.

FINANCIAL REPORTING ENTITY

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 and the Mayor serve two-year terms on a staggered election cycle with three members on one and four members on the other.

The Town provides a full range of municipal services contemplated by statute. These services include police protection, sanitation services, the construction and maintenance of streets, water and sewer lines and other infrastructure, recreation and cultural activities, zoning inspection services and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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. Existing property values have been increasing over the previous year for the fourth year in a row. There has been continued construction of upscale homes and residential renovations in many areas of the Town. The Town continues to attract new restaurants and commercial businesses in addition to new residential construction. The area's relatively low unemployment rate according to the Bureau of Labor Statistics as of June 30, 2015 was 4.0 percent, comparing favorably with the State's 4.9 percent rate and the national rate of 5.3 percent. This reflects a 0.4 percent decrease in the local rate, coupled with a 0.8 percent decrease in the national rate, creating a favorable outlook for the area. According to the U.S. Census Bureau for 2010 (the last year available) the area's median household income is \$103,000 with 52.6 percent of the households having incomes of at least \$100,000 and 31.2 percent having incomes of at least \$150,000.

Revenue trends were favorable for 2015. During the past year assessed property values increased 4.2 percent from tax year 2013 to 2014, the fourth consecutive year of an increase. While the tax rate was held constant in 2015, the increased assessments resulted in a 6.5 percent increase in property taxes. Additionally, permits and fees were up 13.6 percent over 2014, the third consecutive year of double-digit increases. Both these revenues reflect the pace of newly constructed and remodeled homes in the Town, around 80 in fiscal 2015. Other favorable trends in 2015 were bank franchise taxes which increased 65 percent, local sales taxes which increased 8.5 percent and meals and lodging taxes, which increased 3.4 percent over 2014. These increases indicate the positive economic condition in Vienna in 2015. These positive trends were partially offset by a 13 percent decrease in tobacco tax revenue and a 0.8 percent decrease in utility consumption taxes.

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. The nearby Tysons Corner area continues to expand after the opening of the mass transit link to the Dulles Airport opened in July, 2014, which is driving major commercial expansion directly adjacent to Vienna. It is estimated that 20,000 additional area jobs will be created as a result.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Long-Term Financial Planning and Outlook

The Town Council meets periodically with Town staff to discuss vision and long-term financial planning. With the expansion of the Washington area Metro subway system and commercial development increasing in the nearby edge city of Tysons, Virginia, Town staff is exploring ways to capitalize on that development while maintaining the small town feel that residents enjoy. A steering committee has been developed and a consultant engaged to create a vision for the Maple Avenue corridor, studying and evaluating existing land use and zoning to promote mixed use and increased density. Another project is underway to study the development of more walking and biking trails to decrease vehicle congestion in Town.

A Budget committee comprised of department heads from Finance, Human Resources, the Town Manager, Finance staff and two other rotating department heads was established in 2012. This committee performed an intensive review of the annual operating budget and presented Council with a conservative, achievable budget. In fiscal year 2014 the Town staff worked with Council to develop and refine long-term capital project planning. Projects were identified and prioritized for potential debt offerings for the next ten to fifteen years.

These processes and studies have been developed with the goal of the Town maintaining its AAA bond rating and continuing to be the location of choice for national and local businesses and homeowners.

Relevant Financial Policies

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 funds require Town Council approval.

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 conservative revenue estimates. These policies have helped Vienna continue its ability to provide quality services within the limits of sound fiscal management and have enabled the Town to retain its coveted AAA bond rating. In 2012, Council formally adopted a Fund Balance policy in accordance with GASB 54 specifying the Town have an unassigned General Fund Balance of at least 10 percent of the subsequent year's budget. For FYE 2015 the Town operations resulted in 21 percent of the FY 2015 budget in unassigned Fund Balance, well in excess of the adopted policy.

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, there were several underground water lines repaired and upgraded and a major project to refurbish and upgrade the Community Center ended the design phase in 2015 and will be moving into construction in early FY 2016.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

The Town continued to explore the look and feel of the main corridor through Town in the Maple Avenue Vision project. Standards for zoning in the main commercial area while still retaining Vienna's small-town feel were completed and adopted in early 2015 and several new projects were presented to Council under the new standards. These projects will continue to improve the Maple area commercial area, making it a destination of choice for the region.

A cross-department team developed a new performance evaluation system including a new methodology for pay increases which was implemented in 2015. Work began on implementing a new financial system. The general ledger, accounts payable, purchasing and budgeting modules went live at the end of 2015, and the payroll, work order and revenue modules are planned to go live in FY 2016 through early FY 2017. Work on the development of a geographic information system continued. Work also continued to refine a biennial strategic plan for the Town, highlighting areas and projects that staff will focus on to help the Town meet its goals.

Bond financing is planned for every other year with the next issuance planned for 2016. A capital lease to finance vehicle purchases for \$700,000 was completed during the year at an interest rate of 1.48 percent, confirming the Town's credit-worthiness.

OTHER INFORMATION

Independent Audit

The Town Charter requires an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates performed the audit for fiscal year ending June 30, 2015 as part of its five-year contract with the Town of Vienna, which was renewed in 2015. 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.

Awards and Designations

2015 Best Cities for Young Families

NerdWallet, a web application that provides comparative information about credit cards founded in 2009 name Vienna the 4th best city on their list of "Best Cities for Young Families in Virginia" in 2015. Also noted in the NerdWallet list was that Vienna earned a GreatSchools ranking of 8, based on how local schools do on standardized tests vs. the State as a whole. This is almost double the State-wide rating, further enhancing Vienna's appeal to young families.

2014 Best Places to Live CNN-Money Magazine

CNN's Money Magazine ranked the Town of Vienna as third in their 2014 list of "Best Places to Live." Vienna was recognized as a small and intimate town with easy access to the big city. CNN's Money Magazine also recognized Vienna as number 24 in their 2014 list of "Top-Earning Towns." Vienna continued to place on the top 50 list of Best Places to live in 2015.

OTHER INFORMATION (CONTINUED)

GFOA 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, 2014 for the 28th year in a row. 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.

GFOA Distinguished Budget Presentation Award

For the 21th year in a row the Town received the GFOA's Distinguished Budget Presentation award for the FY 2015. This award is presented to local governments who prepare a budget that satisfies a rigorous set of criteria defining the document as a policy document, an operations guide, a financial plan and a communications device. Localities that apply have their budget reviewed by the GFOA and selected outside reviewers with experience in public-sector budgeting. In July 2015 the Town submitted the FY 2015 budget documents for consideration for the award in the following year.

Tree City USA

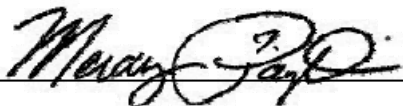
The Parks and Recreation Department received a Tree City USA award from the National Arbor Day Foundation. This is the 14th consecutive year that the Town has achieved this award, confirming the Town's commitment to its tree canopy and environmental stewardship.

Virginia Municipal League's Green Government Challenge Silver Award

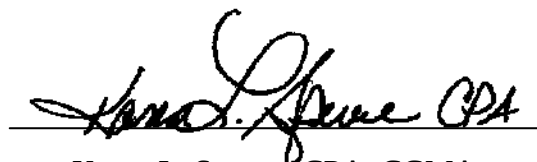
Recognizing the Town's commitment to environmentally friendly ways of doing business, the Town has received the Virginia Municipal League's Green Government Challenge Silver Award in 2015. The award was received in recognition of the Town's effort to reduce carbon emissions and the positive impact on the environment from the annual Green Expo and participation in a community garden at Vienna Elementary School.

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



Karen L. Spence, CPA, CGMA
Director of Finance/Treasurer

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Government Finance Officers Association

**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

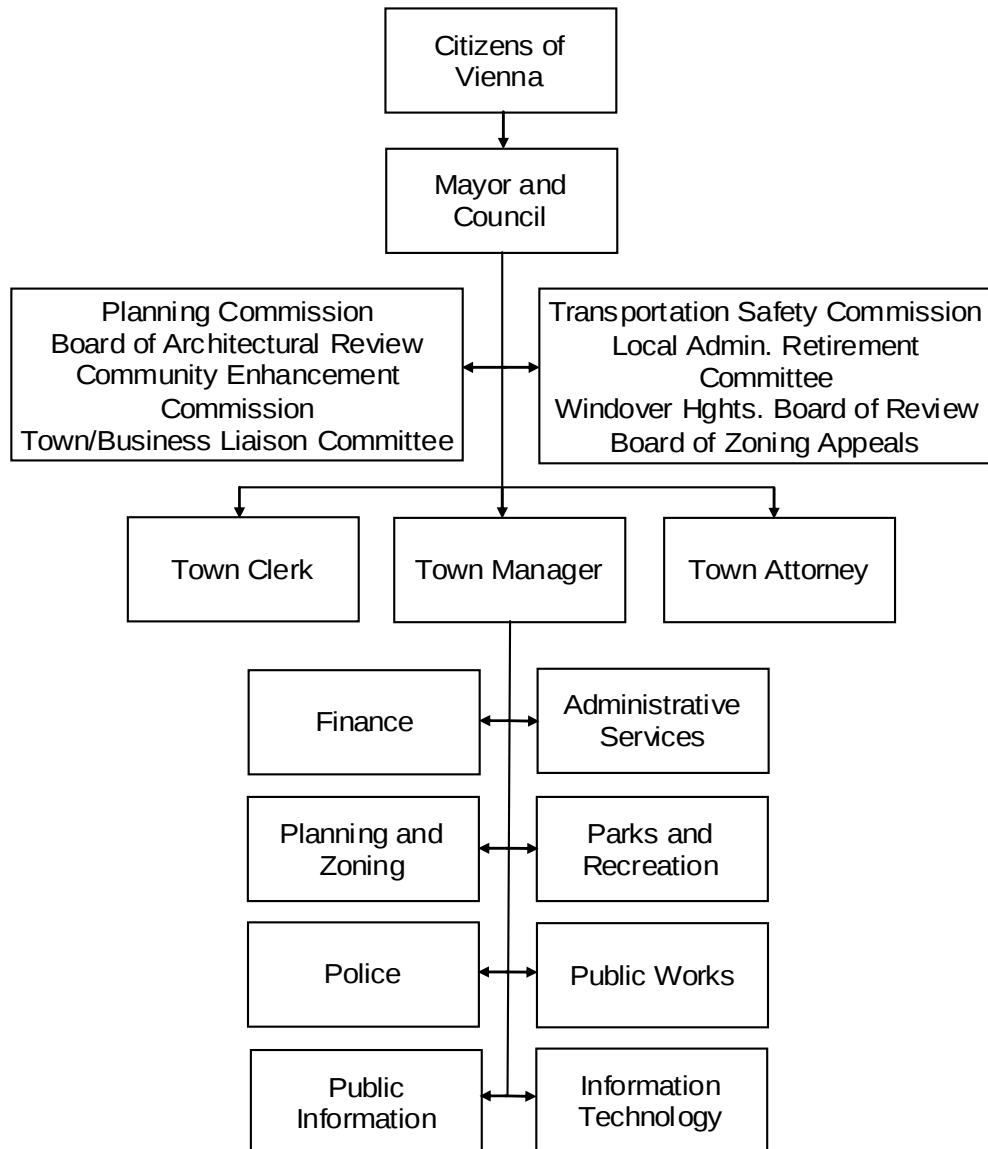
June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

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Town of Vienna, Virginia Organizational Chart



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- Financial Section -

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the Town adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-14, 85-86 and 87-93 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 required supplementary information 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 information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vienna, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vienna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 10, 2015

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

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

As management of the Town of Vienna we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. 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 position on June 30, 2015 was \$47,436,891, compared to \$44,332,863 in 2014 as restated. Total net position increased \$3,104,028 or 7.0%, mainly due to an increase in capital spending partially offset by decreases in cash and prepaid items. Unrestricted Net Position increased by \$153,866 or 0.4% percent over 2014 due to increases in inter-governmental receivables partially offset by a decreased cash balance. Unrestricted net position 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 \$23,985,683, a decrease of \$2,876,556 or 10.7 percent compared with the prior year. The decrease was primarily due to spending of 2014 bond proceeds partially offset by increased liabilities in the Governmental Funds and increased deferred revenues in the Special Transportation Fund. The Debt Service Fund's balance of \$4,922,622 is assigned for the retirement of current and future debt issues and the \$8,820,174 balance of the Capital Projects Fund is assigned for completion of capital projects. The \$1,056,442 fund balance in the Non-major Governmental Funds consists of \$329,995 reserved for Stormwater projects and \$726,447 reserved for projects sponsored by the Northern Virginia Regional Gang Task Force. The General Fund's balance includes \$4,768,169 as unassigned. This represents 21.1 percent of total General Fund FYE 2015 budgeted expenditures.
- The Town's long-term obligations due in more than one year increased by \$9,829,867 or 46.7 percent during last fiscal year. The increase resulted primarily from recording the cumulative pension liability from the implementation of GASB 68 in 2015, partially offset by bond payments. Long-term obligations totaled \$30,988,391 at year-end. Of this amount, outstanding bonds totaled \$17,552,751, capital leases totaled \$1,060,520 and post-employment benefits totaled \$12,239,826. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$4,156,093 and \$1,342,935 respectively, at year-end. Accounts payable and an estimated amount of \$1,208,641 worth of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$71,562 or 5.6 percent over the preceding year.
- Excluding Pension Trust Funds, total cash and cash equivalents decreased by \$687,288 when compared to the prior fiscal year. The decrease is mainly attributed to spending of the 2014 bond issue and a decrease in accounts payable in the Water and Sewer Fund. Water and Sewer Fund operating, non-operating revenues, capital contributions, and incoming transfers exceeded operating and non-operating expenses and outgoing transfers by \$2,064,279. Pension funds contributions and interest earnings exceeded benefits payments by \$64,425. The following table denotes cash increases and decreases by fund.

Fund	FY 15 Cash	FY 14 Cash	Increase (Decrease)
General	\$ 11,220,423	\$ 8,442,612	\$ 2,777,811
Debt Service	4,673,115	4,348,098	325,017
Capital Projects	8,883,576	12,831,156	(3,947,580)
Special Transportation	1,082,964	504,558	578,406
Nonmajor Governmental	1,100,803	1,135,469	(34,666)
Water & Sewer	1,670,949	2,057,225	(386,276)
Total Cash	<u>\$ 28,631,830</u>	<u>\$ 29,319,118</u>	<u>\$ (687,288)</u>
Pension Trust	<u>\$ 5,280,749</u>	<u>\$ 5,247,268</u>	<u>\$ 33,481</u>

Note: In the year of implementation of GASB 68, prior year comparative information was unavailable. Therefore, the information in the table has not been restated to reflect the requirements of GASB 68.

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 Position - Presents information on all Town assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 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 six individual governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund, the Gang Task Force Fund, the Stormwater Fund and the Special Transportation Special Revenue 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 the General, Debt Service, Capital Projects, and Stormwater 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 position may serve as a useful indicator of a government's financial position. The Town's total assets and deferred outflows exceeded total liabilities and deferred inflows of resources by \$47,436,891 at year-end, an increase of \$3,104,028 or 7.0 percent. Of the total net position, governmental activities totaled \$38,671,555 up \$1,039,749 or 2.8 percent while business-type activities totaled \$8,765,336, an increase of \$2,064,279 or 30.8 percent. The increase in net position of governmental activities was primarily due to investments in capital assets in 2015. The increase in net position of the business-type activities was primarily due to an excess of revenues over operating and non-operating expenses and investments in Water and Sewer infrastructure during the year.

The Town's investment in capital assets such as land, buildings and equipment net of depreciation totaled \$59,190,711 at June 30, 2015; of which, governmental activities totaled \$48,150,184, an increase of \$1,122,449 or 2.4 percent. The increase was due primarily to investments in infrastructure in 2015. 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 Position for the fiscal year.

Town of Vienna, Virginia						
Schedule of Assets, Liabilities, Deferred Inflows and Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<u>Assets:</u>						
Current and other assets	\$ 29,863,466	\$ 31,197,634	\$ 3,038,267	\$ 2,169,349	\$ 32,901,733	\$ 33,366,983
Capital assets	48,150,184	47,027,735	11,040,527	9,689,789	59,190,711	56,717,524
Total assets	\$ 78,013,650	\$ 78,225,369	\$ 14,078,794	\$ 11,859,138	\$ 92,092,444	\$ 90,084,507
Deferred Inflows of Resources	\$ 1,421,792	\$ -	\$ 149,152	\$ -	\$ 1,570,944	\$ -
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$ 31,964,577	\$ 23,435,407	\$ 2,928,114	\$ 1,857,971	\$ 34,892,691	\$ 25,293,378
Other liabilities	5,940,006	4,437,027	2,288,809	2,037,972	8,228,815	6,474,999
Total liabilities	\$ 37,904,583	\$ 27,872,434	\$ 5,216,923	\$ 3,895,943	\$ 43,121,506	\$ 31,768,377
Deferred Inflows of Resources	\$ 2,859,304	\$ 59,129	\$ 245,687	\$ -	\$ 3,104,991	\$ 59,129
<u>Net Position:</u>						
Net investment in capital assets	\$ 33,907,664	\$ 35,130,306	\$ 9,358,019	\$ 7,981,491	\$ 43,265,683	\$ 43,111,797
Unrestricted	4,763,891	15,163,500	(592,683)	(18,296)	4,171,208	15,145,204
Total net position	\$ 38,671,555	\$ 50,293,806	\$ 8,765,336	\$ 7,963,195	\$ 47,436,891	\$ 58,257,001

Note: In the year of implementation of GASB 68, prior year comparative information was unavailable. Therefore, the information in the table has not been restated to reflect the requirements of GASB 68.

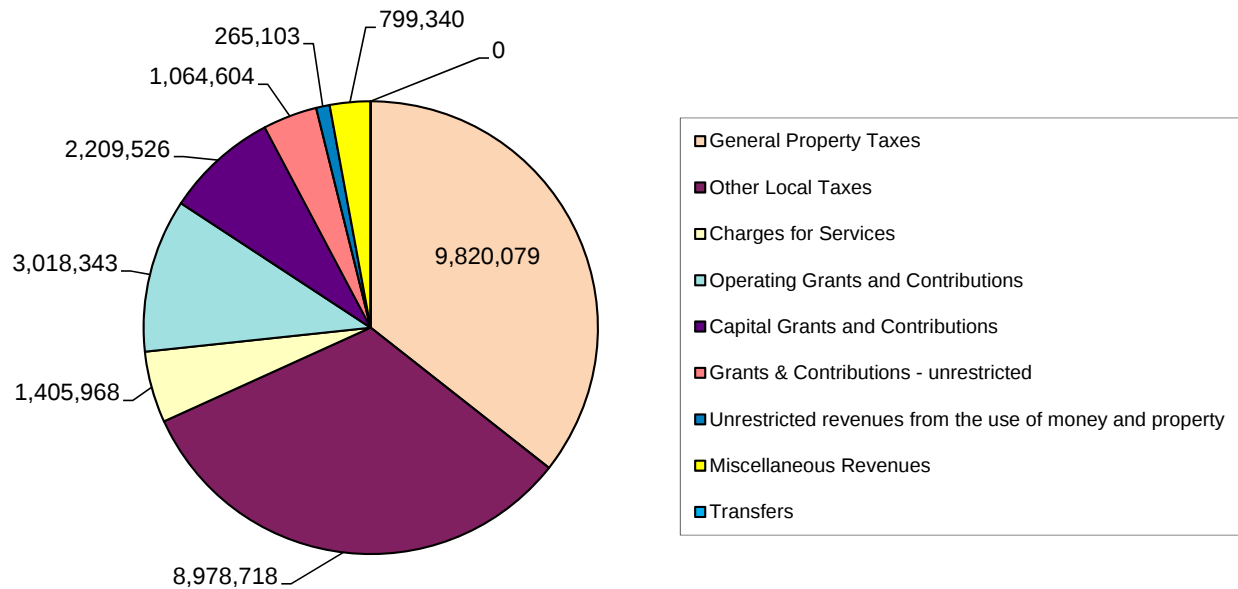
At the end of the current fiscal year, the Town of Vienna is able to report positive balances in both categories of net position for the Town as a whole.

