

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020



TOWN OF
VIENNA
since 1890

**TOWN OF VIENNA,
VIRGINIA**

- Introductory Section -

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TOWN OF VIENNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY:

Department of Finance
Marion K. Serfass, Director of Finance/Treasurer

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TOWN OF VIENNA, VIRGINIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Linda J. Colbert, Mayor

Howard J. Springsteen, Vice Mayor

Chuck Anderson

Ray Brill

Nisha Patel, MD

Steve Potter

Ed Somers

MANAGEMENT TEAM

Town Manager

Mercury T. Payton

Town Attorney

Steven D. Briglia

Town Clerk

Melanie J. Clark

Michael Gallagher, P.E.

Director of Public Works

Maggie Kain

Director of Human Resources

James Morris

Chief of Police

Cindy Petkac, AICP

Director of Planning and Zoning

Antoine Mull

Director of Information Technology

Leslie Herman

Director of Parks and Recreation

Marion K. Serfass, CPA

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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Finance Department

November 30, 2020

To Town of Vienna Citizens:

We're pleased to share with you the Town of Vienna's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. Town Code, Section 2.6, requires that the Town treasurer arrange for an annual audit of the books by such persons as Town Council may designate for this purpose. In addition, Section 15.2-2511 of the Code of Virginia requires that an independent, certified public accountant conduct an annual audit of accounts and records for all counties, cities, and towns with populations greater than 3,500, in accordance with specifications furnished by the Auditor of Public Accounts of the Commonwealth of Virginia. This CAFR is formally submitted in fulfillment of these requirements.

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

Responsibility for accuracy of the data as well as completeness and fairness of presentation, including all disclosures, rests with Town management. 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 various Town funds and account groups. All disclosures necessary to enable the reader to gain a clear understanding of the Town's financial activities have been included.

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

The Town's financial statements have been audited by the certified public accounting firm of Robinson, Farmer, Cox Associates. An independent audit is conducted to provide reasonable assurance that the Town's financial statements for the fiscal year ended June 30, 2020 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in financial statements; assessing accounting principles used and significant estimates made by Town management; and evaluating the overall financial statement presentation. The independent auditor's report is presented in the first part of this report's financial section.

FINANCIAL REPORTING ENTITY

This report includes all funds under the Town of Vienna's jurisdiction and oversight. The Town of Vienna was incorporated in 1890, consists of 4.41 square miles, has a population of 16,485, and operates under the council-manager form of government. Policymaking and legislative authority are vested in Town Council, which consists of a mayor and six additional members, all elected on a nonpartisan, at-large basis. Councilmembers and the mayor serve two-year terms on a staggered election cycle. Town Council appoints the town manager, town attorney, town clerk, and treasurer. The Town Manager, in turn, appoints various department heads.

The Town provides a full range of municipal services authorized by statute. Services include police protection; sanitation services; 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

Situated in northern Virginia near Washington, D.C., with proximity to the Dulles airport corridor and the area's metropolitan transit systems, Vienna continues to enjoy a relatively stable economic base.

However, the entire United States economy has been negatively impacted by the novel coronavirus pandemic, beginning with quarantines in the Commonwealth of Virginia from mid-March to the end of May 2020. Virginia now is in modified Phase 3 of its reopening plan, allowing for gatherings of up to 25 people; many restaurants and service businesses have experienced major slowdowns.

Almost 50 percent of the Town's general fund revenues relate to property taxes, which are based on real estate assessments as of January 1, 2019 for fiscal year 2020. Existing residential property values have increased every year since 2011; commercial property values also have increased each year since 2012, except for slight decreases in two years. Construction of upscale homes and residential renovations are still strong in many areas of Town. Vienna had several new restaurants open in the winter and spring of 2020, and construction is well underway on a mixed-use development of 44 townhouses and retail space on Maple Avenue.

Historically low unemployment rates ended with the start of the pandemic in March. By June 2020, the area's unemployment rate of 7.8 percent was higher than the state's rate of 6.3 percent but favorable to the national rate of 11.2 percent. Local and state unemployment rates rose 5.4 percent and 3.4 percent, respectively, from 2019, compared to a 7.4 percent increase in the national rate. These are the first unemployment increases in more than six years and are a direct effect of the pandemic. In general, the local economy is based more on white-collar employment, and real estate collections remain strong, but local business activity is not expected to recover completely until later in calendar year 2021. According to U.S. Census Bureau data, updated as of June 20, 2019, the area's median household income is \$155,490, with 67.4 percent of the population holding a bachelor's degree or higher, and 96.9 percent of households having a computer in the home.

In general, the area's underlying economy continues in a positive direction. Software, telecommunications, internet, and other high-technology industries, along with Northern Virginia's proximity to the federal government and related businesses, remain major components of the area's economy. Major commercial expansion continues to occur adjacent to Vienna, in the Tysons and Dulles airport corridor areas spurred by Metro's Silver Line rail stations along those corridors. Fairfax County continues to approve mixed-use commercial and residential developments in the adjacent Tysons area and

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

forecasts an additional 100,000 residents and 200,000 jobs in the region by 2050, based on its comprehensive plan, which has not been adjusted at this point. Ground broke in early 2020 for Amazon's HQ2 in nearby Arlington. The Town expects to see a positive economic impact from 25,000 new jobs created there.

The Town's revenue trends for recurring items other than real estate decreased in FY 2020 as a result of curtailed operations in the spring. Assessed property values increased 4.0 percent from last year (4.9 percent increase for residential), marking the ninth consecutive year of increases. The Town's tax rate was held constant from the prior year at \$0.225, which resulted in a 4.1 percent increase in property tax revenue. This increase reflects the pace at which newly constructed and remodeled homes are being constructed in Town, about 93 in fiscal 2020, continuing an annual trend of more than 50 new homes over several years. Fees related to occupancy and building permits also were up 31 percent, and this increase is related to new construction.

Due to closure of all parks and recreation programs in March, related program revenue was down 48.5 percent from FY 2019. Virginia traffic courts closed from March to June, and court fine revenues were down 15.5 percent from FY 2019. Interest rates fell more than 2 percent by the fourth quarter, and investment income was down 20 percent. These shortfalls were partially offset by receipt of \$2.9 million in federal Coronavirus Aid, Relief and Economic Security (CARES) funds through Fairfax County, \$1.06 million of which was recognized in FY 2020 to support expenditures required to prevent and mitigate spread of the virus. Another \$1.82 million from the grant is available to offset FY 2021 expenditures related to the pandemic.

Long-Term Financial Planning and Outlook

Town Council meets periodically with Town staff to discuss vision and long-term financial planning. Town staff is exploring ways to capitalize on expansion of the Washington-area Metro system and an increase in Fairfax County commercial development in nearby Tysons while maintaining the hometown feel that residents enjoy. In early FY 2021, two projects broke ground that support those efforts. The planning and zoning department awarded a contract to re-write and update the Town's zoning code, which has not been revised since the 1960s. The new economic development manager, hired in the fall of 2019, is reviewing proposals for an Economic Development and Market Study, with 50 percent of funding to come from a Fairfax County Economic Development Support Fund (EDSF) grant. This contract will be awarded in January 2021 and is expected to generate ideas for smart development and a thriving commercial district.

The first project completed under the Maple Avenue Corridor (MAC) voluntary zoning district opened in 2020 and features a Chick-Fil-A and a car wash and is doing good business even in current conditions. A second project with 44 townhomes and retail space is under construction and will open in phases in FY 2021. Two other properties along Maple Avenue – one mixed use with apartments and retail, and one an assisted living community – are both slated to break ground in FY 2021. MAC provisions were repealed in the fall of 2020 and will be replaced with new commercial codes in the revised zoning code.

Despite the challenges related to emergence of the pandemic in the spring, several new restaurants opened and are doing well. The Town relaxed restrictions on outdoor commercial activity, and many restaurants are having success with expanded seating in their parking lots. The Town also assisted businesses in many ways, including helping them apply for federal and state grants and loans and donating \$1 million of Town CARES funds (for the benefit of Vienna businesses only) to a business support program (RISE grant) administered by Fairfax County. In total, Vienna businesses received more than \$2.74 million through the county's RISE grant, and an estimated total of \$23-\$50 million in federal loans and grants such as the Paycheck Protection Program (PPP), a microloan program for Vienna businesses and other state and federal grants.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

The Town also offered an increase in discounts for on-time filings of meals tax revenues for two months and delayed the due date for the first real estate tax installment for one month in early fiscal 2021. From all indications, real estate collections are the same as the prior year, and restaurants are doing roughly 80 percent of the volume of business as the prior year, recovering after a slump from the more severe closure rules in March and April 2020.

Town staff has secured a Northern Virginia Transportation Authority (NVTa) grant to fund additional public parking when the existing county library branch, at a key intersection along Maple Avenue, is redeveloped in a few years. Feasibility work was completed in 2019. Design is planned for fiscal year 2021, and construction is slated to begin in fiscal year 2022.

A budget committee, comprised of department heads from finance, human resources, and public works as well as the Town Manager, additional finance staff, and two other rotating department heads, meets to perform an intensive review of the Town's annual operating budget. The committee's goal is to present Council with a conservative, achievable budget. The budget committee also works with Council to develop and refine long-term capital project planning. Projects have been identified and prioritized for potential debt offerings for the next 20 years.

In March 2020, the Town issued \$34.5 million in new debt, mainly to support construction of a new police station and to improve water and sewer and street infrastructure. Due to a reaffirmation of the Town's AAA bond rating (the highest rate available), the Town received an historic low interest rate of 1.86 percent.

Additionally, the Town used bond proceeds to make two strategic land purchases during the year. One will most likely be turned into a park and is located adjacent to a number of restaurants in the middle of Town. The second was a church property in a prime location next to other Town facilities. A feasibility study to determine best uses of these properties will be conducted in FY 2021.

Relevant Financial Policies

Town Council is required to adopt an annual fiscal year budget no later than close of the previous fiscal year. This annual budget serves as the foundation for the Town of Vienna's financial planning and controls. The budget is prepared on a line-item basis at the department level and is appropriated by Town Council at the fund level. Department heads may transfer resources within their department with approval of the town manager. Supplemental appropriations over a one percent threshold and transfers between funds require Town Council approval.

Town Council has strongly supported maintaining adequate reserves within the general and debt service funds in order to buffer against financial emergencies and economic downturns. This policy has helped Vienna continue to provide quality services within the limits of sound fiscal management and has enabled the Town to retain its coveted AAA bond rating. Council policy requires that the Town maintain an unassigned general fund balance of at least 15 percent of the subsequent year's budget. For this year, 18.0 percent of the FY 2021 budget was allocated to unassigned fund balance, well in excess of the Town's adopted policy and the Government Finance Officers Association's suggested best practice of 16.7 percent or two months of expenditures.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Major Initiatives

Among significant initiatives undertaken during this past fiscal year were sidewalk, curb and gutter, street repaving, and storm drainage projects, several of which were financed in conjunction with grants from the Virginia Department of Transportation, Northern Virginia Transportation Authority, and state stormwater grants. The Town also was the recipient of a private grant for \$8 million to support additional sidewalk construction. In addition, several underground water lines were repaired and upgraded.

As noted above, the Town secured financing in FY 2020 and awarded a construction contract in the fall of 2020 for construction of a new police station, which is scheduled to break ground in early 2021. The strategic church purchase will temporarily house the police department in the center of Town during the 18- to 24-month construction period. The Town continues to work with the Fairfax County to develop a public parking project in conjunction with the county's library branch in Town, which is slated for completion in fiscal year 2023. This garage is planned to add more than 200 new parking spaces for commuters, diners, and shoppers.

The Town's 20-year capital improvement plan was adopted in October 2020. Projects include improvements to water and sewer and road and sidewalk infrastructure, building generators, funds for public parking construction, and for other building improvements.

In 2019, the Town formally adopted a strategic plan to give strategic direction for upcoming years. The process included input from staff at all levels. Staff plans to report key indicators back to Council periodically going forward.

Bond financing is planned every other year. The 2020 bond sale was very successful despite being completed at the start of the pandemic. A capital lease to finance vehicle purchases for \$860,000 was completed during the year at an interest rate of 1.904 percent, reinforcing the Town's strong financial position and its ability to borrow funds at low rates.

OTHER INFORMATION

Independent Audit

The Town Charter requires an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates performed the audit for the fiscal year ending June 30, 2020. The auditor's report on basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this report.

Awards and Designations

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, 2019; this was the 33rd year in a row that the Town has received this recognition. In order to be awarded a Certificate of Achievement, a government entity 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. The Town believes that its current comprehensive annual financial report continues to meet Certificate of Achievement requirements and is submitting this report to GFOA to determine its eligibility for recognition.

OTHER INFORMATION (CONTINUED)

GFOA Distinguished Budget Presentation Award

For the 26th year in a row, the Town received GFOA's Distinguished Budget Presentation Award for the FY 2019-20 Budget. This award is presented to local governments that prepare a budget that satisfies rigorous criteria for defining the budget document as a policy document, operations guide, financial plan, and communications device. Submitted budgets are reviewed by GFOA and outside reviewers with experience in public-sector budgeting. In July 2020, the Town submitted its FY 2020-21 budget documents for consideration for this recognition.

Tree City USA

The National Arbor Day Foundation recognized Vienna as a Tree City USA for the 17th consecutive year, confirming Vienna's commitment to its tree canopy and environmental stewardship.

Wallethub Best Places to Live in Virginia for Families

Wallethub ranked Vienna #2 in its best places to live in Virginia list based on lowest violent-crime rate, most attractions, quality public schools, and quality of life.

Top Virginia Zip Code for Solar Installations

Since 2014 Vienna's zip code has accounted for more residential solar energy system installations through the Solarize NOVA program than any other zip code in the region. Twenty-nine homes in Vienna's zip code have installed solar over the past five years. Throughout Northern Virginia, 305 solar contracts have been implemented, meaning that solar system installation in Vienna's zip code accounts for almost 10% of the region.

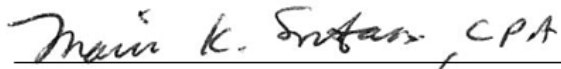
#1 among 2019 Safest Cities in Virginia – National Council for Home Safety and Security

For the third year in a row, Vienna was named to this list, and was ranked the safest city in Virginia. This rating is based on the Town's low violent and property crime rates.

Preparation of this report on a timely basis requires the dedicated services of all Finance Department staff members along with support from other Town departments. Gratitude and appreciation are extended to staff members whose efforts contributed to this report. Staff also thanks Town Council for its leadership and support, which makes the Town's responsible and progressive financial management possible.



Mercury T. Payton
Town Manager



Marion K. Serfass, CPA
Director of Finance/Treasurer



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

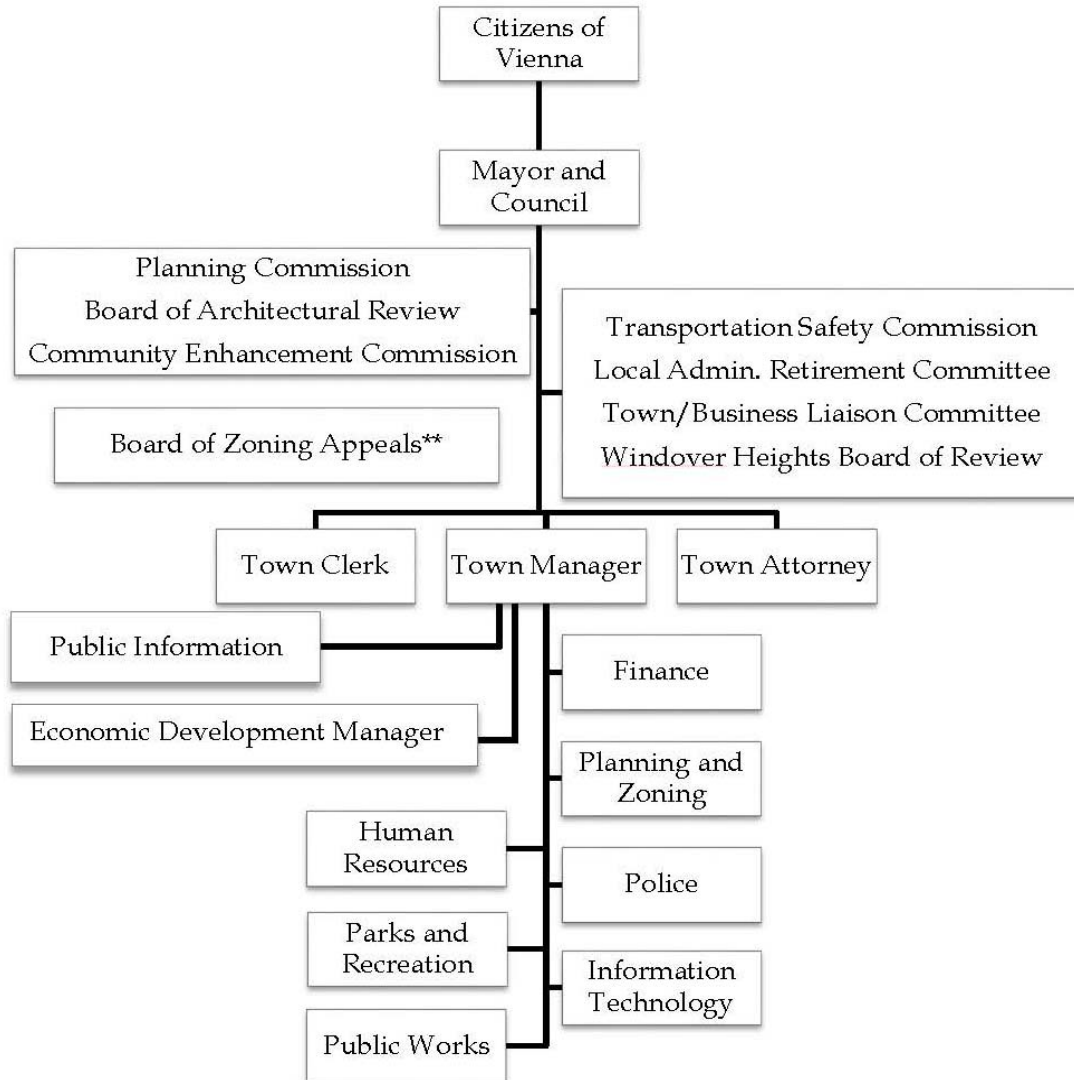
June 30, 2019

Christopher P. Morill

Executive Director/CEO

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Town of Vienna, Virginia Organizational Chart



**The Board of Zoning Appeals is a quasi-judicial body whose members are appointed by the Fairfax County Circuit Court.

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- Financial Section -

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Independent Auditors' Report

**To the Honorable Members of 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, 2020 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, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of June 30, 2020, 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.

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, 90-91, and 92-106 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.

Supplementary and 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and was 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.

Supplementary and Other Information (continued)

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 November 27, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Vienna, Virginia's 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
November 27, 2020

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

To the Honorable Town Council Members and Town of Vienna Citizens

The Town of Vienna offers readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2020. Readers are encouraged to consider information presented in this analysis in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- Total net position on June 30, 2020 was \$64,283,094 compared to \$62,708,294 in 2019. Total net position increased by \$1,574,800 or 2.5 percent, mainly due to issuance of bonds during the year plus unspent funds from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grant received by the Town, partially offset by a slight decrease in receivables from other governments as the Town received reimbursements from road rebuilding projects. The Town's unrestricted net position decreased by \$952,789 due to the increased investment in capital assets and increased reserve for pension obligations. Unrestricted net position funds may be appropriated by Town Council to meet ongoing obligations to citizens, water and sewer customers, and creditors.
- As of the close of the reported fiscal year, the Town's governmental funds balance sheet (Exhibit 3) reported a combined ending fund balance of \$54,000,082, an increase of \$31,481,860 compared to the prior year, due to the issuance of bonds and unspent CARES federal grant received during the year. \$8,059,245 of the combined fund balance is assigned to retirement of current and future debt issues, a 0.8 percent increase from 2019. An additional \$35,973,203 of the combined fund balance is assigned for completion of capital projects, an increase of \$31,170,155 from last year from the debt issuance partially offset by capital spending. The \$1,346,046 fund balance in non-major governmental funds consists of \$682,604 restricted for stormwater projects and \$681,442 restricted for projects sponsored by the Northern Virginia Regional Gang Task Force. The general fund balance includes \$4,467,908 in unassigned balance. This represents 18.0 percent of total fiscal year 2021 General Fund budgeted expenditures.
- The Town's long-term obligations, which are due across multiple years, increased by \$38,549,580 due primarily to the increase in bonded debt and in pension obligations, partially offset by prior debt repayment during the year. Long-term obligations due in more than one year totaled \$80,786,468 at year-end. Of this amount, outstanding bonds and notes totaled \$58,542,568; capital leases totaled \$1,260,680; and pension and post-employment benefits totaled \$20,823,933. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$3,959,388 and \$1,592,874, respectively, at year-end. Accounts payable and an amount estimated at \$1,433,587 for compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$75,624 or 5.0 percent over the preceding year.
- Excluding pension trust funds, total cash and cash equivalents increased by \$36,722,088 when compared to the prior fiscal year. This increase is mainly attributed to the issuance of bonds in 2020. Water and sewer fund revenues and incoming transfers and capital contributions exceeded operating and non-operating expenses and transfers by \$5,379,970. Pension fund contributions and interest earnings exceeded benefits payments by \$238,625. The following table denotes cash increases and decreases by fund.

