

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2019



**TOWN OF VIENNA,
VIRGINIA**

- Introductory Section -

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TOWN OF VIENNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY:

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

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TOWN OF VIENNA, VIRGINIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

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TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Laurie A. DiRocco, Mayor

Nisha Patel, Vice Mayor

Linda J. Colbert

Douglas Noble

Pasha M. Majdi

Steve Potter

Howard J. Springsteen

MANAGEMENT TEAM

Town Manager

Mercury T. Payton

Town Attorney

Steven D. Briglia

Town Clerk

Melanie J. Clark

Michael Gallagher, P.E.

Director of Public Works

Maggie Kain

Director of Human Resources

James Morris

Chief of Police

Cindy Petkac, AICP

Director of Planning and Zoning

Antoine Mull

Director of Information Technology

Leslie Herman

Director of Parks and Recreation

Marion K. Serfass, CPA

Director of Finance / Treasurer

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates

Certified Public Accountants

Fredericksburg, Virginia

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

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Finance Department

November 29, 2019

To the Citizens of the Town of Vienna:

The Town of Vienna's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 is hereby submitted. Town Code, Section 2.6, requires that the Town Treasurer arrange for an annual audit of the books by such persons as Town Council may designate for this purpose. In addition, Section 15.2-2511 of the Code of Virginia requires that an independent, certified public accountant conduct an annual audit of accounts and records for all counties, cities, and towns with populations greater than 3,500, in accordance with specifications furnished by the Auditor of Public Accounts of the Commonwealth of Virginia. This CAFR is formally submitted in fulfillment of those 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 the 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 accounting principles accepted in the United States. 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, 2019 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in financial statements; assessing accounting principles used and significant estimates made by Town management; and evaluating the overall financial statement presentation. The independent auditor's report is presented in the first part of this report's financial section.

FINANCIAL REPORTING ENTITY

This report includes all funds under the Town of Vienna's jurisdiction and oversight. The Town of Vienna was incorporated in 1890, consists of 4.41 square miles, has a population of 15,687, and operates under the council-manager form of government. Policymaking and legislative authority are vested in Town Council, which consists of a mayor and six additional members, all elected on a nonpartisan, at-large basis. Councilmembers and the mayor serve two-year terms on a staggered election cycle. Town Council appoints the Town Manager, Town Attorney, Town Clerk, and Treasurer. The Town Manager, in turn, appoints various department heads.

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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

Situated in northern Virginia near Washington, D.C., Vienna is located in one of the country's more stable areas. With close proximity to the Dulles airport corridor and the area's metropolitan transit systems, Vienna continues to enjoy a relatively stable economic base. Existing residential property values have increased every year since 2012; commercial property values also have increased each year since 2012, except for slight decreases in two years. Construction of upscale homes and residential renovations have continued in many areas of Town. Vienna continues to attract new restaurants and commercial businesses as well.

Historically low unemployment rates nationally also are reflected locally. The area's unemployment rate of 2.4 percent as of June 30, 2019, compares favorably with the state's 2.9 percent rate and the national rate of 3.8 percent. Local and state unemployment rates fell 0.3 percent and 0.4 percent, respectively, from 2018, which, coupled with a 0.2 percent decrease in the national rate, continues to create a favorable economic outlook for the area. According to the U.S. Census Bureau for 2010 (the last year available), the area's median household income is \$103,000 with 52.6 percent of households having incomes of at least \$100,000 and 31.2 percent having incomes of at least \$150,000.

Revenue trends for recurring items were favorable in 2019. Assessed property values increased 4.0 percent from last year (4.9 percent increase for residential), marking the eighth consecutive year of increases. The Town's tax rate was held constant from last year at \$0.225, which resulted in a 4.0 percent increase in property tax revenue. This data reflects the pace at which newly constructed and remodeled homes are being constructed in Town, about 70 in fiscal 2019. Other favorable trends in 2019 include parks and recreation fees, which increased almost 40 percent over 2018 due to expanded use of the community center and other programs; interest revenue, which increased 59 percent due to rising interest rates; and business license taxes, which increased 5.6 percent. These increases indicate a positive economic condition in Vienna. These positive trends were partially offset by an 18 percent decrease in zoning and stormwater fees and a 7.5 percent decrease in fines and forfeitures.

In general, the area's underlying economy continues in a positive direction. Software, telecommunications, internet, and other high-technology industries, along with Northern Virginia's proximity to the federal government and related businesses, remain major components of the area

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

economy. Major commercial expansion continues to occur adjacent to Vienna, in the Tysons and Dulles airport corridor areas spurred by Metro’s Silver Line rail stations along those corridors. Fairfax County continues to approve mixed-use commercial and residential developments in the adjacent Tysons area and forecasts an additional 100,000 residents and 200,000 jobs in the region by 2050, based on its comprehensive plan. Plans and hiring are beginning for Amazon’s HQ2 in nearby Arlington. The Town expects to see a positive economic impact from the 25,000 new jobs created there.

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. Currently the Planning and Zoning Department is poised to re-write of the Town’s zoning code, which has not been revised since the 1960s.

Construction on the first of four approved Maple Avenue Corridor (MAC) mixed-use projects was completed in early fiscal year 2020. An additional property broke ground in 2019, and the other two should follow shortly.

Town staff has secured a Northern Virginia Transportation Authority (NVTA) grant to develop a proposed public parking structure with a private partner on Church Street. The Town also has applied for a second grant to fund the additional public parking when the existing county library branch, at a key intersection along Maple Avenue, is redeveloped in a few years. Feasibility work was completed in 2019, and construction is slated to begin in fiscal year 2022.

The Town also received a grant from Fairfax County’s Economic Development Sustainability Fund (EDSF) to fund 50 percent of a commercial strategy development and market study. This project will be directed by the new economic development manager, who was hired in the fall of 2019. The study, plus the focus on commercial corridor support, is expected to provide the benefits of smart development and a thriving commercial district.

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

These processes and studies have been developed to help the Town maintain its AAA bond rating and its “location of choice” status for businesses and homeowners.

Relevant Financial Policies

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

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Town Council has strongly supported maintaining adequate reserves within the general and debt service funds in order to buffer against financial emergencies and economic downturns. This policy has helped Vienna continue to provide quality services within the limits of sound fiscal management and has enabled the Town to retain its coveted AAA bond rating. Council policy requires that the Town to have an unassigned general fund balance of at least 15 percent of the subsequent year's budget. For this year, 18.2 percent of the FY 2020 budget was allocated to unassigned fund balance, well in excess of the Town's adopted policy and the Government Finance Officers Association's suggested best practice of 16.7 percent, or two months of expenditures.

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. In addition, several underground water lines were repaired and upgraded.

Architectural and engineering plans have begun for a new police station, which is scheduled to break ground in fall 2020. Two public parking projects are in the planning stages, scheduled for completion in fiscal years 2022 and 2023. These are planned to add more than 200 new parking spaces for commuters, diners, and shoppers.

The Town's 20-year capital improvement plan was adopted in September 2019. Projects include construction of a police station, mentioned above, improvements to water and sewer and road and sidewalk infrastructure, building generators, and other building improvements.

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

Bond financing is planned every other year. A bond issue is planned for early 2020 to fund the police station construction and other projects mentioned above. A capital lease to finance vehicle purchases for \$860,000 was completed during the year at an interest rate of 1.094 percent, reinforcing the Town's strong financial position and its ability to borrow funds at low rates.

OTHER INFORMATION

Independent Audit

The Town Charter requires an annual audit by independent certified public accountants. Robinson, Farmer, Cox Associates performed the audit for the fiscal year ending June 30, 2019. The auditor's report on basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this report.

OTHER INFORMATION (CONTINUED)

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, 2018; this was the 32st year in a row that the Town has received this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town believes that its current comprehensive annual financial report continues to meet Certificate of Achievement requirements and is submitting this report to GFOA to determine its eligibility for recognition.

GFOA Distinguished Budget Presentation Award

For the 25th year in a row, the Town received GFOA's Distinguished Budget Presentation Award for the FY 2018-19 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 selected outside reviewers with experience in public-sector budgeting. In July 2019, the Town submitted its FY 2019-20 budget documents for consideration for the award.

Tree City USA

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

LEED Gold Award for the Community Center

In 2019 the Town was awarded an internationally recognized green building certificate at the gold level, LEED – Leadership in Energy and Environmental Design, for the newly renovated Vienna Community Center. This award provides third-party verification that a building was designed and built using strategies designed to lower use of energy, water, and other resources.

ICMA Voice of the People Award – Excellence in Recreation & Wellness **ICMA Voice of the People Award – Excellence in Education & Enrichment**

The Town received these awards based on responses to the National Community Survey. These awards are presented to top-performing jurisdictions that best listen and act for the benefit of their communities.

OTHER INFORMATION (CONTINUED)

Awards and Designations (continued)

Top Virginia Zip Code for Solar Installations

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

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

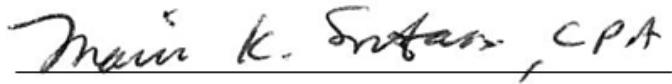
For the third year in a row, Vienna was named to this list, and was ranked the safest city in Virginia. This rating is based on its low violent crime and property crime rates.

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Vienna
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

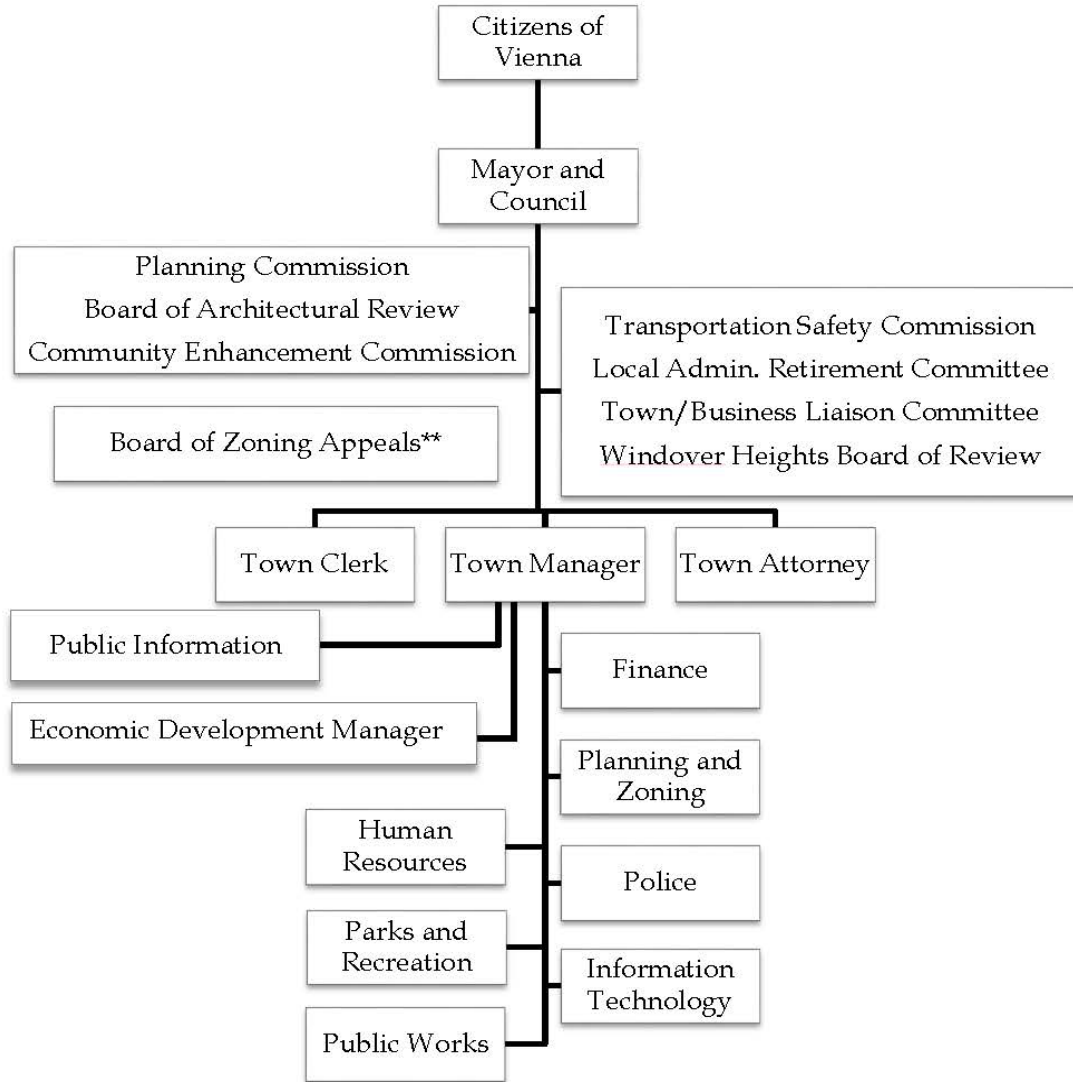
June 30, 2018

Christopher P. Morill

Executive Director/CEO

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Town of Vienna, Virginia Organizational Chart



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

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- Financial Section -

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, the Town adopted new accounting guidance, GASB Statement 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-14, 94-95, and 96-110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vienna, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Supplementary and Other Information (continued)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2019, on our consideration of the Town of Vienna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Vienna, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vienna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2019

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**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, 2019. Readers are encouraged to consider information presented in this analysis in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- Total net position on June 30, 2019 was \$62,708,294 compared to \$62,224,756 in 2018. Total net position increased by \$483,538 or less than one percent, mainly due to investments in capital assets and advanced funding for stormwater and road projects partially offset by reduced receivables from other governments as the Town received reimbursements from road rebuilding projects. The Town's unrestricted net position increased by \$308,601 due to increased funding held in escrow partially offset by slight increases in pension liabilities. Unrestricted net position funds may be appropriated by Town Council to meet ongoing obligations to citizens, water and sewer customers, and creditors.
- As of the close of the reported fiscal year, the Town's governmental funds balance sheet (Exhibit 3) reported a combined ending fund balance of \$22,518,222, a decrease of \$1,733,037 or 7.1 percent compared to the prior year. The decrease is due primarily to a decrease in receivables from other governments partially offset by investments in new capital projects with matching funds from other governments were completed. \$7,994,987 of the combined fund balance is assigned to retirement of current and future debt issues, a 10 percent increase from 2018. An additional \$4,803,048 of the combined fund balance is assigned for completion of capital projects, a 32.3 percent decrease from last year as capital projects have been completed and placed in service. The \$1,297,860 fund balance in non-major governmental funds consists of \$623,606 restricted for stormwater projects and \$674,254 restricted for projects sponsored by the Northern Virginia Regional Gang Task Force. The general fund balance includes \$4,849,670 in unassigned balance. This represents 18.1 percent of total fiscal year 2020 General Fund budgeted expenditures.
- The Town's long-term obligations, which are due across multiple years, decreased by \$1,111,753 or 2.2 percent during last fiscal year. This decrease is due primarily to the payment of current year debt service. Long-term obligations due in more than one year totaled \$43,619,988 at year-end. Of this amount, outstanding bonds and notes totaled \$25,922,199; capital leases totaled \$1,353,070; and pension and post-employment benefits totaled \$16,192,994. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$3,034,511 and \$1,517,250, respectively, at year-end. Accounts payable and an amount estimated at \$1,365,525 for compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$113,019 or 8.0 percent over the preceding year.

Excluding pension trust funds, total cash and cash equivalents decreased by \$44,248 when compared to the prior fiscal year. This decrease is mainly attributed to investments in capital assets partially offset by collection of receivables from other governments. Water and sewer fund operating and non-operating expenses and outgoing transfers exceeded operating and non-operating revenues, capital contributions, and incoming transfers by \$431,773. Pension fund contributions and interest earnings exceeded benefits payments by \$151,150. The following table denotes cash increases and decreases by fund.

Fund	FY 19 Cash	FY 18 Cash	Increase (Decrease)
General	\$ 10,977,007	\$ 11,292,721	\$ (315,714)
Debt Service	7,679,578	6,971,460	708,118
Capital Projects	5,761,826	6,179,946	(418,120)
Special Transportation	1,557,917	1,151,554	406,363
Nonmajor Governmental	1,536,000	1,428,334	107,666
Water & Sewer	575,908	1,108,469	(532,561)
Total Cash	<u>\$ 28,088,236</u>	<u>\$ 28,132,484</u>	<u>\$ (44,248)</u>
Pension Trust	<u>\$ 5,743,285</u>	<u>\$ 5,592,292</u>	<u>\$ 150,993</u>

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

- A. Government-wide financial statements - Government-wide financial statements are designed to provide readers with a broad overview of Town finances, in a manner similar to a private-sector business.
1. Statement of Net Position - Presents information on all Town assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets and deferred outflows, liabilities, and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.
 2. Statement of Activities - Presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in a statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). The Town's governmental activities include general government, police, public works, community development, stormwater management and recreation. Business-type activities of the Town encompass water and sewer operations.

Town of Vienna students attend Fairfax County Schools, and therefore, no school-related financial information is reflected in this report.

- B. Fund financial statements - A fund is a grouping of related accounts and is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Vienna, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Town funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

1. Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These activities include general government, police, public works, community development, and recreation. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's ability to satisfy near-term financing requirements.

The Town maintains six individual governmental funds: General Fund, Debt Service Fund, Capital Projects Fund, Gang Task Force Fund, Stormwater Fund, and Transportation Special Revenue Fund. A separate balance sheet and statement of revenues, expenditures, and changes in fund balances has been prepared for each fund. The Town adopts annual appropriated budgets for the General, Debt Service, Capital Projects, and Stormwater funds and accordingly, a budgetary comparison statement has been provided for these funds to demonstrate compliance with budgetary controls.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. Accounting differences between the governmental fund and government-wide financial statements include, but are not limited to, the following:

- a. Asset purchases for land, buildings, and equipment are reflected as expenditures in governmental fund financial statements; whereas, these same expenditures are capitalized and allocated (depreciated) to operations over the estimated useful life of the assets in government-wide financial statements.
 - b. Interest expense is reflected as an expenditure when due in governmental fund financial statements, but is posted as an accrued expense in the government-wide financial statements.
 - c. Receivables reported in government-wide financial statements when a claim is established (or revenue is earned) are reported as deferred revenues in government fund financial statements, if not available to pay current-period expenditures.
2. Proprietary funds - Proprietary funds consist of enterprise and internal service funds. Enterprise funds are predominantly used to account for goods and services that are offered for sale to the general public, whereas internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Town of Vienna does not utilize internal service funds, but does maintain one enterprise fund that accounts for delivery and sale of water and sewer services. Enterprise funds employ the accrual basis of accounting and are used to report the same functions presented as business-type activities in government-wide financial statements.
 3. Fiduciary funds - Fiduciary funds account for assets held by the Town as a trustee or agent for individuals (pension plan), private organizations, or other government units. The Town offers full-time employees a defined contribution and two defined benefit plans. The Town administers the two defined benefit pension plans under direction of the Town Retirement Committee. The Local Retirement Pension Plan, which was closed to new entrants in 2006, covers non-sworn employees, and police officers are covered by the Police Retirement Pension Plan. Although reported in governmental fund financial statements, fiduciary funds are not reported in the Town's government-wide financial statement because the funds are not available to support Town programs. Fiduciary funds employ the accrual basis of accounting.

C. Notes to the financial statements - The notes to the financial statements provide additional information essential to a full understanding of the data provided in government-wide and governmental fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. The Town's total assets and deferred outflows exceeded total liabilities and deferred inflows of resources by \$62,708,294 at year-end. Of the total net position, governmental activities totaled \$51,178,459, an increase of \$915,311 or 1.8 percent, while business-type activities totaled \$11,529,835, a decrease of \$431,773 or 3.6 percent. The increase in net position of governmental activities is due primarily to investment in capital assets and receipt of advanced funding for future projects partially offset by a decrease in funds due from other governments. The decrease in net position of business-type activities is due to an increase in outstanding bonds and notes and a decrease in cash, partially offset by investments in water and sewer infrastructure.

The Town's investment in capital assets such as land, buildings, and equipment, net of depreciation, totaled \$87,713,690 on June 30, 2019, of which governmental activities totaled \$70,920,107, a decrease of \$369,138 or 0.5 percent. The decrease is due primarily to depreciation in excess of investments in infrastructure and other capital projects completed in 2019. 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 2019.