Governmental Activities - Governmental and business-type activities reflect changes in net position after restatement of \$1,039,749 and \$2,064,279 respectively. The following table provides an overview of revenues, expenses and the changes in net position for the fiscal year.

Town of Vienna, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,405,968	\$ 1,420,071	\$ 7,018,076	\$ 6,985,412	\$ 8,424,044	\$ 8,405,483
Operating grants and contributions	3,018,343	3,157,284	-	-	3,018,343	3,157,284
Capital grants and contributions	2,209,526	866,348	264,630	-	2,474,156	866,348
General revenues:						
Property taxes	9,820,079	9,217,757	-	-	9,820,079	9,217,757
Other local taxes	8,978,718	8,335,911	-	-	8,978,718	8,335,911
Grants & contributions - unrestricted	1,064,604	1,074,053	-	-	1,064,604	1,074,053
Unrestricted revenues from the use of money and property	265,103	214,818	3,240	2,116	268,343	216,934
Miscellaneous	799,340	350,451	255,595	318,019	1,054,935	668,470
Total revenues	\$ 27,561,681	\$ 24,636,693	\$ 7,541,541	\$ 7,305,547	\$ 35,103,222	\$ 31,942,240
Expenses:						
General government administration	\$ 4,599,322	\$ 4,356,498	\$ -	\$ -	\$ 4,599,322	\$ 4,356,498
Public safety	6,815,222	7,415,110	-	-	6,815,222	7,415,110
Public works	10,217,103	10,311,313	-	-	10,217,103	10,311,313
Health and welfare	236,811	240,913	-	-	236,811	240,913
Parks, recreation and cultural	3,271,954	3,110,412	-	-	3,271,954	3,110,412
Community development	665,881	857,727	-	-	665,881	857,727
Interest on long-term debt	479,678	596,719	-	-	479,678	596,719
Water and sewer	-	-	5,713,223	5,907,863	5,713,223	5,907,863
Total Expenses	\$ 26,285,971	\$ 26,888,692	\$ 5,713,223	\$ 5,907,863	\$ 31,999,194	\$ 32,796,555
Net Position:						
Income before capital contributions and transfers	\$ 1,275,710	\$ (2,251,999)	\$ 1,828,318	\$ 1,397,684	\$ 3,104,028	\$ (854,315)
Transfers	(235,961)	904,819	235,961	(904,819)	-	-
Increase (Decrease) in net position	\$ 1,039,749	\$ (1,347,180)	\$ 2,064,279	\$ 492,865	\$ 3,104,028	\$ (854,315)
Net position, beginning of year, as restated	37,631,806	51,640,986	6,701,057	7,470,330	44,332,863	59,111,316
Net position, end of year	\$ 38,671,555	\$ 50,293,806	\$ 8,765,336	\$ 7,963,195	\$ 47,436,891	\$ 58,257,001

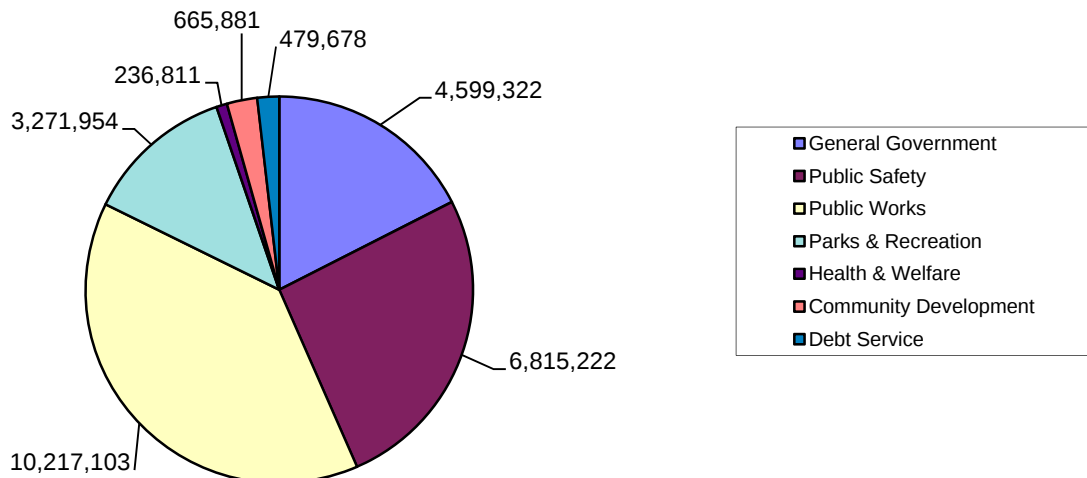
Program, general revenues, and transfers for governmental activities totaled \$27,325,720, an increase of \$1,784,208 or 7 percent over the previous fiscal year. Of the total amount, property tax revenue totaled \$9,820,079 and other local taxes totaled \$8,978,718. The 6.5 percent increase in property taxes was due to new residential and commercial construction plus a 4.2 percent increase in assessments. The 7.7 percent increase in other local taxes primarily reflected a 65.4 percent increase in bank franchise tax and an 8.5 percent increase in local sales tax. Capital grants and contributions totaled \$2,209,526, an increase of 155 percent from the previous year. The (\$235,961) worth of transfers between governmental activities and business-type activities was (\$1,140,780) or 128.0 percent less than that of the preceding year. The transfers consist of those from the Water and Sewer Fund and the Stormwater Fund to the Debt Service Fund for those funds' share of debt retirement and those from the Water and Sewer Fund to the General Fund to recover the General 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 decrease was due primarily to capital projects completed for the Water and Sewer Fund during the year. The chart below provides an overview of the FY 2014-2015 revenues by program source.

Governmental Activities Revenues By Source



The government-wide statement of activities (Exhibit 2) 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 \$26,285,971, a decrease of \$602,721 or 2.2 percent. Directly supporting these expenditures were charges for services generating \$1,405,968 plus operating grants and contributions totaling \$3,018,343 and capital grants and contributions of \$2,209,526 for total program revenues of \$6,633,837. This represents an increase of \$1,190,134 or 21.9 percent. The increase was mainly due to increases in the amounts received for capital grants and contributions. General revenue support of these activities increased by \$594,074 or 3 percent. The chart below provides a graphical comparison of expenditures by function (general government, public works, etc.).

Governmental Activities Expenses By Type



Business-type activities - The Water and Sewer Fund concluded the year with an increase in net position of \$2,064,279 to end the year with a net position balance of \$8,765,336. Before net transfers of \$235,961 to the General and Debt Service Funds, other grants and revenues from the use of money and property, Water and Sewer Fund operating income and capital transfers ended the year with a net gain of \$1,569,483. The key contributors to the increase in net position were decreased cost of purchasing water and funds received for new residential water mains due to residential renovations and constructions.

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 six funds: the General Fund, the Debt Service Fund, the Capital Projects Fund, the Gang Task Force Fund, Special Transportation Fund and the Stormwater 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, unassigned 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 six governmental funds reported combined ending fund balances of \$23,985,683, a decrease of \$2,876,556 or 10.7 percent from the prior year. The change was mainly the result of increased spending in the Capital Project Funds of \$3,858,680 due to the issuance of bonds in 2014. \$19,217,514 or 80.1 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 \$4,768,169 or 19.9 percent of the total available for spending by Council appropriation.

Debt Service Fund revenues were up by \$77,213 or 3.4 percent, primarily because of rising meals and lodging tax collections. Transfers from the Water and Sewer Fund decreased by \$68,301 or 17.6 percent, due to a small decrease in annual bond payments from the refunding of debt. Expenditures were down by 25.8 percent for the same reason. Capital Projects Fund year-end balance decreased by \$3,858,680 reflecting the spending of 2014 bond proceeds. 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, Capital Projects, and Special Revenue Funds	
Nonspendable:	
Inventory	\$ 120,676
Prepaid items	125,066
Total Nonspendable	<u>\$ 245,742</u>
Restricted:	
Unappropriated PEG Funds	\$ 621,991
Gang task force funds	726,447
Stormwater funds	329,995
Total Restricted	<u>\$ 1,678,433</u>
Committed:	
VRP reserves	\$ 700,000
Subsequent year budget support	550,000
Capital lease proceeds	102,019
New financial system	156,460
Total Committed	<u>\$ 1,508,479</u>
Assigned:	
Encumbrance reserves	\$ -
Carryforward	231,000
Wright Building	873,277
Federal AF Funds	388,906
State AF Funds	204,200
Other postemployment benefits	344,681
Debt service	4,922,622
Capital projects	8,820,174
Total Assigned	<u>\$ 15,784,860</u>
Unassigned:	
General fund	<u>\$ 4,768,169</u>
Total Fund Balance	<u><u>\$ 23,985,683</u></u>

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 \$9,186,445, which equates to 38.3 percent of the \$23,985,683 combined fund balance for the six 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 21.2 percent of total General Fund expenditures, while total fund balance represents 40.9 percent of that same amount.

The total fund balance for the General Fund increased \$803,764 from the previous fiscal year. The unassigned component of fund balance was \$4,768,169 at year-end, an increase over the prior fiscal year of \$525,032 or 12.4 percent. Both changes were the function of the following:

- Overall, General Fund revenues were up by \$1,162,175 or 5.6 percent, primarily as a result of increased bank franchise and local sales tax revenues partially offset by decreases in tobacco taxes and service charges.
- General Fund expenditures decreased by \$343,096 or 1.5 percent over the previous year. Open positions in the Department of Public Works, Planning and Zoning and Human Resources and lower fuel costs accounted for most of the decrease.

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, various budget amendments resulted in differences between the original and final FY 2015 budgets. These differences totaled \$44,255 for revenues and \$62,465 for expenditures. Donations to the Police and Parks and Recreation department projects comprise most of the miscellaneous revenue budget amendments. Federal and state law enforcement grants account for the amendments to Public Safety expenditure budgets. Details are summarized in the following table:

	<u>Amount Amended</u>
Revenues:	
Miscellaneous	\$ 39,755
Federal revenues	4,500
Total	<u>\$ 44,255</u>
Expenditures:	
Public safety	\$ 22,680
Public works	18,070
Parks, recreation and cultural	39,075
Community development	(17,360)
Total	<u>\$ 62,465</u>

General Fund Budgetary Variances

General Fund actual revenues were \$826,934 or 3.9 percent more than amended budgetary estimates. The difference was largely due to favorable bank franchise tax and local sales taxes. General Fund actual expenditures were \$147,812 or .7 percent less than amended budgets. The majority of the budgetary expenditure savings occurred in the categories of community development and public works and resulted from open positions and the lower cost of fuel during the year.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$48,150,184 (net of accumulated depreciation), an increase of \$1,122,449 or 2.4 percent. Capital assets for business-type activities increased by \$1,350,738 or 13.9 percent. The increases were due to spending increases from the 2014 bond proceeds. 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		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 3,032,919	\$ 3,032,919	\$ -	\$ -	\$ 3,032,919	\$ 3,032,919
Land improvements	2,418,246	2,036,397	-	-	2,418,246	2,036,397
Construction in progress	5,541,430	6,413,467	39,321	-	5,580,751	6,413,467
Buildings and improvements	9,050,731	6,792,836	-	-	9,050,731	6,792,836
Infrastructure	23,357,937	24,614,804	10,498,398	9,229,291	33,856,335	33,844,095
Office and other equipment	1,919,855	1,250,657	-	-	1,919,855	1,250,657
Automotive and other equipment	2,829,066	2,886,655	502,808	460,498	3,331,874	3,347,153
Total assets - net of depreciation	<u>\$ 48,150,184</u>	<u>\$ 47,027,735</u>	<u>\$ 11,040,527</u>	<u>\$ 9,689,789</u>	<u>\$ 59,190,711</u>	<u>\$ 56,717,524</u>

Long-term obligations - At the conclusion of the fiscal year, long-term obligations totaled \$19,627,422 for General Fund activities and \$1,682,508 for the Water and Sewer Fund. Of these amounts, outstanding bonds totaled \$19,549,027 and capital leases totaled \$1,760,903. The above amounts do not include the Town's obligations related to accounts payable, compensated absences, net pension liability, and other post-employment benefits which totaled \$4,156,093, \$1,342,935, \$11,780,251 and \$459,575 respectively, at year-end. Except for \$134,294 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 ten 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. Existing property values have been decreasing in an amount less than those in surrounding areas for the past several years and have increased in FY 2015 by 6.6 percent, mainly due to continued construction of upscale homes and residential renovations in many areas of Vienna. Overall property values increased by 6.6 percent during the past calendar year and are projected to increase moderately 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 according to the Bureau of Labor Statistics was 4.0 percent as compared to 4.9 percent and 5.3 percent for Virginia and the nation respectively. According to the U.S. Census Bureau for 2010 (the last year available) the area's median household income is \$103,000 with 52.6 percent of the households having incomes of at least \$100,000 and 31.2 percent having incomes of at least \$150,000.

The General Fund revenue budget for the fiscal year ending June 30, 2016 totals \$23,130,060 which equates to an increase of \$539,620 or 2.4 percent from the previous fiscal year. General property taxes are expected to increase \$265,070 or 2.7 percent. The tax rate for fiscal year 2016 is \$0.2250, a decrease of 1.7 percent from fiscal year 2014. The following table provides a comparison of the FYE 2015 actual revenue and the FYE 2016 adopted revenue budget for the Town of Vienna.

Revenue Source	FY 2016 Budget	FY 2015 Budget	Expected Increase (Decrease)
Property taxes	\$ 10,025,070	\$ 9,760,000	\$ 265,070
Other local taxes	6,521,990	6,205,100	316,890
Permits, fees & licenses	179,500	180,400	(900)
Fines and forfeitures	455,000	435,000	20,000
Use of money & property	125,000	170,000	(45,000)
Charges for services	820,000	808,200	11,800
State revenues	3,195,900	3,162,500	33,400
Federal revenues	113,500	94,000	19,500
Transfers-in	900,000	900,000	-
Other	144,100	121,300	22,800
Prior year reserves	550,000	753,940	(203,940)
Equip. Repl. Reserve/PEG	100,000	-	100,000
Total Revenue Budget	<u>\$ 23,130,060</u>	<u>\$ 22,590,440</u>	<u>\$ 539,620</u>

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2015. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 127 Center Street, South, Vienna, Virginia 22180. Information relative to Town government may also be obtained by visiting the Town of Vienna web site at www.viennava.gov.

Basic Financial Statements:

- Government-wide Financial Statements -

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TOWN OF VIENNA, VIRGINIA

Statement of Net Position
At June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 25,058,456	\$ 1,670,949	\$ 26,729,405
Receivables, (net of allowances for uncollectibles):	649,772	1,510,370	2,160,142
Prepaid items	125,066	-	125,066
Due from other governments	1,852,090	-	1,852,090
Internal balances	154,981	(154,981)	-
Inventory, at cost	120,676	11,929	132,605
Restricted:			
Cash and cash equivalents	1,902,425	-	1,902,425
Capital assets:			
Land	3,032,919	-	3,032,919
Construction in progress	5,541,430	39,321	5,580,751
Other capital assets, net of accumulated depreciation	39,575,835	11,001,206	50,577,041
Capital assets, net	\$ 48,150,184	\$ 11,040,527	\$ 59,190,711
Total assets	\$ 78,013,650	\$ 14,078,794	\$ 92,092,444
Deferred outflows of resources:			
Pension contributions subsequent to the measurement date	\$ 1,237,838	\$ 126,602	\$ 1,364,440
Items related to the measurement of the net pension liability	183,954	22,550	206,504
Total deferred outflows of resources	\$ 1,421,792	\$ 149,152	\$ 1,570,944
Liabilities:			
Accounts payable and accrued expenses	\$ 2,982,927	\$ 1,173,166	\$ 4,156,093
Unearned revenue	1,463,187	-	1,463,187
Escrow and other deposits	1,487,609	137,525	1,625,134
Due to other governments	6,283	978,118	984,401
Long-term liabilities:			
Due within one year:			
Bonds payable	1,886,276	110,000	1,996,276
Capital leases	635,860	63,523	699,383
Compensated absences	1,098,350	110,291	1,208,641
Due in more than one year:			
Bonds payable	16,194,751	1,358,000	17,552,751
Capital leases	910,535	150,985	1,061,520
Net OPEB obligation	418,642	40,933	459,575
Net pension liability	10,698,124	1,082,127	11,780,251
Compensated absences	122,039	12,255	134,294
Total liabilities	\$ 37,904,583	\$ 5,216,923	\$ 43,121,506
Deferred Inflows of Resources:			
Items related to the measurement of the net pension liability	\$ 2,776,299	\$ 245,687	\$ 3,021,986
Deferred revenue - property taxes	83,005	-	83,005
Total deferred inflows of resources	\$ 2,859,304	\$ 245,687	\$ 3,104,991
Net Position:			
Net investment in capital assets	\$ 33,907,664	\$ 9,358,019	\$ 43,265,683
Unrestricted	4,763,891	(592,683)	4,171,208
Total net position	\$ 38,671,555	\$ 8,765,336	\$ 47,436,891

