



ANNUAL COMPREHENSIVE FINANCIAL REPORT TOWN OF VIENNA, VIRGINIA FISCAL YEAR ENDED JUNE 30, 2023



- Introductory Section -

TOWN OF VIENNA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY:

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

TOWN OF VIENNA, VIRGINIA
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

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TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Linda J. Colbert, Mayor

Steve Potter, Vice Mayor

Chuck Anderson

Ray Brill

Nisha Patel, MD

Howard Springsteen

Ed Somers

MANAGEMENT TEAM

Town Manager

Mercury T. Payton

Town Attorney

Steven D. Briglia

Town Clerk

Melanie J. Clark

Christine Horner, P.E.

Acting Director of Public Works

Michelle Crabtree, SPHR

Director of Human Resources

James Morris

Chief of Police

David Levy, AICP

Director of Planning and Zoning

Antoine Mull

Director of Information Technology

Leslie Herman

Director of Parks and Recreation

Marion Serfass, CPA

Director of Finance / Treasurer

Natalie Monkou

Director of Economic Development

Karen Thayer, APR

Director of Public Information

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates

Certified Public Accountants

Fredericksburg, Virginia

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



November 30, 2023

To Town of Vienna Residents:

We are pleased to share with you the Town of Vienna's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. 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 ACFR 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, 2023 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.

Management has prepared a narrative introduction, overview, and analysis to accompany the basic financial statements. This narrative introduction is referred to as the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which is found in the Financial Section immediately following the report of the independent auditors.

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 16,473, 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 Councilmembers, all elected on a nonpartisan, at-large basis. Beginning in 2023, Councilmembers and the Mayor serve two-year terms, all elected at once. Town Council appoints the Town Manager, Town Attorney, Town Clerk, and Town 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 and sidewalks, 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, attracting new commercial development and residential redevelopment.

The economic impact of the 2020 Coronavirus pandemic has largely receded, with inflation decreasing in the spring of 2023. By June 2023, the Consumer Price Index (CPI) had fallen to 3% over the preceding year, down from over 9% in June 2022. However, interest rates on borrowing have risen steadily from the spring of 2022 as the Federal Reserve Bank attempted to slow and reduce the rate of inflation. During fiscal year 2022-23 interest rates rose by 3%, raising the Fed's interest rate to 5.25% by June. These increases have pushed mortgage rates to over 7% by the end of the fiscal year. Despite these increases, residential redevelopment continues, though at a slower pace in Vienna, but at least one major commercial development continues to be on hold citing high construction and borrowing costs.

Almost 45 percent of the Town's general fund revenues come from property taxes, which are based on real estate assessments as of January 1, 2022, for FY 2023. 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 continue at a slower pace in many areas of town. New restaurants continue to open in both former restaurant spaces and new spaces. A unique courtyard-centered cottage house development and the first upscale assisted living community opened during the year, and two other mixed-use properties are planning on breaking ground during fiscal 2023-24.

Unemployment rates stayed unchanged during the fiscal year from the previous year. In June 2023, the area's unemployment rate of 2.5 percent was slightly lower than the state's rate of 2.7 percent and favorable to the national rate of 3.6 percent. Local and federal unemployment rates were unchanged from fiscal 2021-22 and State rates fell 0.1 percent, respectively.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

In general, the local economy is based more on white-collar employment, and real estate collections remain strong. Local business license taxes rose 8.0 percent over 2022, which was 6.7 percent over 2021, indicating a strong business recovery in town. According to U.S. Census Bureau data, updated as of July 2022, the area's median household income is \$200,938, with 73.2 percent of the population holding a bachelor's degree or higher, and 99.0 percent of households have a computer in the home.

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. Tyson's Corner, adjacent to Vienna has completed the first part of a major redevelopment, adding extensive developments with walkable commercial restaurant and retail areas along with apartments to take advantage of the four new Metro stops serving the area. Fairfax County's comprehensive plan anticipates this new development effort will bring an additional 100,000 residents and 200,000 jobs to the region by 2050.

Assessed property values increased 9.1 percent from last year, a 10.6 percent increase for residential and a 2.2 percent increase for commercial, marking the twelfth consecutive year of increases. The Town's tax rate was cut by 1.75 cents from \$0.225 to \$0.205 per \$100 of assessed value. The increase in assessed values offset by the decrease in the tax rate resulted in a 1.9 percent increase in property tax revenue. However, higher construction costs and mortgage rates are starting to have a dampening effect on new homes construction. Residential occupancy permits are expected to fall 40 percent to around 60 during 2024 vs. the previous year. This is not the case with commercial redevelopment, which is forecasted to increase 17 percent over 2023.

General fund revenues increased by 8.0 percent over fiscal year 2021-22. The largest drivers of the increase were increased revenues from the State for street maintenance, higher earnings on cash deposits from increased interest rates and increased parks and recreation activity, particularly in camps and classes. Interest revenue increased \$373,000 or 239 percent and revenue from recreation increased \$327,000 or 28.4 percent over the previous year. Local business license taxes were also strong, increasing 8.0 percent during the year. However, building-related permits and fees were \$107,000 or 28.7 percent lower than the previous year due to a general cooling off in residential redevelopment. All other revenue categories only had slight differences from the previous year.

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 fiscal year 2023-24 the zoning code update project was approved by Town Council, marking the first major update to the code in over 50 years. The new zoning code presents a more modern and understandable format to encourage development and reinvestment in Vienna, as well as providing new commercial opportunities and outdoor living options.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

The third of four projects approved under the former Maple Avenue Corridor (MAC) commercial zoning plan for an assisted living community opened in the summer of 2023. A fourth MAC project featuring mixed use with apartments and retail has been delayed due to economic conditions but is starting to move forward during 2024. MAC provisions were repealed in the fall of 2020 and have been replaced with new commercial code in the revised zoning code.

Staffing shortages continue to be an issue nationwide and in Town in selected positions. The Town continues to work on targeted incentives and has hired a consultant to perform a classification and compensation study in fiscal year 2023-24 to ensure the Town stays competitive in wages.

A budget committee, comprising department heads from finance, human resources, and public works as well as the Town Manager, 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 15 years.

The Town is in the process of spending its allocation of \$17.1 million from the federal American Recovery Plan Act (ARPA) funds. The budget committee and Council work together to allocate the ARPA funds to planned capital projects, which could mitigate the spread of the pandemic by improving water and sewer infrastructure and stormwater infrastructure. Also included in the Town's ARPA spending are parks projects for outdoor facilities that experienced expanded usage during the pandemic quarantine period. ARPA funds will also be used to improve public buildings to prevent the spread of illness, bolster the Town's cybersecurity programs and add additional resources for public safety projects, such as body cameras and upgrading radio systems. The plans are reviewed monthly to ensure all funds are disbursed during the allowed time frame.

Relevant Financial Policies

Town Council is required to adopt an annual fiscal year budget no later than the 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 strongly supports maintaining adequate reserves within the general, debt service and water and sewer and stormwater funds as a 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, reaffirmed in 2022. Council policy requires that the Town maintain an unassigned general fund balance of at least 15 percent of the subsequent year's budget. For 2023, 21.5 percent of the FY 2024 budget was allocated to unassigned fund balance and revenue stabilization fund balance, well in excess of the Town's adopted policy of 15 percent 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 is also working on planning and constructing sidewalk projects to utilize an \$8 million bequest and replacing water and sewer infrastructure on a planned schedule.

The parks and recreation department is working on a long-term use study for the church property adjacent to the police station purchased in 2020. They have also issued a contract to develop a Town-wide parks master plan to lay the groundwork for future park amenities. This will become a piece of the Town's comprehensive plan, which is getting an update in the coming year.

Council identified better use of our cable channel as a priority, and our internal content creation has been enhanced by use of PEG funds to improve broadcasting facilities. The Town's social media presence is strong, and we have added a Police Facebook page and a You Tube channel to spread our online presence.

The Town reached agreement in 2020 with Fairfax County regarding redevelopment of the Patrick Henry Library in downtown Vienna. The Town is sharing design and construction costs up to a defined cap and will receive 84 parking spaces in a new garage. The library will be completely rebuilt, and the County will add 125 parking spaces for a total of 209 spaces at a prime location in downtown Vienna, accessible to van pool transportation to either D.C. Metro stations or to Washington, D.C. destinations. The parking garage should help ease parking shortages in the commercial corridor and add valuable parking for the nearby athletic fields and the farmer's market. The design development phase is wrapping up, and construction is expected to begin in the fall of 2024.

Based on currently high interest rates and extremely delayed vehicle delivery timelines, the Town is considering alternative borrowing arrangements to pay for vehicles and water and sewer infrastructure. Other capital projects are being funded with ARPA, other grants and previously borrowed funds. Funds under \$10 million will be borrowed for water and sewer infrastructure by the end of the calendar year, and a line of credit for vehicles will close in early 2024. The next major general obligation debt issue is not planned until fiscal year 2026.

In 2019, the Town formally adopted a plan to give strategic direction for upcoming years. In November 2023, a new Council was elected to a two-year term, and plans are underway to update the plan according to the priorities of the new Council.

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, 2023. 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, 2022; this was the 36th 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 annual comprehensive financial report continues to meet Certificate of Achievement requirements and is submitting this report to GFOA to determine its eligibility for recognition.

GFOA Distinguished Budget Presentation Award

For the 29th year in a row, the Town received GFOA's Distinguished Budget Presentation Award for the FY 2022-23 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 2023, the Town submitted its FY 2023-24 budget documents for consideration for this recognition.

National Parks and Recreation Association Awards

The Town's Parks and Recreation staff won three awards for achievements in 2022 at the annual Virginia Parks and Recreation Society (VPRS) conference in the fall of 2023. The Town's program director won the Presidents Award for 17 years of service as editor of the Virginia Parks and Recreation Magazine. Additionally, the Town won the State Agency Award for the best new Diversity, Equity and Inclusion Initiative for our Liberty Amendments Month Naturalization Ceremony, and our Camps Coordinator was part of the inaugural VRPS Young Professionals Presidential Award group.

OTHER INFORMATION (CONTINUED)

International Economic Development Council Excellence in Economic Development Awards

In September 2023, the Economic Development Division received two 2023 International Economic Development Council (IEDC) Excellence in Economic Development Awards, recognizing effective marketing materials, innovative uses of the internet and new media and successful programs and partnerships that support economic development.

The first was a gold award in the special events category for Vienna Restaurant Week and the second was a bronze award in the general-purpose website for the development of the “Explore Vienna VA” Website.

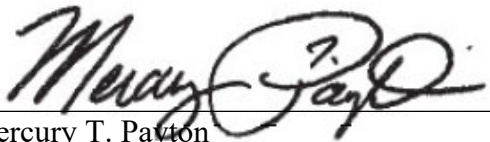
The IEDC is a membership organization supporting more than 4,500 members who are engaged in the full range of economic development programs, including creating high-quality jobs, developing vibrant communities, and improving the quality of life in their regions.

Tree City, USA

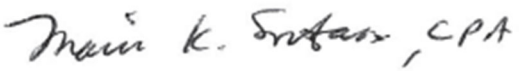
The National Arbor Day Foundation recognized Vienna as a Tree City USA for the 22nd consecutive year, confirming Vienna’s commitment to its tree canopy and environmental stewardship.

ACKNOWLEDGEMENTS

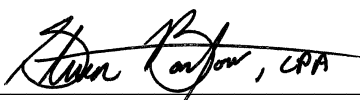
Preparation of this report on a timely basis requires the dedicated services of all Finance Department staff members along with support from other Town departments. Gratitude and appreciation are extended to staff members whose efforts contributed to this report. Staff also thanks Town Council for its 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



Steven Barlow, CPA
Deputy Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Vienna
Virginia**

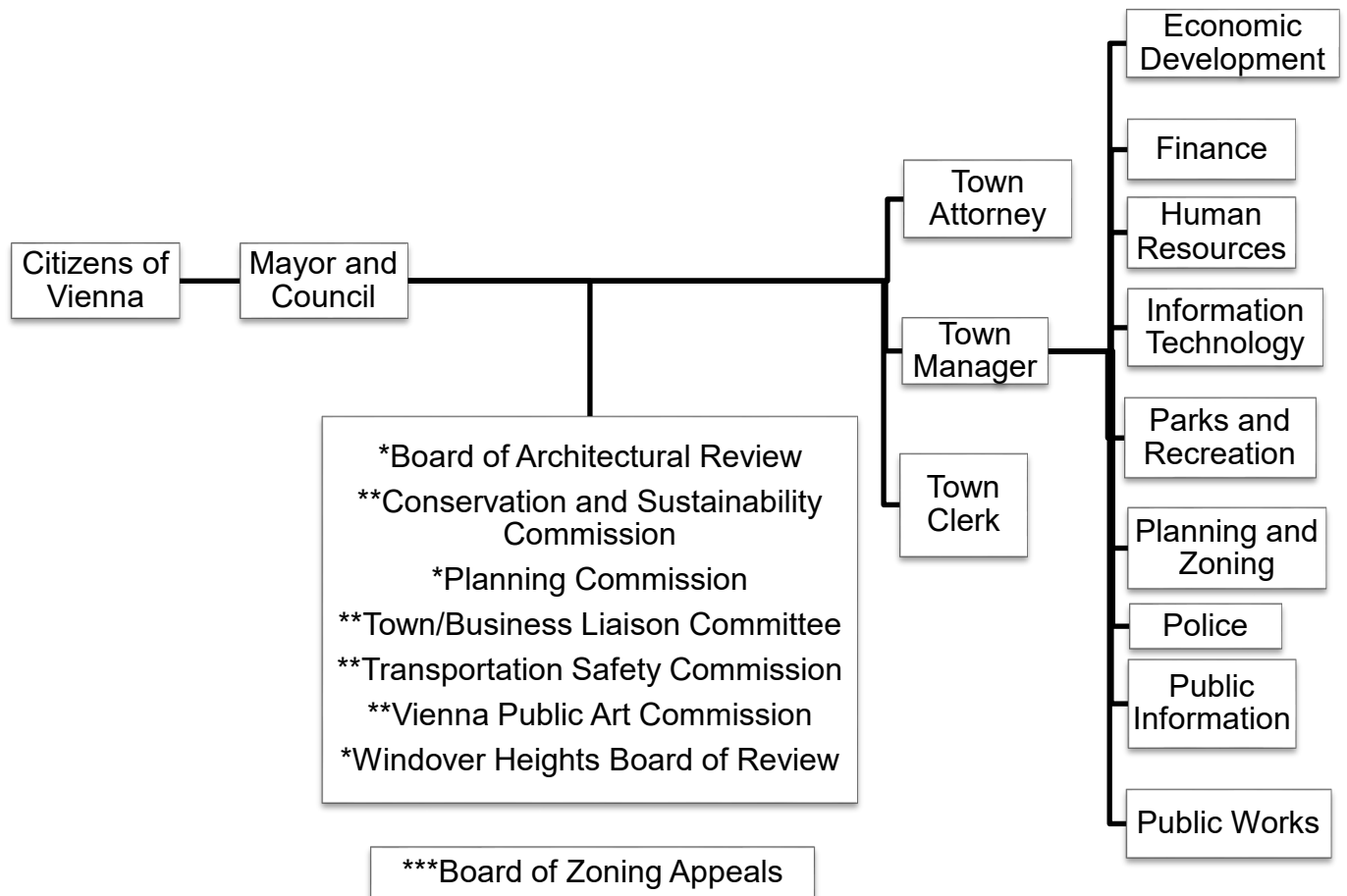
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



*Statutory Board & Commissions

**Advisory Boards

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

- Financial Section -



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Vienna, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 96 *Subscription-Based Information Technology Agreements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Vienna, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Vienna, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Vienna, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Vienna, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of 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 Town of Vienna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

November 30, 2023

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

To 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, 2023. Readers are encouraged to consider the information presented in this analysis in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- Total net position on June 30, 2023 was \$74,697,235 compared to \$67,842,605 in 2022. Total net position increased by \$6.8 million or 10.1 percent, mainly due to the investment of bond proceeds into capital assets, plus the receipt of the second installment of the American Rescue Plan (ARPA) funds. The Town's unrestricted net position decreased by \$1.8 million due to the increased investment in capital assets, partially offset by a surplus in both governmental and business-type activities during the year. Town Council may elect to appropriate unrestricted net position funds 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 fund balance sheet (Exhibit 3) reported a combined ending fund balance of \$29,662,201, a decrease of \$4.6 million or 13.4 percent compared to the prior year, due to purchase of capital assets from prior bond issuances, partially offset by receipt of the second installment of federal ARPA funds. Of the combined fund balance, \$6,371,764 is assigned to retirement of current and future debt issues, a 3.3 percent decrease from 2022. An additional \$12,480,601 of the combined fund balance is assigned for completion of capital projects. This decrease of \$3.9 million from last year is due to spending bond proceeds on capital projects. The stormwater fund balance reserved for the Town's share of stormwater projects increased \$68,000 from the prior year. The general fund balance includes \$5,664,359 in unassigned fund balance. This represents 18.0 percent of total fiscal year 2023-24 General Fund budgeted expenditures.
- The Town's long-term obligations, due across multiple years, increased by \$1.45 million due primarily to increased deferred pension obligations, partially offset by debt payments during the year. Long-term obligations due in more than one year totaled \$77,106,184 at year-end. Of this amount, outstanding bonds and notes totaled \$60,199,000 and pension and post-employment benefits totaled \$16,398,251. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$4,832,500 and \$1,914,390, respectively, at year-end. Accounts payable and \$1,722,951 of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences decreased by \$2,300 or 0.1 percent over the preceding year.
- Excluding pension trust funds, total unrestricted cash and cash equivalents decreased by \$5.0 million compared to the prior fiscal year. The decrease is mainly attributed to capital project spending from prior bond issuances and debt payments on the new bonds, partially offset by the second installment of the ARPA grant. Restricted cash, held in escrow by the Northern Virginia Transportation Authority increased by \$853,374 or 26.0 percent over the previous year.
- The water and sewer fund generated income over operating expenditures of \$1,898,712. After capital contributions and transfers, the change in net position was an increase of \$2,107,899. Pension fund contributions and interest earnings exceeded benefits payments by \$122,157. The following table denotes cash increases and decreases by fund.

Financial Highlights (Continued)

Fund	FY 23 Cash	FY 22 Cash	Increase (Decrease)
General	\$ 13,681,182	\$ 15,326,871	\$ (1,645,689)
Debt Service	6,022,464	6,215,116	(192,652)
Capital Projects	13,523,966	21,601,961	(8,077,995)
American Rescue Plan	13,466,747	8,233,768	5,232,979
Special Transportation	4,139,158	3,285,784	853,374
Other Governmental	1,006,638	938,796	67,842
Water & Sewer	1,164,055	2,394,085	(1,230,030)
Total Cash	<u>\$ 53,004,210</u>	<u>\$ 57,996,381</u>	<u>\$ (4,992,171)</u>
Fiduciary	<u>\$ 6,121,601</u>	<u>\$ 5,995,892</u>	<u>\$ 125,709</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 the 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, therefore no school-related financial information is reflected in this report.

- B. **Fund financial statements** - A fund is a grouping of related accounts 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.

Overview of Financial Statements (Continued)

1. Governmental funds - Governmental funds 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, American Rescue Plan Act Fund, Stormwater Fund, and Transportation Special Revenue Fund. A separate balance sheet and statement of revenues, expenditures, and changes in fund balances have been prepared for each fund. The Town adopts annual appropriated budgets for the General, Debt Service, Capital Projects, Stormwater, and American Rescue Plan Act (ARPA) funds. 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. 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 offered for sale to the general public. In contrast, 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 transmission, distribution and sale of water and sewer services. Enterprise funds employ the accrual basis of accounting and 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, closed to new entrants in 2006, covers non-sworn employees, and the Police Retirement Pension Plan covers police officers. 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.

Overview of Financial Statements (Continued)

- 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 \$74,697,235 at year-end. Of the total net position, governmental activities totaled \$47,755,163, an increase of \$4.7 million or 11.0 percent, while business-type activities totaled \$26,942,072, an increase of \$2.1 million or 8.5 percent. The increase in net position of governmental activities is due primarily to increases in purchases of capital assets and increases in cash due to receipt of the second half of the ARPA grant. The increase in net position of business-type activities is due to an increase in infrastructure improvements which are capital contributions to the fund.

The Town's investment in capital assets such as land, buildings, and equipment, net of depreciation, totaled \$128,309,921 as of June 30, 2023, of which governmental activities totaled \$98,437,280, an increase of \$8.8 million or 7.4 percent. The increase is primarily due to investment in infrastructure and construction of a new police station funded from prior bond proceeds and investment in sidewalk construction due to a private grant. 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 2023.

Town of Vienna, Virginia Schedule of Assets, Liabilities, Deferred Inflows and Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Assets:</u>						
Current and other assets	\$ 55,986,673	\$ 58,312,923	\$ 3,686,642	\$ 4,640,951	\$ 59,673,315	\$ 62,953,874
Capital assets	98,437,280	93,532,663	29,872,641	25,932,540	128,309,921	119,465,203
Total assets	<u>\$ 154,423,953</u>	<u>\$ 151,845,586</u>	<u>\$ 33,559,283</u>	<u>\$ 30,573,491</u>	<u>\$ 187,983,236</u>	<u>\$ 182,419,077</u>
Deferred Outflows of Resources	<u>\$ 4,883,603</u>	<u>\$ 5,975,532</u>	<u>\$ 436,657</u>	<u>\$ 483,568</u>	<u>\$ 5,320,260</u>	<u>\$ 6,459,100</u>
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$ 79,193,876	\$ 79,343,921	\$ 4,355,175	\$ 2,888,095	\$ 83,549,051	\$ 82,232,016
Other liabilities	26,600,568	24,257,236	2,294,859	2,334,236	28,895,427	26,591,472
Total liabilities	<u>\$ 105,794,444</u>	<u>\$ 103,601,157</u>	<u>\$ 6,650,034</u>	<u>\$ 5,222,331</u>	<u>\$ 112,444,478</u>	<u>\$ 108,823,488</u>
Deferred Inflows of Resources	<u>\$ 5,757,949</u>	<u>\$ 11,211,529</u>	<u>\$ 403,834</u>	<u>\$ 1,000,555</u>	<u>\$ 6,161,783</u>	<u>\$ 12,212,084</u>
<u>Net Position:</u>						
Net investment in capital assets	\$ 58,701,481	\$ 52,904,137	\$ 26,951,290	\$ 23,978,227	\$ 76,091,425	\$ 67,544,831
Restricted	1,412,160	1,300,826	-	-	1,412,160	1,300,826
Unrestricted	(12,358,478)	(11,196,531)	(9,218)	855,946	(2,806,350)	(1,003,052)
Total net position	<u>\$ 47,755,163</u>	<u>\$ 43,008,432</u>	<u>\$ 26,942,072</u>	<u>\$ 24,834,173</u>	<u>\$ 74,697,235</u>	<u>\$ 67,842,605</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.

Government-wide Financial Analysis (Continued)

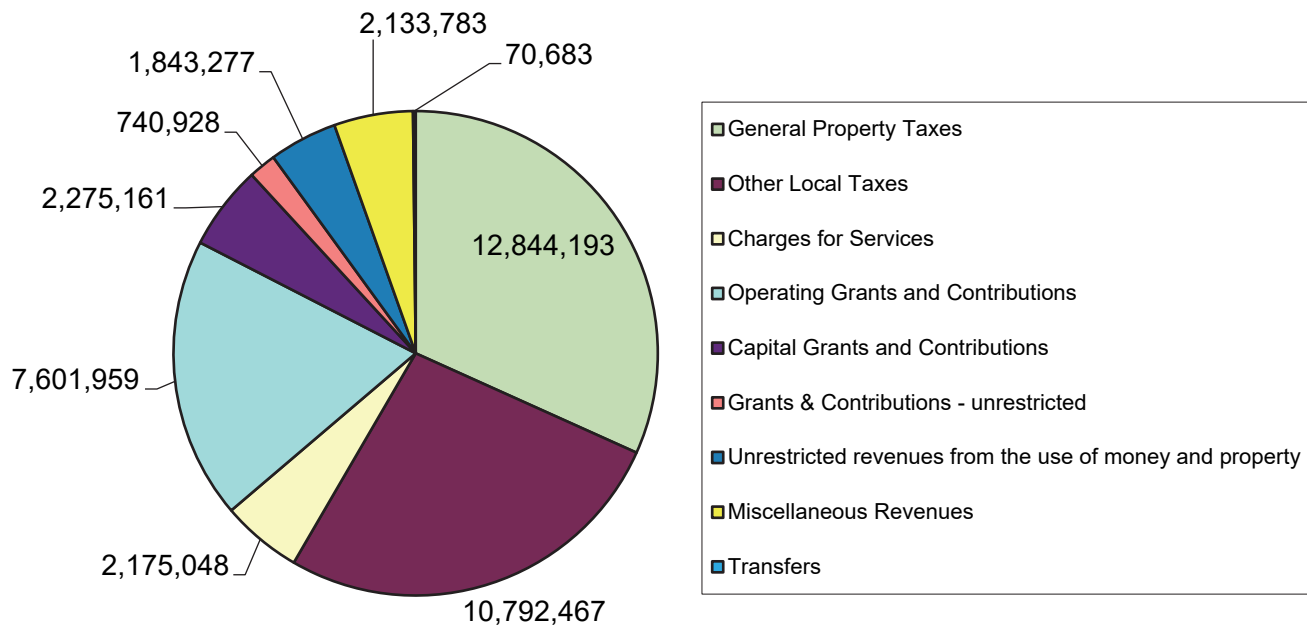
Changes in Net Position - Governmental activities reflect an increase in net position of \$4,746,731 and business-type activities reflect an increase of \$2,107,899. The following table provides an overview of revenues, expenses, and changes in net position for the fiscal year.

Town of Vienna, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Revenues:</u>						
Program revenues:						
Charges for services	\$ 2,175,048	\$ 1,905,904	\$ 10,401,465	\$ 10,289,167	\$ 12,576,513	\$ 12,195,071
Operating grants and contributions	7,601,959	2,883,091	1,904	28,312	7,603,863	2,911,403
Capital grants and contributions	2,275,161	464,954	8,870	2,743,732	2,284,031	3,208,686
General revenues:						
Property taxes	12,844,193	12,790,006	-	-	12,844,193	12,790,006
Other local taxes	10,792,467	10,474,176	-	-	10,792,467	10,474,176
Grants & contributions - unrestricted	740,928	763,058	-	-	740,928	763,058
Unrestricted revenues from the use of money and property	1,843,277	(132,729)	33,829	3,138	1,877,106	(129,591)
Miscellaneous	2,133,783	2,175,286	359,222	332,739	2,493,005	2,508,025
Total revenues	\$ 40,406,816	\$ 31,323,746	\$ 10,805,290	\$ 13,397,088	\$ 51,212,106	\$ 44,720,834
<u>Expenses:</u>						
General government administration	\$ 6,791,896	\$ 6,395,116	\$ -	\$ -	\$ 6,791,896	\$ 6,395,116
Public safety	7,972,360	6,733,762	-	-	7,972,360	6,733,762
Public works	11,859,759	12,004,711	-	-	11,859,759	12,004,711
Health and welfare	268,882	235,124	-	-	268,882	235,124
Parks, recreation and cultural	5,956,903	4,773,948	-	-	5,956,903	4,773,948
Community development	1,576,547	1,440,039	-	-	1,576,547	1,440,039
Interest on long-term debt	1,304,421	1,380,741	-	-	1,304,421	1,380,741
Water and sewer	-	-	8,626,708	8,025,862	8,626,708	8,025,862
Total Expenses	\$ 35,730,768	\$ 32,963,441	\$ 8,626,708	\$ 8,025,862	\$ 44,357,476	\$ 40,989,303
<u>Net Position:</u>						
Income before capital contributions and transfers	\$ 4,676,048	\$ (1,639,695)	\$ 2,178,582	\$ 5,371,226	\$ 6,854,630	\$ 3,731,531
Transfers	70,683	(398,669)	(70,683)	398,669	-	-
Increase (Decrease) in net position	\$ 4,746,731	\$ (2,038,364)	\$ 2,107,899	\$ 5,769,895	\$ 6,854,630	\$ 3,731,531
Net position, beginning of year	43,008,432	45,046,796	24,834,173	19,064,278	67,842,605	64,111,074
Net position, end of year	<u>\$ 47,755,163</u>	<u>\$ 43,008,432</u>	<u>\$ 26,942,072</u>	<u>\$ 24,834,173</u>	<u>\$ 74,697,235</u>	<u>\$ 67,842,605</u>

Program revenues, general revenues, and transfers for governmental activities totaled \$40,477,499, an increase of \$9.6 million or 30.9 percent from the previous fiscal year. Of that amount, property tax revenue totaled \$12,844,193 and other local taxes totaled \$10,792,467. The 0.4 percent increase in property tax revenue is due to new residential construction plus a 9.7 percent overall increase in assessments, partially offset by a 1.75 cent cut in the tax rate. Other local taxes increased by \$318,290 or 3.0 percent primarily due to increases in sales taxes, business license taxes and meals taxes over the prior year. Capital grants and contributions totaled \$2,275,161 an increase of \$1.8 million from the previous year. Transfers between governmental activities and business-type activities were \$70,683 net transfers in compared to \$398,669 transferred out in the preceding year. Transfers out from business-type activities to governmental activities cover the water and sewer fund's share of debt retirement; transfers into business-type activities represent capital fund expenditures that benefit the water and sewer fund. The net increase is due to a larger transfer in for capital projects in fiscal year 2023. The chart below provides an overview of fiscal year 2023 revenues by program source.

Government-wide Financial Analysis (Continued)

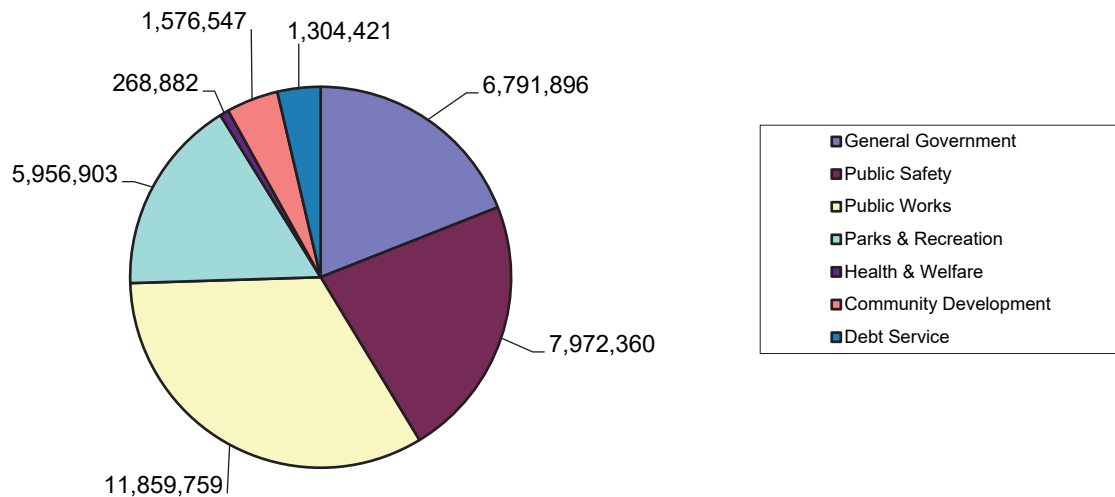
Governmental Activities Revenues by Source



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 \$35,730,768, an increase of \$2.8 million or 8.4 percent. Directly supporting these expenditures were charges for services, which generated \$2,175,048 plus operating grants and contributions totaling \$7,601,959 and capital grants and contributions of \$2,275,160 for total program revenues of \$12,052,168. This represents an increase from 2022 of \$6.8 million or 129.4 percent mainly due to receipts from the second installation of the ARPA grant. General revenue support of these activities increased by \$2.7 million or 10.7 percent, mainly due to increased interest rate returns on cash deposits due to much higher interest rates for the majority of 2023. The chart below provides a graphical comparison of expenditures by function (general government, public works, etc.).

Government-wide Financial Analysis (Continued)

Governmental Activities Expenses By Type



Business-type activities - The water and sewer fund concluded the year with an increase in net position of \$2,107,899, for a year-end net position balance of \$26,942,072. The increase can be attributed to increased developer contributions for new construction, capital fund investment in water and sewer infrastructure and increased rates on consumption. Water and sewer fund operating income and capital transfers ended the year with a decrease of \$3.0 million from 2022 to \$5,427,620. The decreases in transfers in of contributions from the capital project fund is the main cause of the decrease.

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
- special transportation fund
- stormwater fund
- American Rescue Plan Act (ARPA) fund.

Governmental Funds - The governmental fund financial statements focus on near-term inflows and outflows of spendable resources and 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 fiscal year 2023, the Town's six governmental funds reported combined ending fund balances of \$29,662,201 a decrease of \$4.6 million or 13.4 percent from the prior year. The change is mainly the result of capital spending of prior bond proceeds during the year and increased debt payments that included the 2022 debt. \$23,997,842 or 80.9 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 \$5,664,359 or 19.1 percent of the total available for spending by Council appropriation.

Financial Analysis of the Town's Funds (Continued)

Debt service fund revenues increased \$266,600 or 8.1 percent, largely due to increased interest earned on investments, plus a 2.5 percent increase in meals taxes earned. Transfers from the general fund and water and sewer fund increased slightly as water and sewer debt has increased. Expenditures increased by \$270,000 or 5.0 percent mainly due to the first payment on the 2022 bonds during the fiscal year. The capital project fund balance decreased by \$3.9 million due to spending of prior bond issues, mainly due to paving and sidewalk construction projects. 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	
<u>General, Debt Service, Capital Projects, and Special Revenue Funds</u>	
Nonspendable:	
Inventory	\$ 129,540
Leases	34,460
Prepaid items	294,209
Total Nonspendable	<u>\$ 458,209</u>
Restricted:	
Unappropriated PEG Funds	\$ 329,000
E-911	76,900
Stormwater funds	1,006,260
Total Restricted	<u>\$ 1,412,160</u>
Committed:	
Equipment purchases	\$ 187,600
Subsequent year budget support	514,000
Total Committed	<u>\$ 701,600</u>
Assigned:	
Carryforward	\$ 200,000
Federal AF Funds	279,300
State AF Funds	189,800
Revenue stabilization	1,100,000
Information technology	60,390
Community development	52,490
Public works	228,980
Debt service	6,371,764
Capital projects	12,480,601
Parks and recreation	26,060
Other	436,488
Total Assigned	<u>\$ 21,425,873</u>
Unassigned:	
General fund	\$ 5,664,359
Total Unassigned	<u>\$ 5,664,359</u>
Total Fund Balance	<u><u>\$ 29,662,201</u></u>

Financial Analysis of the Town's Funds (Continued)

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 \$9,378,292, which equates to 31.6 percent of the \$29,662,201 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 \$5,664,359 represents 19.0 percent of current year general fund expenditures, and 18.0 percent of the fiscal year 2023-24 budget.

The total fund balance for the general fund decreased \$1,089,533 or 10.4 percent from the previous fiscal year. The unassigned component of fund balance was \$5,664,359 at year-end, an increase from the prior fiscal year of \$230,600 or 4.2 percent. Both changes were functions of the following:

- Overall, general fund revenues increased \$1,989,300 or 8.0 percent. This increase was primarily a result of increased street maintenance allocation from the State, business license taxes, parks and recreation fees and an increase in interest earned on cash deposits due to increasing interest rates during the year.
- General fund expenditures increased by \$3,768,949 or 14.4 percent over the previous year, mainly due to increased expenditures in street maintenance and parks and recreation programs, that generated increased revenue, plus salary increases and filling of some vacant positions.

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 fiscal year 2023 budgets. These differences totaled \$909,525 for revenues and \$2,371,655 for expenditures. The bulk of these adjustments came from increased activity in parks and recreation fees and expenditures, and increased paving costs due to the influx in additional State road maintenance fees.

	Amount Amended
Revenues:	
Miscellaneous	\$ 166,710
Charges for services	112,390
State revenues	630,425
Total	<u>\$ 909,525</u>
Expenditures:	
General government administration	\$ 422,660
Public safety	70,185
Public works	1,419,475
Health and welfare	(42,200)
Parks, recreation and cultural	418,375
Community development	83,160
Total	<u>\$ 2,371,655</u>

General Fund Budgetary Variances

General fund actual revenues were \$739,272 or 2.8 percent greater than amended budgetary estimates excluding budgeted use of prior surplus. The favorable variance from business license fees, sales taxes, parks and recreation fees and interest earnings were partially offset by deferring borrowing for vehicles due to historic delivery delays. General fund actual expenditures were \$2.6 million or 8.0 percent less than amended budgets. The majority of budgetary expenditure savings occurred in vehicle spending, as only a few 2022 vehicles were bought in 2023, and lower snow and vehicle maintenance expenditures due to a mild winter.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$98,437,280 (net of accumulated depreciation), an increase of \$4.9 million or 5.2 percent. Capital assets for business-type activities increased by \$3.9 million or 15.2 percent. The increase in both funds is due to increased spending for road and water and sewer infrastructure projects and the completion of the police station, financed by prior bond proceeds. Business-type infrastructure was also partially financed by the ARPA grant. 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,731,674	\$ 8,731,674	\$ -	\$ -	\$ 8,731,674	\$ 8,731,674
Land improvements	4,386,396	4,536,097	-	-	4,386,396	4,536,097
Construction in progress	5,602,381	18,585,853	2,196,832	286,952	7,799,213	18,872,805
Buildings and improvements	35,894,339	19,566,146	-	-	35,894,339	19,566,146
Infrastructure	36,920,725	35,895,862	27,148,777	25,043,970	64,069,502	60,939,832
Office and other equipment	3,929,357	3,588,397	-	-	3,929,357	3,588,397
Leased equipment	52,208	85,928	-	-	52,208	85,928
Subscription assets	492,848	-	-	-	492,848	-
Automotive and other equipment	2,427,352	2,542,706	527,032	601,618	2,954,384	3,144,324
Total assets - net of depreciation	<u>\$ 98,437,280</u>	<u>\$ 93,532,663</u>	<u>\$ 29,872,641</u>	<u>\$ 25,932,540</u>	<u>\$ 128,309,921</u>	<u>\$ 119,465,203</u>

Long-term obligations - At the conclusion of the fiscal year, long-term obligations totaled \$77,462,703 for governmental activities and \$4,336,853 for business-type activities. Of these amounts, outstanding bonds totaled \$60,198,900. The Town adopted GASB 96 during the year relating to subscription-based information technology arrangements in the financial statements. In 2022 the Town adopted GASB 87 relating to the presentation of leases. The adjusted liability for subscriptions totaled \$478,319 and leases totaled \$53,881 at the end of the year under the new standards. These amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$4,832,500 and \$1,914,390 respectively, at year-end. Except for \$191,439 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, Washington D.C., and the relocation of Amazon's HQ 2 in nearby Arlington County.

Economic Factors and Next Year's Budget and Rates (Continued)

Existing property values have increased over the past several years, climbing by 9.7 percent in fiscal year 2023, mainly due to continued construction of upscale homes and residential renovations, plus improvements to several commercial properties in town. Overall property values increased 10.6 percent for residential properties and 4.7 percent in commercial properties, the largest commercial increase in five years. Residential rebuilding has started to slow due to higher mortgage rates, estimated at dropping from almost 100 homes a year to 65. On the commercial side the first assisted living and cottage housing projects were completed and occupied during the year. Two other mixed-use projects are in the planning stages for 2024 construction. The Town expects these additions to bring modest increases in real estate tax assessments for the next several years.

Unemployment rates have recovered from pandemic conditions prior to 2023. At the end of the fiscal year, according to the Bureau of Labor Statistics, the Town's unemployment rate was 2.5 percent as compared to 2.7 percent and 3.6 percent for Virginia and the nation, respectively. According to the U.S. Census Bureau data, as of July 2022, the area's median household income was \$200,938, with less than 2.0 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 73.2 percent have a bachelor's degree or higher.

The general fund revenue budget for the fiscal year ending June 30, 2024, totals \$31,542,700, an increase of \$1.3 million or 4.3 percent from the previous fiscal year. Parks and recreation, business license and sales taxes were all budgeted higher based on current trends. The Town also was able to cut another cent out of the real estate tax rate and give salary increases of 5 percent to most employees to address historically high inflation levels and difficulties in filling positions. General property tax revenue is expected to increase \$547,530 or 4.2 percent. The tax rate for fiscal year 2024 was cut one cent (\$0.01) \$0.195 per \$100 of assessed value, but still generates increased revenue due to increased assessments. The following table provides a comparison of the Town's fiscal year 2024 adopted revenue budget and fiscal year 2023 adopted revenue budget.

<u>Revenue Source</u>	<u>FY 2024 Budget</u>	<u>FY 2023 Budget</u>	<u>Expected Increase (Decrease)</u>
Property taxes	\$ 13,431,530	\$ 12,884,000	\$ 547,530
Other local taxes	7,280,000	6,845,000	435,000
Permits, fees & licenses	308,300	326,000	(17,700)
Fines and forfeitures	284,000	231,000	53,000
Use of money & property	503,000	192,000	311,000
Charges for services	1,313,000	1,210,000	103,000
Miscellaneous	353,800	376,800	(23,000)
State revenues	3,466,370	3,198,400	267,970
Federal revenues	53,000	50,000	3,000
Transfers-in	2,065,700	1,500,000	565,700
Prior year reserves	614,000	1,655,000	(1,041,000)
Equip. Repl. Reserve/PEG	1,870,000	1,787,540	82,460
Total Revenue Budget	<u>\$ 31,542,700</u>	<u>\$ 30,255,740</u>	<u>\$ 1,286,960</u>

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2023. 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 -

TOWN OF VIENNA, VIRGINIA

Statement of Net Position

At June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 47,700,997	\$ 1,164,055	\$ 48,865,052
Receivables, (net of allowances for uncollectibles)	1,761,541	2,417,514	4,179,055
Prepaid items	294,209	28,068	322,277
Due from other governments	1,338,550	-	1,338,550
Inventory, at cost	129,540	77,005	206,545
Leases receivable	622,678	-	622,678
Restricted:			
Cash and cash equivalents	4,139,158	-	4,139,158
Capital assets:			
Land	8,731,674	-	8,731,674
Construction in progress	5,602,381	2,196,832	7,799,213
Other capital assets, net of accumulated depreciation	84,103,225	27,675,809	111,779,034
Capital assets, net	<u>\$ 98,437,280</u>	<u>\$ 29,872,641</u>	<u>\$ 128,309,921</u>
Total assets	<u>\$ 154,423,953</u>	<u>\$ 33,559,283</u>	<u>\$ 187,983,236</u>
Deferred outflows of resources:			
Pension related items	\$ 4,070,656	\$ 380,786	\$ 4,451,442
OPEB related items	812,947	55,871	868,818
Total deferred outflows of resources	<u>\$ 4,883,603</u>	<u>\$ 436,657</u>	<u>\$ 5,320,260</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 3,074,306	\$ 1,758,194	\$ 4,832,500
Unearned revenue	19,693,456	-	19,693,456
Escrow and other deposits	3,832,806	162,917	3,995,723
Due to other governments	-	373,748	373,748
Long-term liabilities:			
Due within one year:			
Bonds payable	3,984,859	151,423	4,136,282
Notes payable	327,610	41,432	369,042
Subscription liabilities	180,096	-	180,096
Lease liabilities	34,496	-	34,496
Compensated absences	1,558,056	164,895	1,722,951
Due in more than one year:			
Bonds payable	57,355,990	821,497	58,177,487
Notes payable	114,400	1,906,999	2,021,399
Subscription liabilities	298,223	-	298,223
Lease liabilities	19,385	-	19,385
Net OPEB liabilities	2,443,089	181,418	2,624,507
Net pension liabilities	12,704,555	1,069,189	13,773,744
Compensated absences	173,117	18,322	191,439
Total liabilities	<u>\$ 105,794,444</u>	<u>\$ 6,650,034</u>	<u>\$ 112,444,478</u>
Deferred Inflows of Resources:			
Pension related items	\$ 3,286,647	\$ 241,447	\$ 3,528,094
OPEB related items	1,855,894	162,387	2,018,281
Lease related items	588,218	-	588,218
Deferred revenue - property taxes	27,190	-	27,190
Total deferred inflows of resources	<u>\$ 5,757,949</u>	<u>\$ 403,834</u>	<u>\$ 6,161,783</u>
Net Position:			
Net investment in capital assets	\$ 58,701,481	\$ 26,951,290	\$ 76,091,425
Restricted			
Unappropriated PEG Funds	329,000	-	329,000
Stormwater funds	1,006,260	-	1,006,260
Other	76,900	-	76,900
Unrestricted (deficit)	<u>(12,358,478)</u>	<u>(9,218)</u>	<u>(2,806,350)</u>
Total net position	<u>\$ 47,755,163</u>	<u>\$ 26,942,072</u>	<u>\$ 74,697,235</u>