Town of Vienna, Virginia						
Schedule of Assets, Liabilities, Deferred Inflows and Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<u>Assets:</u>						
Current and other assets	\$ 29,603,859	\$ 30,870,191	\$ 2,404,450	\$ 2,738,624	\$ 32,008,309	\$ 33,608,815
Capital assets	70,920,107	71,289,245	16,793,583	15,537,186	87,713,690	86,826,431
Total assets	<u>\$ 100,523,966</u>	<u>\$ 102,159,436</u>	<u>\$ 19,198,033</u>	<u>\$ 18,275,810</u>	<u>\$ 119,721,999</u>	<u>\$ 120,435,246</u>
Deferred Inflows of Resources	<u>\$ 2,485,622</u>	<u>\$ 2,106,567</u>	<u>\$ 190,005</u>	<u>\$ 178,168</u>	<u>\$ 2,675,627</u>	<u>\$ 2,284,735</u>
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$ 43,076,091	\$ 45,539,354	\$ 5,565,233	\$ 4,213,723	\$ 48,641,324	\$ 49,753,077
Other liabilities	7,286,094	6,633,750	2,166,608	2,139,342	9,452,702	8,773,092
Total liabilities	<u>\$ 50,362,185</u>	<u>\$ 52,173,104</u>	<u>\$ 7,731,841</u>	<u>\$ 6,353,065</u>	<u>\$ 58,094,026</u>	<u>\$ 58,526,169</u>
Deferred Inflows of Resources	<u>\$ 1,468,944</u>	<u>\$ 1,829,751</u>	<u>\$ 126,362</u>	<u>\$ 139,305</u>	<u>\$ 1,595,306</u>	<u>\$ 1,969,056</u>
<u>Net Position:</u>						
Net investment in capital assets	\$ 49,860,620	\$ 49,536,591	\$ 12,558,317	\$ 12,774,095	\$ 60,041,201	\$ 59,763,687
Restricted	2,378,860	2,312,174	-	-	2,378,860	2,312,174
Unrestricted	(1,061,021)	(1,585,617)	(1,028,482)	(812,487)	288,233	148,895
Total net position	<u><u>\$ 51,178,459</u></u>	<u><u>\$ 50,263,148</u></u>	<u><u>\$ 11,529,835</u></u>	<u><u>\$ 11,961,608</u></u>	<u><u>\$ 62,708,294</u></u>	<u><u>\$ 62,224,756</u></u>

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

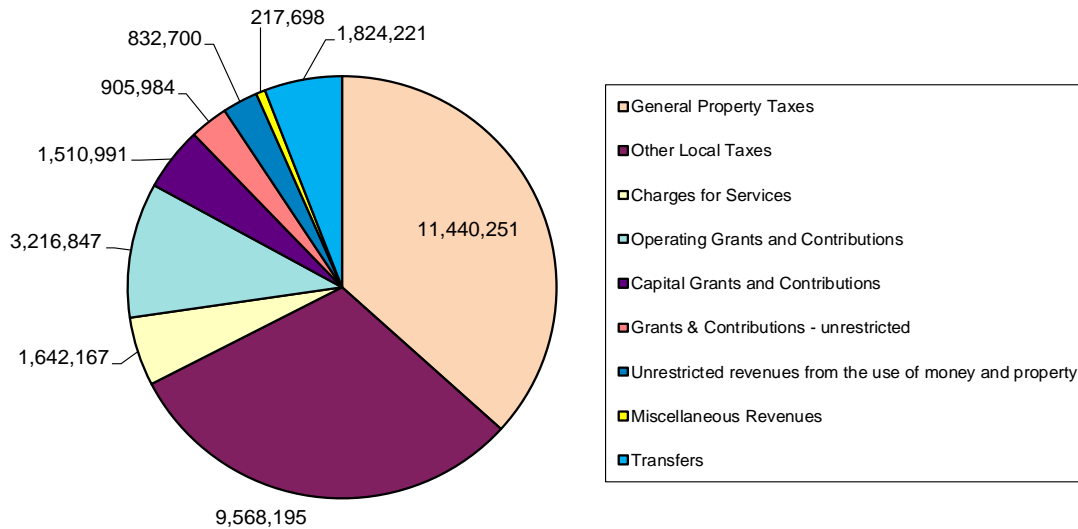
Governmental Activities - Governmental activities reflect an increase in net position of \$915,311 and business-type activities reflect a decrease of \$431,773. The following table provides an overview of revenues, expenses, and changes in net position for the fiscal year.

**Town of Vienna, Virginia
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,642,167	\$ 1,416,106	\$ 7,813,703	\$ 7,526,619	\$ 9,455,870	\$ 8,942,725
Operating grants and contributions	3,216,847	3,089,273	-	-	3,216,847	3,089,273
Capital grants and contributions	1,510,991	2,567,709	-	-	1,510,991	2,567,709
General revenues:						
Property taxes	11,440,251	10,956,206	-	-	11,440,251	10,956,206
Other local taxes	9,568,195	9,465,113	-	-	9,568,195	9,465,113
Grants & contributions - unrestricted	905,984	976,521	-	-	905,984	976,521
Unrestricted revenues from the use of money and property	832,700	448,227	19,252	15,181	851,952	463,408
Miscellaneous	217,698	374,350	320,970	344,566	538,668	718,916
Total revenues	\$ 29,334,833	\$ 29,293,505	\$ 8,153,925	\$ 7,886,366	\$ 37,488,758	\$ 37,179,871
Expenses:						
General government administration	\$ 5,323,098	\$ 5,170,292	\$ -	\$ -	\$ 5,323,098	\$ 5,170,292
Public safety	7,751,329	7,382,560	-	-	7,751,329	7,382,560
Public works	11,142,853	9,060,173	-	-	11,142,853	9,060,173
Health and welfare	223,435	222,844	-	-	223,435	222,844
Parks, recreation and cultural	4,207,487	3,487,948	-	-	4,207,487	3,487,948
Community development	947,650	931,277	-	-	947,650	931,277
Interest on long-term debt	647,891	649,611	-	-	647,891	649,611
Water and sewer	-	-	6,761,477	6,897,356	6,761,477	6,897,356
Total Expenses	\$ 30,243,743	\$ 26,904,705	\$ 6,761,477	\$ 6,897,356	\$ 37,005,220	\$ 33,802,061
Net Position:						
Income before capital contributions and transfers	\$ (908,910)	\$ 2,388,800	\$ 1,392,448	\$ 989,010	\$ 483,538	\$ 3,377,810
Transfers	1,824,221	(1,284,325)	(1,824,221)	1,284,325	-	-
Increase (Decrease) in net position	\$ 915,311	\$ 1,104,475	\$ (431,773)	\$ 2,273,335	\$ 483,538	\$ 3,377,810
Net position, beginning of year	50,263,148	49,158,673	11,961,608	9,688,273	62,224,756	58,846,946
Net position, end of year	\$ 51,178,459	\$ 50,263,148	\$ 11,529,835	\$ 11,961,608	\$ 62,708,294	\$ 62,224,756

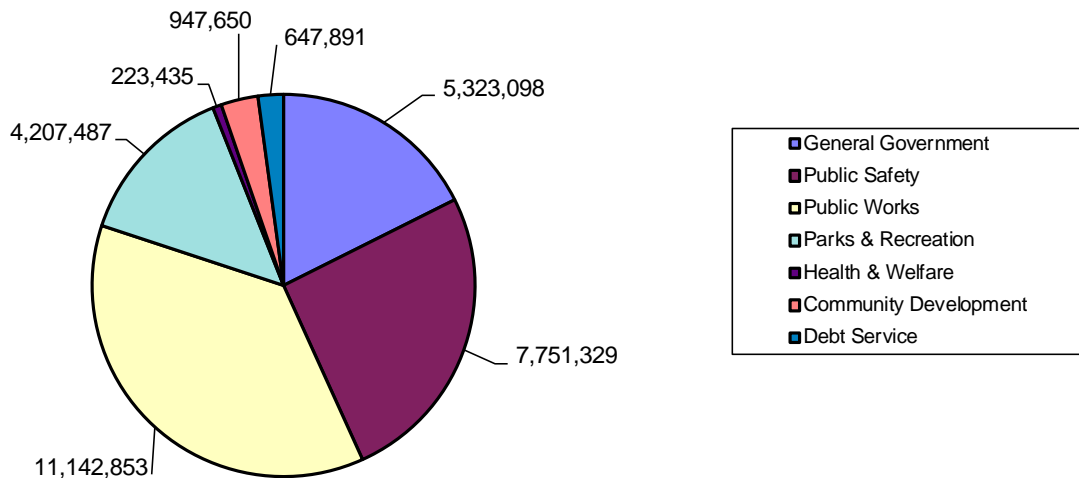
Program revenues, general revenues, and transfers for governmental activities totaled \$31,159,054, an increase of \$3,149,874 or 11.2 percent from the previous fiscal year. Of that amount, property tax revenue totaled \$11,440,251 and other local taxes totaled \$9,568,195. The 4.4 percent increase in property tax revenue is due to new residential construction plus a 5.0 percent overall increase in assessments. The 1.1 percent increase in other local taxes primarily reflects increases of 5.6 percent in business license taxes and 2.6 percent in local sales taxes offset by small decreases in other line items. Capital grants and contributions totaled \$1,510,991, a decrease of \$1,056,718 from the previous year. The \$1,824,221 worth of transfers between governmental activities and business-type activities netted to \$539,896 more than the preceding year. Transfers from the water and sewer fund to the debt service fund cover the water and sewer fund's share of debt retirement; transfers to the general fund represent the general fund's cost related to support of water and sewer operations. These transfers are netted against those from the capital project fund to the water and sewer fund, resulting from capitalization of water and sewer project completions. The net increase is due primarily to the addition of transfers for the water and sewer portion of the 2018 debt payments. The chart below provides an overview of FY 2019 revenues by program source.

Governmental Activities Revenues by Source



The government-wide statement of activities (Exhibit 2) reports expenses and revenues in a format that focuses on the cost of providing services by function. Expenses associated with individual functions are compared to non-tax revenues generated by charges for services and intergovernmental grants. As indicated in the Statement of Activities, governmental activities expenses totaled \$30,243,743, an increase of \$3,339,038 or 12.4 percent. Directly supporting these expenditures were charges for services, which generated \$1,642,167, plus operating grants and contributions totaling \$3,216,847, and capital grants and contributions of \$1,510,991 for total program revenues of \$6,370,005. This represents a decrease from 2018 of \$703,083 or 9.9 percent due mainly to a decline in funds received for capital grants and contributions from outside entities, partially offset by higher charges for services. General revenue support of these activities increased by \$3,852,957 or 18.4 percent, mainly due to an increase in transfers, real property taxes and revenue from the use of money and property. The chart below provides a graphical comparison of expenditures by function (general government, public works, etc.).

Governmental Activities Expenses By Type



Business-type activities - The water and sewer fund concluded the year with an decrease in net position of \$431,773 to end the year with a net position balance of \$11,529,835 (before net transfers of \$1,824,221 to the general and debt service funds and from the capital projects fund, other grants, and revenues from the use of money and property), Water and sewer fund operating income and capital transfers ended the year with a net gain of \$422,870 over 2018. Key contributors to the decrease in net position are the increase in outstanding debt offset by investments in capital assets.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As noted above, the Town employs six funds:

- general fund
- debt service fund
- capital projects fund
- gang task force fund
- special transportation fund
- stormwater fund.

Governmental Funds - The governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of FY 2019, the Town's six governmental funds reported combined ending fund balances of \$22,518,222, a decrease of \$1,733,037 or 7.1 percent from the prior year. The change is mainly the result of the collection of receivables from other governments and the spending of capital reserved funds on capital assets in 2019. \$17,668,552 or 78.5 percent of the combined fund balance is non-spendable, restricted, committed, or assigned for capital projects, debt service, and other purposes, leaving an unassigned balance of \$4,849,670 or 21.5 percent of the total available for spending by Council appropriation.

Debt service fund revenues were up \$101,543 or 3.5 percent, primarily because of increased revenues from the use of money and property. Transfers from the general fund and water and sewer fund increased by \$527,308, mainly due to the impact of the water and sewer fund contributions for the 2018 bond issue. Expenditures increased by 26.5 percent due to the first year of payments on the 2018 bonds. The capital project fund balance decreased by \$2,288,666, reflecting spending 2018 bond proceeds on capital assets. The balance at year-end is reserved for various projects that have not been completed yet. The reserved portions of fund balances are not available for new spending because they already have been committed for expenditures, as follows:

Town of Vienna, Virginia	
Fund Balance Components	
General, Debt Service, Capital Projects, and Special Revenue Funds	
Nonspendable:	
Inventory	\$ 119,665
Prepaid items	5,992
Total Nonspendable	<u>\$ 125,657</u>
Restricted:	
Unappropriated PEG Funds	\$ 1,052,000
E-911	29,000
Gang task force funds	674,254
Stormwater funds	623,606
Total Restricted	<u>\$ 2,378,860</u>
Committed:	
VRP reserves	\$ 248,000
Subsequent year budget support	500,000
Capital lease proceeds	57,900
Total Committed	<u>\$ 805,900</u>
Assigned:	
Carryforward	\$ 128,800
Encumbrances	55,300
Federal AF Funds	429,700
State AF Funds	314,400
Other postemployment benefits	531,900
Legal fees	100,000
Debt service	7,994,987
Capital projects	4,803,048
Total Assigned	<u>\$ 14,358,135</u>
Unassigned:	
General fund	\$ 4,849,670
Total Fund Balance	<u>\$ 22,518,222</u>

The general fund is the primary operating fund of the Town. At the end of the fiscal year, the fund balance of the general fund totaled \$8,422,327, which equates to 37.4 percent of the \$22,518,222 combined fund balance of the six funds employed by the Town. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance of \$4,849,670 represents 19.5 percent of total general fund expenditures, while total fund balance represents 33.9 percent of that same amount.

The total fund balance for the general fund decreased \$146,859 or 1.7 percent from the previous fiscal year. The unassigned component of fund balance was \$4,849,670 at year-end, an increase over the prior fiscal year of \$270,710 or 5.9 percent. Both changes were functions of the following:

- Overall, general fund revenues were up by \$785,597 or 3.4 percent, primarily as a result of increased real estate assessments, increased service charges from expanded programming at the community center, increased business license and sales taxes, and increased revenue from the use of money and property, partially offset by slight decreases in fines and forfeitures and telecommunications taxes in 2019.
- General fund expenditures increased by \$1,410,990 or 6.0 percent over the previous year. Planned salary increases and increases in community center operations, partially offset by savings from a few open positions accounted for the change.

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

General Fund Budgetary Highlights

During the year, various budget amendments resulted in differences between the original and final FY 2019 budgets. These differences totaled \$67,849 for revenues and \$435,024 for expenditures. Donations for police and parks and recreation projects account for most of the miscellaneous revenue budget amendments. Expenditure-related budget amendments account for public safety grants and information technology expenditures during 2019. Details are summarized in the following table:

	Amount Amended
Revenues:	
Miscellaneous	\$ 44,009
Other local taxes	97,500
Charges for services	19,030
State revenues	4,810
Revenue from the use of money and property	(97,500)
Total	<u><u>\$ 67,849</u></u>
Expenditures:	
General government administration	\$ 90,980
Public safety	76,070
Public works	186,635
Parks, recreation and cultural	53,089
Community development	28,250
Total	<u><u>\$ 435,024</u></u>

General Fund Budgetary Variances

General fund actual revenues were \$184,074 or 0.8 percent more than amended budgetary estimates. The difference is due largely to favorable real estate tax revenue and revenue from use of money and property, partially offset by lower permit fees and fines and forfeitures. General fund actual expenditures were \$930,843 or 3.6 percent less than amended budgets. The majority of budgetary expenditure savings occurred in general and financial administration, parks and recreation due to open positions, and lower contractor costs. This was partially offset by higher costs due to overtime filling open positions in public safety.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$70,920,107 (net of accumulated depreciation), a decrease of \$369,138 or 0.5 percent. Capital assets for business-type activities increased by \$1,256,397 or 8.1 percent. The governmental activities decrease is due to depreciation exceeding new spending. The increase in business-type activities is due to increased spending for water and sewer infrastructure. The schedule below provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity is in Note 7 of the Notes to Financial Statements.

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 3,744,068	\$ 3,389,034	\$ -	\$ -	\$ 3,744,068	\$ 3,389,034
Land improvements	4,846,568	4,989,090	-	-	4,846,568	4,989,090
Construction in progress	4,635,454	3,093,262	1,324,379	110,672	5,959,833	3,203,934
Buildings and improvements	19,611,860	20,818,077	-	-	19,611,860	20,818,077
Infrastructure	31,733,742	32,588,740	14,728,260	14,799,636	46,462,002	47,388,376
Office and other equipment	3,350,058	3,377,938	-	-	3,350,058	3,377,938
Automotive and other equipment	2,998,357	3,033,104	740,944	626,878	3,739,301	3,659,982
Total assets - net of depreciation	\$ 70,920,107	\$ 71,289,245	\$ 16,793,583	\$ 15,537,186	\$ 87,713,690	\$ 86,826,431

Long-term obligations - At the conclusion of the fiscal year, long-term obligations totaled \$43,076,091 for governmental activities and \$5,565,233 for business-type activities. Of these amounts, outstanding bonds totaled \$28,849,104 and capital leases totaled \$2,081,976. These amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$3,034,511 and \$1,517,250, respectively, at year-end. Except for \$151,725 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 continues to enjoy a healthy economic base given, its metropolitan transit system and its close proximity to the Dulles airport corridor and Washington D.C, and the future relocation of Amazon's HQ 2 in nearby Arlington County. Existing property values have increased over the past several years, climbing by 5.0 percent in fiscal year 2019, mainly due to continued construction of upscale homes and residential renovations, plus a significant improvement to the largest commercial property in town. Overall property values increased by 4.0 percent during the past calendar year and are projected to increase modestly during the next several years. The Town continues to enjoy the benefits of the area's relatively low unemployment rate, which at the end of the fiscal year, according to the Bureau of Labor Statistics, was 2.4 percent as compared to 2.9 percent and 3.8 percent for Virginia and the nation, respectively. According to the U.S. Census Bureau for 2010 (the last year available), the area's median household income is \$103,000 with 52.6 percent of households having incomes of at least \$100,000 and 31.2 percent having incomes of at least \$150,000.

The general fund revenue budget for the fiscal year ending June 30, 2020 totals \$26,725,030, which equates to an increase of \$1,261,940 or 5.0 percent from the previous fiscal year. Increases are mainly due to increased operating costs at the expanded community center, offset by revenue increases, salary increases, and the costs to add a new economic development function and make long-needed changes to the zoning code. General property tax revenue is expected to increase \$473,810 or 4.1 percent. The tax rate for fiscal year 2020 is \$0.2250, which is the same rate it has been since fiscal year 2016. The following table provides a comparison of the Town's FY 2019 actual revenue and FY 2020 adopted revenue budget.

Revenue Source	FY 2020 Budget	FY 2019 Budget	Expected Increase (Decrease)
Property taxes	\$ 11,870,300	\$ 11,396,490	\$ 473,810
Other local taxes	6,973,000	6,730,000	243,000
Permits, fees & licenses	371,000	314,000	57,000
Fines and forfeitures	395,000	417,000	(22,000)
Use of money & property	399,000	279,500	119,500
Charges for services	1,299,600	969,600	330,000
State revenues	3,271,200	3,213,560	57,640
Federal revenues	85,000	85,000	-
Transfers-in	433,130	358,140	74,990
Other	115,800	109,800	6,000
Prior year reserves	500,000	550,000	(50,000)
Equip. Repl. Reserve/PEG	1,012,000	1,040,000	(28,000)
Total Revenue Budget	\$ 26,725,030	\$ 25,463,090	\$ 1,261,940

Request for Information

This financial report is designed to provide a general overview of Town's finances for the fiscal year ended June 30, 2019. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 127 Center Street S, Vienna, Virginia 22180. Information relative to the Town of Vienna government also may be obtained by visiting the Town of Vienna website at www.viennava.gov.