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

TOWN OF VIENNA, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government administration	\$ 4,599,322	\$ 27,620	\$ -	\$ -	\$ (4,571,702)	\$ -	\$ (4,571,702)
Public safety	6,815,222	641,051	989,307	-	(5,184,864)	-	(5,184,864)
Public works	10,217,103	-	1,996,565	2,209,526	(6,011,012)	-	(6,011,012)
Health and welfare	236,811	-	-	-	(236,811)	-	(236,811)
Parks, recreation and cultural	3,271,954	737,297	-	-	(2,534,657)	-	(2,534,657)
Community development	665,881	-	-	-	(665,881)	-	(665,881)
Interest on long-term debt	479,678	-	32,471	-	(447,207)	-	(447,207)
Total governmental activities	\$ 26,285,971	\$ 1,405,968	\$ 3,018,343	\$ 2,209,526	\$ (19,652,134)	\$ -	\$ (19,652,134)
Business-type activities							
Water and sewer	5,713,223	7,018,076	-	264,630	-	1,569,483	1,569,483
Total Primary Government	\$ 31,999,194	\$ 8,424,044	\$ 3,018,343	\$ 2,474,156	\$ (19,652,134)	\$ 1,569,483	\$ (18,082,651)
General Revenues							
Taxes:							
General real property taxes					\$ 9,820,079	\$ -	\$ 9,820,079
Local sales and use taxes					1,465,129	-	1,465,129
Consumer utility taxes					668,218	-	668,218
Business license taxes					2,334,987	-	2,334,987
Meals and lodging taxes					2,339,686	-	2,339,686
Bank franchise taxes					1,153,976	-	1,153,976
Other					1,016,722	-	1,016,722
Grants and contributions not restricted to specific programs					1,064,604	-	1,064,604
Unrestricted revenues from the use of money and property					265,103	3,240	268,343
Miscellaneous					799,340	255,595	1,054,935
Transfers					(235,961)	235,961	-
Total general revenues and transfers					\$ 20,691,883	\$ 494,796	\$ 21,186,679
Change in net position					\$ 1,039,749	\$ 2,064,279	\$ 3,104,028
Net position, beginning of year, as restated					37,631,806	6,701,057	44,332,863
Net position, end of year					\$ 38,671,555	\$ 8,765,336	\$ 47,436,891

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

Basic Financial Statements:

- Fund Financial Statements -

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TOWN OF VIENNA, VIRGINIA

Balance Sheet
Governmental Funds
At June 30, 2015

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects	Special Transportation Fund	Nonmajor Funds	
Assets:						
Cash and cash equivalents	\$ 11,220,423	\$ 4,673,115	\$ 8,883,576	\$ -	\$ 281,342	\$ 25,058,456
Receivables (net of allowance for uncollectibles):						
Taxes including penalties	26,997	-	-	-	-	26,997
Accounts	206,068	249,297	167,410	-	-	622,775
Prepaid items	125,066	-	-	-	-	125,066
Due from other governments	514,265	-	1,337,825	-	-	1,852,090
Due from other funds	232,992	210	-	-	77,825	311,027
Inventory, at cost	120,676	-	-	-	-	120,676
Restricted:						
Cash and cash equivalents	-	-	-	1,082,964	819,461	1,902,425
Total assets	<u>\$ 12,446,487</u>	<u>\$ 4,922,622</u>	<u>\$ 10,388,811</u>	<u>\$ 1,082,964</u>	<u>\$ 1,178,628</u>	<u>\$ 30,019,512</u>
Liabilities:						
Accounts payable	\$ 878,417	\$ -	\$ 1,420,234	\$ -	\$ 33,843	\$ 2,332,494
Accrued liabilities	489,058	-	-	-	-	489,058
Escrow and other deposits	1,487,609	-	-	-	-	1,487,609
Due to other governments	-	-	6,283	-	-	6,283
Due to other funds	12,842	-	142,120	-	1,084	156,046
Unearned revenue	292,964	-	-	1,082,964	87,259	1,463,187
Total liabilities	<u>\$ 3,160,890</u>	<u>\$ -</u>	<u>\$ 1,568,637</u>	<u>\$ 1,082,964</u>	<u>\$ 122,186</u>	<u>\$ 5,934,677</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	\$ 99,152	\$ -	\$ -	\$ -	\$ -	\$ 99,152
Fund Balance:						
Nonspendable:						
Inventory	\$ 120,676	\$ -	\$ -	\$ -	\$ -	\$ 120,676
Prepaid items	125,066	-	-	-	-	125,066
Restricted:						
Unappropriated PEG Funds	621,991	-	-	-	-	621,991
Stormwater funds	-	-	-	-	329,995	329,995
Gang task force funds	-	-	-	-	726,447	726,447
Committed:						
VRP reserves	700,000	-	-	-	-	700,000
Subsequent year budget support	550,000	-	-	-	-	550,000
Capital lease proceeds	102,019	-	-	-	-	102,019
New financial system	156,460	-	-	-	-	156,460
Assigned:						
Carryforward	231,000	-	-	-	-	231,000
Wright Building	873,277	-	-	-	-	873,277
Federal AF funds	388,906	-	-	-	-	388,906
State AF funds	204,200	-	-	-	-	204,200
Other postemployment benefits	344,681	-	-	-	-	344,681
Debt service	-	4,922,622	-	-	-	4,922,622
Capital projects	-	-	8,820,174	-	-	8,820,174
Unassigned	4,768,169	-	-	-	-	4,768,169
Total fund balance	<u>\$ 9,186,445</u>	<u>\$ 4,922,622</u>	<u>\$ 8,820,174</u>	<u>\$ -</u>	<u>\$ 1,056,442</u>	<u>\$ 23,985,683</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 12,446,487</u>	<u>\$ 4,922,622</u>	<u>\$ 10,388,811</u>	<u>\$ 1,082,964</u>	<u>\$ 1,178,628</u>	<u>\$ 30,019,512</u>

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

TOWN OF VIENNA, VIRGINIA

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
At June 30, 2015

Total fund balances for governmental funds (Exhibit 3)	\$	23,985,683	
Total net position reported for governmental activities in the statement of net position 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	\$	3,032,919	
Construction in progress		5,541,430	
Depreciable capital assets, net of accumulated depreciation		<u>39,575,835</u>	
Total capital assets			48,150,184
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This item is comprised of items related to the measurement of the net pension liability.			
			(2,776,299)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.			
			1,237,838
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 unavailable revenue in the funds.			
			16,147
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 position are as follows:			
Accrued interest payable	\$	(161,375)	
Bonds and capital leases payable		(19,409,395)	
Unamortized bond premium		(218,027)	
Net OPEB obligation		(418,642)	
Net pension liability		(10,698,124)	
Items related to the measurement of net pension liability		183,954	
Compensated absences		<u>(1,220,389)</u>	
Total			<u>(31,941,998)</u>
Total net position of governmental activities (Exhibits 1 and 2)	\$		<u><u>38,671,555</u></u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Debt Service	Capital Project	Special Transportation Fund		
Revenues:						
General property taxes	\$ 9,824,996	\$ -	\$ -	\$ -	\$ -	\$ 9,824,996
Other local taxes	6,639,032	2,339,686	-	-	-	8,978,718
Permits, privilege fees and regulatory licenses	195,316	-	-	-	-	195,316
Fines and forfeitures	429,366	-	-	-	-	429,366
Revenue from use of money and property	244,998	4,913	14,295	-	897	265,103
Charges for services	781,286	-	-	-	-	781,286
Miscellaneous	319,595	60	479,685	-	-	799,340
Intergovernmental	3,373,100	32,471	2,209,526	11,699	665,677	6,292,473
Total revenues	<u>\$ 21,807,689</u>	<u>\$ 2,377,130</u>	<u>\$ 2,703,506</u>	<u>\$ 11,699</u>	<u>\$ 666,574</u>	<u>\$ 27,566,598</u>
Expenditures:						
Current:						
General government administration	\$ 4,505,608	\$ -	\$ -	\$ -	\$ -	\$ 4,505,608
Public safety	6,540,266	-	-	-	326,901	6,867,167
Public works	6,901,985	-	-	11,699	150,040	7,063,724
Health and welfare	236,416	-	-	-	-	236,416
Parks, recreation, and cultural	2,946,390	-	-	-	-	2,946,390
Community development	711,077	-	-	-	-	711,077
Capital projects	-	-	5,111,855	-	-	5,111,855
Debt service:						
Principal retirement	611,394	2,190,000	-	-	-	2,801,394
Interest and other fiscal charges	20,817	512,773	-	-	-	533,590
Total expenditures	<u>\$ 22,473,953</u>	<u>\$ 2,702,773</u>	<u>\$ 5,111,855</u>	<u>\$ 11,699</u>	<u>\$ 476,941</u>	<u>\$ 30,777,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (666,264)</u>	<u>\$ (325,643)</u>	<u>\$ (2,408,349)</u>	<u>\$ -</u>	<u>\$ 189,633</u>	<u>\$ (3,210,623)</u>
Other financing sources (uses):						
Issuance of capital lease	\$ 570,028	\$ -	\$ -	\$ -	\$ -	\$ 570,028
Transfers in	900,000	319,714	-	-	46,034	1,265,748
Transfers out	-	-	(1,450,331)	-	(51,378)	(1,501,709)
Total other financing sources (uses)	<u>\$ 1,470,028</u>	<u>\$ 319,714</u>	<u>\$ (1,450,331)</u>	<u>\$ -</u>	<u>\$ (5,344)</u>	<u>\$ 334,067</u>
Net changes in fund balances	\$ 803,764	\$ (5,929)	\$ (3,858,680)	\$ -	\$ 184,289	\$ (2,876,556)
Fund balances at beginning of year	8,382,681	4,928,551	12,678,854	-	872,153	26,862,239
Fund balances at end of year	<u>\$ 9,186,445</u>	<u>\$ 4,922,622</u>	<u>\$ 8,820,174</u>	<u>\$ -</u>	<u>\$ 1,056,442</u>	<u>\$ 23,985,683</u>

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

TOWN OF VIENNA, VIRGINIA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(2,876,556)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following details support this adjustment:

Capital outlay	\$ 5,518,472		
Depreciation expense	<u>(4,351,454)</u>		1,167,018

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(44,569)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ (4,917)		
Change in deferred inflows related to the measurement of the net pension liability	<u>(2,776,299)</u>		
Net adjustment			(2,781,216)

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 position, 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 position.

Debt issued:			
Capital leases	\$ (570,028)		
Repayments:			
General obligation bonds	2,190,000		
Capital leases	<u>611,394</u>		
Net adjustment			2,231,366

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	\$ (58,755)		
Net OPEB obligation	(37,119)		
Bond premium	33,462		
Net pension liability	3,218,640		
Deferred outflows related to pensions	167,028		
Accrued interest payable	<u>20,450</u>		
Net adjustment			<u>3,343,706</u>

Change in net position of governmental activities (Exhibit 2)	\$	<u>1,039,749</u>
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The accompanying notes to financial statements are an integral part of this statement.

TOWN OF VIENNA, VIRGINIA

Statement of Net Position
Proprietary Fund
At June 30, 2015

	Business-type Activities Enterprise Fund Water & Sewer Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,670,949
Receivables: (net of allowance for uncollectibles)	
Accounts	815,431
Unbilled service charges	694,939
Inventory, at cost	11,929
Total current assets	\$ 3,193,248
Other capital assets, net of accumulated depreciation	11,040,527
Total assets	\$ 14,233,775
Deferred outflows of resources:	
Pension contributions subsequent to the measurement date	\$ 126,602
Items related to the measurement of the net pension liability	22,550
Total deferred outflows of resources	\$ 149,152
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,051,878
Accrued liabilities	121,288
Escrow and other deposits	137,525
Due to other governments	978,118
Due to other funds	154,981
Compensated absences - current portion	110,291
Bonds payable - current portion	110,000
Capital leases - current portion	63,523
Total current liabilities	\$ 2,727,604
Noncurrent liabilities:	
Compensated absences - noncurrent portion	\$ 12,255
Net OPEB obligation	40,933
Net pension liability	1,082,127
Bonds payable - noncurrent portion	1,358,000
Capital leases - noncurrent portion	150,985
Total noncurrent liabilities	\$ 2,644,300
Total liabilities	\$ 5,371,904
Deferred Inflows of Resources:	
Items related to the measurement of the net pension liability	\$ 245,687
Net Position:	
Net investment in capital assets	\$ 9,358,019
Unrestricted	(592,683)
Total net position	\$ 8,765,336

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

TOWN OF VIENNA, VIRGINIA

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2015

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Operating revenues:	
Charges for services	\$ 7,018,076
Operating expenses:	
Personal services	\$ 1,225,284
Fringe benefits	346,196
Contractual services	3,428,606
Other charges	112,720
Materials and supplies	142,689
Depreciation	455,630
Total operating expenses	\$ 5,711,125
Operating income (loss)	\$ 1,306,951
Nonoperating revenues (expenses):	
Interest revenue	\$ 3,240
Miscellaneous income	255,595
Interest expense	(2,098)
Net nonoperating revenues (expenses)	\$ 256,737
Income (loss) before contributions and transfers	\$ 1,563,688
Capital contributions	\$ 264,630
Transfers:	
Transfers in	\$ 1,404,297
Transfers (out)	(1,168,336)
Net transfers	\$ 235,961
Change in net position	\$ 2,064,279
Net position, beginning of year, as restated	6,701,057
Net position, end of year	\$ 8,765,336

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, 2015**

	Business-type Activities Enterprise Fund <u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 7,772,757
Payments to and for employees	(1,526,487)
Payments to suppliers	(4,272,423)
Other receipts	<u>255,595</u>
Net cash provided by operating activities	\$ <u>2,229,442</u>
Cash flows from investing activities:	
Investment revenue	\$ <u>3,240</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (1,806,368)
Issuance of capital lease	129,972
Capital contributions	264,630
Principal payments on capital lease	(47,762)
Principal payments on note and bonds payable	(108,000)
Interest expense	<u>(2,098)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(1,569,626)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 119,004
Transfers (to) other funds	<u>(1,168,336)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(1,049,332)</u>
Net increase (decrease) in cash and cash equivalents	\$ (386,276)
Cash and cash equivalents at beginning of year	<u>2,057,225</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,670,949</u></u>

TOWN OF VIENNA, VIRGINIA

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2015 (continued)

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ 1,306,951
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	455,630
Miscellaneous income	255,595
Increase (decrease) in allowance for uncollectibles	
Changes in operating accounts:	
Accounts receivable	17,767
Unbilled service charges	9,221
Inventory	2,236
Prepaid items	875
Deferred outflows - pension contributions subsequent to the measurement date	(126,602)
Deferred outflows - items related to measurement of the net pension liability	88,490
Accounts payable	(591,519)
Accrued liabilities	114,663
Escrow and other deposits	2,482
Due to other governments	725,211
Net OPEB obligation	999
Net pension liability	(291,051)
Deferred inflows - items related to measurement of the net pension liability	245,687
Compensated absences	12,807
Net cash provided by (used for) operating activities	\$ <u>2,229,442</u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Fiduciary Net Position
Pension Trust Funds
At June 30, 2015

Assets:

Cash and cash equivalents	\$ 25,509
Investment in State Treasurer's Local Government	
Investment Pool	5,255,240
Accounts receivable	<u>31,944</u>
Total assets	<u>\$ 5,312,693</u>

Net Position:

Held in trust for pension benefits	<u>\$ 5,312,693</u>
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The accompanying notes to financial statements are an integral part of this statement.

TOWN OF VIENNA, VIRGINIA

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended June 30, 2015

Additions:

Contributions:

Employer	\$ 354,369
Plan members	<u>43,064</u>
Total contributions	\$ 397,433

Investment income:

Interest earned on investments	<u>5,707</u>
Total additions	\$ <u>403,140</u>

Deductions:

Pension benefit payments	\$ 334,615
Other charges	<u>3,100</u>
Total deductions	\$ <u>337,715</u>

Net increase in plan assets	\$ 65,425
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Net position held in trust for pension benefits:

Balance, beginning of year	<u>5,247,268</u>
Balance, end of year	\$ <u><u>5,312,693</u></u>

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

Management's Discussion and Analysis:

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

Government-wide Financial Statements:

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

A. Financial Reporting Entity (continued)

Statement of Net Position:

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

Statement of 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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

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 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 Position, 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 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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

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

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

The Town'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 2015.

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. The General Fund is considered a major fund for reporting purposes.

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. The Debt Service Fund is considered a major fund for reporting purposes.

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. The Capital Projects Fund is considered a major fund for reporting purposes.

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

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds consist of the Stormwater Fund, Special Transportation Fund and the Gang Task Force Fund. The Special Transportation Fund is considered a major fund for reporting purposes.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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, and the D.C. Water and Sewer Authority.

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 position.

The government reports unearned revenue on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned 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 unearned revenue is removed from the combined balance sheet and revenue is recognized.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

C. Basis of Accounting (continued)

1. *Governmental Funds* - Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as unavailable 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 and all other grant requirements have been satisfied. 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 Fund. 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.
3. Prior to June 30, the budget is legally enacted through passage of an appropriation ordinance. The Town Council may approve supplemental appropriations.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

D. Budgets and Budgetary Accounting (continued)

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, Stormwater 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, 2015.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2015.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit 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.

G. Investments

Investments are reported at fair value.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

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 in nonspendable fund balance 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 2015. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Land improvements	50 years
Buildings and 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item is comprised of certain items related to the measurement of the net pension asset or liability. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. Lastly the Town reports contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

K. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

L. 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.

M. 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 \$206,600 at June 30, 2015 and is comprised of the following:

General Fund:	
Property taxes receivable	\$ 2,000
Vehicle License Fee	61,600
Total general fund	<u>\$ 63,600</u>
Water and Sewer Fund:	
Accounts receivable	<u>143,000</u>
Grand total	<u>\$ 206,600</u>

N. Compensated Absences and Other Employee Benefit Amounts

Vested vacation pay, sick pay and other related employee benefit amounts are accrued when earned in all funds.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town Retirement Plan and the additions to/deductions from the Town Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. 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.

Q. 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.

R. 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 obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

S. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

T. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

U. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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).

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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

V. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*:

The Town implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	Business-Type Activities
Net Position as reported June 30, 2014	\$ 50,293,806	\$ 7,963,195
Implementation of GASB 68	(12,662,000)	(1,262,138)
Net Position as restated June 30, 2014	<u>\$ 37,631,806</u>	<u>\$ 6,701,057</u>

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).

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

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, 2015 consisted of investment in the Commonwealth of Virginia Local Government Investment Pool and investments in the State Non-Arbitrage Pool (SNAP).

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

The Town's rated debt instruments as of June 30, 2015 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Town's Rated Debt Investments	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool (LGIP) (1)	\$ 23,994,057
Virginia State Non-Arbitrage Program	7,019,455
	<u>\$ 31,013,512</u>

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

Reconciliation of Deposits and Investments

Cash and cash equivalents - Per Exhibit 1 (2)	\$ 28,631,830
Fiduciary funds	5,280,749
Total cash and investments	<u>\$ 33,912,579</u>
Cash:	
Deposits	\$ 2,898,321
Cash on hand and cash items	746
Total cash	<u>\$ 2,899,067</u>
Investments	<u>\$ 31,013,512</u>
Total cash and investments	<u>\$ 33,912,579</u>

(2) Includes temporarily restricted cash of \$1,902,425

External Investment Pool

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission.