Fund	FY 20 Cash	FY 19 Cash	Increase (Decrease)
General	\$ 13,846,834	\$ 10,977,007	\$ 2,869,827
Debt Service	7,859,270	7,679,578	179,692
Capital Projects	38,523,398	5,761,826	32,761,572
Special Transportation	1,789,155	1,557,917	231,238
Nonmajor Governmental	1,478,453	1,536,000	(57,547)
Water & Sewer	1,313,214	575,908	737,306
Total Cash	<u>\$ 64,810,324</u>	<u>\$ 28,088,236</u>	<u>\$ 36,722,088</u>
Pension Trust	<u>\$ 5,989,929</u>	<u>\$ 5,743,285</u>	<u>\$ 246,644</u>

Overview of 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-wide financial statements - 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets and deferred outflows, liabilities, and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.
2. Statement of Activities - Presents information showing how the Town's 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 timing of related cash flows. Thus, revenues and expenses are reported in a 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 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 costs through user fees and charges (business-type activities). The Town's governmental activities include general government, police, public works, community development, stormwater management and recreation. 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 and 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 Town funds 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, 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: General Fund, Debt Service Fund, Capital Projects Fund, Gang Task Force Fund, Stormwater Fund, and 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 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 governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the 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 (depreciated) to operations over the estimated useful life of the assets in government-wide financial statements.
 - b. Interest expense is reflected as an expenditure when due in governmental fund financial statements but is posted as an accrued expense in the government-wide financial statements.
 - c. Receivables reported in government-wide financial statements when a claim is established (or revenue is earned) are reported as deferred revenues in 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 of Vienna does not utilize internal service funds but does maintain one enterprise fund that accounts for 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 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 defined benefit pension plans under direction of the Town Retirement Committee. The Local Retirement Pension Plan, which was closed to new entrants in 2006, covers non-sworn employees, and police officers are covered by the Police Retirement Pension Plan. Although reported in 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 essential to a full understanding of the data provided in 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 \$64,283,094 at year-end. Of the total net position, governmental activities totaled \$47,373,289, a decrease of \$3,805,170 or 7.4 percent, while business-type activities totaled \$16,909,805, an increase of \$5,379,970 or 46.7 percent. The decrease in net position of governmental activities is due primarily to increases in pension-related obligations, increases in governmental expenditures and revenue decreases due to the pandemic. The increase in net position of business-type activities is due to an increase in infrastructure improvements and a decrease in outstanding notes which were repaid during the year.

The Town's investment in capital assets such as land, buildings, and equipment, net of depreciation, totaled \$92,868,818 on June 30, 2020, of which governmental activities totaled \$72,770,150, an increase of \$1,850,043 or 2.6 percent. The increase is due primarily infrastructure and other capital projects completed in 2020. 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 resources needed to repay this debt must be provided from other sources since 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 fiscal year 2020.

Town of Vienna, Virginia Schedule of Assets, Liabilities, Deferred Inflows and Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<u>Assets:</u>						
Current and other assets	\$ 65,527,454	\$ 29,603,859	\$ 3,383,471	\$ 2,404,450	\$ 68,910,925	\$ 32,008,309
Capital assets	72,770,150	70,920,107	20,098,668	16,793,583	92,868,818	87,713,690
Total assets	<u>\$ 138,297,604</u>	<u>\$ 100,523,966</u>	<u>\$ 23,482,139</u>	<u>\$ 19,198,033</u>	<u>\$ 161,779,743</u>	<u>\$ 119,721,999</u>
Deferred Outflows of Resources	<u>\$ 5,433,077</u>	<u>\$ 2,485,622</u>	<u>\$ 461,852</u>	<u>\$ 190,005</u>	<u>\$ 5,894,929</u>	<u>\$ 2,675,627</u>
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$ 82,746,092	\$ 43,076,091	\$ 4,444,812	\$ 5,565,233	\$ 87,190,904	\$ 48,641,324
Other liabilities	12,135,534	7,286,094	2,424,319	2,166,608	14,559,853	9,452,702
Total liabilities	<u>\$ 94,881,626</u>	<u>\$ 50,362,185</u>	<u>\$ 6,869,131</u>	<u>\$ 7,731,841</u>	<u>\$ 101,750,757</u>	<u>\$ 58,094,026</u>
Deferred Inflows of Resources	<u>\$ 1,475,766</u>	<u>\$ 1,468,944</u>	<u>\$ 165,055</u>	<u>\$ 126,362</u>	<u>\$ 1,640,821</u>	<u>\$ 1,595,306</u>
<u>Net Position:</u>						
Net investment in capital assets	\$ 47,367,126	\$ 49,860,620	\$ 17,294,154	\$ 12,558,317	\$ 62,454,418	\$ 60,041,201
Restricted	2,493,232	2,378,860	-	-	2,493,232	2,378,860
Unrestricted	(2,487,069)	(1,061,021)	(384,349)	(1,028,482)	(664,556)	288,233
Total net position	<u><u>\$ 47,373,289</u></u>	<u><u>\$ 51,178,459</u></u>	<u><u>\$ 16,909,805</u></u>	<u><u>\$ 11,529,835</u></u>	<u><u>\$ 64,283,094</u></u>	<u><u>\$ 62,708,294</u></u>

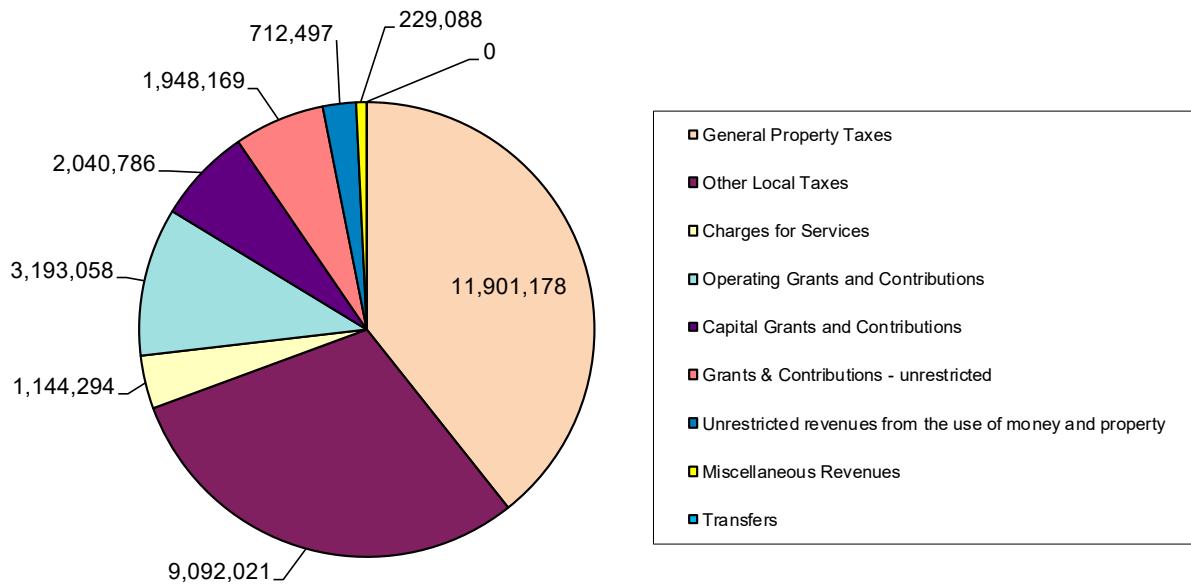
At the end of the most recent fiscal year, the Town of Vienna is able to report positive balances in net position for the Town as a whole.

Governmental Activities - Governmental activities reflect a decrease in net position of \$3,805,170 and business-type activities reflect an increase of \$5,379,970. The following table provides an overview of revenues, expenses, and changes in net position for the fiscal year.

Town of Vienna, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,144,294	\$ 1,642,167	\$ 9,026,933	\$ 7,813,703	\$ 10,171,227	\$ 9,455,870
Operating grants and contributions	3,193,058	3,216,847	-	-	3,193,058	3,216,847
Capital grants and contributions	2,040,786	1,510,991	2,382,018	-	4,422,804	1,510,991
General revenues:						
Property taxes	11,901,178	11,440,251	-	-	11,901,178	11,440,251
Other local taxes	9,092,021	9,568,195	-	-	9,092,021	9,568,195
Grants & contributions - unrestricted	1,948,169	905,984	-	-	1,948,169	905,984
Unrestricted revenues from the use of money and property	712,497	832,700	11,414	19,252	723,911	851,952
Miscellaneous	229,088	217,698	338,825	320,970	567,913	538,668
Total revenues	\$30,261,091	\$29,334,833	\$11,759,190	\$ 8,153,925	\$ 42,020,281	\$37,488,758
Expenses:						
General government administration	\$ 6,116,160	\$ 5,323,098	\$ -	\$ -	\$ 6,116,160	\$ 5,323,098
Public safety	8,976,709	7,751,329	-	-	8,976,709	7,751,329
Public works	11,391,564	11,142,853	-	-	11,391,564	11,142,853
Health and welfare	228,923	223,435	-	-	228,923	223,435
Parks, recreation and cultural	4,280,640	4,207,487	-	-	4,280,640	4,207,487
Community development	1,157,327	947,650	-	-	1,157,327	947,650
Interest on long-term debt	1,038,805	647,891	-	-	1,038,805	647,891
Water and sewer	-	-	7,255,353	6,761,477	7,255,353	6,761,477
Total Expenses	\$33,190,128	\$30,243,743	\$ 7,255,353	\$ 6,761,477	\$ 40,445,481	\$37,005,220
Net Position:						
Income before capital contributions and transfers	\$(2,929,037)	\$ (908,910)	\$ 4,503,837	\$ 1,392,448	\$ 1,574,800	\$ 483,538
Transfers	(876,133)	1,824,221	876,133	(1,824,221)	-	-
Increase (Decrease) in net position	\$(3,805,170)	\$ 915,311	\$ 5,379,970	\$ (431,773)	\$ 1,574,800	\$ 483,538
Net position, beginning of year	51,178,459	50,263,148	11,529,835	11,961,608	62,708,294	62,224,756
Net position, end of year	<u>\$47,373,289</u>	<u>\$51,178,459</u>	<u>\$16,909,805</u>	<u>\$11,529,835</u>	<u>\$ 64,283,094</u>	<u>\$62,708,294</u>

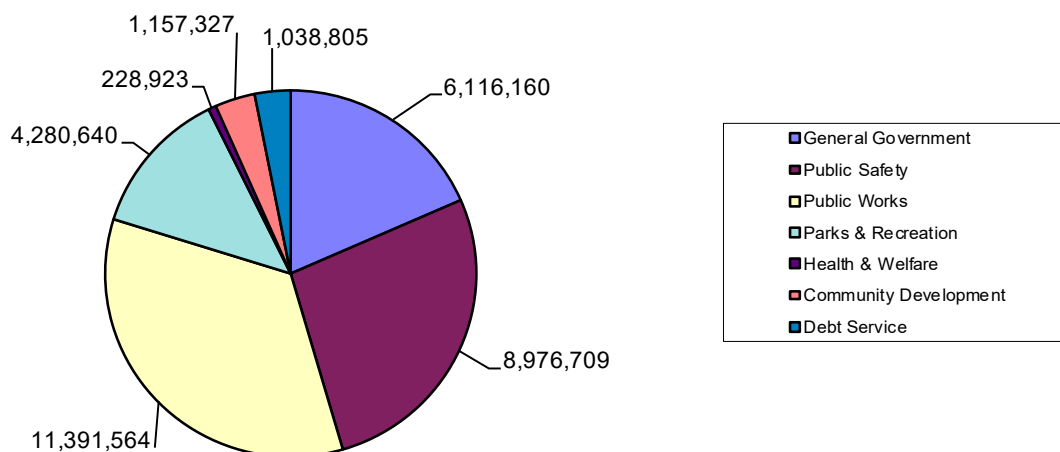
Program revenues, general revenues, and transfers for governmental activities totaled \$29,384,958, a decrease of \$1,774,096 or 5.7 percent from the previous fiscal year. Of that amount, property tax revenue totaled \$11,901,178 and other local taxes totaled \$9,092,021. The 4.0 percent increase in property tax revenue is due to new residential construction plus a 4.0 percent overall increase in assessments. Other local taxes decreased by \$476,174 or 5.0 percent primarily due to a 12.5 percent decrease in meals taxes, as restaurants were shut down and then only partially reopened from March to June 2020 as a result of the pandemic. Capital grants and contributions totaled \$2,040,786, an increase of \$529,795 from the previous year. The \$876,133 worth of transfers between governmental activities and business-type activities netted to \$948,088 less than the preceding year. Transfers from the water and sewer fund to the debt service fund cover the water and sewer fund's share of debt retirement; transfers to the general fund represent the general fund's cost related to support of water and sewer operations. These transfers are netted against those from the capital project fund to the water and sewer fund, resulting from capitalization of water and sewer project completions. The net decrease is due primarily to a larger amount of capital transfers from governmental funds into the business-type fund in 2020. The chart below provides an overview of FY 2020 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. Expenses associated with individual functions are compared to non-tax revenues generated by charges for services and intergovernmental grants. As indicated in the Statement of Activities, governmental activities expenses totaled \$33,190,128, an increase of \$2,946,385 or 9.7 percent. Directly supporting these expenditures were charges for services, which generated \$1,144,294, plus operating grants and contributions totaling \$3,193,058, and capital grants and contributions of \$2,040,786 for total program revenues of \$6,378,138. This represents an increase from 2019 of \$8,133 or 4 percent due mainly to increases in funds received for capital grants, partially offset by a \$497,873 or 30.3 percent decrease in charges for services due to the March shut down of all parks and recreation programs due to the pandemic. General revenue support of these activities decreased by \$429,922 or 9.9 percent, mainly due to a net outflow in transfers, plus decreases in 2020 of meals taxes and revenue from the use of money and property, partially offset by increases in real estate taxes driven by increased assessments. 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 \$5,379,970 to end the year with a net position balance of \$16,909,805, mainly due to a net increase in transfers to the fund due to increased investment in infrastructure. Water and sewer fund operating income and capital transfers ended the year with a net gain of \$5,880,652 over 2019. Key contributors to the increase in net position are the increase in investments in capital assets and the decreased sewer treatment costs due to a lower rate increase.

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. As noted above, the Town employs six funds:

- general fund
- debt service fund
- capital projects fund
- gang task force fund
- special transportation fund
- 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 FY 2020, the Town's six governmental funds reported combined ending fund balances of \$54,000,082, an increase of \$31,481,860 or 139.8 percent from the prior year. The change is mainly the result of issuing \$34,500,000 of debt in 2020. \$49,532,174 or 91.7 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 \$4,467,908 or 8.3 percent of the total available for spending by Council appropriation.

Debt service fund revenues decreased \$311,854 or 7.0 percent, primarily due to decreased meals taxes due to pandemic-related restaurant closures in the spring. Transfers from the general fund and water and sewer fund increased by \$24,172, mainly due to the impact of increases in capital lease borrowing. Expenditures decreased slightly by 0.2 percent due to gradually decreasing payments on outstanding debt. The capital project fund balance increased by \$31,170,155 due to the proceeds received from the 2020 bond sale, partially offset by spending from 2018 bond proceeds. The balance at year-end is reserved for various projects that have not been completed yet. The reserved portions of fund balances are not available for new spending because they already have been committed for expenditures, as follows:

Town of Vienna, Virginia	
Fund Balance Components	
General, Debt Service, Capital Projects, and Special Revenue Funds	
Nonspendable:	
Inventory	\$ 204,388
Prepaid items	325,306
Total Nonspendable	<u>\$ 529,694</u>
Restricted:	
Unappropriated PEG Funds	\$ 1,079,586
E-911	49,600
Gang task force funds	681,442
Stormwater funds	682,604
Total Restricted	<u>\$ 2,493,232</u>
Committed:	
VRP reserves	\$ 107,400
Subsequent year budget support	500,000
Capital lease proceeds	94,600
Total Committed	<u>\$ 702,000</u>
Assigned:	
Carryforward	\$ 300,000
Encumbrances	172,900
Federal AF Funds	436,600
State AF Funds	315,300
Revenue stabilization	550,000
Debt service	8,059,245
Capital projects	35,973,203
Total Assigned	<u>\$ 45,807,248</u>
Unassigned:	
General fund	\$ 4,467,908
Total Fund Balance	<u>\$ 54,000,082</u>

The general fund is the primary operating fund of the Town. At the end of the fiscal year, the fund balance of the general fund totaled \$8,420,910, which equates to 15.6 percent of the \$54,000,082 combined fund balance of the six funds employed by the Town. 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 of \$4,467,908 represents 17.3 percent of current year general fund expenditures, or 18.0 percent of the FY 2020-21 budget.

The total fund balance for the general fund decreased \$1,417 or two-tenths of a percent from the previous fiscal year. The unassigned component of fund balance was \$4,467,908 at year-end, a decrease from the prior fiscal year of \$381,762 or 7.9 percent. Both changes were functions of the following:

- Overall, general fund revenues were up by \$1,152,707 or 4.7 percent, primarily as a result of increased real estate assessments and reimbursements of \$1.062 million from the federal government CARES Act grant to defray pandemic expenditures, offset by a 48.5 percent decrease in service charges due to the shutdown of all parks and recreation programs in March and decreases in bank stock taxes in 2020.
- General fund expenditures increased by \$1,007,266 or 4.1 percent over the previous year. Unbudgeted expenditures required to combat the pandemic, reimbursed as noted above and filling of vacant positions, partially offset by savings from the cessation of parks and recreation costs for three and a half months accounted for the majority of the change.

Proprietary Fund - The Town's proprietary fund provides the same type of information found in the government-wide financial statements (business-type activities) but in more detail. Factors impacting results of operations already have 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 2020 budgets. These differences totaled \$796,035 for revenues and \$1,075,045 for expenditures. The bulk of these adjustments came from expenditures made and CARES act federal reimbursements related to the pandemic. Details are summarized in the following table:

	<u>Amount Amended</u>
Revenues:	
Miscellaneous	\$ 60,485
Charges for services	23,160
State revenues	26,690
Federal revenues	658,700
Total	<u><u>\$ 769,035</u></u>
Expenditures:	
General government administration	\$ 4,986
Public safety	721,624
Public works	108,380
Parks, recreation and cultural	63,135
Community development	176,920
Total	<u><u>\$ 1,075,045</u></u>

General Fund Budgetary Variances

General fund actual revenues were \$948,145 or 3.7 percent less than amended budgetary estimates. The difference is due largely to pandemic-related closures in parks and recreation and court activity affecting fines, and business activities affecting business license and sales taxes. This was partially offset by favorable real estate tax revenue and revenue from reimbursement of CARES Act-eligible expenditures. General fund actual expenditures were \$1,792,538 or 6.5 percent less than amended budgets. The majority of budgetary expenditure savings occurred public works due to savings in snow removal and open positions, and parks and recreation due to the March pandemic-related closure of all programs for the remainder of the year.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$72,770,150 (net of accumulated depreciation), an increase of \$1,850,043 or 2.6 percent. Capital assets for business-type activities increased by \$3,305,085 or 19.7 percent. The increases in both funds is due to increased spending for road and water and sewer infrastructure projects and design of the new police station, all financed by the 2018 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 Activities		Business-type Activities		Total	
	2020	2019	2019	2020	2020	2019
Land	\$ 4,881,674	\$ 3,744,068	\$ -	\$ -	\$ 4,881,674	\$ 3,744,068
Land improvements	4,743,735	4,846,568	-	-	4,743,735	4,846,568
Construction in progress	3,953,834	4,635,454	110,672	1,324,379	4,064,506	5,959,833
Buildings and improvements	19,319,737	19,611,860	-	-	19,319,737	19,611,860
Infrastructure	33,384,693	31,733,742	19,328,055	14,728,260	52,712,748	46,462,002
Office and other equipment	3,330,607	3,350,058	-	-	3,330,607	3,350,058
Automotive and other equipment	3,155,870	2,998,357	659,941	740,944	3,815,811	3,739,301
Total assets - net of depreciation	<u>\$ 72,770,150</u>	<u>\$ 70,920,107</u>	<u>\$20,098,668</u>	<u>\$ 16,793,583</u>	<u>\$ 92,868,818</u>	<u>\$ 87,713,690</u>

Long-term obligations - At the conclusion of the fiscal year, long-term obligations totaled \$82,746,092 for governmental activities and \$4,444,812 for business-type activities. Of these amounts, outstanding bonds totaled \$62,561,028 and capital leases totaled \$2,213,069. These amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$3,959,388 and \$1,592,874 respectively, at year-end. Except for \$159,287 worth of compensated absences, these obligations will be paid from current resources and are not included in long-term liabilities. Additional information relative to the Town's long-term obligations can be found in Note 9 of the Notes to Financial Statements.

Economic Factors and Next Year's Budget and Rates

Located in northern Virginia, approximately 10 miles west of Washington D.C., the Town of Vienna is situated in one of the more economically stable regions of the country. Vienna has benefited from a healthy economic base given its metropolitan transit system and its close proximity to the Dulles airport corridor and Washington D.C., and the relocation of Amazon's HQ 2 in nearby Arlington County.

However, the entire United States economy has been negatively impacted by the novel coronavirus pandemic, beginning with quarantines in the Commonwealth of Virginia from mid-March to the end of May 2020. Virginia now is in modified Phase 3 of its reopening plan, allowing for gatherings of up to 25 people; many restaurants and service businesses have experienced major slowdowns.

Existing property values have increased over the past several years, climbing by 4.0 percent in fiscal year 2020, mainly due to continued construction of upscale homes and residential renovations, plus improvements to several commercial properties in town. Overall property values increased by 3.8 percent for the upcoming fiscal year. Even in the face of the pandemic, residential rebuilding continues at a rate of over 90 new single-family homes a year, plus several new townhome projects in process and commercial redevelopment breaking ground in 2020. The Town expects these additions to bring modest increases in real estate tax assessments for the next several years.

The Town's unemployment rate was also impacted by the Coronavirus pandemic. At the end of the fiscal year, according to the Bureau of Labor Statistics, the Town's unemployment rate was 7.8 percent as compared to 6.3 percent and 11.2 percent for Virginia and the nation, respectively. This is the first increase in over six years and is directly related to the pandemic. According to the U.S. Census Bureau Quick Facts for 2019 (the last year available), the area's median household income is \$155,490, with less than 2.4 percent of the population at or under the poverty level. Over 94 percent of the population has a high school education or higher, and over 67 percent have a bachelor's degree or higher.

The general fund revenue budget for the fiscal year ending June 30, 2021 totals \$24,842,290, decreased by \$1,882,740 or a 7 percent from the previous fiscal year. Decreases are directly related to assumptions of program and business slow-downs due to the pandemic. General property tax revenue is expected to increase \$463,600 or 4.9 percent. The tax rate for fiscal year 2021 is \$0.2250, which is the same rate it has been since fiscal year 2016. The following table provides a comparison of the Town's FY 2020 adjusted revenue budget and FY 2021 adopted revenue budget.

Revenue Source	FY 2021 Budget	FY 2020 Budget	Expected Increase (Decrease)
Property taxes	\$ 12,333,900	\$ 11,870,300	\$ 463,600
Other local taxes	5,921,500	6,973,000	(1,051,500)
Permits, fees & licenses	227,000	371,000	(144,000)
Fines and forfeitures	232,000	395,000	(163,000)
Use of money & property	271,700	399,000	(127,300)
Charges for services	811,800	1,299,600	(487,800)
State revenues	2,753,000	3,271,200	(518,200)
Federal revenues	59,000	85,000	(26,000)
Transfers-in	723,660	433,130	290,530
Other	-	115,800	(115,800)
Prior year reserves	795,000	500,000	295,000
Equip. Repl. Reserve/PEG	713,730	1,012,000	(298,270)
Total Revenue Budget	\$ 24,842,290	\$ 26,725,030	\$ (1,882,740)

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2020. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 127 Center Street S, Vienna, Virginia 22180. Information relative to the Town of Vienna government also may be obtained by visiting the Town of Vienna website 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, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 60,968,963	\$ 1,313,214	\$ 62,282,177
Receivables, (net of allowances for uncollectibles):	503,509	2,004,465	2,507,974
Prepaid items	325,306	24,520	349,826
Due from other governments	997,141	-	997,141
Inventory, at cost	204,388	41,272	245,660
Restricted:			
Cash and cash equivalents	2,528,147	-	2,528,147
Capital assets:			
Land	4,881,674	-	4,881,674
Construction in progress	3,953,834	110,672	4,064,506
Other capital assets, net of accumulated depreciation	63,934,642	19,987,996	83,922,638
Capital assets, net	<u>\$ 72,770,150</u>	<u>\$ 20,098,668</u>	<u>\$ 92,868,818</u>
Total assets	<u>\$ 138,297,604</u>	<u>\$ 23,482,139</u>	<u>\$ 161,779,743</u>
Deferred outflows of resources:			
Pension related items	\$ 4,482,032	\$ 385,862	\$ 4,867,894
OPEB related items	951,045	75,990	1,027,035
Total deferred outflows of resources	<u>\$ 5,433,077</u>	<u>\$ 461,852</u>	<u>\$ 5,894,929</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 2,467,825	\$ 1,491,563	\$ 3,959,388
Unearned revenue	6,455,377	-	6,455,377
Escrow and other deposits	3,212,332	143,364	3,355,696
Due to other governments	-	789,392	789,392
Long-term liabilities:			
Due within one year:			
Bonds payable	3,861,775	124,000	3,985,775
Notes payable	-	32,685	32,685
Capital leases	812,037	140,352	952,389
Compensated absences	1,312,812	120,775	1,433,587
Due in more than one year:			
Bonds payable	56,204,488	767,000	56,971,488
Notes payable	-	1,571,080	1,571,080
Capital leases	1,091,283	169,397	1,260,680
Net OPEB liabilities	4,148,838	335,684	4,484,522
Net pension liabilities	15,168,991	1,170,420	16,339,411
Compensated absences	145,868	13,419	159,287
Total liabilities	<u>\$ 94,881,626</u>	<u>\$ 6,869,131</u>	<u>\$ 101,750,757</u>
Deferred Inflows of Resources:			
Pension related items	\$ 1,252,527	\$ 158,207	\$ 1,410,734
OPEB related items	158,138	6,848	164,986
Deferred revenue - property taxes	65,101	-	65,101
Total deferred inflows of resources	<u>\$ 1,475,766</u>	<u>\$ 165,055</u>	<u>\$ 1,640,821</u>
Net Position:			
Net investment in capital assets	\$ 47,367,126	\$ 17,294,154	\$ 64,661,280
Restricted			
Unappropriated PEG Funds	1,079,586	-	1,079,586
Stormwater funds	682,604	-	682,604
Gang task force funds	681,442	-	681,442
Other	49,600	-	49,600
Unrestricted	<u>(2,487,069)</u>	<u>(384,349)</u>	<u>(664,556)</u>
Total net position	<u>\$ 47,373,289</u>	<u>\$ 16,909,805</u>	<u>\$ 64,283,094</u>

A. The sum of the columns does not equal the Total column by a difference of \$2,206,862 because the bonds payable related to the Business-type Activities are reflected in the Governmental Activities column reducing unrestricted net position. The assets are reflected in the Business-type Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

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

TOWN OF VIENNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2020

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	\$ 6,116,160	\$ 57,881	\$ -	\$ -	\$ (6,058,279)	\$ -	\$ (6,058,279)	
Public safety	8,976,709	614,351	863,048	-	(7,499,310)	-	(7,499,310)	
Public works	11,391,564	-	2,282,996	2,040,786	(7,067,782)	-	(7,067,782)	
Health and welfare	228,923	-	-	-	(228,923)	-	(228,923)	
Parks, recreation and cultural	4,280,640	472,062	-	-	(3,808,578)	-	(3,808,578)	
Community development	1,157,327	-	-	-	(1,157,327)	-	(1,157,327)	
Interest on long-term debt	1,038,805	-	47,014	-	(991,791)	-	(991,791)	
Total governmental activities	\$ 33,190,128	\$ 1,144,294	\$ 3,193,058	\$ 2,040,786	\$ (26,811,990)	\$ -	\$ (26,811,990)	
Business-type activities								
Water and sewer	7,255,353	9,026,933	-	2,382,018	-	4,153,598	4,153,598	
Total Primary Government	\$ 40,445,481	\$ 10,171,227	\$ 3,193,058	\$ 4,422,804	\$ (26,811,990)	\$ 4,153,598	\$ (22,658,392)	
General Revenues								
Taxes:								
General real property taxes					\$ 11,901,178	\$ -	\$ 11,901,178	
Local sales and use taxes					1,513,816	-	1,513,816	
Consumer utility taxes					669,780	-	669,780	
Business license taxes					2,390,002	-	2,390,002	
Meals and lodging taxes					2,476,476	-	2,476,476	
Bank franchise taxes					996,631	-	996,631	
Other					1,045,316	-	1,045,316	
Grants and contributions not restricted to specific programs					1,948,169	-	1,948,169	
Unrestricted revenues from the use of money and property					712,497	11,414	723,911	
Miscellaneous					229,088	338,825	567,913	
Transfers					(876,133)	876,133	-	
Total general revenues and transfers					\$ 23,006,820	\$ 1,226,372	\$ 24,233,192	
Change in net position					\$ (3,805,170)	\$ 5,379,970	\$ 1,574,800	
Net position, beginning of year					51,178,459	11,529,835	62,708,294	
Net position, end of year					\$ 47,373,289	\$ 16,909,805	\$ 64,283,094	

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, 2020

	Major Funds					Total
	General	Debt Service	Capital Projects	Special Transportation Fund	Nonmajor Funds	Governmental Funds
Assets:						
Cash and cash equivalents	\$ 13,846,834	\$ 7,859,270	\$ 38,523,398	\$ -	\$ 739,461	\$ 60,968,963
Receivables (net of allowance for uncollectibles):						
Taxes including penalties	86,328	-	-	-	-	86,328
Accounts	196,674	211,117	9,390	-	-	417,181
Prepaid items	142,628	182,678	-	-	-	325,306
Due from other governments	404,311	-	592,830	-	-	997,141
Inventory, at cost	204,388	-	-	-	-	204,388
Restricted:						
Cash and cash equivalents	-	-	-	1,789,155	738,992	2,528,147
Total assets	<u>\$ 14,881,163</u>	<u>\$ 8,253,065</u>	<u>\$ 39,125,618</u>	<u>\$ 1,789,155</u>	<u>\$ 1,478,453</u>	<u>\$ 65,527,454</u>
Liabilities:						
Accounts payable	\$ 410,320	\$ -	\$ 601,865	\$ -	\$ 111,136	\$ 1,123,321
Accrued liabilities	569,389	11,142	-	-	3,271	583,802
Escrow and other deposits	3,212,332	-	-	-	-	3,212,332
Unearned revenue	<u>2,115,672</u>	<u>-</u>	<u>2,550,550</u>	<u>1,789,155</u>	<u>-</u>	<u>6,455,377</u>
Total liabilities	<u>\$ 6,307,713</u>	<u>\$ 11,142</u>	<u>\$ 3,152,415</u>	<u>\$ 1,789,155</u>	<u>\$ 114,407</u>	<u>\$ 11,374,832</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	<u>\$ 152,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,540</u>
Fund Balance:						
Nonspendable:						
Inventory	\$ 204,388	\$ -	\$ -	\$ -	\$ -	\$ 204,388
Prepaid items	142,628	182,678	-	-	-	325,306
Restricted:						
Unappropriated PEG Funds	1,079,586	-	-	-	-	1,079,586
E-911	49,600	-	-	-	-	49,600
Stormwater funds	-	-	-	-	682,604	682,604
Gang task force funds	-	-	-	-	681,442	681,442
Committed:						
VRP reserves	107,400	-	-	-	-	107,400
Subsequent year budget support	500,000	-	-	-	-	500,000
Capital lease proceeds	94,600	-	-	-	-	94,600
Assigned:						
Carryforward	300,000	-	-	-	-	300,000
Federal AF funds	436,600	-	-	-	-	436,600
State AF funds	315,300	-	-	-	-	315,300
Revenue stabilization	550,000	-	-	-	-	550,000
Encumbrances	172,900	-	-	-	-	172,900
Debt service	-	8,059,245	-	-	-	8,059,245
Capital projects	-	-	35,973,203	-	-	35,973,203
Unassigned	<u>4,467,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,467,908</u>
Total fund balance	<u>\$ 8,420,910</u>	<u>\$ 8,241,923</u>	<u>\$ 35,973,203</u>	<u>\$ -</u>	<u>\$ 1,364,046</u>	<u>\$ 54,000,082</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 14,881,163</u>	<u>\$ 8,253,065</u>	<u>\$ 39,125,618</u>	<u>\$ 1,789,155</u>	<u>\$ 1,478,453</u>	<u>\$ 65,527,454</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, 2020

Total fund balances for governmental funds (Exhibit 3)	\$	54,000,082
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	\$	4,881,674
Construction in progress		3,953,834
Depreciable capital assets, net of accumulated depreciation		<u>63,934,642</u>
Total capital assets		72,770,150
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	4,482,032
OPEB related items		<u>951,045</u>
Total		5,433,077
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.		
		87,439
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	\$	(760,702)
Bonds and capital leases payable		(57,366,320)
Unamortized bond premium		(4,603,263)
Net OPEB liabilities		(4,148,838)
Net pension liabilities		(15,168,991)
Compensated absences		<u>(1,458,680)</u>
Total		(83,506,794)
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.		
Pension related items	\$	(1,252,527)
OPEB related items		<u>(158,138)</u>
Total		<u>(1,410,665)</u>
Total net position of governmental activities (Exhibits 1 and 2)	\$	<u><u>47,373,289</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, 2020

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Project	Special Transportation Fund	Nonmajor Funds	
Revenues:						
General property taxes	\$ 11,883,932	\$ -	\$ -	\$ -	\$ -	\$ 11,883,932
Other local taxes	6,615,545	2,476,476	-	-	-	9,092,021
Permits, privilege fees and regulatory licenses	332,230	-	-	-	-	332,230
Fines and forfeitures	265,581	-	-	-	-	265,581
Revenue from use of money and property	347,087	169,559	179,410	-	16,441	712,497
Charges for services	546,483	-	-	-	-	546,483
Miscellaneous	214,950	512	10,457	-	3,169	229,088
Intergovernmental	4,394,982	47,014	1,704,721	336,065	699,231	7,182,013
Total revenues	\$ 24,600,790	\$ 2,693,561	\$ 1,894,588	\$ 336,065	\$ 718,841	\$ 30,243,845
Expenditures:						
Current:						
General government administration	\$ 5,247,613	\$ -	\$ -	\$ -	\$ -	\$ 5,247,613
Public safety	7,860,722	-	-	-	286,696	8,147,418
Public works	7,925,638	-	-	-	365,959	8,291,597
Health and welfare	228,923	-	-	-	-	228,923
Parks, recreation, and cultural	3,507,136	-	-	-	-	3,507,136
Community development	1,099,505	-	-	-	-	1,099,505
Capital projects	-	-	6,027,362	-	-	6,027,362
Debt service:						
Principal retirement	-	3,064,655	-	-	-	3,064,655
Interest and other fiscal charges	-	845,334	-	-	-	845,334
Total expenditures	\$ 25,869,537	\$ 3,909,989	\$ 6,027,362	\$ -	\$ 652,655	\$ 36,459,543
Excess (deficiency) of revenues over (under) expenditures	\$ (1,268,747)	\$ (1,216,428)	\$ (4,132,774)	\$ 336,065	\$ 66,186	\$ (6,215,698)
Other financing sources (uses):						
Issuance of capital lease	\$ 834,200	\$ -	\$ -	\$ -	\$ -	\$ 834,200
Issuance of bonds	-	-	34,500,000	-	-	34,500,000
Premium on issuance of bonds	-	-	3,239,491	-	-	3,239,491
Transfers in	1,055,000	1,463,364	336,065	-	-	2,854,429
Transfers out	(621,870)	-	(2,772,627)	(336,065)	-	(3,730,562)
Total other financing sources (uses)	\$ 1,267,330	\$ 1,463,364	\$ 35,302,929	\$ (336,065)	\$ -	\$ 37,697,558
Net changes in fund balances	\$ (1,417)	\$ 246,936	\$ 31,170,155	\$ -	\$ 66,186	\$ 31,481,860
Fund balances at beginning of year	8,422,327	7,994,987	4,803,048	-	1,297,860	22,518,222
Fund balances at end of year	\$ 8,420,910	\$ 8,241,923	\$ 35,973,203	\$ -	\$ 1,364,046	\$ 54,000,082

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, 2020**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	31,481,860
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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 capital outlays exceeded depreciation in the current period. The following details support this adjustment:

Capital outlay	\$ 5,733,685	
Depreciation expense	<u>(3,856,645)</u>	1,877,040

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(26,997)
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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		17,246
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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:		
General obligation bonds	\$ (37,739,491)	
Capital leases	(834,200)	
Repayments:		
General obligation bonds	2,467,000	
Capital leases	<u>597,655</u>	
Net adjustment		(35,509,036)

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	\$ (79,488)	
OPEB expense	(156,926)	
Bond premium	235,267	
Pension expense	(1,215,398)	
Accrued interest payable	<u>(428,738)</u>	
Net adjustment		<u>(1,645,283)</u>

Change in net position of governmental activities (Exhibit 2)	\$	<u><u>(3,805,170)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

TOWN OF VIENNA, VIRGINIA

Statement of Net Position
 Proprietary Fund
 At June 30, 2020

		Business-type Activities Enterprise Fund Water & Sewer Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$	1,313,214
Receivables: (net of allowance for uncollectibles)		
Accounts		1,050,908
Unbilled service charges		953,557
Prepaid items		24,520
Inventory, at cost		41,272
Total current assets	\$	3,383,471
Other capital assets, net of accumulated depreciation		20,098,668
Total assets	\$	23,482,139
Deferred outflows of resources:		
Pension related items	\$	385,862
OPEB related items		75,990
Total deferred outflows of resources	\$	461,852
Liabilities:		
Current liabilities:		
Accounts payable	\$	1,430,106
Accrued liabilities		61,457
Escrow and other deposits		143,364
Due to other governments		789,392
Compensated absences - current portion		120,775
Note payable - current portion		32,685
Bonds payable - current portion		124,000
Capital leases - current portion		140,352
Total current liabilities	\$	2,842,131
Noncurrent liabilities:		
Compensated absences - noncurrent portion	\$	13,419
Net OPEB liabilities		335,684
Net pension liabilities		1,170,420
Note payable - noncurrent portion		1,571,080
Bonds payable - noncurrent portion		767,000
Capital leases - noncurrent portion		169,397
Total noncurrent liabilities	\$	4,027,000
Total liabilities	\$	6,869,131
Deferred Inflows of Resources:		
Pension related items	\$	158,207
OPEB related items		6,848
Total deferred inflows of resources	\$	165,055
Net Position:		
Net investment in capital assets	\$	17,294,154
Unrestricted		(384,349)
Total net position	\$	16,909,805

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, 2020

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Operating revenues:	
Charges for services	\$ 9,026,933
Operating expenses:	
Personal services	\$ 1,507,131
Fringe benefits	603,408
Contractual services	3,838,738
Other charges	277,688
Materials and supplies	369,263
Depreciation	649,062
Total operating expenses	\$ 7,245,290
Operating income (loss)	\$ 1,781,643
Nonoperating revenues (expenses):	
Interest income	\$ 11,414
Miscellaneous income	338,825
Interest expense	(10,063)
Net nonoperating revenues (expenses)	\$ 340,176
Income (loss) before capital contributions and transfers	\$ 2,121,819
Capital contributions and transfers:	
Capital contributions	\$ 2,382,018
Transfers in	2,772,627
Transfers (out)	(1,896,494)
Total capital contributions and transfers	\$ 3,258,151
Change in net position	\$ 5,379,970
Net position, beginning of year	11,529,835
Net position, end of year	\$ 16,909,805

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, 2020

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 8,808,894
Payments to and for employees	(1,988,229)
Payments to suppliers	(4,296,787)
Other receipts	338,825
Net cash provided by operating activities	\$ 2,862,703
Cash flows from investing activities:	
Interest income	\$ 11,414
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (1,572,129)
Issuance of capital lease	25,800
Issuance of notes payable	1,572,128
Principal payments on capital lease	(131,252)
Principal payments on note and bonds payable	(2,897,428)
Interest expense	(10,063)
Net cash provided by (used for) capital and related financing activities	\$ (3,012,944)
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 2,772,627
Transfers (to) other funds	(1,896,494)
Net cash provided by (used for) noncapital financing activities	\$ 876,133
Net increase (decrease) in cash and cash equivalents	\$ 737,306
Cash and cash equivalents at beginning of year	575,908
Cash and cash equivalents at end of year	\$ 1,313,214

TOWN OF VIENNA, VIRGINIA

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2020 (continued)

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ 1,781,643
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	649,062
Miscellaneous income	338,825
Changes in operating accounts:	
Accounts receivable	(107,896)
Unbilled service charges	(97,395)
Inventory	(13,030)
Prepaid items	(23,394)
Deferred outflows - pension items	(252,638)
Deferred outflows - OPEB items	(19,209)
Accounts payable	225,326
Accrued liabilities	45,133
Escrow and other deposits	17,354
Due to other governments	(30,102)
Net OPEB liabilities	33,022
Net pension liabilities	281,173
Deferred inflows - pension items	40,830
Deferred inflows - OPEB items	(2,137)
Compensated absences	(3,864)
Net cash provided by (used for) operating activities	\$ <u>2,862,703</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, 2020

Assets:

Investments	\$ 5,989,929
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Total assets	\$ 5,989,929
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Liabilities:

Accounts payable	\$ 8,127
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Net Position:

Restricted for pensions	\$ 5,981,802
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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, 2020

Additions:	
Contributions:	
Employer	\$ 412,937
Plan members	<u>45,931</u>
Total contributions	\$ 458,868
Investment income:	
Interest earned on investments	<u>179,045</u>
Total additions	\$ <u>637,913</u>
Deductions:	
Pension benefit payments	\$ 387,438
Other charges	<u>11,850</u>
Total deductions	\$ <u>399,288</u>
Change in net position	\$ 238,625
Net position restricted for pensions:	
Balance, beginning of year	<u>5,743,177</u>
Balance, end of year	<u><u>\$ 5,981,802</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, 2020

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

Government-wide Financial Statements:

The financial statements are 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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

A. Financial Reporting Entity (continued)

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. The budgetary comparison schedules present the original, the final budget, and the actual activity of the major governmental funds.

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

B. Government-wide and Fund Financial Statements

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

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

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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

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

The following is a brief description of the specific funds used by the Town in FY 2020.

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, 2020 (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 Fairfax County Water Authority, 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, 2020 (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 March 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, 2020 (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, Capital Projects and Stormwater 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, 2020.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2020.

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 assigned 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. Encumbrances totaled \$172,900.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

G. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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 2020. 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 comprised of certain items related to the measurement of the net pension and OPEB assets or liabilities. Lastly the Town reports contributions to the pension and OPEB plans 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 and OPEB asset or liability next fiscal year. For more detailed information on these items, reference the pension and OPEB notes.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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 and OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the pension and OPEB notes.

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 \$212,400 at June 30, 2020 and is comprised of the following:

General Fund:	
Property taxes receivable	\$ 4,400
Water and Sewer Fund:	
Accounts receivable	208,000
Grand total	<u>\$ 212,400</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, 2020 (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. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. 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.

R. 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.

S. 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.

T. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

T. Net Position (continued)

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

U. 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.

V. Fund Equity

The Town reports fund balance in its governmental funds. 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;

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

V. Fund Equity (continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), 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, 2020 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

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, 2020 consisted of investment in the Commonwealth of Virginia Local Government Investment Pool, VML/VACO's Virginia 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, 2020 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Credit Risk of Debt Securities (continued)

The Town's rated debt instruments as of June 30, 2020 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Town's Rated Debt Investments			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	AA+f	
Local Government Investment Pool (LGIP)	\$ 21,277,415	\$ -	
Virginia Investment Pool	-	8,522,498	
Virginia State Non-Arbitrage Program	36,405,288	-	
	<u>\$ 57,682,703</u>	<u>\$ 8,522,498</u>	

Reconciliation of Deposits and Investments

Cash and cash equivalents - Per Exhibit 1 (1)	\$ 64,810,324
Fiduciary funds	5,989,929
Total cash and investments	<u>\$ 70,800,253</u>
Cash:	
Deposits	\$ 4,594,202
Cash on hand and cash items	850
Total cash	<u>\$ 4,595,052</u>
Investments	<u>\$ 66,205,201</u>
Total cash and investments	<u>\$ 70,800,253</u>

(1) Includes temporarily restricted cash of \$2,528,147

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios.

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 21,277,415	\$ 21,277,415	\$ -
Virginia Investment Pool	8,522,498	-	8,522,498
Virginia State Non-Arbitrage Program	36,405,288	36,405,288	-
Total	<u>\$ 66,205,201</u>	<u>\$ 57,682,703</u>	<u>\$ 8,522,498</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the Town to have the option to have access to withdrawal funds twice a month, with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue resources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Investment Poll investment at the net asset value (NAV).

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 2020 was \$.225 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-type Activities
	General Fund	Debt Service Fund	Capital Projects Fund	Total	Water & Sewer Fund
Property taxes	\$ 90,728	\$ -	\$ -	\$ 90,728	\$ -
Consumer utility taxes	52,989	-	-	52,989	-
Franchise fees	34,987	-	-	34,987	-
Business license fees	31,879	-	-	31,879	-
Meals taxes	-	211,117	-	211,117	-
Water and sewer charges	-	-	-	-	1,258,908
Unbilled revenues	-	-	-	-	953,557
Other	76,819	-	9,390	86,209	-
Total	\$ 287,402	\$ 211,117	\$ 9,390	\$ 507,909	\$ 2,212,465
Less: Allowance for uncollectibles	(4,400)	-	-	(4,400)	(208,000)
Net receivables	\$ 283,002	\$ 211,117	\$ 9,390	\$ 503,509	\$ 2,004,465

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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 Transportation	\$ -	\$ 132,919	\$ 132,919
Department of Environmental Quality	-	284,913	284,913
Other	4,075	-	4,075
Federal Government:			
Roads grants		146,825	146,825
County of Fairfax, Virginia:			
Local sales tax	234,794	-	234,794
Communications tax	145,197	-	145,197
Court fines and forfeitures	12,912	-	12,912
NVTA:			
Roads grants	-	28,173	28,173
County of Loudoun, Virginia:			
Gang grants	7,333	-	7,333
Total	<u>\$ 404,311</u>	<u>\$ 592,830</u>	<u>\$ 997,141</u>

NOTE 6 – INTERFUND TRANSFERS:

Details of interfund transfers as of June 30, 2020 are as follows:

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 1,055,000
Transfers to the Capital Projects Fund from the Special Transportation Fund for Capital Projects	336,065
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	2,772,627
Transfers to the Debt Service Fund from the General Fund to supplement debt service funding for general long-term obligation debt	621,870
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	<u>841,494</u>
Total transfers	<u>\$ 5,627,056</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 3,744,068	\$ 1,137,606	\$ -	\$ 4,881,674
Construction in progress - infrastructure	3,215,332	1,385,521	2,058,953	2,541,900
Construction in progress - other	1,420,122	1,066,108	1,074,296	1,411,934
Total capital assets not being depreciated	\$ 8,379,522	\$ 3,589,235	\$ 3,133,249	\$ 8,835,508
Other capital assets:				
Land improvements	\$ 5,605,742	\$ 2,310,430	\$ 2,269,771	\$ 5,646,401
Buildings and improvements	29,833,803	628,992	-	30,462,795
Infrastructure	93,603,958	3,248,821	-	96,852,779
Office and other equipment	6,823,066	586,068	43,606	7,365,528
Automotive and other equipment	6,317,702	816,765	260,978	6,873,489
Total other capital assets	\$ 142,184,271	\$ 7,591,076	\$ 2,574,355	\$ 147,200,992
Accumulated depreciation:				
Land improvements	\$ 759,174	\$ 143,492	\$ -	\$ 902,666
Buildings and improvements	10,221,943	921,115	-	11,143,058
Infrastructure	61,870,216	1,597,870	-	63,468,086
Office and other equipment	3,473,008	561,913	-	4,034,921
Automotive and other equipment	3,319,345	632,255	233,981	3,717,619
Total accumulated depreciation	\$ 79,643,686	\$ 3,856,645	\$ 233,981	\$ 83,266,350
Net capital assets	\$ 70,920,107	\$ 7,323,666	\$ 5,473,623	\$ 72,770,150
Depreciation expense has been allocated as follows:				
General government administration		\$ 386,661		
Public safety		254,895		
Public works		2,434,064		
Parks and recreation		773,336		
Community development		7,689		
Total depreciation expense		\$ 3,856,645		

Business-type Activities:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Construction in progress	\$ 1,324,379	\$ -	\$ 1,213,707	\$ 110,672
Other capital assets:				
Automotive and other equipment	\$ 1,565,778	\$ 22,478	\$ 12,636	\$ 1,575,620
Improvements	27,782,278	5,145,376	-	32,927,654
Total other capital assets	\$ 29,348,056	\$ 5,167,854	\$ 12,636	\$ 34,503,274
Accumulated depreciation:				
Automotive and other equipment	\$ 824,834	\$ 103,481	\$ 12,636	\$ 915,679
Improvements	13,054,018	545,581	-	13,599,599
Total accumulated depreciation	\$ 13,878,852	\$ 649,062	\$ 12,636	\$ 14,515,278
Net capital assets	\$ 16,793,583	\$ 4,518,792	\$ 1,213,707	\$ 20,098,668

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 5,071,335	\$ 431,199	\$ 1,762,353
Business activities	814,470	44,103	225,315
Total	\$ 5,885,805	\$ 475,302	\$ 1,987,668

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 8 - DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE:

Deferred revenue /unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Governmental Funds
	Governmental Activities	
A. <i>Deferred Property Tax Revenue</i> - deferred inflow of resources representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 87,439
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.	65,101	65,101
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> - Unspent CRF funds	1,823,681	1,823,681
E. <i>Unearned revenues</i> - Special Transportation Fund	1,789,155	1,789,155
F. <i>Unearned revenues</i> - Capital Projects Fund	2,550,550	2,550,550
G. <i>Other</i> - unearned vehicle license fee revenue	25,377	25,377
Total	<u>\$ 6,520,478</u>	<u>\$ 6,607,917</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		Direct Borrowings and Direct Placements General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,565,000	\$ 1,673,463	\$ 812,037	\$ 40,193	\$ 767,000	\$ 100,903
2022	2,565,000	1,641,930	511,659	24,380	437,000	78,310
2023	2,560,000	1,532,959	365,138	13,050	437,000	68,522
2024	2,560,000	1,424,584	214,486	4,084	437,000	58,733
2025	3,415,000	1,316,918	-	-	437,000	48,944
2026	3,380,000	1,166,862	-	-	437,000	39,155
2027	3,080,000	1,024,513	-	-	437,000	29,366
2028	3,345,000	889,212	-	-	437,000	19,578
2029	2,925,000	745,399	-	-	437,000	9,789
2030	2,925,000	605,813	-	-	-	-
2031	2,925,000	485,612	-	-	-	-
2032	2,515,000	412,388	-	-	-	-
2033	2,515,000	346,337	-	-	-	-
2034	1,990,000	293,413	-	-	-	-
2035	1,990,000	253,612	-	-	-	-
2036	1,990,000	213,813	-	-	-	-
2037	1,990,000	174,012	-	-	-	-
2038	1,990,000	131,725	-	-	-	-
2039	1,990,000	89,438	-	-	-	-
2040	1,985,000	44,662	-	-	-	-
Total	<u>\$ 51,200,000</u>	<u>\$ 14,466,665</u>	<u>\$ 1,903,320</u>	<u>\$ 81,707</u>	<u>\$ 4,263,000</u>	<u>\$ 453,300</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Business-type Activities:

Year Ending June 30,	Direct Borrowings and Direct Placements					
	General Obligation Bonds		Note Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 124,000	\$ 23,902	\$ 32,685	\$ 51,160	\$ 140,352	\$ 7,722
2022	127,000	20,870	33,728	50,117	96,465	4,700
2023	130,000	17,765	34,804	49,042	66,655	2,179
2024	45,000	14,586	35,914	47,931	6,277	126
2025	46,000	13,299	37,060	46,786	-	-
2026	47,000	11,983	38,242	45,603	-	-
2027	49,000	10,639	39,462	44,383	-	-
2028	50,000	9,238	40,721	43,124	-	-
2029	52,000	7,808	42,019	41,826	-	-
2030	53,000	6,321	43,360	40,485	-	-
2031	54,000	4,805	44,743	39,102	-	-
2032	56,000	3,260	46,170	37,675	-	-
2033	58,000	1,659	47,643	36,202	-	-
2034	-	-	49,163	34,682	-	-
2035	-	-	50,731	33,114	-	-
2036	-	-	52,350	31,496	-	-
2037	-	-	54,020	29,826	-	-
2038	-	-	55,743	28,102	-	-
2039	-	-	57,521	26,324	-	-
2040	-	-	59,356	24,489	-	-
2041	-	-	61,249	22,595	-	-
2042	-	-	63,203	20,641	-	-
2043	-	-	65,219	18,625	-	-
2044	-	-	67,300	16,545	-	-
2045	-	-	69,447	14,398	-	-
2046	-	-	71,662	12,183	-	-
2047	-	-	73,948	9,896	-	-
2048	-	-	76,307	7,538	-	-
2049	-	-	78,741	5,104	-	-
2050	-	-	81,254	-	-	-
Total	\$ 891,000	\$ 146,135	\$ 1,603,765	\$ 908,994	\$ 309,749	\$ 14,727

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, 2020.

	Bonds	Direct Borrowings and Placements Bonds	Bond Premium	Capital Leases	Total
Balance, July 1, 2019	\$ 18,400,000	\$ 5,030,000	\$ 1,599,039	\$ 1,666,775	\$ 26,695,814
Issuances/increases:					
General obligation bonds	\$ 34,500,000	\$ -	\$ -	\$ -	\$ 34,500,000
Bond premium	-	-	3,239,491	-	3,239,491
Capital leases	-	-	-	834,200	834,200
Total issuances/increases	\$ 34,500,000	\$ -	\$ 3,239,491	\$ 834,200	\$ 38,573,691
Retirements/decreases:					
General obligation bonds	\$ 1,700,000	\$ 767,000	\$ -	\$ -	\$ 2,467,000
Bond premium	-	-	235,267	-	235,267
Capital leases	-	-	-	597,655	597,655
Total retirements/decreases	\$ 1,700,000	\$ 767,000	\$ 235,267	\$ 597,655	\$ 3,299,922
Balance, June 30, 2020	\$ 51,200,000	\$ 4,263,000	\$ 4,603,263	\$ 1,903,320	\$ 61,969,583

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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, 2020.

	<u>Direct Borrowings and Placements</u>		<u>Capital</u>	
	<u>Note</u>	<u>Bonds</u>	<u>Leases</u>	<u>Total</u>
	<u>Payable</u>			
Balance, July 1, 2019	\$ 2,808,065	\$ 1,012,000	\$ 415,201	\$ 4,235,266
Issuances/Increases:				
Notes payable	\$ 1,572,128	\$ -	\$ -	\$ 1,572,128
Capital leases	-	-	25,800	25,800
Total issuances/increases	\$ 1,572,128	\$ -	\$ 25,800	\$ 1,597,928
Retirements/decreases:				
Bonds payable	\$ -	\$ 121,000	\$ -	\$ 121,000
Notes payable	2,776,428	-	-	2,776,428
Capital leases	-	-	131,252	131,252
Total retirements/decreases	\$ 2,776,428	\$ 121,000	\$ 131,252	\$ 3,028,680
Balance, June 30, 2020	\$ 1,603,765	\$ 891,000	\$ 309,749	\$ 2,804,514

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. Unless otherwise noted, the full faith and credit of the Town has been irrevocably pledged to secure the debt.

Details of Long-Term Obligations

	<u>Amount</u>	<u>Amount Due</u>
	<u>Outstanding</u>	<u>In One Year</u>
<u>Governmental activities:</u>		
<u>Public Improvement Bonds:</u>		
(1) \$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%	\$ 330,000	\$ 330,000
\$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%	1,975,000	335,000
\$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%	3,360,000	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%	3,933,000	437,000
\$6,180,000 issued December 23, 2015, maturing in annual installments ranging from \$410,000 to \$415,000 through August 1, 2030, interest payable semiannually at rates from 2.00% to 4.00%	4,520,000	415,000
\$7,900,000 issued February 28, 2018, maturing in annual installments ranging from \$525,000 to \$530,000 through August 1, 2032, interest payable semiannually at 5.00%	6,845,000	530,000
\$34,500,000 issued March 25, 2020, maturing in annual installments ranging from \$865,000 to \$1,985,000 through March 1, 2040, interest payable semiannually at rates from 2.00% to 5.00%	34,500,000	865,000
Total public improvement bonds	\$ 55,463,000	\$ 3,332,000

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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>		
\$518,000 capital lease obligations due in annual installments of \$133,513 through October 14, 2020, interest payable at 1.232%	\$ 131,888	\$ 131,888
\$605,900 capital lease obligations due in annual installments of \$157,851 through September 14, 2021, interest payable at 1.670%	307,968	152,709
\$590,400 capital lease obligations due in annual installments of \$159,617 through November 1, 2022, interest payable at 3.206%	449,711	145,199
\$700,000 capital lease obligations due in annual installments of \$182,678 through July 1, 2020, interest payable at 1.74%	179,553	179,553
\$834,200 capital lease obligations due in annual installments of \$218,571 through October 30, 2023, interest payable at 1.904%	<u>834,200</u>	<u>202,688</u>
Total capital leases	\$ <u>1,903,320</u>	\$ <u>812,037</u>
Unamortized bond premiums	\$ <u>4,603,263</u>	\$ <u>529,775</u>
Total general long-term obligations from governmental activities	\$ <u><u>61,969,583</u></u>	\$ <u><u>4,673,812</u></u>

Business-type activities:

Notes Payable:

(1) Note payable to Fairfax County for Town share of Fairfax plant upgrade, maturing in various semiannual installments through July 1, 2049, interest at 3.19%	\$ <u>1,603,765</u>	\$ <u>32,685</u>
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Public Improvement Bonds:

(1) \$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%	\$ 255,000	\$ 83,000
(1) \$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>636,000</u>	<u>41,000</u>
Total public improvement bonds	\$ <u>891,000</u>	\$ <u>124,000</u>

Capital Leases:

\$182,000 capital lease obligations due in annual installments of \$46,910 through October 14, 2020, interest payable at 1.232%	\$ 46,339	\$ 46,339
\$124,100 capital lease obligations due in annual installments of \$32,331 through September 14, 2021, interest payable at 1.670%	62,723	31,278
\$229,600 capital lease obligations due in annual installments of \$69,073 through November 1, 2022, interest payable at 3.206%	174,887	56,466
\$25,800 capital lease obligations due in annual installments of \$6,760 through October 30, 2023, interest payable at 1.904%	<u>25,800</u>	<u>6,269</u>
Total capital leases	\$ <u>309,749</u>	\$ <u>140,352</u>
Total general long-term obligations from business-type activities	\$ <u><u>2,804,514</u></u>	\$ <u><u>297,037</u></u>

(1) Represents direct borrowings and direct placements

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Federal Arbitrage Regulations:

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

NOTE 10 - 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, 2019	\$ 1,379,192	\$ 138,058	\$ 1,517,250
Increases	1,458,680	134,194	1,592,874
Decreases	(1,379,192)	(138,058)	(1,517,250)
Balance, June 30, 2020	<u>\$ 1,458,680</u>	<u>\$ 134,194</u>	<u>\$ 1,592,874</u>
Amounts due within one year	\$ 1,312,812	\$ 120,775	\$ 1,433,587
Amounts due after one year	145,868	13,419	159,287
Total	<u>\$ 1,458,680</u>	<u>\$ 134,194</u>	<u>\$ 1,592,874</u>

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

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	132
Inactive members:	
Vested inactive members	20
Non-vested inactive members	46
Inactive members active elsewhere in VRS	<u>22</u>
Total inactive members	88
Active members	<u>172</u>
Total covered employees	<u><u>392</u></u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

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.

The Town's contractually required contribution rate for the year ended June 30, 2020 was 10.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$1,375,063 and \$1,320,910 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

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, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates:

All Others (Non–10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non–10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with hazardous duty benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Long-Term Expected Rate of Return (Continued)

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. 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, 2018	\$ 66,061,637	\$ 57,073,638	\$ 8,987,999
Changes for the year:			
Service cost	\$ 1,192,712	\$ -	\$ 1,192,712
Interest	4,499,602	-	4,499,602
Changes in assumptions	1,995,894	-	1,995,894
Differences between expected and actual experience	1,823,417	-	1,823,417
Contributions - employer	-	1,319,240	(1,319,240)
Contributions - employee	-	627,629	(627,629)
Net investment income	-	3,766,875	(3,766,875)
Benefit payments, including refunds of employee contributions	(3,563,206)	(3,563,206)	-
Administrative expenses	-	(38,031)	38,031
Other changes	-	(2,363)	2,363
Net changes	\$ 5,948,419	\$ 2,110,144	\$ 3,838,275
Balances at June 30, 2019	\$ 72,010,056	\$ 59,183,782	\$ 12,826,274

TOWN OF VIENNA, VIRGINIA**Notes to Financial Statements
June 30, 2020 (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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's Net Pension Liability	\$ 21,824,723	\$ 12,826,274	\$ 5,642,379

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

For the year ended June 30, 2020, the Town recognized pension expense of \$2,202,875. At June 30, 2020, 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>
Differences between expected and actual experience	\$ 1,358,118	\$ 238,275
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,718	28,718
Change of assumptions	1,455,001	55,941
Net difference between projected and actual earnings on pension plan investments	-	516,871
Employer contributions subsequent to the measurement date	<u>1,375,063</u>	<u>-</u>
Total	<u>\$ 4,216,900</u>	<u>\$ 839,805</u>

\$1,375,063 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 fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

<u>Year ended June 30</u>	
2021	\$ 869,576
2022	398,256
2023	700,142
2024	34,058

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

A. Plan Description (continued)

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.

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, 2019 is as follows:

	Local Retirement Plan	Police Retirement Plan
Terminated vested members	70	-
Retired/disabled	45	25
Active members	10	39
Total	125	64

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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:			
Investments	\$ 2,536,674	\$ 3,453,255	\$ 5,989,929
Total assets	\$ 2,536,674	\$ 3,453,255	\$ 5,989,929
Liabilities:			
Accounts payable	\$ 1,000	\$ 7,127	\$ 8,127
Net Position:			
Net position held in trust for pension benefits	\$ 2,535,674	\$ 3,446,128	\$ 5,981,802
Additions:			
Contributions:			
Employer	\$ 159,840	\$ 253,097	\$ 412,937
Plan members	-	45,931	45,931
Total contributions	\$ 159,840	\$ 299,028	\$ 458,868
Investment income:			
Interest earned on investments	76,570	102,475	179,045
Total additions	\$ 236,410	\$ 401,503	\$ 637,913
Deductions:			
Pension benefit payments	\$ 189,120	\$ 198,318	\$ 387,438
Other charges	6,200	5,650	11,850
Total deductions	\$ 195,320	\$ 203,968	\$ 399,288
Net increase (decrease) in plan assets	\$ 41,090	\$ 197,535	\$ 238,625
Net position held in trust for pension benefits:			
Balance, beginning of year	2,494,584	3,248,593	5,743,177
Balance, end of year	\$ 2,535,674	\$ 3,446,128	\$ 5,981,802

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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, 2020, the asset allocation policy is to trust solely in the Local Government Investment Pool and the Virginia Investment Pool (fixed income).

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.1%. 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, 2020, were as follows:

	<u>Civilian</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 3,934,477	\$ 5,560,462	\$ 9,494,939
Plan fiduciary net position	<u>(2,535,674)</u>	<u>(3,446,128)</u>	<u>(5,981,802)</u>
Authority's net pension liability	<u>\$ 1,398,803</u>	<u>\$ 2,114,334</u>	<u>\$ 3,513,137</u>
Plan fiduciary net position as a percentage of the total pension liability	64.45%	61.98%	63.00%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.50%

Salary increases in addition to inflation, 4.10% 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 4.25%, compounded annually, net of investment expense, including inflation

Mortality rates were based on the Pub-2010G and Pub-2010S Healthy Annuitant Mortality Table for Non-disabled Males or Females, as appropriate. Disabled tables are used for disability retirements.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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, 2020 (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	4.25%

Discount rate. The discount rate used to measure the total pension liability was 4.25%. 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.

Changes in net pension liability

	<u>Civilian Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2019	\$ 3,749,732	\$ 2,494,584	\$ 1,255,148
Changes for the year:			
Service cost	\$ 22,222	\$ -	\$ 22,222
Interest	156,331	-	156,331
Differences between expected and actual experience	52,383	-	52,383
Changes in assumptions	142,929	-	142,929
Contributions - employer	-	159,840	(159,840)
Net investment income	-	76,570	(76,570)
Benefit payments, including refunds of employee contributions	(189,120)	(189,120)	-
Administrative expenses	-	(6,200)	6,200
Net changes	\$ 184,745	\$ 41,090	\$ 143,655
Balances at June 30, 2020	\$ 3,934,477	\$ 2,535,674	\$ 1,398,803

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2020 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

Changes in net pension liability (continued)

	Sworn Officer's Plan		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability	Fiduciary Net Position	Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 5,175,236	\$ 3,248,593	\$ 1,926,643
Changes for the year:			
Service cost	\$ 231,783	\$ -	\$ 231,783
Interest	225,628	-	225,628
Differences between expected and actual experience	(345,411)	-	(345,411)
Changes in assumptions	264,540	-	264,540
Changes in benefit terms	207,004	-	207,004
Contributions - employer	-	253,097	(253,097)
Contributions - employee	-	45,931	(45,931)
Net investment income	-	102,475	(102,475)
Benefit payments, including refunds of employee contributions	(198,318)	(198,318)	-
Administrative expenses	-	(5,650)	5,650
Net changes	\$ 385,226	\$ 197,535	\$ 187,691
Balances at June 30, 2020	\$ 5,560,462	\$ 3,446,128	\$ 2,114,334

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 4.25%, 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 (3.25%) or 1 percentage-point higher (5.25%) than the current rate:

Civilian Plan			
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Net pension liability	\$ 1,715,597	\$ 1,398,803	\$ 882,440
Sworn Officer's Plan			
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Net pension liability	\$ 2,573,126	\$ 2,114,334	\$ 1,256,915

TOWN OF VIENNA, VIRGINIA**Notes to Financial Statements
June 30, 2020 (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, 2020, the Town recognized pension expense of \$335,077 and \$533,141 for the Civilian and Police Plans, respectively. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Civilian		Police	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -	\$ 28,898	\$ 511,131
Change in assumptions	-	-	370,134	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,798	59,798	-	-
Net difference between projected and actual earnings on pension plan investments	84,068	-	108,096	-
Total	\$ <u>143,866</u>	\$ <u>59,798</u>	\$ <u>507,128</u>	\$ <u>511,131</u>

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

<u>Year ended June 30</u>	<u>Civilian</u>	<u>Police</u>
2021	\$ 41,777	\$ 26,046
2022	25,032	4,257
2023	11,518	(12,988)
2024	5,741	3,231
2025	-	(24,549)
Thereafter	-	-

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (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 (continued)

Combined Town Pension Items

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Virginia Retirement System	\$ 12,826,274	\$ 4,216,900	\$ 839,805	\$ 2,202,875
Civilian Plan	1,398,803	143,866	59,798	335,077
Sworn Officer's Plan	2,114,334	507,128	511,131	533,141
Total	<u>\$ 16,339,411</u>	<u>\$ 4,867,894</u>	<u>\$ 1,410,734</u>	<u>\$ 3,071,093</u>

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 \$368,934, and employee contributions were \$183,271 for fiscal year 2020.

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 \$19,000 in calendar year 2019. Employees who are age 50 or older may defer up to \$25,000 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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 14 - LITIGATION:

At June 30, 2020, the Town was involved in various matters of litigation, It is unknown what liability if any the Town would incur 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 \$4,538 per month during the year ended June 30, 2020 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2020 approximated \$54,458.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 17 - RISK MANAGEMENT: (continued)

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>
Marion Serfass	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:

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.

Benefits Provided

Retirees under 65 can choose from either BC/BS KA-250 Comp, BC/BS KA-500 Comp or Kaiser HMO. Retirees may elect to cover their spouse. Retirees over 65 may choose from one of two Medicare Supplement plans. Benefits are available for the lifetime of the retiree only.

It is assumed that the total cost of coverage for most pre-65 retirees is higher than the premium amount resulting in implicitly subsidized costs. It is also assumed that the total cost of coverage for post-65 retirees is equal to the premium amount. It is assumed that the total cost of the dental insurance is equal to the premium (i.e. no implicit subsidy).

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

Plan Membership

At January 1, 2019 (valuation date), the following employees were covered by the benefit terms:

Active	151
Retired	18
Spouses	-
Total	<u>169</u>

Contributions

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. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2020 was \$53,469 (including an estimate of implicit rate subsidy).

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50% per year
Discount Rate	2.45%
Investment Rate of Return	N/A

Mortality rates: Pub-2010G and Pub-2010S table 5 with scale SSA.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45%. There is no prefunding of benefits in an OPEB trust for this plan, therefore the discount rate is equal to the yield on a 20 year municipal bond Aa index as of June 30, 2020. The source of the discount rate was the Fidelity general obligation municipal bond index. The final equivalent single discount rate used for this year's valuation is 2.45% as of the end of the fiscal year with the expectation that the Town will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2020 (continued)

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

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2019	\$	2,364,204
Changes for the year:		
Service cost		84,239
Interest		75,806
Changes in assumptions		175,764
Contributions - employer		-
Benefit payments		(53,469)
Net changes		<u>282,340</u>
Balances at June 30, 2020	\$	<u><u>2,646,544</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
\$ 2,925,922	\$ 2,646,544	\$ 2,401,624

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.00% decreasing to an ultimate rate of 3.25%) or one percentage point higher (7.00% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>Healthcare Cost</u>		
<u>1% Decrease (5.00% decreasing to 3.25%)</u>	<u>Trend (6.00% decreasing to 4.25%)</u>	<u>1% Increase (7.00% decreasing to 5.25%)</u>
\$ 2,364,401	\$ 2,646,544	\$ 2,980,689

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Town recognized OPEB expense in the amount of \$232,779. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 354,053	\$ -
Changes in assumptions	253,519	7,109
Total	<u>\$ 607,572</u>	<u>\$ 7,109</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 72,734
2022	72,734
2023	72,734
2024	72,734
2025	72,734
Thereafter	236,793

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

Plan Description (continued)

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the Town were \$71,354 and \$67,900 for the years ended June 30, 2020 and June 30, 2019, respectively.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2020, the Town reported a liability of \$1,083,271, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Town's proportion was .06657% as compared to .06523% at June 30, 2018.

For the year ended June 30, 2020, the Town recognized GLI OPEB expense of \$30,341. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 72,044	\$ 14,052
Net difference between projected and actual earnings on GLI OPEB plan investments	-	22,251
Change in assumptions	68,391	32,665
Changes in proportion	24,971	-
Employer contributions subsequent to the measurement date	<u>71,354</u>	<u>-</u>
Total	<u><u>\$ 236,760</u></u>	<u><u>\$ 68,968</u></u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

\$71,354 reported as deferred outflows of resources related to the GLI OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 9,141
2022	9,142
2023	18,566
2024	26,427
2025	25,853
Thereafter	7,309

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referred in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

NET GLI OPEB Liability (continued)

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

Long-Term Expected Rate of Return (continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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 ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Proportionate share of the Group			
Life Insurance Program			
Net OPEB Liability	\$ 1,423,118	\$ 1,083,271	\$ 807,664

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA).

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM: (continued)

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$28,937 and \$28,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2020, the entity reported a liability of \$754,707 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was .21035% as compared to .21307% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$60,260. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 109,696	\$ 2
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,494
Change in assumptions	35,412	65,424
Change in proportion	8,658	21,989
Employer contributions subsequent to the measurement date	28,937	-
Total	<u>\$ 182,703</u>	<u>\$ 88,909</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM: (continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (continued)

\$28,937 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 7,556
2022	7,559
2023	7,790
2024	8,036
2025	8,109
Thereafter	25,807

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM: (continued)

Actuarial Assumptions (continued)

*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 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM: (continued)

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	<u>2,839</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 358,787</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM: (continued)

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

		Discount Rate		
		1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
Town's proportionate share of the LODA Net OPEB Liability	\$	875,514	\$ 754,707	\$ 659,157

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

		Health Care Trend Rates		
		1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$	638,098	\$ 754,707	\$ 901,764

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 (continued)

NOTE 20 - LINE OF DUTY ACT (LODA) PROGRAM: (continued)

Summary of Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Town Pay-as-you-go (Note 18)	\$ 2,646,544	\$ 607,572	\$ 7,109	\$ 232,779
Group Life (Note 19)	1,083,271	236,760	68,968	30,341
LODA (Note 20)	754,707	182,703	88,909	60,260
Total	<u>\$ 4,484,522</u>	<u>\$ 1,027,035</u>	<u>\$ 164,986</u>	<u>\$ 323,380</u>

NOTE 21 – NEW ACCOUNTING STANDARDS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 90, *Majority Equity Interests* – An Amendment of GASB Statements No. 14 and No. 61, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2020 (continued)

NOTE 22 – COVID-19:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. Town of Vienna, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. Town of Vienna, Virginia, received the second round of CRF funds in the amount of \$2,886,552 after June 30, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 11,870,300	\$ 11,870,300	\$ 11,883,932	\$ 13,632
Other local taxes	6,973,000	6,973,000	6,615,545	(357,455)
Permits, privilege fees and regulatory licenses	393,000	393,000	332,230	(60,770)
Fines and forfeitures	373,000	373,000	265,581	(107,419)
Revenue from the use of money and property	399,000	399,000	347,087	(51,913)
Charges for services	1,299,600	1,322,760	546,483	(776,277)
Miscellaneous	115,800	176,285	214,950	38,665
Intergovernmental:				
Commonwealth	3,271,200	3,297,890	3,240,361	(57,529)
Federal Government	85,000	743,700	1,154,621	410,921
Total revenues	<u>\$ 24,779,900</u>	<u>\$ 25,548,935</u>	<u>\$ 24,600,790</u>	<u>\$ (948,145)</u>
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 600,560	\$ 625,560	\$ 575,550	\$ 50,010
General and financial administration	4,825,241	4,805,227	4,672,063	133,164
Total general government administration	<u>\$ 5,425,801</u>	<u>\$ 5,430,787</u>	<u>\$ 5,247,613</u>	<u>\$ 183,174</u>
Public Safety:				
Law enforcement and traffic control	\$ 6,907,326	\$ 7,625,950	\$ 7,691,059	\$ (65,109)
Fire and rescue	64,300	67,300	67,135	165
Other protection	101,710	101,710	102,528	(818)
Total public safety	<u>\$ 7,073,336</u>	<u>\$ 7,794,960</u>	<u>\$ 7,860,722</u>	<u>\$ (65,762)</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 3,301,660	\$ 3,249,980	\$ 2,836,998	\$ 412,982
Sanitation and waste removal	2,000,880	2,028,890	1,951,366	77,524
Maintenance of buildings and grounds	3,273,035	3,405,085	3,137,274	267,811
Total public works	<u>\$ 8,575,575</u>	<u>\$ 8,683,955</u>	<u>\$ 7,925,638</u>	<u>\$ 758,317</u>

TOWN OF VIENNA, VIRGINIA

**Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020 (continued)**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures: (continued)				
Health and Welfare:				
Welfare/Social Services	\$ 215,350	\$ 215,350	\$ 228,923	\$ (13,573)
Parks, recreation and cultural:				
Parks and recreation	\$ 3,989,028	\$ 4,052,163	\$ 3,507,136	\$ 545,027
Community Development:				
Planning and community development	\$ 1,307,940	\$ 1,484,860	\$ 1,099,505	\$ 385,355
Total expenditures	\$ 26,587,030	\$ 27,662,075	\$ 25,869,537	\$ 1,792,538
Excess (deficiency) of revenues over (under) expenditures	\$ (1,807,130)	\$ (2,113,140)	\$ (1,268,747)	\$ 844,393
Other Financing Sources (Uses)				
Issuance of capital lease	\$ 862,000	\$ 862,000	\$ 834,200	\$ (27,800)
Transfers in	1,055,000	1,055,000	1,055,000	-
Transfers out	(621,870)	(621,870)	(621,870)	-
Total other financing sources (uses)	\$ 1,295,130	\$ 1,295,130	\$ 1,267,330	\$ (27,800)
Net change in fund balance	\$ (512,000)	\$ (818,010)	\$ (1,417)	\$ 816,593
Fund balance, beginning of year	512,000	818,010	8,422,327	7,604,317
Fund balance, end of year	\$ -	\$ -	\$ 8,420,910	\$ 8,420,910

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 Changes in the Net Pension Liability and Related Ratios
Years Ended June 30, 2014 to June 30, 2020**

	Civilian	Sworn Officers'	Total 2020	Civilian	Sworn Officers'	Total 2019	Civilian	Sworn Officers'	Total 2018
Total pension liability									
Service cost	\$ 22,222	\$ 231,783	\$ 254,005	\$ 21,680	\$ 226,130	\$ 247,810	\$ 21,151	\$ 220,615	\$ 241,766
Interest	156,331	225,628	381,959	156,846	215,911	372,757	157,241	208,577	365,818
Differences between expected and actual experience	52,383	(345,411)	(293,028)	-	-	-	(479,745)	46,235	(433,510)
Change in benefit terms	-	207,004	207,004	-	-	-	-	157,277	157,277
Changes in assumptions	142,929	264,540	407,469	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(189,120)	(198,318)	(387,438)	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)
Net change in total pension liability	184,745	385,226	569,971	(14,687)	202,685	187,998	(484,671)	348,207	(136,464)
Total pension liability - beginning	3,749,732	5,175,236	8,924,968	3,764,419	4,972,551	8,736,970	4,249,090	4,624,344	8,873,434
Total pension liability - ending (a)	<u>\$ 3,934,477</u>	<u>\$ 5,560,462</u>	<u>\$ 9,494,939</u>	<u>\$ 3,749,732</u>	<u>\$ 5,175,236</u>	<u>\$ 8,924,968</u>	<u>\$ 3,764,419</u>	<u>\$ 4,972,551</u>	<u>\$ 8,736,970</u>
Plan fiduciary net position									
Contributions - employer	\$ 159,840	\$ 253,097	\$ 412,937	\$ 159,840	\$ 208,194	\$ 368,034	\$ 194,043	\$ 191,369	\$ 385,412
Contributions - member	-	45,931	45,931	-	45,463	45,463	-	42,676	42,676
Net investment income	76,570	102,475	179,045	74,704	98,668	173,372	35,136	46,429	81,565
Benefit payments, including refunds of member contributions	(189,120)	(198,318)	(387,438)	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)
Administrative expense	(6,200)	(5,650)	(11,850)	(1,200)	(1,950)	(3,150)	(4,483)	(9,310)	(13,793)
Net change in plan fiduciary net position	41,090	197,535	238,625	40,131	111,019	151,150	41,378	(13,333)	28,045
Plan fiduciary net position - beginning	2,494,584	3,248,593	5,743,177	2,454,453	3,137,574	5,592,027	2,413,075	3,150,907	5,563,982
Plan fiduciary net position - ending (b)	<u>\$ 2,535,674</u>	<u>\$ 3,446,128</u>	<u>\$ 5,981,802</u>	<u>\$ 2,494,584</u>	<u>\$ 3,248,593</u>	<u>\$ 5,743,177</u>	<u>\$ 2,454,453</u>	<u>\$ 3,137,574</u>	<u>\$ 5,592,027</u>
Net pension liability (a) - (b)	<u>\$ 1,398,803</u>	<u>\$ 2,114,334</u>	<u>\$ 3,513,137</u>	<u>\$ 1,255,148</u>	<u>\$ 1,926,643</u>	<u>\$ 3,181,791</u>	<u>\$ 1,309,966</u>	<u>\$ 1,834,977</u>	<u>\$ 3,144,943</u>
Plan fiduciary net position as a percentage of the total pension liability	64.4%	62.0%	63.0%	66.5%	62.8%	64.3%	65.2%	63.1%	64.0%
Covered - payroll	\$ 643,307	\$ 3,062,073	\$ 3,705,380	\$ 717,013	\$ 3,161,154	\$ 3,878,167	\$ 578,624	\$ 3,282,770	\$ 3,861,394
Net Pension Liability as a percentage of covered - payroll	217.4%	69.0%	94.8%	175.1%	60.9%	82.0%	226.4%	55.9%	81.4%

Note: The Town implemented GASB 67 in fiscal year 2014. Additional years will be included as they become available.

	Civilian	Sworn Officers'	Total 2017	Civilian	Sworn Officers'	Total 2016	Civilian	Sworn Officers'	Total 2015	Civilian	Sworn Officers'	Total 2014
\$	26,020	\$ 216,357	\$ 242,377	\$ 26,838	\$ 202,475	\$ 229,313	\$ 27,877	\$ 191,175	\$ 219,052	\$ 29,828	\$ 185,157	\$ 214,985
	175,572	193,477	369,049	174,950	185,520	360,470	187,309	216,781	404,090	184,058	208,131	392,189
	-	-	-	73,228	(557,051)	(483,823)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	241,295	369,772	611,067	-	-	-	-	-	-
	(163,029)	(221,514)	(384,543)	(160,052)	(226,973)	(387,025)	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
	38,563	188,320	226,883	356,259	(26,257)	330,002	58,652	229,875	288,527	76,371	119,928	196,299
	4,210,527	4,436,024	8,646,551	3,854,268	4,462,281	8,316,549	3,795,616	4,232,406	8,028,022	3,719,245	4,112,478	7,831,723
\$	4,249,090	\$ 4,624,344	\$ 8,873,434	\$ 4,210,527	\$ 4,436,024	\$ 8,646,551	\$ 3,854,268	\$ 4,462,281	\$ 8,316,549	\$ 3,795,616	\$ 4,232,406	\$ 8,028,022
\$	194,186	\$ 208,791	\$ 402,977	\$ 170,324	\$ 322,248	\$ 492,572	\$ 163,000	\$ 191,369	\$ 354,369	\$ 161,780	\$ 182,694	\$ 344,474
	-	46,296	46,296	-	38,552	38,552	-	43,064	43,064	-	42,225	42,225
	17,518	23,418	40,936	7,434	9,498	16,932	2,544	3,163	5,707	2,354	(998)	1,356
	(163,029)	(221,514)	(384,543)	(160,052)	(226,973)	(387,025)	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
	(4,224)	(7,585)	(11,809)	(1,800)	(1,800)	(3,600)	(980)	(2,120)	(3,100)	(4,499)	-	(4,499)
	44,451	49,406	93,857	15,906	141,525	157,431	8,030	57,395	65,425	22,120	(49,439)	(27,319)
	2,368,624	3,101,501	5,470,125	2,352,718	2,959,976	5,312,694	2,344,687	2,902,581	5,247,268	2,322,567	2,952,020	5,274,587
\$	2,413,075	\$ 3,150,907	\$ 5,563,982	\$ 2,368,624	\$ 3,101,501	\$ 5,470,125	\$ 2,352,717	\$ 2,959,976	\$ 5,312,693	\$ 2,344,687	\$ 2,902,581	\$ 5,247,268
\$	1,836,015	\$ 1,473,437	\$ 3,309,452	\$ 1,841,903	\$ 1,334,523	\$ 3,176,426	\$ 1,501,551	\$ 1,502,305	\$ 3,003,856	\$ 1,450,929	\$ 1,329,825	\$ 2,780,754
	56.8%	68.1%	62.7%	56.3%	69.9%	63.3%	61.0%	66.3%	63.9%	61.8%	68.6%	65.4%
\$	739,312	\$ 3,138,408	\$ 3,877,720	\$ 739,312	\$ 3,138,408	\$ 3,877,720	\$ 1,115,015	\$ 2,820,889	\$ 3,935,904	\$ 1,178,949	\$ 2,732,096	\$ 3,911,045
	248.3%	46.9%	85.3%	249.1%	42.5%	81.9%	134.7%	53.3%	76.3%	123.1%	48.7%	71.1%

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Last Ten Fiscal Years

Civilian Plan:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 159,987	\$ 159,987	\$ 194,186	\$ 167,445	\$ 167,445	\$ 165,879	\$ 161,780	\$ 148,159	\$ 137,817	\$ 143,200
Contributions in relation to the actuarially determined contribution	159,840	159,840	194,043	194,186	170,324	163,000	161,780	148,159	137,817	143,200
Contribution deficiency (excess)	\$ 147	\$ 147	\$ 143	\$ (26,741)	\$ (2,879)	\$ 2,879	\$ -	\$ -	\$ -	\$ -
Covered - payroll	\$ 643,307	\$ 698,423	\$ 578,624	\$ 687,551	\$ 739,312	\$ 1,115,015	\$ 1,178,949	\$ 1,559,568	\$ 1,701,444	\$ 1,835,897
Contributions as a percentage of covered - payroll	24.8%	22.9%	33.5%	28.2%	23.0%	14.6%	13.7%	9.5%	8.1%	7.8%
Sworn Officers' Plan:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 298,271	\$ 294,466	\$ 275,096	\$ 264,970	\$ 258,507	\$ 255,110	\$ 182,694	\$ 167,299	\$ 172,524	\$ 133,248
Contributions in relation to the actuarially determined contribution	253,097	208,194	191,369	208,791	322,248	191,369	182,694	167,299	172,524	133,248
Contribution deficiency (excess)	\$ 45,174	\$ 86,272	\$ 83,727	\$ 56,179	\$ (63,741)	\$ 63,741	\$ -	\$ -	\$ -	\$ -
Covered - payroll	\$ 3,062,073	\$ 3,271,839	\$ 3,282,770	\$ 3,216,868	\$ 3,138,408	\$ 2,820,889	\$ 2,732,096	\$ 2,987,482	\$ 2,738,476	\$ 2,664,960
Contributions as a percentage of covered - payroll	8.3%	6.4%	5.8%	6.5%	10.3%	6.8%	6.7%	5.6%	6.3%	5.0%

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

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 (open)
Remaining amortization period	11 years	15 years
Asset valuation method	Market	Market
Inflation	2.50%	2.50%
Salary increases	4.10% first 20 years, 1.00% thereafter	5.00% first 10 years, 1.00% thereafter
Investment rate of return	4.25%	4.25%
Retirement age	The earlier of attainment of age 65 or attainment of age 50 and 30 years of service.	20 years of creditable service
Mortality	Pub-2010G mortality tables	Pub-2010S mortality tables

TOWN OF VIENNA, VIRGINIA

Schedule of Investment Returns
Years Ended June 30, 2014 through June 30, 2020

Annual money-weighted rate of return, net of investment expense

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Civilian Plan	3.10%	3.10%	1.50%	0.70%	0.30%	0.10%	0.10%
Sworn Officers' Plan	3.10%	3.10%	1.50%	0.70%	0.30%	0.10%	0.10%

Note: The Town implemented GASB 67 in fiscal year 2014.

Additional years will be included as they become available.

TOWN OF VIENNA, VIRGINIA

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 1,192,712	\$ 1,210,652	\$ 1,219,128	\$ 1,177,978	\$ 1,159,362	\$ 1,111,037
Interest	4,499,602	4,398,038	4,272,698	4,148,614	3,962,616	3,809,732
Differences between expected and actual experience	1,823,417	(466,825)	130,678	(375,688)	476,957	-
Changes of assumptions	1,995,894	-	(253,374)	-	-	-
Benefit payments	(3,563,206)	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Net change in total pension liability	\$ 5,948,419	\$ 1,323,171	\$ 2,030,718	\$ 1,932,762	\$ 2,733,430	\$ 2,312,865
Total pension liability - beginning	<u>66,061,637</u>	<u>64,738,466</u>	<u>62,707,748</u>	<u>60,774,986</u>	<u>58,041,556</u>	<u>55,728,691</u>
Total pension liability - ending (a)	<u>\$ 72,010,056</u>	<u>\$ 66,061,637</u>	<u>\$ 64,738,466</u>	<u>\$ 62,707,748</u>	<u>\$ 60,774,986</u>	<u>\$ 58,041,556</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,319,240	\$ 1,318,131	\$ 1,295,257	\$ 1,413,920	\$ 1,356,538	\$ 1,365,804
Contributions - employee	627,629	600,631	641,798	602,967	567,236	546,977
Net investment income	3,766,875	4,021,974	6,064,351	867,305	2,242,886	6,777,243
Benefit payments	(3,563,206)	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Administrator charges	(38,031)	(35,653)	(35,661)	(31,539)	(31,154)	(36,819)
Other	(2,363)	(3,543)	(5,374)	(369)	(471)	357
Net change in plan fiduciary net position	\$ 2,110,144	\$ 2,082,846	\$ 4,621,959	\$ (165,858)	\$ 1,269,530	\$ 6,045,658
Plan fiduciary net position - beginning	<u>57,073,638</u>	<u>54,990,792</u>	<u>50,368,833</u>	<u>50,534,691</u>	<u>49,265,161</u>	<u>43,219,503</u>
Plan fiduciary net position - ending (b)	<u>\$ 59,183,782</u>	<u>\$ 57,073,638</u>	<u>\$ 54,990,792</u>	<u>\$ 50,368,833</u>	<u>\$ 50,534,691</u>	<u>\$ 49,265,161</u>
Town's net pension liability - ending (a) - (b)	\$ 12,826,274	\$ 8,987,999	\$ 9,747,674	\$ 12,338,915	\$ 10,240,295	\$ 8,776,395
Plan fiduciary net position as a percentage of the total pension liability	82.19%	86.39%	84.94%	80.32%	83.15%	84.88%
Covered payroll	\$ 13,049,064	\$ 12,404,281	\$ 11,986,303	\$ 11,598,748	\$ 11,075,000	\$ 10,961,381
Town's net pension liability as a percentage of covered payroll	98.29%	72.46%	81.32%	106.38%	92.46%	80.07%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Pension Plan

Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2020	\$ 1,375,063	\$ 1,375,063	\$ -	\$ 13,698,467		10.04%
2019	1,320,910	1,320,910	-	13,049,064		10.12%
2018	1,318,106	1,318,106	-	12,404,281		10.63%
2017	1,323,288	1,323,288	-	11,986,303		11.04%
2016	1,428,966	1,428,966	-	11,598,748		12.32%
2015	1,364,440	1,364,440	-	11,075,000		12.32%
2014	1,366,884	1,366,884	-	10,961,381		12.47%
2013	1,296,157	1,296,157	-	10,394,199		12.47%
2012	959,768	959,768	-	9,793,554		9.80%
2011	963,357	963,357	-	9,830,170		9.80%

Notes to Required Supplementary Information
Pension Plan
Year Ended June 30, 2020

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net OPEB Liability

Group Life Insurance(GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government					
2019	0.066570% \$	1,083,271 \$	13,049,064	8.30%	52.00%
2018	0.065230%	991,000	12,404,281	7.99%	51.22%
2017	0.064980%	978,000	11,986,303	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2011 through June 30, 2020

		Contributions in			Contributions	
		Contractually	Relation to	Contribution	Employer's	as a % of
		Required	Contractually	Deficiency	Covered	Covered
		Contribution	Required	(Excess)	Payroll	Payroll
Date		(1)	(2)	(3)	(4)	(5)
Primary Government						
2020	\$	71,354	\$ 71,354	\$ -	\$ 13,721,977	0.52%
2019		67,800	67,800	-	13,049,064	0.52%
2018		65,000	65,000	-	12,404,281	0.52%
2017		62,329	62,329	-	11,986,303	0.52%
2016		55,674	55,674	-	11,598,748	0.48%
2015		53,160	53,160	-	11,075,000	0.48%
2014		52,657	52,657	-	10,961,381	0.48%
2013		49,941	49,941	-	10,394,199	0.48%
2012		27,422	27,422	-	9,793,554	0.28%
2011		27,537	27,537	-	9,830,170	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2020

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2019	0.21035%	\$ 754,707	\$ Not Applicable	Not Applicable	0.79%
2018	0.21307%	668,000	Not Applicable	Not Applicable	0.60%
2017	0.20911%	550,000	Not Applicable	Not Applicable	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2020	\$ 28,937	\$ 28,937	-	\$ Not Applicable	Not Applicable
2019	28,000	28,000	-	Not Applicable	Not Applicable
2018	23,000	23,000	-	Not Applicable	Not Applicable
2017	22,000	22,000	-	Not Applicable	Not Applicable

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
Year Ended June 30, 2020

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Measurement Dates of June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 84,239	\$ 53,061	\$ 51,767
Interest	75,806	64,327	61,980
Changes in assumptions	175,764	119,163	-
Differences between expected and actual experience	-	442,567	(10,154)
Benefit payments	(53,469)	(77,007)	(60,993)
Net change in total OPEB liability	<u>\$ 282,340</u>	<u>\$ 602,111</u>	<u>\$ 42,600</u>
Total OPEB liability - beginning	<u>2,364,204</u>	<u>1,762,093</u>	<u>1,719,493</u>
Total OPEB liability - ending	<u><u>\$ 2,646,544</u></u>	<u><u>\$ 2,364,204</u></u>	<u><u>\$ 1,762,093</u></u>
 Covered-employee payroll	 \$ 13,842,763	 \$ 13,378,013	 \$ 13,170,890
 Town's total OPEB liability as a percentage of covered-employee payroll	 19.1%	 17.7%	 13.4%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - Town OPEB
 Year Ended June 30, 2020

Valuation Date: 1/1/2019

Measurement Date: 6/30/2020

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.75% and gradually declines to 4.25%
Salary Increase Rates	2.50% per year
Retirement Age	50 with 20 years of service for Public Safety, 50 with 30 years of service for Civilian
Mortality Rates	Mortality rates: Pub-2010G (Civilian) and Pub-2010S (Police) with generational projections using scale SSA.

- Other Supplementary Information -

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TOWN OF VIENNA, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
At June 30, 2020

	Special Revenue Funds		Total
	Stormwater	Gang	Nonmajor
	Fund	Task Force	Governmental
	Fund	Fund	Funds
Assets:			
Cash and cash equivalents	\$ 739,461	\$ -	\$ 739,461
Restricted:			
Cash and cash equivalents	-	738,992	738,992
Total assets	<u>\$ 739,461</u>	<u>\$ 738,992</u>	<u>\$ 1,478,453</u>
Liabilities:			
Accounts payable	\$ 53,586	\$ 57,550	\$ 111,136
Accrued liabilities	<u>3,271</u>	<u>-</u>	<u>3,271</u>
Total liabilities	<u>\$ 56,857</u>	<u>\$ 57,550</u>	<u>\$ 114,407</u>
Fund Balance:			
Restricted:			
Stormwater funds	\$ 682,604	\$ -	\$ 682,604
Gang task force funds	<u>-</u>	<u>681,442</u>	<u>681,442</u>
Total fund balance	<u>\$ 682,604</u>	<u>\$ 681,442</u>	<u>\$ 1,364,046</u>
Total liabilities and fund balance	<u>\$ 739,461</u>	<u>\$ 738,992</u>	<u>\$ 1,478,453</u>

TOWN OF VIENNA, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds		Total
	Stormwater	Gang Task Force	Nonmajor Governmental Funds
	Fund	Fund	
Revenues:			
Revenue from use of money and property	\$ 6,839	\$ 9,602	\$ 16,441
Miscellaneous	1,669	1,500	3,169
Intergovernmental	<u>416,449</u>	<u>282,782</u>	<u>699,231</u>
Total revenues	\$ <u>424,957</u>	\$ <u>293,884</u>	\$ <u>718,841</u>
Expenditures:			
Current:			
Public safety	\$ -	\$ 286,696	\$ 286,696
Public works	<u>365,959</u>	<u>-</u>	<u>365,959</u>
Total expenditures	\$ <u>365,959</u>	\$ <u>286,696</u>	\$ <u>652,655</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>58,998</u>	\$ <u>7,188</u>	\$ <u>66,186</u>
Net changes in fund balances	\$ 58,998	\$ 7,188	\$ 66,186
Fund balances at beginning of year	<u>623,606</u>	<u>674,254</u>	<u>1,297,860</u>
Fund balances at end of year	\$ <u><u>682,604</u></u>	\$ <u><u>681,442</u></u>	\$ <u><u>1,364,046</u></u>

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Position
At June 30, 2020

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Total
Assets:			
Investments	\$ 2,536,674	\$ 3,453,255	\$ 5,989,929
Total assets	\$ 2,536,674	\$ 3,453,255	\$ 5,989,929
Liabilities:			
Accounts payable	\$ 1,000	\$ 7,127	\$ 8,127
Total liabilities	\$ 1,000	\$ 7,127	\$ 8,127
Net Position:			
Held in trust for pension benefits	\$ 2,535,674	\$ 3,446,128	\$ 5,981,802

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Local Retirement Fund	Police Retirement Fund	Total
Additions:			
Contributions:			
Employer	\$ 159,840	\$ 253,097	\$ 412,937
Plan members	-	45,931	45,931
Total contributions	\$ 159,840	\$ 299,028	\$ 458,868
Investment income:			
Interest earned on investments	76,570	102,475	179,045
Total additions	\$ 236,410	\$ 401,503	\$ 637,913
Deductions:			
Pension benefit payments	\$ 189,120	\$ 198,318	\$ 387,438
Other charges	6,200	5,650	11,850
Total deductions	\$ 195,320	\$ 203,968	\$ 399,288
Change in net position	\$ 41,090	\$ 197,535	\$ 238,625
Net position held in trust for pension benefits:			
Balance, beginning of year	2,494,584	3,248,593	5,743,177
Balance, end of year	\$ 2,535,674	\$ 3,446,128	\$ 5,981,802

TOWN OF VIENNA, VIRGINIA

Governmental Funds

**Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020**

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>General Fund:</u>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,733,800	\$ 11,733,800	\$ 11,733,578	\$ (222)
Public service corporation taxes:				
Real property	100,500	100,500	105,143	4,643
Penalties and interest	<u>36,000</u>	<u>36,000</u>	<u>45,211</u>	<u>9,211</u>
Total general property taxes	<u>\$ 11,870,300</u>	<u>\$ 11,870,300</u>	<u>\$ 11,883,932</u>	<u>\$ 13,632</u>
Other local taxes:				
Local sales and use taxes	\$ 1,540,000	\$ 1,540,000	\$ 1,513,816	\$ (26,184)
Consumer utility taxes	710,000	710,000	669,780	(40,220)
Business license tax	2,470,000	2,470,000	2,390,002	(79,998)
Motor vehicle license tax	410,000	410,000	403,875	(6,125)
Bank franchise taxes	1,108,500	1,108,500	996,631	(111,869)
Tobacco tax	245,000	245,000	185,378	(59,622)
Fiber-optic franchise tax	132,500	132,500	134,074	1,574
Telecommunications tax	130,000	130,000	106,215	(23,785)
Media general franchise fees and related taxes	165,000	165,000	158,997	(6,003)
Utility consumption taxes	<u>62,000</u>	<u>62,000</u>	<u>56,777</u>	<u>(5,223)</u>
Total other local taxes	<u>\$ 6,973,000</u>	<u>\$ 6,973,000</u>	<u>\$ 6,615,545</u>	<u>\$ (357,455)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 16,000	\$ 16,000	\$ 10,963	\$ (5,037)
Other permits, privilege fees and regulatory licenses	<u>377,000</u>	<u>377,000</u>	<u>321,267</u>	<u>(55,733)</u>
Total permits, privilege fees and regulatory licenses	<u>\$ 393,000</u>	<u>\$ 393,000</u>	<u>\$ 332,230</u>	<u>\$ (60,770)</u>
Fines and Forfeitures:				
Court fines and forfeitures	<u>\$ 373,000</u>	<u>\$ 373,000</u>	<u>\$ 265,581</u>	<u>\$ (107,419)</u>

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Revenue from use of money and property:				
Interest on bank deposits	\$ 200,000	\$ 200,000	\$ 191,141	\$ (8,859)
Concessions and rentals	<u>199,000</u>	<u>199,000</u>	<u>155,946</u>	<u>(43,054)</u>
Total revenue from use of money and property	<u>\$ 399,000</u>	<u>\$ 399,000</u>	<u>\$ 347,087</u>	<u>\$ (51,913)</u>
Charges for services:				
Recreation fees	\$ 1,264,600	\$ 1,277,630	\$ 472,062	\$ (805,568)
Police reimbursements	-	10,130	16,540	6,410
Special service fees	<u>35,000</u>	<u>35,000</u>	<u>57,881</u>	<u>22,881</u>
Total charges for services	<u>\$ 1,299,600</u>	<u>\$ 1,322,760</u>	<u>\$ 546,483</u>	<u>\$ (776,277)</u>
Miscellaneous:				
Miscellaneous income	<u>\$ 115,800</u>	<u>\$ 176,285</u>	<u>\$ 214,950</u>	<u>\$ 38,665</u>
Total revenue from local sources	<u>\$ 21,423,700</u>	<u>\$ 21,507,345</u>	<u>\$ 20,205,808</u>	<u>\$ (1,301,537)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	\$ 950,000	\$ 950,000	\$ 884,943	\$ (65,057)
Rolling stock tax	<u>400</u>	<u>400</u>	<u>355</u>	<u>(45)</u>
Total non-categorical aid	<u>\$ 950,400</u>	<u>\$ 950,400</u>	<u>\$ 885,298</u>	<u>\$ (65,102)</u>
Categorical aid:				
Street and highway maintenance	\$ 1,856,000	\$ 1,856,000	\$ 1,856,784	\$ 784
Litter control	-	9,780	9,763	(17)
Law enforcement assistance	7,500	21,410	13,125	(8,285)
Public safety grants	403,000	403,000	418,256	15,256
Fire funds	<u>54,300</u>	<u>57,300</u>	<u>57,135</u>	<u>(165)</u>
Total Categorical aid	<u>\$ 2,320,800</u>	<u>\$ 2,347,490</u>	<u>\$ 2,355,063</u>	<u>\$ 7,573</u>
Total revenue from the Commonwealth	<u>\$ 3,271,200</u>	<u>\$ 3,297,890</u>	<u>\$ 3,240,361</u>	<u>\$ (57,529)</u>

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Intergovernmental: (continued)				
Revenue from federal government:				
Categorical aid:				
Public safety grants	\$ 65,000	\$ 65,000	\$ 50,777	\$ (14,223)
Coronavirus relief fund (Crf)	-	658,700	1,062,871	404,171
DMV grants	20,000	20,000	40,973	20,973
Total revenue from the federal government	\$ 85,000	\$ 743,700	\$ 1,154,621	\$ 410,921
Total General Fund	\$ 24,779,900	\$ 25,548,935	\$ 24,600,790	\$ (948,145)
<u>Debt Service Fund:</u>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,902,800	\$ 2,902,800	\$ 2,476,476	\$ (426,324)
Revenue from use of money and property:				
Interest on bank deposits	120,000	120,000	169,559	49,559
Miscellaneous:				
Miscellaneous income	-	-	512	512
Intergovernmental:				
Revenue from federal government:				
Build America Bonds interest subsidy	33,000	33,000	47,014	14,014
Total Debt Service Fund	\$ 3,055,800	\$ 3,055,800	\$ 2,693,561	\$ (362,239)
<u>Capital Projects Fund:</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ 12,000	\$ 128,050	\$ 179,410	\$ 51,360
Miscellaneous:				
Other	\$ 38,500	\$ 169,000	\$ 10,457	\$ (158,543)
Total miscellaneous	\$ 38,500	\$ 169,000	\$ 10,457	\$ (158,543)
Total revenue from local sources	\$ 50,500	\$ 297,050	\$ 189,867	\$ (107,183)
Intergovernmental:				
Fairfax County - streets	\$ 555,390	\$ 941,090	\$ 579,266	\$ (361,824)
Fairfax County - SLAF	-	1,020,000	312,539	(707,461)
Total Fairfax County	\$ 555,390	\$ 1,961,090	\$ 891,805	\$ (1,069,285)
Northern Virginia Transportation Authority	\$ -	\$ 64,100	\$ 101,805	\$ 37,705

Governmental Funds
Schedule of Revenues - Budget and Actual

<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>Capital Projects Fund: (continued)</u>				
Intergovernmental: (continued)				
Revenue from the Commonwealth:				
VDOT grants	\$ 619,500	\$ 619,500	\$ 218,821	\$ (400,679)
Stormwater local assistance	-	-	302,523	302,523
Total revenue from the Commonwealth	\$ 619,500	\$ 619,500	\$ 521,344	\$ (98,156)
Revenue from federal government:				
Federal transit grants	\$ 229,000	\$ 229,000	\$ 189,767	\$ (39,233)
Total Capital Projects Fund	\$ 1,454,390	\$ 3,170,740	\$ 1,894,588	\$ (1,276,152)
<u>Special Revenue Funds:</u>				
<u>Stormwater Fund</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 6,839	\$ 6,839
Miscellaneous:				
Miscellaneous income	-	1,040	1,669	629
Intergovernmental:				
Fairfax County - stormwater tax	\$ 410,000	\$ 410,270	\$ 416,449	\$ 6,179
Total Stormwater Fund	\$ 410,000	\$ 411,310	\$ 424,957	\$ 13,647
<u>Gang Task Force Fund</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 9,602	\$ 9,602
Miscellaneous revenue:				
Miscellaneous income	-	-	1,500	1,500
Total revenue from local sources	\$ -	\$ -	\$ 11,102	\$ 11,102
Intergovernmental:				
Local governments	\$ -	\$ -	\$ 281,250	\$ 281,250
Revenue from federal government:				
Gang task force grant	\$ -	\$ -	\$ 1,532	\$ 1,532
Total Gang Task Force Fund	\$ -	\$ -	\$ 293,884	\$ 293,884
<u>Special Transportation Fund</u>				
Intergovernmental:				
Northern Virginia Transportation Authority	\$ -	\$ -	\$ 336,065	\$ 336,065
Total Special Revenue Funds	\$ 410,000	\$ 411,310	\$ 1,054,906	\$ 643,596
Total All Governmental Funds	\$ 29,700,090	\$ 32,186,785	\$ 30,243,845	\$ (1,942,940)

TOWN OF VIENNA, VIRGINIA

Governmental Funds

**Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020**

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>General Fund:</u>				
General Government Administration:				
Legislative:				
Town council	\$ 89,070	\$ 89,070	\$ 77,227	\$ 11,843
Boards and commissions	55,110	55,110	52,490	2,620
PEG project	150,000	175,000	113,247	61,753
Town clerk	306,380	306,380	332,586	(26,206)
Total legislative	<u>\$ 600,560</u>	<u>\$ 625,560</u>	<u>\$ 575,550</u>	<u>\$ 50,010</u>
General and Financial Administration:				
Town manager	\$ 428,960	\$ 378,960	\$ 378,578	\$ 382
IT equipment	26,201	26,201	26,201	-
Human resources	514,910	540,355	497,870	42,485
Legal services	328,950	328,950	309,865	19,085
Financial administration	717,050	718,050	766,550	(48,500)
Disbursement operations	207,570	207,570	205,339	2,231
Risk management	553,320	518,375	441,834	76,541
Information technology	860,280	889,975	899,268	(9,293)
Purchasing	176,980	175,980	137,866	38,114
Revenue operations	504,400	504,400	503,826	574
Public information	378,200	387,991	387,759	232
Central services	78,420	78,420	68,434	9,986
PC replacement	50,000	50,000	48,673	1,327
Total general and financial administration	<u>\$ 4,825,241</u>	<u>\$ 4,805,227</u>	<u>\$ 4,672,063</u>	<u>\$ 133,164</u>
Total general government administration	<u>\$ 5,425,801</u>	<u>\$ 5,430,787</u>	<u>\$ 5,247,613</u>	<u>\$ 183,174</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 945,450	\$ 947,014	\$ 862,046	\$ 84,968
Uniform patrol	2,632,920	2,639,540	2,363,684	275,856
Communications	1,194,430	1,201,200	1,196,564	4,636
Investigations	1,172,450	1,186,610	1,182,539	4,071
Community services	117,300	130,320	124,996	5,324
Traffic unit	717,670	719,800	644,948	74,852
Equipment replacement	60,506	60,506	37,889	22,617
Police emergency services	-	658,700	1,062,871	(404,171)
Gang task force	66,600	66,600	150,542	(83,942)
Other law enforcement and traffic control	-	15,660	64,980	(49,320)
Total law enforcement and traffic control	<u>\$ 6,907,326</u>	<u>\$ 7,625,950</u>	<u>\$ 7,691,059</u>	<u>\$ (65,109)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>General Fund: (continued)</u>				
Public Safety: (continued)				
Fire and rescue:				
Volunteer fire department	\$ 64,300	\$ 67,300	\$ 67,135	\$ 165
Other protection:				
Personal property/animal control	\$ 101,710	\$ 101,710	\$ 102,528	\$ (818)
Total public safety	<u>\$ 7,073,336</u>	<u>\$ 7,794,960</u>	<u>\$ 7,860,722</u>	<u>\$ (65,762)</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 860,010	\$ 869,790	\$ 1,071,555	\$ (201,765)
Street maintenance	1,797,830	1,894,630	1,410,248	484,382
Snow removal	280,850	115,860	49,507	66,353
Traffic engineering	362,970	369,700	305,688	64,012
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 3,301,660</u>	<u>\$ 3,249,980</u>	<u>\$ 2,836,998</u>	<u>\$ 412,982</u>
Sanitation and waste removal:				
Sanitation	\$ 1,932,880	\$ 1,994,340	\$ 1,925,380	\$ 68,960
Fall/spring cleanup - leaf collection and other	68,000	34,550	25,986	8,564
Total sanitation and waste removal	<u>\$ 2,000,880</u>	<u>\$ 2,028,890</u>	<u>\$ 1,951,366</u>	<u>\$ 77,524</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,270,380	\$ 1,277,830	\$ 1,152,322	\$ 125,508
Maintenance equipment	656,575	721,525	707,041	14,484
Maintenance of buildings and grounds	1,346,080	1,405,730	1,277,911	127,819
Total maintenance of buildings and grounds	<u>\$ 3,273,035</u>	<u>\$ 3,405,085</u>	<u>\$ 3,137,274</u>	<u>\$ 267,811</u>
Total public works	<u>\$ 8,575,575</u>	<u>\$ 8,683,955</u>	<u>\$ 7,925,638</u>	<u>\$ 758,317</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	<u>\$ 215,350</u>	<u>\$ 215,350</u>	<u>\$ 228,923</u>	<u>\$ (13,573)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>General Fund: (continued)</u>				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 833,420	\$ 841,020	\$ 862,778	\$ (21,758)
Parks and recreation programs	591,820	591,080	417,989	173,091
General maintenance	1,254,960	1,267,910	1,153,721	114,189
Community center	673,280	679,080	640,065	39,015
Special events	248,400	286,825	137,460	149,365
Parks and recreation equipment	118,718	118,718	58,804	59,914
Teen Center	232,830	230,930	206,761	24,169
Historic preservation	35,600	36,600	29,558	7,042
Total parks and recreation	<u>\$ 3,989,028</u>	<u>\$ 4,052,163</u>	<u>\$ 3,507,136</u>	<u>\$ 545,027</u>
Community Development:				
Planning and community development:				
Planning and zoning	\$ 1,187,690	\$ 1,314,610	\$ 979,882	\$ 334,728
Community development	108,200	158,200	107,573	50,627
Various contributions	12,050	12,050	12,050	-
Total planning and community development	<u>\$ 1,307,940</u>	<u>\$ 1,484,860</u>	<u>\$ 1,099,505</u>	<u>\$ 385,355</u>
Total General Fund	<u>\$ 26,587,030</u>	<u>\$ 27,662,075</u>	<u>\$ 25,869,537</u>	<u>\$ 1,792,538</u>
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	\$ 3,062,470	\$ 3,062,470	\$ 3,064,655	\$ (2,185)
Interest and fiscal charges	835,830	835,830	845,334	(9,504)
Total Debt Service Fund	<u>\$ 3,898,300</u>	<u>\$ 3,898,300</u>	<u>\$ 3,909,989</u>	<u>\$ (11,689)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2020 (continued)

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Capital Projects Fund:</u>				
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 1,145,885	\$ (1,145,885)
Equipment system project	-	-	273,955	(273,955)
Sidewalk, curb, and gutter projects	-	-	851,465	(851,465)
Water and sewer projects	-	-	501,240	(501,240)
Street improvement projects	-	-	845,320	(845,320)
Stormwater projects	-	-	518,485	(518,485)
Parks projects	-	-	1,516,796	(1,516,796)
Other capital projects and administration	-	-	374,216	(374,216)
Total capital projects	\$ -	\$ -	\$ 6,027,362	\$ (6,027,362)
Total Capital Projects Fund	\$ -	\$ -	\$ 6,027,362	\$ (6,027,362)
<u>Special Revenue Funds:</u>				
<u>Gang Task Force Fund</u>				
Public Safety:				
Law enforcement and traffic control:				
Asset forfeiture program	\$ -	\$ -	\$ 286,696	\$ (286,696)
<u>Stormwater Fund</u>				
Public Works:				
Stormwater	\$ 581,500	\$ 659,810	\$ 365,959	\$ 293,851
Total Special Revenue Funds	\$ 581,500	\$ 659,810	\$ 652,655	\$ 7,155
Total All Governmental Funds	\$ 31,066,830	\$ 32,220,185	\$ 36,459,543	\$ (4,239,358)

- 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)

	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 37,220,697	\$ 36,673,150	\$ 34,564,184	\$ 33,760,786
Restricted	455,135	500,716	1,400,252	1,369,520
Unrestricted	13,025,908	14,218,648	15,676,550	15,163,500
Total governmental activities net position	<u>\$ 50,701,740</u>	<u>\$ 51,392,514</u>	<u>\$ 51,640,986</u>	<u>\$ 50,293,806</u>
Business-type activities:				
Net investment in capital assets	\$ 8,069,308	\$ 8,183,057	\$ 7,911,570	\$ 7,981,491
Unrestricted	(52,010)	(936,451)	(441,240)	(18,296)
Total business-type activities net position	<u>\$ 8,017,298</u>	<u>\$ 7,246,606</u>	<u>\$ 7,470,330</u>	<u>\$ 7,963,195</u>
Primary government:				
Net investment in capital assets	\$ 45,290,005	\$ 44,856,207	\$ 42,475,754	\$ 41,742,277
Restricted	455,135	500,716	1,400,252	1,369,520
Unrestricted	12,973,898	13,282,197	15,235,310	15,145,204
Total primary government net position	<u>\$ 58,719,038</u>	<u>\$ 58,639,120</u>	<u>\$ 59,111,316</u>	<u>\$ 58,257,001</u>

A. In the 2020, 2019 and 2018 columns the sum of the columns does not equal the Total column by a difference of \$2,206,862, \$2,377,736 and \$2,546,999, respectively, because of bonds payable related to the Business-Type Activities is reflected in the Governmental Activities column reducing unrestricted net position. The assets are reflected in the Business-Type Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

Table 1

2015	2016	2017	2018	2019	2020
\$ 32,229,231	\$ 38,894,331	\$ 44,195,940	\$ 49,536,591	\$ 49,860,620	\$ 47,367,126
1,678,433	1,875,915	2,063,297	2,312,174	2,378,860	2,493,232
4,763,891	7,963,012	5,468,424	(1,585,617)	(1,061,021)	(2,487,069)
<u>\$ 38,671,555</u>	<u>\$ 48,733,258</u>	<u>\$ 51,727,661</u>	<u>\$ 50,263,148</u>	<u>\$ 51,178,459</u>	<u>\$ 47,373,289</u>
\$ 9,358,019	\$ 9,846,088	\$ 11,096,338	\$ 12,774,095	\$ 12,558,317	\$ 17,294,154
(592,683)	(474,233)	(1,202,211)	(812,487)	(1,028,482)	(384,349)
<u>\$ 8,765,336</u>	<u>\$ 9,371,855</u>	<u>\$ 9,894,127</u>	<u>\$ 11,961,608</u>	<u>\$ 11,529,835</u>	<u>\$ 16,909,805</u>
\$ 41,587,250	\$ 48,740,419	\$ 55,292,278	\$ 59,763,687	\$ 60,041,201	\$ 62,454,418
1,678,433	1,875,915	2,063,297	2,312,174	2,378,860	2,493,232
4,171,208	7,488,779	4,266,213	148,895	288,233	(664,556)
<u>\$ 47,436,891</u>	<u>\$ 58,105,113</u>	<u>\$ 61,621,788</u>	<u>\$ 62,224,756</u>	<u>\$ 62,708,294</u>	<u>\$ 64,283,094</u>

TOWN OF VIENNA, VIRGINIA

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

	2011	2012	2013
Expenses:			
Governmental Activities:			
General government administration	\$ 3,595,123	\$ 3,635,414	\$ 4,147,172
Public safety	5,755,847	6,100,525	6,429,827
Public works	9,813,232	9,220,813	10,286,260
Health and welfare	284,914	275,881	261,658
Parks, recreation and cultural	3,015,055	2,863,152	3,228,786
Community development	714,927	846,444	867,961
Interest on long-term debt	469,103	468,645	602,885
Total governmental activities expenses	<u>\$ 23,648,201</u>	<u>\$ 23,410,874</u>	<u>\$ 25,824,549</u>
Business type activities:			
Water and sewer	5,535,934	6,223,267	6,151,284
Total business type activities expenses	<u>\$ 29,184,135</u>	<u>\$ 29,634,141</u>	<u>\$ 31,975,833</u>
Program Revenues:			
Governmental Activities:			
Charges for services			
General government	\$ 13,714	\$ 21,341	\$ 23,030
Public safety	547,135	660,559	617,223
Parks, recreation and cultural	705,587	737,865	754,445
Operating grants and contributions	2,137,763	2,134,393	3,082,757
Capital grants and contributions	687,923	497,335	1,610,089
Total governmental activities program revenues	<u>\$ 4,092,122</u>	<u>\$ 4,051,493</u>	<u>\$ 6,087,544</u>
Business type activities:			
Water and sewer			
Charges for services	\$ 6,071,383	\$ 6,065,317	\$ 7,129,668
Capital grants and contributions	4,000	112,490	-
Total business type activities	<u>\$ 6,075,383</u>	<u>\$ 6,177,807</u>	<u>\$ 9,511,686</u>
Total business type activities revenues	<u>\$ 10,167,505</u>	<u>\$ 10,229,300</u>	<u>\$ 15,599,230</u>
Net (expenses)/revenues	<u>\$ (19,016,630)</u>	<u>\$ (19,404,841)</u>	<u>\$ (16,376,603)</u>
General Revenues and Other Changes in Net Position:			
Governmental Activities:			
Taxes:			
General real property taxes	\$ 8,626,227	\$ 9,055,525	\$ 9,193,705
Local sales and use taxes	1,336,821	1,259,235	1,320,803
Consumer utility taxes	660,823	645,869	660,323
Business license taxes	1,964,360	2,288,730	2,217,307
Meals and lodging taxes	1,795,855	2,016,210	2,212,543
Other	1,915,710	1,892,753	1,836,673
Grants and contributions not restricted to specific programs	1,112,301	1,090,891	1,092,804
Unrestricted revenues from the use of money and property	219,127	199,270	224,039
Miscellaneous	262,553	720,327	244,303
Transfers	875,802	881,345	982,977
Total governmental activities general revenues	<u>\$ 18,769,579</u>	<u>\$ 20,050,155</u>	<u>\$ 19,985,477</u>
Business type activities:			
Interest revenue	\$ 2,176	\$ 1,327	\$ 2,474
Miscellaneous	136,930	154,786	225,843
Transfers	(875,802)	(881,345)	(982,977)
Total business-type activities general revenues	<u>\$ (736,696)</u>	<u>\$ (725,232)</u>	<u>\$ (754,660)</u>
Total general revenues	<u>\$ 18,032,883</u>	<u>\$ 19,324,923</u>	<u>\$ 19,230,817</u>
Changes in net position:			
Governmental activities	\$ (786,500)	\$ 690,774	\$ 248,472
Business-type activities	(197,247)	(770,692)	2,605,742
Total changes in net position	<u>\$ (983,747)</u>	<u>\$ (79,918)</u>	<u>\$ 2,854,214</u>

Table 2

2014	2015	2016	2017	2018	2019	2020
\$ 4,356,498	\$ 4,599,322	\$ 4,922,997	\$ 5,094,803	\$ 5,170,292	\$ 5,323,098	\$ 6,116,160
7,415,110	6,815,222	7,052,929	7,363,849	7,382,560	7,751,329	8,976,709
10,311,313	10,217,103	8,917,396	10,566,449	9,060,173	11,142,853	11,391,564
240,913	236,811	240,410	232,186	222,844	223,435	228,923
3,110,412	3,271,954	3,040,826	3,100,416	3,487,948	4,207,487	4,280,640
857,727	665,881	781,494	850,738	931,277	947,650	1,157,327
596,719	479,678	707,242	473,480	649,611	647,891	1,038,805
\$ 26,888,692	\$ 26,285,971	\$ 25,663,294	\$ 27,681,921	\$ 26,904,705	\$ 30,243,743	\$ 33,190,128
5,907,863	5,713,223	6,096,402	7,022,326	6,897,356	6,761,477	7,255,353
\$ 32,796,555	\$ 31,999,194	\$ 31,759,696	\$ 34,704,247	\$ 33,802,061	\$ 37,005,220	\$ 40,445,481
\$ 27,895	\$ 27,620	\$ 35,896	\$ 40,719	\$ 32,774	\$ 50,037	\$ 57,881
629,143	641,051	613,564	651,247	675,194	583,858	614,351
763,033	737,297	536,163	501,214	708,138	1,008,272	472,062
3,157,284	3,018,343	3,194,985	3,108,013	3,089,273	3,216,847	3,193,058
866,348	2,209,526	8,394,653	4,102,140	2,567,709	1,510,991	2,040,786
\$ 5,443,703	\$ 6,633,837	\$ 12,775,261	\$ 8,403,333	\$ 7,073,088	\$ 6,370,005	\$ 6,378,138
\$ 6,985,412	\$ 7,018,076	\$ 6,902,605	\$ 7,386,960	\$ 7,526,619	\$ 7,813,703	\$ 9,026,933
-	264,630	213,405	486,400	-	-	2,382,018
\$ 6,985,412	\$ 7,282,706	\$ 7,116,010	\$ 7,873,360	\$ 7,526,619	\$ 7,813,703	\$ 11,408,951
\$ 12,429,115	\$ 13,916,543	\$ 19,891,271	\$ 16,276,693	\$ 14,599,707	\$ 14,183,708	\$ 17,787,089
\$ (20,367,440)	\$ (18,082,651)	\$ (11,868,425)	\$ (18,427,554)	\$ (19,202,354)	\$ (22,821,512)	\$ (22,658,392)
\$ 9,217,757	\$ 9,820,079	\$ 10,174,969	\$ 10,621,309	\$ 10,956,206	\$ 11,440,251	\$ 11,901,178
1,350,263	1,465,129	1,484,216	1,425,248	1,455,924	1,493,524	1,513,816
667,116	668,218	659,320	654,778	704,729	684,098	669,780
2,329,139	2,334,987	2,221,072	2,258,387	2,263,860	2,389,726	2,390,002
2,263,450	2,339,686	2,520,856	2,691,356	2,811,930	2,829,794	2,476,476
1,725,943	2,170,698	2,434,700	2,174,391	2,228,670	2,171,053	2,041,947
1,074,053	1,064,604	1,033,119	1,008,803	976,521	905,984	1,948,169
214,818	265,103	179,769	215,206	448,227	832,700	712,497
350,451	799,340	1,560,383	565,965	374,350	217,698	229,088
904,819	(235,961)	681,332	657,548	(1,284,325)	1,824,221	(876,133)
\$ 20,097,809	\$ 20,691,883	\$ 22,949,736	\$ 22,272,991	\$ 20,936,092	\$ 24,789,049	\$ 23,006,820
\$ 2,116	\$ 3,240	\$ 6,029	\$ 8,997	\$ 15,181	\$ 19,252	\$ 11,414
318,019	255,595	262,214	319,789	344,566	320,970	338,825
(904,819)	235,961	(681,332)	(657,548)	1,284,325	(1,824,221)	876,133
\$ (584,684)	\$ 494,796	\$ (413,089)	\$ (328,762)	\$ 1,644,072	\$ (1,483,999)	\$ 1,226,372
\$ 19,513,125	\$ 21,186,679	\$ 22,536,647	\$ 21,944,229	\$ 22,580,164	\$ 23,305,050	\$ 24,233,192
\$ (1,347,180)	\$ 1,039,749	\$ 10,061,703	\$ 2,994,403	\$ 1,104,475	\$ 915,311	\$ (3,805,170)
492,865	2,064,279	606,519	522,272	2,273,335	(431,773)	5,379,970
\$ (854,315)	\$ 3,104,028	\$ 10,668,222	\$ 3,516,675	\$ 3,377,810	\$ 483,538	\$ 1,574,800

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
2020	\$ 11,901,178	\$ 1,513,816	\$ 669,780	\$ 2,390,002	\$ 2,476,476
2019	11,440,251	1,493,524	684,098	2,389,726	2,829,794
2018	10,956,206	1,455,924	704,729	2,263,860	2,811,930
2017	10,621,309	1,425,248	654,778	2,258,387	2,691,356
2016	10,174,969	1,484,216	659,320	2,221,072	2,520,856
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

Table 3

Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
\$ 403,875	\$ 996,631	\$ 185,378	\$ 456,063	\$ 20,993,199
395,429	1,114,289	206,304	455,031	21,008,446
392,166	1,127,691	242,497	466,316	20,421,319
364,648	1,100,576	233,877	475,290	19,825,469
383,469	1,416,573	249,175	385,483	19,495,133
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

TOWN OF VIENNA, VIRGINIA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:			
Nonspendable	\$ 139,340	\$ 149,756	\$ 139,335
Restricted	455,135	500,716	543,982
Committed	1,856,398	1,854,854	1,740,672
Assigned	1,265,848	1,769,805	1,869,852
Unassigned	<u>4,089,728</u>	<u>4,585,175</u>	<u>4,715,920</u>
Total General Fund	<u>\$ 7,806,449</u>	<u>\$ 8,860,306</u>	<u>\$ 9,009,761</u>
Debt Service Fund:			
Nonspendable	\$ -	\$ -	\$ -
Assigned	<u>3,916,827</u>	<u>4,120,330</u>	<u>4,562,958</u>
Total Debt Service Fund	<u>\$ 3,916,827</u>	<u>\$ 4,120,330</u>	<u>\$ 4,562,958</u>
Capital Projects Fund:			
Assigned	<u>\$ 7,379,562</u>	<u>\$ 6,544,456</u>	<u>\$ 7,903,967</u>
Total Capital Projects Fund	<u>\$ 7,379,562</u>	<u>\$ 6,544,456</u>	<u>\$ 7,903,967</u>
Nonmajor Funds:			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856,270</u>

Table 4

2014	2015	2016	2017	2018	2019	2020
\$ 130,424	\$ 245,742	\$ 108,149	\$ 111,338	\$ 124,235	\$ 125,657	\$ 347,016
497,367	621,991	798,241	1,020,573	1,165,496	1,081,000	1,129,186
1,593,542	1,508,479	1,620,960	1,406,460	1,280,000	805,900	702,000
1,918,210	2,042,064	1,183,920	1,258,241	1,420,495	1,560,100	1,774,800
4,243,138	4,768,169	4,447,066	4,469,240	4,578,960	4,849,670	4,467,908
<u>\$ 8,382,681</u>	<u>\$ 9,186,445</u>	<u>\$ 8,158,336</u>	<u>\$ 8,265,852</u>	<u>\$ 8,569,186</u>	<u>\$ 8,422,327</u>	<u>\$ 8,420,910</u>
\$ 327,000	\$ -	\$ -	\$ -	\$ 182,678	\$ -	\$ 182,678
4,601,551	4,922,622	6,348,055	6,696,150	7,261,003	7,994,987	8,059,245
<u>\$ 4,928,551</u>	<u>\$ 4,922,622</u>	<u>\$ 6,348,055</u>	<u>\$ 6,696,150</u>	<u>\$ 7,443,681</u>	<u>\$ 7,994,987</u>	<u>\$ 8,241,923</u>
\$ 12,678,854	\$ 8,820,174	\$ 10,830,402	\$ 3,378,467	\$ 7,091,714	\$ 4,803,048	\$ 35,973,203
<u>\$ 12,678,854</u>	<u>\$ 8,820,174</u>	<u>\$ 10,830,402</u>	<u>\$ 3,378,467</u>	<u>\$ 7,091,714</u>	<u>\$ 4,803,048</u>	<u>\$ 35,973,203</u>
<u>\$ 872,153</u>	<u>\$ 1,056,442</u>	<u>\$ 1,077,674</u>	<u>\$ 1,042,724</u>	<u>\$ 1,146,678</u>	<u>\$ 1,297,860</u>	<u>\$ 1,364,046</u>

TOWN OF VIENNA, VIRGINIA

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

	2011	2012	2013	2014
Revenues:				
General property taxes	\$ 8,633,014	\$ 9,017,905	\$ 9,280,201	\$ 9,210,898
Other local taxes	7,673,569	8,102,797	8,247,649	8,335,911
Permits, privilege fees and regulatory licenses	117,484	135,197	152,114	171,876
Fines and forfeitures	414,608	512,500	449,649	438,510
Revenue from use of money and property	219,127	199,270	224,039	214,818
Charges for services	734,344	772,068	792,935	809,685
Miscellaneous	262,553	720,327	244,303	350,451
Intergovernmental	3,937,987	3,722,619	5,785,650	5,097,685
Total revenues	<u>\$ 21,992,686</u>	<u>\$ 23,182,683</u>	<u>\$ 25,176,540</u>	<u>\$ 24,629,834</u>
Expenditures:				
Current:				
General government administration	\$ 3,569,339	\$ 3,663,319	\$ 4,022,335	\$ 4,462,089
Public safety	5,725,283	6,089,459	6,408,461	7,262,830
Public works	6,914,263	6,765,678	6,978,990	7,381,367
Health and welfare	284,147	275,187	261,088	240,455
Parks, recreation, and cultural	2,803,448	2,935,398	2,773,680	2,903,353
Community development	722,868	863,380	863,286	851,558
Capital projects	1,499,027	1,200,696	6,651,007	2,230,105
Debt service:				
Principal retirement	2,043,511	2,053,478	2,103,421	3,513,686
Interest and other fiscal charges	436,827	495,179	506,152	675,999
Total expenditures	<u>\$ 23,998,713</u>	<u>\$ 24,341,774</u>	<u>\$ 30,568,420</u>	<u>\$ 29,521,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,006,027)</u>	<u>\$ (1,159,091)</u>	<u>\$ (5,391,880)</u>	<u>\$ (4,891,608)</u>
Other financing sources (uses):				
Issuance of capital lease	\$ 529,427	\$ 700,000	\$ 653,434	\$ 619,455
Long term debt issued	4,990,000	-	6,310,000	7,896,613
Premium on issuance of long-term obligations	62,172	-	253,337	-
Transfers in	1,153,957	1,198,168	1,061,487	1,313,015
Transfers out	(278,155)	(316,823)	(78,510)	(408,196)
Total other financing sources (uses)	<u>\$ 6,457,401</u>	<u>\$ 1,581,345</u>	<u>\$ 8,199,748</u>	<u>\$ 9,420,887</u>
Net changes in fund balances	<u><u>\$ 4,451,374</u></u>	<u><u>\$ 422,254</u></u>	<u><u>\$ 2,807,868</u></u>	<u><u>\$ 4,529,279</u></u>
Debt service as a percentage of noncapital expenditures	11.32%	11.85%	11.24%	16.59%

Table 5

2015	2016	2017	2018	2019	2020
\$ 9,824,996	\$ 10,149,056	\$ 10,622,903	\$ 10,947,071	\$ 11,419,658	\$ 11,883,932
8,978,718	9,320,164	9,204,160	9,465,113	9,568,195	9,092,021
195,316	268,314	249,733	314,866	261,427	332,230
429,366	331,935	368,135	340,103	314,291	265,581
265,103	179,769	215,206	448,227	832,700	712,497
781,286	585,374	575,312	761,137	1,066,449	546,483
799,340	1,560,383	565,965	374,350	217,698	229,088
6,292,473	10,272,286	8,218,956	6,633,503	5,633,822	7,182,013
\$ 27,566,598	\$ 32,667,281	\$ 30,020,370	\$ 29,284,370	\$ 29,314,240	\$ 30,243,845
\$ 4,505,608	\$ 4,676,681	\$ 4,635,247	\$ 4,792,803	\$ 5,009,749	\$ 5,247,613
6,867,167	7,014,272	6,994,087	7,237,225	7,548,576	8,147,418
7,063,724	7,436,218	7,997,698	7,595,087	8,213,478	8,291,597
236,416	239,830	232,186	222,844	223,435	228,923
2,946,390	3,083,069	2,832,486	3,247,183	3,506,683	3,507,136
711,077	784,698	840,890	955,082	977,784	1,099,505
5,111,855	12,072,085	11,431,288	5,716,079	4,037,830	6,027,362
2,801,394	2,490,860	2,722,249	2,536,253	3,057,558	3,064,655
533,590	484,952	641,061	583,034	886,805	845,334
\$ 30,777,221	\$ 38,282,665	\$ 38,327,192	\$ 32,885,590	\$ 33,461,898	\$ 36,459,543
\$ (3,210,623)	\$ (5,615,384)	\$ (8,306,822)	\$ (3,601,220)	\$ (4,147,658)	\$ (6,215,698)
\$ 570,028	\$ 700,000	\$ 518,000	\$ 605,900	\$ 590,400	\$ 834,200
-	6,180,000	-	7,900,000	-	34,500,000
-	482,836	-	1,347,711	-	3,239,491
1,265,748	3,573,591	3,423,690	2,501,306	2,995,339	2,854,429
(1,501,709)	(2,892,259)	(2,766,142)	(3,785,631)	(1,171,118)	(3,730,562)
\$ 334,067	\$ 8,044,168	\$ 1,175,548	\$ 8,569,286	\$ 2,414,621	\$ 37,697,558
\$ (2,876,556)	\$ 2,428,784	\$ (7,131,274)	\$ 4,968,066	\$ (1,733,037)	\$ 31,481,860
13.20%	11.59%	12.27%	11.69%	13.12%	12.73%

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
2020	\$	11,883,932	\$ 1,513,816	\$ 669,780	\$ 2,390,002	\$ 2,476,476
2019		11,419,658	1,493,524	684,098	2,389,726	2,829,794
2018		10,947,071	1,455,924	704,729	2,263,860	2,811,930
2017		10,622,903	1,425,248	654,778	2,258,387	2,691,356
2016		10,149,056	1,484,216	659,320	2,221,072	2,520,856
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

Table 6

Motor Vehicle License	Bank Franchise	Tobacco	Other Taxes	Total
\$ 403,875	\$ 996,631	\$ 185,378	\$ 456,063	\$ 20,975,953
395,429	1,114,289	206,304	455,031	20,987,853
392,166	1,127,691	242,497	466,316	20,412,184
364,648	1,100,576	233,877	475,290	19,827,063
383,469	1,416,573	249,175	385,483	19,469,220
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

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	
2020	\$ 5,204,854,490	\$ 5,204,854,490	0.2250	\$ 46,732,003	\$ 46,732,003	\$ 5,251,586,493	\$ 5,251,586,493	100%
2019	5,003,776,930	5,003,776,930	0.2250	44,242,869	44,242,869	5,048,019,799	5,048,019,799	100%
2018	4,763,472,880	4,763,472,880	0.2250	42,979,305	42,979,305	4,806,452,185	4,806,452,185	100%
2017	4,625,397,360	4,625,397,360	0.2250	41,886,928	41,886,928	4,667,284,288	4,667,284,288	100%
2016	4,428,395,010	4,428,395,010	0.2250	39,797,131	39,797,131	4,468,192,141	4,468,192,141	100%
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	37,193,940	3,975,151,189	3,975,151,189	100%
2013	3,756,299,910	3,756,299,910	0.2421	37,193,940	36,325,461	3,793,493,850	3,793,493,850	100%
2012	3,664,249,050	3,664,249,050	0.2421	36,325,461	39,591,839	3,700,574,511	3,700,574,511	100%
2011	3,467,055,990	3,467,055,990	0.2448	39,591,839	40,475,624	3,506,647,829	3,506,647,829	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 \$5,204,854,490 is the assessed valuation effective January 1, 2019, which was used as a basis for billing taxes in the fiscal year 2019-2020.

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>
2020	0.2250	1.150	1.3750
2019	0.2250	1.150	1.3750
2018	0.2250	1.150	1.3750
2017	0.2250	1.130	1.3550
2016	0.2250	1.130	1.3550
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

(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 2020			Fiscal Year 2011		
		2019 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union		\$ 198,704,470	1	3.82%	\$ 130,950,690	1	2.52%
GI TC 801 Follin Lane	(1)	79,675,020	2	1.53%	45,160,310	2	0.87%
Vienna Park LLC	(2)	43,111,570	3	0.83%	26,109,020	4	0.50%
GRI Maple Avenue LLC		42,140,220	4	0.81%	32,499,020	3	0.62%
Vienna Shopping Center, LP		18,541,380	5	0.36%	18,298,700	6	0.35%
P. Daniel & Diana S. Orlich		18,541,380	6	0.36%	14,924,100	7	0.29%
Frank Zafren & Alec Jacobson, Tr.		16,911,510	7	0.32%	13,979,740	8	0.27%
Westwood Country Club		16,288,750	8	0.31%	11,009,160	11	0.21%
JBG Vienna Retail Center	(3)	15,768,260	9	0.30%	7,430,650	14	0.14%
BFH Danor Plaza		12,793,510	10	0.25%	91,732,808	12	1.76%
Vienna Car Wash LLC		12,361,640	11	0.24%	-	N/A	N/A
Cubalmart L P		12,270,340	12	0.24%	-	N/A	N/A
GRI Cedar Park LLC		12,190,570	13	0.23%	11,407,650	10	0.22%
Swart Vienna LLC		12,103,320	14	0.23%	8,567,680	13	0.16%
Maryland Gardens Ltd. Partnership		7,959,470	15	0.15%	21,255,200	5	0.41%
RDT Electric Avenue LLC		-	N/A	N/A	13,090,580	9	0.25%
Storage Partners of Vienna		-	N/A	N/A	7,176,780	15	0.14%
Total		\$ 519,361,410		9.98%	\$ 453,592,088		13.08%

(1) Name change to Transwestern Goldstar LLC in 2007

Name change to GI TC Follin Lane LLC in 2013

(2) Name change to Vienna Park LLC in 2010

(3) Ownership change from Walgreen Company 2014

Ownership change from AN WG Vienna LP in 2015

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
2020	\$ 11,710,930	\$ 11,682,090	99.76%	\$ -	\$ 11,682,090	99.75%
2019	11,274,409	11,247,336	99.76%	7,427	11,254,763	99.83%
2018	10,784,780	10,765,285	99.82%	5,967	10,771,252	99.87%
2017	10,459,537	10,440,600	99.78%	6,223	10,446,823	99.88%
2016	9,968,163	9,946,258	99.78%	11,007	9,957,265	99.89%
2015	9,616,236	9,598,815	99.82%	16,389	9,615,204	99.99%
2014	9,017,093	9,002,376	99.84%	13,748	9,016,124	99.99%
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%

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			
2020	\$60,066,263	\$1,903,320	\$2,494,765	\$309,749	\$64,774,097	5.74%	3,912
2019	25,029,039	1,666,775	3,820,065	415,201	30,931,080	3.63%	1,972
2018	27,731,112	1,671,933	2,468,446	294,645	32,166,136	3.78%	2,050
2017	20,503,862	1,665,286	3,253,262	268,496	25,690,906	3.02%	1,638
2016	22,857,586	1,610,535	1,358,000	150,985	25,977,106	3.05%	1,656
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

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, 2020**

	Net Bonded Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct Debt:			
Town of Vienna General Bonded Debt	\$ 61,969,583	100.00%	\$ 61,969,583
Overlapping Debt: (1)			
County of Fairfax General Bonded Debt	<u>2,503,047,715</u>	2.10%	<u>52,678,474</u>
Total direct and overlapping debt	<u>\$ 2,565,017,298</u>		<u>\$ 114,648,057</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)
2020	\$ 62,561,028	\$ -	\$ 62,561,028	1.20%	3,778.75
2019	28,849,104	-	28,849,104	0.58%	1,839.05
2018	30,199,558	-	30,199,558	0.63%	1,925.13
2017	23,757,124	-	23,757,124	0.51%	1,514.45
2016	24,215,586	-	24,215,586	0.55%	1,543.67
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

(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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 370,057,451	\$ 384,150,833	\$ 389,989,663	\$ 412,218,932
Total net debt applicable to limit	<u>12,242,174</u>	<u>10,598,614</u>	<u>15,518,686</u>	<u>21,880,489</u>
Legal debt margin	<u><u>\$ 357,815,277</u></u>	<u><u>\$ 373,552,219</u></u>	<u><u>\$ 374,470,977</u></u>	<u><u>\$ 390,338,443</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3.31%	2.76%	3.98%	5.31%

Table 14

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 389,989,663	\$ 457,199,173	\$ 457,199,173	\$ 492,898,364	\$ 517,317,979	\$ 537,037,052
<u>19,549,026</u>	<u>24,215,586</u>	<u>23,757,124</u>	<u>30,199,558</u>	<u>28,849,104</u>	<u>62,561,028</u>
<u><u>\$ 370,440,637</u></u>	<u><u>\$ 432,983,587</u></u>	<u><u>\$ 433,442,049</u></u>	<u><u>\$ 462,698,806</u></u>	<u><u>\$ 488,468,875</u></u>	<u><u>\$ 474,476,024</u></u>
5.01%	5.30%	5.20%	6.13%	5.58%	11.65%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 5,204,854,490
Add back: exempt real property	<u>165,516,030</u>
Total assessed value	<u><u>\$ 5,370,370,520</u></u>
Debt limit (10% of total assessed value)	\$ 537,037,052
Net debt applicable to limit	<u>62,561,028</u>
Legal debt margin	<u><u>\$ 474,476,024</u></u>

Table 15

TOWN OF VIENNA, VIRGINIA

Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	(3) Principal	(3) Interest	Total	Coverage
2020	\$ 9,377,172	\$ 6,596,228	\$ 2,780,944	\$ -	\$ -	\$ -	N/A
2019	8,153,925	6,158,987	1,994,938	-	-	-	N/A
2018	7,886,366	6,326,609	1,559,757	-	-	-	N/A
2017	7,715,746	6,353,901	1,361,845	-	-	-	N/A
2016	7,170,848	5,616,292	1,554,556	-	-	-	N/A
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

(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)
2020	16,556	\$1,128,738,415	\$68,177	41.3	2.50%
2019	15,687	851,945,283	54,309	40.7	2.40%
2018	15,687	851,945,283	54,309	40.7	2.70%
2017	15,687	851,945,283	54,309	40.7	3.20%
2016	15,687	851,945,283	54,309	40.7	3.20%
2015	15,687	851,945,283	54,309	40.7	4.00%
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%

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 (1)	Fiscal Year 2020		Fiscal Year 2010	
	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	2
Contemporary Electrical Services, Inc	100 to 249	3	100 to 249	7
Giant Foods	100 to 249	4	100 to 249	8
Whole Foods Market Group	100 to 249	5	100 to 249	6
Town of Vienna	100 to 249	6	100 to 249	3
Westwood Country Club	100 to 249	7	100 to 249	5
Wheat's Lawn and Custom Land Inc	100 to 249	8	N/A	9
The Hope Center for Advanced Veterinary Medicine	100 to 249	9	N/A	N/A
U.S. Postal Service	50 to 99	10	100 to 249	10
Cardiovascular Management Group	N/A	N/A	100 to 249	4

(1) Each employer's percentage of total employment not available.

TOWN OF VIENNA, VIRGINIA

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

Function		2011	2012	2013	2014
Legislative					
	Town Council	0.500	0.500	0.500	0.000
	Town Clerk	2.000	2.000	2.000	2.000
	Town Attorney	0.500	0.500	0.500	0.500
	Subtotal	3.000	3.000	3.000	2.500
Administration					
	Town manager	1.500	1.500	2.000	2.000
	Administrative Services	2.000	2.000	2.000	2.000
	Public Information	1.000	1.000	1.000	1.725
	Information Technology	2.000	2.000	3.000	3.000
	Subtotal	6.500	6.500	8.000	8.725
Finance					
	Administration	3.000	3.000	3.625	3.625
	Disbursement Operations	1.625	1.625	2.000	2.000
	Purchasing	1.625	1.625	1.625	1.625
	Central Services	1.000	1.000	1.000	1.000
	Revenue Operations	3.500	3.500	3.000	3.000
	Gang Task Force	0.000	0.000	0.000	1.000
	Subtotal	10.750	10.750	11.250	12.250
Police					
	Administration	3.000	3.000	3.000	3.000
	Patrol	21.000	21.000	21.000	21.000
	Communications	11.000	10.000	11.000	11.000
	Community Services	1.000	1.000	1.000	1.000
	Traffic	6.000	6.000	6.000	6.000
	Personnel/Accreditation/ Animal Control	1.000	1.000	1.000	1.000
	Investigations	9.000	10.000	9.000	9.000
	Subtotal	52.000	52.000	52.000	52.000
Public Works					
	Administration	6.500	6.500	6.500	7.500
	Street Maintenance	15.000	15.000	13.000	12.000
	Vehicle Maintenance	9.000	9.000	9.000	9.000
	General Maintenance	8.000	8.000	8.000	8.000
	Sanitation	14.000	14.000	16.000	16.000
	Traffic Engineering	2.000	2.000	2.000	2.000
	Subtotal	54.500	54.500	54.500	54.500
Parks and Recreation					
	Administration	4.750	4.750	4.750	4.750
	Parks Maintenance	10.000	10.000	10.000	10.000
	Community Center Operations	4.500	4.500	4.500	4.000
	Teen Center	1.500	1.500	1.500	1.800
	Subtotal	20.750	20.750	20.750	20.550
Planning and Zoning					
	Planning and Zoning	7.000	7.000	7.000	7.000
	Subtotal	7.000	7.000	7.000	7.000
Economic Development					
	Economic Development Manager	0.000	0.000	0.000	0.000
	Subtotal	0.000	0.000	0.000	0.000
GENERAL FUND TOTAL		154.500	154.500	156.500	157.525
Water and Sewer					
	(1) Water Operations	8.500	8.500	8.500	8.500
	(1) Sewer Operations	6.000	6.000	6.000	6.000
	(1) Operations and Maintenance				
	Meter Maintenance and Reading	4.000	4.000	4.000	4.000
	Billing/Customer Service	2.000	2.000	2.000	2.000
TOTAL WATER & SEWER FUND		20.500	20.500	20,500	20,500
Storm Water Fund		0.000	0.00	0.000	1.000
GRAND TOTAL		175.000	175.000	177.000	179.025

Source: Town of Vienna Budget

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

Table 18

2015	2016	2017	2018	2019	2020
0.000	0.000	0.000	0.000	0.000	0.000
2.000	2.000	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500
2.500	2.500	2.500	2.500	2.500	2.500
2.000	2.000	2.000	2.000	2.000	2.000
3.000	3.000	3.000	3.000	3.000	3.000
1.725	2.000	2.000	2.000	2.000	2.000
4.000	4.000	4.000	4.000	4.500	4.500
10.725	11.000	11.000	11.000	11.500	11.500
3.625	3.625	3.625	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000
1.625	1.625	1.625	1.625	1.625	1.625
1.000	1.000	1.000	1.000	1.000	1.000
3.500	4.000	5.000	4.000	4.000	4.000
1.000	1.000	1.000	1.000	1.000	1.000
12.750	13.250	14.250	13.625	13.625	13.625
3.000	3.000	3.000	3.000	3.000	3.000
21.000	21.000	21.000	21.000	21.000	21.000
11.000	10.000	10.000	10.000	10.000	10.000
1.000	1.000	1.000	1.000	1.000	1.000
6.000	6.000	6.000	6.000	6.000	6.000
1.000	1.000	1.000	1.000	1.000	1.000
9.000	9.000	9.000	9.000	9.000	9.000
52.000	51.000	51.000	51.000	51.000	51.000
6.500	6.500	8.000	8.000	8.000	8.000
12.000	12.000	12.000	13.000	13.000	13.000
8.000	8.000	8.000	8.000	8.000	8.000
9.000	9.000	9.000	9.000	9.000	9.000
16.000	16.000	16.000	17.000	17.000	17.000
2.000	2.000	2.000	2.000	2.000	2.000
53.500	53.500	55.000	57.000	57.000	57.000
4.500	4.500	5.000	6.000	6.000	6.000
10.000	10.000	10.000	10.000	10.000	10.000
4.000	4.000	4.000	4.000	5.000	5.000
1.800	1.800	2.000	2.000	2.000	2.000
20.300	20.300	21.000	22.000	23.000	23.000
7.000	7.000	7.000	8.000	8.000	8.000
7.000	7.000	7.000	8.000	8.000	8.000
0.000	0.000	0.000	0.000	1.000	1.000
0.000	0.000	0.000	0.000	1.000	1.000
158.775	158.550	161.750	165.125	167.625	167.625
8.000	7.000	7.000	7.500	7.500	7.500
6.000	7.000	7.000	7.000	7.000	7.000
4.000	4.000	4.000	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000
20.000	20.000	20.000	20.500	20.500	20.500
1.000	1.000	1.000	2.000	2.500	2.500
179.775	179.550	182.750	187.625	190.625	190.625

TOWN OF VIENNA, VIRGINIA

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

Function	(1)	2011	2012	2013	2014
General Government Administration					
Administrative Service					
Job applications processed		675	1,294	2,745	2,186
Public Information					
Information requests responded to		1,225	-	-	-
Press releases per year		245	585	585	600
(a) Web Site Visits		-	-	367,000	370,000
(b) Twitter and Facebook followers		1,547	2,430	3,313	4,196
Finance					
Real Estate bills processed		12,300	12,400	11,125	11,151
Water and Sewer bills processed		38,000	38,000	37,350	38,047
(c) Payroll checks/Direct Deposits		7,311	6,956	7,452	7,652
(d) Vendor check issued		4,300	4,315	4,432	5,329
(e) Competitive bids completed		30	35	17	30
Public Safety					
Number of Calls for Service received		13,000	20,500	20,500	17,500
Number of Citations issued		7,000	10,200	10,000	10,000
Number of Animal complaints		400	380	380	350
Public Works					
Tons of asphalt installed		5,300	5,000	5,000	5,000
Linear feet of sidewalk replaced / installed		188	200	200	200
(f) Vehicles Maintained		145	153	155	153
Tons of Waste collected		5,810	7,940	4,500	5,800
Tons of Recycled materials collected		1,840	1,825	2,000	2,000
Cubic Yards/Tons of leaves collected		13,000	11,000	11,000	11,500
Water and Sewer Operations					
Repair Water Main breaks		68	50	55	55
Repair defective sewer lines		15	-	-	-
Footage of Sewer Mains cleaned		343,543	350,000	355,000	355,000
Completed work orders		3,800	3,000	3,390	3,722
Parks and Recreation					
Number of programs held		660	641	650	650
Daily average number of teens using Teen Center		35	30	30	30
Planning and Zoning					
Permit applications		820	650	650	650
New single-family dwellings		65	50	50	70
New zoning violation cases opened		550	671	487	384

Sources: Town Budget unless noted

(a) New measuring system in 2013

(b) Instagram added in 2016

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

 Fee instituted in 2011; number of bills sent

(d) Check logs

(e) Over \$10k through 2016; over \$20k thereafter

(f) Fixed Asset Records

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

Table 19

2015	2016	2017	2018	2019	2020
2,674	2,385	2,671	2,094	1,168	900
-	-	-	-	-	-
600	994	265	240	251	209
303,829	351,723	352,789	378,526	275,988	329,444
4,099	8,736	8,907	11,433	13,084	16,285
11,244	11,122	11,336	11,654	11,361	11,361
38,285	38,042	38,087	37,798	38,302	38,056
6,946	7,405	7,405	6,919	7,452	7,187
4,449	3,792	3,792	4,026	4,049	4,031
9	14	20	17	15	15
41,000	45,564	46,000	19,039	13,848	11,219
8,600	8,058	8,500	6,615	7,392	6,589
390	439	400	350	341	311
3,000	1,900	2,300	2,000	6,500	4,272
2,662	4,070	3,800	6,200	3,500	Unavailable
144	143	144	144	143	145
4,250	4,242	5,550	5,500	4,675	4,592
1,850	1,776	1,810	1,800	3,173	3,017
11,500	9,590	8,500	8,500	9,156	8,925
75	73	60	60	45	28
-	-	3,400	4,050	3,500	758
350,000	120,000	60,498	240,895	180,000	193,000
3,100	4,017	4,000	4,000	3,895	643
650	501	462	487	715	649
30	30	25	38	39	41
680	456	900	850	754	Unavailable
85	89	91	100	93	Unavailable
400	400	-	-	330	Unavailable

TOWN OF VIENNA, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2011	2012	2013	2014
General government administration				
Administration buildings	5	5	5	5
Vehicles	6	7	6	5
Public safety				
Patrol units	18	19	25	22
Motorcycles	4	4	4	4
Other vehicles	3	3	3	3
Public works				
Trucks/vehicles	89	94	91	92
Parks and recreation				
Community center	1	1	1	1
Vehicles	21	22	22	23
Number of parks	10	10	10	10
Park acres	93.47	93.47	93.47	93.47
Community development				
Planning vehicles	4	4	4	4

Source: Individual Town Departments

Table 20

2015	2016	2017	2018	2019	2020
5	5	5	5	5	5
4	6	5	4	4	4
20	18	19	22	19	19
4	5	4	4	4	4
4	3	5	4	3	3
86	85	84	80	78	66
1	1	1	1	1	1
23	23	24	22	14	14
10	10	10	10	10	10
93.47	93.47	93.47	93.47	93.47	93.47
3	3	3	3	2	2

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- Compliance Section -

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**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, 2020, 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 November 27, 2020.

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) as a basis for designing 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 financial statements. 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
November 27, 2020



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Vienna, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Vienna, Virginia's major federal programs for the year ended June 30, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Vienna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.

Report on Internal Control over Compliance

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 27, 2020

TOWN OF VIENNA, VIRGINIA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
<u>DEPARTMENT OF JUSTICE:</u>				
<u>Direct payments:</u>				
Equitable Sharing Program	16.922	N/A	\$ 188,290	\$ 143,461
Total Department of Justice			\$ 188,290	\$ 143,461
<u>EXECUTIVE OFFICE OF THE PRESIDENT:</u>				
<u>Direct payments:</u>				
High Intensity Drug Trafficking Areas Program	95.001	N/A	\$ 7,480	\$ -
Total Executive Office of the President			\$ 7,480	\$ -
<u>DEPARTMENT OF THE TREASURY:</u>				
<u>Pass through payments:</u>				
Virginia Department of Accounts: COVID-19 - Coronavirus Relief Fund (CRF)	21.019	Not Available	\$ 1,062,871	\$ -
Total Department of Transportation			\$ 1,062,871	\$ -
<u>DEPARTMENT OF TRANSPORTATION:</u>				
<u>Pass through payments:</u>				
Virginia Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	111403/111471/107661/109297	\$ 189,767	\$ -
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-20-50063	10,151	
Highway Safety Cluster:				
National Priority Safety Programs	20.616	M60T-19-59045	14,342	-
State and Community Highway Safety	20.600	FSC-20-50077/FSC-19-59091	16,480	-
Total Highway Safety Cluster			\$ 30,822	\$ -
Total Department of Transportation			\$ 230,740	\$ -
Total Expenditures of Federal Awards			\$ 1,489,381	\$ 143,461

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, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Vienna, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The Town did not elect to use the 10% de minimus indirect cost rate.

Note 3 - Loan Balances

The Town has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 4 - 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	\$ 1,154,621
Capital Projects Fund	189,767
Debt Service Fund	47,014
Gang Task Force Fund	<u>1,532</u>

Total federal expenditures per basic financial
statements

\$ 1,392,934

Less: Build America Bonds Interest Subsidy \$ (47,014)

Add: Disaster Grants - Subrecipient payments - Equitable Sharing 143,461

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 1,489,381

TOWN OF VIENNA, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies 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 2 CFR Section 200.516(a)?	No
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
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21.019	COVID-19 - Coronavirus Relief Fund (CRF)
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Audit Findings

There were no prior year audit findings.

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