Basic Financial Statements:

- Government-wide Financial Statements -

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TOWN OF VIENNA, VIRGINIA
Statement of Net Position
At June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 25,059,486	\$ 575,908	\$ 25,635,394
Receivables, (net of allowances for uncollectibles):	682,785	1,799,174	2,481,959
Prepaid items	5,992	1,126	7,118
Due from other governments	1,283,089	-	1,283,089
Inventory, at cost	119,665	28,242	147,907
Restricted:			
Cash and cash equivalents	2,452,842	-	2,452,842
Capital assets:			
Land	3,744,068	-	3,744,068
Construction in progress	4,635,454	1,324,379	5,959,833
Other capital assets, net of accumulated depreciation	62,540,585	15,469,204	78,009,789
Capital assets, net	<u>\$ 70,920,107</u>	<u>\$ 16,793,583</u>	<u>\$ 87,713,690</u>
Total assets	<u>\$ 100,523,966</u>	<u>\$ 19,198,033</u>	<u>\$ 119,721,999</u>
Deferred outflows of resources:			
Pension related items	\$ 1,777,946	\$ 133,224	\$ 1,911,170
OPEB related items	<u>707,676</u>	<u>56,781</u>	<u>764,457</u>
Total deferred outflows of resources	<u>\$ 2,485,622</u>	<u>\$ 190,005</u>	<u>\$ 2,675,627</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 1,813,407	\$ 1,221,104	\$ 3,034,511
Unearned revenue	3,060,597	-	3,060,597
Escrow and other deposits	2,412,090	126,010	2,538,100
Due to other governments	-	819,494	819,494
Long-term liabilities:			
Due within one year:			
Bonds payable	2,702,267	121,000	2,823,267
Notes payable	-	103,638	103,638
Capital leases	597,655	131,251	728,906
Compensated absences	1,241,273	124,252	1,365,525
Due in more than one year:			
Bonds payable	22,326,772	891,000	23,217,772
Notes payable	-	2,704,427	2,704,427
Capital leases	1,069,120	283,950	1,353,070
Net OPEB liabilities	3,720,542	302,662	4,023,204
Net pension liabilities	11,280,543	889,247	12,169,790
Compensated absences	<u>137,919</u>	<u>13,806</u>	<u>151,725</u>
Total liabilities	<u>\$ 50,362,185</u>	<u>\$ 7,731,841</u>	<u>\$ 58,094,026</u>
Deferred Inflows of Resources:			
Pension related items	\$ 1,221,491	\$ 117,377	\$ 1,338,868
OPEB related items	186,139	8,985	195,124
Deferred revenue - property taxes	<u>61,314</u>	<u>-</u>	<u>61,314</u>
Total deferred inflows of resources	<u>\$ 1,468,944</u>	<u>\$ 126,362</u>	<u>\$ 1,595,306</u>
Net Position:			
Net investment in capital assets	\$ 49,860,620	\$ 12,558,317	\$ 60,041,201
Restricted			
Unappropriated PEG Funds	1,052,000	-	1,052,000
Stormwater funds	623,606	-	623,606
Gang task force funds	674,254	-	674,254
Other	29,000	-	29,000
Unrestricted	<u>(1,061,021)</u>	<u>(1,028,482)</u>	<u>288,233</u>
Total net position	<u>\$ 51,178,459</u>	<u>\$ 11,529,835</u>	<u>\$ 62,708,294</u>

A. The sum of the columns does not equal the Total column by a difference of \$2,377,736 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, 2019

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	\$ 5,323,098	\$ 50,037	\$ -	\$ -	\$ (5,273,061)	\$ -	\$ (5,273,061)
Public safety	7,751,329	583,858	921,731	-	(6,245,740)	-	(6,245,740)
Public works	11,142,853	-	2,277,398	1,510,991	(7,354,464)	-	(7,354,464)
Health and welfare	223,435	-	-	-	(223,435)	-	(223,435)
Parks, recreation and cultural	4,207,487	1,008,272	-	-	(3,199,215)	-	(3,199,215)
Community development	947,650	-	-	-	(947,650)	-	(947,650)
Interest on long-term debt	647,891	-	17,718	-	(630,173)	-	(630,173)
Total governmental activities	\$ 30,243,743	\$ 1,642,167	\$ 3,216,847	\$ 1,510,991	\$ (23,873,738)	\$ -	\$ (23,873,738)
Business-type activities							
Water and sewer	6,761,477	7,813,703	-	-	-	1,052,226	1,052,226
Total Primary Government	\$ 37,005,220	\$ 9,455,870	\$ 3,216,847	\$ 1,510,991	\$ (23,873,738)	\$ 1,052,226	\$ (22,821,512)
General Revenues							
Taxes:							
General real property taxes					\$ 11,440,251	\$ -	\$ 11,440,251
Local sales and use taxes					1,493,524	-	1,493,524
Consumer utility taxes					684,098	-	684,098
Business license taxes					2,389,726	-	2,389,726
Meals and lodging taxes					2,829,794	-	2,829,794
Bank franchise taxes					1,114,289	-	1,114,289
Other					1,056,764	-	1,056,764
Grants and contributions not restricted to specific programs					905,984	-	905,984
Unrestricted revenues from the use of money and property					832,700	19,252	851,952
Miscellaneous					217,698	320,970	538,668
Transfers					1,824,221	(1,824,221)	-
Total general revenues and transfers					\$ 24,789,049	\$ (1,483,999)	\$ 23,305,050
Change in net position					\$ 915,311	\$ (431,773)	\$ 483,538
Net position, beginning of year					50,263,148	11,961,608	62,224,756
Net position, end of year					\$ 51,178,459	\$ 11,529,835	\$ 62,708,294

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

Basic Financial Statements:

- Fund Financial Statements -

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TOWN OF VIENNA, VIRGINIA

Balance Sheet
Governmental Funds
At June 30, 2019

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects	Special Transportation Fund	Nonmajor Funds	
Assets:						
Cash and cash equivalents	\$ 10,977,007	\$ 7,679,578	\$ 5,761,826	\$ -	\$ 641,075	\$ 25,059,486
Receivables (net of allowance for uncollectibles):						
Taxes including penalties	66,385	-	-	-	-	66,385
Accounts	296,642	319,758	-	-	-	616,400
Prepaid items	5,992	-	-	-	-	5,992
Due from other governments	457,111	-	825,978	-	-	1,283,089
Inventory, at cost	119,665	-	-	-	-	119,665
Restricted:						
Cash and cash equivalents	-	-	-	1,557,917	894,925	2,452,842
Total assets	<u>\$ 11,922,802</u>	<u>\$ 7,999,336</u>	<u>\$ 6,587,804</u>	<u>\$ 1,557,917</u>	<u>\$ 1,536,000</u>	<u>\$ 29,603,859</u>
Liabilities:						
Accounts payable	\$ 399,158	\$ -	\$ 573,820	\$ -	\$ 12,721	\$ 985,699
Accrued liabilities	265,976	4,349	-	-	225,419	495,744
Escrow and other deposits	2,412,090	-	-	-	-	2,412,090
Unearned revenue	291,744	-	1,210,936	1,557,917	-	3,060,597
Total liabilities	<u>\$ 3,368,968</u>	<u>\$ 4,349</u>	<u>\$ 1,784,756</u>	<u>\$ 1,557,917</u>	<u>\$ 238,140</u>	<u>\$ 6,954,130</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	<u>\$ 131,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,507</u>
Fund Balance:						
Nonspendable:						
Inventory	\$ 119,665	\$ -	\$ -	\$ -	\$ -	\$ 119,665
Prepaid items	5,992	-	-	-	-	5,992
Restricted:						
Unappropriated PEG Funds	1,052,000	-	-	-	-	1,052,000
E-911	29,000	-	-	-	-	29,000
Stormwater funds	-	-	-	-	623,606	623,606
Gang task force funds	-	-	-	-	674,254	674,254
Committed:						
VRP reserves	248,000	-	-	-	-	248,000
Subsequent year budget support	500,000	-	-	-	-	500,000
Capital lease proceeds	57,900	-	-	-	-	57,900
Assigned:						
Encumbrances	55,300	-	-	-	-	55,300
Carryforward	128,800	-	-	-	-	128,800
Federal AF funds	429,700	-	-	-	-	429,700
State AF funds	314,400	-	-	-	-	314,400
Other postemployment benefits	531,900	-	-	-	-	531,900
Legal fees	100,000	-	-	-	-	100,000
Debt service	-	7,994,987	-	-	-	7,994,987
Capital projects	-	-	4,803,048	-	-	4,803,048
Unassigned	<u>4,849,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,849,670</u>
Total fund balance	<u>\$ 8,422,327</u>	<u>\$ 7,994,987</u>	<u>\$ 4,803,048</u>	<u>\$ -</u>	<u>\$ 1,297,860</u>	<u>\$ 22,518,222</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 11,922,802</u>	<u>\$ 7,999,336</u>	<u>\$ 6,587,804</u>	<u>\$ 1,557,917</u>	<u>\$ 1,536,000</u>	<u>\$ 29,603,859</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, 2019

Total fund balances for governmental funds (Exhibit 3)	\$	22,518,222
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$	3,744,068
Construction in progress		4,635,454
Depreciable capital assets, net of accumulated depreciation		<u>62,540,585</u>
Total capital assets		70,920,107
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	1,777,946
OPEB related items		<u>707,676</u>
Total		2,485,622
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.		
		70,193
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	\$	(331,964)
Bonds and capital leases payable		(25,096,775)
Unamortized bond premium		(1,599,039)
Net OPEB liabilities		(3,720,542)
Net pension liabilities		(11,280,543)
Compensated absences		<u>(1,379,192)</u>
Total		(43,408,055)
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.		
Pension related items	\$	(1,221,491)
OPEB related items		<u>(186,139)</u>
Total		<u>(1,407,630)</u>
Total net position of governmental activities (Exhibits 1 and 2)	\$	<u><u>51,178,459</u></u>

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

TOWN OF VIENNA, VIRGINIA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019**

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Project	Special Transportation Fund	Nonmajor Funds	
Revenues:						
General property taxes	\$ 11,419,658	\$ -	\$ -	\$ -	\$ -	\$ 11,419,658
Other local taxes	6,738,401	2,829,794	-	-	-	9,568,195
Permits, privilege fees and regulatory licenses	261,427	-	-	-	-	261,427
Fines and forfeitures	314,291	-	-	-	-	314,291
Revenue from use of money and property	432,465	182,015	196,594	-	21,626	832,700
Charges for services	1,066,449	-	-	-	-	1,066,449
Miscellaneous	160,728	60	56,393	-	517	217,698
Intergovernmental	3,373,454	17,718	946,920	564,071	731,659	5,633,822
Total revenues	<u>\$ 23,766,873</u>	<u>\$ 3,029,587</u>	<u>\$ 1,199,907</u>	<u>\$ 564,071</u>	<u>\$ 753,802</u>	<u>\$ 29,314,240</u>
Expenditures:						
Current:						
General government administration	\$ 5,009,749	\$ -	\$ -	\$ -	\$ -	\$ 5,009,749
Public safety	7,212,489	-	-	-	336,087	7,548,576
Public works	7,932,131	-	-	14,814	266,533	8,213,478
Health and welfare	223,435	-	-	-	-	223,435
Parks, recreation, and cultural	3,506,683	-	-	-	-	3,506,683
Community development	977,784	-	-	-	-	977,784
Capital projects	-	-	4,037,830	-	-	4,037,830
Debt service:						
Principal retirement	-	3,057,558	-	-	-	3,057,558
Interest and other fiscal charges	-	886,805	-	-	-	886,805
Total expenditures	<u>\$ 24,862,271</u>	<u>\$ 3,944,363</u>	<u>\$ 4,037,830</u>	<u>\$ 14,814</u>	<u>\$ 602,620</u>	<u>\$ 33,461,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,095,398)</u>	<u>\$ (914,776)</u>	<u>\$ (2,837,923)</u>	<u>\$ 549,257</u>	<u>\$ 151,182</u>	<u>\$ (4,147,658)</u>
Other financing sources (uses):						
Issuance of capital lease	\$ 590,400	\$ -	\$ -	\$ -	\$ -	\$ 590,400
Transfers in	980,000	1,466,082	549,257	-	-	2,995,339
Transfers out	(621,861)	-	-	(549,257)	-	(1,171,118)
Total other financing sources (uses)	<u>\$ 948,539</u>	<u>\$ 1,466,082</u>	<u>\$ 549,257</u>	<u>\$ (549,257)</u>	<u>\$ -</u>	<u>\$ 2,414,621</u>
Net changes in fund balances	\$ (146,859)	\$ 551,306	\$ (2,288,666)	\$ -	\$ 151,182	\$ (1,733,037)
Fund balances at beginning of year	<u>8,569,186</u>	<u>7,443,681</u>	<u>7,091,714</u>	<u>-</u>	<u>1,146,678</u>	<u>24,251,259</u>
Fund balances at end of year	<u>\$ 8,422,327</u>	<u>\$ 7,994,987</u>	<u>\$ 4,803,048</u>	<u>\$ -</u>	<u>\$ 1,297,860</u>	<u>\$ 22,518,222</u>

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

TOWN OF VIENNA, VIRGINIA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(1,733,037)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following details support this adjustment:

Capital outlay	\$ 3,386,933	
Depreciation expense	<u>(3,755,566)</u>	(368,633)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(505)
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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		20,593
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Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:		
Capital leases	\$ (590,400)	
Repayments:		
General obligation bonds	2,462,000	
Capital leases	<u>595,558</u>	
Net adjustment		2,467,158

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	\$ (82,223)	
OPEB expense	(42,343)	
Bond premium	240,073	
Pension expense	415,387	
Accrued interest payable	<u>(1,159)</u>	
Net adjustment		<u>529,735</u>
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>915,311</u></u>

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, 2019

		Business-type Activities Enterprise Fund Water & Sewer Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$	575,908
Receivables: (net of allowance for uncollectibles)		
Accounts		943,012
Unbilled service charges		856,162
Prepaid items		1,126
Inventory, at cost		28,242
Total current assets	\$	2,404,450
Other capital assets, net of accumulated depreciation		16,793,583
Total assets	\$	19,198,033
Deferred outflows of resources:		
Pension related items	\$	133,224
OPEB related items		56,781
Total deferred outflows of resources	\$	190,005
Liabilities:		
Current liabilities:		
Accounts payable	\$	1,204,780
Accrued liabilities		16,324
Escrow and other deposits		126,010
Due to other governments		819,494
Compensated absences - current portion		124,252
Note payable - current portion		103,638
Bonds payable - current portion		121,000
Capital leases - current portion		131,251
Total current liabilities	\$	2,646,749
Noncurrent liabilities:		
Compensated absences - noncurrent portion	\$	13,806
Net OPEB liabilities		302,662
Net pension liabilities		889,247
Note payable - noncurrent portion		2,704,427
Bonds payable - noncurrent portion		891,000
Capital leases - noncurrent portion		283,950
Total noncurrent liabilities	\$	5,085,092
Total liabilities	\$	7,731,841
Deferred Inflows of Resources:		
Pension related items	\$	117,377
OPEB related items		8,985
Total deferred inflows of resources	\$	126,362
Net Position:		
Net investment in capital assets	\$	12,558,317
Unrestricted		(1,028,482)
Total net position	\$	11,529,835

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, 2019

	Business-type Activities Enterprise Fund
	Water & Sewer Fund
Operating revenues:	
Charges for services	\$ <u>7,813,703</u>
Operating expenses:	
Personal services	\$ 1,502,776
Fringe benefits	340,268
Contractual services	4,055,557
Other charges	23,493
Materials and supplies	236,893
Depreciation	<u>599,080</u>
Total operating expenses	\$ <u>6,758,067</u>
Operating income (loss)	\$ <u>1,055,636</u>
Nonoperating revenues (expenses):	
Interest income	\$ 19,252
Miscellaneous income	320,970
Interest expense	<u>(3,410)</u>
Net nonoperating revenues (expenses)	\$ <u>336,812</u>
Income (loss) before transfers	\$ <u>1,392,448</u>
Transfers:	
Transfers (out)	\$ <u>(1,824,221)</u>
Net transfers	\$ <u>(1,824,221)</u>
Change in net position	\$ (431,773)
Net position, beginning of year	<u>11,961,608</u>
Net position, end of year	\$ <u><u>11,529,835</u></u>

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

TOWN OF VIENNA, VIRGINIA

**Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2019**

		Business-type Activities Enterprise Fund
		Water & Sewer Fund
Cash flows from operating activities:		
Receipts from customers	\$	7,520,423
Payments to and for employees		(2,012,348)
Payments to suppliers		(4,169,925)
Other receipts		333,244
Net cash provided by operating activities	\$	<u>1,671,394</u>
Cash flows from investing activities:		
Interest income	\$	<u>19,252</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$	(1,867,751)
Issuance of capital lease		229,600
Issuance of notes payable		1,469,619
Principal payments on capital lease		(109,044)
Principal payments on note and bonds payable		(118,000)
Interest expense		(3,410)
Net cash provided by (used for) capital and related financing activities	\$	<u>(398,986)</u>
Cash flows from noncapital financing activities:		
Transfers (to) other funds	\$	<u>(1,824,221)</u>
Net cash provided by (used for) noncapital financing activities	\$	<u>(1,824,221)</u>
Net increase (decrease) in cash and cash equivalents	\$	(532,561)
Cash and cash equivalents at beginning of year		<u>1,108,469</u>
Cash and cash equivalents at end of year	\$	<u><u>575,908</u></u>

TOWN OF VIENNA, VIRGINIA

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2019 (continued)

		Business-type Activities Enterprise Fund
		Water & Sewer Fund
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income	\$	1,055,636
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation		599,080
Miscellaneous income		320,970
(Gain) loss on disposal of capital assets		12,274
Changes in operating accounts:		
Accounts receivable		(169,388)
Unbilled service charges		(22,642)
Inventory		(5,231)
Prepaid items		(1,126)
Deferred outflows - pension items		38,225
Deferred outflows - OPEB items		(50,062)
Accounts payable		152,375
Accrued liabilities		(23,859)
Escrow and other deposits		1,499
Due to other governments		(102,749)
Net OPEB liabilities		72,990
Net pension liabilities		(224,451)
Deferred inflows - pension items		(11,311)
Deferred inflows - OPEB items		(1,632)
Compensated absences		30,796
Net cash provided by (used for) operating activities	\$	<u>1,671,394</u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Fiduciary Net Position
Pension Trust Funds
At June 30, 2019

Assets:	
Investments	\$ <u>5,743,285</u>
Total assets	\$ <u>5,743,285</u>
Liabilities:	
Accounts payable	\$ <u>108</u>
Net Position:	
Held in trust for pension benefits	\$ <u><u>5,743,177</u></u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended June 30, 2019

Additions:	
Contributions:	
Employer	\$ 368,034
Plan members	45,463
	<u>413,497</u>
Total contributions	\$ 413,497
Investment income:	
Interest earned on investments	173,372
	<u>173,372</u>
Total additions	\$ <u>586,869</u>
Deductions:	
Pension benefit payments	\$ 432,569
Other charges	3,150
	<u>435,719</u>
Total deductions	\$ <u>435,719</u>
Change in net position	\$ 151,150
Net position held in trust for pension benefits:	
Balance, beginning of year	5,592,027
	<u>5,592,027</u>
Balance, end of year	\$ <u><u>5,743,177</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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The Town of Vienna, located in central Fairfax County, Virginia, approximately 10 miles west of the District of Columbia, was incorporated in 1890.

The Town is governed under the Council-Manager form of government. The Town government, with approximately 200 full-time employees, engages in a wide range of municipal services including: police protection, refuse and leaf collection, recycling, street and sidewalk maintenance, street lights, storm drainage system maintenance, street cleaning, snow removal, water and sewer services, insect and animal control, zoning enforcement, planning and community development, recreational facilities and programs and Town beautification. Judicial administration, educational, fire, library, health and welfare services are provided by Fairfax County.

The financial statements of the Town of Vienna, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

Government-wide Financial Statements:

The financial statements are prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position:

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

A. Financial Reporting Entity (continued)

Statement of Activities:

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

Budgetary Comparison Schedules:

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original, the final budget, and the actual activity of the major governmental funds.

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

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units, if applicable. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

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

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

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

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

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

The following is a brief description of the specific funds used by the Town in FY 2019.

1. *Governmental Funds* - Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

General Fund - The General Fund accounts for and reports all revenues and expenditures of the Town which are not accounted for and reported in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units. The General Fund is considered a major fund for reporting purposes.

Debt Service Fund - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The Debt Service Fund revenues are derived primarily from other local taxes and transfers from the Water and Sewer Fund. The Debt Service Fund is considered a major fund for reporting purposes.

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

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

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

2. *Proprietary Funds* - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and cash flows. The Proprietary Fund consists of the water and sewer enterprise fund.

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

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

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

C. Basis of Accounting

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

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

C. Basis of Accounting (continued)

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

1. In March of each year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. At least one public hearing is conducted at the Town Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriation ordinance. The Town Council may approve supplemental appropriations.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

D. Budgets and Budgetary Accounting (continued)

4. The legal level of control is at the function level within an individual fund. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. This is done during a quarterly review and analysis, and approved by motion by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, Stormwater Fund, and Capital Projects Fund. Capital Projects are budgeted on a project basis as well as an annual basis.
6. The budgets for the General Fund, Debt Service, Capital Projects and Stormwater Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. A review of the presented budget comparisons herein will disclose how accurately the governing body was actually able to forecast the revenues and expenditures of the Town.
8. Appropriations lapse on June 30 except for the Capital Projects Fund which adopts both annual and project-length budgets. Those appropriations lapse when the project has been completed.
9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2019.
10. There were no additional appropriations that would have a material effect on the financial statements at June 30, 2019.

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 \$55,300 for General Government Administration, Public Works, Parks Recreation and Cultural, and Community Development comprised of \$4,000, \$34,800, \$6,000, and \$10,500, respectively.

F. Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash, and (2) so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

G. Investments

External investment pools are measured at amortized cost and net asset value as applicable. All other investments are reported at fair value.

H. Inventory

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

I. Prepaid Items

The consumption method is used for accounting of prepaid items.

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the Town, and as assets in the government-wide financial statements to the extent the Town's capitalization threshold of \$5,000 is met. Expenditures for infrastructure capital assets, which consist of roads, streets, bridges and similar assets, have been capitalized for acquisitions acquired and/or constructed during the current fiscal year 2019. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Land improvements	50 years
Buildings and improvements	15 - 30 years
Water and sewer lines	50 years
Storage tanks and wells	40 years
Improvements	20 - 40 years
Office, automotive, and other equipment	5 -10 years
Infrastructure	25 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension and OPEB assets or liabilities. Lastly the Town reports contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension and OPEB asset or liability next fiscal year. For more detailed information on these items, reference the pension and OPEB notes.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

K. Deferred Outflows/Inflows of Resources (continued)

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

L. Other Local Taxes

Included in other local taxes is meal and lodging tax revenue which the Town began to assess as of January 1, 1990. Since the Town Council has designated that such revenue is to be used to repay principal and interest on governmental debt, the revenue is included as debt service revenue.

M. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$194,500 at June 30, 2019 and is comprised of the following:

General Fund:	
Property taxes receivable	\$ 7,000
Other	6,500
Total general fund	<u>\$ 13,500</u>
Water and Sewer Fund:	
Accounts receivable	181,000
Grand total	<u>\$ 194,500</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, 2019 (continued)

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

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

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

Q. Unbilled Revenue

The Water and Sewer Fund bills service charges to customers on a quarterly basis. Service charges earned but unbilled are accrued based on the last billing and reported in the financial statements as unbilled service charges.

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

S. Long-Term Obligations

The Town reports long-term debt of governmental funds at face value. The face value of the debt is believed to approximate fair value. Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

T. Net Position

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

U. Net Position Flow Assumption

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

V. Fund Equity

The Town reports fund balance in its governmental funds. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

W. Adoption of Accounting Principles

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The Town early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (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, 2019 consisted of investment in the Commonwealth of Virginia Local Government Investment Pool, VML/VACO's Virginia Investment Pool and investments in the State Non-Arbitrage Pool (SNAP).