The fair value of the positions in the external investment pool (State Non-Arbitrage Pool) are the same as the value of the pool shares.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 3 - PROPERTY TAXES:

Real property taxes are levied on July 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the State of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal year 2015 was \$.2288 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	\$ 28,997	\$ -	\$ -	\$ 28,997	\$ -
Consumer utility taxes	54,112	-	-	54,112	-
PEG funds	43,736	-	-	43,736	-
Business license fees	58,378	-	-	58,378	-
Meals taxes	-	249,297	-	249,297	-
Vehicle license fees	91,832	-	-	91,832	-
Water and sewer charges	-	-	-	-	958,431
Unbilled revenues	-	-	-	-	694,939
Other	19,610	-	167,410	187,020	-
Total	\$ 296,665	\$ 249,297	\$ 167,410	\$ 713,372	\$ 1,653,370
Less: Allowance for uncollectibles	(63,600)	-	-	(63,600)	(143,000)
Net receivables	<u>\$ 233,065</u>	<u>\$ 249,297</u>	<u>\$ 167,410</u>	<u>\$ 649,772</u>	<u>\$ 1,510,370</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 5 - DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments are detailed as follows:

	Governmental Activities		
	General Fund	Capital Projects Fund	Total
Commonwealth of Virginia:			
Virginia Department of Highways	\$ -	\$ 1,337,825	\$ 1,337,825
Other	3,084	-	3,084
Federal Government:			
Traffic enforcement	9,110	-	9,110
Gang grant	19,843	-	19,843
County of Fairfax, Virginia:			
Local sales tax	258,776	-	258,776
Communications tax	174,748	-	174,748
Court fines and forfeitures	34,972	-	34,972
Other	820	-	820
County of Arlington, Virginia:			
Drug Trafficking Grant	12,912	-	12,912
Total	<u>\$ 514,265</u>	<u>\$ 1,337,825</u>	<u>\$ 1,852,090</u>

NOTE 6 - INTERFUND BALANCES AND ACTIVITY:

Details of interfund receivables, payables and activity as of June 30, 2015 are as follows:

Interfund balances resulting from cash advances to the various funds:

Fund	Due From	Due To
General	\$ 232,992	\$ 12,842
Debt Service	210	-
Capital Projects	-	142,120
Stormwater	65,193	1,084
Gang Task Force	12,632	-
Water and Sewer	-	154,981
Total	<u>\$ 311,027</u>	<u>\$ 311,027</u>

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 900,000
Transfers to the Stormwater Fund from the Capital Projects Fund for Stormwater Projects	46,034
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	1,404,297
Transfers to the Debt Service Fund from the Stormwater Fund to supplement debt service funding for general long-term obligation debt	51,378
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	268,336
Total transfers	<u>\$ 2,670,045</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 3,032,919	\$ -	\$ -	\$ 3,032,919
Construction in progress - infrastructure	2,398,767	2,585,033	1,757,803	3,225,997
Construction in progress - other	4,014,700	1,679,618	3,378,885	2,315,433
Total capital assets not being depreciated	\$ 9,446,386	\$ 4,264,651	\$ 5,136,688	\$ 8,574,349
Other capital assets:				
Land improvements	\$ 2,322,382	\$ 431,896	\$ -	\$ 2,754,278
Buildings and improvements	13,611,066	2,729,957	-	16,341,023
Infrastructure	77,547,066	1,848,983	-	79,396,049
Office and other equipment	3,204,572	908,886	197,397	3,916,061
Automotive and other equipment	5,470,578	470,786	454,489	5,486,875
Total other capital assets	\$ 102,155,664	\$ 6,390,508	\$ 651,886	\$ 107,894,286
Accumulated depreciation:				
Land improvements	\$ 285,985	\$ 50,047	\$ -	\$ 336,032
Buildings and improvements	6,818,230	472,062	-	7,290,292
Infrastructure	52,932,262	3,105,850	-	56,038,112
Office and other equipment	1,915,445	278,158	197,397	1,996,206
Automotive and other equipment	2,622,393	445,337	409,921	2,657,809
Total accumulated depreciation	\$ 64,574,315	\$ 4,351,454	\$ 607,318	\$ 68,318,451
Net capital assets	\$ 47,027,735	\$ 6,303,705	\$ 5,181,256	\$ 48,150,184
Depreciation expense has been allocated as follows:				
General government administration		\$ 216,917		
Public safety		265,263		
Public works		3,663,093		
Parks and recreation		200,570		
Community development		5,611		
Total depreciation expense		\$ 4,351,454		

Business-type Activities:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Construction in progress	\$ 95,172	\$ -	\$ 55,851	\$ 39,321
Other capital assets:				
Automotive and other equipment	\$ 1,045,714	\$ 137,441	\$ 69,876	\$ 1,113,279
Improvements	19,904,336	1,724,778	-	21,629,114
Total capital assets	\$ 20,950,050	\$ 1,862,219	\$ 69,876	\$ 22,742,393
Accumulated depreciation:				
Automotive and other equipment	\$ 585,216	\$ 95,131	\$ 69,876	\$ 610,471
Improvements	10,770,217	360,499	-	11,130,716
Total accumulated depreciation	\$ 11,355,433	\$ 455,630	\$ 69,876	\$ 11,741,187
Net capital assets	\$ 9,689,789	\$ 1,406,589	\$ 55,851	\$ 11,040,527

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 2,211,570	\$ 223,043	\$ 508,136
Business activities	243,016	28,242	45,117
Total	\$ 2,454,586	\$ 251,285	\$ 553,253

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 8 - DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE:

	Government-wide Statements	
	Governmental Activities	Governmental Funds
A. <i>Deferred Property Tax Revenue</i> - deferred inflow of resources representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 16,147
B. <i>Prepaid property tax revenue</i> - deferred inflow of resources representing collections received for property taxes that are applicable to the subsequent budget year.	83,005	83,005
C. <i>Non-refundable deposits held for various sidewalk and street improvements</i> - Revenues related to such deposits are not recognized until the related street improvement expenditures have been incurred	266,614	266,614
D. <i>Unearned revenues</i> - Special Transportation Fund	1,082,964	1,082,964
E. <i>Unearned revenues</i> - asset forfeiture funds	87,259	87,259
F. <i>Other</i> - unearned vehicle license fee revenue	26,350	26,350
Total	<u>\$ 1,546,192</u>	<u>\$ 1,562,339</u>

NOTE 9 - LONG-TERM OBLIGATIONS:

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

Governmental Activities:

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 1,855,000	\$ 429,108	\$ 635,860	\$ 20,735
2017	1,844,000	387,195	463,249	12,444
2018	1,522,000	344,962	301,623	6,478
2019	1,522,000	305,594	145,663	2,156
2020	1,522,000	266,059	-	-
2021	1,522,000	226,356	-	-
2022	1,192,000	186,435	-	-
2023	1,192,000	158,938	-	-
2024	1,192,000	130,064	-	-
2025	1,192,000	99,867	-	-
2026	1,157,000	69,988	-	-
2027	857,000	45,116	-	-
2028	857,000	24,828	-	-
2029	437,000	9,789	-	-
Total	<u>\$ 17,863,000</u>	<u>\$ 2,684,299</u>	<u>\$ 1,546,395</u>	<u>\$ 41,813</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Business-type Activities:

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 110,000	\$ 38,004	\$ 63,523	\$ 3,210
2017	113,000	35,317	64,489	2,243
2018	115,000	32,557	53,283	1,262
2019	118,000	29,745	33,213	492
2020	121,000	26,860	-	-
2021	124,000	23,902	-	-
2022	127,000	20,870	-	-
2023	130,000	17,765	-	-
2024	45,000	14,586	-	-
2025	46,000	13,299	-	-
2026	47,000	11,983	-	-
2027	49,000	10,639	-	-
2028	50,000	9,238	-	-
2029	52,000	7,808	-	-
2030	53,000	6,321	-	-
2031	54,000	4,805	-	-
2032	56,000	3,260	-	-
2033	58,000	1,659	-	-
Total	<u>\$ 1,468,000</u>	<u>\$ 308,618</u>	<u>\$ 214,508</u>	<u>\$ 7,207</u>

Changes in Long-term Obligations:

The following is a summary of the governmental activities long-term obligations of the Town for the year ended June 30, 2015.

	Bonds	Capital Leases	Total
Balance, July 1, 2014	<u>\$ 20,304,489</u>	<u>\$ 1,587,761</u>	<u>\$ 21,892,250</u>
Issuances/Increases:			
Capital leases	<u>\$ -</u>	<u>\$ 570,028</u>	<u>\$ 570,028</u>
Retirements/decreases:			
Public improvement bonds	\$ 2,190,000	\$ -	\$ 2,190,000
Bond premium	33,462	-	33,462
Capital leases	-	611,394	611,394
Total retirements/decreases	<u>\$ 2,223,462</u>	<u>\$ 611,394</u>	<u>\$ 2,834,856</u>
Balance, June 30, 2015	<u>\$ 18,081,027</u>	<u>\$ 1,546,395</u>	<u>\$ 19,627,422</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Changes in Long-term Obligations: (continued)

The following is a summary of business-type activities long-term obligations of the Town for the year ended June 30, 2015.

	Bonds	Capital Leases	Total
Balance, July 1, 2014	\$ 1,576,000	\$ 132,298	\$ 1,708,298
Issuances/Increases:			
Capital leases	\$ -	\$ 129,972	\$ 129,972
Retirements/decreases:			
Bonds payable	\$ 108,000	\$ -	\$ 108,000
Capital leases	-	47,762	47,762
Total retirements/decreases	\$ 108,000	\$ 47,762	\$ 155,762
Balance, June 30, 2015	\$ 1,468,000	\$ 214,508	\$ 1,682,508

Note: Capital lease proceeds are receipted by the Town and purchases from such funds are made from Town funds rather than by the financing entity. There were no non-cash transactions resulting from capital leases.

Details of Long-Term Obligations

	Amount Outstanding	Amount Due In One Year
<u>Governmental activities:</u>		
<u>Public Improvement Bonds:</u>		
\$4,950,000 issued June 20, 2006, maturing in annual installments of \$330,000 through June 1, 2021 with interest payable semiannually at 3.88%	\$ 1,980,000	\$ 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%	1,340,000	335,000
\$2,310,000 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	-
\$6,310,000 issued July 18, 2012, maturing in annual installments of \$425,000 through July 15, 2014, and \$420,000 from July 15, 2015 through July 15, 2027, interest payable semiannually at rates from 2.0% to 2.50%	5,460,000	420,000
\$6,555,000 issued November 14, 2013, maturing in annual installments of \$437,000 through June 1, 2029, interest payable semiannually at 2.24%	6,118,000	437,000
\$1,334,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$322,000 to \$343,000 through February 1, 2017, interest payable semiannually at .89%	655,000	333,000
Total public improvement bonds	\$ 17,863,000	\$ 1,855,000

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Details of Long-Term Obligations (continued)

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities: (continued)</u>		
<u>Capital Leases:</u>		
\$653,434 capital lease obligations due in annual installments of \$167,592 through October 1, 2016, interest payable at 1.087%	\$ 330,074	\$ 164,188
\$700,000 capital lease obligations due in annual installments of \$181,035 through October 31, 2015, interest payable at 1.37%	178,509	178,509
\$619,455 capital lease obligations due in annual installments of \$160,282 through October 31, 2017, interest payable at 1.390%	467,783	153,780
\$570,028 capital lease obligations due in annual installments of \$147,818 through October 3, 2018, interest payable at 1.48%	<u>570,029</u>	<u>139,383</u>
Total capital leases	\$ <u>1,546,395</u>	\$ <u>635,860</u>
Unamortized bond premiums	\$ <u>218,027</u>	\$ <u>31,276</u>
Total general long-term obligations from governmental activities	\$ <u>19,627,422</u>	\$ <u>2,522,136</u>

Business-type activities:

Public Improvement Bonds:

\$794,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$73,000 to \$87,000 through June 1, 2023, interest payable semiannually at 2.24%	\$ 642,000	\$ 74,000
\$878,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$17,000 to \$58,000 through April 1, 2033, interest payable semiannually at 2.86%	<u>826,000</u>	<u>36,000</u>
Total public improvement bonds	\$ <u>1,468,000</u>	\$ <u>110,000</u>

Capital Leases:

\$80,545 capital lease obligations due in annual installments of \$20,841 through June 1, 2015, interest payable at 1.94%	\$ 60,824	\$ 19,996
\$46,566 capital lease obligations due in annual installments of \$12,188 through October 1, 2016, interest payable at 1.087%	23,712	11,747
\$70,573 capital lease obligations due in annual installments of \$16,831 through June 1, 2015, interest payable at 1.94%	<u>129,972</u>	<u>31,780</u>
Total capital leases	\$ <u>214,508</u>	\$ <u>63,523</u>
Total general long-term obligations from business-type activities	\$ <u>1,682,508</u>	\$ <u>173,523</u>

Federal Arbitrage Regulations:

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 10 - COMPENSATED ABSENCES:

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

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

	Governmental Activities	Business-type Activities	Total
Balance, July 1, 2014	\$ 1,161,634	\$ 109,739	\$ 1,271,373
Increases	1,220,389	122,546	1,342,935
Decreases	(1,161,634)	(109,739)	(1,271,373)
Balance, June 30, 2015	<u>\$ 1,220,389</u>	<u>\$ 122,546</u>	<u>\$ 1,342,935</u>
Amounts due within one year	\$ 1,098,350	\$ 110,291	\$ 1,208,641
Amounts due after one year	122,039	12,255	134,294
Total	<u>\$ 1,220,389</u>	<u>\$ 122,546</u>	<u>\$ 1,342,935</u>

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

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TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2015 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2015 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit (Cont.)	Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2015 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2015 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2015 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	105
Inactive members:	
Vested inactive members	22
Non-vested inactive members	36
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	75
Active members	<u>160</u>
Total covered employees	<u><u>340</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 12.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$1,364,440 and \$1,365,804 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The Town's net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
 - Decrease in rates of disability retirement
 - Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 55,728,691	\$ 43,219,503	\$ 12,509,188
Changes for the year:			
Service cost	\$ 1,111,037	\$ -	\$ 1,111,037
Interest	3,809,732	-	3,809,732
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,365,804	(1,365,804)
Contributions - employee	-	546,977	(546,977)
Net investment income	-	6,777,243	(6,777,243)
Benefit payments, including refunds of employee contributions	(2,607,904)	(2,607,904)	-
Administrative expenses	-	(36,819)	36,819
Other changes	-	357	(357)
Net changes	\$ 2,312,865	\$ 6,045,658	\$ (3,732,793)
Balances at June 30, 2014	\$ 58,041,556	\$ 49,265,161	\$ 8,776,395

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Town Net Pension Liability	\$ 16,329,752	\$ 8,776,395	\$ 2,486,299

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$654,997. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,021,986
Employer contributions subsequent to the measurement date	<u>1,364,440</u>	<u>-</u>
Total	<u>\$ 1,364,440</u>	<u>\$ 3,021,986</u>

\$1,364,440 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ 755,497
2017	755,497
2018	755,497
2019	755,497

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans

A. Plan Description

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. The Local Retirement Plan closed to new entrants in FY 2006 when the 401A plan was established. 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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

A. Plan Description (continued)

Police Retirement Plan

Any full-time, salaried sworn officers must 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.

B. Other Information

The Town's membership in the Local and Police Plans at July 1, 2013 is as follows:

	Local Retirement Plan	Police Retirement Plan
Terminated vested members	71	-
Retired/disabled	41	24
Active members	24	39
Total	136	63

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

B. Other Information (continued)

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:			
Cash and cash equivalents	\$ 12,813	\$ 12,696	\$ 25,509
Investments - LGIP	2,327,768	2,927,472	5,255,240
Accounts receivable	12,136	19,808	31,944
Total assets	<u>\$ 2,352,717</u>	<u>\$ 2,959,976</u>	<u>\$ 5,312,693</u>
Net Position:			
Net position held in trust for pension benefits	<u>\$ 2,352,717</u>	<u>\$ 2,959,976</u>	<u>\$ 5,312,693</u>
Additions:			
Contributions:			
Employer	\$ 163,000	\$ 191,369	\$ 354,369
Plan members	-	43,064	43,064
Total contributions	<u>\$ 163,000</u>	<u>\$ 234,433</u>	<u>\$ 397,433</u>
Investment income:			
Interest earned on investments	2,544	3,163	5,707
Total additions	<u>\$ 165,544</u>	<u>\$ 237,596</u>	<u>\$ 403,140</u>
Deductions:			
Pension benefit payments	\$ 156,534	\$ 178,081	\$ 334,615
Other charges	980	2,120	3,100
Total deductions	<u>\$ 157,514</u>	<u>\$ 180,201</u>	<u>\$ 337,715</u>
Net increase (decrease) in plan assets	<u>\$ 8,030</u>	<u>\$ 57,395</u>	<u>\$ 65,425</u>
Net position held in trust for pension benefits:			
Balance, beginning of year	2,344,687	2,902,581	5,247,268
Balance, end of year	<u>\$ 2,352,717</u>	<u>\$ 2,959,976</u>	<u>\$ 5,312,693</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

C. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan Board by a majority vote of its members. It is the policy of the Plan Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. As of June 30, 2015, the asset allocation policy is to trust solely in the Local Government Investment Pool (fixed income).

Rate of return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2015, were as follows:

	<u>Civilian</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 3,854,268	\$ 4,462,281	\$ 8,316,549
Plan fiduciary net position	<u>(2,352,717)</u>	<u>(2,959,976)</u>	<u>(5,312,693)</u>
Authority's net pension liability	<u>\$ 1,501,551</u>	<u>\$ 1,502,305</u>	<u>\$ 3,003,856</u>
Plan fiduciary net position as a percentage of the total pension liability	61.04%	66.33%	63.88%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	in addition to inflation, 4.00% for Police Officers with less than 20 years of service; 5.00% for Civilian members with less than 10 years of service, and 1.00% thereafter.
Investment rate of return	5.00%, compounded annually, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Non-disabled Males or Females, as appropriate. RP-2000 Disabled tables are used for disability retirements.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income (LGIP)	5.00%

Discount rate. The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates at lesser equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Town, calculated using the discount rate of 5.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.00%) or 1 percentage-point higher (6.00%) than the current rate:

		<u>Civilian Plan</u>		
		<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net pension liability	\$	1,970,691	\$ 1,501,551	\$ 1,072,895
		<u>Sworn Officer's Plan</u>		
		<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net pension liability	\$	2,016,601	\$ 1,502,305	\$ 1,074,523

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$121,764 and \$249,203 for the Civilian and Police Plans, respectively. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Civilian		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 114,646	\$ -	\$ 91,858	\$ -
Total	\$ 114,646	\$ -	\$ 91,858	\$ -

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Civilian	Police
2016	\$ 22,964	\$ 28,661
2017	22,964	28,661
2018	22,964	28,661
2019	22,966	28,663

Combined Town Pension Items

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Virginia Retirement System	\$ 8,776,395	\$ 1,364,440	\$ 3,021,986
Civilian Plan	1,501,551	114,646	-
Sworn Officer's Plan	1,502,305	91,858	-
Total	\$ 11,780,251	\$ 1,570,944	\$ 3,021,986

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 \$252,414, and employee contributions were \$123,392 for fiscal year 2015.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

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 \$18,000 in 2015. Employees who are age 50 or older may defer up to \$24,000 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:

At June 30, 2015, there were no matters of litigation involving the Town for which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

NOTE 15 - COMMITMENTS:

Operating 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 \$2,133 per month during the year ended June 30, 2015 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2015 approximated \$25,594.