A. The sum of the columns does not equal the Total column by a difference of \$9,561,346 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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government administration	\$ 6,791,896	\$ 344,362	\$ 385,366	\$ -	\$ (6,062,168)	\$ -	\$ (6,062,168)
Public safety	7,972,360	514,804	1,131,840	-	(6,325,716)	-	(6,325,716)
Public works	11,859,759	-	5,573,235	2,275,161	(4,011,363)	-	(4,011,363)
Health and welfare	268,882	-	-	-	(268,882)	-	(268,882)
Parks, recreation and cultural	5,956,903	1,315,882	293,207	-	(4,347,814)	-	(4,347,814)
Community development	1,576,547	-	201,067	-	(1,375,480)	-	(1,375,480)
Interest on long-term debt	1,304,421	-	17,244	-	(1,287,177)	-	(1,287,177)
Total governmental activities	\$ 35,730,768	\$ 2,175,048	\$ 7,601,959	\$ 2,275,161	\$ (23,678,600)	\$ -	\$ (23,678,600)
Business-type activities							
Water and sewer	8,626,708	10,401,465	1,904	8,870	-	1,785,531	1,785,531
Total Primary Government	\$ 44,357,476	\$ 12,576,513	\$ 7,603,863	\$ 2,284,031	\$ (23,678,600)	\$ 1,785,531	\$ (21,893,069)
General Revenues							
Taxes:							
General real property taxes					\$ 12,844,193	\$ -	\$ 12,844,193
Local sales and use taxes					1,894,078	-	1,894,078
Consumer utility taxes					670,241	-	670,241
Business license taxes					2,846,088	-	2,846,088
Meals and lodging taxes					3,410,385	-	3,410,385
Bank franchise taxes					998,164	-	998,164
Other					973,511	-	973,511
Grants and contributions not restricted to specific programs					740,928	-	740,928
Unrestricted revenues from the use of money					1,843,277	33,829	1,877,106
Miscellaneous					2,133,783	359,222	2,493,005
Transfers					70,683	(70,683)	-
Total general revenues and transfers					\$ 28,425,331	\$ 322,368	\$ 28,747,699
Change in net position					\$ 4,746,731	\$ 2,107,899	\$ 6,854,630
Net position, beginning of year					43,008,432	24,834,173	67,842,605
Net position, end of year					\$ 47,755,163	\$ 26,942,072	\$ 74,697,235

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

Basic Financial Statements:

- Fund Financial Statements -

TOWN OF VIENNA, VIRGINIA

Balance Sheet
Governmental Funds
At June 30, 2023

	Major Funds					Nonmajor Fund	Total Governmental Funds
	General	Debt Service	Capital Projects	American Rescue Plan Fund	Special Transportation Fund	Stormwater Fund	
Assets:							
Cash and cash equivalents	\$ 13,681,182	\$ 6,022,464	\$ 13,523,966	\$ 13,466,747	\$ -	\$ 1,006,638	\$ 47,700,997
Receivables (net of allowance for uncollectibles):							
Taxes including penalties	31,588	-	-	-	-	-	31,588
Accounts	325,819	356,349	1,047,785	-	-	-	1,729,953
Prepaid items	293,333	-	-	-	-	876	294,209
Due from other governments	485,946	-	852,604	-	-	-	1,338,550
Inventory, at cost	129,540	-	-	-	-	-	129,540
Leases receivable	622,678	-	-	-	-	-	622,678
Restricted:							
Cash and cash equivalents	-	-	-	-	4,139,158	-	4,139,158
Total assets	<u>\$ 15,570,086</u>	<u>\$ 6,378,813</u>	<u>\$ 15,424,355</u>	<u>\$ 13,466,747</u>	<u>\$ 4,139,158</u>	<u>\$ 1,007,514</u>	<u>\$ 55,986,673</u>
Liabilities:							
Accounts payable	\$ 776,162	\$ -	\$ 691,531	\$ 92,505	\$ -	\$ 378	\$ 1,560,576
Accrued liabilities	579,189	7,049	-	-	-	-	586,238
Escrow and other deposits	3,832,806	-	-	-	-	-	3,832,806
Unearned revenue	352,241	-	2,252,223	12,949,834	4,139,158	-	19,693,456
Total liabilities	<u>\$ 5,540,398</u>	<u>\$ 7,049</u>	<u>\$ 2,943,754</u>	<u>\$ 13,042,339</u>	<u>\$ 4,139,158</u>	<u>\$ 378</u>	<u>\$ 25,673,076</u>
Deferred Inflows of Resources:							
Unavailable revenue - property taxes	\$ 63,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,178
Lease related items	588,218	-	-	-	-	-	588,218
Total deferred inflows of resources	<u>\$ 651,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,396</u>
Fund Balance:							
Nonspendable:							
Inventory	\$ 129,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,540
Prepaid items	293,333	-	-	-	-	876	294,209
Leases	34,460	-	-	-	-	-	34,460
Restricted:							
Unappropriated PEG Funds	329,000	-	-	-	-	-	329,000
E-911	76,900	-	-	-	-	-	76,900
Stormwater funds	-	-	-	-	-	1,006,260	1,006,260
Committed:							
Subsequent year budget support	514,000	-	-	-	-	-	514,000
Equipment purchases	187,600	-	-	-	-	-	187,600
Assigned:							
Carryforward	200,000	-	-	-	-	-	200,000
Federal AF funds	279,300	-	-	-	-	-	279,300
State AF funds	189,800	-	-	-	-	-	189,800
Revenue stabilization	1,100,000	-	-	-	-	-	1,100,000
Information technology	60,390	-	-	-	-	-	60,390
Community development	52,490	-	-	-	-	-	52,490
Public works	228,980	-	-	-	-	-	228,980
Parks and recreation	26,060	-	-	-	-	-	26,060
Other	12,080	-	-	424,408	-	-	436,488
Debt service	-	6,371,764	-	-	-	-	6,371,764
Capital projects	-	-	12,480,601	-	-	-	12,480,601
Unassigned (deficit)	5,664,359	-	-	-	-	-	5,664,359
Total fund balance (deficit)	<u>\$ 9,378,292</u>	<u>\$ 6,371,764</u>	<u>\$ 12,480,601</u>	<u>\$ 424,408</u>	<u>\$ -</u>	<u>\$ 1,007,136</u>	<u>\$ 29,662,201</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 15,570,086</u>	<u>\$ 6,378,813</u>	<u>\$ 15,424,355</u>	<u>\$ 13,466,747</u>	<u>\$ 4,139,158</u>	<u>\$ 1,007,514</u>	<u>\$ 55,986,673</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, 2023

Total fund balances for governmental funds (Exhibit 3)	\$	29,662,201
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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	\$	8,731,674	
Construction in progress		5,602,381	
Depreciable capital assets, net of accumulated depreciation		84,103,225	
Total capital assets			98,437,280

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	4,070,656	
OPEB related items		812,947	
Total			4,883,603

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.

35,988

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	\$	(927,492)	
Bonds, notes payable, lease and subscription liabilities		(58,191,210)	
Unamortized bond premium		(4,123,849)	
Net OPEB liabilities		(2,443,089)	
Net pension liabilities		(12,704,555)	
Compensated absences		(1,731,173)	
Total			(80,121,368)

Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.

Pension related items	\$	(3,286,647)	
OPEB related items		(1,855,894)	
Total			(5,142,541)

Total net position of governmental activities (Exhibits 1 and 2)	\$	47,755,163
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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, 2023

	Major Funds					Nonmajor	Total
	General	Debt Service	Capital Projects	American Rescue Plan Fund	Special Transportation Fund	Fund Stormwater Fund	
Revenues:							
General property taxes	\$ 12,850,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,850,082
Other local taxes	7,378,941	3,413,526	-	-	-	-	10,792,467
Permits, privilege fees and regulatory licenses	281,330	-	-	-	-	-	281,330
Fines and forfeitures	220,743	-	-	-	-	-	220,743
Revenue from use of money and property	542,185	124,769	780,401	560,547	-	32,992	2,040,894
Charges for services	1,475,358	-	-	-	-	-	1,475,358
Miscellaneous	336,254	150	1,777,550	-	-	19,829	2,133,783
Intergovernmental	3,887,104	17,244	2,256,852	3,929,075	18,309	492,426	10,601,010
Total revenues	\$ 26,971,997	\$ 3,555,689	\$ 4,814,803	\$ 4,489,622	\$ 18,309	\$ 545,247	\$ 40,395,667
Expenditures:							
Current:							
General government administration	\$ 6,181,348	\$ -	\$ -	\$ 600,794	\$ -	\$ -	\$ 6,782,142
Public safety	7,799,042	-	-	558,610	-	-	8,357,652
Public works	9,001,899	-	-	160,161	-	462,075	9,624,135
Health and welfare	268,882	-	-	-	-	-	268,882
Parks, recreation, and cultural	4,904,331	-	-	237,924	-	-	5,142,255
Community development	1,471,956	-	-	200,000	-	-	1,671,956
Capital projects	-	-	8,744,783	2,443,329	-	-	11,188,112
Debt service:							
Principal retirement	207,783	3,744,000	-	134,362	-	-	4,086,145
Interest and other fiscal charges	38,570	1,914,362	-	12,289	-	-	1,965,221
Total expenditures	\$ 29,873,811	\$ 5,658,362	\$ 8,744,783	\$ 4,347,469	\$ -	\$ 462,075	\$ 49,086,500
Excess (deficiency) of revenues over (under) expenditures	\$ (2,901,814)	\$ (2,102,673)	\$ (3,929,980)	\$ 142,153	\$ 18,309	\$ 83,172	\$ (8,690,833)
Other financing sources (uses):							
Issuance of subscription	\$ 106,159	\$ -	\$ -	\$ 418,394	\$ -	\$ -	\$ 524,553
Transfers in	2,200,000	1,884,600	18,309	-	-	-	4,102,909
Transfers out	(493,878)	-	-	-	(18,309)	(15,000)	(527,187)
Total other financing sources (uses)	\$ 1,812,281	\$ 1,884,600	\$ 18,309	\$ 418,394	\$ (18,309)	\$ (15,000)	\$ 4,100,275
Net changes in fund balances	\$ (1,089,533)	\$ (218,073)	\$ (3,911,671)	\$ 560,547	\$ -	\$ 68,172	\$ (4,590,558)
Fund balances at beginning of year	10,467,825	6,589,837	16,392,272	(136,139)	-	938,964	34,252,759
Fund balances at end of year	\$ 9,378,292	\$ 6,371,764	\$ 12,480,601	\$ 424,408	\$ -	\$ 1,007,136	\$ 29,662,201

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, 2023**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(4,590,558)
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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	\$ 9,541,240	
Depreciation expense	<u>(4,757,327)</u>	4,783,913

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(1,797)
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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		(5,889)
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Bond and other debt 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:		
Subscription liabilities	\$	(524,553)
Repayments:		
General obligation bonds		3,407,000
Lease liabilities		33,410
Subscription liabilities		168,735
Notes payable		<u>477,000</u>
Net adjustment		3,561,592

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	\$	(18,608)
OPEB expense		7,465
Bond premium		614,774
Pension expense		332,775
Accrued interest payable		<u>46,026</u>
Net adjustment		982,432

Special contributions from the Commonwealth for the OPEB cost sharing pools not reported in governmental funds.		<u>17,038</u>
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Change in net position of governmental activities (Exhibit 2)	\$	<u><u>4,746,731</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, 2023

	Business-type Activities Enterprise Fund Water & Sewer Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,164,055
Receivables: (net of allowance for uncollectibles)	
Accounts	1,299,960
Unbilled service charges	1,117,554
Prepaid items	28,068
Inventory, at cost	77,005
Total current assets	\$ 3,686,642
Capital assets, net of accumulated depreciation	29,872,641
Total assets	\$ 33,559,283
Deferred outflows of resources:	
Pension related items	\$ 380,786
OPEB related items	55,871
Total deferred outflows of resources	\$ 436,657
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,639,252
Accrued liabilities	118,942
Escrow and other deposits	162,917
Due to other governments	373,748
Compensated absences - current portion	164,895
Notes payable - current portion	41,432
Bonds payable - current portion	151,423
Total current liabilities	\$ 2,652,609
Noncurrent liabilities:	
Compensated absences - noncurrent portion	\$ 18,322
Net OPEB liabilities	181,418
Net pension liabilities	1,069,189
Notes payable - noncurrent portion	1,906,999
Bonds payable - noncurrent portion	821,497
Total noncurrent liabilities	\$ 3,997,425
Total liabilities	\$ 6,650,034
Deferred Inflows of Resources:	
Pension related items	\$ 241,447
OPEB related items	162,387
Total deferred inflows of resources	\$ 403,834
Net Position:	
Net investment in capital assets	\$ 26,951,290
Unrestricted (deficit)	(9,218)
Total net position	\$ 26,942,072

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, 2023

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Operating revenues:	
Charges for services	\$ 10,401,465
Operating expenses:	
Personal services	\$ 1,690,703
Fringe benefits	624,456
Contractual services	4,769,992
Other charges	178,782
Materials and supplies	353,053
Depreciation	885,767
Total operating expenses	\$ 8,502,753
Operating income (loss)	\$ 1,898,712
Nonoperating revenues (expenses):	
Interest income	\$ 33,829
Miscellaneous income	359,222
State grant revenue	1,904
Interest expense	(123,955)
Net nonoperating revenues (expenses)	\$ 271,000
Income (loss) before capital contributions and transfers	\$ 2,169,712
Capital contributions and transfers:	
Capital contributions	\$ 3,513,909
Transfers in	15,000
Transfers (out)	(3,590,722)
Total capital contributions and transfers	\$ (61,813)
Change in net position	\$ 2,107,899
Net position, beginning of year	24,834,173
Net position, end of year	\$ 26,942,072

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, 2023

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 9,643,366
Payments to and for employees	(2,375,345)
Payments to suppliers	(4,848,408)
Other receipts	359,222
Net cash provided by operating activities	\$ 2,778,835
Cash flows from investing activities:	
Interest income	\$ 33,829
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (1,311,959)
Issuance of notes payable	1,311,959
Principal payments on notes and bonds payable	(324,763)
Interest expense	(144,113)
Net cash provided by (used for) capital and related financing activities	\$ (468,876)
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 15,000
Transfers (to) other funds	(3,590,722)
Nonoperating grants received	1,904
Net cash provided by (used for) noncapital financing activities	\$ (3,573,818)
Net increase (decrease) in cash and cash equivalents	\$ (1,230,030)
Cash and cash equivalents at beginning of year	2,394,085
Cash and cash equivalents at end of year	\$ 1,164,055
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ 1,898,712
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	885,767
Miscellaneous income	359,222
Changes in operating accounts:	
Accounts receivable	(111,762)
Unbilled service charges	(130,874)
Inventory	(33,277)
Prepaid items	192
Deferred outflows - pension items	40,366
Deferred outflows - OPEB items	6,545
Accounts payable	486,504
Accrued liabilities	(10,418)
Escrow and other deposits	13,747
Due to other governments	(529,210)
Net OPEB liabilities	(57,092)
Net pension liabilities	578,058
Deferred inflows - pension items	(654,251)
Deferred inflows - OPEB items	57,530
Compensated absences	(20,924)
Net cash provided by (used for) operating activities	\$ 2,778,835
Noncash capital, investing and financing activities:	
Capital contributions	\$ 3,513,909

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

TOWN OF VIENNA, VIRGINIA

Statement of Fiduciary Net Position
At June 30, 2023

	Pension Trust Funds
Assets:	
Investments:	
External investment pools	\$ 6,121,601
Total assets	\$ 6,121,601
Liabilities:	
Accounts payable	\$ 3,552
Net Position:	
Held in trust for pension benefits	\$ 6,118,049

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

TOWN OF VIENNA, VIRGINIA

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 492,067
Plan members	<u>48,073</u>
Total contributions	\$ 540,140
Investment income:	
Interest earned on investments	<u>98,534</u>
Total additions	\$ <u>638,674</u>
Deductions:	
Pension benefit payments	\$ 510,117
Other charges	<u>6,400</u>
Total deductions	\$ <u>516,517</u>
Change in net position	\$ 122,157
Net position:	
Balance, beginning of year	<u>5,995,892</u>
Balance, end of year	\$ <u><u>6,118,049</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, 2023

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.

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).

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

A. Financial Reporting Entity (continued)

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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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

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.

The following is a brief description of the specific funds used by the Town in FY 2023.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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

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 are also 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 American Rescue Plan Fund. The Special Transportation and American Rescue Plan Funds are considered major funds for reporting purposes.

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 (Trust and Custodial Funds) account for assets held by the Town in a trustee capacity or as 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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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 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.

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 generally are recorded as the related fund liabilities are incurred. However, principal and interest on long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each generally when payment is due.

General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

C. Basis of Accounting (continued)

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 and Custodial 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.
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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

D. Budgets and Budgetary Accounting (continued)

9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2023.
10. Excess of expenditures over appropriations:
For the year ended June 30, expenditures exceeded appropriations in the public safety, parks, recreation and cultural, and debt service functions (the legal level of budgetary control) of the general fund by \$314,861, \$110,031 and \$174,319, respectively.

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 \$380,000 including \$60,390 for information technology, \$52,490 for community development, \$228,980 for public works, and \$26,060 for parks and recreation.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and 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.

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.

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

J. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the Town, are depreciated/amortized using the straight-line method over 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
Subscription assets	3 - 5 years
Lease equipment	5 - 10 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets 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, comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the pension and OPEB notes.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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 includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets 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, 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, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related 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 \$207,400 at June 30, 2023 and is comprised of the following:

General Fund:	
Property taxes receivable	\$ 4,400
Water and Sewer Fund:	
Accounts receivable	203,000
Grand total	<u>\$ 207,400</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, 2023 (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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization 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 either not in spendable form (such as inventory and prepaids) or are legally or contractually 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, 2023 (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, which does not lapse at year end, 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).

W. Leases and Subscription-Based IT Arrangements

The Town has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

W. Leases (continued)

Lessor

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Subscriptions

The Town recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The Town uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The Town will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (continued)

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

X. Adoption of Accounting Principles

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements (SBITAs) during the fiscal year ended June 30, 2023. Statement No. 96, SBITAs requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the subscription:

	Governmental Activities
Subscription assets	\$ 122,501
Subscription liabilities	\$ 122,501

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 & 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, 2023 (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, 2023 consisted of investment in the Commonwealth of Virginia Local Government Investment Pool, VACO/VML's Virginia Investment Pool, CDs, U.S. Agencies, U.S. Treasuries, 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, 2023 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Credit Risk of Debt Securities (Continued)

The Town's rated debt instruments as of June 30, 2023 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+	AA+f
Local Government Investment Pool (LGIP)	\$ 22,357,103	\$ -	\$ -
VACO/VML Virginia Investment Pool	-	-	5,275,146
U.S. Agencies	-	3,946,390	-
Virginia State Non-Arbitrage Program	14,745,601	-	-
Total	<u>\$ 37,102,704</u>	<u>\$ 3,946,390</u>	<u>\$ 5,275,146</u>

Reconciliation of Deposits and Investments

Cash and cash equivalents - Per Exhibit 1 (1)	\$ 53,004,210
Fiduciary funds	<u>6,121,601</u>
Total cash and investments	<u>\$ 59,125,811</u>
Cash:	
Deposits	\$ 6,910,502
Cash on hand and cash items	<u>850</u>
Total cash	<u>\$ 6,911,352</u>
Investments	<u>\$ 52,214,459</u>
Total cash and investments	<u>\$ 59,125,811</u>

(1) Includes temporarily restricted cash of \$4,139,158

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Local Government Investment Pool	\$ 22,357,103	\$ 22,357,103	\$ -
U.S Treasuries	4,394,800	4,394,800	-
U.S. Agencies	3,946,390	3,946,390	-
Certificates of Deposit	1,495,419	1,495,419	-
VACO/VML Virginia Investment Pool	5,275,146	-	5,275,146
Virginia State Non-Arbitrage Program	14,745,601	14,745,601	-
Total	\$ <u>52,214,459</u>	\$ <u>46,939,313</u>	\$ <u>5,275,146</u>

Redemption Restrictions

The VACO/VML Virginia Investment Pool allows the Town to have the option to have access to withdraw 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, 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 VACO/VML Virginia Investment Pool 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 2023 was \$.2050 per \$100 of assessed valuation.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 3 - PROPERTY TAXES: (continued)

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	\$ 35,988	\$ -	\$ -	\$ 35,988	\$ -
Consumer utility taxes	74,389	-	-	74,389	-
Franchise fees	34,093	-	-	34,093	-
Business license fees	181,194	-	-	181,194	-
Meals taxes	-	356,349	-	356,349	-
Water and sewer charges	-	-	-	-	1,502,960
Unbilled revenues	-	-	-	-	1,117,554
Robinson Trust - sidewalk program	-	-	1,047,785	1,047,785	-
Other	36,143	-	-	36,143	-
Total	\$ 361,807	\$ 356,349	\$ 1,047,785	\$ 1,765,941	\$ 2,620,514
Less: Allowance for uncollectibles	(4,400)	-	-	(4,400)	(203,000)
Net receivables	<u>\$ 357,407</u>	<u>\$ 356,349</u>	<u>\$ 1,047,785</u>	<u>\$ 1,761,541</u>	<u>\$ 2,417,514</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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	\$ -	\$ 287	\$ 287
Department of Environmental Quality	-	29,972	29,972
Federal Government:			
Roads grants	-	702,923	702,923
Public safety grants	14,246	-	14,246
County of Fairfax, Virginia:			
Local sales tax	329,301	-	329,301
Communications tax	117,623	-	117,623
Court fines and forfeitures	16,747	-	16,747
Other	8,029	-	8,029
NVTA:			
Roads grants	-	119,422	119,422
Total	<u>\$ 485,946</u>	<u>\$ 852,604</u>	<u>\$ 1,338,550</u>

NOTE 6 – INTERFUND TRANSFERS:

Details of interfund transfers as of June 30, 2023 are as follows:

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 2,200,000
Transfers to the Capital Projects Fund from the Special Transportation Fund for Capital Projects	18,309
Transfers to the Water and Sewer Fund from the Stormwater Fund	15,000
Transfers to the Debt Service Fund from the General Fund to supplement debt service funding for general long-term obligation debt	493,878
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	<u>1,390,722</u>
Total transfers	<u>\$ 4,117,909</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2022 As Restated*	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 8,731,674	\$ -	\$ -	\$ 8,731,674
Construction in progress - infrastructure	2,246,285	3,372,771	179,342	5,439,714
Construction in progress - other	16,339,568	138,367	16,315,268	162,667
Total capital assets not being depreciated	<u>\$ 27,317,527</u>	<u>\$ 3,511,138</u>	<u>\$ 16,494,610</u>	<u>\$ 14,334,055</u>
Other capital assets:				
Land improvements	\$ 5,732,165	\$ -	\$ -	\$ 5,732,165
Buildings and improvements	32,809,879	17,757,330	-	50,567,209
Infrastructure	102,973,055	2,969,360	-	105,942,415
Office and other equipment	8,532,545	854,493	-	9,387,038
Lease equipment	119,648	-	-	119,648
Subscription assets	122,501	524,553	-	647,054
Automotive and other equipment	7,489,328	418,976	251,216	7,657,088
Total other capital assets	<u>\$ 157,779,121</u>	<u>\$ 22,524,712</u>	<u>\$ 251,216</u>	<u>\$ 180,052,617</u>
Accumulated depreciation:				
Land improvements	\$ 1,196,068	\$ 149,701	\$ -	\$ 1,345,769
Buildings and improvements	13,243,733	1,429,137	-	14,672,870
Infrastructure	67,077,193	1,944,497	-	69,021,690
Office and other equipment	4,944,148	513,533	-	5,457,681
Lease equipment	33,720	33,720	-	67,440
Subscription assets	-	154,206	-	154,206
Automotive and other equipment	4,946,622	532,533	249,419	5,229,736
Total accumulated depreciation	<u>\$ 91,441,484</u>	<u>\$ 4,757,327</u>	<u>\$ 249,419</u>	<u>\$ 95,949,392</u>
Net capital assets	<u>\$ 93,655,164</u>	<u>\$ 21,278,523</u>	<u>\$ 16,496,407</u>	<u>\$ 98,437,280</u>
Depreciation expense has been allocated as follows:				
General government administration		\$ 520,500		
Public safety		720,414		
Public works		2,665,169		
Parks and recreation		842,700		
Community development		8,544		
Total depreciation expense		<u>\$ 4,757,327</u>		

*Beginning balances have been restated to reflect subscription assets due to implementation of GASB 96.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 7 - CAPITAL ASSETS: (continued)

Business-type Activities:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Construction in progress	\$ 286,952	\$ 2,196,833	\$ 286,953	\$ 2,196,832
Other capital assets:				
Automotive and other equipment	\$ 1,698,777	\$ 9,870	\$ -	\$ 1,708,647
Improvements	39,997,806	2,906,118	-	42,903,924
Total other capital assets	\$ 41,696,583	\$ 2,915,988	\$ -	\$ 44,612,571
Accumulated depreciation:				
Automotive and other equipment	\$ 1,097,159	\$ 84,456	\$ -	\$ 1,181,615
Improvements	14,953,836	801,311	-	15,755,147
Total accumulated depreciation	\$ 16,050,995	\$ 885,767	\$ -	\$ 16,936,762
Net capital assets	\$ 25,932,540	\$ 4,227,054	\$ 286,953	\$ 29,872,641

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	
<u>Unavailable revenue - property taxes:</u>		
A. <i>Deferred property tax revenue</i> - deferred inflow of resources representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 35,988
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	27,190	27,190
Total unavailable revenue - property taxes	\$ 27,190	\$ 63,178
<u>Unearned Revenue:</u>		
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 revenue</i> - Unspent American Rescue Plan funds	12,949,834	12,949,834
E. <i>Unearned revenue</i> - Special Transportation Fund	4,139,158	4,139,158
F. <i>Unearned revenue</i> - Capital Projects Fund	2,252,223	2,252,223
G. <i>Other</i> - unearned vehicle license fee revenue	85,627	85,627
Total unearned revenue	\$ 19,693,456	\$ 19,693,456

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 9 - LONG-TERM DEBT:

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

Governmental Activities:

Year Ending June 30,	General Obligation Bonds		Leases		Subscription Liabilities		Direct Borrowings and Direct Placements			
	Principal	Interest	Principal	Interest	Principal	Interest	Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,970,000	\$ 1,838,034	\$ 34,496	\$ 1,132	\$ 180,096	\$ 2,964	\$ 327,610	\$ 6,650	\$ 437,000	\$ 58,733
2025	3,825,000	1,709,868	14,697	285	173,464	9,596	114,400	1,290	437,000	48,944
2026	3,790,000	1,539,312	4,688	37	99,767	4,154	-	-	437,000	39,155
2027	3,830,000	1,376,463	-	-	24,992	729	-	-	437,000	29,366
2028	3,955,000	1,203,662	-	-	-	-	-	-	437,000	19,578
2029	3,535,000	1,029,349	-	-	-	-	-	-	437,000	9,789
2030	3,535,000	859,263	-	-	-	-	-	-	-	-
2031	3,535,000	708,562	-	-	-	-	-	-	-	-
2032	3,125,000	604,838	-	-	-	-	-	-	-	-
2033	3,120,000	508,287	-	-	-	-	-	-	-	-
2034	2,595,000	425,113	-	-	-	-	-	-	-	-
2035	2,600,000	372,456	-	-	-	-	-	-	-	-
2036	2,595,000	318,932	-	-	-	-	-	-	-	-
2037	2,595,000	264,762	-	-	-	-	-	-	-	-
2038	2,595,000	208,106	-	-	-	-	-	-	-	-
2039	2,595,000	151,451	-	-	-	-	-	-	-	-
2040	2,590,000	91,550	-	-	-	-	-	-	-	-
2041	605,000	31,763	-	-	-	-	-	-	-	-
2042	605,000	15,881	-	-	-	-	-	-	-	-
Total	\$ 54,595,000	\$ 13,257,652	\$ 53,881	\$ 1,454	\$ 478,319	\$ 17,443	\$ 442,010	\$ 7,940	\$ 2,622,000	\$ 205,565

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 9 - LONG-TERM DEBT: (continued)

Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Business-type Activities:

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2024	\$ 135,000	\$ 42,000	\$ 41,432	\$ 76,064
2025	135,000	35,250	36,527	74,564
2026	140,000	28,500	37,955	73,135
2027	140,000	21,500	39,439	71,651
2028	45,000	14,500	40,981	70,109
2029	45,000	12,250	42,584	68,507
2030	45,000	10,000	44,249	66,842
2031	50,000	7,750	45,979	65,112
2032	50,000	5,250	47,777	63,314
2033	55,000	2,750	49,645	61,446
2034	-	-	51,586	59,505
2035	-	-	53,603	57,488
2036	-	-	55,699	55,392
2037	-	-	57,877	53,214
2038	-	-	60,140	50,951
2039	-	-	62,491	48,600
2040	-	-	64,934	46,156
2041	-	-	67,473	43,617
2042	-	-	70,112	40,979
2043	-	-	72,853	38,238
2044	-	-	75,701	35,389
2045	-	-	78,661	32,429
2046	-	-	81,737	29,354
2047	-	-	84,933	26,158
2048	-	-	88,254	22,837
2049	-	-	91,705	19,386
2050	-	-	95,290	15,800
2051	-	-	99,016	12,075
2052	-	-	102,888	8,203
2053	-	-	106,910	-
Total	\$ 840,000	\$ 179,750	\$ 1,948,431	\$ 1,386,515

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 9 - LONG-TERM DEBT: (continued)

Changes in Long-term Debt:

The following is a summary of the governmental activities long-term debt of the Town for the year ended June 30, 2023.

	Direct Borrowings and Placements				Subscription Liabilities*	Leases	Total
	Bonds	Bonds	Notes Payable	Bond Premium			
Balance, July 1, 2022	\$ 57,565,000	\$ 3,059,000	\$ 919,010	\$ 4,738,623	\$ 122,501	\$ 87,291	\$ 66,491,425
Issuances/Increases:							
Subscription liabilities	\$ -	\$ -	\$ -	\$ -	\$ 524,553	\$ -	\$ 524,553
Total issuances/increases	\$ -	\$ -	\$ -	\$ -	\$ 524,553	\$ -	\$ 524,553
Retirements/decreases:							
General obligation bonds	\$ 2,970,000	\$ 437,000	\$ -	\$ -	\$ -	\$ -	\$ 3,407,000
Bond premium	-	-	-	614,774	-	-	614,774
Leases	-	-	-	-	-	33,410	33,410
Subscription liabilities	-	-	-	-	168,735	-	168,735
Notes payable	-	-	477,000	-	-	-	477,000
Total retirements/decreases	\$ 2,970,000	\$ 437,000	\$ 477,000	\$ 614,774	\$ 168,735	\$ 33,410	\$ 4,700,919
Balance, June 30, 2023	<u>\$ 54,595,000</u>	<u>\$ 2,622,000</u>	<u>\$ 442,010</u>	<u>\$ 4,123,849</u>	<u>\$ 478,319</u>	<u>\$ 53,881</u>	<u>\$ 62,315,059</u>

*Beginning balances have been restated to reflect subscriptions due to implementation of GASB 96.

The following is a summary of business-type activities long-term debt of the Town for the year ended June 30, 2023.

	Direct Borrowings and Placements		Bond Premium	Total
	Notes Payable	Bonds		
Balance, July 1, 2022	\$ 737,235	\$ 1,067,000	\$ 150,078	\$ 1,954,313
Issuances/Increases:				
Notes payable	\$ 1,311,959	\$ -	\$ -	\$ 1,311,959
Total issuances/increases	\$ 1,311,959	\$ -	\$ -	\$ 1,311,959
Retirements/decreases:				
Bonds payable	\$ -	\$ 227,000	\$ -	\$ 227,000
Notes payable	100,763	-	-	100,763
Bond premium	-	-	17,158	17,158
Total retirements/decreases	\$ 100,763	\$ 227,000	\$ 17,158	\$ 344,921
Balance, June 30, 2023	<u>\$ 1,948,431</u>	<u>\$ 840,000</u>	<u>\$ 132,920</u>	<u>\$ 2,921,351</u>

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 9 - LONG-TERM DEBT: (continued)

Details of Long-Term Debt

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities:</u>		
<u>Public Improvement Bonds:</u>		
\$2,310,00 issued July 28, 2010, maturing in annual installments of \$335,000 from August 1, 2019 through August 1, 2025, interest payable semiannually at rates from 4.00% to 4.70%	\$ 970,000	\$ 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%	2,100,000	420,000
(1) \$6,555,000 issued November 14, 2013, maturing in annual installments of \$437,000 through June 1, 2029, interest payable semiannually at 2.24%	2,622,000	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%	3,280,000	410,000
\$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%	5,255,000	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%	31,905,000	865,000
\$11,495,000 issued March 8, 2022, maturing in annual installments ranging from \$410,000 to \$750,000 through March 1, 2042, interest payable semiannually at rates from 2.125% to 5.00%	<u>11,085,000</u>	<u>410,000</u>
Total public improvement bonds	<u>\$ 57,217,000</u>	<u>\$ 3,407,000</u>
<u>Notes Payable:</u>		
(1) \$450,000 obligation issued November 3, 2020 due in annual installments of \$115,690 through October 30, 2024, interest payable at 1.128%	\$ 227,524	\$ 113,124
(1) \$834,200 obligation issued October 30, 2021 due in annual installments of \$218,571 through October 30, 2023, interest payable at 1.904%	<u>214,486</u>	<u>214,486</u>
Total notes payable	<u>\$ 442,010</u>	<u>\$ 327,610</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 9 - LONG-TERM DEBT: (continued)

Details of Long-Term Debt (continued)

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities: (continued)</u>		
<u>Leases:</u>		
Lease agreement for the use of office equipment entered into on October 8, 2020. The lease agreement is for 63 installments of \$675 through December 8, 2025. A discount rate of 3.21% was used for this lease.	\$ 20,110	\$ 7,588
Lease agreement for the use of copiers entered into on June 19, 2019. The lease agreement is for 63 installments of \$2,294 through August 19, 2024. A discount rate of 3.21% was used for this lease.	33,771	26,908
Total leases	<u>\$ 53,881</u>	<u>\$ 34,496</u>
<u>Subscription liabilities:</u>		
Various subscriptions payable through 2027 at discount rates ranging from 2.61% to 3.54%.	\$ 478,319	\$ 180,096
Unamortized bond premiums	<u>\$ 4,123,849</u>	<u>\$ 577,859</u>
Total general long-term debt from governmental activities	<u>\$ 62,315,059</u>	<u>\$ 4,527,061</u>
(1) Represents direct borrowings and direct placements		
<u>Business-type activities:</u>		
<u>Public Improvement Bonds:</u>		
(1) \$980,000 issued March 8, 2022, maturing in annual installments ranging from \$45,000 to \$140,000 through March 1, 2033, interest payable semiannually at rates from 2.125% to 5.00%	\$ 840,000	\$ 135,000
Total public improvement bonds	<u>\$ 840,000</u>	<u>\$ 135,000</u>
<u>Notes Payable:</u>		
(1) Note payable to Fairfax County for Town share of Fairfax plant upgrade, maturing in various semiannual installments through July 1, 2052, interest at 3.91%	\$ 1,942,152	\$ 35,153
(1) \$25,800 obligation issued October 30, 2019 due in annual installments of \$6,760 through October 30, 2023, interest payable at 1.904%	6,279	6,279
Total notes payable	<u>\$ 1,948,431</u>	<u>\$ 41,432</u>
Unamortized bond premiums	<u>\$ 132,920</u>	<u>\$ 16,423</u>
Total general long-term debt from business-type activities	<u>\$ 2,921,351</u>	<u>\$ 192,855</u>
(1) Represents direct borrowings and direct placements		

Federal Arbitrage Regulations:

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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, 2022	\$ 1,712,565	\$ 204,141	\$ 1,916,706
Increases	1,731,173	183,217	1,914,390
Decreases	(1,712,565)	(204,141)	(1,916,706)
Balance, June 30, 2023	<u>\$ 1,731,173</u>	<u>\$ 183,217</u>	<u>\$ 1,914,390</u>
Amounts due within one year	\$ 1,558,056	\$ 164,895	\$ 1,722,951
Amounts due after one year	173,117	18,322	191,439
Total	<u>\$ 1,731,173</u>	<u>\$ 183,217</u>	<u>\$ 1,914,390</u>

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

NOTE 11 - PENSION PLANS:

VRS Retirement Plan

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.

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.

- Employees with a membership date 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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Benefit Structures: (Continued)

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 with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before 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 with a membership date 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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	137
Inactive members:	
Vested inactive members	27
Non-vested inactive members	59
Inactive members active elsewhere in VRS	<u>26</u>
Total inactive members	112
Active members	<u>178</u>
Total covered employees	<u><u>427</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town’s contractually required contribution rate for the year ended June 30, 2023 was 13.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$1,888,787 and \$1,574,951 for the years ended June 30, 2023 and June 30, 2022, respectively.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Actuarial Assumptions – General Employees (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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

Mortality rates: (continued)

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year expected return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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, 2023, 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, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially assumed contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 77,909,288	\$ 72,559,288	\$ 5,350,000
Changes for the year:			
Service cost	\$ 1,325,650	\$ -	\$ 1,325,650
Interest	5,203,702	-	5,203,702
Differences between expected and actual experience	863,945	-	863,945
Contributions - employer	-	1,568,545	(1,568,545)
Contributions - employee	-	630,354	(630,354)
Net investment income	-	(49,501)	49,501
Benefit payments, including refunds of employee contributions	(4,286,127)	(4,286,127)	-
Administrative expenses	-	(45,564)	45,564
Other changes	-	754	(754)
Net changes	\$ 3,107,170	\$ (2,181,539)	\$ 5,288,709
Balances at June 30, 2022	\$ 81,016,458	\$ 70,377,749	\$ 10,638,709

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability	\$ 21,039,873	\$ 10,638,709	\$ 2,115,067

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

For the year ended June 30, 2023, the Town recognized pension expense of \$1,561,091. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 773,573	\$ 936,675
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,367	12,367
Change of assumptions	1,107,918	-
Net difference between projected and actual earnings on pension plan investments	-	2,106,063
Employer contributions subsequent to the measurement date	1,888,787	-
Total	<u>\$ 3,782,645</u>	<u>\$ 3,055,105</u>

\$1,888,787 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, 2024. 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, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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

<u>Year ended June 30</u>	
2024	\$ (272,135)
2025	(547,602)
2026	(1,316,571)
2027	975,061

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-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 Civilian 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, 2023 (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 Civilian 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 Civilian and Police Plans at July 1, 2021 was as follows:

	Civilian Retirement Plan	Police Retirement Plan
Terminated vested members	70	-
Retired/disabled	41	25
Active members	8	38
Total	119	63

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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		
	Civilian Retirement Fund	Police Retirement Fund	Totals
Assets:			
Investments	\$ 2,482,736	\$ 3,638,865	\$ 6,121,601
Liabilities:			
Accounts payable	\$ -	\$ 3,552	\$ 3,552
Net Position:			
Net position held in trust for pension benefits	<u>\$ 2,482,736</u>	<u>\$ 3,635,313</u>	<u>\$ 6,118,049</u>
Additions:			
Contributions:			
Employer	\$ 170,640	\$ 321,427	\$ 492,067
Plan members	-	48,073	48,073
Total contributions	\$ 170,640	\$ 369,500	\$ 540,140
Investment income:			
Interest earned on investments	36,838	61,696	98,534
Total additions	<u>\$ 207,478</u>	<u>\$ 431,196</u>	<u>\$ 638,674</u>
Deductions:			
Pension benefit payments	\$ 184,373	\$ 325,744	\$ 510,117
Other charges	3,200	3,200	6,400
Total deductions	<u>\$ 187,573</u>	<u>\$ 328,944</u>	<u>\$ 516,517</u>
Net increase (decrease) in plan assets	\$ 19,905	\$ 102,252	\$ 122,157
Net position held in trust for pension benefits:			
Balance, beginning of year	2,462,831	3,533,061	5,995,892
Balance, end of year	<u>\$ 2,482,736</u>	<u>\$ 3,635,313</u>	<u>\$ 6,118,049</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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, 2023, 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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.5% for the Civilian Plan and 1.7% for the Sworn Officers Plan. 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 net pension liabilities were measured as of June 30 2023. The components of the net pension liability of the Town at June 30, 2023, were as follows:

	Civilian	Police	Total
Total pension liability	\$ 3,385,916	\$ 5,867,168	\$ 9,253,084
Plan fiduciary net position	<u>(2,482,736)</u>	<u>(3,635,313)</u>	<u>(6,118,049)</u>
Authority's net pension liability	<u>\$ 903,180</u>	<u>\$ 2,231,855</u>	<u>\$ 3,135,035</u>
Plan fiduciary net position as a percentage of the total pension liability	73.33%	61.96%	66.12%

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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 Civilian members with less than 20 years of service; 5.00% for Police Officers with less than 10 years of service, and 1.00% thereafter.
Investment rate of return	4.00%, 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.

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, 2023 (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	4.00%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

Discount rate. The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates at lesser equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

	Civilian Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 3,420,713	\$ 2,462,831	\$ 957,882
Changes for the year:			
Service cost	\$ 15,768	\$ -	\$ 15,768
Interest	133,808	-	133,808
Contributions - employer	-	170,640	(170,640)
Net investment income	-	36,840	(36,840)
Benefit payments, including refunds of employee contributions	(184,373)	(184,373)	-
Administrative expenses	-	(3,200)	3,200
Other changes	-	(2)	2
Net changes	\$ (34,797)	\$ 19,905	\$ (54,702)
Balances at June 30, 2023	\$ 3,385,916	\$ 2,482,736	\$ 903,180

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (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 Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 5,728,381	\$ 3,533,061	\$ 2,195,320
Changes for the year:			
Service cost	\$ 232,545	\$ -	\$ 232,545
Interest	231,986	-	231,986
Contributions - employer	-	321,427	(321,427)
Contributions - employee	-	48,073	(48,073)
Net investment income	-	61,696	(61,696)
Benefit payments, including refunds of employee contributions	(325,744)	(325,744)	-
Administrative expenses	-	(3,200)	3,200
Net changes	\$ 138,787	\$ 102,252	\$ 36,535
Balances at June 30, 2023	\$ 5,867,168	\$ 3,635,313	\$ 2,231,855

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 4.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.00%) or 1 percentage-point higher (5.00%) than the current rate:

Civilian Plan			
	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net pension liability	\$ 1,359,168	\$ 903,180	\$ 532,631
Sworn Officer's Plan			
	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net pension liability	\$ 3,071,749	\$ 2,231,855	\$ 1,544,464

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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, 2023, the Town recognized pension expense of \$129,589 and \$315,166 for the Civilian and Police Plans, respectively. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Civilian</u>		<u>Police</u>	
	<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	\$ -	\$ -	\$ 11,561	\$ 472,989
Change in assumptions	-	-	212,930	-
Net difference between projected and actual earnings on pension plan investments	<u>187,668</u>	<u>-</u>	<u>256,638</u>	<u>-</u>
Total	\$ <u>187,668</u>	\$ <u>-</u>	\$ <u>481,129</u>	\$ <u>472,989</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>
2024	\$ 69,216	\$ 53,885
2025	63,474	46,330
2026	42,708	11,757
2027	12,270	(30,624)
2028	-	(36,603)
Thereafter	-	(36,605)

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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

	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Virginia Retirement System	\$ 10,638,709	\$ 3,782,645	\$ 3,055,105	\$ 1,561,091
Civilian Plan	903,180	187,668	-	129,589
Sworn Officer's Plan	<u>2,231,855</u>	<u>481,129</u>	<u>472,989</u>	<u>315,166</u>
Total	<u>\$ 13,773,744</u>	<u>\$ 4,451,442</u>	<u>\$ 3,528,094</u>	<u>\$ 2,005,846</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 Civilian 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 \$393,842, and employee contributions were \$192,849 for fiscal year 2023.

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 \$20,500 in calendar year 2022. Employees who are age 50 or older may defer up to \$27,000 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 13 - DEFERRED COMPENSATION PLAN: (continued)

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 participants and are not subject to the claims of the Town's general creditors.

NOTE 14 - LITIGATION:

At June 30, 2023, 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 – LEASE RECEIVABLE:

The Town leases towers to third parties with varying terms through 2026. The following summarizes the balances related to these leases for the year ended June 30, 2023:

<u>Lease Description</u>	<u>Discount Rate</u>	<u>Lease Receivable June 30, 2023</u>	<u>Deferred Inflow of Resources June 30, 2023</u>
Water Tower - Verizon	3%	\$ 288,998	\$ 273,006
Tower - T-Mobile	3%	333,680	315,212
Total		<u>\$ 622,678</u>	<u>\$ 588,218</u>

Lease revenue totaled \$95,974 for the year ended June 30, 2023. Lease interest revenue totaled \$19,802 for the year ended June 30, 2023.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (continued)

NOTE 16 - CONTINGENCIES: (continued)

State and Federal Programs

Federal programs in which the Town participates 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 Guidance, 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 VRSA for workers compensation, property damage, surety bonds, automobile, professional liability, law enforcement, employee dishonesty, and general liability coverages. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums for all members in the year in which the deficit occurs.

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

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

The Town maintains surety bonds with the VRSA on the following employees as required by Town Code:

Employee	Title	Amount of Surety Bond
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 VRSA. Virginia State Code requires the Treasurer to be bonded by 15 percent of state revenue to be received, up to \$200,000. All others are to be bonded at the discretion of the Council as they deem necessary.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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, HDHP 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).

Plan Membership

At January 1, 2023 (valuation date), the following employees were covered by the benefit terms:

Active	140
Retired	24
Spouses	<u>9</u>
Total	<u><u>173</u></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, 2023 was \$61,761 (including an estimate of implicit rate subsidy).

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2023.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 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	3.87%
Investment Rate of Return	N/A

Mortality rates: Pub-2010G and Pub-2010S tables 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 3.87%. 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, 2023. 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 3.87% 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.

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2022	\$	1,826,297
Changes for the year:		
Service cost		79,269
Interest		69,186
Difference between expected and actual experience		(774,183)
Changes in assumptions		(18,099)
Benefit payments		(61,761)
Net changes		<u>(705,588)</u>
Balances at June 30, 2023	\$	<u><u>1,120,709</u></u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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 (2.87%) or one percentage point higher (4.87%) than the current discount rate:

Rate		
1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
\$ 1,231,214	\$ 1,120,709	\$ 1,023,789

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 (4.75% decreasing to an ultimate rate of 3.25%) or one percentage point higher (6.75% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.75% decreasing to 3.25%)	Healthcare Cost Trend (5.75% decreasing to 4.25%)	1% Increase (6.75% decreasing to 5.25%)
\$ 1,006,471	\$ 1,120,709	\$ 1,256,713

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

For the year ended June 30, 2023, the Town recognized OPEB expense in the amount of \$55,373. At June 30, 2023, 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	\$ 221,282	\$ 1,076,320
Changes in assumptions	165,043	359,597
Total	\$ 386,325	\$ 1,435,917

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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>	
2024	\$ (93,082)
2025	(93,082)
2026	(93,082)
2027	(93,086)
2028	(92,067)
Thereafter	(585,193)

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.

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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, seatbelt 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 \$8,984 as of June 30, 2023.

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$80,682 and \$73,095 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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, 2023, the Town reported a liability of \$749,309, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Town's proportion was .06220% as compared to .06390% at June 30, 2021.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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)

For the year ended June 30, 2023, the Town recognized GLI OPEB expense of \$19,224. 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, 2023, 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	\$ 59,336	\$ 30,060
Net difference between projected and actual earnings on GLI OPEB plan investments	-	46,821
Change in assumptions	27,948	72,986
Changes in proportionate share	10,059	47,055
Employer contributions subsequent to the measurement date	<u>80,682</u>	<u>-</u>
Total	<u>\$ 178,025</u>	<u>\$ 196,922</u>

\$80,682 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, 2024. 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>	
2024	\$ (18,579)
2025	(19,177)
2026	(47,202)
2027	(5,247)
2028	(9,374)
Thereafter	-

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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 Annual Report.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset 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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year expected return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

NOTE 19 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (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 employer contributions 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, 2022, 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, 2022 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	\$ 1,090,333	\$ 749,309	\$ 473,716

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-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, 2023 (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. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). 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 as well as 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 LODA Program. As required by Statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

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. 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.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (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, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 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 \$25,910 and \$27,457 for the years ended June 30, 2023 and June 30, 2022, 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, 2023, the entity reported a liability of \$754,489 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was .19940% as compared to .20840% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$95,176. 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, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,965	\$ 141,012
Net difference between projected and actual earnings on LODA OPEB program investments	-	3,227
Change in assumptions	210,406	186,092
Change in proportionate share	10,187	55,111
Employer contributions subsequent to the measurement date	25,910	-
Total	\$ 304,468	\$ 385,442

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (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)

\$25,910 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, 2024. 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>	
2024	\$ (6,292)
2025	(6,223)
2026	(6,149)
2027	(2,407)
2028	(6,197)
Thereafter	(79,616)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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 Annual Report.

Inflation	2.5%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2023 (continued)

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2023 (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, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	<u>7,214</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 378,455</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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 3.69% 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 3.69% 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, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. 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, 2022, 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, 2023 (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 3.69%, 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 (2.69%) or one percentage point higher (4.69%) than the current rate:

		Discount Rate		
		1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
Town's proportionate share of the LODA Net OPEB Liability	\$	861,242	\$ 754,489	\$ 667,152

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 7.00% 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 (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

		Health Care Trend Rates		
		1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$	635,821	\$ 754,489	\$ 903,435

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-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, 2023 (continued)

NOTE 21 - SUMMARY OF NET OPEB LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Town Pay-as-you-go (Note 18)	\$ 1,120,709	\$ 386,325	\$ 1,435,917	\$ 55,373
Group Life (Note 19)	749,309	178,025	196,922	19,224
LODA (Note 20)	754,489	304,468	385,442	95,176
Total	<u>\$ 2,624,507</u>	<u>\$ 868,818</u>	<u>\$ 2,018,281</u>	<u>\$ 169,773</u>

NOTE 22 – NEW ACCOUNTING STANDARDS:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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, 2023 (continued)

NOTE 23 – COVID-19:

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments were to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 25, 2021, the Town received its share of the first half of the CSLFRF funds. The Town received a second tranche in the amount of \$8,551,731 on July 22, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$12,949,834 are reported as unearned revenue as of June 30.

- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 12,884,000	\$ 12,884,000	\$ 12,850,082	\$ (33,918)
Other local taxes	6,845,000	6,845,000	7,378,941	533,941
Permits, privilege fees and regulatory licenses	336,000	336,000	281,330	(54,670)
Fines and forfeitures	221,000	221,000	220,743	(257)
Revenue from the use of money and property	192,000	192,000	542,185	350,185
Charges for services	1,400,000	1,512,390	1,475,358	(37,032)
Miscellaneous	196,800	363,510	336,254	(27,256)
Intergovernmental:				
Commonwealth	3,198,400	3,828,825	3,786,106	(42,719)
Federal Government	50,000	50,000	100,998	50,998
Total revenues	\$ 25,323,200	\$ 26,232,725	\$ 26,971,997	\$ 739,272
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 1,052,630	\$ 1,249,440	\$ 739,136	\$ 510,304
General and financial administration	5,339,171	5,565,021	5,442,212	122,809
Total general government administration	\$ 6,391,801	\$ 6,814,461	\$ 6,181,348	\$ 633,113
Public Safety:				
Law enforcement and traffic control	\$ 7,227,926	\$ 7,298,111	\$ 7,604,209	\$ (306,098)
Fire and rescue	74,000	74,000	76,091	(2,091)
Other protection	112,070	112,070	118,742	(6,672)
Total public safety	\$ 7,413,996	\$ 7,484,181	\$ 7,799,042	\$ (314,861)
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 3,513,280	\$ 4,316,385	\$ 3,838,196	\$ 478,189
Sanitation and waste removal	2,303,790	2,323,600	2,379,129	(55,529)
Maintenance of buildings and grounds	3,993,064	4,589,624	2,784,574	1,805,050
Total public works	\$ 9,810,134	\$ 11,229,609	\$ 9,001,899	\$ 2,227,710
Health and Welfare:				
Welfare/Social Services	\$ 328,640	\$ 286,440	\$ 268,882	\$ 17,558
Parks, recreation and cultural:				
Parks and recreation	\$ 4,375,925	\$ 4,794,300	\$ 4,904,331	\$ (110,031)
Community Development:				
Planning and community development	\$ 1,718,210	\$ 1,801,370	\$ 1,471,956	\$ 329,414
Debt Service:				
Principal	\$ 67,783	\$ 67,783	\$ 207,783	\$ (140,000)
Interest and fiscal charges	4,251	4,251	38,570	(34,319)
Total debt service	\$ 72,034	\$ 72,034	\$ 246,353	\$ (174,319)
Total expenditures	\$ 30,110,740	\$ 32,482,395	\$ 29,873,811	\$ 2,608,584
Excess (deficiency) of revenues over (under) expenditures	\$ (4,787,540)	\$ (6,249,670)	\$ (2,901,814)	\$ 3,347,856
Other Financing Sources (Uses)				
Issuance of notes payable	\$ 1,222,000	\$ 1,322,000	\$ -	\$ (1,322,000)
Issuance of subscription	-	-	106,159	106,159
Transfers in	2,200,000	2,200,000	2,200,000	-
Transfers out	(700,000)	(700,000)	(493,878)	206,122
Total other financing sources (uses)	\$ 2,722,000	\$ 2,822,000	\$ 1,812,281	\$ (1,009,719)
Net change in fund balance	\$ (2,065,540)	\$ (3,427,670)	\$ (1,089,533)	\$ 2,338,137
Fund balance, beginning of year	<u>2,065,540</u>	<u>3,427,670</u>	<u>10,467,825</u>	<u>7,040,155</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,378,292</u>	<u>\$ 9,378,292</u>

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

TOWN OF VIENNA, VIRGINIA

Schedule of Changes in the Net Pension Liability and Related Ratios
Town Retirement Plans
Years Ended June 30, 2014 to June 30, 2023

	Civilian	Sworn Officers'	Total 2023	Civilian	Sworn Officers'	Total 2022	Civilian	Sworn Officers'	Total 2021	Civilian	Sworn Officers'	Total 2020
Total pension liability												
Service cost	\$ 15,768	\$ 232,545	\$ 248,313	\$ 19,521	\$ 233,577	\$ 253,098	\$ 19,045	\$ 227,880	\$ 246,925	\$ 22,222	\$ 231,783	\$ 254,005
Interest	133,808	231,986	365,794	164,627	251,590	416,217	164,295	241,863	406,158	156,331	225,628	381,959
Differences between expected and actual experience	-	-	-	(804,533)	(400,376)	(1,204,909)	-	-	-	52,383	(345,411)	(293,028)
Change in benefit terms	-	-	-	-	-	-	-	-	-	-	207,004	207,004
Changes in assumptions	-	-	-	275,289	107,550	382,839	-	-	-	142,929	264,540	407,469
Benefit payments, including refunds of member contributions	(184,373)	(325,744)	(510,117)	(174,668)	(297,202)	(471,870)	(177,340)	(196,963)	(374,303)	(189,120)	(198,318)	(387,438)
Net change in total pension liability	(34,797)	138,787	103,990	(519,764)	(104,861)	(624,625)	6,000	272,780	278,780	184,745	385,226	569,971
Total pension liability - beginning	3,420,713	5,728,381	9,149,094	3,940,477	5,833,242	9,773,719	3,934,477	5,560,462	9,494,939	3,749,732	5,175,236	8,924,968
Total pension liability - ending (a)	\$ 3,385,916	\$ 5,867,168	\$ 9,253,084	\$ 3,420,713	\$ 5,728,381	\$ 9,149,094	\$ 3,940,477	\$ 5,833,242	\$ 9,773,719	\$ 3,934,477	\$ 5,560,462	\$ 9,494,939
Plan fiduciary net position												
Contributions - employer	\$ 170,640	\$ 321,427	\$ 492,067	\$ 163,530	\$ 281,814	\$ 445,344	\$ 170,688	\$ 283,765	\$ 454,453	\$ 159,840	\$ 253,097	\$ 412,937
Contributions - member	-	48,073	48,073	-	42,147	42,147	-	42,439	42,439	-	45,931	45,931
Net investment income	36,840	61,696	98,536	(51,301)	(67,714)	(119,015)	3,752	5,246	8,998	76,570	102,475	179,045
Benefit payments, including refunds of member contributions	(184,373)	(325,744)	(510,117)	(174,668)	(297,202)	(471,870)	(177,340)	(196,963)	(374,303)	(189,120)	(198,318)	(387,438)
Other	(2)	-	(2)	(21)	1,145	1,124	-	-	-	-	-	-
Administrative expense	(3,200)	(3,200)	(6,400)	(5,171)	(5,431)	(10,602)	(2,312)	(2,313)	(4,625)	(6,200)	(5,650)	(11,850)
Net change in plan fiduciary net position	19,905	102,252	122,157	(67,631)	(45,241)	(112,872)	(5,212)	132,174	126,962	41,090	197,535	238,625
Plan fiduciary net position - beginning	2,462,831	3,533,061	5,995,892	2,530,462	3,578,302	6,108,764	2,535,674	3,446,128	5,981,802	2,494,584	3,248,593	5,743,177
Plan fiduciary net position - ending (b)	\$ 2,482,736	\$ 3,635,313	\$ 6,118,049	\$ 2,462,831	\$ 3,533,061	\$ 5,995,892	\$ 2,530,462	\$ 3,578,302	\$ 6,108,764	\$ 2,535,674	\$ 3,446,128	\$ 5,981,802
Net pension liability (a) - (b)	\$ 903,180	\$ 2,231,855	\$ 3,135,035	\$ 957,882	\$ 2,195,320	\$ 3,153,202	\$ 1,410,015	\$ 2,254,940	\$ 3,664,955	\$ 1,398,803	\$ 2,114,334	\$ 3,513,137
Plan fiduciary net position as a percentage of the total pension liability	73.3%	62.0%	66.1%	72.0%	61.7%	65.5%	64.2%	61.3%	62.5%	64.4%	62.0%	63.0%
Covered - payroll	\$ 624,449	\$ 3,354,308	\$ 3,978,757	\$ 559,718	\$ 2,810,508	\$ 3,370,226	\$ 586,970	\$ 3,215,578	\$ 3,802,548	\$ 643,307	\$ 3,062,073	\$ 3,705,380
Net Pension Liability as a percentage of covered - payroll	144.6%	66.5%	78.8%	171.1%	78.1%	93.6%	240.2%	70.1%	96.4%	217.4%	69.0%	94.8%

TOWN OF VIENNA, VIRGINIA

Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
Town Retirement Plans
Years Ended June 30, 2014 to June 30, 2022

	Civilian	Sworn Officers¹	Total 2019	Civilian	Sworn Officers¹	Total 2018	Civilian	Sworn Officers¹	Total 2017
Total pension liability									
Service cost	\$ 21,680	\$ 226,130	\$ 247,810	\$ 21,151	\$ 220,615	\$ 241,766	\$ 26,020	\$ 216,357	\$ 242,377
Interest	156,846	215,911	372,757	157,241	208,577	365,818	175,572	193,477	369,049
Differences between expected and actual experience	-	-	-	(479,745)	46,235	(433,510)	-	-	-
Change in benefit terms	-	-	-	-	157,277	157,277	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)	(163,029)	(221,514)	(384,543)
Net change in total pension liability	(14,687)	202,685	187,998	(484,671)	348,207	(136,464)	38,563	188,320	226,883
Total pension liability - beginning	3,764,419	4,972,551	8,736,970	4,249,090	4,624,344	8,873,434	4,210,527	4,436,024	8,646,551
Total pension liability - ending (a)	<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>	<u>\$ 4,249,090</u>	<u>\$ 4,624,344</u>	<u>\$ 8,873,434</u>
Plan fiduciary net position									
Contributions - employer	\$ 159,840	\$ 208,194	\$ 368,034	\$ 194,043	\$ 191,369	\$ 385,412	\$ 194,186	\$ 208,791	\$ 402,977
Contributions - member	-	45,463	45,463	-	42,676	42,676	-	46,296	46,296
Net investment income	74,704	98,668	173,372	35,136	46,429	81,565	17,518	23,418	40,936
Benefit payments, including refunds of member contributions	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)	(163,029)	(221,514)	(384,543)
Other	-	-	-	-	-	-	-	-	-
Administrative expense	(1,200)	(1,950)	(3,150)	(4,483)	(9,310)	(13,793)	(4,224)	(7,585)	(11,809)
Net change in plan fiduciary net position	40,131	111,019	151,150	41,378	(13,333)	28,045	44,451	49,406	93,857
Plan fiduciary net position - beginning	2,454,453	3,137,574	5,592,027	2,413,075	3,150,907	5,563,982	2,368,624	3,101,501	5,470,125
Plan fiduciary net position - ending (b)	<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>	<u>\$ 2,413,075</u>	<u>\$ 3,150,907</u>	<u>\$ 5,563,982</u>
Net pension liability (a) - (b)	<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>	<u>\$ 1,836,015</u>	<u>\$ 1,473,437</u>	<u>\$ 3,309,452</u>
Plan fiduciary net position as a percentage of the total pension liability	66.5%	62.8%	64.3%	65.2%	63.1%	64.0%	56.8%	68.1%	62.7%
Covered - payroll	\$ 717,013	\$ 3,161,154	\$ 3,878,167	\$ 578,624	\$ 3,282,770	\$ 3,861,394	\$ 739,312	\$ 3,138,408	\$ 3,877,720
Net Pension Liability as a percentage of covered - payroll	175.1%	60.9%	82.0%	226.4%	55.9%	81.4%	248.3%	46.9%	85.3%

TOWN OF VIENNA, VIRGINIA

Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
Town Retirement Plans
Years Ended June 30, 2014 to June 30, 2023

	2014			2015			2016		
	Civilian	Sworn Officers'	Total	Civilian	Sworn Officers'	Total	Civilian	Sworn Officers'	Total
Total pension liability									
Service cost	\$ 26,838	\$ 202,475	\$ 229,313	\$ 27,877	\$ 191,175	\$ 219,052	\$ 29,828	\$ 185,157	\$ 214,985
Interest	174,950	185,520	360,470	187,309	216,781	404,090	184,058	208,131	392,189
Differences between expected and actual experience	73,228	(557,051)	(483,823)	-	-	-	-	-	-
Change in benefit terms	-	-	-	-	-	-	-	-	-
Changes in assumptions	241,295	369,772	611,067	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(160,052)	(226,973)	(387,025)	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
Net change in total pension liability	356,259	(26,257)	330,002	58,652	229,875	288,527	76,371	119,928	196,299
Total pension liability - beginning	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
Total pension liability - ending (a)	\$ 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
Plan fiduciary net position									
Contributions - employer	\$ 170,324	\$ 322,248	\$ 492,572	\$ 163,000	\$ 191,369	\$ 354,369	\$ 161,780	\$ 182,694	\$ 344,474
Contributions - member	-	38,552	38,552	-	43,064	43,064	-	42,225	42,225
Net investment income	7,434	9,498	16,932	2,544	3,163	5,707	2,354	(998)	1,356
Benefit payments, including refunds of member contributions	(160,052)	(226,973)	(387,025)	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
Other	-	-	-	-	-	-	-	-	-
Administrative expense	(1,800)	(1,800)	(3,600)	(980)	(2,120)	(3,100)	(4,499)	-	(4,499)
Net change in plan fiduciary net position	15,906	141,525	157,431	8,030	57,395	65,425	22,120	(49,439)	(27,319)
Plan fiduciary net position - beginning	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
Plan fiduciary net position - ending (b)	\$ 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
Net pension liability (a) - (b)	\$ 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
Plan fiduciary net position as a percentage of the total pension liability	56.3%	69.9%	63.3%	61.0%	66.3%	63.9%	61.8%	68.6%	65.4%
Covered - payroll	\$ 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
Net Pension Liability as a percentage of covered - payroll	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
Town Retirement Plans
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Civilian Plan:					
Actuarially determined contribution	\$ 139,003	\$ 170,817	\$ 170,817	\$ 159,987	\$ 159,987
Contributions in relation to the actuarially determined contribution	170,640	163,530	170,688	159,840	159,840
Contribution deficiency (excess)	<u>\$ (31,637)</u>	<u>\$ 7,287</u>	<u>\$ 129</u>	<u>\$ 147</u>	<u>\$ 147</u>
Covered - payroll	\$ 624,449	\$ 559,718	\$ 586,970	\$ 643,307	\$ 698,423
Contributions as a percentage of covered - payroll	27.3%	29.2%	29.1%	24.8%	22.9%
Sworn Officers' Plan:					
Actuarially determined contribution	\$ 364,613	\$ 281,814	\$ 322,522	\$ 298,271	\$ 294,466
Contributions in relation to the actuarially determined contribution	321,427	281,814	283,765	253,097	208,194
Contribution deficiency (excess)	<u>\$ 43,186</u>	<u>\$ -</u>	<u>\$ 38,757</u>	<u>\$ 45,174</u>	<u>\$ 86,272</u>
Covered - payroll	\$ 3,354,308	\$ 2,810,508	\$ 3,215,578	\$ 3,062,073	\$ 3,271,839
Contributions as a percentage of covered - payroll	9.6%	10.0%	8.8%	8.3%	6.4%

Notes to Schedule

Valuation date: July 1, 2021

Measurement date: June 30, 2023

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	9 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	4.00%	4.00%
Retirement age	The earlier of attainment of age 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 Employer Contributions (Continued)
Town Retirement Plans
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
Civilian Plan:					
Actuarially determined contribution	\$ 194,186	\$ 167,445	\$ 167,445	\$ 165,879	\$ 161,780
Contributions in relation to the actuarially determined contribution	194,043	194,186	170,324	163,000	161,780
Contribution deficiency (excess)	\$ 143	\$ (26,741)	\$ (2,879)	\$ 2,879	\$ -
Covered - payroll	\$ 578,624	\$ 687,551	\$ 739,312	\$ 1,115,015	\$ 1,178,949
Contributions as a percentage of covered - payroll	33.5%	28.2%	23.0%	14.6%	9.5%
Sworn Officers' Plan:					
Actuarially determined contribution	\$ 275,096	\$ 264,970	\$ 258,507	\$ 255,110	\$ 182,694
Contributions in relation to the actuarially determined contribution	191,369	208,791	322,248	191,369	182,694
Contribution deficiency (excess)	\$ 83,727	\$ 56,179	\$ (63,741)	\$ 63,741	\$ -
Covered - payroll	\$ 3,282,770	\$ 3,216,868	\$ 3,138,408	\$ 2,820,889	\$ 2,732,096
Contributions as a percentage of covered - payroll	5.8%	6.5%	10.3%	6.8%	5.6%

Notes to Schedule

Valuation date: July 1, 2021

Measurement date: June 30, 2023

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	9 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	4.00%	4.00%
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
Town Retirement Plans
Years Ended June 30, 2014 through June 30, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Civilian Plan	1.50%	-2.00%	0.20%	3.10%	3.10%	1.50%	0.70%	0.30%	0.10%	0.10%
Sworn Officers' Plan	1.70%	-1.90%	0.20%	3.10%	3.10%	1.50%	0.70%	0.30%	0.10%	0.10%

TOWN OF VIENNA, VIRGINIA

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
VRS Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,325,650	\$ 1,305,797	\$ 1,350,409	\$ 1,192,712	\$ 1,210,652	\$ 1,219,128	\$ 1,177,978	\$ 1,159,362	\$ 1,111,037
Interest	5,203,702	4,945,485	4,738,831	4,499,602	4,398,038	4,272,698	4,148,614	3,962,616	3,809,732
Differences between expected and actual experience	863,945	(2,294,177)	805,306	1,823,417	(466,825)	130,678	(375,688)	476,957	-
Changes of assumptions	-	2,713,594	-	1,995,894	-	(253,374)	-	-	-
Benefit payments	(4,286,127)	(4,055,713)	(3,610,300)	(3,563,206)	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Net change in total pension liability	\$ 3,107,170	\$ 2,614,986	\$ 3,284,246	\$ 5,948,419	\$ 1,323,171	\$ 2,030,718	\$ 1,932,762	\$ 2,733,430	\$ 2,312,865
Total pension liability - beginning	77,909,288	75,294,302	72,010,056	66,061,637	64,738,466	62,707,748	60,774,986	58,041,556	55,728,691
Total pension liability - ending (a)	\$ 81,016,458	\$ 77,909,288	\$ 75,294,302	\$ 72,010,056	\$ 66,061,637	\$ 64,738,466	\$ 62,707,748	\$ 60,774,986	\$ 58,041,556
Plan fiduciary net position									
Contributions - employer	\$ 1,568,545	\$ 1,530,449	\$ 1,366,178	\$ 1,319,240	\$ 1,318,131	\$ 1,295,257	\$ 1,413,920	\$ 1,356,538	\$ 1,365,804
Contributions - employee	630,354	616,291	650,669	627,629	600,631	641,798	602,967	567,236	546,977
Net investment income	(49,501)	15,848,794	1,108,013	3,766,875	4,021,974	6,064,351	867,305	2,242,886	6,777,243
Benefit payments	(4,286,127)	(4,055,713)	(3,610,300)	(3,563,206)	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Administrator charges	(45,564)	(40,169)	(38,872)	(38,031)	(35,653)	(35,661)	(31,539)	(31,154)	(36,819)
Other	754	1,489	(1,323)	(2,363)	(3,543)	(5,374)	(369)	(471)	357
Net change in plan fiduciary net position	\$ (2,181,539)	\$ 13,901,141	\$ (525,635)	\$ 2,110,144	\$ 2,082,846	\$ 4,621,959	\$ (165,858)	\$ 1,269,530	\$ 6,045,658
Plan fiduciary net position - beginning	72,559,288	58,658,147	59,183,782	57,073,638	54,990,792	50,368,833	50,534,691	49,265,161	43,219,503
Plan fiduciary net position - ending (b)	\$ 70,377,749	\$ 72,559,288	\$ 58,658,147	\$ 59,183,782	\$ 57,073,638	\$ 54,990,792	\$ 50,368,833	\$ 50,534,691	\$ 49,265,161
Town's net pension liability - ending (a) - (b)	\$ 10,638,709	\$ 5,350,000	\$ 16,636,155	\$ 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	86.87%	93.13%	77.91%	82.19%	86.39%	84.94%	80.32%	83.15%	84.88%
Covered payroll	\$ 13,519,775	\$ 13,078,416	\$ 13,698,467	\$ 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	78.69%	40.91%	121.45%	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
VRS Retirement Plan
Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 1,888,787	\$ 1,888,787	-	\$ 14,916,443	12.66%
2022	1,574,951	1,574,951	-	13,519,775	11.65%
2021	1,532,195	1,532,195	-	13,078,416	11.72%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information
VRS Retirement Plan
Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF VIENNA, VIRGINIA

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, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2022	0.062200% \$	749,309 \$	13,536,093	5.54%	67.21%
2021	0.063900%	743,504	13,184,093	5.64%	67.45%
2020	0.066680%	1,112,780	13,721,977	8.11%	52.64%
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.

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2014 through June 30, 2023

		Contributions in Relation to					Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		Employer's Covered Payroll		Covered Payroll	
Date	(1)	(2)	(3)		(4)		(5)	
Primary Government								
2023	\$ 80,682	\$ 80,682	\$ -	\$	14,941,037		0.54%	
2022	73,095	73,095	-		13,536,093		0.54%	
2021	71,194	71,194	-		13,184,093		0.54%	
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%	

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF VIENNA, VIRGINIA

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, 2022

Date	Employer's Proportion of the Net LODA OPEB Liability (Asset)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	Covered- Employee Payroll *	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.19940% \$	754,489 \$	Not Applicable	Not Applicable	1.87%
2021	0.28400%	919,070	Not Applicable	Not Applicable	1.68%
2020	0.21292%	891,741	Not Applicable	Not Applicable	1.02%
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.

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.

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Line of Duty Act (LODA) Program
Years Ended June 30, 2017 through June 30, 2023

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)
2023	\$ 25,910	\$ 25,910	-	\$ Not Applicable	Not Applicable
2022	27,457	27,457	-	Not Applicable	Not Applicable
2021	28,692	28,692	-	Not Applicable	Not Applicable
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.

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
Year Ended June 30, 2023

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, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

TOWN OF VIENNA, VIRGINIA

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Measurement Dates of June 30, 2018 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 79,269	\$ 77,336	\$ 86,345	\$ 84,239	\$ 53,061	\$ 51,767
Interest	69,186	40,156	65,726	75,806	64,327	61,980
Changes in assumptions	(18,099)	(287,085)	(143,492)	175,764	119,163	-
Differences between expected and actual experience	(774,183)	-	(521,887)	-	442,567	(10,154)
Benefit payments	(61,761)	(36,315)	(101,031)	(53,469)	(77,007)	(60,993)
Net change in total OPEB liability	\$ (705,588)	\$ (205,908)	\$ (614,339)	\$ 282,340	\$ 602,111	\$ 42,600
Total OPEB liability - beginning	1,826,297	2,032,205	2,646,544	2,364,204	1,762,093	1,719,493
Total OPEB liability - ending	<u>\$ 1,120,709</u>	<u>\$ 1,826,297</u>	<u>\$ 2,032,205</u>	<u>\$ 2,646,544</u>	<u>\$ 2,364,204</u>	<u>\$ 1,762,093</u>
 Covered-employee payroll	 \$ 15,402,423	 \$ 14,550,000	 \$ 14,010,283	 \$ 13,842,763	 \$ 13,378,013	 \$ 13,170,890
 Town's total OPEB liability as a percentage of covered-employee payroll	 7.3%	 12.6%	 14.5%	 19.1%	 17.7%	 13.4%

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

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information - Town OPEB
Year Ended June 30, 2023

Valuation Date: 1/1/2023

Measurement Date: 6/30/2023

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	3.87%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.75% 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 -

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Position - Pension Trust Funds
At June 30, 2023

	Pension Trust Funds		
	Civilian Retirement Fund	Police Retirement Fund	Total
Assets:			
Investments	\$ 2,482,736	\$ 3,638,865	\$ 6,121,601
Liabilities:			
Accounts payable	\$ -	\$ 3,552	\$ 3,552
Net Position:			
Held in trust for pension benefits	\$ <u>2,482,736</u>	\$ <u>3,635,313</u>	\$ <u>6,118,049</u>

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended June 30, 2023

	<u>Civilian Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 170,640	\$ 321,427	\$ 492,067
Plan members	-	48,073	48,073
Total contributions	\$ 170,640	\$ 369,500	\$ 540,140
Investment income:			
Interest earned on investments	36,838	61,696	98,534
Total additions	\$ 207,478	\$ 431,196	\$ 638,674
Deductions:			
Pension benefit payments	\$ 184,373	\$ 325,744	\$ 510,117
Other charges	3,200	3,200	6,400
Total deductions	\$ 187,573	\$ 328,944	\$ 516,517
Change in net position	\$ 19,905	\$ 102,252	\$ 122,157
Net position:			
Balance, beginning of year	\$ 2,462,831	\$ 3,533,061	\$ 5,995,892
Balance, end of year	\$ 2,482,736	\$ 3,635,313	\$ 6,118,049

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,714,000	\$ 12,714,000	\$ 12,693,483	\$ (20,517)
Public service corporation taxes:				
Real property	120,000	120,000	110,896	(9,104)
Penalties and interest	50,000	50,000	45,703	(4,297)
Total general property taxes	\$ 12,884,000	\$ 12,884,000	\$ 12,850,082	\$ (33,918)
Other local taxes:				
Local sales and use taxes	\$ 1,790,000	\$ 1,790,000	\$ 1,894,078	\$ 104,078
Consumer utility taxes	660,000	660,000	670,241	10,241
Business license tax	2,500,000	2,500,000	2,846,088	346,088
Motor vehicle license tax	390,000	390,000	403,562	13,562
Bank franchise taxes	892,000	892,000	998,164	106,164
Tobacco tax	210,000	210,000	206,835	(3,165)
Fiber-optic franchise tax	101,000	101,000	103,612	2,612
Telecommunications tax	100,000	100,000	65,568	(34,432)
Media general franchise fees and related taxes	150,000	150,000	136,953	(13,047)
Utility consumption taxes	52,000	52,000	53,840	1,840
Total other local taxes	\$ 6,845,000	\$ 6,845,000	\$ 7,378,941	\$ 533,941
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 11,000	\$ 11,000	\$ 12,803	\$ 1,803
Other permits, privilege fees and regulatory licenses	325,000	325,000	268,527	(56,473)
Total permits, privilege fees and regulatory licenses	\$ 336,000	\$ 336,000	\$ 281,330	\$ (54,670)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 221,000	\$ 221,000	\$ 220,743	\$ (257)
Revenue from use of money and property:				
Interest on bank deposits	\$ 20,000	\$ 20,000	\$ 324,766	\$ 304,766
Concessions and rentals	172,000	172,000	217,419	45,419
Total revenue from use of money and property	\$ 192,000	\$ 192,000	\$ 542,185	\$ 350,185
Charges for services:				
Recreation fees	\$ 1,210,000	\$ 1,308,750	\$ 1,315,882	\$ 7,132
Police reimbursements	10,000	23,640	12,731	(10,909)
Shared mobility devices	-	-	27	27
Special service fees	180,000	180,000	146,718	(33,282)
Total charges for services	\$ 1,400,000	\$ 1,512,390	\$ 1,475,358	\$ (37,032)
Miscellaneous:				
Miscellaneous income	\$ 196,800	\$ 363,510	\$ 336,254	\$ (27,256)
Total revenue from local sources	\$ 22,074,800	\$ 22,353,900	\$ 23,084,893	\$ 730,993

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	\$ 780,000	\$ 780,000	\$ 740,784	\$ (39,216)
Rolling stock tax	200	200	144	(56)
Total non-categorical aid	\$ 780,200	\$ 780,200	\$ 740,928	\$ (39,272)
Categorical aid:				
Street and highway maintenance	\$ 1,920,000	\$ 2,495,000	\$ 2,503,297	\$ 8,297
Litter control	6,000	14,825	8,824	(6,001)
Law enforcement assistance	10,000	10,000	-	(10,000)
Public safety grants	418,200	460,300	460,652	352
Fire funds	64,000	64,000	66,091	2,091
Other	-	4,500	6,314	1,814
Total Categorical aid	\$ 2,418,200	\$ 3,048,625	\$ 3,045,178	\$ (3,447)
Total revenue from the Commonwealth	\$ 3,198,400	\$ 3,828,825	\$ 3,786,106	\$ (42,719)
Revenue from federal government:				
Categorical aid:				
Public safety grants	\$ 5,000	\$ 5,000	\$ 45,202	\$ 40,202
U.S. Forest Service grant	-	-	7,375	7,375
DMV grants	45,000	45,000	48,421	3,421
Total revenue from the federal government	\$ 50,000	\$ 50,000	\$ 100,998	\$ 50,998
Total General Fund	\$ 25,323,200	\$ 26,232,725	\$ 26,971,997	\$ 739,272
<u>Debt Service Fund:</u>				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 3,200,000	\$ 3,200,000	\$ 3,410,385	\$ 210,385
Transient occupancy tax	-	-	3,141	3,141
Total other local taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,413,526	\$ 213,526
Revenue from use of money and property:				
Interest on bank deposits	\$ 6,000	\$ 6,000	\$ 124,769	\$ 118,769
Miscellaneous:				
Miscellaneous income	\$ -	\$ -	\$ 150	\$ 150
Total revenue from local sources	\$ 3,206,000	\$ 3,206,000	\$ 3,538,445	\$ 332,445
Intergovernmental:				
Revenue from federal government:				
Build America Bonds interest subsidy	\$ 29,000	\$ 29,000	\$ 17,244	\$ (11,756)
Total Debt Service Fund	\$ 3,235,000	\$ 3,235,000	\$ 3,555,689	\$ 320,689
<u>Capital Projects Fund:</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ 2,400	\$ 780,401	\$ 778,001
Total revenue from use of money and property	\$ -	\$ 2,400	\$ 780,401	\$ 778,001
Miscellaneous:				
Other	\$ -	\$ 3,190,620	\$ 1,777,550	\$ (1,413,070)
Total miscellaneous	\$ -	\$ 3,190,620	\$ 1,777,550	\$ (1,413,070)
Total revenue from local sources	\$ -	\$ 3,193,020	\$ 2,557,951	\$ (635,069)

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>Capital Projects Fund: (continued)</u>				
Intergovernmental:				
Fairfax County - streets	\$ -	\$ -	\$ 952,078	\$ 952,078
Fairfax County - SLAF	-	54,000	109,647	55,647
Total Fairfax County	\$ -	\$ 54,000	\$ 1,061,725	\$ 1,007,725
Northern Virginia Transportation Authority	\$ -	\$ 143,380	\$ 119,422	\$ (23,958)
Revenue from the Commonwealth:				
VDOT grants	\$ -	\$ -	\$ 82,715	\$ 82,715
Revenue from federal government:				
Federal transit grants	\$ 217,920	\$ 535,920	\$ 992,990	\$ 457,070
Total Capital Projects Fund	\$ 217,920	\$ 3,926,320	\$ 4,814,803	\$ 888,483
<u>Special Revenue Funds:</u>				
<u>Stormwater Fund</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 32,992	\$ 32,992
Miscellaneous:				
Miscellaneous income	\$ 500	\$ 500	\$ 19,829	\$ 19,329
Total revenue from local sources	\$ 500	\$ 500	\$ 52,821	\$ 52,321
Intergovernmental:				
Fairfax County - stormwater tax	\$ 440,000	\$ 440,000	\$ 492,426	\$ 52,426
Total Stormwater Fund	\$ 440,500	\$ 440,500	\$ 545,247	\$ 104,747
<u>American Rescue Plan Fund</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 560,547	\$ 560,547
Intergovernmental:				
Revenue from federal government:				
American recovery plan	\$ -	\$ -	\$ 3,929,075	\$ 3,929,075
Total American Rescue Plan Fund	\$ -	\$ -	\$ 4,489,622	\$ 4,489,622
<u>Special Transportation Fund</u>				
Intergovernmental:				
Northern Virginia Transportation Authority	\$ -	\$ -	\$ 18,309	\$ 18,309
Total Special Revenue Funds	\$ 440,500	\$ 440,500	\$ 5,053,178	\$ 4,612,678
Total All Governmental Funds	\$ 29,216,620	\$ 33,834,545	\$ 40,395,667	\$ 6,561,122

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund:				
General Government Administration:				
Legislative:				
Town council	\$ 104,900	\$ 108,050	\$ 102,928	\$ 5,122
Boards and commissions	67,200	71,700	59,247	12,453
PEG project	555,540	704,450	246,040	458,410
Town clerk	324,990	365,240	330,921	34,319
Total legislative	\$ 1,052,630	\$ 1,249,440	\$ 739,136	\$ 510,304
General and Financial Administration:				
Town manager	\$ 436,700	\$ 436,700	\$ 448,782	\$ (12,082)
Human resources	545,180	611,310	543,482	67,828
Legal services	376,680	376,680	379,495	(2,815)
Financial administration	876,200	888,700	928,102	(39,402)
Disbursement operations	232,810	223,810	204,566	19,244
Risk management	549,320	548,840	528,152	20,688
Information technology	1,105,651	1,190,151	1,164,961	25,190
Purchasing	166,060	197,560	169,670	27,890
Revenue operations	479,780	488,780	487,231	1,549
Public information	503,050	528,050	497,644	30,406
Central services	67,740	74,440	90,127	(15,687)
Total general and financial administration	\$ 5,339,171	\$ 5,565,021	\$ 5,442,212	\$ 122,809
Total general government administration	\$ 6,391,801	\$ 6,814,461	\$ 6,181,348	\$ 633,113
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 1,010,680	\$ 1,033,810	\$ 901,637	\$ 132,173
Uniform patrol	2,669,220	2,676,700	3,090,438	(413,738)
Communications	1,304,990	1,314,800	1,319,919	(5,119)
Investigations	1,166,290	1,166,930	914,568	252,362
Community services	133,010	150,835	157,011	(6,176)
Traffic unit	742,100	747,620	751,903	(4,283)
Equipment replacement	127,986	127,986	127,986	-
Software maintenance contract	-	-	-	-
Gang task force	73,650	73,650	86,044	(12,394)
Other law enforcement and traffic control	-	5,780	254,703	(248,923)
Total law enforcement and traffic control	\$ 7,227,926	\$ 7,298,111	\$ 7,604,209	\$ (306,098)
Fire and rescue:				
Volunteer fire department	\$ 74,000	\$ 74,000	\$ 76,091	\$ (2,091)
Other protection:				
Personal property/animal control	\$ 112,070	\$ 112,070	\$ 118,742	\$ (6,672)
Total public safety	\$ 7,413,996	\$ 7,484,181	\$ 7,799,042	\$ (314,861)

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)
Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 1,147,000	\$ 1,180,375	\$ 1,240,548	\$ (60,173)
Street maintenance	1,690,220	2,416,320	2,149,776	266,544
Snow removal	245,960	202,970	13,729	189,241
Traffic engineering	430,100	516,720	434,143	82,577
Total maintenance of streets, highways, bridges, and sidewalks	\$ 3,513,280	\$ 4,316,385	\$ 3,838,196	\$ 478,189
Sanitation and waste removal:				
Sanitation	\$ 2,167,190	\$ 2,181,610	\$ 2,232,362	\$ (50,752)
Fall/spring cleanup - leaf collection and other	136,600	141,990	146,767	(4,777)
Total sanitation and waste removal	\$ 2,303,790	\$ 2,323,600	\$ 2,379,129	\$ (55,529)
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,453,780	\$ 1,485,440	\$ 1,250,699	\$ 234,741
Maintenance equipment	1,094,014	1,547,494	134,260	1,413,234
Maintenance of buildings and grounds	1,445,270	1,556,690	1,399,615	157,075
Total maintenance of buildings and grounds	\$ 3,993,064	\$ 4,589,624	\$ 2,784,574	\$ 1,805,050
Total public works	\$ 9,810,134	\$ 11,229,609	\$ 9,001,899	\$ 2,227,710
Health and Welfare:				
Welfare/Social Services:				
Property tax relief programs	\$ 328,640	\$ 286,440	\$ 268,882	\$ 17,558
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 933,055	\$ 927,945	\$ 1,067,503	\$ (139,558)
Parks and recreation programs	623,680	727,320	718,461	8,859
General maintenance	1,574,920	1,762,960	1,740,700	22,260
Community center	790,360	840,640	886,596	(45,956)
Special events	180,550	204,785	173,795	30,990
Annex	-	50,500	37,127	13,373
Teen Center	242,360	242,860	248,861	(6,001)
Historic preservation	31,000	37,290	31,288	6,002
Total parks and recreation	\$ 4,375,925	\$ 4,794,300	\$ 4,904,331	\$ (110,031)
Community Development:				
Planning and community development:				
Planning and zoning	\$ 1,368,970	\$ 1,403,630	\$ 1,106,490	\$ 297,140
Community development	332,690	376,690	344,416	32,274
Various contributions	16,550	21,050	21,050	-
Total planning and community development	\$ 1,718,210	\$ 1,801,370	\$ 1,471,956	\$ 329,414
Debt Service:				
Principal retirement	\$ 67,783	\$ 67,783	\$ 207,783	\$ (140,000)
Interest and fiscal charges	4,251	4,251	38,570	(34,319)
Total debt service	\$ 72,034	\$ 72,034	\$ 246,353	\$ (174,319)
Total General Fund	\$ 30,110,740	\$ 32,482,395	\$ 29,873,811	\$ 2,608,584

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)
Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	\$ 4,174,230	\$ 4,174,230	\$ 3,744,000	\$ 430,230
Interest and fiscal charges	2,249,640	2,249,640	1,914,362	335,278
Total Debt Service Fund	<u>\$ 6,423,870</u>	<u>\$ 6,423,870</u>	<u>\$ 5,658,362</u>	<u>\$ 765,508</u>
<u>Capital Projects Fund:</u>				
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 1,117,644	\$ (1,117,644)
Equipment system project	-	-	626,834	(626,834)
Sidewalk, curb, and gutter projects	-	-	2,306,434	(2,306,434)
Water and sewer projects	-	-	1,119,968	(1,119,968)
Street improvement projects	-	-	1,131,732	(1,131,732)
Stormwater projects	-	-	268,681	(268,681)
Parks projects	-	-	236,068	(236,068)
Other capital projects and administration	-	-	1,937,422	(1,937,422)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,744,783</u>	<u>\$ (8,744,783)</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,744,783</u>	<u>\$ (8,744,783)</u>
<u>Special Revenue Funds:</u>				
<u>American Rescue Plan Fund</u>				
General Government Administration:				
General and Financial Administration:				
Information technology	\$ -	\$ -	\$ 49,809	\$ (49,809)
Financial administration	-	-	550,985	(550,985)
Total general government administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,794</u>	<u>\$ (600,794)</u>
Public Safety:				
Law enforcement and traffic control:				
Other public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,610</u>	<u>\$ (558,610)</u>
Public Works:				
Other public works	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,161</u>	<u>\$ (160,161)</u>
Parks, Recreation, and Cultural:				
Parks and recreation:				
Parks and recreation equipment	\$ -	\$ -	\$ 149,041	\$ (149,041)
Other parks and recreation	-	-	88,883	(88,883)
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,924</u>	<u>\$ (237,924)</u>
Community Development:				
Planning and community development:				
Community development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ (200,000)</u>
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 18,830	\$ (18,830)
Parks projects	-	-	39,428	(39,428)
Water and sewer projects	-	-	2,385,071	(2,385,071)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,443,329</u>	<u>\$ (2,443,329)</u>
Debt Service:				
Principal retirement	\$ -	\$ -	\$ 134,362	\$ (134,362)
Interest and fiscal charges	-	-	12,289	(12,289)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,651</u>	<u>\$ (146,651)</u>
Total American Rescue Plan Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,347,469</u>	<u>\$ (4,347,469)</u>
<u>Stormwater Fund</u>				
Public Works:				
Stormwater	<u>\$ 516,420</u>	<u>\$ 642,630</u>	<u>\$ 462,075</u>	<u>\$ 180,555</u>
Total Special Revenue Funds	<u>\$ 516,420</u>	<u>\$ 642,630</u>	<u>\$ 4,809,544</u>	<u>\$ (4,166,914)</u>
Total All Governmental Funds	<u>\$ 37,051,030</u>	<u>\$ 39,548,895</u>	<u>\$ 49,086,500</u>	<u>\$ (9,537,605)</u>

- Statistical Section -

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

TOWN OF VIENNA, VIRGINIA

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

	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 33,760,786	\$ 32,229,231	\$ 38,894,331	\$ 44,195,940	\$ 49,536,591
Restricted	1,369,520	1,678,433	1,875,915	2,063,297	2,312,174
Unrestricted	15,163,500	4,763,891	7,963,012	5,468,424	(1,585,617)
Total governmental activities net position	<u>\$ 50,293,806</u>	<u>\$ 38,671,555</u>	<u>\$ 48,733,258</u>	<u>\$ 51,727,661</u>	<u>\$ 50,263,148</u>
Business-type activities:					
Net investment in capital assets	\$ 7,981,491	\$ 9,358,019	\$ 9,846,088	\$ 11,096,338	\$ 12,774,095
Unrestricted	(18,296)	(592,683)	(474,233)	(1,202,211)	(812,487)
Total business-type activities net position	<u>\$ 7,963,195</u>	<u>\$ 8,765,336</u>	<u>\$ 9,371,855</u>	<u>\$ 9,894,127</u>	<u>\$ 11,961,608</u>
Primary government:					
Net investment in capital assets	\$ 41,742,277	\$ 41,587,250	\$ 48,740,419	\$ 55,292,278	\$ 59,763,687
Restricted	1,369,520	1,678,433	1,875,915	2,063,297	2,312,174
Unrestricted	15,145,204	4,171,208	7,488,779	4,266,213	148,895
Total primary government net position	<u>\$ 58,257,001</u>	<u>\$ 47,436,891</u>	<u>\$ 58,105,113</u>	<u>\$ 61,621,788</u>	<u>\$ 62,224,756</u>

A In the 2023, 2022, 2021, 2020, 2019 and 2018 columns the sum of the columns does not equal the Total column by a difference of \$9,561,346, \$9,337,533, \$4,603,296, \$2,206,862, \$2,377,736 and \$2,546,999, respectively, because 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.

TOWN OF VIENNA, VIRGINIA

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

	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 49,860,620	\$ 47,367,126	\$ 50,536,605	\$ 52,904,137	\$ 58,701,481
Restricted	2,378,860	2,493,232	1,866,171	1,300,826	1,412,160
Unrestricted	(1,061,021)	(3,168,511)	(7,355,980)	(11,196,531)	(12,358,478)
Total governmental activities net position	<u>\$ 51,178,459</u>	<u>\$ 46,691,847</u>	<u>\$ 45,046,796</u>	<u>\$ 43,008,432</u>	<u>\$ 47,755,163</u>
Business-type activities:					
Net investment in capital assets	\$ 12,558,317	\$ 17,294,154	\$ 19,065,941	\$ 23,978,227	\$ 26,951,290
Unrestricted	(1,028,482)	(384,349)	(1,663)	855,946	(9,218)
Total business-type activities net position	<u>\$ 11,529,835</u>	<u>\$ 16,909,805</u>	<u>\$ 19,064,278</u>	<u>\$ 24,834,173</u>	<u>\$ 26,942,072</u>
Primary government:					
Net investment in capital assets	\$ 60,041,201	\$ 62,454,418	\$ 64,999,250	\$ 67,544,831	\$ 76,091,425
Restricted	2,378,860	2,493,232	1,866,171	1,300,826	1,412,160
Unrestricted	288,233	(1,345,998)	(2,754,347)	(1,003,052)	(2,806,350)
Total primary government net position	<u>\$ 62,708,294</u>	<u>\$ 63,601,652</u>	<u>\$ 64,111,074</u>	<u>\$ 67,842,605</u>	<u>\$ 74,697,235</u>

A. In the 2023, 2022, 2021, 2020, 2019 and 2018 columns the sum of the columns does not equal the Total column by a difference of \$9,561,346, \$9,337,533, \$4,603,296, \$2,206,862, \$2,377,736 and \$2,546,999, respectively, because 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.

TOWN OF VIENNA, VIRGINIA

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

	2014	2015	2016	2017	2018
Expenses:					
Governmental Activities:					
General government administration	\$ 4,356,498	\$ 4,599,322	\$ 4,922,997	\$ 5,094,803	\$ 5,170,292
Public safety	7,415,110	6,815,222	7,052,929	7,363,849	7,382,560
Public works	10,311,313	10,217,103	8,917,396	10,566,449	9,060,173
Health and welfare	240,913	236,811	240,410	232,186	222,844
Parks, recreation and cultural	3,110,412	3,271,954	3,040,826	3,100,416	3,487,948
Community development	857,727	665,881	781,494	850,738	931,277
Interest on long-term debt	596,719	479,678	707,242	473,480	649,611
Total governmental activities expenses	\$ 26,888,692	\$ 26,285,971	\$ 25,663,294	\$ 27,681,921	\$ 26,904,705
Business type activities:					
Water and sewer	5,907,863	5,713,223	6,096,402	7,022,326	6,897,356
Total business type activities expenses	\$ 32,796,555	\$ 31,999,194	\$ 31,759,696	\$ 34,704,247	\$ 33,802,061
Program Revenues:					
Governmental Activities:					
Charges for services					
General government	\$ 27,895	\$ 27,620	\$ 35,896	\$ 40,719	\$ 32,774
Public safety	629,143	641,051	613,564	651,247	675,194
Parks, recreation and cultural	763,033	737,297	536,163	501,214	708,138
Operating grants and contributions	3,157,284	3,018,343	3,194,985	3,108,013	3,089,273
Capital grants and contributions	866,348	2,209,526	8,394,653	4,102,140	2,567,709
Total governmental activities program revenues	\$ 5,443,703	\$ 6,633,837	\$ 12,775,261	\$ 8,403,333	\$ 7,073,088
Business type activities:					
Water and sewer					
Charges for services	\$ 6,985,412	\$ 7,018,076	\$ 6,902,605	\$ 7,386,960	\$ 7,526,619
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	264,630	213,405	486,400	-
Total business type activities	\$ 6,985,412	\$ 7,282,706	\$ 7,116,010	\$ 7,873,360	\$ 7,526,619
Total business type activities revenues	\$ 12,429,115	\$ 13,916,543	\$ 19,891,271	\$ 16,276,693	\$ 14,599,707
Net (expenses)/revenues	\$ (20,367,440)	\$ (18,082,651)	\$ (11,868,425)	\$ (18,427,554)	\$ (19,202,354)
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
General real property taxes	\$ 9,217,757	\$ 9,820,079	\$ 10,174,969	\$ 10,621,309	\$ 10,956,206
Local sales and use taxes	1,350,263	1,465,129	1,484,216	1,425,248	1,455,924
Consumer utility taxes	667,116	668,218	659,320	654,778	704,729
Business license taxes	2,329,139	2,334,987	2,221,072	2,258,387	2,263,860
Meals and lodging taxes	2,263,450	2,339,686	2,520,856	2,691,356	2,811,930
Other	1,725,943	2,170,698	2,434,700	2,174,391	2,228,670
Grants and contributions not restricted to specific programs	1,074,053	1,064,604	1,033,119	1,008,803	976,521
Unrestricted revenues from the use of money and property	214,818	265,103	179,769	215,206	448,227
Miscellaneous	350,451	799,340	1,560,383	565,965	374,350
Transfers	904,819	(235,961)	681,332	657,548	(1,284,325)
Total governmental activities general revenues	\$ 20,097,809	\$ 20,691,883	\$ 22,949,736	\$ 22,272,991	\$ 20,936,092
Business type activities:					
Interest revenue	\$ 2,116	\$ 3,240	\$ 6,029	\$ 8,997	\$ 15,181
Miscellaneous	318,019	255,595	262,214	319,789	344,566
Transfers	(904,819)	235,961	(681,332)	(657,548)	1,284,325
Total business-type activities general revenues	\$ (584,684)	\$ 494,796	\$ (413,089)	\$ (328,762)	\$ 1,644,072
Total general revenues	\$ 19,513,125	\$ 21,186,679	\$ 22,536,647	\$ 21,944,229	\$ 22,580,164
Changes in net position:					
Governmental activities	\$ (1,347,180)	\$ 1,039,749	\$ 10,061,703	\$ 2,994,403	\$ 1,104,475
Business-type activities	492,865	2,064,279	606,519	522,272	2,273,335
Total changes in net position	\$ (854,315)	\$ 3,104,028	\$ 10,668,222	\$ 3,516,675	\$ 3,377,810

TOWN OF VIENNA, VIRGINIA

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

	2019	2020	2021	2022	2023
Expenses:					
Governmental Activities:					
General government administration	\$ 5,323,098	\$ 6,116,160	\$ 5,965,161	\$ 6,395,116	\$ 6,791,896
Public safety	7,751,329	8,690,013	9,395,963	6,733,762	7,972,360
Public works	11,142,853	11,391,564	12,654,313	12,004,711	11,859,759
Health and welfare	223,435	228,923	203,489	235,124	268,882
Parks, recreation and cultural	4,207,487	4,280,640	4,214,642	4,773,948	5,956,903
Community development	947,650	1,157,327	1,592,192	1,440,039	1,576,547
Interest on long-term debt	647,891	1,038,805	1,377,136	1,380,741	1,304,421
Total governmental activities expenses	\$ 30,243,743	\$ 32,903,432	\$ 35,402,896	\$ 32,963,441	\$ 35,730,768
Business type activities:					
Water and sewer	6,761,477	7,255,353	8,241,604	8,025,862	8,626,708
Total business type activities expenses	\$ 37,005,220	\$ 40,158,785	\$ 43,644,500	\$ 40,989,303	\$ 44,357,476
Program Revenues:					
Governmental Activities:					
Charges for services					
General government	\$ 50,037	\$ 57,881	\$ 112,980	\$ 387,559	\$ 344,362
Public safety	583,858	614,351	568,937	573,269	514,804
Parks, recreation and cultural	1,008,272	472,062	561,547	945,076	1,315,882
Operating grants and contributions	3,216,847	3,973,147	4,772,497	2,883,091	7,601,959
Capital grants and contributions	1,510,991	2,040,786	2,001,159	464,954	2,275,161
Total governmental activities program revenues	\$ 6,370,005	\$ 7,158,227	\$ 8,017,120	\$ 5,253,949	\$ 12,052,168
Business type activities:					
Water and sewer					
Charges for services	\$ 7,813,703	\$ 9,026,933	\$ 10,427,752	\$ 10,289,167	\$ 10,401,465
Operating grants and contributions	-	-	39,836	28,312	1,904
Capital grants and contributions	-	2,382,018	2,215,138	2,743,732	8,870
Total business type activities	\$ 7,813,703	\$ 11,408,951	\$ 12,682,726	\$ 13,061,211	\$ 10,412,239
Total business type activities revenues	\$ 14,183,708	\$ 18,567,178	\$ 20,699,846	\$ 18,315,160	\$ 22,464,407
Net (expenses)/revenues	\$ (22,821,512)	\$ (21,591,607)	\$ (22,944,654)	\$ (22,674,143)	\$ (21,893,069)
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
General real property taxes	\$ 11,440,251	\$ 11,901,178	\$ 12,399,982	\$ 12,790,006	\$ 12,844,193
Local sales and use taxes	1,493,524	1,513,816	1,612,119	1,850,910	1,894,078
Consumer utility taxes	684,098	669,780	660,411	661,544	670,241
Business license taxes	2,389,726	2,390,002	2,470,633	2,635,973	2,846,088
Meals and lodging taxes	2,829,794	2,476,476	2,613,474	3,331,812	3,410,385
Other	2,171,053	2,041,947	1,993,449	1,993,937	1,971,675
Grants and contributions not restricted to specific programs	905,984	885,298	786,379	763,058	740,928
Unrestricted revenues from the use of money and property	832,700	702,895	197,964	(132,729)	1,843,277
Miscellaneous	217,698	227,588	374,207	2,175,286	2,133,783
Transfers	1,824,221	(876,133)	2,632,107	(398,669)	70,683
Total governmental activities general revenues	\$ 24,789,049	\$ 21,932,847	\$ 25,740,725	\$ 25,671,128	\$ 28,425,331
Business type activities:					
Interest revenue	\$ 19,252	\$ 11,414	\$ 1,250	\$ 3,138	\$ 33,829
Miscellaneous	320,970	338,825	344,208	332,739	359,222
Transfers	(1,824,221)	876,133	(2,632,107)	398,669	(70,683)
Total business-type activities general revenues	\$ (1,483,999)	\$ 1,226,372	\$ (2,286,649)	\$ 734,546	\$ 322,368
Total general revenues	\$ 23,305,050	\$ 23,159,219	\$ 23,454,076	\$ 26,405,674	\$ 28,747,699
Changes in net position:					
Governmental activities	\$ 915,311	\$ (3,812,358)	\$ (1,645,051)	\$ (2,038,364)	\$ 4,746,731
Business-type activities	(431,773)	5,379,970	2,154,473	5,769,895	2,107,899
Total changes in net position	\$ 483,538	\$ 1,567,612	\$ 509,422	\$ 3,731,531	\$ 6,854,630

Table 3

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Property Tax	Local Sales Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses	Meals & Lodging Taxes	Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
2023	\$ 12,844,193	\$ 1,894,078	\$ 670,241	\$ 2,846,088	\$ 3,410,385	\$ 403,562	\$ 998,164	\$ 206,835	\$ 363,114	\$ 23,636,660
2022	12,790,006	1,850,910	661,544	2,635,973	3,331,812	387,615	998,962	218,293	389,067	23,264,182
2021	12,399,982	1,612,119	660,411	2,470,633	2,613,474	389,250	981,454	207,033	415,712	21,750,068
2020	11,901,178	1,513,816	669,780	2,390,002	2,476,476	403,875	996,631	185,378	456,063	20,993,199
2019	11,440,251	1,493,524	684,098	2,389,726	2,829,794	395,429	1,114,289	206,304	455,031	21,008,446
2018	10,956,206	1,455,924	704,729	2,263,860	2,811,930	392,166	1,127,691	242,497	466,316	20,421,319
2017	10,621,309	1,425,248	654,778	2,258,387	2,691,356	364,648	1,100,576	233,877	475,290	19,825,469
2016	10,174,969	1,484,216	659,320	2,221,072	2,520,856	383,469	1,416,573	249,175	385,483	19,495,133
2015	9,820,079	1,465,129	668,218	2,334,987	2,339,686	368,070	1,153,976	262,035	386,617	18,798,797
2014	9,217,757	1,350,263	667,116	2,329,139	2,263,450	354,312	697,798	302,198	371,635	17,553,668

Table 4

TOWN OF VIENNA, VIRGINIA

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 130,424	\$ 245,742	\$ 108,149	\$ 111,338	\$ 124,235	\$ 125,657	\$ 347,016	\$ 299,590	\$ 307,066	\$ 457,333
Restricted	497,367	621,991	798,241	1,020,573	1,165,496	1,081,000	1,129,186	1,058,583	364,000	405,900
Committed	1,593,542	1,508,479	1,620,960	1,406,460	1,280,000	805,900	702,000	557,500	2,025,000	701,600
Assigned	1,918,210	2,042,064	1,183,920	1,258,241	1,420,495	1,560,100	1,774,800	2,997,500	2,338,000	2,149,100
Unassigned	4,243,138	4,768,169	4,447,066	4,469,240	4,578,960	4,849,670	4,467,908	4,778,490	5,433,759	5,664,359
Total General Fund	<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>	<u>\$ 9,691,663</u>	<u>\$ 10,467,825</u>	<u>\$ 9,378,292</u>
Debt Service Fund:										
Nonspendable	\$ 327,000	\$ -	\$ -	\$ -	\$ 182,678	\$ -	\$ 182,678	\$ 27,368	\$ -	\$ -
Assigned	4,601,551	4,922,622	6,348,055	6,696,150	7,261,003	7,994,987	8,059,245	6,816,695	6,589,837	6,371,764
Total Debt Service Fund	<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>	<u>\$ 6,844,063</u>	<u>\$ 6,589,837</u>	<u>\$ 6,371,764</u>
Capital Projects Fund:										
Assigned	\$ 12,678,854	\$ 8,820,174	\$ 10,830,402	\$ 3,378,467	\$ 7,091,714	\$ 4,803,048	\$ 35,973,203	\$ 23,208,464	\$ 16,392,272	\$ 12,480,601
Total Capital Projects Fund	<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>\$ 23,208,464</u>	<u>\$ 16,392,272</u>	<u>\$ 12,480,601</u>
Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 2,138	\$ 876
Restricted	872,153	1,056,442	1,077,674	1,042,724	1,146,678	1,297,860	1,364,046	807,588	936,826	1,006,260
Assigned	-	-	-	-	-	-	-	-	-	424,408
Unassigned	-	-	-	-	-	-	-	-	(136,139)	-
Total Other Governmental Funds	<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>	<u>\$ 812,088</u>	<u>\$ 802,825</u>	<u>\$ 1,431,544</u>

TOWN OF VIENNA, VIRGINIA

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

	2014	2015	2016	2017	2018
Revenues:					
General property taxes	\$ 9,210,898	\$ 9,824,996	\$ 10,149,056	\$ 10,622,903	\$ 10,947,071
Other local taxes	8,335,911	8,978,718	9,320,164	9,204,160	9,465,113
Permits, privilege fees and regulatory licenses	171,876	195,316	268,314	249,733	314,866
Fines and forfeitures	438,510	429,366	331,935	368,135	340,103
Revenue from use of money and property	214,818	265,103	179,769	215,206	448,227
Charges for services	809,685	781,286	585,374	575,312	761,137
Miscellaneous	350,451	799,340	1,560,383	565,965	374,350
Intergovernmental	5,097,685	6,292,473	10,272,286	8,218,956	6,633,503
Total revenues	\$ 24,629,834	\$ 27,566,598	\$ 32,667,281	\$ 30,020,370	\$ 29,284,370
Expenditures:					
Current:					
General government administration	\$ 4,462,089	\$ 4,505,608	\$ 4,676,681	\$ 4,635,247	\$ 4,792,803
Public safety	7,262,830	6,867,167	7,014,272	6,994,087	7,237,225
Public works	7,381,367	7,063,724	7,436,218	7,997,698	7,595,087
Health and welfare	240,455	236,416	239,830	232,186	222,844
Parks, recreation, and cultural	2,903,353	2,946,390	3,083,069	2,832,486	3,247,183
Community development	851,558	711,077	784,698	840,890	955,082
Capital projects	2,230,105	5,111,855	12,072,085	11,431,288	5,716,079
Debt service:					
Principal retirement	3,513,686	2,801,394	2,490,860	2,722,249	2,536,253
Interest and other fiscal charges	675,999	533,590	484,952	641,061	583,034
Total expenditures	\$ 29,521,442	\$ 30,777,221	\$ 38,282,665	\$ 38,327,192	\$ 32,885,590
Excess (deficiency) of revenues over (under) expenditures	\$ (4,891,608)	\$ (3,210,623)	\$ (5,615,384)	\$ (8,306,822)	\$ (3,601,220)
Other financing sources (uses):					
Issuance of notes payable	\$ 619,455	\$ 570,028	\$ 700,000	\$ 518,000	\$ 605,900
Long term debt issued	7,896,613	-	6,180,000	-	7,900,000
Premium on issuance of long-term obligations	-	-	482,836	-	1,347,711
Transfers in	1,313,015	1,265,748	3,573,591	3,423,690	2,501,306
Transfers out	(408,196)	(1,501,709)	(2,892,259)	(2,766,142)	(3,785,631)
Total other financing sources (uses)	\$ 9,420,887	\$ 334,067	\$ 8,044,168	\$ 1,175,548	\$ 8,569,286
Net changes in fund balances	\$ 4,529,279	\$ (2,876,556)	\$ 2,428,784	\$ (7,131,274)	\$ 4,968,066
Debt service as a percentage of noncapital expenditures	16.59%	13.20%	11.59%	12.27%	11.69%

TOWN OF VIENNA, VIRGINIA

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

	2019	2020	2021	2022	2023
Revenues:					
General property taxes	\$ 11,419,658	\$ 11,883,932	\$ 12,433,849	\$ 12,801,701	\$ 12,850,082
Other local taxes	9,568,195	9,092,021	9,350,086	10,474,176	10,792,467
Permits, privilege fees and regulatory licenses	261,427	332,230	426,740	384,904	281,330
Fines and forfeitures	314,291	265,581	131,466	181,325	220,743
Revenue from use of money and property	832,700	712,497	197,964	51,929	2,040,894
Charges for services	1,066,449	546,483	685,258	1,155,017	1,475,358
Miscellaneous	217,698	229,088	374,207	2,175,286	2,133,783
Intergovernmental	5,633,822	7,182,013	7,560,035	4,111,103	10,601,010
Total revenues	\$ 29,314,240	\$ 30,243,845	\$ 31,159,605	\$ 31,335,441	\$ 40,395,667
Expenditures:					
Current:					
General government administration	\$ 5,009,749	\$ 5,247,613	\$ 5,216,985	\$ 6,056,334	\$ 6,782,142
Public safety	7,548,576	8,147,418	8,532,107	7,042,355	8,357,652
Public works	8,213,478	8,291,597	7,492,304	7,511,119	9,624,135
Health and welfare	223,435	228,923	203,489	235,124	268,882
Parks, recreation, and cultural	3,506,683	3,507,136	3,087,274	4,231,153	5,142,255
Community development	977,784	1,099,505	1,460,247	1,504,302	1,671,956
Capital projects	4,037,830	6,027,362	15,040,483	17,915,721	11,188,112
Debt service:					
Principal retirement	3,057,558	3,064,655	4,144,037	3,656,630	4,086,145
Interest and other fiscal charges	886,805	845,334	1,827,148	1,767,624	1,965,221
Total expenditures	\$ 33,461,898	\$ 36,459,543	\$ 47,004,074	\$ 49,920,362	\$ 49,086,500
Excess (deficiency) of revenues over (under) expenditures	\$ (4,147,658)	\$ (6,215,698)	\$ (15,844,469)	\$ (18,584,921)	\$ (8,690,833)
Other financing sources (uses):					
Issuance of notes payable	\$ 590,400	\$ 834,200	\$ 450,000	\$ -	\$ -
Long term debt issued	-	34,500,000	-	11,495,000	524,553
Premium on issuance of long-term obligations	-	3,239,491	-	1,185,071	-
Transfers in	2,995,339	2,854,429	3,354,120	3,645,326	4,102,909
Transfers out	(1,171,118)	(3,730,562)	(722,013)	(4,043,995)	(527,187)
Total other financing sources (uses)	\$ 2,414,621	\$ 37,697,558	\$ 3,082,107	\$ 12,281,402	\$ 4,100,275
Net changes in fund balances	\$ (1,733,037)	\$ 31,481,860	\$ (12,762,362)	\$ (6,303,519)	\$ (4,590,558)
Debt service as a percentage of noncapital expenditures	13.12%	12.73%	17.70%	15.96%	15.30%

Table 6

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	Motor Vehicle License	Bank Franchise	Tobacco	Other Taxes	Total
2023	\$12,850,082	\$1,894,078	\$ 670,241	\$ 2,846,088	\$3,410,385	\$403,562	\$ 998,164	\$ 206,835	\$ 363,114	\$23,642,549
2022	12,801,701	1,850,910	661,544	2,635,973	3,331,812	387,615	998,962	218,293	389,067	23,275,877
2021	12,433,849	1,612,119	660,411	2,470,633	2,613,474	389,250	981,454	207,033	415,712	21,783,935
2020	11,883,932	1,513,816	669,780	2,390,002	2,476,476	403,875	996,631	185,378	456,063	20,975,953
2019	11,419,658	1,493,524	684,098	2,389,726	2,829,794	395,429	1,114,289	206,304	455,031	20,987,853
2018	10,947,071	1,455,924	704,729	2,263,860	2,811,930	392,166	1,127,691	242,497	466,316	20,412,184
2017	10,622,903	1,425,248	654,778	2,258,387	2,691,356	364,648	1,100,576	233,877	475,290	19,827,063
2016	10,149,056	1,484,216	659,320	2,221,072	2,520,856	383,469	1,416,573	249,175	385,483	19,469,220
2015	9,824,996	1,465,129	668,218	2,334,987	2,339,686	368,070	1,153,976	262,035	386,617	18,803,714
2014	9,210,898	1,350,263	667,116	2,329,139	2,263,450	354,312	697,798	302,198	371,635	17,546,809

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	
2023	\$ 6,356,538,490	\$ 6,356,538,490	0.2050	\$ 54,099,669	\$ 54,099,669	\$ 6,410,638,159	\$ 6,410,638,159	100%
2022	5,626,187,990	5,626,187,990	0.2225	53,028,003	53,028,003	5,679,215,993	5,679,215,993	100%
2021	5,401,153,810	5,401,153,810	0.2250	49,505,456	49,505,456	5,450,659,266	5,450,659,266	100%
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	35,775,929	3,975,151,189	3,975,151,189	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 \$6,356,538,490 is the assessed valuation effective January 1, 2022, which was used as a basis for billing taxes in the fiscal year 2022-2023.

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

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

(1) Does not include abatements and adjustments.

Table 8

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Town of Vienna	County of Fairfax	Total Tax Rate
2023	0.2050	1.110	1.3150
2022	0.2225	1.140	1.3625
2021	0.2250	1.150	1.3750
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

(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 2023			Fiscal Year 2014		
		2022 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2013 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union		\$ 188,271,490	1	2.96%	\$ 143,170,700	1	3.63%
GI TC 801 Follin Lane	(1)	73,625,250	2	1.16%	87,071,270	2	2.21%
Vienna Park LLC		53,807,790	3	0.85%	33,383,330	3	0.85%
GRI Maple Avenue LLC	(2)	42,531,700	4	0.67%	31,808,280	4	0.81%
CS Vienna LLC		39,180,070	5	0.62%	-	N/A	N/A
Vienna Shopping Center, LP		35,734,200	6	0.56%	20,595,360	5	0.52%
P. Daniel & Diana S. Orlich		20,378,300	7	0.32%	17,255,050	7	0.44%
Westwood Country Club		19,276,750	8	0.30%	10,228,470	11	0.26%
Sunrise of Vienna Propco		18,567,050	9	0.29%	-	N/A	N/A
JDC 225 Maple LLC	(3)	17,223,960	10	0.27%	10,127,340	12	0.26%
Frank Zafren & Alec Jacobson, Tr.		16,397,010	11	0.26%	15,556,210	8	0.39%
BFH Danor Plaza		13,984,410	12	0.22%	10,739,210	10	0.27%
Vienna Car Wash LLC		13,514,140	13	0.21%	-	N/A	N/A
GRI Cedar Park LLC		11,908,150	14	0.19%	12,397,910	9	0.31%
Swart Vienna LLC		11,445,620	15	0.18%	9,375,740	13	0.24%
Jades Enterprise		-	19	0.00%	7,067,610	15	0.18%
Cubesmart L P	(4)	-	N/A	N/A	8,166,430	14	0.21%
Maryland Gardens Ltd. Partnership		-	N/A	N/A	20,515,800	6	0.52%
Total		\$ <u>575,845,890</u>		<u>9.06%</u>	\$ <u>437,458,710</u>		<u>11.10%</u>

(1) Name change to Transwestern Goldstar LLC in 2007

Name change to GI TC Follin Lane LLC in 2013

(2) Ownership change from Maple Avenue Shopping in 2018

(3) Ownership change from Walgreen Company 2014

Ownership change from AN WG Vienna LP in 2015

Ownership change from JBG Vienna Retail Center 2021

Ownership change from W P Capital Partners LLC 2022

(4) Name change from Storage Partners of Vienna in 2014

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
2023	\$ 12,677,352	\$ 12,666,556	99.91%	\$ -	\$ 12,666,556	99.91%
2022	12,598,082	12,583,005	99.88%	11,124	12,594,128	99.97%
2021	12,215,296	12,191,656	99.81%	14,092	12,205,748	99.92%
2020	11,710,930	11,682,090	99.76%	21,374	11,703,464	99.94%
2019	11,274,409	11,247,336	99.76%	21,574	11,268,910	99.95%
2018	10,784,780	10,765,285	99.82%	16,957	10,782,242	99.98%
2017	10,459,537	10,440,600	99.78%	15,989	10,456,589	99.97%
2016	9,968,163	9,946,258	99.78%	18,985	9,965,243	99.97%
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%	14,717	9,017,093	100.00%

Notes: (1) Penalties and interest not included

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	Leases and Subscriptions	Notes Payable- Equipment Financing	Bonds/ Notes	Notes Payable- Equipment Financing			
2023	\$61,340,849	\$532,200	\$442,010	\$2,915,072	\$6,279	\$65,236,410	4.63%	3,818
2022	65,362,623	209,792	919,010	1,878,909	75,404	68,445,738	5.68%	4,034
2021	56,204,488	-	1,541,283	3,658,000	169,397	61,573,168	5.11%	3,629
2020	60,066,263	-	1,903,320	2,494,765	309,749	64,774,097	5.61%	3,825
2019	25,029,039	-	1,666,775	3,820,065	415,201	30,931,080	3.43%	1,861
2018	27,731,112	-	1,671,933	2,468,446	294,645	32,166,136	3.78%	1,927
2017	20,503,862	-	1,665,286	3,253,262	268,496	25,690,906	2.84%	1,545
2016	22,857,586	-	1,610,535	1,358,000	150,985	25,977,106	2.87%	1,560
2015	18,081,026	-	1,546,395	1,468,000	214,508	21,309,929	2.35%	1,278
2014	20,304,489	-	1,587,761	1,576,000	132,398	23,600,648	2.60%	1,412

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

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

Table 12

TOWN OF VIENNA, VIRGINIA

**Computation of Direct and Overlapping Bonded Debt -
General Obligation Bonds
At June 30, 2023**

	Net Bonded Debt Outstanding	Percentage Applicable to this Governmental Unit	Share of Debt
Direct Debt:			
Town of Vienna			
General Bonded Debt	\$ 62,313,769	100.00%	\$ 62,313,769
Overlapping Debt: (1)			
County of Fairfax			
General Bonded Debt	<u>2,719,585,203</u>	2.32%	<u>63,178,421</u>
Total direct and overlapping debt	\$ <u>2,781,898,972</u>		\$ <u>125,492,190</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.

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)
2023	\$ 62,313,769	\$ -	\$ 62,313,769	0.98%	3,646.64
2022	66,579,701	-	66,579,701	1.18%	3,924.30
2021	59,862,488	-	59,862,488	1.11%	3,528.38
2020	62,561,028	-	62,561,028	1.20%	3,694.40
2019	28,849,104	-	28,849,104	0.58%	1,736.02
2018	30,199,558	-	30,199,558	0.63%	1,809.55
2017	23,757,124	-	23,757,124	0.51%	1,428.57
2016	24,215,586	-	24,215,586	0.55%	1,454.39
2015	19,549,026	-	19,549,026	0.47%	1,172.29
2014	21,880,489	-	21,880,489	0.56%	1,308.64

(1) Includes all long-term general obligation bonded debt.

(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

Table 14

TOWN OF VIENNA, VIRGINIA

Legal Debt Margin Information
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 412,218,932	\$ 389,989,663	\$ 457,199,173	\$ 457,199,173	\$ 492,898,364	\$ 517,317,979	\$ 537,037,052	\$ 558,535,160	\$ 582,124,336	\$ 614,004,793
Total net debt applicable to limit	21,880,489	19,549,026	24,215,586	23,757,124	30,199,558	28,849,104	62,561,028	59,862,488	66,579,701	62,313,769
Legal debt margin	<u>\$ 390,338,443</u>	<u>\$ 370,440,637</u>	<u>\$ 432,983,587</u>	<u>\$ 433,442,049</u>	<u>\$ 462,698,806</u>	<u>\$ 488,468,875</u>	<u>\$ 474,476,024</u>	<u>\$ 498,672,672</u>	<u>\$ 515,544,635</u>	<u>\$ 551,691,024</u>
Total net debt applicable to the limit as a percentage of debt limit	5.31%	5.01%	5.30%	5.20%	6.13%	5.58%	11.65%	10.72%	11.44%	10.15%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 6,356,538,490
Add back: exempt real property	216,490,560
Total assessed value	<u>6,140,047,930</u>
Debt limit (10% of total assessed value)	\$ 614,004,793
Net debt applicable to limit	62,313,769
Legal debt margin	<u>\$ 551,691,024</u>

TOWN OF VIENNA, VIRGINIA

Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	(3) Principal	(3) Interest	Total	Coverage
2023	\$ 10,796,420	\$ 7,616,986	\$ 3,179,434	\$ -	\$ -	\$ -	N/A
2022	10,653,356	7,195,618	3,457,738	-	-	-	N/A
2021	10,813,046	7,526,180	3,286,866	-	-	-	N/A
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

(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)
2023	17,088	\$ 1,408,871,424	\$ 82,448	41.3	2.50%
2022	16,966	1,204,561,387	70,999	41.3	2.50%
2021	16,966	1,203,941,292	70,962	41.3	2.50%
2020	16,934	1,154,509,318	68,177	41.3	2.50%
2019	16,618	902,506,962	54,309	40.7	2.40%
2018	16,689	851,945,283	54,309	40.7	2.70%
2017	16,630	903,158,670	54,309	40.7	3.20%
2016	16,650	904,244,850	54,309	40.7	3.20%
2015	16,676	905,656,884	54,309	40.7	4.00%
2014	16,720	908,046,480	54,309	40.7	4.40%

Source:

(1) Fairfax County

TOWN OF VIENNA, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

Employer (1)	Fiscal Year 2023		Fiscal Year 2014	
	Employees	Rank	Employees	Rank
Navy Federal Credit Union	500 to 999	1	500 to 999	1
Fairfax County Public Schools	500 to 999	2	250 to 499	2
Town of Vienna	100 to 249	3	100 to 249	6
Whole Foods Market Group	100 to 249	4	100 to 249	5
Westwood Country Club	100 to 249	5	100 to 249	7
Vienna Woods Swim and Tennis Club	100 to 249	6	50 to 99	N/A
Hope Advanced Veterinary Clinic	100 to 249	7	N/A	9
Chick-Fil-A Vienna on Maple	50 to 99	8	N/A	N/A
The Fresh Market, Inc.	50 to 99	9	50 to 99	N/A
U.S. Postal Service	50 to 99	10	50 to 99	10

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

Table 18

TOWN OF VIENNA, VIRGINIA

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

Function		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legislative											
	Town Council	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Town Clerk	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
	Town Attorney	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
	Subtotal	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Administration											
	Town manager	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
	Administrative Services	2.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
	Public Information	1.725	1.725	2.000	2.000	2.000	2.000	2.000	2.000	3.000	3.000
	Information Technology	3.000	4.000	4.000	4.000	4.000	4.500	4.500	4.500	4.500	4.500
	Subtotal	8.725	10.725	11.000	11.000	11.000	11.500	11.500	11.500	12.500	12.500
Finance											
	Administration	3.625	3.625	3.625	3.625	4.000	4.000	4.000	4.000	4.630	4.630
	Disbursement Operations	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
	Purchasing	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.000	1.000
	Central Services	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	Revenue Operations	3.000	3.500	4.000	5.000	4.000	4.000	4.000	4.000	4.000	4.000
	Gang Task Force	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.630	0.000
	Capital / Grant Accountant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.630
	Subtotal	12.250	12.750	13.250	14.250	13.625	13.625	13.625	13.625	13.260	13.260
Police											
	Administration	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
	Patrol	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000
	Communications	11.000	11.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
	Community Services	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	Traffic	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
	Personnel/Accreditation/ Animal Control	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	Investigations	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000
	Subtotal	52.000	52.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000
Public Works											
	Administration	7.500	6.500	6.500	8.000	8.000	8.000	8.000	8.000	8.000	10.000
	Street Maintenance	12.000	12.000	12.000	12.000	13.000	13.000	13.000	13.000	13.000	13.000
	Vehicle Maintenance	9.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000
	General Maintenance	8.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	8.000
	Sanitation	16.000	16.000	16.000	16.000	17.000	17.000	17.000	17.000	17.000	17.000
	Traffic Engineering	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	3.000
	Subtotal	54.500	53.500	53.500	55.000	57.000	57.000	57.000	57.000	57.000	59.000
Parks and Recreation											
	Administration	4.750	4.500	4.500	5.000	6.000	6.000	6.000	6.000	7.000	7.000
	Parks Maintenance	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	12.000	12.000
	Community Center Operations	4.000	4.000	4.000	4.000	4.000	5.000	5.000	5.000	5.000	5.000
	Teen Center	1.800	1.800	1.800	2.000	2.000	2.000	2.000	2.000	2.000	2.000
	Subtotal	20.550	20.300	20.300	21.000	22.000	23.000	23.000	23.000	26.000	26.000
Planning and Zoning											
	Planning and Zoning	7.000	7.000	7.000	7.000	8.000	8.000	8.000	8.000	8.000	9.000
	Subtotal	7.000	7.000	7.000	7.000	8.000	8.000	8.000	8.000	8.000	9.000
Economic Development											
	Economic Development Manager	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	2.000	2.000
	Subtotal	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	2.000	2.000
GENERAL FUND TOTAL		157.525	158.775	158.550	161.750	165.125	167.625	167.625	167.625	172.260	175.260
Water and Sewer											
	(1) Water Operations	8.500	8.000	7.000	7.000	7.500	7.500	7.500	8.500	8.500	8.500
	(1) Sewer Operations	6.000	6.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
	(1) Operations and Maintenance										
	Meter Maintenance and Reading	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
	Billing/Customer Service	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
TOTAL WATER & SEWER FUND		20.500	20.000	20.000	20.000	20.500	20.500	20.500	21.500	21.500	21.500
Storm Water Fund		1.000	1.000	1.000	1.000	2.000	2.500	2.500	2.500	2.500	2.500
GRAND TOTAL		179.025	179.775	179.550	182.750	187.625	190.625	190.625	191.625	196.260	199.260

Source: Town of Vienna Budget

Table 19

TOWN OF VIENNA, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

Function	(1)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government Administration											
Administrative Service											
Job applications processed		2,186	2,674	2,385	2,671	2,094	1,168	900	1,063	1,195	1,240
Public Information											
Press releases per year		600	600	994	265	240	251	209	225	203	199
(a) Web Site Visits		370,000	303,829	351,723	352,789	378,526	275,988	329,444	350,000	332,135	349,232
(b) Twitter and Facebook followers		4,196	4,099	8,736	8,907	11,433	13,084	16,285	18,200	19,234	21,846
Finance											
Real Estate bills processed		11,151	11,244	11,122	11,336	11,654	11,361	11,361	11,870	11,417	11,643
Water and Sewer bills processed		38,047	38,285	38,042	38,087	37,798	38,302	38,056	39,777	38,141	38,108
(c) Payroll checks/Direct Deposits		7,652	6,946	7,405	7,405	6,919	7,452	7,187	7,268	7,430	7,945
(d) Vendor check issued		5,329	4,449	3,792	3,792	4,026	4,049	4,031	3,519	4,301	3,895
(e) Competitive bids completed		30	9	14	20	17	15	15	8	10	22
Public Safety											
Number of Calls for Service received		17,500	41,000	45,564	46,000	19,039	13,848	11,219	7,693	11,314	13,160
Number of Citations issued		10,000	8,600	8,058	8,500	6,615	7,392	6,589	2,790	5,305	2,948
Number of Animal complaints		350	390	439	400	350	341	311	330	301	372
Public Works											
Tons of asphalt installed		5,200	3,000	1,900	2,300	2,000	6,500	4,272	11,998	12,546	16,136
Linear feet of sidewalk replaced / installed		200	2,662	4,070	3,800	6,200	3,500	2,318	2,498	3,154	8,775
(f) Vehicles Maintained		153	144	143	144	144	143	145	144	148	150
Tons of Waste collected		5,800	4,250	4,242	5,550	5,550	4,675	4,592	4,920	5,469	4,728
Tons of Recycled materials collected		2,000	1,850	1,776	1,810	1,800	3,173	3,017	1,649	1,468	1,750
Cubic Yards/Tons of leaves collected		11,500	11,500	9,590	8,500	8,500	9,156	8,925	7,385	6,916	10,412
Water and Sewer Operations											
Repair Water Main breaks		55	75	73	60	60	45	28	55	53	46
Repair defective sewer lines		-	-	-	-	4,050	3,500	758	1,348	67	4,464
Footage of Sewer Mains cleaned		355,000	350,000	120,000	60,498	240,895	180,000	193,000	149,136	153,672	158,983
Completed work orders		3,722	3,100	4,017	4,000	4,000	3,895	4,403	4,021	3,584	3,046
Parks and Recreation											
Number of programs held		650	650	501	462	487	715	649	173	526	818
Daily average number of teens using Teen Center		30	30	30	25	38	39	41	2	5	15
Planning and Zoning											
Permit applications		650	835	873	900	850	754	733	647	677	610
New single-family dwellings		70	89	92	91	100	93	96	117	106	77
New zoning violation cases opened		384	400	400	-	-	330	207	128	149	118

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 20

TOWN OF VIENNA, VIRGINIA

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government administration										
Administration buildings	5	5	5	5	5	5	5	5	5	5
Vehicles	5	4	6	5	4	4	4	4	5	6
Public safety										
Patrol units	22	20	18	19	22	19	19	19	23	23
Motorcycles	4	4	5	4	4	4	4	4	4	4
Other vehicles	3	4	3	5	4	3	3	3	3	3
Public works										
Trucks/vehicles	92	86	85	84	80	78	66	68	76	76
Parks and recreation										
Community center	1	1	1	1	1	1	1	1	1	1
Vehicles	23	23	23	24	22	14	14	14	20	20
Number of parks	10	10	10	10	10	10	10	10	12	12
Park acres	93.47	93.47	93.47	93.47	93.47	93.47	93.47	93.47	156.62	156.62
Community development										
Planning vehicles	4	3	3	3	3	2	2	2	2	2

Source: Individual Town Departments

- Compliance Section -

**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, 2023, 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 30, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 30, 2023



**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

Opinion on Each Major Federal Program

We have audited Town of Vienna, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Vienna, Virginia's major federal programs for the year ended June 30 2023. 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.

In our opinion, Town of Vienna, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Vienna, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Vienna, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Vienna, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Vienna, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Vienna, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Vienna, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Vienna, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Town of Vienna, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 30, 2023

TOWN OF VIENNA, VIRGINIA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>UNITED STATES DEPARTMENT OF AGRICULTURE (USDA):</u>			
<u>Pass through payments:</u>			
Virginia Department of Forestry: Cooperative Forestry Assistance	10.664	501005	\$ <u>7,375</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payments:</u>			
Equitable Sharing Program	16.922	N/A	\$ <u>43,388</u>
<u>Pass through payments:</u>			
Virginia Department of Criminal Justice Services: Edward Byrne Memorial Justice Assistance Grant Program	16.738	120134/122611	\$ <u>1,814</u>
Total Department of Justice			\$ <u>45,202</u>
<u>DEPARTMENT OF THE TREASURY:</u>			
<u>Pass through payments:</u>			
Virginia Department of Accounts: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	12110	\$ <u>3,929,075</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Transportation: Highway Planning and Construction	20.205	106963/109297/110404/111471/111403 106049	\$ 992,990
Virginia Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	154AL-25-52048/ENFAL-23-53020	28,009
Highway Safety Cluster: State and Community Highway Safety	20.600	FSC-22-52050/BSC-23-53022	<u>20,412</u>
Total Highway Safety Cluster			\$ <u>20,412</u>
Total Department of Transportation			\$ <u>1,041,411</u>
Total Expenditures of Federal Awards			\$ <u><u>5,023,063</u></u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF VIENNA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For Year Ended June 30, 2023

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, 2023. 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 minimis indirect cost rate.

(3) The Town did not pass any federal awards through to subrecipients during the year ended June 30, 2023.

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:

Primary government:

General Fund	\$ 100,998
Capital Projects Fund	992,990
Debt Service Fund	17,244
American Rescue Plan Fund	<u>3,929,075</u>

Total federal expenditures per basic financial statements \$ 5,040,307

Less: Build America Bonds Interest Subsidy \$ (17,244)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 5,023,063

TOWN OF VIENNA, VIRGINIA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

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>ALN</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

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.