Credit Risk of Debt Securities

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

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Investors Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Credit Risk of Debt Securities (continued)

The Town's rated debt instruments as of June 30, 2019 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	AAAm
Local Government Investment Pool (LGIP)	\$ 15,978,804	\$ -
Virginia Investment Pool	-	8,193,345
Virginia State Non-Arbitrage Program	5,230,423	-
	<u>\$ 21,209,227</u>	<u>\$ 8,193,345</u>

Reconciliation of Deposits and Investments

Cash and cash equivalents - Per Exhibit 1 (1)	\$ 28,088,236
Fiduciary funds	<u>5,743,285</u>
Total cash and investments	<u>\$ 33,831,521</u>
Cash:	
Deposits	\$ 4,428,099
Cash on hand and cash items	<u>850</u>
Total cash	<u>\$ 4,428,949</u>
Investments	<u>\$ 29,402,572</u>
Total cash and investments	<u>\$ 33,831,521</u>

(1) Includes temporarily restricted cash of \$2,452,842

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. The Virginia Investment Pool is measured at net asset value (NAV), There are no withdrawal limitations or restrictions imposed on participants.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ -	\$ -
Virginia Investment Pool	8,193,345	8,193,345
Virginia State Non-Arbitrage Program	-	-
Total	<u>\$ 8,193,345</u>	<u>\$ 8,193,345</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Redemption Restrictions

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Investment 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 2019 was \$.225 per \$100 of assessed valuation.

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

NOTE 4 - ACCOUNTS RECEIVABLE:

Accounts receivable are detailed as follows:

	<u>Governmental Activities</u>			<u>Business-type</u>
	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Activities</u>
	<u>Fund</u>	<u>Fund</u>		<u>Water & Sewer</u>
			<u>Fund</u>	
Property taxes	\$ 73,385	\$ -	\$ 73,385	\$ -
Consumer utility taxes	54,784	-	54,784	-
PEG funds	41,674	-	41,674	-
Business license fees	64,551	-	64,551	-
Meals taxes	-	319,758	319,758	-
Vehicle license fees	43,199	-	43,199	-
Water and sewer charges	-	-	-	1,124,012
Unbilled revenues	-	-	-	856,162
Other	98,934	-	98,934	-
Total	\$ 376,527	\$ 319,758	\$ 696,285	\$ 1,980,174
Less: Allowance for uncollectibles	(13,500)	-	(13,500)	(181,000)
Net receivables	\$ 363,027	\$ 319,758	\$ 682,785	\$ 1,799,174

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 5 - DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments are detailed as follows:

	Governmental Activities		
	General Fund	Capital Projects Fund	Total
Commonwealth of Virginia:			
Virginia Department of Highways	\$ -	\$ 430,358	\$ 430,358
Department of Environmental Quality	-	4,081	4,081
Other	2,032	-	2,032
Federal Government:			
FEMA grant	20,737	-	20,737
County of Fairfax, Virginia:			
Local sales tax	261,378	-	261,378
Communications tax	144,542	-	144,542
Court fines and forfeitures	27,703	-	27,703
Roads grants		391,539	391,539
County of Loudoun, Virginia:			
Gang grants	719	-	719
Total	<u>\$ 457,111</u>	<u>\$ 825,978</u>	<u>\$ 1,283,089</u>

NOTE 6 – INTERFUND TRANSFERS:

Details of interfund transfers as of June 30, 2019 are as follows:

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 980,000
Transfers to the Capital Projects Fund from the Special Transportation Fund for Capital Projects	549,257
Transfers to the Debt Service Fund from the General Fund to supplement debt service funding for general long-term obligation debt	621,861
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	<u>844,221</u>
Total transfers	<u>\$ 2,995,339</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance			Balance
	July 1, 2018	Increases	Decreases	June 30, 2019
Capital assets not being depreciated:				
Land	\$ 3,389,034	\$ 355,034	\$ -	\$ 3,744,068
Construction in progress - infrastructure	2,796,353	418,979	-	3,215,332
Construction in progress - other	296,909	1,575,487	452,274	1,420,122
Total capital assets not being depreciated	\$ 6,482,296	\$ 2,349,500	\$ 452,274	\$ 8,379,522
Other capital assets:				
Land improvements	\$ 5,605,742	\$ -	\$ -	\$ 5,605,742
Buildings and improvements	29,923,184	265,653	355,034	29,833,803
Infrastructure	92,806,204	797,754	-	93,603,958
Office and other equipment	6,566,529	256,537	-	6,823,066
Automotive and other equipment	6,000,286	524,797	207,381	6,317,702
Total other capital assets	\$ 140,901,945	\$ 1,844,741	\$ 562,415	\$ 142,184,271
Accumulated depreciation:				
Land improvements	\$ 616,652	\$ 142,522	\$ -	\$ 759,174
Buildings and improvements	9,105,107	1,118,019	1,183	10,221,943
Infrastructure	60,217,464	1,652,752	-	61,870,216
Office and other equipment	3,188,591	287,807	3,390	3,473,008
Automotive and other equipment	2,967,182	554,466	202,303	3,319,345
Total accumulated depreciation	\$ 76,094,996	\$ 3,755,566	\$ 206,876	\$ 79,643,686
Net capital assets	\$ 71,289,245	\$ 438,675	\$ 807,813	\$ 70,920,107
Depreciation expense has been allocated as follows:				
General government administration		\$ 366,384		
Public safety		256,409		
Public works		2,380,775		
Parks and recreation		746,387		
Community development		5,611		
Total depreciation expense		\$ 3,755,566		

Business-type Activities:

	Balance			Balance
	July 1, 2018	Increases	Decreases	June 30, 2019
Capital assets not being depreciated:				
Construction in progress	\$ 110,672	\$ 1,213,707	\$ -	\$ 1,324,379
Other capital assets:				
Automotive and other equipment	\$ 1,391,362	\$ 229,651	\$ 55,235	\$ 1,565,778
Improvements	27,357,885	424,393	-	27,782,278
Total other capital assets	\$ 28,749,247	\$ 654,044	\$ 55,235	\$ 29,348,056
Accumulated depreciation:				
Automotive and other equipment	\$ 764,484	\$ 103,311	\$ 42,961	\$ 824,834
Improvements	12,558,249	495,769	-	13,054,018
Total accumulated depreciation	\$ 13,322,733	\$ 599,080	\$ 42,961	\$ 13,878,852
Net capital assets	\$ 15,537,186	\$ 1,268,671	\$ 12,274	\$ 16,793,583

Assets acquired under capital leases included in above:

	Cost	Depreciation Expense	Accumulated Depreciation
Equipment:			
Governmental activities	\$ 3,666,817	\$ 310,930	\$ 1,315,121
Business activities	563,183	57,178	245,792
Total	\$ 4,230,000	\$ 368,108	\$ 1,560,913

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 8 - DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE:

	Government-wide Statements	Governmental Funds
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
A. <i>Deferred Property Tax Revenue</i> - deferred inflow of resources representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 70,193
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.	61,314	61,314
C. <i>Non-refundable deposits held for various sidewalk and street improvements</i> - Revenues related to such deposits are not recognized until the related street improvement expenditures have been incurred	266,614	266,614
D. <i>Unearned revenues</i> - Special Transportation Fund	1,557,917	1,557,917
E. <i>Unearned revenues</i> - Capital Projects Fund	1,210,936	1,210,936
F. <i>Other</i> - unearned vehicle license fee revenue	25,130	25,130
Total	<u>\$ 3,121,911</u>	<u>\$ 3,192,104</u>

NOTE 9 - LONG-TERM OBLIGATIONS:

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

Governmental Activities:

Year Ending June 30,	General Obligation Bonds		Capital Leases		Direct Borrowings and Direct Placements General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,700,000	\$ 685,928	\$ 597,655	\$ 36,005	\$ 767,000	\$ 123,496
2021	1,700,000	625,178	609,349	24,310	767,000	100,903
2022	1,700,000	562,018	305,113	12,356	437,000	78,310
2023	1,695,000	496,296	154,658	4,958	437,000	68,522
2024	1,695,000	431,172	-	-	437,000	58,733
2025	1,690,000	366,755	-	-	437,000	48,944
2026	1,655,000	302,950	-	-	437,000	39,155
2027	1,355,000	246,850	-	-	437,000	29,366
2028	1,355,000	197,800	-	-	437,000	19,578
2029	935,000	153,487	-	-	437,000	9,789
2030	935,000	113,400	-	-	-	-
2031	935,000	72,800	-	-	-	-
2032	525,000	39,375	-	-	-	-
2033	525,000	13,125	-	-	-	-
Total	<u>\$ 18,400,000</u>	<u>\$ 4,307,134</u>	<u>\$ 1,666,775</u>	<u>\$ 77,629</u>	<u>\$ 5,030,000</u>	<u>\$ 576,796</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Business-type Activities:

Year Ending June 30,	Direct Borrowings and Direct Placements				Capital Leases	
	General Obligation Bonds		Note Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 121,000	\$ 26,860	\$ 103,638	\$ 107,808	\$ 131,251	\$ 10,063
2021	124,000	23,902	54,878	105,743	134,083	7,231
2022	127,000	20,870	57,023	103,597	90,077	4,328
2023	130,000	17,765	59,253	101,368	59,790	1,928
2024	45,000	14,586	61,570	99,051	-	-
2025	46,000	13,299	63,977	96,644	-	-
2026	47,000	11,983	66,479	94,142	-	-
2027	49,000	10,639	69,078	91,543	-	-
2028	50,000	9,238	71,779	88,842	-	-
2029	52,000	7,808	74,585	86,035	-	-
2030	53,000	6,321	77,502	83,119	-	-
2031	54,000	4,805	80,532	80,089	-	-
2032	56,000	3,260	83,681	76,940	-	-
2033	58,000	1,659	86,953	73,668	-	-
2034	-	-	90,352	70,268	-	-
2035	-	-	93,886	66,735	-	-
2036	-	-	97,557	63,064	-	-
2037	-	-	101,371	59,250	-	-
2038	-	-	105,335	55,286	-	-
2039	-	-	109,453	51,168	-	-
2040	-	-	113,733	46,888	-	-
2041	-	-	118,180	42,441	-	-
2042	-	-	122,801	37,820	-	-
2043	-	-	127,602	33,019	-	-
2044	-	-	132,591	28,029	-	-
2045	-	-	137,776	22,845	-	-
2046	-	-	143,163	17,458	-	-
2047	-	-	148,760	11,860	-	-
2048	-	-	154,577	-	-	-
Total	\$ 1,012,000	\$ 172,995	\$ 2,808,065	1,894,720	\$ 415,201	\$ 23,550

Changes in Long-term Obligations:

The following is a summary of the governmental activities long-term obligations of the Town for the year ended June 30, 2019.

	Direct Borrowings and Placements		Bond Premium	Capital Leases	Total
	Bonds	Bonds			
Balance, July 1, 2018	\$ 20,095,000	\$ 5,797,000	\$ 1,839,112	\$ 1,671,933	\$ 29,403,045
Issuances/increases:					
Capital leases	\$ -	\$ -	\$ -	\$ 590,400	\$ 590,400
Total issuances/increases	\$ -	\$ -	\$ -	\$ 590,400	\$ 590,400
Retirements/decreases:					
General obligation bonds	\$ 1,695,000	\$ 767,000	\$ -	\$ -	\$ 2,462,000
Bond premium	-	-	240,073	-	240,073
Capital leases	-	-	-	595,558	595,558
Total retirements/decreases	\$ 1,695,000	\$ 767,000	\$ 240,073	\$ 595,558	\$ 3,297,631
Balance, June 30, 2019	\$ 18,400,000	\$ 5,030,000	\$ 1,599,039	\$ 1,666,775	\$ 26,695,814

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Changes in Long-term Obligations: (continued)

The following is a summary of business-type activities long-term obligations of the Town for the year ended June 30, 2019.

	<u>Direct Borrowings and Placements</u>			<u>Total</u>
	<u>Note Payable</u>	<u>Bonds</u>	<u>Capital Leases</u>	
Balance, July 1, 2018	\$ 1,338,446	\$ 1,130,000	\$ 294,645	\$ 2,763,091
Issuances/increases:				
Notes payable	\$ 1,469,619	\$ -	\$ -	\$ 1,469,619
Capital leases	-	-	229,600	229,600
Total issuances/increases	\$ 1,469,619	\$ -	\$ 229,600	\$ 1,699,219
Retirements/decreases:				
Bonds payable	\$ -	\$ 118,000	\$ -	\$ 118,000
Capital leases	-	-	109,044	109,044
Total retirements/decreases	\$ -	\$ 118,000	\$ 109,044	\$ 227,044
Balance, June 30, 2019	\$ 2,808,065	\$ 1,012,000	\$ 415,201	\$ 4,235,266

Note: Capital lease proceeds are receipted by the Town and purchases from such funds are made from Town funds rather than by the financing entity. There were no non-cash transactions resulting from capital leases. Unless otherwise noted, the full faith and credit of the Town has been irrevocably pledged to secure the debt.

Details of Long-Term Obligations

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities:</u>		
<u>Public Improvement Bonds:</u>		
(1) \$4,950,000 issued June 20, 2006, maturing in annual installments of \$330,000 through June 1, 2021 with interest payable semiannually at 3.88%	\$ 660,000	\$ 330,000
\$2,310,000 issued July 28, 2010, maturing in annual installments of \$335,000 from August 1, 2019 through August 1, 2025 with interest payable semiannually at rates from 4.00% to 4.70%	2,310,000	335,000
\$6,310,000 issued July 18, 2012, maturing in annual installments of \$425,000 through July 15, 2014, and \$420,000 from July 15, 2015 through July 15, 2027, interest payable semiannually at rates from 2.0% to 2.50%	3,780,000	420,000
\$6,555,000 issued November 14, 2013, maturing in annual installments of \$437,000 through June 1, 2029, interest payable semiannually at 2.24%	4,370,000	437,000
\$6,180,000 issued December 23, 2015, maturing in annual installments ranging from \$410,000 to \$415,000 through August 1, 2030, interest payable semiannually at rates from 2.00% to 4.00%	4,935,000	415,000
\$7,900,000 issued February 28, 2018, maturing in annual installments ranging from \$525,000 to \$530,000 through August 1, 2032, interest payable semiannually at 5.00%	7,375,000	530,000
Total public improvement bonds	\$ 23,430,000	\$ 2,467,000

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Details of Long-Term Obligations (continued)

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities: (continued)</u>		
<u>Capital Leases:</u>		
\$518,000 capital lease obligations due in annual installments of \$133,513 through October 14, 2020, interest payable at 1.232%	\$ 262,171	\$ 130,283
\$605,900 capital lease obligations due in annual installments of \$157,851 through September 14, 2021, interest payable at 1.670%	458,168	150,200
\$590,400 capital lease obligations due in annual installments of \$159,617 through November 1, 2022, interest payable at 3.206%	590,400	140,689
\$700,000 capital lease obligations due in annual installments of \$182,678 through July 1, 2020, interest payable at 1.74%	<u>356,036</u>	<u>176,483</u>
Total capital leases	<u>\$ 1,666,775</u>	<u>\$ 597,655</u>
Unamortized bond premiums	<u>\$ 1,599,039</u>	<u>\$ 235,267</u>
Total general long-term obligations from governmental activities	<u>\$ 26,695,814</u>	<u>\$ 3,299,922</u>
<u>Business-type activities:</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, 2047, interest at 3.91%	<u>\$ 2,808,065</u>	<u>\$ 103,638</u>
<u>Public Improvement Bonds:</u>		
(1) \$794,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$73,000 to \$87,000 through June 1, 2023, interest payable semiannually at 2.24%	\$ 336,000	\$ 81,000
(1) \$878,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$17,000 to \$58,000 through April 1, 2033, interest payable semiannually at 2.86%	<u>676,000</u>	<u>40,000</u>
Total public improvement bonds	<u>\$ 1,012,000</u>	<u>\$ 121,000</u>
<u>Capital Leases:</u>		
\$182,000 capital lease obligations due in annual installments of \$46,910 through October 14, 2020, interest payable at 1.232%	\$ 92,114	\$ 45,775
\$124,100 capital lease obligations due in annual installments of \$32,331 through September 14, 2021, interest payable at 1.670%	93,487	30,764
\$229,600 capital lease obligations due in annual installments of \$69,073 through November 1, 2022, interest payable at 3.206%	<u>229,600</u>	<u>54,712</u>
Total capital leases	<u>\$ 415,201</u>	<u>\$ 131,251</u>
Total general long-term obligations from business-type activities	<u>\$ 4,235,266</u>	<u>\$ 355,889</u>
(1) Represents direct borrowings and direct placements		

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 9 - LONG-TERM OBLIGATIONS: (continued)

Federal Arbitrage Regulations:

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

NOTE 10 - COMPENSATED ABSENCES:

The Town has accrued the liability arising from all outstanding compensated absences. The liability for future vacation benefits is accrued when certain conditions are fulfilled.

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

	Governmental Activities	Business-type Activities	Total
Balance, July 1, 2018	\$ 1,296,969	\$ 107,262	\$ 1,404,231
Increases	1,379,192	138,058	1,517,250
Decreases	(1,296,969)	(107,262)	(1,404,231)
Balance, June 30, 2019	<u>\$ 1,379,192</u>	<u>\$ 138,058</u>	<u>\$ 1,517,250</u>
Amounts due within one year	\$ 1,241,273	\$ 124,252	\$ 1,365,525
Amounts due after one year	<u>137,919</u>	<u>13,806</u>	<u>151,725</u>
Total	<u>\$ 1,379,192</u>	<u>\$ 138,058</u>	<u>\$ 1,517,250</u>

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

NOTE 11 - PENSION PLANS:

Plan Description

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 11 - PENSION PLANS: (continued)

Benefit Structures

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 11 - PENSION PLANS: (continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	121
Inactive members:	
Vested inactive members	21
Non-vested inactive members	44
Inactive members active elsewhere in VRS	<u>18</u>
Total inactive members	83
Active members	<u>175</u>
Total covered employees	<u><u>379</u></u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 11 - PENSION PLANS: (continued)

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2019 was 10.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$1,320,910 and \$1,318,106 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Actuarial Assumptions – General Employees (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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, 2017, 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, 2018.

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

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

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

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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:

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 64,738,466	\$ 54,990,792	\$ 9,747,674
Changes for the year:			
Service cost	\$ 1,210,652	\$ -	\$ 1,210,652
Interest	4,398,038	-	4,398,038
Differences between expected and actual experience	(466,825)	-	(466,825)
Contributions - employer	-	1,318,131	(1,318,131)
Contributions - employee	-	600,631	(600,631)
Net investment income	-	4,021,974	(4,021,974)
Benefit payments, including refunds of employee contributions	(3,818,694)	(3,818,694)	-
Administrative expenses	-	(35,653)	35,653
Other changes	-	(3,543)	3,543
Net changes	\$ 1,323,171	\$ 2,082,846	\$ (759,675)
Balances at June 30, 2018	\$ 66,061,637	\$ 57,073,638	\$ 8,987,999

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Net Pension Liability	\$ 17,239,764	\$ 8,987,999	\$ 2,098,712

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

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

For the year ended June 30, 2019, the Town recognized pension expense of \$578,011. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 76,687	\$ 449,648
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,046	31,046
Change of assumptions	-	121,752
Net difference between projected and actual earnings on pension plan investments	-	457,895
Employer contributions subsequent to the measurement date	<u>1,320,910</u>	<u>-</u>
Total	<u>\$ 1,428,643</u>	<u>\$ 1,060,341</u>

\$1,320,910 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, 2020. 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:

<u>Year ended June 30</u>	
2020	\$ (34,138)
2021	(199,527)
2022	(670,847)
2023	(48,096)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans

A. Plan Description

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

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

The plans do not issue separate financial statements.

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

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

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

Local Retirement Plan

All full-time, salaried permanent employees not covered by the Police Retirement Pension Plan must participate in the Plan. The Local Retirement Plan closed to new entrants in FY 2006 when the 401A plan was established. Benefits vest after 5 years of service. Employees who retire with at least 5 years of service are entitled to an annual retirement benefit payable monthly for life in an amount equal to .25 percent of their average final salary (AFS) times years of credited service. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire before age 50 and with less than 30 years of service. The plan also provides death and disability benefits. These benefit provisions and other requirements are established by local statute.

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

A. Plan Description (continued)

Police Retirement Plan

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

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

B. Other Information

The Town's membership in the Local and Police Plans at July 1, 2017 is as follows:

	<u>Local Retirement Plan</u>	<u>Police Retirement Plan</u>
Terminated vested members	70	-
Retired/disabled	43	25
Active members	14	39
Total	<u>127</u>	<u>64</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

B. Other Information (continued)

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

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Totals
Assets:			
Investments	\$ 2,494,584	\$ 3,248,701	\$ 5,743,285
Total assets	<u>\$ 2,494,584</u>	<u>\$ 3,248,701</u>	<u>\$ 5,743,285</u>
Liabilities:			
Accounts payable	\$ -	\$ 108	\$ 108
Net Position:			
Net position held in trust for pension benefits	<u>\$ 2,494,584</u>	<u>\$ 3,248,593</u>	<u>\$ 5,743,177</u>
Additions:			
Contributions:			
Employer	\$ 159,840	\$ 208,194	\$ 368,034
Plan members	-	45,463	45,463
Total contributions	<u>\$ 159,840</u>	<u>\$ 253,657</u>	<u>\$ 413,497</u>
Investment income:			
Interest earned on investments	74,704	98,668	173,372
Total additions	<u>\$ 234,544</u>	<u>\$ 352,325</u>	<u>\$ 586,869</u>
Deductions:			
Pension benefit payments	\$ 193,213	\$ 239,356	\$ 432,569
Other charges	1,200	1,950	3,150
Total deductions	<u>\$ 194,413</u>	<u>\$ 241,306</u>	<u>\$ 435,719</u>
Net increase (decrease) in plan assets	\$ 40,131	\$ 111,019	\$ 151,150
Net position held in trust for pension benefits:			
Balance, beginning of year	2,454,453	3,137,574	5,592,027
Balance, end of year	<u>\$ 2,494,584</u>	<u>\$ 3,248,593</u>	<u>\$ 5,743,177</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (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, 2019, 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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2019, were as follows:

	<u>Civilian</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 3,749,732	\$ 5,175,236	\$ 8,924,968
Plan fiduciary net position	<u>(2,494,584)</u>	<u>(3,248,593)</u>	<u>(5,743,177)</u>
Authority's net pension liability	<u>\$ 1,255,148</u>	<u>\$ 1,926,643</u>	<u>\$ 3,181,791</u>
Plan fiduciary net position as a percentage of the total pension liability	66.53%	62.77%	64.35%

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

Inflation 2.50%

Salary increases in addition to inflation, 4.00% for Police Officers with less than 20 years of service; 5.00% for Civilian members with less than 10 years of service, and 1.00% thereafter.