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.

State and Federal Programs

Federal programs in which the Town and all discretely presented component units participate are audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs are tested for compliance with applicable grant requirements.

The Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 17 - RISK MANAGEMENT:

The Town contracts with private insurance carriers for health insurance coverages. The Town also contracts with the Virginia Municipal League Insurance Program Pool for workers compensation, property damage, surety bonds, automobile, professional liability, law enforcement, employee dishonesty, and general liability coverages. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums for all members in the year in which the deficit occurs.

Property coverages are for replacement costs and general liability coverages range up to \$4,000,000.

The Town has had no reductions in insurance coverages or settlements of claims in excess of insurance coverages in the past three years.

The Town maintains surety bonds with the Virginia Municipal Liability Pool on the following employees as required by Town Code:

<u>Employee</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Karen Spence	Director of Finance - Town Treasurer	\$ 50,000
James Morris	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 POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (continued)

Town (continued)

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 postemployment 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	\$ 93,582
Interest on net OPEB obligation	14,751
Adjustment to annual required contribution	<u>(16,115)</u>
Annual OPEB cost (expense)	\$ 92,218
Contributions made	<u>(54,100)</u>
Increase in net OPEB obligation	\$ 38,118
Net OPEB obligation - beginning of year	<u>421,457</u>
Net OPEB obligation - end of year	<u><u>\$ 459,575</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 105,404	52%	\$ 373,406
June 30, 2014	107,420	55%	421,457
June 30, 2015	92,218	59%	459,575

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (continued)

Town (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 1,400,061
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,400,061
Funded ratio (actuarial value of plan assets / AAL)	-
Covered payroll (active plan members)	12,589,810
UAAL as a percentage of covered payroll	11.12%

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.

E. 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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (continued)

Town (continued)

E. Actuarial Methods and Assumptions (continued)

Cost Method (continued)

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, 2015, most recent, actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.75 percent initially, reduced by decrements to an ultimate rate of 4.25 percent after six 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, 2015 was thirty years.

	<u>Unfunded</u>
Discount rate	3.50%
Payroll growth	2.50%

Net OPEB Obligation

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Balance, July 1, 2014	\$ 381,523	\$ 39,934	\$ 421,457
Increases	86,400	5,818	92,218
Decreases	(49,281)	(4,819)	(54,100)
Balance, June 30, 2015	<u>\$ 418,642</u>	<u>\$ 40,933</u>	<u>\$ 459,575</u>
Total	<u>\$ 418,642</u>	<u>\$ 40,933</u>	<u>\$ 459,575</u>

The General Fund is used to liquidate the net OPEB obligation payable for all governmental funds.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2015 (continued)

NOTE 19 - UPCOMING GASB PRONOUNCEMENTS:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

- Required Supplementary Information -

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TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 9,760,000	\$ 9,760,000	\$ 9,824,996	\$ 64,996
Other local taxes	6,205,100	6,205,100	6,639,032	433,932
Permits, privilege fees and regulatory licenses	180,400	180,400	195,316	14,916
Fines and forfeitures	435,000	435,000	429,366	(5,634)
Revenue from the use of money and property	170,000	170,000	244,998	74,998
Charges for services	808,200	808,200	781,286	(26,914)
Miscellaneous	121,300	161,055	319,595	158,540
Intergovernmental:				
Commonwealth	3,162,500	3,162,500	3,257,025	94,525
Federal Government	94,000	98,500	116,075	17,575
Total revenues	<u>\$ 20,936,500</u>	<u>\$ 20,980,755</u>	<u>\$ 21,807,689</u>	<u>\$ 826,934</u>
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 402,410	\$ 402,410	\$ 377,181	\$ 25,229
General and financial administration	<u>4,177,780</u>	<u>4,177,780</u>	<u>4,128,427</u>	<u>49,353</u>
Total general government administration	<u>\$ 4,580,190</u>	<u>\$ 4,580,190</u>	<u>\$ 4,505,608</u>	<u>\$ 74,582</u>
Public Safety:				
Law enforcement and traffic control	\$ 6,345,580	\$ 6,368,260	\$ 6,394,321	\$ (26,061)
Fire and rescue	51,000	51,000	52,401	(1,401)
Other protection	<u>76,190</u>	<u>76,190</u>	<u>93,544</u>	<u>(17,354)</u>
Total public safety	<u>\$ 6,472,770</u>	<u>\$ 6,495,450</u>	<u>\$ 6,540,266</u>	<u>\$ (44,816)</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 2,790,460	\$ 2,805,780	\$ 2,758,336	\$ 47,444
Sanitation and waste removal	1,623,470	1,626,220	1,886,647	(260,427)
Maintenance of buildings and grounds	<u>2,470,400</u>	<u>2,470,400</u>	<u>2,257,002</u>	<u>213,398</u>
Total public works	<u>\$ 6,884,330</u>	<u>\$ 6,902,400</u>	<u>\$ 6,901,985</u>	<u>\$ 415</u>

TOWN OF VIENNA, VIRGINIA

**Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015 (continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Health and Welfare:				
Welfare/Social Services	\$ 243,200	\$ 243,200	\$ 236,416	\$ 6,784
Parks, recreation and cultural:				
Parks and recreation	\$ 2,870,610	\$ 2,909,685	\$ 2,946,390	\$ (36,705)
Community Development:				
Planning and community development	\$ 875,990	\$ 858,630	\$ 711,077	\$ 147,553
Debt Service:				
Principal	\$ 611,400	\$ 611,400	\$ 611,394	\$ 6
Interest and fiscal charges	20,810	20,810	20,817	(7)
Total debt service	\$ 632,210	\$ 632,210	\$ 632,211	\$ (1)
Total expenditures	\$ 22,559,300	\$ 22,621,765	\$ 22,473,953	\$ 147,812
Excess (deficiency) of revenues over (under) expenditures	\$ (1,622,800)	\$ (1,641,010)	\$ (666,264)	\$ 974,746
Other Financing Sources (Uses)				
Issuance of capital lease	\$ -	\$ -	\$ 570,028	\$ 570,028
Transfers in	900,000	900,000	900,000	-
Total other financing sources (uses)	\$ 900,000	\$ 900,000	\$ 1,470,028	\$ 570,028
Net change in fund balance	\$ (722,800)	\$ (741,010)	\$ 803,764	\$ 1,544,774
Fund balance, beginning of year	<u>722,800</u>	<u>741,010</u>	<u>8,382,681</u>	<u>7,641,671</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,186,445</u>	<u>\$ 9,186,445</u>

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

TOWN OF VIENNA, VIRGINIA

Schedule of OPEB 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)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Other Postemployment Benefits:						
June 30, 2010	\$ -	\$ 1,597,000	\$ 1,597,000	0.0%	\$ 11,077,000	14.4%
July 1, 2013	-	1,477,014	1,477,014	0.0%	11,276,000	13.10%
July 1, 2015	-	1,400,061	1,400,061	0.0%	12,589,810	11.12%

TOWN OF VIENNA, VIRGINIA

Schedule of Changes in the Net Pension Liability and Related Ratios

	Civilian	Sworn Officers'	Total 2015	Civilian	Sworn Officers'	Total 2014
Total pension liability						
Service cost	\$ 27,877	\$ 191,175	\$ 219,052	\$ 29,828	\$ 185,157	\$ 214,985
Interest	187,309	216,781	404,090	184,058	208,131	392,189
Benefit payments, including refunds of member contributions	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
Net change in total pension liability	58,652	229,875	288,527	76,371	119,928	196,299
Total pension liability - beginning	3,795,616	4,232,406	8,028,022	3,719,245	4,112,478	7,831,723
Total pension liability - ending (a)	<u>\$ 3,854,268</u>	<u>\$ 4,462,281</u>	<u>\$ 8,316,549</u>	<u>\$ 3,795,616</u>	<u>\$ 4,232,406</u>	<u>\$ 8,028,022</u>
Plan fiduciary net position						
Contributions - employer	\$ 163,000	\$ 191,369	\$ 354,369	\$ 161,780	\$ 182,694	\$ 344,474
Contributions - member	-	43,064	43,064	-	42,225	42,225
Net investment income	2,544	3,163	5,707	2,354	(998)	1,356
Benefit payments, including refunds of member contributions	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
Administrative expense	(980)	(2,120)	(3,100)	(4,499)	-	(4,499)
Net change in plan fiduciary net position	8,030	57,395	65,425	22,120	(49,439)	(27,319)
Plan fiduciary net position - beginning	2,344,687	2,902,581	5,247,268	2,322,567	2,952,020	5,274,587
Plan fiduciary net position - ending (b)	<u>\$ 2,352,717</u>	<u>\$ 2,959,976</u>	<u>\$ 5,312,693</u>	<u>\$ 2,344,687</u>	<u>\$ 2,902,581</u>	<u>\$ 5,247,268</u>
Net pension liability (a) - (b)	<u>\$ 1,501,551</u>	<u>\$ 1,502,305</u>	<u>\$ 3,003,856</u>	<u>\$ 1,450,929</u>	<u>\$ 1,329,825</u>	<u>\$ 2,780,754</u>
Plan fiduciary net position as a percentage of the total pension liability	61.0%	66.3%	63.9%	61.8%	68.6%	65.4%
Covered - employee payroll	\$ 1,115,015	\$ 2,820,889	\$ 3,935,904	\$ 1,178,949	\$ 2,732,096	\$ 3,911,045
Net Pension Liability as a percentage of covered - employee payroll	134.7%	53.3%	76.3%	123.1%	48.7%	71.1%

Note: The Town implemented GASB 67 in fiscal year 2014. Information for the previous 8 years is unavailable.

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Last Ten Fiscal Years

Civilian Plan:	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 165,879	\$ 161,780	\$ 148,159	\$ 137,817	\$ 143,200	\$ 138,196	\$ 155,751	\$ 145,979	\$ 134,812	\$ 124,416
Contributions in relation to the actuarially determined contribution	163,000	161,780	148,159	137,817	143,200	138,196	155,751	145,979	134,812	124,416
Contribution deficiency (excess)	\$ 2,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 1,115,015	\$ 1,178,949	\$ 1,559,568	\$ 1,701,444	\$ 1,835,897	\$ 1,919,389	\$ 1,971,532	\$ 1,717,400	\$ 1,872,389	\$ 2,006,710
Contributions as a percentage of covered - employee payroll	14.6%	13.7%	9.5%	8.1%	7.8%	7.2%	7.9%	8.5%	7.2%	6.2%
Sworn Officers' Plan:	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 255,110	\$ 182,694	\$ 167,299	\$ 172,524	\$ 133,248	\$ 136,942	\$ 148,117	\$ 140,348	\$ 98,762	\$ 58,596
Contributions in relation to the actuarially determined contribution	191,369	182,694	167,299	172,524	133,248	136,942	148,117	140,348	98,762	58,596
Contribution deficiency (excess)	\$ 63,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 2,820,889	\$ 2,732,096	\$ 2,987,482	\$ 2,738,476	\$ 2,664,960	\$ 2,794,735	\$ 2,794,660	\$ 2,648,075	\$ 2,351,476	\$ 2,343,840
Contributions as a percentage of covered - employee payroll	6.8%	6.7%	5.6%	6.3%	5.0%	4.9%	5.3%	5.3%	4.2%	2.5%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

	Civilian Plan	Sworn Officers' Plan
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar (closed)	Level dollar (closed)
Remaining amortization period	9 years	13 years
Asset valuation method	Market	Market
Inflation	3.25%	3.25%
Salary increases	7.25% first 20 years, 3.25% thereafter	8.41% for 10 years, 4.28% thereafter
Investment rate of return	5.00%	5.00%
Retirement age	The earlier of attainment of age 65 or attainment of age 50 and 30 years of service.	The earlier of attainment of age 65 or attainment of age 50 and 30 years of service.
Mortality	RP-2000 mortality tables	RP-2000 mortality tables

TOWN OF VIENNA, VIRGINIA

Schedule of Investment Returns

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.10%	2.00%

Note: The Town implemented GASB 67 in fiscal year 2014.
Information for the previous 8 years is unavailable.

TOWN OF VIENNA, VIRGINIA

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
VRS Pension Plan
For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 1,111,037
Interest	3,809,732
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(2,607,904)</u>
Net change in total pension liability	\$ 2,312,865
Total pension liability - beginning	<u>55,728,691</u>
Total pension liability - ending (a)	<u><u>58,041,556</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,365,804
Contributions - employee	546,977
Net investment income	6,777,243
Benefit payments, including refunds of employee contributions	(2,607,904)
Administrative expense	(36,819)
Other	<u>357</u>
Net change in plan fiduciary net position	\$ 6,045,658
Plan fiduciary net position - beginning	<u>43,219,503</u>
Plan fiduciary net position - ending (b)	<u><u>49,265,161</u></u>
 Town's net pension liability - ending (a) - (b)	\$ 8,776,395
 Plan fiduciary net position as a percentage of the total pension liability	84.88%
 Covered-employee payroll	\$ 10,961,381
 Town's net pension liability as a percentage of covered-employee payroll	80.07%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions - VRS
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015	\$ 1,364,440	\$ 1,364,440	\$ -	\$ 11,075,000	12.32%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

TOWN OF VIENNA, VIRGINIA

**Notes to Required Supplementary Information
For the Year Ended June 30, 2015**

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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- Other Supplementary Information -

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TOWN OF VIENNA, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
At June 30, 2014

	Special Revenue Funds		Total
	Stormwater Fund	Gang Task Force Fund	Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 281,342	\$ -	\$ 281,342
Due from other funds	65,193	12,632	77,825
Restricted:			
Cash and cash equivalents	-	819,461	819,461
Total assets	<u>\$ 346,535</u>	<u>\$ 832,093</u>	<u>\$ 1,178,628</u>
Liabilities:			
Accounts payable	\$ 15,456	\$ 18,387	\$ 33,843
Due to other funds	1,084	-	1,084
Unearned revenue	-	87,259	87,259
Total liabilities	<u>\$ 16,540</u>	<u>\$ 105,646</u>	<u>\$ 122,186</u>
Fund Balance:			
Restricted:			
Stormwater funds	\$ 329,995	\$ -	\$ 329,995
Gang task force funds	-	726,447	726,447
Total fund balance	<u>\$ 329,995</u>	<u>\$ 726,447</u>	<u>\$ 1,056,442</u>
Total liabilities and fund balance	<u>\$ 346,535</u>	<u>\$ 832,093</u>	<u>\$ 1,178,628</u>

TOWN OF VIENNA, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds		Total
	Stormwater	Gang	Nonmajor
	Fund	Task Force	Governmental
	Fund	Fund	Funds
Revenues:			
Revenue from use of money and property	\$ 447	\$ 450	\$ 897
Intergovernmental	239,902	425,775	665,677
Total revenues	\$ 240,349	\$ 426,225	\$ 666,574
Expenditures:			
Current:			
Public safety	\$ -	\$ 326,901	\$ 326,901
Public works	150,040	-	150,040
Total expenditures	\$ 150,040	\$ 326,901	\$ 476,941
Excess (deficiency) of revenues over (under) expenditures	\$ 90,309	\$ 99,324	\$ 189,633
Other financing sources (uses):			
Transfers in	\$ 46,034	\$ -	\$ 46,034
Transfers out	(51,378)	-	(51,378)
Total other financing sources (uses)	\$ (5,344)	\$ -	\$ (5,344)
Net changes in fund balances	\$ 84,965	\$ 99,324	\$ 184,289
Fund balances at beginning of year	245,030	627,123	872,153
Fund balances at end of year	\$ 329,995	\$ 726,447	\$ 1,056,442

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Position
At June 30, 2015

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Total
Assets:			
Cash and cash equivalents	\$ 12,813	\$ 12,696	\$ 25,509
Investment in State Treasurer's Local Government Investment Pool	2,327,768	2,927,472	5,255,240
Accounts receivable	12,136	19,808	31,944
Total assets	<u>\$ 2,352,717</u>	<u>\$ 2,959,976</u>	<u>\$ 5,312,693</u>
Net Position:			
Held in trust for pension benefits	<u>\$ 2,352,717</u>	<u>\$ 2,959,976</u>	<u>\$ 5,312,693</u>

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2015

	Local Retirement Fund	Police Retirement Fund	Total
Additions:			
Contributions:			
Employer	\$ 163,000	\$ 191,369	\$ 354,369
Plan members	-	43,064	43,064
Total contributions	\$ 163,000	\$ 234,433	\$ 397,433
Investment income:			
Interest earned on investments	2,544	3,163	5,707
Total additions	\$ 165,544	\$ 237,596	\$ 403,140
Deductions:			
Pension benefit payments	\$ 156,534	\$ 178,081	\$ 334,615
Other charges	980	2,120	3,100
Total deductions	\$ 157,514	\$ 180,201	\$ 337,715
Net increase in plan assets	\$ 8,030	\$ 57,395	\$ 65,425
Net position held in trust for pension benefits:			
Balance, beginning of year	2,344,687	2,902,581	5,247,268
Balance, end of year	\$ 2,352,717	\$ 2,959,976	\$ 5,312,693

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2015

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	\$ 9,615,000	\$ 9,615,000	\$ 9,673,258	\$ 58,258
Public service corporation taxes:				
Real property	85,000	85,000	85,083	83
Penalties and interest	60,000	60,000	66,655	6,655
Total general property taxes	\$ 9,760,000	\$ 9,760,000	\$ 9,824,996	\$ 64,996
Other local taxes:				
Local sales and use taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,465,129	\$ 165,129
Consumer utility taxes	665,000	665,000	668,218	3,218
Business license tax	2,527,100	2,527,100	2,334,987	(192,113)
Motor vehicle license tax	375,000	375,000	368,070	(6,930)
Bank franchise taxes	780,000	780,000	1,153,976	373,976
Tobacco tax	320,000	320,000	262,035	(57,965)
Fiber-optic franchise tax	33,000	33,000	31,931	(1,069)
Telecommunications tax	110,000	110,000	121,768	11,768
Media general franchise fees and related taxes	40,000	40,000	173,193	133,193
Utility consumption taxes	55,000	55,000	59,725	4,725
Total other local taxes	\$ 6,205,100	\$ 6,205,100	\$ 6,639,032	\$ 433,932
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 15,656	\$ 656
Other permits, privilege fees and regulatory licenses	165,400	165,400	179,660	14,260
Total permits, privilege fees and regulatory licenses	\$ 180,400	\$ 180,400	\$ 195,316	\$ 14,916
Fines and Forfeitures:				
Court fines and forfeitures	\$ 435,000	\$ 435,000	\$ 429,366	\$ (5,634)

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2015 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Fund: (continued)				
Revenue from use of money and property:				
Interest on bank deposits	\$ 10,000	\$ 10,000	\$ 11,693	\$ 1,693
Concessions and rentals	160,000	160,000	233,305	73,305
Total revenue from use of money and property	\$ 170,000	\$ 170,000	\$ 244,998	\$ 74,998
Charges for services:				
Recreation fees	\$ 775,000	\$ 775,000	\$ 737,297	\$ (37,703)
Police reimbursements	-	-	16,369	16,369
Special service fees	33,200	33,200	27,620	(5,580)
Total charges for services	\$ 808,200	\$ 808,200	\$ 781,286	\$ (26,914)
Miscellaneous revenue:				
Miscellaneous income	\$ 121,300	\$ 161,055	\$ 319,595	\$ 158,540
Total revenue from local sources	\$ 17,680,000	\$ 17,719,755	\$ 18,434,589	\$ 714,834
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	\$ 1,090,000	\$ 1,090,000	\$ 1,064,575	\$ (25,425)
Rolling stock tax	-	-	29	29
Total non-categorical aid	\$ 1,090,000	\$ 1,090,000	\$ 1,064,604	\$ (25,396)
Categorical aid:				
Street and highway maintenance	\$ 1,648,000	\$ 1,648,000	\$ 1,744,964	\$ 96,964
Law enforcement assistance	7,500	7,500	7,500	-
Public safety grants	376,000	376,000	388,259	12,259
Fire funds	41,000	41,000	49,698	8,698
Other	-	-	2,000	2,000
Total Categorical aid	\$ 2,072,500	\$ 2,072,500	\$ 2,192,421	\$ 119,921
Total revenue from the Commonwealth	\$ 3,162,500	\$ 3,162,500	\$ 3,257,025	\$ 94,525

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2015 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>General Fund: (continued)</u>				
Intergovernmental: (continued)				
Revenue from federal government:				
Categorical aid:				
Public safety grants	\$ 94,000	\$ 98,500	\$ 75,641	\$ (22,859)
DMV grants	<u>-</u>	<u>-</u>	<u>40,434</u>	<u>40,434</u>
Total revenue from the federal government	\$ <u>94,000</u>	\$ <u>98,500</u>	\$ <u>116,075</u>	\$ <u>17,575</u>
Total General Fund	\$ <u>20,936,500</u>	\$ <u>20,980,755</u>	\$ <u>21,807,689</u>	\$ <u>826,934</u>
<u>Debt Service Fund:</u>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,291,490	\$ 2,291,490	\$ 2,339,686	\$ 48,196
Revenue from use of money and property:				
Interest on bank deposits	4,700	4,700	4,913	213
Miscellaneous revenue:				
Miscellaneous income	-	-	60	60
Intergovernmental:				
Revenue from federal government:				
Build America Bonds interest subsidy	<u>35,010</u>	<u>35,010</u>	<u>32,471</u>	<u>(2,539)</u>
Total Debt Service Fund	\$ <u>2,331,200</u>	\$ <u>2,331,200</u>	\$ <u>2,377,130</u>	\$ <u>45,930</u>
<u>Capital Projects Fund:</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 14,295	\$ 14,295
Total revenue from use of money and property	\$ -	\$ -	\$ 14,295	\$ 14,295
Miscellaneous revenue:				
Vienna Little League	\$ -	\$ -	\$ 455,396	\$ 455,396
Other	<u>-</u>	<u>-</u>	<u>24,289</u>	<u>24,289</u>
Total miscellaneous revenue	\$ -	\$ -	\$ 479,685	\$ 479,685
Total revenue from local sources	\$ -	\$ -	\$ 493,980	\$ 493,980
Intergovernmental:				
Revenue from the Commonwealth:				
VDOT grants	\$ -	\$ -	\$ 564,584	\$ 564,584
Revenue from federal government:				
Federal transit grants	\$ -	\$ -	\$ 1,644,942	\$ 1,644,942
Total Capital Projects Fund	\$ -	\$ -	\$ 2,703,506	\$ 2,703,506
<u>Special Revenue Funds:</u>				
<u>Stormwater Fund</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ 52,120	\$ -	\$ 447	\$ 447
Intergovernmental:				
Fairfax County - stormwater tax	\$ 193,420	\$ 193,420	\$ 232,126	\$ 38,706
Revenue from the Commonwealth:				
Virginia DEQ	\$ -	\$ -	\$ 7,776	\$ 7,776
Total Stormwater Fund	\$ <u>245,540</u>	\$ <u>193,420</u>	\$ <u>240,349</u>	\$ <u>46,929</u>

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2015 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Special Revenue Funds: (continued)</u>				
Gang Task Force Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 450	\$ 450
Intergovernmental:				
Local governments	\$ -	\$ -	\$ 325,000	\$ 325,000
Revenue from the Commonwealth:				
Asset forfeiture funds	\$ -	\$ -	\$ 53,754	\$ 53,754
Revenue from federal government:				
Asset forfeiture funds	\$ -	\$ -	\$ 47,021	\$ 47,021
Total Gang Task Force Fund	\$ -	\$ -	\$ 426,225	\$ 426,225
Special Transportation Fund				
Intergovernmental:				
Northern Virginia Transportation Authority	\$ -	\$ -	\$ 11,699	\$ 11,699
Total Special Revenue Funds	\$ 245,540	\$ 193,420	\$ 678,273	\$ 484,853
Total All Governmental Funds	\$ 23,513,240	\$ 23,505,375	\$ 27,566,598	\$ 4,061,223

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>General Fund:</u>				
General Government Administration:				
Legislative:				
Town council	\$ 85,460	\$ 85,460	\$ 75,300	\$ 10,160
Boards and commissions	50,190	50,190	45,043	5,147
Town clerk	266,760	266,760	256,838	9,922
Total legislative	<u>\$ 402,410</u>	<u>\$ 402,410</u>	<u>\$ 377,181</u>	<u>\$ 25,229</u>
General and Financial Administration:				
Town manager	\$ 320,380	\$ 320,380	\$ 324,530	\$ (4,150)
Administrative services	481,990	486,490	446,415	40,075
Legal services	263,850	263,850	256,109	7,741
Financial administration	555,290	548,390	558,840	(10,450)
Disbursement operations	188,080	196,280	213,878	(17,598)
Data processing	62,880	62,880	61,863	1,017
Risk management	585,730	571,730	583,884	(12,154)
Information technology	739,240	739,240	720,259	18,981
Purchasing	149,980	149,980	150,555	(575)
Revenue operations	476,370	475,070	470,015	5,055
Public information	220,660	230,160	206,138	24,022
Central services	83,330	83,330	87,372	(4,042)
PC replacement	50,000	50,000	48,569	1,431
Total general and financial administration	<u>\$ 4,177,780</u>	<u>\$ 4,177,780</u>	<u>\$ 4,128,427</u>	<u>\$ 49,353</u>
Total general government administration	<u>\$ 4,580,190</u>	<u>\$ 4,580,190</u>	<u>\$ 4,505,608</u>	<u>\$ 74,582</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 883,160	\$ 883,160	\$ 819,084	\$ 64,076
Uniform patrol	2,296,810	2,306,950	2,478,160	(171,210)
Communications	1,075,670	1,075,670	1,040,076	35,594
Investigations	1,111,380	1,116,030	1,019,570	96,460
Community services	134,200	137,880	129,825	8,055
Traffic unit	759,780	763,990	611,976	152,014
Equipment replacement	-	-	91,843	(91,843)
Gang task force	84,580	84,580	79,754	4,826
Other law enforcement and traffic control	-	-	124,033	(124,033)
Total law enforcement and traffic control	<u>\$ 6,345,580</u>	<u>\$ 6,368,260</u>	<u>\$ 6,394,321</u>	<u>\$ (26,061)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Public Safety: (continued)				
Fire and rescue:				
Volunteer fire department	\$ 51,000	\$ 51,000	\$ 52,401	\$ (1,401)
Other protection:				
Personal property/animal control	\$ 76,190	\$ 76,190	\$ 93,544	\$ (17,354)
Total public safety	<u>\$ 6,472,770</u>	<u>\$ 6,495,450</u>	<u>\$ 6,540,266</u>	<u>\$ (44,816)</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 646,460	\$ 644,080	\$ 663,055	\$ (18,975)
Street maintenance	1,659,890	1,660,230	1,609,417	50,813
Snow removal	184,440	201,800	203,162	(1,362)
Traffic engineering	<u>299,670</u>	<u>299,670</u>	<u>282,702</u>	<u>16,968</u>
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 2,790,460</u>	<u>\$ 2,805,780</u>	<u>\$ 2,758,336</u>	<u>\$ 47,444</u>
Sanitation and waste removal:				
Sanitation	\$ 1,540,350	\$ 1,543,100	\$ 1,495,438	\$ 47,662
Sanitation equipment	-	-	312,879	(312,879)
Fall/spring cleanup - leaf collection and other	<u>83,120</u>	<u>83,120</u>	<u>78,330</u>	<u>4,790</u>
Total sanitation and waste removal	<u>\$ 1,623,470</u>	<u>\$ 1,626,220</u>	<u>\$ 1,886,647</u>	<u>\$ (260,427)</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,179,830	\$ 1,179,830	\$ 1,016,522	\$ 163,308
Maintenance of buildings and grounds	<u>1,290,570</u>	<u>1,290,570</u>	<u>1,240,480</u>	<u>50,090</u>
Total maintenance of buildings and grounds	<u>\$ 2,470,400</u>	<u>\$ 2,470,400</u>	<u>\$ 2,257,002</u>	<u>\$ 213,398</u>
Total public works	<u>\$ 6,884,330</u>	<u>\$ 6,902,400</u>	<u>\$ 6,901,985</u>	<u>\$ 415</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	<u>\$ 243,200</u>	<u>\$ 243,200</u>	<u>\$ 236,416</u>	<u>\$ 6,784</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 633,670	\$ 618,390	\$ 637,149	\$ (18,759)
Parks and recreation programs	431,680	493,330	471,631	21,699
General maintenance	980,300	994,415	1,002,677	(8,262)
Community center	477,110	477,930	491,706	(13,776)
Special events	137,700	138,680	139,541	(861)
Teen Center	176,650	156,990	171,828	(14,838)
Historic preservation	33,500	29,950	31,858	(1,908)
Total parks and recreation	<u>\$ 2,870,610</u>	<u>\$ 2,909,685</u>	<u>\$ 2,946,390</u>	<u>\$ (36,705)</u>
Community Development:				
Planning and community development:				
Planning and zoning	\$ 865,440	\$ 848,080	\$ 700,527	\$ 147,553
Various contributions	10,550	10,550	10,550	-
Total planning and community development	<u>\$ 875,990</u>	<u>\$ 858,630</u>	<u>\$ 711,077</u>	<u>\$ 147,553</u>
Debt Service:				
Principal on capital lease obligation	\$ 611,400	\$ 611,400	\$ 611,394	\$ 6
Interest on capital leases	20,810	20,810	20,817	(7)
Total debt service	<u>\$ 632,210</u>	<u>\$ 632,210</u>	<u>\$ 632,211</u>	<u>\$ (1)</u>
Total General Fund	<u>\$ 22,559,300</u>	<u>\$ 22,621,765</u>	<u>\$ 22,473,953</u>	<u>\$ 147,812</u>
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	\$ 2,190,000	\$ 2,190,000	\$ 2,190,000	\$ -
Interest and fiscal charges	512,640	512,640	512,773	(133)
Total Debt Service Fund	<u>\$ 2,702,640</u>	<u>\$ 2,702,640</u>	<u>\$ 2,702,773</u>	<u>\$ (133)</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>Capital Projects Fund:</u>				
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 658,627	\$ (658,627)
Equipment system projects	-	-	432,358	(432,358)
Parks projects	-	-	911,381	(911,381)
Sidewalk, curb, and gutter projects	-	-	1,761,336	(1,761,336)
Street improvement projects	-	-	802,696	(802,696)
Stormwater projects	-	-	454,592	(454,592)
Other capital projects and administration	-	-	90,865	(90,865)
Total capital projects	\$ -	\$ -	\$ 5,111,855	\$ (5,111,855)
Total Capital Projects Fund	\$ -	\$ -	\$ 5,111,855	\$ (5,111,855)
<u>Special Revenue Funds:</u>				
Gang Task Force Fund				
Public Safety:				
Law enforcement and traffic control:				
Asset forfeiture program	\$ -	\$ -	\$ 326,901	\$ (326,901)
Stormwater Fund				
Public Works:				
Stormwater	\$ 301,090	\$ 301,090	\$ 150,040	\$ 151,050
Special Transportation Fund				
Public Works:				
NVTA administration	\$ -	\$ -	\$ 11,699	\$ (11,699)
Total Special Revenue Funds	\$ 301,090	\$ 301,090	\$ 488,640	\$ (187,550)
Total All Governmental Funds	\$ 25,563,030	\$ 25,625,495	\$ 30,777,221	\$ (5,151,726)

- 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
 <i>Sources:</i> Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.	

TOWN OF VIENNA, VIRGINIA

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
Net investment in capital assets	\$ 26,085,741	\$ 31,965,939	\$ 37,791,201	\$ 37,874,402
Unrestricted	<u>16,650,491</u>	<u>15,418,559</u>	<u>15,284,033</u>	<u>14,730,114</u>
Total governmental activities net position	<u><u>\$ 42,736,232</u></u>	<u><u>\$ 47,384,498</u></u>	<u><u>\$ 53,075,234</u></u>	<u><u>\$ 52,604,516</u></u>
Business-type activities:				
Net investment in capital assets	\$ 7,926,642	\$ 7,633,717	\$ 7,624,024	\$ 7,782,540
Unrestricted	<u>720,796</u>	<u>567,337</u>	<u>1,431,406</u>	<u>1,054,949</u>
Total business-type activities net position	<u><u>\$ 8,647,438</u></u>	<u><u>\$ 8,201,054</u></u>	<u><u>\$ 9,055,430</u></u>	<u><u>\$ 8,837,489</u></u>
Primary government:				
Net investment in capital assets	\$ 34,012,383	\$ 39,599,656	\$ 45,415,225	\$ 45,656,942
Unrestricted	<u>17,371,287</u>	<u>15,985,896</u>	<u>16,715,439</u>	<u>15,785,063</u>
Total primary government net position	<u><u>\$ 51,383,670</u></u>	<u><u>\$ 55,585,552</u></u>	<u><u>\$ 62,130,664</u></u>	<u><u>\$ 61,442,005</u></u>

Table 1

2010	2011	2012	2013	2014	2015
\$ 38,411,117	\$ 37,675,832	\$ 37,173,866	\$ 35,964,436	\$ 35,130,306	\$ 33,907,664
13,077,123	13,025,908	14,218,648	15,676,550	15,163,500	4,763,891
<u>\$ 51,488,240</u>	<u>\$ 50,701,740</u>	<u>\$ 51,392,514</u>	<u>\$ 51,640,986</u>	<u>\$ 50,293,806</u>	<u>\$ 38,671,555</u>
\$ 7,927,058	\$ 8,069,308	\$ 8,183,057	\$ 7,911,570	\$ 7,981,491	\$ 9,358,019
287,487	(52,010)	(936,451)	(441,240)	(18,296)	(592,683)
<u>\$ 8,214,545</u>	<u>\$ 8,017,298</u>	<u>\$ 7,246,606</u>	<u>\$ 7,470,330</u>	<u>\$ 7,963,195</u>	<u>\$ 8,765,336</u>
\$ 46,338,175	\$ 45,745,140	\$ 45,356,923	\$ 43,876,006	\$ 43,111,797	\$ 43,265,683
13,364,610	12,973,898	13,282,197	15,235,310	15,145,204	4,171,208
<u>\$ 59,702,785</u>	<u>\$ 58,719,038</u>	<u>\$ 58,639,120</u>	<u>\$ 59,111,316</u>	<u>\$ 58,257,001</u>	<u>\$ 47,436,891</u>

TOWN OF VIENNA, VIRGINIA

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses:				
Governmental Activities:				
General government administration	\$ 3,092,863	\$ 3,081,052	\$ 3,119,608	\$ 3,466,917
Public safety	4,800,550	5,225,145	5,616,582	5,845,864
Public works	7,697,348	8,716,466	8,995,488	9,379,606
Health and welfare	230,802	305,332	294,054	292,930
Parks, recreation and cultural	2,498,235	2,706,829	2,797,313	2,871,670
Community development	589,001	691,665	734,650	755,281
Interest on long-term debt	617,754	672,020	599,829	523,205
Total governmental activities expenses	<u>\$ 19,526,553</u>	<u>\$ 21,398,509</u>	<u>\$ 22,157,524</u>	<u>\$ 23,135,473</u>
Business type activities:				
Water and sewer	5,144,312	5,043,291	5,147,109	5,315,042
Total business type activities expenses	<u>\$ 24,670,865</u>	<u>\$ 26,441,800</u>	<u>\$ 27,304,633</u>	<u>\$ 28,450,515</u>
Program Revenues:				
Governmental Activities:				
Charges for services				
General government	\$ 11,420	\$ 10,043	\$ 9,931	\$ 9,833
Public safety	336,558	357,090	337,235	376,512
Public works	235,806	85,328	-	-
Parks, recreation and cultural	648,551	771,169	786,722	718,204
Operating grants and contributions	1,828,699	2,251,198	2,062,483	2,115,797
Capital grants and contributions	-	4,191,946	5,540,058	334,464
Total governmental activities program revenues	<u>\$ 3,061,034</u>	<u>\$ 7,666,774</u>	<u>\$ 8,736,429</u>	<u>\$ 3,554,810</u>
Business type activities:				
Water and sewer				
Charges for services	\$ 5,717,486	\$ 5,692,069	\$ 6,181,491	\$ 5,753,330
Operating grants and contributions	-	-	240,507	-
Capital grants and contributions	-	-	-	277,977
Total business type activities	<u>\$ 5,717,486</u>	<u>\$ 5,692,069</u>	<u>\$ 6,421,998</u>	<u>\$ 6,031,307</u>
Total business type activities revenues	<u>\$ 8,778,520</u>	<u>\$ 13,358,843</u>	<u>\$ 15,158,427</u>	<u>\$ 9,586,117</u>
Net (expenses)/revenues	<u>\$ (15,892,345)</u>	<u>\$ (13,082,957)</u>	<u>\$ (12,146,206)</u>	<u>\$ (18,864,398)</u>
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Taxes:				
General real property taxes	\$ 6,817,919	\$ 7,094,275	\$ 7,838,966	\$ 8,523,543
Local sales and use taxes	1,154,058	1,197,980	1,214,258	1,224,471
Consumer utility taxes	1,336,727	1,153,656	660,742	659,932
Business license taxes	1,964,737	1,994,824	2,095,137	2,204,093
Meals and lodging taxes	2,297,579	2,335,577	2,385,355	1,691,961
Other	1,879,978	1,892,970	1,181,323	1,177,426
Grants and contributions not restricted to specific programs	18,913	18,759	1,243,315	1,113,597
Unrestricted revenues from the use of money and property	620,147	991,582	845,947	411,190
Miscellaneous	206,174	304,100	368,838	1,060,904
Transfers	1,052,937	1,237,675	1,277,950	1,042,828
Total governmental activities general revenues	<u>\$ 17,349,169</u>	<u>\$ 18,221,398</u>	<u>\$ 19,111,831</u>	<u>\$ 19,109,945</u>
Business type activities:				
Interest revenue	\$ 99,113	\$ 100,211	\$ 67,458	\$ 30,702
Miscellaneous	57,192	42,302	77,415	77,920
Capital contributions	112,250	-	-	-
Transfers	(1,052,937)	(1,237,675)	(1,277,950)	(1,042,828)
Total business-type activities general revenues	<u>\$ (784,382)</u>	<u>\$ (1,095,162)</u>	<u>\$ (1,133,077)</u>	<u>\$ (934,206)</u>
Total general revenues	<u>\$ 16,564,787</u>	<u>\$ 17,126,236</u>	<u>\$ 17,978,754</u>	<u>\$ 18,175,739</u>
Changes in net position:				
Governmental activities	\$ 883,650	\$ 4,489,663	\$ 5,690,736	\$ (470,718)
Business-type activities	(211,208)	(446,384)	141,812	(217,941)
Total changes in net position	<u>\$ 672,442</u>	<u>\$ 4,043,279</u>	<u>\$ 5,832,548</u>	<u>\$ (688,659)</u>

Table 2

2010	2011	2012	2013	2014	2015
\$ 3,647,013	\$ 3,595,123	\$ 3,635,414	\$ 4,147,172	\$ 4,356,498	\$ 4,599,322
5,971,132	5,755,847	6,100,525	6,429,827	7,415,110	6,815,222
9,593,548	9,813,232	9,220,813	10,286,260	10,311,313	10,217,103
290,773	284,914	275,881	261,658	240,913	236,811
2,836,757	3,015,055	2,863,152	3,228,786	3,110,412	3,271,954
711,824	714,927	846,444	867,961	857,727	665,881
441,336	469,103	468,645	602,885	596,719	479,678
\$ 23,492,383	\$ 23,648,201	\$ 23,410,874	\$ 25,824,549	\$ 26,888,692	\$ 26,285,971
5,777,244	5,535,934	6,223,267	6,151,284	5,907,863	5,713,223
\$ 29,269,627	\$ 29,184,135	\$ 29,634,141	\$ 31,975,833	\$ 32,796,555	\$ 31,999,194
\$ 12,019	\$ 13,714	\$ 21,341	\$ 23,030	\$ 27,895	\$ 27,620
425,829	547,135	660,559	617,223	629,143	641,051
-	-	-	-	-	-
675,784	705,587	737,865	754,445	763,033	737,297
2,315,236	2,137,763	2,134,393	3,082,757	3,157,284	3,018,343
930,188	687,923	497,335	1,610,089	866,348	2,209,526
\$ 4,359,056	\$ 4,092,122	\$ 4,051,493	\$ 6,087,544	\$ 5,443,703	\$ 6,633,837
\$ 5,839,658	\$ 6,071,383	\$ 6,065,317	\$ 7,129,668	\$ 6,985,412	\$ 7,018,076
-	-	-	264,630	-	-
5,553	4,000	112,490	-	-	264,630
\$ 5,845,211	\$ 6,075,383	\$ 6,177,807	\$ 7,394,298	\$ 6,985,412	\$ 7,282,706
\$ 10,204,267	\$ 10,167,505	\$ 10,229,300	\$ 13,481,842	\$ 12,429,115	\$ 13,916,543
\$ (19,065,360)	\$ (19,016,630)	\$ (19,404,841)	\$ (18,493,991)	\$ (20,367,440)	\$ (18,082,651)
\$ 8,668,872	\$ 8,626,227	\$ 9,055,525	\$ 9,193,705	\$ 9,217,757	\$ 9,820,079
1,285,506	1,336,821	1,259,235	1,320,803	1,350,263	1,465,129
656,858	660,823	645,869	660,323	667,116	668,218
1,973,781	1,964,360	2,288,730	2,217,307	2,329,139	2,334,987
1,698,298	1,795,855	2,016,210	2,212,543	2,263,450	2,339,686
1,279,989	1,915,710	1,892,753	1,836,673	1,725,943	2,170,698
1,118,153	1,112,301	1,090,891	1,092,804	1,074,053	1,064,604
265,712	219,127	199,270	224,039	214,818	265,103
274,906	262,553	720,327	244,303	350,451	799,340
794,976	875,802	881,345	982,977	904,819	(235,961)
\$ 18,017,051	\$ 18,769,579	\$ 20,050,155	\$ 19,985,477	\$ 20,097,809	\$ 20,691,883
\$ 3,099	\$ 2,176	\$ 1,327	\$ 2,474	\$ 2,116	\$ 3,240
100,966	136,930	154,786	225,843	318,019	255,595
-	-	-	-	-	-
(794,976)	(875,802)	(881,345)	(982,977)	(904,819)	235,961
\$ (690,911)	\$ (736,696)	\$ (725,232)	\$ (754,660)	\$ (584,684)	\$ 494,796
\$ 17,326,140	\$ 18,032,883	\$ 19,324,923	\$ 19,230,817	\$ 19,513,125	\$ 21,186,679
\$ (1,116,276)	\$ (786,500)	\$ 690,774	\$ 248,472	\$ (1,347,180)	\$ 1,039,749
(622,944)	(197,247)	(770,692)	488,354	492,865	2,064,279
\$ (1,739,220)	\$ (983,747)	\$ (79,918)	\$ 736,826	\$ (854,315)	\$ 3,104,028

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Property Tax	Local Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses	Meals & Lodging Taxes
2015	\$ 9,820,079	\$ 1,465,129	\$ 668,218	\$ 2,334,987	\$ 2,339,686
2014	9,217,757	1,350,263	667,116	2,329,139	2,263,450
2013	9,193,705	1,320,803	660,323	2,217,307	2,212,543
2012	9,055,525	1,259,235	645,869	2,288,730	2,016,210
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

Table 3

Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
\$ 368,070	\$ 1,153,976	\$ 262,035	\$ 386,617	\$ 18,798,797
354,312	697,798	302,198	371,635	17,553,668
389,640	761,646	323,901	361,486	17,441,354
382,597	789,721	347,078	373,357	17,158,322
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	383,606	15,143,924
248,864	495,020	360,587	463,789	15,366,377

TOWN OF VIENNA, VIRGINIA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund:				
Reserved	\$ 2,529,976	\$ 3,138,779	\$ 3,437,540	\$ 3,321,836
Designated	712,273	950,000	963,786	1,097,048
Undesignated	4,560,584	4,166,530	3,805,255	3,691,280
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 7,802,833</u>	<u>\$ 8,255,309</u>	<u>\$ 8,206,581</u>	<u>\$ 8,110,164</u>
Debt Service Fund:				
Reserved	\$ 3,697,922	\$ 3,958,312	\$ 4,317,423	\$ 3,964,342
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Total Debt Service Fund	<u>\$ 3,697,922</u>	<u>\$ 3,958,312</u>	<u>\$ 4,317,423</u>	<u>\$ 3,964,342</u>
Capital Projects Fund:				
Reserved	\$ 2,948,382	\$ 45,931	\$ 646,428	\$ 885,721
Designated	3,203,716	4,257,570	3,260,662	2,962,845
Assigned	-	-	-	-
Total Capital Projects Fund	<u>\$ 6,152,098</u>	<u>\$ 4,303,501</u>	<u>\$ 3,907,090</u>	<u>\$ 3,848,566</u>
Nonmajor Funds:				
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The Town 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

2010	2011	2012	2013	2014	2015
\$ 2,694,439	\$ -	\$ -	\$ -	\$ -	\$ -
1,250,000	-	-	-	-	-
3,602,251	-	-	-	-	-
-	139,340	149,756	139,335	130,424	245,742
-	455,135	500,716	543,982	497,367	621,991
-	1,856,398	1,854,854	1,740,672	1,593,542	1,508,479
-	1,265,848	1,769,805	1,869,852	1,918,210	2,042,064
-	4,089,728	4,585,175	4,715,920	4,243,138	4,768,169
<u>\$ 7,546,690</u>	<u>\$ 7,806,449</u>	<u>\$ 8,860,306</u>	<u>\$ 9,009,761</u>	<u>\$ 8,382,681</u>	<u>\$ 9,186,445</u>
\$ 3,882,446	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	327,000	-
-	3,916,827	4,120,330	4,562,958	4,601,551	4,922,622
<u>\$ 3,882,446</u>	<u>\$ 3,916,827</u>	<u>\$ 4,120,330</u>	<u>\$ 4,562,958</u>	<u>\$ 4,928,551</u>	<u>\$ 4,922,622</u>
\$ 891,162	\$ -	\$ -	\$ -	\$ -	\$ -
2,331,166	-	-	-	-	-
-	7,379,562	6,544,456	7,903,967	12,678,854	8,820,174
<u>\$ 3,222,328</u>	<u>\$ 7,379,562</u>	<u>\$ 6,544,456</u>	<u>\$ 7,903,967</u>	<u>\$ 12,678,854</u>	<u>\$ 8,820,174</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856,270</u>	<u>\$ 872,153</u>	<u>\$ 1,056,442</u>

TOWN OF VIENNA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:				
General property taxes	\$ 6,833,298	\$ 7,086,277	\$ 7,850,154	\$ 8,473,707
Other local taxes	8,633,079	8,575,007	8,761,959	8,071,034
Permits, privilege fees and regulatory licenses	78,320	90,652	106,291	88,388
Fines and forfeitures	249,646	257,589	227,215	277,174
Revenue from use of money and property	855,953	1,076,910	845,947	411,190
Charges for services	668,563	790,061	800,382	738,987
Miscellaneous	206,174	304,100	368,838	432,804
Intergovernmental	1,847,612	2,269,957	2,080,654	2,450,707
Total revenues	<u>\$ 19,372,645</u>	<u>\$ 20,450,553</u>	<u>\$ 21,041,440</u>	<u>\$ 20,943,991</u>
Expenditures:				
Current:				
General government administration	\$ 2,944,474	\$ 3,073,899	\$ 3,284,008	\$ 3,317,553
Public safety	4,791,532	5,248,899	5,714,956	5,968,972
Public works	6,111,875	6,136,304	6,388,010	6,847,062
Health and welfare	230,802	305,332	294,054	291,386
Parks, recreation, and cultural	2,431,783	2,676,393	2,863,952	2,651,234
Community development	581,899	676,402	729,537	742,287
Capital projects	1,593,117	2,429,327	799,922	305,176
Debt service:				
Principal retirement	1,999,097	2,275,881	2,307,428	2,336,039
Interest and other fiscal charges	570,965	684,805	623,551	547,157
Total expenditures	<u>\$ 21,255,544</u>	<u>\$ 23,507,242</u>	<u>\$ 23,005,418</u>	<u>\$ 23,006,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,882,899)</u>	<u>\$ (3,056,689)</u>	<u>\$ (1,963,978)</u>	<u>\$ (2,062,875)</u>
Other financing sources (uses):				
Issuance of capital lease	\$ 469,521	\$ 524,680	\$ 600,000	\$ 512,025
Long term debt issued	4,950,000	-	-	-
Premium on issuance of long-term obligations	-	-	-	-
Transfers in	1,462,323	1,367,613	1,387,610	1,592,104
Transfers out	(409,386)	(129,938)	(109,660)	(549,276)
Total other financing sources (uses)	<u>\$ 6,472,458</u>	<u>\$ 1,762,355</u>	<u>\$ 1,877,950</u>	<u>\$ 1,554,853</u>
Net changes in fund balances	<u>\$ 4,589,559</u>	<u>\$ (1,294,334)</u>	<u>\$ (86,028)</u>	<u>\$ (508,022)</u>
Debt service as a percentage of noncapital expenditures	15.04%	16.34%	13.87%	13.60%

Table 5

2010	2011	2012	2013	2014	2015
\$ 8,689,481	\$ 8,633,014	\$ 9,017,905	\$ 9,280,201	\$ 9,210,898	\$ 9,824,996
6,894,432	7,673,569	8,102,797	8,247,649	8,335,911	8,978,718
101,143	117,484	135,197	152,114	171,876	195,316
298,921	414,608	512,500	449,649	438,510	429,366
265,712	219,127	199,270	224,039	214,818	265,103
713,568	734,344	772,068	792,935	809,685	781,286
274,906	262,553	720,327	244,303	350,451	799,340
4,363,577	3,937,987	3,722,619	5,785,650	5,097,685	6,292,473
\$ 21,601,740	\$ 21,992,686	\$ 23,182,683	\$ 25,176,540	\$ 24,629,834	\$ 27,566,598
\$ 3,545,989	\$ 3,569,339	\$ 3,663,319	\$ 4,022,335	\$ 4,462,089	\$ 4,505,608
5,850,604	5,725,283	6,089,459	6,408,461	7,262,830	6,867,167
6,617,842	6,914,263	6,765,678	6,978,990	7,381,367	7,063,724
290,027	284,147	275,187	261,088	240,455	236,416
2,729,770	2,803,448	2,935,398	2,773,680	2,903,353	2,946,390
728,309	722,868	863,380	863,286	851,558	711,077
1,294,779	1,499,027	1,200,696	6,651,007	2,230,105	5,111,855
2,152,250	2,043,511	2,053,478	2,103,421	3,513,686	2,801,394
458,754	436,827	495,179	506,152	675,999	533,590
\$ 23,668,324	\$ 23,998,713	\$ 24,341,774	\$ 30,568,420	\$ 29,521,442	\$ 30,777,221
\$ (2,066,584)	\$ (2,006,027)	\$ (1,159,091)	\$ (5,391,880)	\$ (4,891,608)	\$ (3,210,623)
\$ -	\$ 529,427	\$ 700,000	\$ 653,434	\$ 619,455	\$ 570,028
-	4,990,000	-	6,310,000	7,896,613	-
-	62,172	-	253,337	-	-
1,515,425	1,153,957	1,198,168	1,061,487	1,313,015	1,265,748
(720,449)	(278,155)	(316,823)	(78,510)	(408,196)	(1,501,709)
\$ 794,976	\$ 6,457,401	\$ 1,581,345	\$ 8,199,748	\$ 9,420,887	\$ 334,067
\$ (1,271,608)	\$ 4,451,374	\$ 422,254	\$ 2,807,868	\$ 4,529,279	\$ (2,876,556)
11.99%	11.32%	11.85%	11.24%	16.59%	13.20%

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
2015	\$ 9,824,996	\$ 1,465,129	\$ 668,218	\$ 2,334,987	\$ 2,339,686
2014	9,210,898	1,350,263	667,116	2,329,139	2,263,450
2013	9,280,201	1,320,803	660,323	2,217,307	2,212,543
2012	9,017,905	1,259,235	645,869	2,288,730	2,016,210
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

Table 6

Motor Vehicle License	Bank Franchise	Tobacco	Cable TV Fees	Other Taxes	Total
\$ 368,070	\$ 1,153,976	\$ 262,035	\$ -	\$ 386,617	\$ 18,803,714
354,312	697,798	302,198	-	371,635	17,546,809
389,640	761,646	323,901	-	361,486	17,527,850
382,597	789,721	347,078	-	373,357	17,120,702
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	15,135,926
248,864	495,020	360,587	151,237	297,173	15,466,377

Table 7

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Real Property (1)		Direct Tax Rate	Utility Companies Real Property		Total		Ratio of Total Estimated Actual Value
	Assessed Value	Estimated Actual Value		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2015	\$ 4,201,089,380	\$ 4,201,089,380	0.2288	\$ 37,186,660	\$ 37,186,660	\$ 4,238,276,040	\$ 4,238,276,040	100%
2014	3,939,375,260	3,939,375,260	0.2288	35,775,929	35,775,929	3,975,151,189	3,975,151,189	100%
2013	3,756,299,910	3,756,299,910	0.2421	37,193,940	37,193,940	3,793,493,850	3,793,493,850	100%
2012	3,523,315,230	3,523,315,230	0.2421	36,325,461	36,325,461	3,559,640,691	3,559,640,691	100%
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%

Notes: Real property is assessed effective January 1 of each year by the Supervisor of Assessments of Fairfax County for the concurrent use of the Town and County. In the above tabulation \$4,238,040 is the assessed valuation effective January 1, 2014, which was used as a basis for billing taxes in the fiscal year 2014-2015.

Real property was assessed at 100% of fair market value. Public service corporations are assessed by the State Corporation Commission.

Property owned by the Town, other governments, churches, and schools is exempt and no estimate of value is included. The Town also partially or fully exempts qualified elderly citizens. The Town does not tax personal property.

(1) Does not include abatements and adjustments.

Table 8**TOWN OF VIENNA, VIRGINIA**

Property Tax Rate (1)
Direct and Overlapping Governments
Last Ten Fiscal years

<u>Fiscal Year</u>	<u>Town of Vienna</u>	<u>County of Fairfax</u>	<u>Total Tax Rate</u>
2015	0.2288	1.090	1.3188
2014	0.2288	1.090	1.3188
2013	0.2421	1.075	1.3171
2012	0.2421	1.07	1.3121
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	0.2200	1.00	1.22

(1) Per \$100 of assessed value

The laws of the Commonwealth of Virginia impose no limitation on the tax rate. The Town Charter imposes a limit on the levy of taxes on real and personal property of \$2.00 per \$100 assessed value, except and permitted by State law for the payment of principal of and premium, if any, and interest on general obligation bonds in accordance with Section 15.1-227.25 of the Code of Virginia (1950), as amended.

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

The Town of Vienna's Real Estate tax rate has only one component.