Investment rate of return 4.25%, compounded annually, net of investment expense, including inflation

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	4.25%

Discount rate. The discount rate used to measure the total pension liability was 4.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates at lesser equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

	<u>Civilian Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2018	\$ 3,764,419	\$ 2,454,453	\$ 1,309,966
Changes for the year:			
Service cost	\$ 21,680	\$ -	\$ 21,680
Interest	156,846	-	156,846
Contributions - employer	-	159,840	(159,840)
Net investment income	-	74,704	(74,704)
Benefit payments, including refunds of employee contributions	(193,213)	(193,213)	-
Administrative expenses	-	(1,200)	1,200
Net changes	\$ (14,687)	\$ 40,131	\$ (54,818)
Balances at June 30, 2019	\$ 3,749,732	\$ 2,494,584	\$ 1,255,148

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 4,972,551	\$ 3,137,574	\$ 1,834,977
Changes for the year:			
Service cost	\$ 226,130	\$ -	\$ 226,130
Interest	215,911	-	215,911
Contributions - employer	-	208,194	(208,194)
Contributions - employee	-	45,463	(45,463)
Net investment income	-	98,668	(98,668)
Benefit payments, including refunds of employee contributions	(239,356)	(239,356)	-
Administrative expenses	-	(1,950)	1,950
Net changes	\$ 202,685	\$ 111,019	\$ 91,666
Balances at June 30, 2019	\$ 5,175,236	\$ 3,248,593	\$ 1,926,643

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Town, calculated using the discount rate of 4.25%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.25%) or 1 percentage-point higher (5.25%) than the current rate:

	Civilian Plan		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
	Net pension liability	\$ 1,715,005	\$ 1,255,148

	Sworn Officer's Plan		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
	Net pension liability	\$ 2,603,799	\$ 1,926,643

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (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, 2019, the Town recognized pension expense of \$153,657 and \$344,377 for the Civilian and Police Plans, respectively. At June 30, 2019, 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	\$ -	\$ -	\$ 34,677	\$ 278,527
Change in assumptions	-	-	184,884	-
Net difference between projected and actual earnings on pension plan investments	115,650	-	147,316	-
Total	<u>\$ 115,650</u>	<u>\$ -</u>	<u>\$ 366,877</u>	<u>\$ 278,527</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>
2020	\$ 54,552	\$ 51,830
2021	36,034	28,594
2022	19,289	6,805
2023	5,775	(10,440)
2024	-	5,779
Thereafter	-	5,782

Combined Town Pension Items

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Virginia Retirement System	\$ 8,987,999	\$ 1,428,643	\$ 1,060,341	\$ 578,011
Civilian Plan	1,255,148	115,650	-	153,657
Sworn Officer's Plan	1,926,643	366,877	278,527	344,377
Total	<u>\$ 12,169,790</u>	<u>\$ 1,911,170</u>	<u>\$ 1,338,868</u>	<u>\$ 1,076,045</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

NOTE 12 - DEFINED CONTRIBUTION CIVILIAN RETIREMENT PLAN:

During fiscal year 2006 the Town established the Town of Vienna Defined Contribution Civilian Retirement plan pursuant to Internal Revenue Code 401(a) for employees who are members of the local pension plan. The plan was initially funded by a payment of \$1,079,183 from the Local Retirement Fund. Under the terms of the plan administered by ICMA-RC, employees are eligible to participate after six months of employment. The Town contributes 2% of the participating employee's annual base salary to the plan. An employee may elect to contribute to the plan to the extent allowed by federal law. Employee contributions of up to 2% will be matched by the Town 100%. The Town may amend the plan, including contribution rates, as allowed by federal law.

Total employer contributions to the plan totaled \$342,263, and employee contributions were \$169,004 for fiscal year 2019.

NOTE 13 - DEFERRED COMPENSATION PLAN:

The Town offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. Permanent part-time and full-time Town employees are eligible to participate and may defer 25% of their gross income up to a maximum of \$19,000 in 2019. Employees who are age 50 or older may defer up to \$25,000 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

Internal Revenue Code Section 457 requires all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the plan participant and are not subject to the claims of the Town's general creditors.

NOTE 14 - LITIGATION:

At June 30, 2019 the Town was involved in various matters of litigation, It is unknown what liability if any the Town would incur should any court decisions on pending matters not be favorable to the Town.

NOTE 15 - COMMITMENTS:

Operating Lease Commitments

The Town is committed under various short-term operating leases including those for a copier lease. The leases may be revoked by the Town without penalty upon 30 days notice to the lessor. The Town paid approximately \$2,648 per month during the year ended June 30, 2019 under the lease agreements. Total rental expense under all operating leases for the year ended June 30, 2019 approximated \$31,774.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

NOTE 16 - CONTINGENCIES:

The Town is responsible for the refunding of arbitrage interest incurred on the unexpended proceeds of certain bond issues. The amount of this arbitrage, if any, is estimated to be immaterial.

The Town has various requests for refunds of business license fees. The Town has taken the opinion that refunds that may be made, if any, will not be material.

State and Federal Programs

Federal programs in which the Town and all discretely presented component units participate are audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs are tested for compliance with applicable grant requirements.

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

NOTE 17 - RISK MANAGEMENT:

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

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

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

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

<u>Employee</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Marion Serfass	Director of Finance - Town Treasurer	\$ 50,000
James Morris	Police Chief	5,000

The Mayor and the Town Council are covered by public official liability insurance that the Town maintains with the Virginia Municipal League Insurance Program. Virginia State Code requires the Treasurer to be bonded by 15 percent of state revenue to be received, up to \$200,000. All others are to be bonded at the discretion of the Council as they deem necessary.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (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 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, 2019 (valuation date), the following employees were covered by the benefit terms:

Active	151
Retired	18
Spouses	<u>-</u>
Total	<u><u>169</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, 2019 was \$77,007 (including an estimate of implicit rate subsidy).

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2019.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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	3.13%
Investment Rate of Return	N/A

Mortality rates: RP 2000 table projected to 2027 with scale BB.

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 3.13%. 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, 2019. 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 3.13% 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, 2018	\$	1,762,093
Changes for the year:		
Service cost		53,061
Interest		64,327
Difference between expected and actual experience		442,567
Changes in assumptions		119,163
Contributions - employer		-
Benefit payments		(77,007)
Net changes		<u>602,111</u>
Balances at June 30, 2019	\$	<u><u>2,364,204</u></u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements

June 30, 2019 (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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 2,609,960	\$ 2,364,204	\$ 2,148,604

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

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

Rates		
Healthcare Cost		
1% Decrease (5.00% decreasing to 3.25%)	Trend (6.00% decreasing to 4.25%)	1% Increase (7.00% decreasing to 5.25%)
\$ 2,105,275	\$ 2,364,204	\$ 2,671,354

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

For the year ended June 30, 2019, the Town recognized OPEB expense in the amount of \$172,546. At June 30, 2019, 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	\$ 398,310	\$ -
Changes in assumptions	107,247	8,124
Total	<u>\$ 505,557</u>	<u>\$ 8,124</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (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>	
2020	\$ 55,158
2021	55,158
2022	55,158
2023	55,158
2024	55,158
Thereafter	221,643

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) PROGRAM (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Program 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 Program 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 Program. 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 program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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, 2019 (continued)

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

Benefit Amounts

The GLI Program 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 program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program 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 Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the Town were \$67,900 and \$65,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the Town reported a liability of \$991,000, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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 Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the Town's proportion was .06523% as compared to .06498% at June 30, 2017.

For the year ended June 30, 2019, the Town recognized GLI OPEB expense of \$9,000. 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.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

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

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,000	\$ 18,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	32,000
Change in assumptions	-	41,000
Changes in proportion	9,000	-
Employer contributions subsequent to the measurement date	<u>67,900</u>	<u>-</u>
Total	<u>\$ 124,900</u>	<u>\$ 91,000</u>

\$67,900 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, 2020. 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>	
2020	\$ (13,000)
2021	(13,000)
2022	(13,000)
2023	(4,000)
2024	5,000
Thereafter	4,000

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

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TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI 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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	<u>15.00%</u>	9.53%	<u>1.43%</u>
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (continued)

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

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, 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, 2018 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 1,295,000	\$ 991,000	\$ 744,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2019 (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, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$28,000 and \$23,000 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the entity reported a liability of \$668,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the entity's proportion was .21307% as compared to .20911% at June 30, 2017.

For the year ended June 30, 2019, the entity recognized LODA OPEB expense of \$52,000. 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, 2019, 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	\$ 96,000	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,000
Change in assumptions	-	77,000
Change in proportion	10,000	17,000
Employer contributions subsequent to the measurement date	28,000	-
Total	<u>\$ 134,000</u>	<u>\$ 96,000</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

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

\$28,000 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, 2020. 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>	
2020	\$ 1,000
2021	1,000
2022	1,000
2023	1,000
2024	1,000
Thereafter	5,000

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Year of ultimate trend rate	Fiscal year ended 2024
Investment rate of return	3.56%, net of OPEB plan investment expenses, including inflation*

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (continued)**

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

Actuarial Assumptions (Continued)

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return.

Mortality Rates – Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2019 (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:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements

June 30, 2019 (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, 2018, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 315,395
Plan Fiduciary Net Position	<u>1,889</u>
Employers' Net OPEB Liability (Asset)	<u><u>\$ 313,506</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%

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 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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, 2018.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.89%. 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, 2018, 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, 2019 (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 3.89%, 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 (2.89%) or one percentage point higher (4.89%) than the current rate:

	Discount Rate		
	1% Decrease (2.89%)	Current (3.89%)	1% Increase (4.89%)
Town's proportionate share of the total LODA Net OPEB Liability	\$ 765,000	\$ 668,000	\$ 590,000

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Town's proportionate share of the total LODA Net OPEB Liability	\$ 569,000	\$ 668,000	\$ 791,000

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 (continued)

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

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)	\$ 2,364,204	\$ 505,557	\$ 8,124	\$ 172,546
Group Life (Note 19)	991,000	124,900	91,000	9,000
LODA (Note 20)	668,000	134,000	96,000	52,000
Total	<u>\$ 4,023,204</u>	<u>\$ 764,457</u>	<u>\$ 195,124</u>	<u>\$ 233,546</u>

NOTE 21 – NEW ACCOUNTING STANDARDS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 11,401,490	\$ 11,401,490	\$ 11,419,658	\$ 18,168
Other local taxes	6,725,000	6,822,500	6,738,401	(84,099)
Permits, privilege fees and regulatory licenses	338,000	338,000	261,427	(76,573)
Fines and forfeitures	393,000	393,000	314,291	(78,709)
Revenue from the use of money and property	279,500	182,000	432,465	250,465
Charges for services	969,600	988,630	1,066,449	77,819
Miscellaneous	109,800	153,809	160,728	6,919
Intergovernmental:				
Commonwealth	3,213,560	3,218,370	3,251,076	32,706
Federal Government	85,000	85,000	122,378	37,378
Total revenues	<u>\$ 23,514,950</u>	<u>\$ 23,582,799</u>	<u>\$ 23,766,873</u>	<u>\$ 184,074</u>
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 584,450	\$ 643,450	\$ 580,386	\$ 63,064
General and financial administration	4,537,240	4,569,220	4,429,363	139,857
Total general government administration	<u>\$ 5,121,690</u>	<u>\$ 5,212,670</u>	<u>\$ 5,009,749</u>	<u>\$ 202,921</u>
Public Safety:				
Law enforcement and traffic control	\$ 6,933,095	\$ 7,009,165	\$ 7,047,115	\$ (37,950)
Fire and rescue	62,450	62,450	64,297	(1,847)
Other protection	98,590	98,590	101,077	(2,487)
Total public safety	<u>\$ 7,094,135</u>	<u>\$ 7,170,205</u>	<u>\$ 7,212,489</u>	<u>\$ (42,284)</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 3,149,150	\$ 3,319,420	\$ 3,252,789	\$ 66,631
Sanitation and waste removal	1,910,420	1,924,350	1,898,195	26,155
Maintenance of buildings and grounds	3,160,710	3,163,145	2,781,147	381,998
Total public works	<u>\$ 8,220,280</u>	<u>\$ 8,406,915</u>	<u>\$ 7,932,131</u>	<u>\$ 474,784</u>

TOWN OF VIENNA, VIRGINIA

**Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019 (continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures: (continued)				
Health and Welfare:				
Welfare/Social Services	\$ 219,040	\$ 219,040	\$ 223,435	\$ (4,395)
Parks, recreation and cultural:				
Parks and recreation	\$ 3,629,695	\$ 3,682,784	\$ 3,506,683	\$ 176,101
Community Development:				
Planning and community development	\$ 1,073,250	\$ 1,101,500	\$ 977,784	\$ 123,716
Total expenditures	\$ 25,358,090	\$ 25,793,114	\$ 24,862,271	\$ 930,843
Excess (deficiency) of revenues over (under) expenditures	\$ (1,843,140)	\$ (2,210,315)	\$ (1,095,398)	\$ 1,114,917
Other Financing Sources (Uses)				
Issuance of capital lease	\$ 890,000	\$ 890,000	\$ 590,400	\$ (299,600)
Transfers in	980,000	980,000	980,000	-
Transfers out	(621,860)	(621,860)	(621,861)	(1)
Total other financing sources (uses)	\$ 1,248,140	\$ 1,248,140	\$ 948,539	\$ (299,601)
Net change in fund balance	\$ (595,000)	\$ (962,175)	\$ (146,859)	\$ 815,316
Fund balance, beginning of year	<u>595,000</u>	<u>962,175</u>	<u>8,569,186</u>	<u>7,607,011</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,422,327</u>	<u>\$ 8,422,327</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
For the Years Ended June 30, 2014 to June 30, 2019

	2019		2018		2017		2016	
	Civilian	Sworn Officers'	Civilian	Sworn Officers'	Civilian	Sworn Officers'	Civilian	Sworn Officers'
Total pension liability								
Service cost	\$ 21,680	\$ 226,130	\$ 247,810	\$ 21,151	\$ 220,615	\$ 241,766	\$ 26,020	\$ 216,357
Interest	156,846	215,911	372,757	157,241	208,577	365,818	175,572	193,477
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)
Net change in total pension liability	(14,687)	202,685	187,998	(484,671)	348,207	(136,464)	38,563	188,320
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
Total pension liability - ending (a)	\$ 3,749,732	\$ 5,175,236	\$ 8,924,968	\$ 3,764,419	\$ 4,972,551	\$ 8,736,970	\$ 4,249,090	\$ 4,624,344
Plan fiduciary net position								
Contributions - employer	\$ 159,840	\$ 208,194	\$ 368,034	\$ 194,043	\$ 191,369	\$ 385,412	\$ 194,186	\$ 208,791
Contributions - member	-	45,463	45,463	-	42,676	42,676	-	46,296
Net investment income	74,704	98,668	173,372	35,136	46,429	81,565	17,518	23,418
Benefit payments, including refunds of member contributions	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)	(163,029)	(221,514)
Administrative expense	(1,200)	(1,950)	(3,150)	(4,483)	(9,310)	(13,793)	(4,224)	(7,585)
Net change in plan fiduciary net position	40,131	111,019	151,150	41,378	(13,333)	28,045	44,451	49,406
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
Plan fiduciary net position - ending (b)	\$ 2,494,584	\$ 3,248,593	\$ 5,743,177	\$ 2,454,453	\$ 3,137,574	\$ 5,592,027	\$ 2,413,075	\$ 3,150,907
Net pension liability (a) - (b)	\$ 1,255,148	\$ 1,926,643	\$ 3,181,791	\$ 1,309,966	\$ 1,834,977	\$ 3,144,943	\$ 1,836,015	\$ 1,473,437
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%
Covered - payroll	\$ 717,013	\$ 3,161,154	\$ 3,878,167	\$ 578,624	\$ 3,282,770	\$ 3,861,394	\$ 739,312	\$ 3,138,408
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%

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

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

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Civilian Plan:										
Actuarially determined contribution	\$ 159,987	\$ 194,186	\$ 167,445	\$ 167,445	\$ 165,879	\$ 161,780	\$ 148,159	\$ 137,817	\$ 143,200	\$ 138,196
Contributions in relation to the actuarially determined contribution	<u>159,840</u>	<u>194,043</u>	<u>194,186</u>	<u>170,324</u>	<u>163,000</u>	<u>161,780</u>	<u>148,159</u>	<u>137,817</u>	<u>143,200</u>	<u>138,196</u>
Contribution deficiency (excess)	\$ <u>147</u>	\$ <u>143</u>	\$ <u>(26,741)</u>	\$ <u>(2,879)</u>	\$ <u>2,879</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered - payroll	\$ 698,423	\$ 578,624	\$ 687,551	\$ 739,312	\$ 1,115,015	\$ 1,178,949	\$ 1,559,568	\$ 1,701,444	\$ 1,835,897	\$ 1,919,389
Contributions as a percentage of covered - payroll	22.9%	33.5%	28.2%	23.0%	14.6%	13.7%	9.5%	8.1%	7.8%	7.2%
Sworn Officers' Plan:										
Actuarially determined contribution	\$ 284,504	\$ 275,096	\$ 264,970	\$ 258,507	\$ 255,110	\$ 182,694	\$ 167,299	\$ 172,524	\$ 133,248	\$ 136,942
Contributions in relation to the actuarially determined contribution	<u>208,194</u>	<u>191,369</u>	<u>208,791</u>	<u>322,248</u>	<u>191,369</u>	<u>182,694</u>	<u>167,299</u>	<u>172,524</u>	<u>133,248</u>	<u>136,942</u>
Contribution deficiency (excess)	\$ <u>76,310</u>	\$ <u>83,727</u>	\$ <u>56,179</u>	\$ <u>(63,741)</u>	\$ <u>63,741</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered - payroll	\$ 3,161,154	\$ 3,282,770	\$ 3,216,868	\$ 3,138,408	\$ 2,820,889	\$ 2,732,096	\$ 2,987,482	\$ 2,738,476	\$ 2,664,960	\$ 2,794,735
Contributions as a percentage of covered - payroll	6.6%	5.8%	6.5%	10.3%	6.8%	6.7%	5.6%	6.3%	5.0%	4.9%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

	Civilian Plan	Sworn Officers' Plan
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar (closed)	Level dollar (open)
Remaining amortization period	13 years	15 years
Asset valuation method	Market	Market
Inflation	2.50%	2.50%
Salary increases	4.00% first 20 years, 1.00% thereafter	5.00% first 10 years, 1.00% thereafter
Investment rate of return	4.25%	4.25%
Retirement age	The earlier of attainment of age 65 or attainment of age 50 and 30 years of service.	20 years of creditable service
Mortality	RP-2000 mortality tables	RP-2000 mortality tables

TOWN OF VIENNA, VIRGINIA

**Schedule of Investment Returns
For the Years Ended June 30, 2014 to June 30, 2019**

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

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

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

TOWN OF VIENNA, VIRGINIA

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 1,210,652	\$ 1,219,128	\$ 1,177,978	\$ 1,159,362	\$ 1,111,037
Interest	4,398,038	4,272,698	4,148,614	3,962,616	3,809,732
Differences between expected and actual experience	(466,825)	130,678	(375,688)	476,957	-
Changes in assumptions	-	(253,374)	-	-	-
Benefit payments, including refunds of employee contributions	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Net change in total pension liability	\$ 1,323,171	\$ 2,030,718	\$ 1,932,762	\$ 2,733,430	\$ 2,312,865
Total pension liability - beginning	64,738,466	62,707,748	60,774,986	58,041,556	55,728,691
Total pension liability - ending (a)	\$ 66,061,637	\$ 64,738,466	\$ 62,707,748	\$ 60,774,986	\$ 58,041,556
Plan fiduciary net position					
Contributions - employer	\$ 1,318,131	\$ 1,295,257	\$ 1,413,920	\$ 1,356,538	\$ 1,365,804
Contributions - employee	600,631	641,798	602,967	567,236	546,977
Net investment income	4,021,974	6,064,351	867,305	2,242,886	6,777,243
Benefit payments, including refunds of employee contributions	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Administrative expense	(35,653)	(35,661)	(31,539)	(31,154)	(36,819)
Other	(3,543)	(5,374)	(369)	(471)	357
Net change in plan fiduciary net position	\$ 2,082,846	\$ 4,621,959	\$ (165,858)	\$ 1,269,530	\$ 6,045,658
Plan fiduciary net position - beginning	54,990,792	50,368,833	50,534,691	49,265,161	43,219,503
Plan fiduciary net position - ending (b)	\$ 57,073,638	\$ 54,990,792	\$ 50,368,833	\$ 50,534,691	\$ 49,265,161
Town's net pension liability - ending (a) - (b)	\$ 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	86.39%	84.94%	80.32%	83.15%	84.88%
Covered payroll	\$ 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	72.46%	81.32%	106.38%	92.46%	80.07%

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

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 1,320,910	\$ 1,320,910	\$ -	\$ 13,049,064	10.12%
2018	1,318,106	1,318,106	-	12,404,281	10.63%
2017	1,323,288	1,323,288	-	11,986,303	11.04%
2016	1,428,966	1,428,966	-	11,598,748	12.32%
2015	1,364,440	1,364,440	-	11,075,000	12.32%
2014	1,366,884	1,366,884	-	10,961,381	12.47%
2013	1,296,157	1,296,157	-	10,394,199	12.47%
2012	959,768	959,768	-	9,793,554	9.80%
2011	963,357	963,357	-	9,830,170	9.80%
2010	1,015,873	1,015,873	-	10,038,271	10.12%

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

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					
2018	0.065230%	\$ 991,000	\$ 12,404,281	7.99%	51.22%
2017	0.064980%	978,000	11,986,303	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2019	\$ 67,800	\$ 67,800	-	\$ 13,049,064	0.52%
2018	65,000	65,000	-	12,404,281	0.52%
2017	62,329	62,329	-	11,986,303	0.52%
2016	55,674	55,674	-	11,598,748	0.48%
2015	53,160	53,160	-	11,075,000	0.48%
2014	52,657	52,657	-	10,961,381	0.48%
2013	49,941	49,941	-	10,394,199	0.48%
2012	27,422	27,422	-	9,793,554	0.28%
2011	27,537	27,537	-	9,830,170	0.28%
2010	20,329	20,329	-	10,038,271	0.20%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Employer's Share of Net LODA OPEB Liability
 Line of Duty Act (LODA) Program
 For the Measurement Dates of June 30, 2018 and 2017

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

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

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

Schedule of Employer Contributions
 Line of Duty Act (LODA) Program
 For the Years Ended June 30, 2017 through June 30, 2019

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)
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. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Employees in the Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Changes in Total OPEB Liability and Related Ratios
 For the Measurement Dates of June 30, 2019 and June 30, 2018

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

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

Notes to Required Supplementary Information - Town OPEB
 For the Year Ended June 30, 2019

Valuation Date: 1/1/2019
 Measurement Date: 6/30/2019

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	3.13%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.75% in 2019 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: RP 2000 table projected to 2027 with scale BB.