Table 9

TOWN OF VIENNA, VIRGINIA

Principal Real Property Taxpayers
Current Year and the Period Nine Years Prior

Owner	Notes	Fiscal Year 2015			Fiscal Year 2006		
		2014 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2005 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union		\$ 142,315,790	1	3.39%	\$ 143,269,120	1	4.68%
GI TC 801 Follin Lane	(1)	87,135,100	2	2.07%	14,660,250	6	0.48%
Vienna Park LLC		32,460,780	3	0.77%	21,289,900	4	0.70%
Maple Avenue Shopping	(2)	31,620,090	4	0.75%	26,530,280	2	0.87%
Vienna Shopping Center, LP		20,482,450	5	0.49%	13,969,980	7	0.46%
Maryland Gardens Ltd. Partnership		20,361,440	6	0.48%	22,385,570	3	0.73%
P. Daniel & Diana S. Orlich		17,098,390	7	0.41%	13,969,640	8	0.46%
Frank Zafren & Alec Jacobson, Tr.		15,411,040	8	0.37%	12,565,540	9	0.41%
GRI Cedar Park LLC	(4)	11,773,730	9	0.28%	7,424,550	15	0.24%
BFH Danor Plaza		11,703,070	10	0.28%	8,111,990	11	0.26%
Westwood Country Club		10,439,520	11	0.25%	9,528,570	10	0.31%
Walgreen Company		10,071,260	12	0.24%	-	N/A	N/A
Swart Vienna LLC		9,319,160	13	0.22%	7,702,260	12	0.25%
Storage Partners of Vienna		8,637,790	14	0.21%	-	N/A	N/A
Jades Enterprises		7,014,020	15	0.17%	-	N/A	N/A
RDT Electric Avenue LLC	(3)	-	N/A	N/A	19,005,300	5	0.62%
Maple Professional Park		-	N/A	N/A	7,430,100	14	0.24%
Trimark VCP, LLC		-	N/A	N/A	7,481,490	13	0.24%
Total		\$ <u>435,843,630</u>		<u>10.37%</u>	\$ <u>335,324,540</u>		<u>10.95%</u>

(1) Ownership change from Rushmark Follin in 2005

Name change to GI TC Follin Lane LLC in 2013

(2) Name change from Maple Avenue Limited Partners in 2004

(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
2015	\$ 9,616,236	\$ 9,598,815	99.82%	\$ -	\$ 9,598,815	99.82%
2014	9,017,093	9,002,376	99.84%	9,758	9,012,134	99.95%
2013	9,094,000	9,081,793	99.87%	11,211	9,093,004	99.99%
2012	8,871,145	8,841,354	99.66%	28,806	8,870,160	99.99%
2011	8,487,353	8,464,923	99.74%	21,427	8,486,350	99.99%
2010	8,575,014	8,551,194	99.72%	22,857	8,574,051	99.99%
2009	8,360,160	8,345,045	99.82%	14,208	8,359,253	99.99%
2008	7,733,269	7,718,007	99.80%	14,397	7,732,404	99.99%
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%

Notes: (1) Penalties and interest not included

Table 11

TOWN OF VIENNA, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Bonds/ Notes	Capital Leases			
2015	\$18,081,026	\$1,546,395	\$1,468,000	\$214,508	\$21,309,929	2.50%	\$1,358
2014	20,304,489	1,587,761	1,576,000	132,398	23,600,648	2.77%	1,504
2013	15,518,686	1,421,711	1,700,733	79,266	18,720,396	2.20%	1,193
2012	10,598,614	1,235,032	1,795,222	76,907	13,705,775	1.76%	874
2011	12,242,174	951,842	925,202	116,027	14,235,245	1.83%	903
2010	8,816,669	839,260	971,427	86,296	10,713,652	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

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

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

TOWN OF VIENNA, VIRGINIA

**Computation of Direct and Overlapping Bonded Debt -
General Obligation Bonds
At June 30, 2015**

	Net Bonded Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct Debt:			
Town of Vienna			
General Bonded Debt	\$ 21,309,929	100.00%	\$ 21,309,929
Overlapping Debt: (1)			
County of Fairfax			
General Bonded Debt	<u>2,311,625,851</u>	2.02%	<u>46,700,554</u>
Total direct and overlapping debt	<u>\$ 2,332,935,780</u>		<u>\$ 68,010,483</u>

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

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TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Restricted for Debt Service	Net Bonded Debt (1)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (3)
2015	\$ 19,549,026	\$ -	\$ 19,549,026	0.47%	\$ 1,246.19
2014	21,880,489	-	21,880,489	0.56%	1,394.82
2013	15,518,686	-	15,518,686	0.41%	989.27
2012	10,598,614	-	10,598,614	0.30%	675.63
2011	12,242,174	-	12,242,174	0.35%	780.40
2010	8,816,669	-	8,816,669	0.23%	593.72
2009	10,443,336	-	10,443,336	0.26%	703.25
2008	12,370,003	-	12,370,003	0.32%	833.00
2007	14,296,670	-	14,296,670	0.38%	962.74
2006	16,223,337	-	16,223,337	0.53%	1,092.48

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

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

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

TOWN OF VIENNA, VIRGINIA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 309,315,848	\$ 378,951,649	\$ 390,338,664	\$ 404,083,054
Total net debt applicable to limit	<u>16,223,337</u>	<u>14,296,670</u>	<u>12,370,003</u>	<u>10,443,336</u>
Legal debt margin	<u>\$ 293,092,511</u>	<u>\$ 364,654,979</u>	<u>\$ 377,968,661</u>	<u>\$ 393,639,718</u>
Total net debt applicable to the limit as a percentage of debt limit	5.24%	3.77%	3.17%	2.58%

Table 14

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 379,979,764	\$ 350,664,783	\$ 384,150,833	\$ 389,989,663	\$ 412,218,932	\$ 389,989,663
<u>8,816,669</u>	<u>12,242,174</u>	<u>10,598,614</u>	<u>15,518,686</u>	<u>21,880,489</u>	<u>19,549,026</u>
<u>\$ 371,163,095</u>	<u>\$ 338,422,609</u>	<u>\$ 373,552,219</u>	<u>\$ 374,470,977</u>	<u>\$ 390,338,443</u>	<u>\$ 370,440,637</u>
2.32%	3.49%	2.76%	3.98%	5.31%	5.01%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 3,756,299,910
Add back: exempt real property	<u>143,596,720</u>
Total assessed value	<u>\$ 3,899,896,630</u>
Debt limit (10% of total assessed value)	\$ 389,989,663
Net debt applicable to limit	<u>19,549,026</u>
Legal debt margin	<u>\$ 370,440,637</u>

TOWN OF VIENNA, VIRGINIA

Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	(3) Principal	(3) Interest	Total	Coverage
2015	\$ 7,276,911	\$ 5,255,495	\$ 2,021,416	\$ -	\$ -	\$ -	N/A
2014	7,305,547	5,464,157	1,841,390	-	-	-	N/A
2013	7,357,985	5,657,285	1,700,700	-	-	-	N/A
2012	6,221,430	5,776,009	445,421	-	-	-	N/A
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

(1) Includes interest earnings and other nonoperating 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)
2015	15,687	\$851,945,283	\$54,309	40.7	4.40%
2014	15,687	851,945,283	54,309	40.7	4.40%
2013	15,687	851,945,283	54,309	40.7	4.50%
2012	15,687	777,196,728	49,544	40.7	4.30%
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%

Source: <http://www.fairfaxcounty.gov/economic/indicat/2014/06.pdf>

(1) Fairfax County

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TOWN OF VIENNA, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2015		Fiscal Year 2006	
	Employees	Rank	Employees	Rank
Navy Federal Credit Union	2,500 +	1	2,500 +	1
Fairfax County Public Schools	500 to 999	2	250 to 499	4
Contemporary Electrical Services, Inc.	100 to 249	3	N/A	N/A
Giant Foods	100 to 249	4	100 to 249	5
Whole Foods Market Group	100 to 249	5	100 to 249	8
Town of Vienna	100 to 249	6	100 to 249	6
Westwood Country Club	100 to 249	7	100 to 249	10
Wheat's Lawn and Custom Land Inc.	100 to 249	8	N/A	N/A
The Hope Center for Advanced Veterinary Medicine	100 to 249	9	N/A	N/A
U.S. Postal Service	50 to 99	10	N/A	N/A
SM Consulting	N/A	N/A	250 to 499	2
Management Systems Designers, Inc.	N/A	N/A	250 to 499	3
Cost Management Systems, Inc.	N/A	N/A	100 to 249	7
NISH	N/A	N/A	100 to 249	9

Source: Virginia Employment Commission

TOWN OF VIENNA, VIRGINIA

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

Function		2006	2007	2008
Legislative				
	Town Council	0.500	0.500	0.500
	Town Clerk	2.000	2.000	2.000
	Town Attorney	0.500	0.500	0.500
	Subtotal	3.000	3.000	3.000
Administration				
	Town manager	1.500	1.500	1.500
	Administrative Services	2.000	2.000	2.000
	Public Information	1.000	1.000	1.000
	Information Technology	2.000	2.000	2.000
	Subtotal	6.500	6.500	6.500
Finance				
	Administration	2.000	2.500	3.000
	Disbursement Operations	1.625	1.625	1.625
	Purchasing	1.625	1.625	1.625
	Central Services	1.000	1.000	1.000
	Revenue Operations	3.500	3.500	3.500
	Gang Task Force	0.000	0.000	0.000
	Subtotal	9.750	10.250	10.750
Police				
	Administration	3.000	3.000	3.000
	Patrol	21.000	21.000	21.000
	Communications	11.000	11.000	11.000
	Community Services	1.000	1.000	1.000
	Traffic	6.000	6.000	6.000
	Personnel/Accreditation/ Animal Control	1.000	1.000	1.000
	Investigations	9.000	9.000	9.000
	Subtotal	52.000	52.000	52.000
Public Works				
	Administration	6.000	6.000	6.500
	Street Maintenance	15.000	15.000	15.000
	Vehicle Maintenance	9.000	9.000	9.000
	General Maintenance	8.000	8.000	8.000
	Sanitation	14.000	14.000	14.000
	Traffic Engineering	2.000	2.000	2.000
	Subtotal	54.000	54.000	54.500
Parks and Recreation				
	Administration	4.750	4.750	4.750
	Parks Maintenance	10.000	10.000	10.000
	Community Center Operations	4.000	4.500	4.500
	Teen Center	1.000	1.500	1.500
	Subtotal	19.750	20.750	20.750
Planning and Zoning				
	Planning and Zoning	6.500	7.000	7.000
	Subtotal	6.500	7.000	7.000
GENERAL FUND TOTAL		151.500	153.500	154.500
Water and Sewer				
	(1) Water Operations			
	(1) Sewer Operations			
	(1) Operations and Maintenance	14.500	14.500	14.500
	Meter Maintenance and Reading	4.000	4.000	4.000
	Billing/Customer Service	2.000	2.000	2.000
	TOTAL WATER & SEWER FUND	20.500	20.500	20.500
Storm Water Fund		0.000	0.000	0.000
GRAND TOTAL		172.000	174.000	175.000

Source: Town of Vienna Budget

(1) Water and Sewer Operations split out beginning in FY 2011

Table 18

2009	2010	2011	2012	2013	2014	2015
0.500	0.500	0.500	0.500	0.500	0.000	0.000
2.000	2.000	2.000	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500	0.500
3.000	3.000	3.000	3.000	3.000	2.500	2.500
1.500	1.500	1.500	1.500	2.000	2.000	2.000
2.000	2.000	2.000	2.000	2.000	2.000	3.000
1.000	1.000	1.000	1.000	1.000	1.725	1.725
2.000	2.000	2.000	2.000	3.000	3.000	4.000
6.500	6.500	6.500	6.500	8.000	8.725	10.725
3.000	3.000	3.000	3.000	3.625	3.625	3.625
1.625	1.625	1.625	1.625	2.000	2.000	2.000
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	1.000
3.500	3.500	3.500	3.500	3.000	3.000	3.000
0.000	0.000	0.000	0.000	0.000	1.000	1.000
10.750	10.750	10.750	10.750	11.250	12.250	12.250
3.000	3.000	3.000	3.000	3.000	3.000	3.000
21.000	21.000	21.000	21.000	21.000	21.000	21.000
11.000	11.000	11.000	10.000	11.000	11.000	10.000
1.000	1.000	1.000	1.000	1.000	1.000	1.000
6.000	6.000	6.000	6.000	6.000	6.000	6.000
1.000	1.000	1.000	1.000	1.000	1.000	1.000
9.000	9.000	9.000	10.000	9.000	9.000	9.000
52.000	52.000	52.000	52.000	52.000	52.000	51.000
6.500	6.500	6.500	6.500	6.500	7.500	6.500
15.000	15.000	15.000	15.000	13.000	12.000	12.000
9.000	9.000	9.000	9.000	9.000	9.000	8.000
8.000	8.000	8.000	8.000	8.000	8.000	9.000
14.000	14.000	14.000	14.000	16.000	16.000	16.000
2.000	2.000	2.000	2.000	2.000	2.000	2.000
54.500	54.500	54.500	54.500	54.500	54.500	53.500
4.750	4.750	4.750	4.750	4.750	4.750	4.750
10.000	10.000	10.000	10.000	10.000	10.000	10.000
4.500	4.500	4.500	4.500	4.500	4.000	4.000
1.500	1.500	1.500	1.500	1.500	1.800	1.800
20.750	20.750	20.750	20.750	20.750	20.550	20.550
7.000	7.000	7.000	7.000	7.000	7.000	7.000
7.000	7.000	7.000	7.000	7.000	7.000	7.000
154.500	154.500	154.500	154.500	156.500	157.525	157.525
		8.500	8.500	8.500	8.500	8.000
		6.000	6.000	6.000	6.000	6.000
14.500	14.500					
4.000	4.000	4.000	4.000	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000	2.000
20.500	20.500	20.500	20.500	20,500	20,500	20.000
0.000	0.000	0.000	0.00	0.000	1.000	1.000
175.000	175.000	175.000	175.000	177.000	179.025	178.525

TOWN OF VIENNA, VIRGINIA

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

Function	(1)	2006	2007	2008
General Government Administration				
Administrative Service				
Job applications processed		587	620	468
Public Information				
Information requests responded to		2,200	2,357	2,000
Press releases per year		225	233	240
(a) Web Site Visits		-	-	-
Twitter and Facebook followers		-	-	-
Finance				
Real Estate bills processed		12,136	12,080	12,225
Water and Sewer bills processed		36,850	36,500	37,500
(b) Vehicle decals issued	(2)	12,858	11,688	-
Vehicle license fee bills processed		-	-	-
(c) Payroll checks/Direct Deposits		7,500	7,560	7,688
(c) Vendor check issued		4,919	4,864	4,695
Competitive bids completed		22	17	30
Public Safety				
Number of Calls for Service received		11,519	12,849	11,654
Number of Citations issued		6,737	5,839	5,216
Number of Animal complaints		330	400	387
Public Works				
Tons of asphalt installed		662	700	1,480
Linear feet of sidewalk replaced / installed		-	-	-
(d) Vehicles Maintained		147	143	145
Tons of Waste collected		7,073	6,474	6,883
Tons of Recycled materials collected		1,809	1,878	2,067
Cubic Yards/Tons of leaves collected		15,227	15,850	14,042
Water and Sewer Operations				
Repair Water Main breaks		46	44	72
Repair defective sewer lines		12	13	12
Footage of Sewer Mains cleaned		-	-	-
Completed work orders		3,600	3,400	4,200
Parks and Recreation				
Number of programs held		520	592	573
Daily average number of teens using Teen Center		40	40	30
Planning and Zoning				
Permit applications		801	1,050	880
New single-family dwellings		-	-	-
New zoning violation cases opened		220	324	413

Sources: Town Budget unless noted

(a) New measuring system in 2013

(b) Decal logs; decal program ended in FY 2007

 Fee instituted in 2011; number of bills sent

(c) Check logs

(d) Fixed Asset Records

(1) Data not available indicated by dash (-)

(2) Vehicle Decals discontinued in 2007

Table 19

2009	2010	2011	2012	2013	2014	2015
586	620	675	1,294	2,745	2,186	2,674
1,600	1,600	1,225	-	-	-	-
254	254	245	585	585	600	600
-	-	-	-	367,000	370,000	303,829
-	-	1,547	2,430	3,313	4,196	4,099
12,300	12,300	12,300	12,400	11,125	11,151	11,244
38,000	38,000	38,000	38,000	37,350	38,047	38,285
-	-	-	-	-	-	-
-	-	12,395	12,810	13,301	13,301	12,378
8,915	7,870	7,311	6,956	7,452	7,652	6,946
5,355	4,600	4,300	4,315	4,432	5,329	4,449
30	30	30	35	17	30	9
13,000	13,000	13,000	20,500	20,500	17,500	41,000
7,400	7,200	7,000	10,200	10,000	10,000	8,600
400	400	400	380	380	350	390
1,500	1,721	5,300	5,000	5,000	5,000	3,000
-	150	188	200	200	200	2,662
145	140	145	153	155	153	144
6,001	6,001	5,810	7,940	4,500	5,800	4,250
2,036	2,036	1,840	1,825	2,000	2,000	1,850
14,000	13,500	13,000	11,000	11,000	11,500	11,500
68	50	68	50	55	55	75
15	15	15	-	-	-	-
-	279,556	343,543	350,000	355,000	355,000	350,000
3,800	3,800	3,800	3,000	3,390	3,722	3,100
642	642	660	641	650	650	650
35	35	35	30	30	30	30
829	829	820	650	650	650	680
-	43	65	50	50	70	85
557	557	550	671	487	384	400

TOWN OF VIENNA, VIRGINIA

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

Function	2006	2007	2008
General government administration			
Administration buildings	3	3	4
Vehicles	6	6	6
Public safety			
Patrol units	20	20	18
Motorcycles	5	5	5
Other vehicles	3	3	3
Public works			
Trucks/vehicles	85	83	84
Parks and recreation			
Community center	1	1	1
Vehicles	24	22	25
Number of parks	7	10	10
Park acres	74.32	93.47	93.47
Community development			
Planning vehicles	4	4	4

Source: Individual Town Departments

Table 20

2009	2010	2011	2012	2013	2014	2015
4	4	5	5	5	5	5
6	6	6	7	6	5	4
19	18	18	19	25	22	20
6	4	4	4	4	4	4
3	3	3	3	3	3	4
88	85	89	94	91	92	86
1	1	1	1	1	1	1
20	20	21	22	22	23	23
10	10	10	10	10	10	10
93.47	93.47	93.47	93.47	93.47	93.47	93.47
3	4	4	4	4	4	3

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- Compliance Section -

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' 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, in accordance with the 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 Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vienna, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Vienna, Virginia's basic financial statements, and have issued our report thereon dated December 10, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Vienna, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Vienna, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Vienna, Virginia's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Vienna, Virginia's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 10, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Town of Vienna, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Vienna, Virginia's major federal programs for the year ended June 30, 2015. Town of Vienna, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Vienna, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Vienna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Vienna, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Vienna, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Town of Vienna, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Vienna, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Vienna, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 10, 2015

TOWN OF VIENNA, VIRGINIA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payments:</u>			
Congressionally Recommended Awards	16.753	N/A	\$ 122,662
Total Department of Justice			\$ 122,662
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	103593/77402/104325/ 104326/103858/105520/ 107242/102852	\$ 1,644,942
Virginia Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	60507-54119/55025	23,352
State and Community Highway Safety	20.600	60507-54043/55068	17,082
Total Department of Transportation			\$ 1,685,376
Total Expenditures of Federal Awards			\$ 1,808,038

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF VIENNA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Vienna, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Vienna, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Vienna, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements (Exhibit 12/24):	
Primary government:	
General Fund	\$ 116,075
Capital Projects Fund	1,644,942
Debt Service Fund	32,471
Gang Task Force Fund	<u>47,021</u>
Total federal expenditures per basic financial statements	\$ <u>1,840,509</u>
Less: Build America Bonds Interest Subsidy	\$ <u>(32,471)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>1,808,038</u></u>

TOWN OF VIENNA, VIRGINIA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
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20.205	Highway planning and construction
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Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Audit Findings

There were no prior year audit findings.

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