- Other Supplementary Information -

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TOWN OF VIENNA, VIRGINIA

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2019

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Stormwater Fund</u>	<u>Gang Task Force Fund</u>	
Assets:			
Cash and cash equivalents	\$ 641,075	\$ -	\$ 641,075
Restricted:			
Cash and cash equivalents	<u>-</u>	<u>894,925</u>	<u>894,925</u>
Total assets	<u>\$ 641,075</u>	<u>\$ 894,925</u>	<u>\$ 1,536,000</u>
Liabilities:			
Accounts payable	\$ 12,721	\$ -	\$ 12,721
Accrued liabilities	<u>4,748</u>	<u>220,671</u>	<u>225,419</u>
Total liabilities	<u>\$ 17,469</u>	<u>\$ 220,671</u>	<u>\$ 238,140</u>
Fund Balance:			
Restricted:			
Stormwater funds	\$ 623,606	\$ -	\$ 623,606
Gang task force funds	<u>-</u>	<u>674,254</u>	<u>674,254</u>
Total fund balance	<u>\$ 623,606</u>	<u>\$ 674,254</u>	<u>\$ 1,297,860</u>
Total liabilities and fund balance	<u>\$ 641,075</u>	<u>\$ 894,925</u>	<u>\$ 1,536,000</u>

TOWN OF VIENNA, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2019

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Stormwater Fund</u>	<u>Gang Task Force Fund</u>	
Revenues:			
Revenue from use of money and property	\$ 8,420	\$ 13,206	\$ 21,626
Miscellaneous	517	-	517
Intergovernmental	400,409	331,250	731,659
Total revenues	<u>\$ 409,346</u>	<u>\$ 344,456</u>	<u>\$ 753,802</u>
Expenditures:			
Current:			
Public safety	\$ -	\$ 336,087	\$ 336,087
Public works	266,533	-	266,533
Total expenditures	<u>\$ 266,533</u>	<u>\$ 336,087</u>	<u>\$ 602,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 142,813</u>	<u>\$ 8,369</u>	<u>\$ 151,182</u>
Net changes in fund balances	\$ 142,813	\$ 8,369	\$ 151,182
Fund balances at beginning of year	480,793	665,885	1,146,678
Fund balances at end of year	<u>\$ 623,606</u>	<u>\$ 674,254</u>	<u>\$ 1,297,860</u>

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Position
At June 30, 2019

	Pension Trust Funds		
	Local Retirement Fund	Police Retirement Fund	Total
Assets:			
Investments	\$ 2,494,584	\$ 3,248,701	\$ 5,743,285
Total assets	\$ 2,494,584	\$ 3,248,701	\$ 5,743,285
Liabilities:			
Accounts payable	\$ -	\$ 108	\$ 108
Total liabilities	\$ -	\$ 108	\$ 108
Net Position:			
Held in trust for pension benefits	\$ 2,494,584	\$ 3,248,593	\$ 5,743,177

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

**Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2019**

	<u>Local Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 159,840	\$ 208,194	\$ 368,034
Plan members	-	45,463	45,463
Total contributions	\$ 159,840	\$ 253,657	\$ 413,497
Investment income:			
Interest earned on investments	74,704	98,668	173,372
Total additions	\$ 234,544	\$ 352,325	\$ 586,869
Deductions:			
Pension benefit payments	\$ 193,213	\$ 239,356	\$ 432,569
Other charges	1,200	1,950	3,150
Total deductions	\$ 194,413	\$ 241,306	\$ 435,719
Change in net position	\$ 40,131	\$ 111,019	\$ 151,150
Net position held in trust for pension benefits:			
Balance, beginning of year	<u>2,454,453</u>	<u>3,137,574</u>	<u>5,592,027</u>
Balance, end of year	<u>\$ 2,494,584</u>	<u>\$ 3,248,593</u>	<u>\$ 5,743,177</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2019

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	\$ 11,265,850	\$ 11,265,850	\$ 11,280,971	\$ 15,121
Public service corporation taxes:				
Real property	98,640	98,640	99,546	906
Penalties and interest	37,000	37,000	39,141	2,141
Total general property taxes	<u>\$ 11,401,490</u>	<u>\$ 11,401,490</u>	<u>\$ 11,419,658</u>	<u>\$ 18,168</u>
Other local taxes:				
Local sales and use taxes	\$ 1,435,000	\$ 1,435,000	\$ 1,493,524	\$ 58,524
Consumer utility taxes	670,000	670,000	684,098	14,098
Business license tax	2,370,000	2,370,000	2,389,726	19,726
Motor vehicle license tax	420,000	420,000	395,429	(24,571)
Bank franchise taxes	1,200,000	1,200,000	1,114,289	(85,711)
Tobacco tax	250,000	250,000	206,304	(43,696)
Fiber-optic franchise tax	33,000	130,500	123,922	(6,578)
Telecommunications tax	125,000	125,000	106,648	(18,352)
Media general franchise fees and related taxes	165,000	165,000	164,700	(300)
Utility consumption taxes	57,000	57,000	59,761	2,761
Total other local taxes	<u>\$ 6,725,000</u>	<u>\$ 6,822,500</u>	<u>\$ 6,738,401</u>	<u>\$ (84,099)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 14,000	\$ 14,000	\$ 11,722	\$ (2,278)
Other permits, privilege fees and regulatory licenses	324,000	324,000	249,705	(74,295)
Total permits, privilege fees and regulatory licenses	<u>\$ 338,000</u>	<u>\$ 338,000</u>	<u>\$ 261,427</u>	<u>\$ (76,573)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 393,000	\$ 393,000	\$ 314,291	\$ (78,709)

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Revenue from use of money and property:				
Interest on bank deposits	\$ 70,000	\$ 70,000	\$ 237,582	\$ 167,582
Concessions and rentals	209,500	112,000	194,883	82,883
Total revenue from use of money and property	<u>\$ 279,500</u>	<u>\$ 182,000</u>	<u>\$ 432,465</u>	<u>\$ 250,465</u>
Charges for services:				
Recreation fees	\$ 934,600	\$ 948,570	\$ 1,008,272	\$ 59,702
Police reimbursements	-	5,060	8,140	3,080
Special service fees	35,000	35,000	50,037	15,037
Total charges for services	<u>\$ 969,600</u>	<u>\$ 988,630</u>	<u>\$ 1,066,449</u>	<u>\$ 77,819</u>
Miscellaneous:				
Miscellaneous income	\$ 109,800	\$ 153,809	\$ 160,728	\$ 6,919
Total revenue from local sources	<u>\$ 20,216,390</u>	<u>\$ 20,279,429</u>	<u>\$ 20,393,419</u>	<u>\$ 113,990</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	\$ 1,000,000	\$ 1,000,000	\$ 905,593	\$ (94,407)
Rolling stock tax	-	-	391	391
Total non-categorical aid	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 905,984</u>	<u>\$ (94,016)</u>
Categorical aid:				
Street and highway maintenance	\$ 1,765,610	\$ 1,765,610	\$ 1,856,773	\$ 91,163
Litter control	-	4,810	4,807	(3)
Law enforcement assistance	7,500	7,500	11,250	3,750
FEMA grants	-	-	15,409	15,409
Public safety grants	388,000	388,000	402,556	14,556
Fire funds	52,450	52,450	54,297	1,847
Total Categorical aid	<u>\$ 2,213,560</u>	<u>\$ 2,218,370</u>	<u>\$ 2,345,092</u>	<u>\$ 126,722</u>
Total revenue from the Commonwealth	<u>\$ 3,213,560</u>	<u>\$ 3,218,370</u>	<u>\$ 3,251,076</u>	<u>\$ 32,706</u>

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from federal government:				
Categorical aid:				
Public safety grants	\$ 65,000	\$ 65,000	\$ 83,002	\$ 18,002
DMV grants	<u>20,000</u>	<u>20,000</u>	<u>39,376</u>	<u>19,376</u>
Total revenue from the federal government	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 122,378</u>	<u>\$ 37,378</u>
Total General Fund	<u><u>\$ 23,514,950</u></u>	<u><u>\$ 23,582,799</u></u>	<u><u>\$ 23,766,873</u></u>	<u><u>\$ 184,074</u></u>
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,700,000	\$ 2,700,000	\$ 2,829,794	\$ 129,794
Revenue from use of money and property:				
Interest on bank deposits	20,000	20,000	182,015	162,015
Miscellaneous:				
Miscellaneous income	-	-	60	60
Intergovernmental:				
Revenue from federal government:				
Build America Bonds interest subsidy	<u>33,000</u>	<u>33,000</u>	<u>17,718</u>	<u>(15,282)</u>
Total Debt Service Fund	<u><u>\$ 2,753,000</u></u>	<u><u>\$ 2,753,000</u></u>	<u><u>\$ 3,029,587</u></u>	<u><u>\$ 276,587</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,594</u>	<u>\$ 196,594</u>
Miscellaneous:				
Other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,393</u>	<u>\$ 56,393</u>
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,393</u>	<u>\$ 56,393</u>
Total revenue from local sources	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 252,987</u></u>	<u><u>\$ 252,987</u></u>
Intergovernmental:				
Fairfax County - streets	\$ -	\$ -	\$ 137,367	\$ 137,367
Fairfax County - SLAF	<u>660,000</u>	<u>1,260,000</u>	<u>103,491</u>	<u>(1,156,509)</u>
Total Fairfax County	<u>\$ 660,000</u>	<u>\$ 1,260,000</u>	<u>\$ 240,858</u>	<u>\$ (1,019,142)</u>
Northern Virginia Transportation Authority	<u>\$ -</u>	<u>\$ 2,519,100</u>	<u>\$ 241,331</u>	<u>\$ (2,277,769)</u>

**Governmental Funds
Schedule of Revenues - Budget and Actual**

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<u>Capital Projects Fund: (continued)</u>				
Revenue from the Commonwealth:				
VDOT grants	\$ 265,975	\$ 569,700	\$ 348,473	\$ (221,227)
Stormwater local assistance	<u>660,000</u>	<u>660,000</u>	<u>-</u>	<u>(660,000)</u>
Total revenue from the Commonwealth	<u>\$ 925,975</u>	<u>\$ 1,229,700</u>	<u>\$ 348,473</u>	<u>\$ (881,227)</u>
Revenue from federal government:				
Federal transit grants	<u>\$ 284,300</u>	<u>\$ 319,200</u>	<u>\$ 116,258</u>	<u>\$ (202,942)</u>
Total Capital Projects Fund	<u>\$ 1,870,275</u>	<u>\$ 5,328,000</u>	<u>\$ 1,199,907</u>	<u>\$ (4,128,093)</u>
<u>Special Revenue Funds:</u>				
Stormwater Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,420</u>	<u>\$ 8,420</u>
Miscellaneous:				
Miscellaneous income	<u>-</u>	<u>2,790</u>	<u>517</u>	<u>(2,273)</u>
Intergovernmental:				
Fairfax County - stormwater tax	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ 400,409</u>	<u>\$ 36,409</u>
Total Stormwater Fund	<u>\$ 364,000</u>	<u>\$ 366,790</u>	<u>\$ 409,346</u>	<u>\$ 42,556</u>
Gang Task Force Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,206</u>	<u>\$ 13,206</u>
Intergovernmental:				
Local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,250</u>	<u>\$ 331,250</u>
Total Gang Task Force Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,456</u>	<u>\$ 344,456</u>
Special Transportation Fund				
Intergovernmental:				
Northern Virginia Transportation Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,071</u>	<u>\$ 564,071</u>
Total Special Revenue Funds	<u>\$ 364,000</u>	<u>\$ 366,790</u>	<u>\$ 1,317,873</u>	<u>\$ 951,083</u>
Total All Governmental Funds	<u>\$ 28,502,225</u>	<u>\$ 32,030,589</u>	<u>\$ 29,314,240</u>	<u>\$ (2,716,349)</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund:				
General Government Administration:				
Legislative:				
Town council	\$ 85,470	\$ 80,870	\$ 70,956	\$ 9,914
Boards and commissions	55,150	55,150	53,509	1,641
PEG project	150,000	209,000	164,187	44,813
Town clerk	293,830	298,430	291,734	6,696
Total legislative	<u>\$ 584,450</u>	<u>\$ 643,450</u>	<u>\$ 580,386</u>	<u>\$ 63,064</u>
General and Financial Administration:				
Town manager	\$ 366,270	\$ 366,270	\$ 370,350	\$ (4,080)
Human resources	471,620	491,020	465,780	25,240
Legal services	319,050	319,050	293,974	25,076
Financial administration	700,000	698,400	704,409	(6,009)
Disbursement operations	206,950	206,800	196,109	10,691
Risk management	558,150	536,710	480,893	55,817
Information technology	837,600	838,300	854,249	(15,949)
Purchasing	173,030	175,430	154,982	20,448
Revenue operations	441,080	440,280	441,867	(1,587)
Public information	333,520	366,840	355,142	11,698
Central services	79,970	80,120	64,331	15,789
PC replacement	50,000	50,000	47,277	2,723
Total general and financial administration	<u>\$ 4,537,240</u>	<u>\$ 4,569,220</u>	<u>\$ 4,429,363</u>	<u>\$ 139,857</u>
Total general government administration	<u>\$ 5,121,690</u>	<u>\$ 5,212,670</u>	<u>\$ 5,009,749</u>	<u>\$ 202,921</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 928,790	\$ 988,810	\$ 829,677	\$ 159,133
Uniform patrol	2,523,540	2,526,400	2,650,702	(124,302)
Communications	1,161,430	1,161,430	1,175,339	(13,909)
Investigations	1,133,920	1,134,380	1,166,483	(32,103)
Community services	111,520	122,720	118,092	4,628
Traffic unit	694,740	696,270	695,895	375
Equipment replacement	294,755	294,755	251,493	43,262
Gang task force	84,400	84,400	106,976	(22,576)
Other law enforcement and traffic control	-	-	52,458	(52,458)
Total law enforcement and traffic control	<u>\$ 6,933,095</u>	<u>\$ 7,009,165</u>	<u>\$ 7,047,115</u>	<u>\$ (37,950)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Public Safety: (continued)				
Fire and rescue:				
Volunteer fire department	\$ 62,450	\$ 62,450	\$ 64,297	\$ (1,847)
Other protection:				
Personal property/animal control	\$ 98,590	\$ 98,590	\$ 101,077	\$ (2,487)
Total public safety	<u>\$ 7,094,135</u>	<u>\$ 7,170,205</u>	<u>\$ 7,212,489</u>	<u>\$ (42,284)</u>
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 730,400	\$ 749,610	\$ 861,395	\$ (111,785)
Street maintenance	1,837,690	1,929,340	1,809,958	119,382
Snow removal	232,240	262,240	212,186	50,054
Traffic engineering	348,820	378,230	369,250	8,980
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 3,149,150</u>	<u>\$ 3,319,420</u>	<u>\$ 3,252,789</u>	<u>\$ 66,631</u>
Sanitation and waste removal:				
Sanitation	\$ 1,854,400	\$ 1,873,130	\$ 1,850,038	\$ 23,092
Fall/spring cleanup - leaf collection and other	56,020	51,220	48,157	3,063
Total sanitation and waste removal	<u>\$ 1,910,420</u>	<u>\$ 1,924,350</u>	<u>\$ 1,898,195</u>	<u>\$ 26,155</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,241,780	\$ 1,243,315	\$ 1,234,695	\$ 8,620
Maintenance equipment	584,090	584,090	269,287	314,803
Maintenance of buildings and grounds	1,334,840	1,335,740	1,277,165	58,575
Total maintenance of buildings and grounds	<u>\$ 3,160,710</u>	<u>\$ 3,163,145</u>	<u>\$ 2,781,147</u>	<u>\$ 381,998</u>
Total public works	<u>\$ 8,220,280</u>	<u>\$ 8,406,915</u>	<u>\$ 7,932,131</u>	<u>\$ 474,784</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief for the elderly	\$ 219,040	\$ 219,040	\$ 223,435	\$ (4,395)

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>General Fund: (continued)</u>				
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 803,970	\$ 805,970	\$ 837,323	\$ (31,353)
Parks and recreation programs	576,770	588,770	492,628	96,142
General maintenance	1,177,800	1,203,399	1,170,650	32,749
Community center	642,950	642,150	641,690	460
Special events	154,300	172,790	152,064	20,726
Parks and recreation equipment	11,155	11,155	9,618	1,537
Teen Center	227,150	222,950	180,647	42,303
Historic preservation	35,600	35,600	22,063	13,537
Total parks and recreation	<u>\$ 3,629,695</u>	<u>\$ 3,682,784</u>	<u>\$ 3,506,683</u>	<u>\$ 176,101</u>
Community Development:				
Planning and community development:				
Planning and zoning	\$ 1,056,700	\$ 1,084,950	\$ 965,734	\$ 119,216
Various contributions	16,550	16,550	12,050	4,500
Total planning and community development	<u>\$ 1,073,250</u>	<u>\$ 1,101,500</u>	<u>\$ 977,784</u>	<u>\$ 123,716</u>
Total General Fund	<u>\$ 25,358,090</u>	<u>\$ 25,793,114</u>	<u>\$ 24,862,271</u>	<u>\$ 930,843</u>
<u>Debt Service Fund:</u>				
Debt Service:				
Principal retirement	\$ 3,057,550	\$ 3,057,550	\$ 3,057,558	\$ (8)
Interest and fiscal charges	843,240	843,240	886,805	(43,565)
Total Debt Service Fund	<u>\$ 3,900,790</u>	<u>\$ 3,900,790</u>	<u>\$ 3,944,363</u>	<u>\$ (43,573)</u>

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Capital Projects Fund:				
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 552,940	\$ (552,940)
Equipment system project	-	-	171,189	(171,189)
Sidewalk, curb, and gutter projects	-	-	842,403	(842,403)
Street improvement projects	-	-	745,282	(745,282)
Stormwater projects	-	-	374,655	(374,655)
Parks projects	-	-	68,901	(68,901)
Other capital projects and administration	-	-	1,282,460	(1,282,460)
Total capital projects	\$ -	\$ -	\$ 4,037,830	\$ (4,037,830)
Total Capital Projects Fund	\$ -	\$ -	\$ 4,037,830	\$ (4,037,830)
Special Revenue Funds:				
Gang Task Force Fund				
Public Safety:				
Law enforcement and traffic control:				
Asset forfeiture program	\$ -	\$ -	\$ 336,087	\$ (336,087)
Stormwater Fund				
Public Works:				
Stormwater	\$ 461,170	\$ 463,960	\$ 266,533	\$ 197,427
Special Transportation Fund				
Public Works:				
NVTA administration	\$ -	\$ -	\$ 14,814	\$ (14,814)
Total Special Revenue Funds	\$ 461,170	\$ 463,960	\$ 617,434	\$ (153,474)
Total All Governmental Funds	\$ 29,720,050	\$ 30,157,864	\$ 33,461,898	\$ (3,304,034)

- Statistical Section -

Contents	Tables
<p>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.</p>	1 - 6
<p>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.</p>	7 - 10
<p>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.</p>	11 - 15
<p>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.</p>	16
<p>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.</p>	17 - 20

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

TOWN OF VIENNA, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 38,411,117	\$ 37,220,697	\$ 36,673,150	\$ 34,564,184
Restricted	-	455,135	500,716	1,400,252
Unrestricted	<u>13,077,123</u>	<u>13,025,908</u>	<u>14,218,648</u>	<u>15,676,550</u>
Total governmental activities net position	<u>\$ 51,488,240</u>	<u>\$ 50,701,740</u>	<u>\$ 51,392,514</u>	<u>\$ 51,640,986</u>
Business-type activities:				
Net investment in capital assets	\$ 7,927,058	\$ 8,069,308	\$ 8,183,057	\$ 7,911,570
Unrestricted	<u>287,487</u>	<u>(52,010)</u>	<u>(936,451)</u>	<u>(441,240)</u>
Total business-type activities net position	<u>\$ 8,214,545</u>	<u>\$ 8,017,298</u>	<u>\$ 7,246,606</u>	<u>\$ 7,470,330</u>
Primary government:				
Net investment in capital assets	\$ 46,338,175	\$ 45,290,005	\$ 44,856,207	\$ 42,475,754
Restricted	-	455,135	500,716	1,400,252
Unrestricted	<u>13,364,610</u>	<u>12,973,898</u>	<u>13,282,197</u>	<u>15,235,310</u>
Total primary government net position	<u>\$ 59,702,785</u>	<u>\$ 58,719,038</u>	<u>\$ 58,639,120</u>	<u>\$ 59,111,316</u>

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

Table 1

2014	2015	2016	2017	2018	2019
\$ 33,760,786	\$ 32,229,231	\$ 38,894,331	\$ 44,195,940	\$ 49,536,591	\$ 49,860,620
1,369,520	1,678,433	1,875,915	2,063,297	2,312,174	2,378,860
15,163,500	4,763,891	7,963,012	5,468,424	(1,585,617)	(1,061,021)
<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>	<u>\$ 51,178,459</u>
\$ 7,981,491	\$ 9,358,019	\$ 9,846,088	\$ 11,096,338	\$ 12,774,095	\$ 12,558,317
(18,296)	(592,683)	(474,233)	(1,202,211)	(812,487)	(1,028,482)
<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>	<u>\$ 11,529,835</u>
\$ 41,742,277	\$ 41,587,250	\$ 48,740,419	\$ 55,292,278	\$ 59,763,687	\$ 60,041,201
1,369,520	1,678,433	1,875,915	2,063,297	2,312,174	2,378,860
15,145,204	4,171,208	7,488,779	4,266,213	148,895	288,233
<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>	<u>\$ 62,708,294</u>

TOWN OF VIENNA, VIRGINIA

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

	2010	2011	2012
Expenses:			
Governmental Activities:			
General government administration	\$ 3,647,013	\$ 3,595,123	\$ 3,635,414
Public safety	5,971,132	5,755,847	6,100,525
Public works	9,593,548	9,813,232	9,220,813
Health and welfare	290,773	284,914	275,881
Parks, recreation and cultural	2,836,757	3,015,055	2,863,152
Community development	711,824	714,927	846,444
Interest on long-term debt	441,336	469,103	468,645
Total governmental activities expenses	<u>\$ 23,492,383</u>	<u>\$ 23,648,201</u>	<u>\$ 23,410,874</u>
Business type activities:			
Water and sewer	5,777,244	5,535,934	6,223,267
Total business type activities expenses	<u>\$ 29,269,627</u>	<u>\$ 29,184,135</u>	<u>\$ 29,634,141</u>
Program Revenues:			
Governmental Activities:			
Charges for services			
General government	\$ 12,019	\$ 13,714	\$ 21,341
Public safety	425,829	547,135	660,559
Parks, recreation and cultural	675,784	705,587	737,865
Operating grants and contributions	2,315,236	2,137,763	2,134,393
Capital grants and contributions	930,188	687,923	497,335
Total governmental activities program revenues	<u>\$ 4,359,056</u>	<u>\$ 4,092,122</u>	<u>\$ 4,051,493</u>
Business type activities:			
Water and sewer			
Charges for services	\$ 5,839,658	\$ 6,071,383	\$ 6,065,317
Capital grants and contributions	5,553	4,000	112,490
Total business type activities	<u>\$ 5,845,211</u>	<u>\$ 6,075,383</u>	<u>\$ 6,177,807</u>
Total business type activities revenues	<u>\$ 10,204,267</u>	<u>\$ 10,167,505</u>	<u>\$ 10,229,300</u>
Net (expenses)/revenues	<u>\$ (19,065,360)</u>	<u>\$ (19,016,630)</u>	<u>\$ (19,404,841)</u>
General Revenues and Other Changes in Net Position:			
Governmental Activities:			
Taxes:			
General real property taxes	\$ 8,668,872	\$ 8,626,227	\$ 9,055,525
Local sales and use taxes	1,285,506	1,336,821	1,259,235
Consumer utility taxes	656,858	660,823	645,869
Business license taxes	1,973,781	1,964,360	2,288,730
Meals and lodging taxes	1,698,298	1,795,855	2,016,210
Other	1,279,989	1,915,710	1,892,753
Grants and contributions not restricted to specific programs	1,118,153	1,112,301	1,090,891
Unrestricted revenues from the use of money and property	265,712	219,127	199,270
Miscellaneous	274,906	262,553	720,327
Transfers	794,976	875,802	881,345
Total governmental activities general revenues	<u>\$ 18,017,051</u>	<u>\$ 18,769,579</u>	<u>\$ 20,050,155</u>
Business type activities:			
Interest revenue	\$ 3,099	\$ 2,176	\$ 1,327
Miscellaneous	100,966	136,930	154,786
Transfers	(794,976)	(875,802)	(881,345)
Total business-type activities general revenues	<u>\$ (690,911)</u>	<u>\$ (736,696)</u>	<u>\$ (725,232)</u>
Total general revenues	<u>\$ 17,326,140</u>	<u>\$ 18,032,883</u>	<u>\$ 19,324,923</u>
Changes in net position:			
Governmental activities	\$ (1,116,276)	\$ (786,500)	\$ 690,774
Business-type activities	(622,944)	(197,247)	(770,692)
Total changes in net position	<u>\$ (1,739,220)</u>	<u>\$ (983,747)</u>	<u>\$ (79,918)</u>

Table 2

2013	2014	2015	2016	2017	2018	2019
\$ 4,147,172	\$ 4,356,498	\$ 4,599,322	\$ 4,922,997	\$ 5,094,803	\$ 5,170,292	\$ 5,323,098
6,429,827	7,415,110	6,815,222	7,052,929	7,363,849	7,382,560	7,751,329
10,286,260	10,311,313	10,217,103	8,917,396	10,566,449	9,060,173	11,142,853
261,658	240,913	236,811	240,410	232,186	222,844	223,435
3,228,786	3,110,412	3,271,954	3,040,826	3,100,416	3,487,948	4,207,487
867,961	857,727	665,881	781,494	850,738	931,277	947,650
602,885	596,719	479,678	707,242	473,480	649,611	647,891
\$ 25,824,549	\$ 26,888,692	\$ 26,285,971	\$ 25,663,294	\$ 27,681,921	\$ 26,904,705	\$ 30,243,743
6,151,284	5,907,863	5,713,223	6,096,402	7,022,326	6,897,356	6,761,477
\$ 31,975,833	\$ 32,796,555	\$ 31,999,194	\$ 31,759,696	\$ 34,704,247	\$ 33,802,061	\$ 37,005,220
\$ 23,030	\$ 27,895	\$ 27,620	\$ 35,896	\$ 40,719	\$ 32,774	\$ 50,037
617,223	629,143	641,051	613,564	651,247	675,194	583,858
754,445	763,033	737,297	536,163	501,214	708,138	1,008,272
3,082,757	3,157,284	3,018,343	3,194,985	3,108,013	3,089,273	3,216,847
1,610,089	866,348	2,209,526	8,394,653	4,102,140	2,567,709	1,510,991
\$ 6,087,544	\$ 5,443,703	\$ 6,633,837	\$ 12,775,261	\$ 8,403,333	\$ 7,073,088	\$ 6,370,005
\$ 7,129,668	\$ 6,985,412	\$ 7,018,076	\$ 6,902,605	\$ 7,386,960	\$ 7,526,619	\$ 7,813,703
-	-	264,630	213,405	486,400	-	-
\$ 7,129,668	\$ 6,985,412	\$ 7,282,706	\$ 7,116,010	\$ 7,873,360	\$ 7,526,619	\$ 7,813,703
\$ 13,217,212	\$ 12,429,115	\$ 13,916,543	\$ 19,891,271	\$ 16,276,693	\$ 14,599,707	\$ 14,183,708
\$ (18,758,621)	\$ (20,367,440)	\$ (18,082,651)	\$ (11,868,425)	\$ (18,427,554)	\$ (19,202,354)	\$ (22,821,512)
\$ 9,193,705	\$ 9,217,757	\$ 9,820,079	\$ 10,174,969	\$ 10,621,309	\$ 10,956,206	\$ 11,440,251
1,320,803	1,350,263	1,465,129	1,484,216	1,425,248	1,455,924	1,493,524
660,323	667,116	668,218	659,320	654,778	704,729	684,098
2,217,307	2,329,139	2,334,987	2,221,072	2,258,387	2,263,860	2,389,726
2,212,543	2,263,450	2,339,686	2,520,856	2,691,356	2,811,930	2,829,794
1,836,673	1,725,943	2,170,698	2,434,700	2,174,391	2,228,670	2,171,053
1,092,804	1,074,053	1,064,604	1,033,119	1,008,803	976,521	905,984
224,039	214,818	265,103	179,769	215,206	448,227	832,700
244,303	350,451	799,340	1,560,383	565,965	374,350	217,698
982,977	904,819	(235,961)	681,332	657,548	(1,284,325)	1,824,221
\$ 19,985,477	\$ 20,097,809	\$ 20,691,883	\$ 22,949,736	\$ 22,272,991	\$ 20,936,092	\$ 24,789,049
\$ 2,474	\$ 2,116	\$ 3,240	\$ 6,029	\$ 8,997	\$ 15,181	\$ 19,252
225,843	318,019	255,595	262,214	319,789	344,566	320,970
(982,977)	(904,819)	235,961	(681,332)	(657,548)	1,284,325	(1,824,221)
\$ (754,660)	\$ (584,684)	\$ 494,796	\$ (413,089)	\$ (328,762)	\$ 1,644,072	\$ (1,483,999)
\$ 19,230,817	\$ 19,513,125	\$ 21,186,679	\$ 22,536,647	\$ 21,944,229	\$ 22,580,164	\$ 23,305,050
\$ 248,472	\$ (1,347,180)	\$ 1,039,749	\$ 10,061,703	\$ 2,994,403	\$ 1,104,475	\$ 915,311
223,724	492,865	2,064,279	606,519	522,272	2,273,335	(431,773)
\$ 472,196	\$ (854,315)	\$ 3,104,028	\$ 10,668,222	\$ 3,516,675	\$ 3,377,810	\$ 483,538

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Property Tax	Local Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses	Meals & Lodging Taxes
2019	\$ 11,440,251	\$ 1,493,524	\$ 684,098	\$ 2,389,726	\$ 2,829,794
2018	10,956,206	1,455,924	704,729	2,263,860	2,811,930
2017	10,621,309	1,425,248	654,778	2,258,387	2,691,356
2016	10,174,969	1,484,216	659,320	2,221,072	2,520,856
2015	9,820,079	1,465,129	668,218	2,334,987	2,339,686
2014	9,217,757	1,350,263	667,116	2,329,139	2,263,450
2013	9,193,705	1,320,803	660,323	2,217,307	2,212,543
2012	9,055,525	1,259,235	645,869	2,288,730	2,016,210
2011	8,626,227	1,336,821	660,823	1,964,360	1,795,855
2010	8,668,872	1,285,506	656,858	1,973,781	1,698,298
2009	8,523,543	1,224,471	659,932	2,204,093	1,691,961

Table 3

Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
\$ 395,429	\$ 1,114,289	\$ 206,304	\$ 455,031	\$ 21,008,446
392,166	1,127,691	242,497	466,316	20,421,319
364,648	1,100,576	233,877	475,290	19,825,469
383,469	1,416,573	249,175	385,483	19,495,133
368,070	1,153,976	262,035	386,617	18,798,797
354,312	697,798	302,198	371,635	17,553,668
389,640	761,646	323,901	361,486	17,441,354
382,597	789,721	347,078	373,357	17,158,322
347,963	867,459	350,098	350,190	16,299,796
-	557,561	359,962	362,466	15,563,304
-	444,050	407,741	325,635	15,481,426

TOWN OF VIENNA, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:			
Reserved	\$ 2,694,439	\$ -	\$ -
Designated	1,250,000	-	-
Undesignated	3,602,251	-	-
Nonspendable	-	139,340	149,756
Restricted	-	455,135	500,716
Committed	-	1,856,398	1,854,854
Assigned	-	1,265,848	1,769,805
Unassigned	-	4,089,728	4,585,175
Total General Fund	<u>\$ 7,546,690</u>	<u>\$ 7,806,449</u>	<u>\$ 8,860,306</u>
Debt Service Fund:			
Reserved	\$ 3,882,446	\$ -	\$ -
Nonspendable	-	-	-
Assigned	-	3,916,827	4,120,330
Total Debt Service Fund	<u>\$ 3,882,446</u>	<u>\$ 3,916,827</u>	<u>\$ 4,120,330</u>
Capital Projects Fund:			
Reserved	\$ 891,162	\$ -	\$ -
Designated	2,331,166	-	-
Assigned	-	7,379,562	6,544,456
Total Capital Projects Fund	<u>\$ 3,222,328</u>	<u>\$ 7,379,562</u>	<u>\$ 6,544,456</u>
Nonmajor Funds:			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Table 4

2013	2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
139,335	130,424	245,742	108,149	111,338	124,235	125,657
543,982	497,367	621,991	798,241	1,020,573	1,165,496	1,081,000
1,740,672	1,593,542	1,508,479	1,620,960	1,406,460	1,280,000	805,900
1,869,852	1,918,210	2,042,064	1,183,920	1,258,241	1,420,495	1,560,100
4,715,920	4,243,138	4,768,169	4,447,066	4,469,240	4,578,960	4,849,670
<u>\$ 9,009,761</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	327,000	-	-	-	182,678	-
4,562,958	4,601,551	4,922,622	6,348,055	6,696,150	7,261,003	7,994,987
<u>\$ 4,562,958</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
7,903,967	12,678,854	8,820,174	10,830,402	3,378,467	7,091,714	4,803,048
<u>\$ 7,903,967</u>	<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>\$ 856,270</u>	<u>\$ 872,153</u>	<u>\$ 1,056,442</u>	<u>\$ 1,077,674</u>	<u>\$ 1,042,724</u>	<u>\$ 1,146,678</u>	<u>\$ 1,297,860</u>

TOWN OF VIENNA, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues:				
General property taxes	\$ 8,689,481	\$ 8,633,014	\$ 9,017,905	\$ 9,280,201
Other local taxes	6,894,432	7,673,569	8,102,797	8,247,649
Permits, privilege fees and regulatory licenses	101,143	117,484	135,197	152,114
Fines and forfeitures	298,921	414,608	512,500	449,649
Revenue from use of money and property	265,712	219,127	199,270	224,039
Charges for services	713,568	734,344	772,068	792,935
Miscellaneous	274,906	262,553	720,327	244,303
Intergovernmental	4,363,577	3,937,987	3,722,619	5,785,650
Total revenues	\$ 21,601,740	\$ 21,992,686	\$ 23,182,683	\$ 25,176,540
Expenditures:				
Current:				
General government administration	\$ 3,545,989	\$ 3,569,339	\$ 3,663,319	\$ 4,022,335
Public safety	5,850,604	5,725,283	6,089,459	6,408,461
Public works	6,617,842	6,914,263	6,765,678	6,978,990
Health and welfare	290,027	284,147	275,187	261,088
Parks, recreation, and cultural	2,729,770	2,803,448	2,935,398	2,773,680
Community development	728,309	722,868	863,380	863,286
Capital projects	1,294,779	1,499,027	1,200,696	6,651,007
Debt service:				
Principal retirement	2,152,250	2,043,511	2,053,478	2,103,421
Interest and other fiscal charges	458,754	436,827	495,179	506,152
Total expenditures	\$ 23,668,324	\$ 23,998,713	\$ 24,341,774	\$ 30,568,420
Excess (deficiency) of revenues over (under) expenditures	\$ (2,066,584)	\$ (2,006,027)	\$ (1,159,091)	\$ (5,391,880)
Other financing sources (uses):				
Issuance of capital lease	\$ -	\$ 529,427	\$ 700,000	\$ 653,434
Long term debt issued	-	4,990,000	-	6,310,000
Premium on issuance of long-term obligations	-	62,172	-	253,337
Transfers in	1,515,425	1,153,957	1,198,168	1,061,487
Transfers out	(720,449)	(278,155)	(316,823)	(78,510)
Total other financing sources (uses)	\$ 794,976	\$ 6,457,401	\$ 1,581,345	\$ 8,199,748
Net changes in fund balances	\$ (1,271,608)	\$ 4,451,374	\$ 422,254	\$ 2,807,868
Debt service as a percentage of noncapital expenditures	11.99%	11.32%	11.85%	11.24%

Table 5

	2014	2015	2016	2017	2018	2019
\$	9,210,898	\$ 9,824,996	\$ 10,149,056	\$ 10,622,903	\$ 10,947,071	\$ 11,419,658
	8,335,911	8,978,718	9,320,164	9,204,160	9,465,113	9,568,195
	171,876	195,316	268,314	249,733	314,866	261,427
	438,510	429,366	331,935	368,135	340,103	314,291
	214,818	265,103	179,769	215,206	448,227	832,700
	809,685	781,286	585,374	575,312	761,137	1,066,449
	350,451	799,340	1,560,383	565,965	374,350	217,698
	5,097,685	6,292,473	10,272,286	8,218,956	6,633,503	5,633,822
\$	24,629,834	\$ 27,566,598	\$ 32,667,281	\$ 30,020,370	\$ 29,284,370	\$ 29,314,240
\$	4,462,089	\$ 4,505,608	\$ 4,676,681	\$ 4,635,247	\$ 4,792,803	\$ 5,009,749
	7,262,830	6,867,167	7,014,272	6,994,087	7,237,225	7,548,576
	7,381,367	7,063,724	7,436,218	7,997,698	7,595,087	8,213,478
	240,455	236,416	239,830	232,186	222,844	223,435
	2,903,353	2,946,390	3,083,069	2,832,486	3,247,183	3,506,683
	851,558	711,077	784,698	840,890	955,082	977,784
	2,230,105	5,111,855	12,072,085	11,431,288	5,716,079	4,037,830
	3,513,686	2,801,394	2,490,860	2,722,249	2,536,253	3,057,558
	675,999	533,590	484,952	641,061	583,034	886,805
\$	29,521,442	\$ 30,777,221	\$ 38,282,665	\$ 38,327,192	\$ 32,885,590	\$ 33,461,898
\$	(4,891,608)	\$ (3,210,623)	\$ (5,615,384)	\$ (8,306,822)	\$ (3,601,220)	\$ (4,147,658)
\$	619,455	\$ 570,028	\$ 700,000	\$ 518,000	\$ 605,900	\$ 590,400
	7,896,613	-	6,180,000	-	7,900,000	-
	-	-	482,836	-	1,347,711	-
	1,313,015	1,265,748	3,573,591	3,423,690	2,501,306	2,995,339
	(408,196)	(1,501,709)	(2,892,259)	(2,766,142)	(3,785,631)	(1,171,118)
\$	9,420,887	\$ 334,067	\$ 8,044,168	\$ 1,175,548	\$ 8,569,286	\$ 2,414,621
\$	4,529,279	\$ (2,876,556)	\$ 2,428,784	\$ (7,131,274)	\$ 4,968,066	\$ (1,733,037)
	16.59%	13.20%	11.59%	12.27%	11.69%	13.12%

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
2019	\$ 11,419,658	\$ 1,493,524	\$ 684,098	\$ 2,389,726	\$ 2,829,794
2018	10,947,071	1,455,924	704,729	2,263,860	2,811,930
2017	10,622,903	1,425,248	654,778	2,258,387	2,691,356
2016	10,149,056	1,484,216	659,320	2,221,072	2,520,856
2015	9,824,996	1,465,129	668,218	2,334,987	2,339,686
2014	9,210,898	1,350,263	667,116	2,329,139	2,263,450
2013	9,280,201	1,320,803	660,323	2,217,307	2,212,543
2012	9,017,905	1,259,235	645,869	2,288,730	2,016,210
2011	8,633,014	1,336,821	660,823	1,964,360	1,795,855
2010	8,689,481	1,285,506	656,858	1,973,781	1,698,298

Table 6

Motor Vehicle License	Bank Franchise	Tobacco	Other Taxes	Total
\$ 395,429	\$ 1,114,289	\$ 206,304	\$ 455,031	\$ 20,987,853
392,166	1,127,691	242,497	466,316	20,412,184
364,648	1,100,576	233,877	475,290	19,827,063
383,469	1,416,573	249,175	385,483	19,469,220
368,070	1,153,976	262,035	386,617	18,803,714
354,312	697,798	302,198	371,635	17,546,809
389,640	761,646	323,901	361,486	17,527,850
382,597	789,721	347,078	373,357	17,120,702
347,963	867,459	350,098	350,190	16,306,583
-	557,561	359,962	362,466	15,583,913

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	
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%
2,018	4,763,472,880	4,763,472,880	0.2250	42,979,305	42,979,305	4,806,452,185	4,806,452,185	100%
2017	4,625,397,360	4,625,397,360	0.2250	41,886,928	41,886,928	4,667,284,288	4,667,284,288	100%
2016	4,428,395,010	4,428,395,010	0.2250	39,797,131	39,797,131	4,468,192,141	4,468,192,141	100%
2015	4,201,089,380	4,201,089,380	0.2288	37,186,660	37,186,660	4,238,276,040	4,238,276,040	100%
2014	3,939,375,260	3,939,375,260	0.2288	35,775,929	37,193,940	3,975,151,189	3,975,151,189	100%
2013	3,756,299,910	3,756,299,910	0.2421	37,193,940	36,325,461	3,793,493,850	3,793,493,850	100%
2012	3,664,249,050	3,664,249,050	0.2421	36,325,461	39,591,839	3,700,574,511	3,700,574,511	100%
2011	3,467,055,990	3,467,055,990	0.2448	39,591,839	40,475,624	3,506,647,829	3,506,647,829	100%
2010	3,760,518,320	3,760,518,320	0.2281	40,475,624	40,806,556	3,800,993,944	3,800,993,944	100%

Notes: Real property is assessed effective January 1 of each year by the Supervisor of Assessments of Fairfax County for the concurrent use of the Town and County. In the above tabulation \$5,003,776,930 is the assessed valuation effective January 1, 2018, which was used as a basis for billing taxes in the fiscal year 2018-2019.

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.

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
2019	0.2250	1.150	1.3750
2018	0.2250	1.150	1.3750
2017	0.2250	1.130	1.3550
2016	0.2250	1.130	1.3550
2015	0.2288	1.090	1.3188
2014	0.2288	1.090	1.3188
2013	0.2421	1.075	1.3171
2012	0.2421	1.07	1.3121
2011	0.2448	1.09	1.3348
2010	0.2281	1.05	1.2781

(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.

TOWN OF VIENNA, VIRGINIA

PRINCIPAL REAL PROPERTY TAXPAYERS
Current Year and the Period Nine Years Prior

Owner	Notes	Fiscal Year 2019			Fiscal Year 2010		
		2018 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2009 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union		\$ 201,494,070	1	4.03%	\$ 187,331,480	1	4.79%
GI TC 801 Follin Lane	(1)	82,952,950	2	1.66%	49,600,000	2	1.27%
Vienna Park LLC	(2)	42,731,790	3	0.85%	27,986,840	4	0.72%
Maple Avenue Shopping		37,429,520	4	0.75%	35,405,530	3	0.91%
Vienna Shopping Center, LP		28,006,390	5	0.56%	21,735,100	6	0.56%
P. Daniel & Diana S. Orlich		18,874,800	6	0.38%	18,830,560	7	0.48%
Westwood Country Club		16,185,000	7	0.32%	12,368,520	10	0.32%
Frank Zafren & Alec Jacobson, Tr.		15,994,620	8	0.32%	15,755,990	8	0.40%
JBG Vienna Retail Center	(3)	15,905,620	9	0.32%	9,778,620	13	0.25%
BFH Danor Plaza		12,902,540	10	0.26%	11,701,440	11	0.30%
Swart Vienna LLC		12,377,760	11	0.25%	8,644,320	14	0.22%
GRI Cedar Park LLC		12,347,380	12	0.25%	11,627,300	12	0.30%
Cubsmart L P		11,971,710	13	0.24%	-	N/A	N/A
Maryland Gardens Ltd. Partnership		8,153,690	14	0.16%	25,994,000	5	0.67%
JDC Maple Avenue LLC		7,765,710	15	0.16%	-	N/A	N/A
RDT Electric Avenue LLC		-	N/A	N/A	14,248,490	9	0.36%
Storage Partners of Vienna		-	N/A	N/A	8,481,450	15	0.22%
Total		\$ <u>525,093,550</u>		<u>10.49%</u>	\$ <u>459,489,640</u>		<u>11.77%</u>

- (1) Name change to Transwestern Goldstar LLC in 2007
Name change to GI TC Follin Lane LLC in 2013
- (2) Name change to Vienna Park LLC in 2010
- (3) Ownership change from Walgreen Company 2014
Ownership change from AN WG Vienna LP in 2015

Table 10

TOWN OF VIENNA, VIRGINIA

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percentage of Levy
2019	\$ 11,274,409	\$ 11,247,336	99.76%	\$ -	\$ 11,247,336	99.76%
2018	10,784,780	10,765,285	99.82%	5,967	10,771,252	99.87%
2017	10,459,537	10,440,600	99.78%	6,223	10,446,823	99.88%
2016	9,968,163	9,946,258	99.78%	11,007	9,957,265	99.89%
2015	9,616,236	9,598,815	99.82%	16,389	9,615,204	99.99%
2014	9,017,093	9,002,376	99.84%	13,748	9,016,124	99.99%
2013	9,094,000	9,081,793	99.87%	11,211	9,093,004	99.99%
2012	8,871,145	8,841,354	99.66%	28,806	8,870,160	99.99%
2011	8,487,353	8,464,923	99.74%	21,427	8,486,350	99.99%
2010	8,575,014	8,551,194	99.72%	22,857	8,574,051	99.99%

Notes: (1) Penalties and interest not included

Table 11

TOWN OF VIENNA, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Bonds/ Notes	Capital Leases			
2019	\$25,029,039	\$1,666,775	\$3,820,065	\$415,201	\$30,931,080	3.63%	1,972
2018	27,731,112	1,671,933	2,468,446	294,645	32,166,136	3.78%	2,050
2017	20,503,862	1,665,286	3,253,262	268,496	25,690,906	3.02%	1,638
2016	22,857,586	1,610,535	1,358,000	150,985	25,977,106	3.05%	1,656
2015	18,081,026	1,546,395	1,468,000	214,508	21,309,929	2.50%	1,358
2014	20,304,489	1,587,761	1,576,000	132,398	23,600,648	2.77%	1,504
2013	15,518,686	1,421,711	1,700,733	79,266	18,720,396	2.20%	1,193
2012	10,598,614	1,235,032	1,795,222	76,907	13,705,775	1.76%	874
2011	12,242,174	951,842	925,202	116,027	14,235,245	1.83%	903
2010	8,816,669	839,260	971,427	86,296	10,713,652	1.91%	721

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

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

TOWN OF VIENNA, VIRGINIA

**Computation of Direct and Overlapping Bonded Debt -
General Obligation Bonds
At June 30, 2019**

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct Debt:			
Town of Vienna			
General Bonded Debt	\$ 26,695,814	100.00%	\$ 26,695,814
Overlapping Debt: (1)			
County of Fairfax			
General Bonded Debt	<u>2,480,826,535</u>	2.10%	<u>51,991,425</u>
Total direct and overlapping debt	<u>\$ 2,507,522,349</u>		<u>\$ 78,687,239</u>

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

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TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Restricted for Debt Service	Net Bonded Debt (1)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (3)
2019	\$ 28,849,104	\$ -	\$ 28,849,104	0.58%	1,839.05
2018	30,199,558	-	30,199,558	0.63%	1,925.13
2017	23,757,124	-	23,757,124	0.51%	1,514.45
2016	24,215,586	-	24,215,586	0.55%	1,543.67
2015	19,549,026	-	19,549,026	0.47%	1,246.19
2014	21,880,489	-	21,880,489	0.56%	1,394.82
2013	15,518,686	-	15,518,686	0.41%	989.27
2012	10,598,614	-	10,598,614	0.30%	675.63
2011	12,242,174	-	12,242,174	0.35%	780.40
2010	8,816,669	-	8,816,669	0.23%	593.72

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

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

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

TOWN OF VIENNA, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 379,979,764	\$ 370,057,451	\$ 384,150,833	\$ 389,989,663	\$ 412,218,932
Total net debt applicable to limit	<u>8,816,669</u>	<u>12,242,174</u>	<u>10,598,614</u>	<u>15,518,686</u>	<u>21,880,489</u>
Legal debt margin	<u>\$ 371,163,095</u>	<u>\$ 357,815,277</u>	<u>\$ 373,552,219</u>	<u>\$ 374,470,977</u>	<u>\$ 390,338,443</u>
Total net debt applicable to the limit as a percentage of debt limit	2.32%	3.31%	2.76%	3.98%	5.31%

Table 14

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 389,989,663	\$ 457,199,173	\$ 457,199,173	\$ 492,898,364	\$ 517,317,979
19,549,026	24,215,586	23,757,124	30,199,558	28,849,104
<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>
5.01%	5.30%	5.20%	6.13%	5.58%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 5,003,776,930
Add back: exempt real property	169,402,860
Total assessed value	<u>\$ 5,173,179,790</u>
Debt limit (10% of total assessed value)	\$ 517,317,979
Net debt applicable to limit	28,849,104
Legal debt margin	<u>\$ 488,468,875</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
2019	\$ 8,153,925	\$ 6,158,987	\$ 1,994,938	\$ -	\$ -	\$ -	N/A
2018	7,886,366	6,326,609	1,559,757	-	-	-	N/A
2017	7,715,746	6,353,901	1,361,845	-	-	-	N/A
2016	7,170,848	5,616,292	1,554,556	-	-	-	N/A
2015	7,276,911	5,255,495	2,021,416	-	-	-	N/A
2014	7,305,547	5,464,157	1,841,390	-	-	-	N/A
2013	7,357,985	5,657,285	1,700,700	-	-	-	N/A
2012	6,221,430	5,776,009	445,421	-	-	-	N/A
2011	6,210,489	5,293,086	917,403	-	-	-	N/A
2010	5,943,723	5,299,448	644,275	-	-	-	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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate (1)
2019	15,687	\$851,945,283	\$54,309	40.7	2.40%
2018	15,687	851,945,283	54,309	40.7	2.70%
2017	15,687	851,945,283	54,309	40.7	3.20%
2016	15,687	851,945,283	54,309	40.7	3.20%
2015	15,687	851,945,283	54,309	40.7	4.00%
2014	15,687	851,945,283	54,309	40.7	4.40%
2013	15,687	851,945,283	54,309	40.7	4.50%
2012	15,687	777,196,728	49,544	40.7	4.30%
2011	15,687	777,196,728	49,544	40.7	4.50%
2010	14,850	560,632,050	37,753	40.0	5.10%

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

(1) Fairfax County

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TOWN OF VIENNA, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

Employer (1)	Fiscal Year 2019		Fiscal Year 2010	
	Employees	Rank	Employees	Rank
Navy Federal Credit Union	2,500 +	1	2,500 +	1
Fairfax County Public Schools	500 to 999	2	500 to 999	2
Contemporary Electrical Services, Inc	100 to 249	3	100 to 249	8
Giant Foods	100 to 249	4	100 to 249	5
Whole Foods Market Group	100 to 249	5	100 to 249	7
Town of Vienna	100 to 249	6	100 to 249	3
Westwood Country Club	100 to 249	7	100 to 249	4
Wheat's Lawn and Custom Land Inc	100 to 249	8	100 to 249	6
The Hope Center for Advanced Veterinary Medicine	100 to 249	9	N/A	N/A
U.S. Postal Service	50 to 99	10	50 to 99	9
Outback Steakhouse	N/A	N/A	50 to 99	10

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

TOWN OF VIENNA, VIRGINIA

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

Function	2010	2011	2012	2013
Legislative				
Town Council	0.500	0.500	0.500	0.500
Town Clerk	2.000	2.000	2.000	2.000
Town Attorney	0.500	0.500	0.500	0.500
Subtotal	3.000	3.000	3.000	3.000
Administration				
Town manager	1.500	1.500	1.500	2.000
Administrative Services	2.000	2.000	2.000	2.000
Public Information	1.000	1.000	1.000	1.000
Information Technology	2.000	2.000	2.000	3.000
Subtotal	6.500	6.500	6.500	8.000
Finance				
Administration	3.000	3.000	3.000	3.625
Disbursement Operations	1.625	1.625	1.625	2.000
Purchasing	1.625	1.625	1.625	1.625
Central Services	1.000	1.000	1.000	1.000
Revenue Operations	3.500	3.500	3.500	3.000
Gang Task Force	0.000	0.000	0.000	0.000
Subtotal	10.750	10.750	10.750	11.250
Police				
Administration	3.000	3.000	3.000	3.000
Patrol	21.000	21.000	21.000	21.000
Communications	11.000	11.000	10.000	11.000
Community Services	1.000	1.000	1.000	1.000
Traffic	6.000	6.000	6.000	6.000
Personnel/Accreditation/ Animal Control	1.000	1.000	1.000	1.000
Investigations	9.000	9.000	10.000	9.000
Subtotal	52.000	52.000	52.000	52.000
Public Works				
Administration	6.500	6.500	6.500	6.500
Street Maintenance	15.000	15.000	15.000	13.000
Vehicle Maintenance	9.000	9.000	9.000	9.000
General Maintenance	8.000	8.000	8.000	8.000
Sanitation	14.000	14.000	14.000	16.000
Traffic Engineering	2.000	2.000	2.000	2.000
Subtotal	54.500	54.500	54.500	54.500
Parks and Recreation				
Administration	4.750	4.750	4.750	4.750
Parks Maintenance	10.000	10.000	10.000	10.000
Community Center Operations	4.500	4.500	4.500	4.500
Teen Center	1.500	1.500	1.500	1.500
Subtotal	20.750	20.750	20.750	20.750
Planning and Zoning				
Planning and Zoning	7.000	7.000	7.000	7.000
Subtotal	7.000	7.000	7.000	7.000
Economic Development				
Economic Development Manager	0.000	0.000	0.000	0.000
Subtotal	0.000	0.000	0.000	0.000
GENERAL FUND TOTAL	154.500	154.500	154.500	156.500
Water and Sewer				
(1) Water Operations		8.500	8.500	8.500
(1) Sewer Operations		6.000	6.000	6.000
(1) Operations and Maintenance	14.500			
Meter Maintenance and Reading	4.000	4.000	4.000	4.000
Billing/Customer Service	2.000	2.000	2.000	2.000
TOTAL WATER & SEWER FUND	20.500	20.500	20.500	20,500
Storm Water Fund	0.000	0.000	0.00	0.000
GRAND TOTAL	175.000	175.000	175.000	177.000

Source: Town of Vienna Budget

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

Table 18

2014	2015	2016	2017	2018	2019
0.000	0.000	0.000	0.000	0.000	0.000
2.000	2.000	2.000	2.000	2.000	2.000
0.500	0.500	0.500	0.500	0.500	0.500
2.500	2.500	2.500	2.500	2.500	2.500
2.000	2.000	2.000	2.000	2.000	2.000
2.000	3.000	3.000	3.000	3.000	3.000
1.725	1.725	2.000	2.000	2.000	2.000
3.000	4.000	4.000	4.000	4.000	4.500
8.725	10.725	11.000	11.000	11.000	11.500
3.625	3.625	3.625	3.625	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000
1.625	1.625	1.625	1.625	1.625	1.625
1.000	1.000	1.000	1.000	1.000	1.000
3.000	3.500	4.000	5.000	4.000	4.000
1.000	1.000	1.000	1.000	1.000	1.000
12.250	12.750	13.250	14.250	13.625	13.625
3.000	3.000	3.000	3.000	3.000	3.000
21.000	21.000	21.000	21.000	21.000	21.000
11.000	11.000	10.000	10.000	10.000	10.000
1.000	1.000	1.000	1.000	1.000	1.000
6.000	6.000	6.000	6.000	6.000	6.000
1.000	1.000	1.000	1.000	1.000	1.000
9.000	9.000	9.000	9.000	9.000	9.000
52.000	52.000	51.000	51.000	51.000	51.000
7.500	6.500	6.500	8.000	8.000	8.000
12.000	12.000	12.000	12.000	13.000	13.000
9.000	8.000	8.000	8.000	8.000	8.000
8.000	9.000	9.000	9.000	9.000	9.000
16.000	16.000	16.000	16.000	17.000	17.000
2.000	2.000	2.000	2.000	2.000	2.000
54.500	53.500	53.500	55.000	57.000	57.000
4.750	4.500	4.500	5.000	6.000	6.000
10.000	10.000	10.000	10.000	10.000	10.000
4.000	4.000	4.000	4.000	4.000	5.000
1.800	1.800	1.800	2.000	2.000	2.000
20.550	20.300	20.300	21.000	22.000	23.000
7.000	7.000	7.000	7.000	8.000	8.000
7.000	7.000	7.000	7.000	8.000	8.000
0.000	0.000	0.000	0.000	0.000	1.000
0.000	0.000	0.000	0.000	0.000	1.000
157.525	158.775	158.550	161.750	165.125	167.625
8.500	8.000	7.000	7.000	7.500	7.500
6.000	6.000	7.000	7.000	7.000	7.000
4.000	4.000	4.000	4.000	4.000	4.000
2.000	2.000	2.000	2.000	2.000	2.000
20,500	20.000	20.000	20.000	20.500	20.500
1.000	1.000	1.000	1.000	2.000	2.500
179.025	179.775	179.550	182.750	187.625	190.625

TOWN OF VIENNA, VIRGINIA

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

Function	(1)	2010	2011	2012	2013
General Government Administration					
Administrative Service					
Job applications processed		620	675	1,294	2,745
Public Information					
Information requests responded to		1,600	1,225	-	-
Press releases per year		254	245	585	585
(a) Web Site Visits		-	-	-	367,000
(b) Twitter and Facebook followers		-	1,547	2,430	3,313
Finance					
Real Estate bills processed		12,300	12,300	12,400	11,125
Water and Sewer bills processed		38,000	38,000	38,000	37,350
(c) Payroll checks/Direct Deposits		7,870	7,311	6,956	7,452
(d) Vendor check issued		4,600	4,300	4,315	4,432
(e) Competitive bids completed		30	30	35	17
Public Safety					
Number of Calls for Service received		13,000	13,000	20,500	20,500
Number of Citations issued		7,200	7,000	10,200	10,000
Number of Animal complaints		400	400	380	380
Public Works					
Tons of asphalt installed		1,721	5,300	5,000	5,000
Linear feet of sidewalk replaced / installed		150	188	200	200
(f) Vehicles Maintained		140	145	153	155
Tons of Waste collected		6,001	5,810	7,940	4,500
Tons of Recycled materials collected		2,036	1,840	1,825	2,000
Cubic Yards/Tons of leaves collected		13,500	13,000	11,000	11,000
Water and Sewer Operations					
Repair Water Main breaks		50	68	50	55
Repair defective sewer lines		15	15	-	-
Footage of Sewer Mains cleaned		279,556	343,543	350,000	355,000
Completed work orders		3,800	3,800	3,000	3,390
Parks and Recreation					
Number of programs held		642	660	641	650
Daily average number of teens using Teen Center		35	35	30	30
Planning and Zoning					
Permit applications		829	820	650	650
New single-family dwellings		43	65	50	50
New zoning violation cases opened		557	550	671	487

Sources: Town Budget unless noted

- (a) New measuring system in 2013
- (b) Instagram added in 2016
- (c) Decal logs; decal program ended in FY 2007
 Fee instituted in 2011; number of bills sent
- (d) Check logs
- (e) Over \$10k through 2016; over \$20k thereafter
- (f) Fixed Asset Records

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

Table 19

2014	2015	2016	2017	2018	2019
2,186	2,674	2,385	2,671	2,094	1,168
-	-	-	-	-	-
600	600	994	265	240	251
370,000	303,829	351,723	352,789	378,526	275,988
4,196	4,099	8,736	8,907	11,433	13,084
11,151	11,244	11,122	11,336	11,654	11,361
38,047	38,285	38,042	38,087	37,798	38,302
7,652	6,946	7,405	7,405	6,919	7,452
5,329	4,449	3,792	3,792	4,026	4,049
30	9	14	20	17	15
17,500	41,000	45,564	46,000	19,039	19,848
10,000	8,600	8,058	8,500	6,615	7,392
350	390	439	400	350	341
5,000	3,000	1,900	2,300	2,000	6,500
200	2,662	4,070	3,800	6,200	3,500
153	144	143	144	144	143
5,800	4,250	4,242	5,550	5,500	4,675
2,000	1,850	1,776	1,810	1,800	3,173
11,500	11,500	9,590	8,500	8,500	9,156
55	75	73	60	60	45
-	-	-	3,400	4,050	3,500
355,000	350,000	120,000	60,498	240,895	180,000
3,722	3,100	4,017	4,000	4,000	3,895
650	650	501	462	487	715
30	30	30	25	38	39
650	680	456	900	850	754
70	85	89	91	100	93
384	400	400	-	-	330

TOWN OF VIENNA, VIRGINIA

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

Function	2010	2011	2012	2013
General government administration				
Administration buildings	4	5	5	5
Vehicles	6	6	7	6
Public safety				
Patrol units	18	18	19	25
Motorcycles	4	4	4	4
Other vehicles	3	3	3	3
Public works				
Trucks/vehicles	85	89	94	91
Parks and recreation				
Community center	1	1	1	1
Vehicles	20	21	22	22
Number of parks	10	10	10	10
Park acres	93.47	93.47	93.47	93.47
Community development				
Planning vehicles	4	4	4	4

Source: Individual Town Departments

Table 20

2014	2015	2016	2017	2018	2019
5	5	5	5	5	5
5	4	6	5	4	4
22	20	18	19	22	19
4	4	5	4	4	4
3	4	3	5	4	3
92	86	85	84	80	78
1	1	1	1	1	1
23	23	23	24	22	14
10	10	10	10	10	10
93.47	93.47	93.47	93.47	93.47	93.47
4	3	3	3	3	2

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- Compliance Section -

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vienna, Virginia, as of and for the year ended June 30, 2019, 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 29, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Vienna, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia