



ANNUAL COMPREHENSIVE FINANCIAL REPORT TOWN OF VIENNA, VIRGINIA

FISCAL YEAR ENDED JUNE 30, 2022



- Introductory Section -

TOWN OF VIENNA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY:

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

TOWN OF VIENNA, VIRGINIA
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

	Page
<i>INTRODUCTORY SECTION</i>	
Title Page.....	i
Table of Contents.....	ii-iv
Town Officials.....	v
Letter of Transmittal.....	vi-xii
GFOA Certificate of Achievement.....	xiii
Town Organizational Chart.....	xiv
 <i>FINANCIAL SECTION</i>	
Independent Auditors' Report.....	1-4
Management's Discussion and Analysis.....	5-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position..... Exhibit 1	17
Statement of Activities..... Exhibit 2	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds..... Exhibit 3	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... Exhibit 4	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds..... Exhibit 5	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... Exhibit 6	23
Statement of Net Position - Proprietary Fund..... Exhibit 7	24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund..... Exhibit 8	25
Statement of Cash Flows - Proprietary Fund..... Exhibit 9	26
Statement of Fiduciary Net Position..... Exhibit 10	27
Statement of Changes in Fiduciary Net Position..... Exhibit 11	28
Notes to Financial Statements.....	29-92
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund..... Exhibit 12	94
Schedule of Changes in the Net Pension Liability and Related Ratios..... Exhibit 13	95-97
Schedule of Employer Contributions..... Exhibit 14	98-99
Schedule of Investment Returns..... Exhibit 15	100

TOWN OF VIENNA, VIRGINIA

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022**

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Required Supplementary Information: (Continued)	
Schedule of Components of and Changes in Net Pension Liability and Related Ratios	
- VRS Pension Plan	Exhibit 16 101
Schedule of Employer Contributions – VRS Pension Plan	Exhibit 17 102
Notes to Required Supplementary Information – VRS Pension Plan.....	Exhibit 18 103
Schedule of Employer’s Share of Net OPEB Liability	
- Group Life Insurance (GLI) Plan	Exhibit 19 104
Schedule of Employer Contributions – Group Life Insurance (GLI) Plan.....	Exhibit 20 105
Notes to Required Supplementary Information – Group Life Insurance (GLI) Plan	Exhibit 21 106
Schedule of Employer’s Share of Net LODA OPEB Liability – LODA Program.....	Exhibit 22 107
Schedule of Employer Contributions – LODA Program.....	Exhibit 23 108
Notes to Required Supplementary Information – LODA Program	Exhibit 24 109
Schedule in Changes in Total OPEB Liability and Related Ratios – Town OPEB.....	Exhibit 25 110
Notes to Required Supplementary Information – Town OPEB.....	Exhibit 26 111
Other Supplementary Information:	
Fiduciary Funds - Combining Statement of Fiduciary Net Position	
- Pension Trust Funds	Exhibit 27 113
Fiduciary Funds - Combining Statement of Changes in Fiduciary Net Position	
- Pension Trust Funds	Exhibit 28 114
Governmental Funds - Schedule of Revenues - Budget and Actual.....	Exhibit 29 115-117
Governmental Funds - Schedule of Expenditures - Budget and Actual	Exhibit 30 118-120
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years.....	Table 1 122-123
Changes in Net Position - Last Ten Fiscal Years	Table 2 124-125
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years.....	Table 3 126
Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	Table 4 127
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	Table 5 128-129
General Governmental Tax Revenues by Source - Last Ten Fiscal Years.....	Table 6 130
Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property	
- Last Ten Fiscal Years	Table 7 131
Property Tax Rate - Direct and Overlapping Governments	
- Last Ten Fiscal Years	Table 8 132

TOWN OF VIENNA, VIRGINIA

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022**

TABLE OF CONTENTS (Continued)

	<u>Page</u>
STATISTICAL SECTION (Continued)	
Principal Real Property Taxpayers - Current Year and the Period Nine Years Prior.....	Table 9 133
Property Tax Levies and Collections - Last Ten Fiscal Years	Table 10 134
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	Table 11 135
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds	Table 12 136
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	Table 13 137
Legal Debt Margin Information - Last Ten Fiscal Years	Table 14 138
Revenue Bond Coverage - Last Ten Fiscal Years	Table 15 139
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years.....	Table 16 140
Operating Information:	
Principal Employers - Current Year and Nine Years Ago.....	Table 17 141
Full-time Equivalent Town Government Employees by Function - Last Ten Fiscal Years.....	Table 18 142
Operating Indicators by Function - Last Ten Fiscal Years.....	Table 19 143
Capital Asset Statistics by Function - Last Ten Fiscal Years	Table 20 144
COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	146-147

TOWN OF VIENNA, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Linda J. Colbert, Mayor

Steve Potter, Vice Mayor

Chuck Anderson

Ray Brill

Nisha Patel, MD

Ed Somers

Howard 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

Michelle Crabtree

Director of Human Resources

James Morris

Chief of Police

David Levy, AICP

Director of Planning and Zoning

Antoine Mull

Director of Information Technology

Leslie Herman

Director of Parks and Recreation

Marion Serfass, CPA

Director of Finance / Treasurer

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates

Certified Public Accountants

Fredericksburg, Virginia

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



November 28, 2022

To Town of Vienna Residents:

We are pleased to share with you the Town of Vienna's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. Town Code, Section 2.6, requires that the Town treasurer arrange for an annual audit of the books by such persons as Town Council may designate for this purpose. In addition, Section 15.2-2511 of the Code of Virginia requires that an independent, certified public accountant conduct an annual audit of accounts and records for all counties, cities, and towns with populations greater than 3,500, in accordance with specifications furnished by the Auditor of Public Accounts of the Commonwealth of Virginia. This ACFR is formally submitted in fulfillment of these requirements.

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

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

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

The Town's financial statements have been audited by the certified public accounting firm of Robinson, Farmer, Cox Associates. An independent audit is conducted to provide reasonable assurance that the Town's financial statements for the fiscal year ended June 30, 2022 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in financial statements; assessing accounting principles used and significant estimates made by Town management; and evaluating the overall financial statement presentation. The independent auditor's report is presented in the first part of this report's financial section.

FINANCIAL REPORTING ENTITY

This report includes all funds under the Town of Vienna's jurisdiction and oversight. The Town of Vienna was incorporated in 1890, consists of 4.41 square miles, has a population of 16,473, and operates under the council-manager form of government. Policymaking and legislative authority are vested in Town Council, which consists of a Mayor and six additional Councilmembers, all elected on a nonpartisan, at-large basis. Beginning in 2023, Councilmembers and the Mayor serve four-year terms, all elected at once. Town Council appoints the Town Manager, Town Attorney, Town Clerk, and Town Treasurer. The Town Manager, in turn, appoints various department heads.

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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

By FY 2022, the impact of the COVID-19 pandemic had been mitigated, and Town operations including parks and recreation programs and restaurant activity rose to and above activity levels before the pandemic. However, one result of the 2-year pandemic has been historic negative impact on the supply chain and a corresponding increase in inflation to 40-year highs. Inflation was higher than previous years in July 2021 at 5.4 percent and rose to 9.1 percent by June 2022.

The Federal Reserve Bank addressed these historical increases in inflation by raising the interest rate by 3.75 percent from March to October 2022 and may raise it another 0.5 percent to 0.75 percent before the end of the calendar year. These increases have increased mortgage rates during the fiscal year from below 3 percent to over 7 percent. This has not had an impact in residential redevelopment or assessed values as of June 2022 but will be closely watched going forward.

Over 48 percent of the Town's general fund revenues come from property taxes, which are based on real estate assessments as of January 1, 2021, for FY 2022. Existing residential property values have increased every year since 2011; commercial property values also have increased each year since 2012, except for slight decreases in two years. Construction of upscale homes and residential renovations are still strong in many areas of town. New restaurants continue to open in both former restaurant spaces and new spaces. A new townhouse complex was fully occupied during the year with corresponding commercial space to open in FY 2023, and two new multi-family residential projects are breaking ground or in the planning stages.

Unemployment rates declined to pre-pandemic levels by the end of the fiscal year. In June 2022, the area's unemployment rate of 2.5 percent was slightly lower than the state's rate of 2.8 percent and favorable to the national rate of 3.6 percent. Local and state unemployment rates decreased 1.5 percent and 1.6 percent, respectively, from 2021, compared to a 2.3 percent decrease in the national rate. In general, the local economy is based more on white-collar employment, and real estate collections remain strong. Local business license taxes were 6.7 percent higher than 2021, but strong business in real estate and retail groceries and pharmacies offset ongoing difficulties experienced by smaller service businesses such as dry cleaners and nail salons. According to U.S. Census Bureau data, updated as of April 2020, the area's median household income is \$168,270, with 62.1 percent of the population holding a bachelor's degree or higher, and 97.5 percent of households having a computer in the home.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Local Economy (continued)

In general, the area's underlying economy continues in a positive direction. Software, telecommunications, Internet, and other high-technology industries, along with Northern Virginia's proximity to the Federal Government and related businesses, remain major components of the area's economy. Major commercial expansion continues to occur adjacent to Vienna, in the Tysons and Dulles airport corridor areas spurred by Metro's Silver Line rail stations along those corridors. Fairfax County continues to approve mixed-use commercial and residential developments in the adjacent Tysons area and forecasts an additional 100,000 residents and 200,000 jobs in the region by 2050, based on its 2017 comprehensive plan. The Boro, the first phase of the Tyson's expansion, encompassing apartments, retail, restaurants, bars and a performance venue opened during 2021, and is driving business to the local area.

Assessed property values increased 9.1 percent from last year, 10.6 percent increase for residential and 2.2 percent increase for commercial, marking the tenth consecutive year of increases. The Town's tax rate was cut by 1.75 cents from \$0.2225 to \$0.205 per \$100 of assessed value to equalize taxes on most parcels, which resulted in a 1.9 percent increase in property tax revenue. This increase reflects both the pace at which new and remodeled homes are being constructed in town, (about 106 in FY 2022, continuing an annual trend), and low mortgage interest rates during most of the fiscal year.

Interest rates continued to be low during the fiscal year and investment income was down 73 percent from 2021. However, other revenue sources in the general fund were generally up from 2021, leading to a 6.8 percent total increase in fund revenue. The main contributors to the increase were parks and recreation fees, which increased \$473,000 or 70.2 percent and other local taxes, which increased \$412,000 or 6.1 percent from 2021. Hiring and supply chain shortages prevented the Town from completing all planned paving projects, so state revenues of almost \$250,000 were deferred to next year. All other revenue categories only had slight differences from the previous year.

Long-Term Financial Planning and Outlook

Town Council meets periodically with Town staff to discuss vision and long-term financial planning. Town staff is exploring ways to capitalize on expansion of the Washington-area Metro system and an increase in Fairfax County commercial development in nearby Tysons while maintaining the hometown feel that residents enjoy. In FY 2022, the zoning code update project moved forward with several public meetings and decisions on portions of the new code. The zoning code should reach completion by the end of calendar year 2023. The new zoning code should present a simplified format to encourage development and reinvestment in Vienna. Additionally, an economic development market study results were presented to Council in the fall of 2021, and implementation of recommendations is underway.

The second project approved under the Maple Avenue Corridor (MAC) voluntary zoning ordinance with 44 townhomes was sold out and occupied during the year. The commercial space has been rented and will open in winter 2023. Another property along Maple Avenue being developed as an assisted living community is under construction with expected completion by the spring of 2023. A fourth MAC project featuring mixed use with apartments and retail is slated to break ground in FY 2023. MAC provisions were repealed in the fall of 2020 and will be replaced with new commercial code in the revised zoning code.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Long-Term Financial Planning and Outlook (Continued)

Staffing shortages continue to be an issue nationwide and in the Town in selected positions. To address this, the Town created a separate pay plan for sworn public safety officers and gave all employees a salary increase commensurate with inflation effective July 1, 2022. These stresses on wages are expected to continue and will be monitored closely.

A budget committee, comprising department heads from finance, human resources, and public works as well as the Town Manager, finance staff, and two other rotating department heads, meets to perform an intensive review of the Town's annual operating budget. The committee's goal is to present Council with a conservative, achievable budget. The budget committee also works with Council to develop and refine long-term capital project planning. Projects have been identified and prioritized for potential debt offerings for the next 15 years.

Additionally, the Town received an allocation of \$17.1 million from the federal American Recovery Plan Act (ARPA) funds at the end of FY 2021. The full amount was received by the Town by the end of FY 2022. The budget committee and Council worked together to allocate the ARPA funds to planned capital projects, which could mitigate the spread of the pandemic by improving water and sewer infrastructure, and stormwater infrastructure. Included in the allocation are parks projects for outdoor facilities that experienced expanded usage during the pandemic quarantine period. ARPA funds will also be used to improve public buildings to prevent the spread of illness, bolster the Town's cybersecurity programs and add additional resources for public safety projects, such as body cameras and upgrading radio systems.

Relevant Financial Policies

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

Town Council strongly supports maintaining adequate reserves within the general, debt service and water and sewer and stormwater funds as a buffer against financial emergencies and economic downturns. This policy has helped Vienna continue to provide quality services within the limits of sound fiscal management and has enabled the Town to retain its coveted AAA bond rating, reaffirmed in 2022. Council policy requires that the Town maintain an unassigned general fund balance of at least 15 percent of the subsequent year's budget. For this year, 20.6 percent of the FY 2023 budget was allocated to unassigned fund balance and revenue stabilization 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. The Town is also working on planning and constructing sidewalk projects to utilize an \$8 million bequest and replacing water and sewer infrastructure on a planned schedule.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

Major Initiatives (continued)

The project to construct a new police station funded by the 2018 and 2020 bond issues was completed in the fall of 2022 including modern broadcast capabilities and community space. In the fall of 2020, the Town completed the purchase of Faith Baptist Church, adjacent to the police station site and within walking distance of Vienna Town Hall, all on Center Street. The building housed the police department during the station construction. An engagement study is planned for the winter and spring of 2023 to determine the best future use for the property.

A Parks Master Plan will be developed in 2023 to determine a road map for the Town's current parks and explore future needs. Included in the plan will be the property owned by former Mayor Charles Robinson and his wife, Councilmember Maud Robinson, which is anticipated to be used as a pocket park adjacent to restaurants and retail.

A third property purchased in 2018 to square off a Town property used for mulching operations will be included in both the Parks Master Plan and the continuing discussion about the future of the leaf-mulching program. Council is testing a plan in FY 2023 to reduce internal leaf processing. The 10-acre parcel could have many municipal uses after a final decision is reached about the future of leaf mulching operations.

The Town reached agreement in 2020 with Fairfax County regarding redevelopment of the Patrick Henry Library in downtown Vienna. The Town is sharing design and construction costs up to a defined cap and will receive 84 parking spaces in a new garage. The library will be completely rebuilt, and the County will add 125 parking spaces for a total of 209 spaces at a prime location in downtown Vienna, accessible to van pool transportation to either D.C. Metro stations or to Washington, D.C. destinations. The parking garage should help ease parking shortages in the commercial corridor and add valuable parking for the nearby athletic fields and the farmer's market. The Town reaffirmed its continued involvement in the project in summer 2022.

The Town issued \$12.8 million in bond funding in March 2022. The major projects financed with the new bond issue relate to water and sewer infrastructure, sidewalk and street paving projects and parks improvements. Bond financing is generally planned for the even-numbered years. Based on currently rising interest rates, the Town will plan and carefully consider the timing of the next debt issuance. Due to supply chain issues with vehicle delivery, funds will not be borrowed for the vehicle replacement program until delivery dates are within a two-to-three-month time frame.

In 2019, the Town formally adopted a plan to give strategic direction for upcoming years. The process included input from staff at all levels. New budget initiative and agenda items must describe how they support strategic plan objectives.

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, 2022. 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 annual comprehensive financial report for the fiscal year ending June 30, 2021; this was the 35th year in a row that the Town has received this recognition. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA Distinguished Budget Presentation Award

For the 28th year in a row, the Town received GFOA's Distinguished Budget Presentation Award for the FY 2021-22 Budget. This award is presented to local governments that prepare a budget that satisfies rigorous criteria for defining the budget document as a policy document, operations guide, financial plan, and communications device. Submitted budgets are reviewed by GFOA and outside reviewers with experience in public-sector budgeting. In July 2022, the Town submitted its FY 2022-23 budget documents for consideration for this recognition.

Virginia Municipal League President's Award of Excellence

The Town Manager of Vienna conceptualized and developed a community celebration of the Constitutional Amendments that give all citizens a say in how they are governed, regardless of their culture, gender or station in life. Named Liberty Amendments Month, the concept quickly caught on as non-profit groups, businesses and individuals throughout the community organized related activities. By the end of the observance from "Juneteenth" (June 19) to July 19, 2021, more than 21,000 people attended 65 educational and commemorative events in the 4.4-square-mile Town of Vienna.

The Virginia Municipal League awarded the Town Manager and the Town of Vienna with their annual President's Award, the highest honor for an innovative solution by a local government. VML noted the celebration highlights accomplishments and struggles of all community members.

National Association of Government Communicators Blue Pencil and Gold Screen Awards

First place honors in the special events category went to the Town of Vienna for Liberty Amendments Month. The event celebrates the four Constitutional Amendments that granted equal liberties to people who were previously excluded from the U.S. Constitution.

The 2022 Vienna Town Calendar received an Award of Excellence in the printed calendar category. The publication features images provided by the Vienna Photographic Society and includes important information about the Town government and activities.

OTHER INFORMATION (CONTINUED)

National Association of Government Communicators Blue Pencil and Gold Screen Awards (Continued)

In the grassroots campaign category, the Town received an Award of Excellence for its “Explore Vienna, Va. - Discover the Difference” social media video campaign. The public service videos encouraged residents to support local businesses by shopping locally during the holidays. They were created by Town video producer Sean Metzger in conjunction with the Town’s Economic Development Office and the Vienna Business Association.

Virginia Living’s Best Entertainment & Events for ViVa! Vienna

Vienna’s Memorial Day weekend celebration, ViVa! Vienna was recognized as a 2022 Best Entertainment & Events function. This event is sponsored by the Rotary Club of Virginia which provides support for charitable, educational, and community groups. Taking place on and around Church Street, there are plenty of fun rides, musical entertainment, and local vendors serving popular food.

Tree City, USA

The National Arbor Day Foundation recognized Vienna as a Tree City USA for the 21st consecutive year, confirming Vienna’s commitment to its tree canopy and environmental stewardship.

ACKNOWLEDGEMENTS

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



Mercury T. Payton
Town Manager



Marion K. Serfass, CPA
Director of Finance/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Vienna
Virginia**

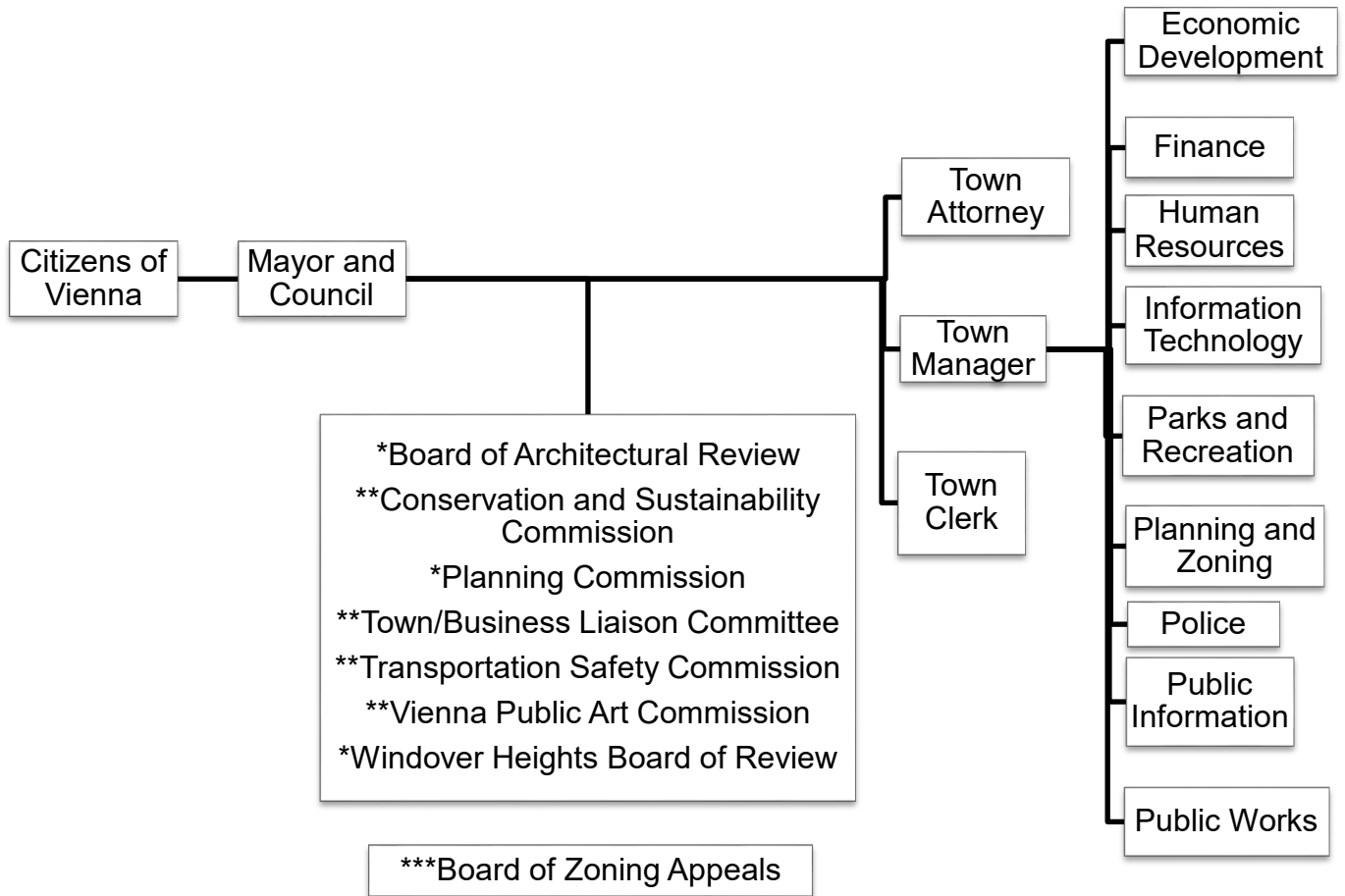
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART



*Statutory Board & Commissions

**Advisory Boards

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

- Financial Section -



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Vienna, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Vienna, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus 2020*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Vienna, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Vienna, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Vienna, Virginia's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Town of Vienna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Vienna, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Vienna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

November 28, 2022

**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, 2022. Readers are encouraged to consider the information presented in this analysis in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- Total net position on June 30, 2022 was \$67,842,605 compared to \$64,111,074 in 2021. Total net position increased by \$3.7 million or 5.8 percent, mainly due to issuance of bonds in 2022 and the investment of the 2020 bond issue during the year into capital assets. The Town's unrestricted net position increased by \$1.75 million due to the 2022 bond proceeds and a surplus in both governmental and business-type activities during the year. Town Council may elect to appropriate unrestricted net position funds to meet ongoing obligations to citizens, water and sewer customers, and creditors.
- As of the close of the reported fiscal year, the Town's governmental fund balance sheet (Exhibit 3) reported a combined ending fund balance of \$34,252,759, a decrease of \$6.3 million compared to the prior year, due to purchase of capital assets from the bonds issued in 2020 and 2022, partially offset by an operating surplus in the general fund. Of the combined fund balance, \$6,589,837 is assigned to retirement of current and future debt issues, a 3.3 percent decrease from 2021. An additional \$16,392,272 of the combined fund balance is assigned for completion of capital projects. This decrease of \$6.8 million from last year due to spending 2020 and 2022 bond proceeds on capital projects. The stormwater fund balance reserved for the Town's share of stormwater projects increased \$129,000 from the prior year. The general fund balance includes \$5,433,759 in unassigned fund balance. This represents 18.0 percent of total fiscal year 2023 General Fund budgeted expenditures.
- The Town's long-term obligations, due across multiple years, decreased by \$3.4 million due primarily to decreased deferred pension obligations, partially offset by the 2022 bond obligation net of debt payments during the year. Long-term obligations due in more than one year totaled \$75,651,861 at year-end. Of this amount, outstanding bonds and notes totaled \$63,414,380 and pension and post-employment benefits totaled \$11,992,073. The above amounts do not include the Town's obligations related to accounts payable and total compensated absences, which totaled \$6,184,622 and \$1,916,706, respectively, at year-end. Accounts payable and \$1,725,036 of compensated absences will be retired from current resources and were not included in long-term liabilities. Total compensated absences increased by \$132,000 or 7.4 percent over the preceding year.
- Excluding pension trust funds, total unrestricted cash and cash equivalents decreased by \$4.9 million compared to the prior fiscal year. The decrease is mainly attributed to capital project spending from the 2020 and 2022 bonds and debt payments on the new bonds. Restricted cash, held in escrow by the Northern Virginia Transportation Authority increased by \$856,000 or 35.2 percent over the previous year.
- Water and sewer fund revenues and incoming transfers and capital contributions exceeded operating and non-operating expenses and transfers by \$5,769,895 due to net operating surplus plus donated infrastructure from the capital projects fund. Pension fund benefits payments exceeded contributions and interest earnings by \$112,872, including contribution refunds and investment losses. The following table denotes cash increases and decreases by fund.

Fund	FY 22 Cash	FY 21 Cash	Increase (Decrease)
General	\$ 15,326,871	\$ 13,982,991	\$ 1,343,880
Debt Service	6,215,116	6,508,099	(292,983)
Capital Projects	21,601,961	27,953,019	(6,351,058)
American Rescue Plan	8,233,768	8,551,731	(317,963)
Special Transportation	3,285,784	2,429,994	855,790
Other Governmental	938,796	867,698	71,098
Water & Sewer	2,394,085	1,750,246	643,839
Total Cash	<u>\$ 57,996,381</u>	<u>\$ 62,043,778</u>	<u>\$ (4,047,397)</u>
Fiduciary	<u>\$ 5,995,892</u>	<u>\$ 6,109,943</u>	<u>\$ (114,051)</u>

Overview of Financial Statements

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

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

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

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

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

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

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

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

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

- 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 \$67,842,605 at year-end. Of the total net position, governmental activities totaled \$43,008,432, a decrease of \$2.0 million or 4.5 percent, while business-type activities totaled \$24,834,173, an increase of \$5.8 million or 30.2 percent. The decrease in net position of governmental activities is due primarily to increases in pension-related obligations and purchases of capital assets and increased bond payments related to the 2020 and 2022 bond issues. The increase in net position of business-type activities is due to an increase in infrastructure improvements which are capital contributions to the fund.

The Town's investment in capital assets such as land, buildings, and equipment, net of depreciation, totaled \$119,465,203 on June 30, 2022, of which governmental activities totaled \$93,532,663, an increase of \$11.9 million or 14.6 percent. The increase is primarily due to investment in infrastructure and construction of a new police station funded from 2018 and 2020 bond proceeds. 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 2022.

Town of Vienna, Virginia						
Schedule of Assets, Liabilities, Deferred Inflows and Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<u>Assets:</u>						
Current and other assets	\$ 58,312,923	\$ 61,804,048	\$ 4,640,951	\$ 4,047,909	\$ 62,953,874	\$ 65,851,957
Capital assets	93,532,663	81,633,690	25,932,540	22,893,338	119,465,203	104,527,028
Total assets	<u>\$151,845,586</u>	<u>\$143,437,738</u>	<u>\$ 30,573,491</u>	<u>\$ 26,941,247</u>	<u>\$182,419,077</u>	<u>\$170,378,985</u>
Deferred Outflows of Resources	<u>\$ 5,975,532</u>	<u>\$ 6,793,309</u>	<u>\$ 483,568</u>	<u>\$ 631,811</u>	<u>\$ 6,459,100</u>	<u>\$ 7,425,120</u>
<u>Liabilities:</u>						
Long-term liabilities outstanding	\$ 79,343,921	\$ 81,849,397	\$ 2,888,095	\$ 5,846,610	\$ 82,232,016	\$ 87,696,007
Other liabilities	24,257,236	21,955,356	2,334,236	2,591,509	26,591,472	24,546,865
Total liabilities	<u>\$103,601,157</u>	<u>\$103,804,753</u>	<u>\$ 5,222,331</u>	<u>\$ 8,438,119</u>	<u>\$108,823,488</u>	<u>\$112,242,872</u>
Deferred Inflows of Resources	<u>\$ 11,211,529</u>	<u>\$ 1,379,498</u>	<u>\$ 1,000,555</u>	<u>\$ 70,661</u>	<u>\$ 12,212,084</u>	<u>\$ 1,450,159</u>
<u>Net Position:</u>						
Net investment in capital assets	\$ 52,904,137	\$ 50,536,605	\$ 23,978,227	\$ 19,065,941	\$ 67,544,831	\$ 64,999,250
Restricted	1,300,826	1,866,171	-	-	1,300,826	1,866,171
Unrestricted	(11,196,531)	(7,355,980)	855,946	(1,663)	(1,003,052)	(2,754,347)
Total net position	<u>\$ 43,008,432</u>	<u>\$ 45,046,796</u>	<u>\$ 24,834,173</u>	<u>\$ 19,064,278</u>	<u>\$ 67,842,605</u>	<u>\$ 64,111,074</u>

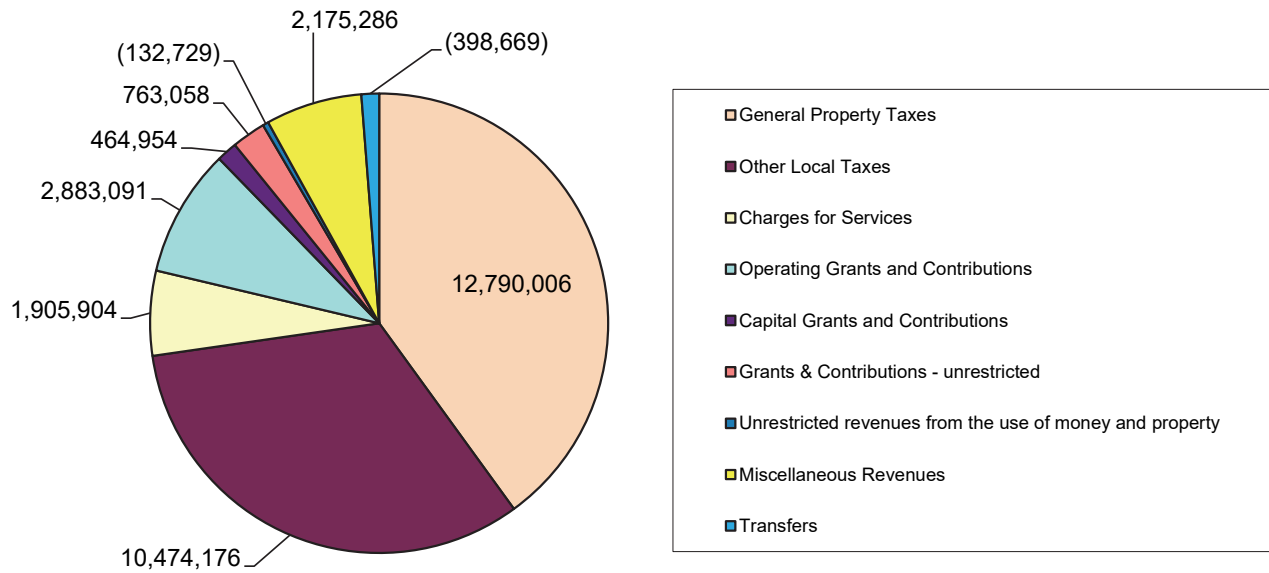
At the end of the most recent fiscal year, the Town of Vienna is able to report positive balances in net position for the Town as a whole.

Changes in Net Position - Governmental activities reflect a decrease in net position of \$2,038,364 and business-type activities reflect an increase of \$5,769,895. 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,905,904	\$ 1,243,464	\$10,289,167	\$10,427,752	\$ 12,195,071	\$11,671,216
Operating grants and contributions	2,883,091	4,772,497	28,312	39,836	2,911,403	4,812,333
Capital grants and contributions	464,954	2,001,159	2,743,732	2,215,138	3,208,686	4,216,297
General revenues:						
Property taxes	12,790,006	12,399,982	-	-	12,790,006	12,399,982
Other local taxes	10,474,176	9,350,086	-	-	10,474,176	9,350,086
Grants & contributions - unrestricted	763,058	786,379	-	-	763,058	786,379
Unrestricted revenues from the use of money and property	(132,729)	197,964	3,138	1,250	(129,591)	199,214
Miscellaneous	2,175,286	374,207	332,739	344,208	2,508,025	718,415
Total revenues	\$31,323,746	\$31,125,738	\$13,397,088	\$13,028,184	\$ 44,720,834	\$44,153,922
Expenses:						
General government administration	\$ 6,395,116	\$ 5,965,161	\$ -	\$ -	\$ 6,395,116	\$ 5,965,161
Public safety	6,733,762	9,395,963	-	-	6,733,762	9,395,963
Public works	12,004,711	12,654,313	-	-	12,004,711	12,654,313
Health and welfare	235,124	203,489	-	-	235,124	203,489
Parks, recreation and cultural	4,773,948	4,214,642	-	-	4,773,948	4,214,642
Community development	1,440,039	1,592,192	-	-	1,440,039	1,592,192
Interest on long-term debt	1,380,741	1,377,136	-	-	1,380,741	1,377,136
Water and sewer	-	-	8,025,862	8,241,604	8,025,862	8,241,604
Total Expenses	\$32,963,441	\$35,402,896	\$ 8,025,862	\$ 8,241,604	\$ 40,989,303	\$43,644,500
Net Position:						
Income before capital contributions and transfers	\$(1,639,695)	\$(4,277,158)	\$ 5,371,226	\$ 4,786,580	\$ 3,731,531	\$ 509,422
Transfers	(398,669)	2,632,107	398,669	(2,632,107)	-	-
Increase (Decrease) in net position	\$(2,038,364)	\$(1,645,051)	\$ 5,769,895	\$ 2,154,473	\$ 3,731,531	\$ 509,422
Net position, beginning of year	45,046,796	46,691,847	19,064,278	16,909,805	64,111,074	63,601,652
Net position, end of year	\$43,008,432	\$45,046,796	\$24,834,173	\$19,064,278	\$ 67,842,605	\$64,111,074

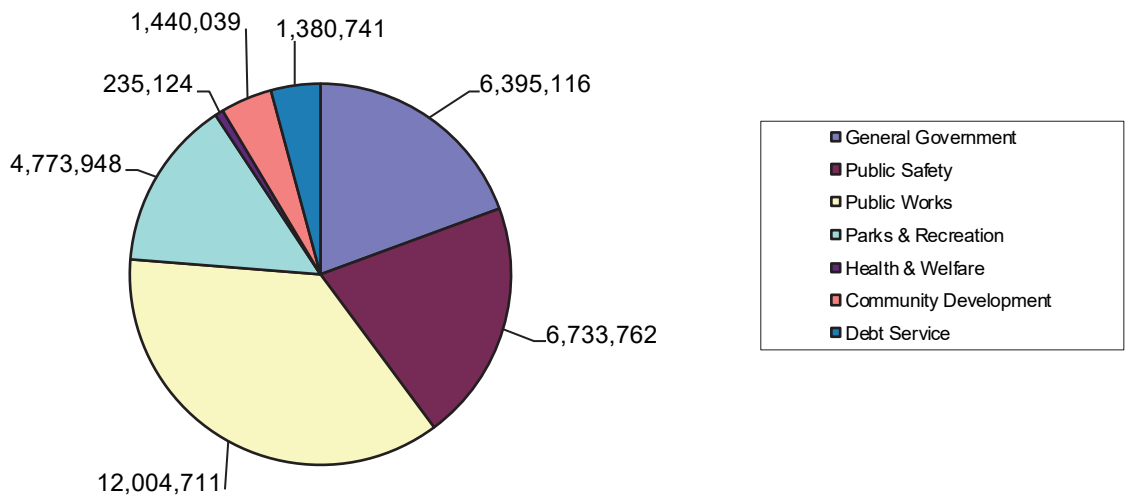
Program revenues, general revenues, and transfers for governmental activities totaled \$30,925,077, a decrease of \$2.8 million or 8.4 percent from the previous fiscal year. Of that amount, property tax revenue totaled \$12,790,006 and other local taxes totaled \$10,474,176. The 3.1 percent increase in property tax revenue is due to new residential construction plus a 9.1 percent overall increase in assessments. Other local taxes increased by \$1.1 million or 12.0 percent primarily due to increases in sales taxes, business license taxes and meals taxes over the prior year. Capital grants and contributions totaled \$464,954, a decrease of \$1.5 million from the previous year. Transfers between governmental activities and business-type activities were \$398,669 net transfers out compared to \$2,632,107 transferred in the preceding year. Transfers out from business-type activities to governmental activities cover the water and sewer fund's share of debt retirement; transfers into business-type activities represent capital fund expenditures that benefit the water and sewer fund. The net decrease is due to a larger transfer out for capital projects in fiscal year 2022. The chart below provides an overview of fiscal year 2022 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 \$32,963,441, a decrease of \$2.4 million or 6.9 percent. Directly supporting these expenditures were charges for services, which generated \$1,905,904, plus operating grants and contributions totaling \$2,883,091 and capital grants and contributions of \$464,954 for total program revenues of \$5,253,949. This represents a decrease from 2021 of \$2.8 million or 34.5 percent mainly due to the CARES grant spent in 2021, but not continuing into 2022. General revenue support of these activities decreased by under \$70,000 or 0.3 percent, due to increases in taxes, partially offset by decreased transfers and decreases in use of money and property due to lower interest rates for the majority of 2022. The chart below provides a graphical comparison of expenditures by function (general government, public works, etc.).

Governmental Activities Expenses By Type



Business-type activities - The water and sewer fund concluded the year with an increase in net position of \$5,769,895 to end the year with a net position balance of \$24,834,173. The increase can be attributed to increased developer contributions for new construction, capital fund investment in water and sewer infrastructure and true-up credits received for wholesale water purchases and sewer treatment. Water and sewer fund operating income and capital transfers ended the year with an increase of \$3.9 million from 2021 to \$8,405,233. The increases in capital investment and developer contributions are the main contributors to the increase.

Financial Analysis of the Town's Funds

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

- general fund
- debt service fund
- capital projects fund
- special transportation fund
- stormwater fund
- American Rescue Plan Act (ARPA) fund.

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

As of the end of fiscal year 2022, the Town's six governmental funds reported combined ending fund balances of \$34,252,759, a decrease of \$6.3 million or 15.5 percent from the prior year. The change is mainly the result of capital spending of 2020 and 2022 bond proceeds during the year and increased debt payments including the 2020 debt. \$28,955,139 or 84.5 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 \$5,297,620 or 15.5 percent of the total available for spending by Council appropriation.

Debt service fund revenues increased \$639,000 or 24.1 percent, primarily due to increased meals taxes and partially offset by lower interest earned on investments. Transfers from the general fund and water and sewer fund decreased slightly as debt payments decrease each year, and the 2022 bond payments will not start until FY 2023. Expenditures decreased by \$583,000 or 9.8 percent for the same reason. The capital project fund balance decreased by \$6.8 million due to spending on the 2020 bond, mainly the construction of the \$14 million police station. 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	\$ 127,487
Leases	\$ 18,882
Prepaid items	162,835
Total Nonspendable	<u>\$ 309,204</u>
Restricted:	
Unappropriated PEG Funds	\$ 284,000
E-911	80,000
Stormwater funds	936,826
Total Restricted	<u>\$ 1,300,826</u>
Committed:	
VRP reserves	\$ 107,500
Equipment purchases	\$ 362,500
Subsequent year budget support	1,555,000
Total Committed	<u>\$ 2,025,000</u>
Assigned:	
Carryforward	\$ 243,000
Federal AF Funds	438,000
State AF Funds	317,000
Revenue stabilization	800,000
Information technology	154,690
Planning and zoning	48,410
Public works	282,820
Debt service	6,589,837
Capital projects	16,392,272
Parks and recreation	54,080
Total Assigned	<u>\$ 25,320,109</u>
Unassigned:	
General fund	\$ 5,433,759
American rescue plan fund	(136,139)
Total Unassigned	<u>\$ 5,297,620</u>
Total Fund Balance	<u><u>\$ 34,252,759</u></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 \$10,467,825, which equates to 30.6 percent of the \$34,252,759 combined fund balance of the six funds employed by the Town. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance of \$5,433,759 represents 20.8 percent of current year general fund expenditures, or 18.0 percent of the fiscal year 2022-23 budget.

The total fund balance for the general fund increased \$776,000 or 8.0 percent from the previous fiscal year. The unassigned component of fund balance was \$5,433,759 at year-end, an increase from the prior fiscal year of \$655,000 or 13.7 percent. Both changes were functions of the following:

- Overall, general fund revenues decreased \$816,000 or 3.2 percent. This decrease was primarily a result of \$1.8 million from the federal government CARES Act grant funds received in 2021 but not 2022, offset by increases in real estate, sales and business license taxes and parks and recreation fees during the year.
- General fund expenditures increased by \$404,000 or 1.6 percent over the previous year. Vacancies in several departments somewhat mitigated cost increases in fuel and in paving activities.

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

General Fund Budgetary Highlights

During the year, various budget amendments resulted in differences between the original and final fiscal year 2022 budgets. These differences totaled \$257,935 for revenues and \$1,984,135 for expenditures. The bulk of these adjustments came from increased activity in parks and recreation fees and expenditures, and use of prior year fund balances for cable television upgrades and vehicle purchases.

	Amount Amended
Revenues:	
Miscellaneous	\$ 115,695
Charges for services	128,070
State revenues	14,170
Total	<u>\$ 257,935</u>
Expenditures:	
General government administration	\$ 800,120
Public safety	139,160
Public works	600,090
Parks, recreation and cultural	410,385
Community development	34,380
Total	<u>\$ 1,984,135</u>

General Fund Budgetary Variances

General fund actual revenues were \$643,000 or 2.6 percent more than amended budgetary estimates. The favorable variance was due to business license fees and sales taxes receipts coming in favorable to budget, partially offset by deferring revenue from VDOT due to delayed paving operations. General fund actual expenditures were \$2.5 million or 8.9 percent less than amended budgets. The majority of budgetary expenditure savings occurred in public works and public safety due to open positions, and delay of expenditures on paving and sidewalks due to contractor staffing shortages.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets for governmental activities totaled \$93,532,663 (net of accumulated depreciation), an increase of \$11.9 million or 14.6 percent. Capital assets for business-type activities increased by \$3.0 million or 13.3 percent. The increase in both funds is due to increased spending for road and water and sewer infrastructure projects and construction for the new police station, all financed by the 2018 and 2020 bond proceeds. The schedule below provides an overview of capital asset balances at year-end, net of accumulated depreciation. More detailed information on capital asset activity is in Note 7 of the Notes to Financial Statements.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 8,731,674	\$ 8,731,674	\$ -	\$ -	\$ 8,731,674	\$ 8,731,674
Land improvements	4,536,097	4,678,707	-	-	4,536,097	4,678,707
Construction in progress	18,585,853	6,070,101	286,952	336,719	18,872,805	6,406,820
Buildings and improvements	19,566,146	19,691,423	-	-	19,566,146	19,691,423
Infrastructure	35,895,862	35,813,770	25,043,970	21,989,757	60,939,832	57,803,527
Office and other equipment	3,588,397	3,700,969	-	-	3,588,397	3,700,969
Leased equipment	85,928	-	-	-	85,928	-
Automotive and other equipment	2,542,706	2,947,046	601,618	566,862	3,144,324	3,513,908
Total assets - net of depreciation	<u>\$ 93,532,663</u>	<u>\$ 81,633,690</u>	<u>\$25,932,540</u>	<u>\$ 22,893,338</u>	<u>\$119,465,203</u>	<u>\$104,527,028</u>

Long-term obligations - At the conclusion of the fiscal year, long-term obligations totaled \$79,343,921 for governmental activities and \$2,888,095 for business-type activities. Of these amounts, outstanding bonds totaled \$68,235,946. The town adopted GASB 87 during the year relating to the presentation of leases in the financial statements. The adjusted liability for capital leases totaled \$87,291 at the end of the year under the new standard. These amounts do not include the Town's obligations related to accounts payable and compensated absences, which totaled \$6,184,622 and \$1,916,706 respectively, at year-end. Except for \$191,670 worth of compensated absences, these obligations will be paid from current resources and are not included in long-term liabilities. Additional information relative to the Town's long-term obligations can be found in Note 9 of the Notes to Financial Statements.

Economic Factors and Next Year's Budget and Rates

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

Existing property values have increased over the past several years, climbing by 9.0 percent in fiscal year 2022, mainly due to continued construction of upscale homes and residential renovations, plus improvements to several commercial properties in town. Overall property values increased by 9.1 percent for fiscal year 2022, an increase in residential properties of 10.6 percent and an increase in commercial properties of 2.2 percent. Residential rebuilding continues at a rate of over 90 new single-family homes a year, plus one new townhome project completed and occupied during the year and two other multiple family projects under construction or in the planning stages in 2023. The Town expects these additions to bring modest increases in real estate tax assessments for the next several years.

Unemployment rates have recovered from pandemic conditions during 2022. At the end of the fiscal year, according to the Bureau of Labor Statistics, the Town’s unemployment rate was 2.5 percent as compared to 2.8 percent and 3.6 percent for Virginia and the nation, respectively. According to the U.S. Census Bureau Quick Facts for 2019 (the last year available), the area’s median household income is \$155,490, with less than 2.4 percent of the population at or under the poverty level. Over 94 percent of the population has a high school education or higher, and over 67 percent have a bachelor’s degree or higher.

The general fund revenue budget for the fiscal year ending June 30, 2023, totals \$30,255,740, an increase of \$3.7 million or 13.9 percent from the previous fiscal year. Parks and recreation and real estate, business license and sales taxes were all budgeted higher based on current trends. The Town also budgeted to use \$900,000 of prior surpluses to finance a real estate tax rate cut of \$0.0175 and salary increases in 2023 to help employees address historically high inflation levels. Additionally, prior surpluses were dedicated for development of a broadcasting facility at the new police station. Generated from cable television subscribers, these taxes can only be used for cable television facilities and have been building up for several years. General property tax revenue is expected to increase \$241,000 or 1.9 percent. The tax rate for fiscal year 2023 was cut one and three-quarters (\$0.0175) of a cent to \$0.205, but still generates increased revenue due to increased assessments. The following table provides a comparison of the Town’s fiscal year 2022 adopted revenue budget and fiscal year 2023 adopted revenue budget.

<u>Revenue Source</u>	<u>FY 2023 Budget</u>	<u>FY 2022 Budget</u>	<u>Expected Increase (Decrease)</u>
Property taxes	\$ 12,884,000	\$ 12,642,940	\$ 241,060
Other local taxes	6,845,000	6,173,500	671,500
Permits, fees & licenses	326,000	296,000	30,000
Fines and forfeitures	231,000	278,000	(47,000)
Use of money & property	192,000	185,600	6,400
Charges for services	1,210,000	1,071,000	139,000
Miscellaneous	376,800	154,800	222,000
State revenues	3,198,400	3,178,300	20,100
Federal revenues	50,000	101,900	(51,900)
Transfers-in	1,500,000	1,123,660	376,340
Other			-
Prior year reserves	1,655,000	598,000	1,057,000
Equip. Repl. Reserve/PEG	1,787,540	760,000	1,027,540
Total Revenue Budget	<u>\$ 30,255,740</u>	<u>\$ 26,563,700</u>	<u>\$ 3,692,040</u>

Request for Information

This financial report is designed to provide a general overview of Town’s finances for the fiscal year ended June 30, 2022. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 127 Center Street S, Vienna, Virginia 22180. Information relative to the Town of Vienna government also may be obtained by visiting the Town of Vienna website at www.viennava.gov.

Basic Financial Statements:

- Government-wide Financial Statements -

TOWN OF VIENNA, VIRGINIA
Statement of Net Position
At June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 52,316,512	\$ 2,394,085	\$ 54,710,597
Receivables, (net of allowances for uncollectibles)	1,176,255	2,174,878	3,351,133
Prepaid items	162,835	28,260	191,095
Due from other governments	540,976	-	540,976
Inventory, at cost	127,487	43,728	171,215
Leases receivable	703,074	-	703,074
Restricted:			
Cash and cash equivalents	3,285,784	-	3,285,784
Capital assets:			
Land	8,731,674	-	8,731,674
Construction in progress	18,585,853	286,952	18,872,805
Other capital assets, net of accumulated depreciation	66,215,136	25,645,588	91,860,724
Capital assets, net	<u>\$ 93,532,663</u>	<u>\$ 25,932,540</u>	<u>\$ 119,465,203</u>
Total assets	<u>\$ 151,845,586</u>	<u>\$ 30,573,491</u>	<u>\$ 182,419,077</u>
Deferred outflows of resources:			
Pension related items	\$ 4,992,554	\$ 421,152	\$ 5,413,706
OPEB related items	<u>982,978</u>	<u>62,416</u>	<u>1,045,394</u>
Total deferred outflows of resources	<u>\$ 5,975,532</u>	<u>\$ 483,568</u>	<u>\$ 6,459,100</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 4,902,514	\$ 1,282,108	\$ 6,184,622
Unearned revenue	15,479,273	-	15,479,273
Escrow and other deposits	3,875,449	149,170	4,024,619
Due to other governments	-	902,958	902,958
Long-term liabilities:			
Due within one year:			
Bonds payable	4,021,774	244,158	4,265,932
Notes payable	477,000	78,634	555,634
Lease liabilities	33,553	-	33,553
Compensated absences	1,541,309	183,727	1,725,036
Due in more than one year:			
Bonds payable	61,340,849	972,920	62,313,769
Notes payable	442,010	658,601	1,100,611
Lease liabilities	53,738	-	53,738
Net OPEB liabilities	3,250,361	238,510	3,488,871
Net pension liabilities	8,012,071	491,131	8,503,202
Compensated absences	171,256	20,414	191,670
Total liabilities	<u>\$ 103,601,157</u>	<u>\$ 5,222,331</u>	<u>\$ 108,823,488</u>
Deferred Inflows of Resources:			
Pension related items	\$ 9,233,804	\$ 895,698	\$ 10,129,502
OPEB related items	1,243,156	104,857	1,348,013
Lease related items	684,192	-	684,192
Deferred revenue - property taxes	<u>50,377</u>	<u>-</u>	<u>50,377</u>
Total deferred inflows of resources	<u>\$ 11,211,529</u>	<u>\$ 1,000,555</u>	<u>\$ 12,212,084</u>
Net Position:			
Net investment in capital assets	\$ 52,904,137	\$ 23,978,227	\$ 67,544,831
Restricted			
Unappropriated PEG Funds	284,000	-	284,000
Stormwater funds	936,826	-	936,826
Other	80,000	-	80,000
Unrestricted (deficit)	<u>(11,196,531)</u>	<u>855,946</u>	<u>(1,003,052)</u>
Total net position	<u>\$ 43,008,432</u>	<u>\$ 24,834,173</u>	<u>\$ 67,842,605</u>

A. The sum of the columns does not equal the Total column by a difference of \$9,337,533 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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government administration	\$ 6,395,116	\$ 387,559	\$ 155,949	\$ -	\$ (5,851,608)	\$ -	\$ (5,851,608)
Public safety	6,733,762	573,269	581,013	-	(5,579,480)	-	(5,579,480)
Public works	12,004,711	-	2,116,127	464,954	(9,423,630)	-	(9,423,630)
Health and welfare	235,124	-	-	-	(235,124)	-	(235,124)
Parks, recreation and cultural	4,773,948	945,076	4,500	-	(3,824,372)	-	(3,824,372)
Community development	1,440,039	-	3,065	-	(1,436,974)	-	(1,436,974)
Interest on long-term debt	1,380,741	-	22,437	-	(1,358,304)	-	(1,358,304)
Total governmental activities	\$ 32,963,441	\$ 1,905,904	\$ 2,883,091	\$ 464,954	\$ (27,709,492)	\$ -	\$ (27,709,492)
Business-type activities							
Water and sewer	8,025,862	10,289,167	28,312	2,743,732	-	5,035,349	5,035,349
Total Primary Government	\$ 40,989,303	\$ 12,195,071	\$ 2,911,403	\$ 3,208,686	\$ (27,709,492)	\$ 5,035,349	\$ (22,674,143)
General Revenues							
Taxes:							
General real property taxes					\$ 12,790,006	\$ -	\$ 12,790,006
Local sales and use taxes					1,850,910	-	1,850,910
Consumer utility taxes					661,544	-	661,544
Business license taxes					2,635,973	-	2,635,973
Meals and lodging taxes					3,331,812	-	3,331,812
Bank franchise taxes					998,962	-	998,962
Other					994,975	-	994,975
Grants and contributions not restricted to specific programs					763,058	-	763,058
Unrestricted revenues from the use of money					(132,729)	3,138	(129,591)
Miscellaneous					2,175,286	332,739	2,508,025
Transfers					(398,669)	398,669	-
Total general revenues and transfers					\$ 25,671,128	\$ 734,546	\$ 26,405,674
Change in net position					\$ (2,038,364)	\$ 5,769,895	\$ 3,731,531
Net position, beginning of year					45,046,796	19,064,278	64,111,074
Net position, end of year					\$ 43,008,432	\$ 24,834,173	\$ 67,842,605

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

Basic Financial Statements:

- Fund Financial Statements -

TOWN OF VIENNA, VIRGINIA

Balance Sheet
Governmental Funds
At June 30, 2022

	Major Funds						Total Governmental Funds
	General	Debt Service	Capital Projects	American Rescue Plan Fund	Special Transportation Fund	Nonmajor Fund Stormwater Fund	
Assets:							
Cash and cash equivalents	\$ 15,326,871	\$ 6,215,116	\$ 21,601,961	\$ 8,233,768	\$ -	\$ 938,796	\$ 52,316,512
Receivables (net of allowance for uncollectibles):							
Taxes including penalties	42,712	-	-	-	-	-	42,712
Accounts	238,929	375,016	519,598	-	-	-	1,133,543
Prepaid items	160,697	-	-	-	-	2,138	162,835
Due from other governments	470,733	-	70,243	-	-	-	540,976
Inventory, at cost	127,487	-	-	-	-	-	127,487
Leases receivable	703,074	-	-	-	-	-	703,074
Restricted:							
Cash and cash equivalents	-	-	-	-	3,285,784	-	3,285,784
Total assets	<u>\$ 17,070,503</u>	<u>\$ 6,590,132</u>	<u>\$ 22,191,802</u>	<u>\$ 8,233,768</u>	<u>\$ 3,285,784</u>	<u>\$ 940,934</u>	<u>\$ 58,312,923</u>
Liabilities:							
Accounts payable	\$ 566,443	\$ -	\$ 2,549,301	\$ 42,730	\$ -	\$ 1,970	\$ 3,160,444
Accrued liabilities	768,257	295	-	-	-	-	768,552
Escrow and other deposits	3,875,449	-	-	-	-	-	3,875,449
Unearned revenue	616,083	-	3,250,229	8,327,177	3,285,784	-	15,479,273
Total liabilities	<u>\$ 5,826,232</u>	<u>\$ 295</u>	<u>\$ 5,799,530</u>	<u>\$ 8,369,907</u>	<u>\$ 3,285,784</u>	<u>\$ 1,970</u>	<u>\$ 23,283,718</u>
Deferred Inflows of Resources:							
Unavailable revenue - property taxes	\$ 92,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,254
Lease related items	684,192	-	-	-	-	-	684,192
Total deferred inflows of resources	<u>\$ 776,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 776,446</u>
Fund Balance:							
Nonspendable:							
Inventory	\$ 127,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,487
Prepaid items	160,697	-	-	-	-	2,138	162,835
Leases	18,882	-	-	-	-	-	18,882
Restricted:							
Unappropriated PEG Funds	284,000	-	-	-	-	-	284,000
E-911	80,000	-	-	-	-	-	80,000
Stormwater funds	-	-	-	-	-	936,826	936,826
Committed:							
VRP reserves	107,500	-	-	-	-	-	107,500
Subsequent year budget support	1,555,000	-	-	-	-	-	1,555,000
Equipment purchases	362,500	-	-	-	-	-	362,500
Assigned:							
Carryforward	243,000	-	-	-	-	-	243,000
Federal AF funds	438,000	-	-	-	-	-	438,000
State AF funds	317,000	-	-	-	-	-	317,000
Revenue stabilization	800,000	-	-	-	-	-	800,000
Information technology	154,690	-	-	-	-	-	154,690
Planning and zoning	48,410	-	-	-	-	-	48,410
Public works	282,820	-	-	-	-	-	282,820
Parks and recreation	54,080	-	-	-	-	-	54,080
Debt service	-	6,589,837	-	-	-	-	6,589,837
Capital projects	-	-	16,392,272	-	-	-	16,392,272
Unassigned (deficit)	5,433,759	-	-	(136,139)	-	-	5,297,620
Total fund balance (deficit)	<u>\$ 10,467,825</u>	<u>\$ 6,589,837</u>	<u>\$ 16,392,272</u>	<u>\$ (136,139)</u>	<u>\$ -</u>	<u>\$ 938,964</u>	<u>\$ 34,252,759</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 17,070,503</u>	<u>\$ 6,590,132</u>	<u>\$ 22,191,802</u>	<u>\$ 8,233,768</u>	<u>\$ 3,285,784</u>	<u>\$ 940,934</u>	<u>\$ 58,312,923</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, 2022**

Total fund balances for governmental funds (Exhibit 3)	\$	34,252,759
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$	8,731,674
Construction in progress		18,585,853
Depreciable capital assets, net of accumulated depreciation		66,215,136
Total capital assets		93,532,663
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	4,992,554
OPEB related items		982,978
Total		5,975,532
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.		
		41,877
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	\$	(973,518)
Bonds, lease liabilities and notes payable		(61,630,301)
Unamortized bond premium		(4,738,623)
Net OPEB liabilities		(3,250,361)
Net pension liabilities		(8,012,071)
Compensated absences		(1,712,565)
Total		(80,317,439)
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.		
Pension related items	\$	(9,233,804)
OPEB related items		(1,243,156)
Total		(10,476,960)
Total net position of governmental activities (Exhibits 1 and 2)	\$	43,008,432

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, 2022

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects	American Rescue Plan Fund	Nonmajor Fund Stormwater Fund	
Revenues:						
General property taxes	\$ 12,801,701	\$ -	\$ -	\$ -	\$ -	\$ 12,801,701
Other local taxes	7,142,364	3,331,812	-	-	-	10,474,176
Permits, privilege fees and regulatory licenses	384,904	-	-	-	-	384,904
Fines and forfeitures	181,325	-	-	-	-	181,325
Revenue from use of money and property	176,302	(65,172)	75,068	(136,139)	1,870	51,929
Charges for services	1,155,017	-	-	-	-	1,155,017
Miscellaneous	193,452	-	1,979,155	-	2,679	2,175,286
Intergovernmental	2,947,585	22,437	464,954	224,554	451,573	4,111,103
Total revenues	\$ 24,982,650	\$ 3,289,077	\$ 2,519,177	\$ 88,415	\$ 456,122	\$ 31,335,441
Expenditures:						
Current:						
General government administration	\$ 5,915,120	\$ -	\$ -	\$ 141,214	\$ -	\$ 6,056,334
Public safety	6,996,875	-	-	45,480	-	7,042,355
Public works	7,189,728	-	-	7,145	314,246	7,511,119
Health and welfare	235,124	-	-	-	-	235,124
Parks, recreation, and cultural	4,231,153	-	-	-	-	4,231,153
Community development	1,501,237	-	-	3,065	-	1,504,302
Capital projects	-	-	17,888,071	27,650	-	17,915,721
Debt service:						
Principal retirement	32,357	3,624,273	-	-	-	3,656,630
Interest and other fiscal charges	3,268	1,764,356	-	-	-	1,767,624
Total expenditures	\$ 26,104,862	\$ 5,388,629	\$ 17,888,071	\$ 224,554	\$ 314,246	\$ 49,920,362
Excess (deficiency) of revenues over (under) expenditures	\$ (1,122,212)	\$ (2,099,552)	\$ (15,368,894)	\$ (136,139)	\$ 141,876	\$ (18,584,921)
Other financing sources (uses):						
Issuance of bonds	\$ 700,000	\$ -	\$ 10,795,000	\$ -	\$ -	\$ 11,495,000
Premium on issuance of bonds	74,714	-	1,110,357	-	-	1,185,071
Transfers in	1,800,000	1,845,326	-	-	-	3,645,326
Transfers out	(676,340)	-	(3,352,655)	-	(15,000)	(4,043,995)
Total other financing sources (uses)	\$ 1,898,374	\$ 1,845,326	\$ 8,552,702	\$ -	\$ (15,000)	\$ 12,281,402
Net changes in fund balances	\$ 776,162	\$ (254,226)	\$ (6,816,192)	\$ (136,139)	\$ 126,876	\$ (6,303,519)
Fund balances at beginning of year	9,691,663	6,844,063	23,208,464	-	812,088	40,556,278
Fund balances at end of year	\$ 10,467,825	\$ 6,589,837	\$ 16,392,272	\$ (136,139)	\$ 938,964	\$ 34,252,759

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, 2022**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	(6,303,519)
--	----	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The following details support this adjustment:

Capital outlay	\$ 15,926,730	
Depreciation expense	<u>(4,124,351)</u>	11,802,379

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(23,054)
---	--	----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(11,695)
----------------	--	----------

Bond and other debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:		
General obligation bonds	\$ (12,680,071)	
Repayments:		
General obligation bonds	3,002,000	
Lease liabilities	32,357	
Notes payable	<u>622,273</u>	
Net adjustment		(9,023,441)

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	\$ (67,529)	
OPEB expense	(76,894)	
Bond premium	519,936	
Pension expense	1,278,506	
Accrued interest payable	<u>(133,053)</u>	
Net adjustment		<u>1,520,966</u>
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>(2,038,364)</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, 2022

		<u>Business-type Activities Enterprise Fund Water & Sewer Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$	2,394,085
Receivables: (net of allowance for uncollectibles)		
Accounts		1,188,198
Unbilled service charges		986,680
Prepaid items		28,260
Inventory, at cost		43,728
Total current assets	\$	4,640,951
Capital assets, net of accumulated depreciation		25,932,540
Total assets	\$	30,573,491
Deferred outflows of resources:		
Pension related items	\$	421,152
OPEB related items		62,416
Total deferred outflows of resources	\$	483,568
Liabilities:		
Current liabilities:		
Accounts payable	\$	1,152,748
Accrued liabilities		129,360
Escrow and other deposits		149,170
Due to other governments		902,958
Compensated absences - current portion		183,727
Notes payable - current portion		78,634
Bonds payable - current portion		244,158
Total current liabilities	\$	2,840,755
Noncurrent liabilities:		
Compensated absences - noncurrent portion	\$	20,414
Net OPEB liabilities		238,510
Net pension liabilities		491,131
Notes payable - noncurrent portion		658,601
Bonds payable - noncurrent portion		972,920
Total noncurrent liabilities	\$	2,381,576
Total liabilities	\$	5,222,331
Deferred Inflows of Resources:		
Pension related items	\$	895,698
OPEB related items		104,857
Total deferred inflows of resources	\$	1,000,555
Net Position:		
Net investment in capital assets	\$	23,978,227
Unrestricted		855,946
Total net position	\$	24,834,173

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, 2022

		Business-type Activities Enterprise Fund
		Water & Sewer Fund
Operating revenues:		
Charges for services	\$	10,289,167
Operating expenses:		
Personal services	\$	1,618,249
Fringe benefits		498,449
Contractual services		4,610,178
Other charges		131,602
Materials and supplies		308,828
Depreciation		828,015
Total operating expenses	\$	7,995,321
Operating income (loss)	\$	2,293,846
Nonoperating revenues (expenses):		
Interest income	\$	3,138
Miscellaneous income		332,739
Federal grant revenue		28,312
Utility grant program		(28,312)
Interest expense		(2,229)
Net nonoperating revenues (expenses)	\$	333,648
Income (loss) before capital contributions and transfers	\$	2,627,494
Capital contributions and transfers:		
Capital contributions	\$	2,743,732
Transfers in		3,367,655
Transfers (out)		(2,968,986)
Total capital contributions and transfers	\$	3,142,401
Change in net position	\$	5,769,895
Net position, beginning of year		19,064,278
Net position, end of year	\$	24,834,173

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, 2022

	<u>Business-type Activities Enterprise Fund</u>
	<u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 10,388,247
Payments to and for employees	(2,065,336)
Payments to suppliers	(5,414,820)
Other receipts	332,739
Net cash provided by operating activities	<u>\$ 3,240,830</u>
Cash flows from investing activities:	
Interest income	<u>\$ 3,138</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (1,123,485)
Issuance of notes payable	1,123,486
Issuance of bonds payable	1,130,078
Principal payments on notes and bonds payable	(4,126,648)
Interest expense	(2,229)
Net cash provided by (used for) capital and related financing activities	<u>\$ (2,998,798)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 3,367,655
Transfers (to) other funds	(2,968,986)
Net cash provided by (used for) noncapital financing activities	<u>\$ 398,669</u>
Net increase (decrease) in cash and cash equivalents	\$ 643,839
Cash and cash equivalents at beginning of year	<u>1,750,246</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,394,085</u></u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ 2,293,846
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	828,015
Miscellaneous income	332,739
Changes in operating accounts:	
Accounts receivable	59,442
Unbilled service charges	17,554
Inventory	(20,037)
Prepaid items	(6,162)
Deferred outflows - pension items	136,659
Deferred outflows - OPEB items	11,584
Accounts payable	(338,013)
Accrued liabilities	58,656
Unearned revenues	(9,454)
Escrow and other deposits	2,990
Due to other governments	28,548
Net OPEB liabilities	(55,310)
Net pension liabilities	(1,094,295)
Deferred inflows - pension items	886,254
Deferred inflows - OPEB items	43,640
Compensated absences	64,174
Net cash provided by (used for) operating activities	<u>\$ 3,240,830</u>
Noncash investing and financing activities:	
Capital contributions	<u>\$ 2,743,732</u>

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

TOWN OF VIENNA, VIRGINIA

Statement of Fiduciary Net Position
At June 30, 2022

	<u>Pension Trust Funds</u>
Assets:	
Investments:	
External investment pools	\$ <u>5,995,892</u>
Total assets	\$ <u>5,995,892</u>
Net Position:	
Held in trust for pension benefits	\$ <u>5,995,892</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
Year Ended June 30, 2022

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 445,344
Plan members	<u>42,147</u>
Total contributions	\$ 487,491
Investment income:	
Interest earned on investments	<u>(119,015)</u>
Total additions	\$ <u>368,476</u>
Deductions:	
Pension benefit payments	\$ 471,870
Other charges	<u>9,478</u>
Total deductions	\$ <u>481,348</u>
Change in net position	\$ (112,872)
Net position:	
Balance, beginning of year	<u>6,108,764</u>
Balance, end of year	<u><u>\$ 5,995,892</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, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

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

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

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

A. Financial Reporting Entity

Government-wide Financial Statements:

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

Statement of Net Position:

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

Statement of Activities:

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

A. Financial Reporting Entity (continued)

Budgetary Comparison Schedules:

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

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

B. Government-wide and Fund Financial Statements

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

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

The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

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

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

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

The following is a brief description of the specific funds used by the Town in FY 2022.

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

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

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

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

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

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

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

- 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.

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

C. Basis of Accounting

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

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

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

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

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

C. Basis of Accounting (continued)

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

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

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

D. Budgets and Budgetary Accounting

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

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

1. In March of each year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. At least one public hearing is conducted at the Town Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an appropriation ordinance. The Town Council may approve supplemental appropriations.
4. The legal level of control is at the function level within an individual fund. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. This is done during a quarterly review and analysis, and approved by motion by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund, Stormwater Fund, and Capital Projects Fund. Capital Projects are budgeted on a project basis as well as an annual basis.
6. The budgets for the General Fund, Debt Service, Capital Projects and Stormwater Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. A review of the presented budget comparisons herein will disclose how accurately the governing body was actually able to forecast the revenues and expenditures of the Town.
8. Appropriations lapse on June 30 except for the Capital Projects Fund which adopts both annual and project-length budgets. Those appropriations lapse when the project has been completed.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

D. Budgets and Budgetary Accounting (continued)

9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2022.
10. Excess of expenditures over appropriations:
For the year ended June 30, expenditures exceeded appropriations in the health and welfare function (the legal level of budgetary control) of the general fund by \$18,984.

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 \$540,000 representing \$154,690 for information technology, \$48,410 for planning and zoning, \$282,820 for public works, and \$54,080 for parks and recreation.

F. Cash and Cash Equivalents

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

G. Investments

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

H. Inventory

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

I. Prepaid Items

The consumption method is used for accounting of prepaid items.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

J. Capital Assets

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the Town, are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has items that qualify for reporting in this category. One item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the pension and OPEB notes.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

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

K. Deferred Outflows/Inflows of Resources (continued)

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

L. Other Local Taxes

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

M. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$231,400 at June 30, 2022 and is comprised of the following:

General Fund:	
Property taxes receivable	\$ 4,400
Water and Sewer Fund:	
Accounts receivable	227,000
Grand total	<u>\$ 231,400</u>

N. Compensated Absences and Other Employee Benefit Amounts

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

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

Q. Unbilled Revenue

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

R. Use of Estimates

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

S. Long-Term Obligations

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

T. Net Position

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

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

U. Net Position Flow Assumption

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

V. Fund Equity

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

V. Fund Equity (continued)

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

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

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

W. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Lessor

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

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

W. Leases (continued)

Key Estimates and Judgments

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

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

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

X. Adoption of Accounting Principles

The Town implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	<u>Governmental Activities</u>	<u>General Fund</u>
Lessee activity:		
Lease assets	\$ 119,648	\$ -
Lease liabilities	\$ 119,648	\$ -
Lessor activity:		
Lease receivable	\$ 780,165	\$ 780,165
Deferred inflows of resources - leases	\$ 780,165	\$ 780,165

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

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, 2022 consisted of investment in the Commonwealth of Virginia Local Government Investment Pool, VML/VACO’s Virginia Investment Pool, money market mutual funds and investments in the State Non-Arbitrage Pool (SNAP).

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Credit Risk of Debt Securities

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

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

The Town’s rated debt instruments as of June 30, 2022 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Town's Rated Debt Investments		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f
Local Government Investment Pool (LGIP)	\$ 30,345,035	\$ -
VACO/VML Virginia Investment Pool	-	7,284,191
Money market mutual funds	450,035	-
Virginia State Non-Arbitrage Program	19,338,915	-
Total	<u>\$ 50,133,985</u>	<u>\$ 7,284,191</u>

Reconciliation of Deposits and Investments

Cash and cash equivalents - Per Exhibit 1 (1)	\$ 57,996,381
Fiduciary funds	5,995,892
Total cash and investments	<u>\$ 63,992,273</u>
Cash:	
Deposits	\$ 6,573,247
Cash on hand and cash items	850
Total cash	<u>\$ 6,574,097</u>
Investments	<u>\$ 57,418,176</u>
Total cash and investments	<u>\$ 63,992,273</u>

(1) Includes temporarily restricted cash of \$3,285,784

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

External Investment Pools

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Local Government Investment Pool	\$ 30,345,035	\$ 30,345,035	\$ -
VACO/VML Virginia Investment Pool	7,284,191	-	7,284,191
Virginia State Non-Arbitrage Program	<u>19,338,915</u>	<u>19,338,915</u>	<u>-</u>
Total	<u>\$ 56,968,141</u>	<u>\$ 49,683,950</u>	<u>\$ 7,284,191</u>

Redemption Restrictions

The VACO/VML 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, etc.).

Fair Value Measurements

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

NOTE 3 - PROPERTY TAXES:

Real property taxes are levied on July 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the State of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal year 2022 was \$.2225 per \$100 of assessed valuation.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 3 - PROPERTY TAXES: (continued)

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

NOTE 4 - ACCOUNTS RECEIVABLE:

Accounts receivable are detailed as follows:

	Governmental Activities			Total	Business-type
	General Fund	Debt Service Fund	Capital Projects Fund		Water & Sewer Fund
Property taxes	\$ 47,112	\$ -	\$ -	\$ 47,112	\$ -
Consumer utility taxes	54,172	-	-	54,172	-
Franchise fees	36,294	-	-	36,294	-
Business license fees	82,333	-	-	82,333	-
Meals taxes	-	375,016	-	375,016	-
Water and sewer charges	-	-	-	-	1,415,198
Unbilled revenues	-	-	-	-	986,680
Robinson Trust - sidewalk program	-	-	519,598	519,598	-
Other	66,130	-	-	66,130	-
Total	<u>\$ 286,041</u>	<u>\$ 375,016</u>	<u>\$ 519,598</u>	<u>\$ 1,180,655</u>	<u>\$ 2,401,878</u>
Less: Allowance for uncollectibles	<u>(4,400)</u>	<u>-</u>	<u>-</u>	<u>(4,400)</u>	<u>(227,000)</u>
Net receivables	<u><u>\$ 281,641</u></u>	<u><u>\$ 375,016</u></u>	<u><u>\$ 519,598</u></u>	<u><u>\$ 1,176,255</u></u>	<u><u>\$ 2,174,878</u></u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 5 - DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments are detailed as follows:

	Governmental Activities		
	General Fund	Capital Projects Fund	Total
Commonwealth of Virginia:			
Virginia Department of Transportation	\$ -	\$ 2,011	\$ 2,011
Department of Environmental Quality	-	29,972	29,972
Federal Government:			
Roads grants	-	17,494	17,494
Public safety grants	7,774	-	7,774
County of Fairfax, Virginia:			
Local sales tax	319,495	-	319,495
Communications tax	122,039	-	122,039
Court fines and forfeitures	20,275	-	20,275
Other	1,150	-	1,150
NVTA:			
Roads grants	-	20,766	20,766
Total	<u>\$ 470,733</u>	<u>\$ 70,243</u>	<u>\$ 540,976</u>

NOTE 6 – INTERFUND TRANSFERS:

Details of interfund transfers as of June 30, 2022 are as follows:

Transfers to/from other funds:

Transfers to the General Fund from the Water and Sewer Fund to supplement General Fund operations	\$ 1,800,000
Transfers to the Water and Sewer Fund from the Capital Projects Fund to fund capital projects	3,352,655
Transfers to the Water and Sewer Fund from the Stormwater Fund	15,000
Transfers to the Debt Service Fund from the General Fund to supplement debt service funding for general long-term obligation debt	676,340
Transfers to the Debt Service Fund from the Water and Sewer Fund to supplement debt service funding for general long-term obligation debt	<u>1,168,986</u>
Total transfers	<u>\$ 7,012,981</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 7 - CAPITAL ASSETS:

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

Governmental Activities:

	Balance July 1, 2021 As Restated*	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 8,731,674	\$ -	\$ -	\$ 8,731,674
Construction in progress - infrastructure	1,887,767	915,783	557,265	2,246,285
Construction in progress - other	4,182,334	12,242,356	85,122	16,339,568
Total capital assets not being depreciated	<u>\$ 14,801,775</u>	<u>\$ 13,158,139</u>	<u>\$ 642,387</u>	<u>\$ 27,317,527</u>
Other capital assets:				
Land improvements	\$ 5,725,626	\$ 6,539	\$ -	\$ 5,732,165
Buildings and improvements	31,894,849	915,030	-	32,809,879
Infrastructure	101,042,827	1,930,228	-	102,973,055
Office and other equipment	8,180,807	351,738	-	8,532,545
Leased equipment	119,648	-	-	119,648
Automotive and other equipment	7,356,433	207,443	74,548	7,489,328
Total other capital assets	<u>\$ 154,320,190</u>	<u>\$ 3,410,978</u>	<u>\$ 74,548</u>	<u>\$ 157,656,620</u>
Accumulated depreciation:				
Land improvements	\$ 1,046,919	\$ 149,149	\$ -	\$ 1,196,068
Buildings and improvements	12,203,426	1,040,307	-	13,243,733
Infrastructure	65,229,057	1,848,136	-	67,077,193
Office and other equipment	4,479,838	464,310	-	4,944,148
Leased equipment	-	33,720	-	33,720
Automotive and other equipment	4,409,387	588,729	51,494	4,946,622
Total accumulated depreciation	<u>\$ 87,368,627</u>	<u>\$ 4,124,351</u>	<u>\$ 51,494</u>	<u>\$ 91,441,484</u>
Net capital assets	<u>\$ 81,753,338</u>	<u>\$ 12,444,766</u>	<u>\$ 665,441</u>	<u>\$ 93,532,663</u>
Depreciation expense has been allocated as follows:				
General government administration		\$ 404,677		
Public safety		257,767		
Public works		2,643,034		
Parks and recreation		808,621		
Community development		10,252		
Total depreciation expense		<u>\$ 4,124,351</u>		

*Beginning balances have been restated to reflect leased equipment due to implementation of GASB 87.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 7 - CAPITAL ASSETS: (continued)

Business-type Activities:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated:				
Construction in progress	\$ 336,719	\$ 286,677	\$ 336,444	\$ 286,952
Other capital assets:				
Automotive and other equipment	\$ 1,575,620	\$ 123,157	\$ -	\$ 1,698,777
Improvements	36,203,979	3,793,827	-	39,997,806
Total other capital assets	\$ 37,779,599	\$ 3,916,984	\$ -	\$ 41,696,583
Accumulated depreciation:				
Automotive and other equipment	\$ 1,008,758	\$ 88,401	\$ -	\$ 1,097,159
Improvements	14,214,222	739,614	-	14,953,836
Total accumulated depreciation	\$ 15,222,980	\$ 828,015	\$ -	\$ 16,050,995
Net capital assets	\$ 22,893,338	\$ 3,375,646	\$ 336,444	\$ 25,932,540

NOTE 8 - DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE:

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

	Government-wide Statements	Governmental Funds
	Governmental Activities	Governmental Funds
<u>Unavailable revenue - property taxes:</u>		
A. <i>Deferred property tax revenue</i> - deferred inflow of resources representing uncollected tax billings not available for funding of current expenditures	\$ -	\$ 41,877
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	50,377	50,377
Total unavailable revenue - property taxes	\$ 50,377	\$ 92,254
<u>Unearned Revenue:</u>		
C. <i>Non-refundable deposits held for various sidewalk and street improvements</i> - Revenues related to such deposits are not recognized until the related street improvement expenditures have been incurred	\$ 266,614	\$ 266,614
D. <i>Unearned revenue</i> - Unspent American Rescue Plan funds	8,327,177	8,327,177
E. <i>Unearned revenue</i> - Unspent Urban Highway Maintenance Funds	284,100	284,100
F. <i>Unearned revenue</i> - Special Transportation Fund	3,285,784	3,285,784
G. <i>Unearned revenue</i> - Capital Projects Fund	3,250,229	3,250,229
H. <i>Other</i> - unearned vehicle license fee revenue	65,369	65,369
Total unearned revenue	\$ 15,479,273	\$ 15,479,273

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 9 - LONG-TERM DEBT:

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

Governmental Activities:

Year Ending June 30,	General Obligation Bonds		Leases		Direct Borrowings and Direct Placements			
	Principal	Interest	Principal	Interest	Notes Payable		General Obligation Bonds	
					Principal	Interest	Principal	Interest
2023	\$ 2,970,000	\$ 1,958,470	\$ 33,553	\$ 2,075	\$ 477,000	\$ 16,878	\$ 437,000	\$ 68,522
2024	2,970,000	1,838,034	34,353	1,275	327,610	6,650	437,000	58,733
2025	3,825,000	1,709,868	14,697	285	114,400	1,290	437,000	48,944
2026	3,790,000	1,539,312	4,688	37	-	-	437,000	39,155
2027	3,830,000	1,376,463	-	-	-	-	437,000	29,366
2028	3,955,000	1,203,662	-	-	-	-	437,000	19,578
2029	3,535,000	1,029,349	-	-	-	-	437,000	9,789
2030	3,535,000	859,263	-	-	-	-	-	-
2031	3,535,000	708,562	-	-	-	-	-	-
2032	3,125,000	604,838	-	-	-	-	-	-
2033	3,120,000	508,287	-	-	-	-	-	-
2034	2,595,000	425,113	-	-	-	-	-	-
2035	2,600,000	372,456	-	-	-	-	-	-
2036	2,595,000	318,932	-	-	-	-	-	-
2037	2,595,000	264,762	-	-	-	-	-	-
2038	2,595,000	208,106	-	-	-	-	-	-
2039	2,595,000	151,451	-	-	-	-	-	-
2040	2,590,000	91,550	-	-	-	-	-	-
2041	605,000	31,763	-	-	-	-	-	-
2042	605,000	15,881	-	-	-	-	-	-
Total	\$ 57,565,000	\$ 15,216,122	\$ 87,291	\$ 3,672	\$ 919,010	\$ 24,818	\$ 3,059,000	\$ 274,087

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 9 - LONG-TERM DEBT: (continued)

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

Business-type Activities:

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2023	\$ 227,000	\$ 49,996	\$ 78,634	\$ 28,057
2024	135,000	42,000	21,196	25,535
2025	135,000	35,250	12,934	24,923
2026	140,000	28,500	13,440	24,417
2027	140,000	21,500	13,965	23,891
2028	45,000	14,500	14,511	23,345
2029	45,000	12,250	15,079	22,778
2030	45,000	10,000	15,668	22,188
2031	50,000	7,750	16,281	21,576
2032	50,000	5,250	16,918	20,939
2033	55,000	2,750	17,579	20,278
2034	-	-	18,266	19,590
2035	-	-	18,981	18,876
2036	-	-	19,723	18,134
2037	-	-	20,494	17,363
2038	-	-	21,295	16,561
2039	-	-	22,128	15,729
2040	-	-	22,993	14,864
2041	-	-	23,892	13,965
2042	-	-	24,826	13,030
2043	-	-	25,797	12,060
2044	-	-	26,806	11,051
2045	-	-	27,854	10,003
2046	-	-	28,943	8,914
2047	-	-	30,074	7,782
2048	-	-	31,250	6,606
2049	-	-	32,472	5,384
2050	-	-	33,742	4,115
2051	-	-	35,061	2,795
2052	-	-	36,433	1,424
Total	\$ 1,067,000	\$ 229,746	\$ 737,235	\$ 476,173

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 9 - LONG-TERM DEBT: (continued)

Changes in Long-term Debt:

The following is a summary of the governmental activities long-term debt of the Town for the year ended June 30, 2022.

	<u>Direct Borrowings and Placements</u>					<u>Total</u>
	<u>Bonds</u>	<u>Bonds</u>	<u>Notes Payable</u>	<u>Bond Premium</u>	<u>Leases*</u>	
Balance, July 1, 2021	\$ 48,635,000	\$ 3,496,000	\$ 1,541,283	\$ 4,073,488	\$ 119,648	\$ 57,865,419
Issuances/Increases:						
General obligation bonds	\$ 11,495,000	\$ -	\$ -	\$ -	\$ -	\$ 11,495,000
Bond premium	-	-	-	1,185,071	-	1,185,071
Total issuances/increases	<u>\$ 11,495,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,071</u>	<u>\$ -</u>	<u>\$ 12,680,071</u>
Retirements/decreases:						
General obligation bonds	\$ 2,565,000	\$ 437,000	\$ -	\$ -	\$ -	\$ 3,002,000
Bond premium	-	-	-	519,936	-	519,936
Leases	-	-	-	-	32,357	32,357
Notes payable	-	-	622,273	-	-	622,273
Total retirements/decreases	<u>\$ 2,565,000</u>	<u>\$ 437,000</u>	<u>\$ 622,273</u>	<u>\$ 519,936</u>	<u>\$ 32,357</u>	<u>\$ 4,176,566</u>
Balance, June 30, 2022	<u>\$ 57,565,000</u>	<u>\$ 3,059,000</u>	<u>\$ 919,010</u>	<u>\$ 4,738,623</u>	<u>\$ 87,291</u>	<u>\$ 66,368,924</u>

*Beginning balances have been restated to reflect leased equipment due to implementation of GASB 87.

The following is a summary of business-type activities long-term debt of the Town for the year ended June 30, 2022.

	<u>Direct Borrowings and Placements</u>			<u>Total</u>
	<u>Notes Payable</u>	<u>Bonds</u>	<u>Bond Premium</u>	
Balance, July 1, 2021	\$ 3,060,397	\$ 767,000	\$ -	\$ 3,827,397
Issuances/Increases:				
Notes payable	\$ 1,123,486	\$ -	\$ -	\$ 1,123,486
General obligation bonds	-	980,000	-	980,000
Bond premium	-	-	150,078	150,078
Total issuances/increases	<u>\$ 1,123,486</u>	<u>\$ 980,000</u>	<u>\$ 150,078</u>	<u>\$ 2,253,564</u>
Retirements/decreases:				
Bonds payable	\$ 3,446,648	\$ 680,000	\$ -	\$ 4,126,648
Total retirements/decreases	<u>\$ 3,446,648</u>	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ 4,126,648</u>
Balance, June 30, 2022	<u>\$ 737,235</u>	<u>\$ 1,067,000</u>	<u>\$ 150,078</u>	<u>\$ 1,954,313</u>

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 9 - LONG-TERM DEBT: (continued)

Details of Long-Term Debt

	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Governmental activities:</u>		
<u>Public Improvement Bonds:</u>		
\$2,310,00 issued July 28, 2010, maturing in annual installments of \$335,000 from August 1, 2019 through August 1, 2025, interest payable semiannually at rates from 4.00% to 4.70%	\$ 1,305,000	\$ 335,000
\$6,310,000 issued July 18, 2012, maturing in annual installments of \$425,000 through July 15, 2014, and \$420,000 from July 15, 2015 through July 15, 2027, interest payable semiannually at rates from 2.0% to 2.50%	2,520,000	420,000
(1) \$6,555,000 issued November 14, 2013, maturing in annual installments of \$437,000 through June 1, 2029, interest payable semiannually at 2.24%	3,059,000	437,000
\$6,180,000 issued December 23, 2015, maturing in annual installments ranging from \$410,000 to \$415,000 through August 1, 2030, interest payable semiannually at rates from 2.00% to 4.00%	3,690,000	410,000
\$7,900,000 issued February 28, 2018, maturing in annual installments ranging from \$525,000 to \$530,000 through August 1, 2032, interest payable semiannually at 5.00%	5,785,000	530,000
\$34,500,000 issued March 25, 2020, maturing in annual installments ranging from \$865,000 to \$1,985,000 through March 1, 2040, interest payable semiannually at rates from 2.00% to 5.00%	32,770,000	865,000
\$11,495,000 issued March 8, 2022, maturing in annual installments ranging from \$410,000 to \$750,000 through March 1, 2042, interest payable semiannually at rates from 2.125% to 5.00%	<u>11,495,000</u>	<u>410,000</u>
Total public improvement bonds	<u>\$ 60,624,000</u>	<u>\$ 3,407,000</u>
<u>Notes Payable:</u>		
(1) \$450,000 obligation due in annual installments of \$115,690 through October 30, 2024, interest payable at 1.128%	\$ 339,386	\$ 111,862
(1) \$590,400 obligation due in annual installments of \$159,617 through November 1, 2022, interest payable at 3.206%	154,658	154,658
(1) \$834,200 obligation due in annual installments of \$218,571 through October 30, 2023, interest payable at 1.904%	<u>424,966</u>	<u>210,480</u>
Total notes payable	<u>\$ 919,010</u>	<u>\$ 477,000</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 9 - LONG-TERM DEBT: (continued)

Details of Long-Term Debt (continued)

<u>Governmental activities: (continued)</u>	<u>Amount Outstanding</u>	<u>Amount Due In One Year</u>
<u>Leases:</u>		
Lease agreement for the use of office equipment entered into on October 8, 2020. The lease agreement is for 63 installments of \$675 through December 8, 2025. A discount rate of 3.21% was used for this lease.	\$ 27,458	\$ 7,402
Lease agreement for the use of copiers entered into on June 19, 2019. The lease agreement is for 63 installments of \$2,294 through August 19, 2024. A discount rate of 3.21% was used for this lease.	59,833	26,151
Total leases	<u>\$ 87,291</u>	<u>\$ 33,553</u>
Unamortized bond premiums	<u>\$ 4,738,623</u>	<u>\$ 614,774</u>
Total general long-term debt from governmental activities	<u>\$ 66,368,924</u>	<u>\$ 4,532,327</u>
(1) Represents direct borrowings and direct placements		
<u>Business-type activities:</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%	\$ 87,000	\$ 87,000
\$980,000 issued March 8, 2022, maturing in annual installments ranging from \$45,000 to \$140,000 through March 1, 2033, interest payable semiannually at rates from 2.125% to 5.00%	980,000	140,000
Total public improvement bonds	<u>\$ 1,067,000</u>	<u>\$ 227,000</u>
<u>Notes Payable:</u>		
(1) Note payable to Fairfax County for Town share of Fairfax plant upgrade, maturing in various semiannual installments through July 1, 2051, interest at 3.91%	\$ 661,831	\$ 11,979
(1) \$229,600 obligation due in annual installments of \$69,073 through November 1, 2022, interest payable at 3.206%	60,145	60,145
(1) \$25,800 obligation due in annual installments of \$6,760 through October 30, 2023, interest payable at 1.904%	15,259	6,510
Total notes payable	<u>\$ 737,235</u>	<u>\$ 78,634</u>
Unamortized bond premiums	<u>\$ 150,078</u>	<u>\$ 17,158</u>
Total general long-term debt from business-type activities	<u>\$ 1,954,313</u>	<u>\$ 322,792</u>
(1) Represents direct borrowings and direct placements		

Federal Arbitrage Regulations:

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

NOTE 10 - COMPENSATED ABSENCES:

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

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

	Governmental Activities	Business-type Activities	Total
Balance, July 1, 2021	\$ 1,645,036	\$ 139,967	\$ 1,785,003
Increases	1,712,565	204,141	1,916,706
Decreases	(1,645,036)	(139,967)	(1,785,003)
Balance, June 30, 2022	<u>\$ 1,712,565</u>	<u>\$ 204,141</u>	<u>\$ 1,916,706</u>
Amounts due within one year	\$ 1,541,309	\$ 183,727	\$ 1,725,036
Amounts due after one year	171,256	20,414	191,670
Total	<u>\$ 1,712,565</u>	<u>\$ 204,141</u>	<u>\$ 1,916,706</u>

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

NOTE 11 - PENSION PLANS:

VRS Retirement Plan

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Benefit Structures: (Continued)

age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	130
Inactive members:	
Vested inactive members	27
Non-vested inactive members	57
Inactive members active elsewhere in VRS	<u>22</u>
Total inactive members	106
Active members	<u>173</u>
Total covered employees	<u><u>409</u></u>

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2022 was 12.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$1,574,951 and \$1,532,195 for the years ended June 30, 2022 and June 30, 2021, respectively.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liabilities were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality Rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Actuarial Assumptions – General Employees (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with hazardous duty benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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

Mortality rates: (continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 75,294,302	\$ 58,658,147	\$ 16,636,155
Changes for the year:			
Service cost	\$ 1,305,797	\$ -	\$ 1,305,797
Interest	4,945,485	-	4,945,485
Changes in assumptions	2,713,594	-	2,713,594
Differences between expected and actual experience	(2,294,177)	-	(2,294,177)
Contributions - employer	-	1,530,449	(1,530,449)
Contributions - employee	-	616,291	(616,291)
Net investment income	-	15,848,794	(15,848,794)
Benefit payments, including refunds of employee contributions	(4,055,713)	(4,055,713)	-
Administrative expenses	-	(40,169)	40,169
Other changes	-	1,489	(1,489)
Net changes	<u>\$ 2,614,986</u>	<u>\$ 13,901,141</u>	<u>\$ (11,286,155)</u>
Balances at June 30, 2021	<u>\$ 77,909,288</u>	<u>\$ 72,559,288</u>	<u>\$ 5,350,000</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Town's Net Pension Liability	\$ 15,226,273	\$ 5,350,000	\$ (2,824,798)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$691,262. At June 30, 2022, 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	\$ 719,052	\$ 1,615,426
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,223	33,223
Change of assumptions	2,283,971	-
Net difference between projected and actual earnings on pension plan investments	-	7,845,007
Employer contributions subsequent to the measurement date	<u>1,574,951</u>	<u>-</u>
Total	<u>\$ 4,611,197</u>	<u>\$ 9,493,656</u>

\$1,574,951 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 11 - PENSION PLANS: (continued)

VRS Retirement Plan (continued)

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

	<u>Year ended June 30</u>
	2023
	2024
	2025
	2026

	\$	(786,831)
		(1,502,045)
		(1,777,512)
		(2,391,022)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Town Retirement Plans

A. Plan Description

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

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

The plans do not issue separate financial statements.

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

A. Plan Description (continued)

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

Local Retirement Plan

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

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

Police Retirement Plan

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

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

B. Other Information

The Town's membership in the Civilian and Police Plans at July 1, 2021 was as follows:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (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.

	<u>Pension Trust Funds</u>		
	<u>Civilian Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Totals</u>
Assets:			
Investments	\$ 2,462,831	\$ 3,533,061	\$ 5,995,892
Net Position:			
Net position held in trust for pension benefits	<u>\$ 2,462,831</u>	<u>\$ 3,533,061</u>	<u>\$ 5,995,892</u>
Additions:			
Contributions:			
Employer	\$ 163,530	\$ 281,814	\$ 445,344
Plan members	-	42,147	42,147
Total contributions	<u>\$ 163,530</u>	<u>\$ 323,961</u>	<u>\$ 487,491</u>
Investment income:			
Interest earned on investments	(51,301)	(67,714)	(119,015)
Total additions	<u>\$ 112,229</u>	<u>\$ 256,247</u>	<u>\$ 368,476</u>
Deductions:			
Pension benefit payments	\$ 174,668	\$ 297,202	\$ 471,870
Other charges	5,192	4,286	9,478
Total deductions	<u>\$ 179,860</u>	<u>\$ 301,488</u>	<u>\$ 481,348</u>
Net increase (decrease) in plan assets	<u>\$ (67,631)</u>	<u>\$ (45,241)</u>	<u>\$ (112,872)</u>
Net position held in trust for pension benefits:			
Balance, beginning of year	<u>2,530,462</u>	<u>3,578,302</u>	<u>6,108,764</u>
Balance, end of year	<u>\$ 2,462,831</u>	<u>\$ 3,533,061</u>	<u>\$ 5,995,892</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (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, 2022, 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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.0%) for the Civilian Plan and (1.9%) for the Sworn Officers Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2022, were as follows:

	<u>Civilian</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 3,420,713	\$ 5,728,381	\$ 9,149,094
Plan fiduciary net position	<u>(2,462,831)</u>	<u>(3,533,061)</u>	<u>(5,995,892)</u>
Authority's net pension liability	<u>\$ 957,882</u>	<u>\$ 2,195,320</u>	<u>\$ 3,153,202</u>
Plan fiduciary net position as a percentage of the total pension liability	72.00%	61.68%	65.54%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	in addition to inflation, 4.10% for Civilian members with less than 20 years of service; 5.00% for Police Officers with less than 10 years of service, and 1.00% thereafter.
Investment rate of return	4.00%, compounded annually, net of investment expense, including inflation

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	4.00%

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

D. Net Pension Liability of the Town (continued)

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

Changes in net pension liability

	Civilian Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 3,940,477	\$ 2,530,462	\$ 1,410,015
Changes for the year:			
Service cost	\$ 19,521	\$ -	\$ 19,521
Interest	164,627	-	164,627
Differences between expected and actual experience	(804,533)	-	(804,533)
Changes in assumptions	275,289	-	275,289
Contributions - employer	-	163,530	(163,530)
Net investment income	-	(51,301)	51,301
Benefit payments, including refunds of employee contributions	(174,668)	(174,668)	-
Administrative expenses	-	(5,171)	5,171
Other changes	-	(21)	21
Net changes	\$ (519,764)	\$ (67,631)	\$ (452,133)
Balances at June 30, 2022	\$ 3,420,713	\$ 2,462,831	\$ 957,882

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (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, 2021	\$ 5,833,242	\$ 3,578,302	\$ 2,254,940
Changes for the year:			
Service cost	\$ 233,577	\$ -	\$ 233,577
Interest	251,590	-	251,590
Differences between expected and actual experience	(400,376)	-	(400,376)
Changes in assumptions	107,550	-	107,550
Contributions - employer	-	281,814	(281,814)
Contributions - employee	-	42,147	(42,147)
Net investment income	-	(67,714)	67,714
Benefit payments, including refunds of employee contributions	(297,202)	(297,202)	-
Administrative expenses	-	(5,431)	5,431
Other changes	-	1,145	(1,145)
Net changes	\$ (104,861)	\$ (45,241)	\$ (59,620)
Balances at June 30, 2022	\$ 5,728,381	\$ 3,533,061	\$ 2,195,320

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

	Civilian Plan		
	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
	Net pension liability	\$ 1,418,556	\$ 957,882

	Sworn Officer's Plan		
	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
	Net pension liability	\$ 3,015,346	\$ 2,195,320

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (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, 2022, the Town recognized pension expense of (\$364,568) and \$341,967 for the Civilian and Police Plans, respectively. At June 30, 2022, 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	\$ -	\$ -	\$ 17,340	\$ 635,846
Change in assumptions	-	-	305,660	-
Net difference between projected and actual earnings on pension plan investments	<u>201,319</u>	<u>-</u>	<u>278,190</u>	<u>-</u>
Total	<u>\$ 201,319</u>	<u>\$ -</u>	<u>\$ 601,190</u>	<u>\$ 635,846</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>
2023	\$ 62,725	\$ 21,574
2024	56,948	37,793
2025	51,206	30,238
2026	30,440	(4,335)
2027	-	(46,718)
Thereafter	-	(73,208)

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

NOTE 11 - PENSION PLANS: (continued)

Town Retirement Plans (continued)

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

Combined Town Pension Items

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Virginia Retirement System	\$ 5,350,000	\$ 4,611,197	\$ 9,493,656	\$ 691,262
Civilian Plan	957,882	201,319	-	(364,568)
Sworn Officer's Plan	<u>2,195,320</u>	<u>601,190</u>	<u>635,846</u>	<u>341,967</u>
Total	<u>\$ 8,503,202</u>	<u>\$ 5,413,706</u>	<u>\$ 10,129,502</u>	<u>\$ 668,661</u>

NOTE 12 - DEFINED CONTRIBUTION CIVILIAN RETIREMENT PLAN:

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

Total employer contributions to the plan totaled \$357,512, and employee contributions were \$176,265 for fiscal year 2022.

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 \$19,500 in calendar year 2021. Employees who are age 50 or older may defer up to \$26,000 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 13 - DEFERRED COMPENSATION PLAN: (continued)

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

NOTE 14 - LITIGATION:

At June 30, 2022, the Town was involved in various matters of litigation. It is unknown what liability, if any, the Town would incur should any court decisions on pending matters not be favorable to the Town.

NOTE 15 – LEASE RECEIVABLE:

The Town leases towers to third parties with varying terms through 2026. The following summarizes the balances related to these leases for the year ended June 30, 2022:

<u>Lease Description</u>	<u>Discount Rate</u>	<u>Lease Receivable June 30, 2022</u>	<u>Deferred Inflow of Resources June 30, 2022</u>
Water Tower - Verizon	3%	\$ 329,329	\$ 320,485
Tower - T-Mobile	3%	373,745	363,707
Total		<u>\$ 703,074</u>	<u>\$ 684,192</u>

Lease revenue totaled \$95,974 for the year ended June 30, 2022. Lease interest revenue totaled \$22,141 for the year ended June 30, 2022.

NOTE 16 - CONTINGENCIES:

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 16 - CONTINGENCIES: (continued)

State and Federal Programs

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

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

NOTE 17 - RISK MANAGEMENT:

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

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

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

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:

Plan Description

In addition to the pension benefits described in Note 11, the Town provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. All employees who meet the eligibility criteria for Town retirement and elect to retire are eligible, at the sole expense of the retiree, for access to health care insurance coverage through the Town's group health care insurance plan that is in effect for active employees as long as coverage under the health care insurance plan is offered in the area where the retiree resides. The Town's plan is a single-employer plan. A separate audit report for the plan is not available.

Benefits Provided

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

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

Plan Membership

At January 1, 2021 (valuation date), the following employees were covered by the benefit terms:

Active	141
Retired	21
Spouses	<u>9</u>
Total	<u><u>171</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, 2022 was \$36,315 (including an estimate of implicit rate subsidy).

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2022.

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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	3.69%
Investment Rate of Return	N/A

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.69%. 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, 2022. 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 3.69% 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, 2021	\$ 2,032,205
Changes for the year:	
Service cost	77,336
Interest	40,156
Changes in assumptions	(287,085)
Benefit payments	<u>(36,315)</u>
Net changes	<u>(205,908)</u>
Balances at June 30, 2022	<u>\$ 1,826,297</u>

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (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 (2.69%) or one percentage point higher (4.69%) than the current discount rate:

Rate		
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 1,987,549	\$ 1,826,297	\$ 1,681,699

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.75% decreasing to an ultimate rate of 3.25%) or one percentage point higher (6.75% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (4.75% decreasing to 3.25%)	Trend (5.75% decreasing to 4.25%)	1% Increase (6.75% decreasing to 5.25%)
\$ 1,650,817	\$ 1,826,297	\$ 2,032,380

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

For the year ended June 30, 2022, the Town recognized OPEB expense in the amount of \$103,638. At June 30, 2022, 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	\$ 265,539	\$ 426,999
Changes in assumptions	194,535	383,467
Total	<u>\$ 460,074</u>	<u>\$ 810,466</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (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>	
2023	\$ (13,854)
2024	(13,854)
2025	(13,854)
2026	(13,854)
2027	(13,858)
Thereafter	(281,118)

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

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

Plan Description

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

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

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

Eligible Employees

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the Town were \$73,095 and \$71,194 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the Town reported a liability of \$743,504, for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Town's proportion was .06390% as compared to .06668% at June 30, 2020.

For the year ended June 30, 2022, the Town recognized GLI OPEB expense of \$28,653. 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, 2022 (continued)

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

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

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,799	\$ 5,665
Net difference between projected and actual earnings on GLI OPEB plan investments	-	177,458
Change in assumptions	40,989	101,727
Changes in proportionate share	15,587	34,722
Employer contributions subsequent to the measurement date	<u>73,095</u>	<u>-</u>
Total	<u>\$ 214,470</u>	<u>\$ 319,572</u>

\$73,095 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, 2023. 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>	
2023	\$ (38,435)
2024	(30,923)
2025	(31,512)
2026	(60,207)
2027	(17,120)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

Actuarial Assumptions (continued)

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

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

Actuarial Assumptions (continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (continued)

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

Discount Rate:

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,086,286	\$ 743,504	\$ 466,692

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2021-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, 2022 (continued)

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

Plan Description

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

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by Statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

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

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (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, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$27,457 and \$28,692 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the entity reported a liability of \$919,070 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity’s proportion was .20840% as compared to .21292% at June 30, 2022.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$81,305. 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, 2022, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 76,626	\$ 139,155
Net difference between projected and actual earnings on LODA OPEB program investments	-	5,322
Change in assumptions	254,337	43,963
Change in proportionate share	12,430	29,535
Employer contributions subsequent to the measurement date	<u>27,457</u>	<u>-</u>
Total	<u>\$ 370,850</u>	<u>\$ 217,975</u>

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements
June 30, 2022 (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)

\$27,457 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, 2023. 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>	
2023	\$ 17,786
2024	18,030
2025	18,103
2026	18,179
2027	22,027
Thereafter	31,293

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.5%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (continued)**

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

TOWN OF VIENNA, VIRGINIA

**Notes to Financial Statements
June 30, 2022 (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, 2021, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	<u>7,553</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 440,989</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 1.68%

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 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.16% 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, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. 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, 2021, 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, 2022 (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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 1,057,268	\$ 919,070	\$ 809,261

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

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Town's proportionate share of the LODA Net OPEB Liability	\$ 754,120	\$ 919,070	\$ 1,130,570

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2021-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, 2022 (continued)

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

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Town Pay-as-you-go (Note 18)	\$ 1,826,297	\$ 460,074	\$ 810,466	\$ 103,638
Group Life (Note 19)	743,504	214,470	319,572	28,653
LODA (Note 20)	919,070	370,850	217,975	81,305
Total	<u>\$ 3,488,871</u>	<u>\$ 1,045,394</u>	<u>\$ 1,348,013</u>	<u>\$ 213,596</u>

NOTE 22 – NEW ACCOUNTING STANDARDS:

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Financial Statements June 30, 2022 (continued)

NOTE 22 – NEW ACCOUNTING STANDARDS: (continued)

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

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

NOTE 23 – DEBT REFUNDING:

On March 8, 2022 the Town of Vienna, Virginia issued \$475,000 in General Obligation Refunding Bonds (as part of a total General Obligation Issuance of \$12,475,000) with an effective interest rate of 5.00%. The bonds were issued to refund \$553,000 of Bonds. The bonds will be repaid in various installments from March 1, 2023 to March 1, 2033. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$6,897. The advance refunding reduced the total debt service payments over the next 11 years by \$32,283 and resulted in an economic gain of \$30,593.

NOTE 24 – COVID-19:

ARPA Funding

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

On June 25, 2021, the Town received its share of the first half of the CSLFRF funds. The Town received a second tranche in the amount of \$8,551,731 on July 22, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$8,327,177 from the initial allocation are reported as unearned revenue as of June 30.

- Required Supplementary Information -

TOWN OF VIENNA, VIRGINIA
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
General property taxes	\$ 12,642,940	\$ 12,642,940	\$ 12,801,701	\$ 158,761
Other local taxes	6,173,500	6,173,500	7,142,364	968,864
Permits, privilege fees and regulatory licenses	316,000	316,000	384,904	68,904
Fines and forfeitures	258,000	258,000	181,325	(76,675)
Revenue from the use of money and property	185,600	185,600	176,302	(9,298)
Charges for services	1,081,000	1,209,070	1,155,017	(54,053)
Miscellaneous	144,800	260,495	193,452	(67,043)
Intergovernmental:				
Commonwealth	3,178,300	3,192,470	2,897,390	(295,080)
Federal Government	101,900	101,900	50,195	(51,705)
Total revenues	<u>\$ 24,082,040</u>	<u>\$ 24,339,975</u>	<u>\$ 24,982,650</u>	<u>\$ 642,675</u>
Expenditures				
Current:				
General Government Administration:				
Legislative	\$ 587,980	\$ 1,340,580	\$ 1,155,123	\$ 185,457
General and financial administration	4,790,920	4,838,440	4,759,997	78,443
Total general government administration	<u>\$ 5,378,900</u>	<u>\$ 6,179,020</u>	<u>\$ 5,915,120</u>	<u>\$ 263,900</u>
Public Safety:				
Law enforcement and traffic control	\$ 6,926,153	\$ 7,065,313	\$ 6,814,292	\$ 251,021
Fire and rescue	67,000	67,000	73,493	(6,493)
Other protection	105,020	105,020	109,090	(4,070)
Total public safety	<u>\$ 7,098,173</u>	<u>\$ 7,237,333</u>	<u>\$ 6,996,875</u>	<u>\$ 240,458</u>
Public Works:				
Maintenance of streets, highways, bridges and sidewalks	\$ 3,474,430	\$ 3,518,880	\$ 2,672,171	\$ 846,709
Sanitation and waste removal	2,091,690	2,136,520	2,019,042	117,478
Maintenance of buildings and grounds	2,895,558	3,406,368	2,498,515	907,853
Total public works	<u>\$ 8,461,678</u>	<u>\$ 9,061,768</u>	<u>\$ 7,189,728</u>	<u>\$ 1,872,040</u>
Health and Welfare:				
Welfare/Social Services	\$ 216,140	\$ 216,140	\$ 235,124	\$ (18,984)
Parks, recreation and cultural:				
Parks and recreation	\$ 3,962,344	\$ 4,372,729	\$ 4,231,153	\$ 141,576
Community Development:				
Planning and community development	\$ 1,505,840	\$ 1,540,220	\$ 1,501,237	\$ 38,983
Debt Service:				
Principal	\$ 32,357	\$ 32,357	\$ 32,357	\$ -
Interest and fiscal charges	3,268	3,268	3,268	-
Total debt service	<u>\$ 35,625</u>	<u>\$ 35,625</u>	<u>\$ 35,625</u>	<u>\$ -</u>
Total expenditures	<u>\$ 26,658,700</u>	<u>\$ 28,642,835</u>	<u>\$ 26,104,862</u>	<u>\$ 2,537,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,576,660)</u>	<u>\$ (4,302,860)</u>	<u>\$ (1,122,212)</u>	<u>\$ 3,180,648</u>
Other Financing Sources (Uses)				
Issuance of notes payable	\$ 590,000	\$ 1,100,000	\$ -	\$ (1,100,000)
Issuance of bonds	-	-	700,000	700,000
Premium on issuance of bonds	-	-	74,714	74,714
Transfers in	1,800,000	1,800,000	1,800,000	-
Transfers out	(676,340)	(676,340)	(676,340)	-
Total other financing sources (uses)	<u>\$ 1,713,660</u>	<u>\$ 2,223,660</u>	<u>\$ 1,898,374</u>	<u>\$ (325,286)</u>
Net change in fund balance	<u>\$ (863,000)</u>	<u>\$ (2,079,200)</u>	<u>\$ 776,162</u>	<u>\$ 2,855,362</u>
Fund balance, beginning of year	<u>863,000</u>	<u>2,079,200</u>	<u>9,691,663</u>	<u>7,612,463</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,467,825</u>	<u>\$ 10,467,825</u>

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

TOWN OF VIENNA, VIRGINIA

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

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

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

	Civilian	Sworn Officers'	Total 2019	Civilian	Sworn Officers'	Total 2018	Civilian	Sworn Officers'	Total 2017
Total pension liability									
Service cost	\$ 21,680	\$ 226,130	\$ 247,810	\$ 21,151	\$ 220,615	\$ 241,766	\$ 26,020	\$ 216,357	\$ 242,377
Interest	156,846	215,911	372,757	157,241	208,577	365,818	175,572	193,477	369,049
Differences between expected and actual experience	-	-	-	(479,745)	46,235	(433,510)	-	-	-
Change in benefit terms	-	-	-	-	157,277	157,277	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)	(163,029)	(221,514)	(384,543)
Net change in total pension liability	(14,687)	202,685	187,998	(484,671)	348,207	(136,464)	38,563	188,320	226,883
Total pension liability - beginning	3,764,419	4,972,551	8,736,970	4,249,090	4,624,344	8,873,434	4,210,527	4,436,024	8,646,551
Total pension liability - ending (a)	\$ 3,749,732	\$ 5,175,236	\$ 8,924,968	\$ 3,764,419	\$ 4,972,551	\$ 8,736,970	\$ 4,249,090	\$ 4,624,344	\$ 8,873,434
Plan fiduciary net position									
Contributions - employer	\$ 159,840	\$ 208,194	\$ 368,034	\$ 194,043	\$ 191,369	\$ 385,412	\$ 194,186	\$ 208,791	\$ 402,977
Contributions - member	-	45,463	45,463	-	42,676	42,676	-	46,296	46,296
Net investment income	74,704	98,668	173,372	35,136	46,429	81,565	17,518	23,418	40,936
Benefit payments, including refunds of member contributions	(193,213)	(239,356)	(432,569)	(183,318)	(284,497)	(467,815)	(163,029)	(221,514)	(384,543)
Other	-	-	-	-	-	-	-	-	-
Administrative expense	(1,200)	(1,950)	(3,150)	(4,483)	(9,310)	(13,793)	(4,224)	(7,585)	(11,809)
Net change in plan fiduciary net position	40,131	111,019	151,150	41,378	(13,333)	28,045	44,451	49,406	93,857
Plan fiduciary net position - beginning	2,454,453	3,137,574	5,592,027	2,413,075	3,150,907	5,563,982	2,368,624	3,101,501	5,470,125
Plan fiduciary net position - ending (b)	\$ 2,494,584	\$ 3,248,593	\$ 5,743,177	\$ 2,454,453	\$ 3,137,574	\$ 5,592,027	\$ 2,413,075	\$ 3,150,907	\$ 5,563,982
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	\$ 3,309,452
Plan fiduciary net position as a percentage of the total pension liability	66.5%	62.8%	64.3%	65.2%	63.1%	64.0%	56.8%	68.1%	62.7%
Covered - payroll	\$ 717,013	\$ 3,161,154	\$ 3,878,167	\$ 578,624	\$ 3,282,770	\$ 3,861,394	\$ 739,312	\$ 3,138,408	\$ 3,877,720
Net Pension Liability as a percentage of covered - payroll	175.1%	60.9%	82.0%	226.4%	55.9%	81.4%	248.3%	46.9%	85.3%

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

	Civilian	Sworn Officers'	Total 2016	Civilian	Sworn Officers'	Total 2015	Civilian	Sworn Officers'	Total 2014
Total pension liability									
Service cost	\$ 26,838	\$ 202,475	\$ 229,313	\$ 27,877	\$ 191,175	\$ 219,052	\$ 29,828	\$ 185,157	\$ 214,985
Interest	174,950	185,520	360,470	187,309	216,781	404,090	184,058	208,131	392,189
Differences between expected and actual experience	73,228	(557,051)	(483,823)	-	-	-	-	-	-
Change in benefit terms	-	-	-	-	-	-	-	-	-
Changes in assumptions	241,295	369,772	611,067	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(160,052)	(226,973)	(387,025)	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
Net change in total pension liability	356,259	(26,257)	330,002	58,652	229,875	288,527	76,371	119,928	196,299
Total pension liability - beginning	3,854,268	4,462,281	8,316,549	3,795,616	4,232,406	8,028,022	3,719,245	4,112,478	7,831,723
Total pension liability - ending (a)	\$ 4,210,527	\$ 4,436,024	\$ 8,646,551	\$ 3,854,268	\$ 4,462,281	\$ 8,316,549	\$ 3,795,616	\$ 4,232,406	\$ 8,028,022
Plan fiduciary net position									
Contributions - employer	\$ 170,324	\$ 322,248	\$ 492,572	\$ 163,000	\$ 191,369	\$ 354,369	\$ 161,780	\$ 182,694	\$ 344,474
Contributions - member	-	38,552	38,552	-	43,064	43,064	-	42,225	42,225
Net investment income	7,434	9,498	16,932	2,544	3,163	5,707	2,354	(998)	1,356
Benefit payments, including refunds of member contributions	(160,052)	(226,973)	(387,025)	(156,534)	(178,081)	(334,615)	(137,515)	(273,360)	(410,875)
Other	-	-	-	-	-	-	-	-	-
Administrative expense	(1,800)	(1,800)	(3,600)	(980)	(2,120)	(3,100)	(4,499)	-	(4,499)
Net change in plan fiduciary net position	15,906	141,525	157,431	8,030	57,395	65,425	22,120	(49,439)	(27,319)
Plan fiduciary net position - beginning	2,352,718	2,959,976	5,312,694	2,344,687	2,902,581	5,247,268	2,322,567	2,952,020	5,274,587
Plan fiduciary net position - ending (b)	\$ 2,368,624	\$ 3,101,501	\$ 5,470,125	\$ 2,352,717	\$ 2,959,976	\$ 5,312,693	\$ 2,344,687	\$ 2,902,581	\$ 5,247,268
Net pension liability (a) - (b)	\$ 1,841,903	\$ 1,334,523	\$ 3,176,426	\$ 1,501,551	\$ 1,502,305	\$ 3,003,856	\$ 1,450,929	\$ 1,329,825	\$ 2,780,754
Plan fiduciary net position as a percentage of the total pension liability	56.3%	69.9%	63.3%	61.0%	66.3%	63.9%	61.8%	68.6%	65.4%
Covered - payroll	\$ 739,312	\$ 3,138,408	\$ 3,877,720	\$ 1,115,015	\$ 2,820,889	\$ 3,935,904	\$ 1,178,949	\$ 2,732,096	\$ 3,911,045
Net Pension Liability as a percentage of covered - payroll	249.1%	42.5%	81.9%	134.7%	53.3%	76.3%	123.1%	48.7%	71.1%

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 Employer Contributions
Town Retirement Plans
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Civilian Plan:					
Actuarially determined contribution	\$ 170,817	\$ 170,817	\$ 159,987	\$ 159,987	\$ 194,186
Contributions in relation to the actuarially determined contribution	163,530	170,688	159,840	159,840	194,043
Contribution deficiency (excess)	\$ 7,287	\$ 129	\$ 147	\$ 147	\$ 143
Covered - payroll	\$ 559,718	\$ 586,970	\$ 643,307	\$ 698,423	\$ 578,624
Contributions as a percentage of covered - payroll	29.2%	29.1%	24.8%	22.9%	33.5%
Sworn Officers' Plan:					
Actuarially determined contribution	\$ 281,814	\$ 322,522	\$ 298,271	\$ 294,466	\$ 275,096
Contributions in relation to the actuarially determined contribution	281,814	283,765	253,097	208,194	191,369
Contribution deficiency (excess)	\$ -	\$ 38,757	\$ 45,174	\$ 86,272	\$ 83,727
Covered - payroll	\$ 2,810,508	\$ 3,215,578	\$ 3,062,073	\$ 3,271,839	\$ 3,282,770
Contributions as a percentage of covered - payroll	10.0%	8.8%	8.3%	6.4%	5.8%

Notes to Schedule

Valuation date: July 1, 2021

Measurement date: June 30, 2022

Methods and assumptions used to determine contribution rates:

	Civilian Plan	Sworn Officers' Plan
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar (closed)	Level dollar (open)
Remaining amortization period	9 years	15 years
Asset valuation method	Market	Market
Inflation	2.50%	2.50%
Salary increases	4.10% first 20 years, 1.00% thereafter	5.00% first 10 years, 1.00% thereafter
Investment rate of return	4.00%	4.00%
Retirement age	The earlier of attainment of age age 65 or attainment of age 50 and 30 years of service	20 years of creditable service
Mortality	Pub-2010G mortality tables	Pub-2010S mortality tables

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions (Continued)
Town Retirement Plans
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Civilian Plan:					
Actuarially determined contribution	\$ 167,445	\$ 167,445	\$ 165,879	\$ 161,780	\$ 148,159
Contributions in relation to the actuarially determined contribution	194,186	170,324	163,000	161,780	148,159
Contribution deficiency (excess)	\$ (26,741)	\$ (2,879)	\$ 2,879	\$ -	\$ -
Covered - payroll	\$ 687,551	\$ 739,312	\$ 1,115,015	\$ 1,178,949	\$ 1,702,947
Contributions as a percentage of covered - payroll	28.2%	23.0%	14.6%	9.5%	8.1%
Sworn Officers' Plan:					
Actuarially determined contribution	\$ 264,970	\$ 258,507	\$ 255,110	\$ 182,694	\$ 167,299
Contributions in relation to the actuarially determined contribution	208,791	322,248	191,369	182,694	167,299
Contribution deficiency (excess)	\$ 56,179	\$ (63,741)	\$ 63,741	\$ -	\$ -
Covered - payroll	\$ 3,216,868	\$ 3,138,408	\$ 2,820,889	\$ 2,732,096	\$ 3,262,393
Contributions as a percentage of covered - payroll	6.5%	10.3%	6.8%	5.6%	6.3%

Notes to Schedule

Valuation date: July 1, 2021

Measurement date: June 30, 2022

Methods and assumptions used to determine contribution rates:

	Civilian Plan	Sworn Officers' Plan
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar (closed)	Level dollar (open)
Remaining amortization period	9 years	15 years
Asset valuation method	Market	Market
Inflation	2.50%	2.50%
Salary increases	4.10% first 20 years, 1.00% thereafter	5.00% first 10 years, 1.00% thereafter
Investment rate of return	4.00%	4.00%
Retirement age	The earlier of attainment of age 65 or attainment of age 50 and 30 years of service	20 years of creditable service
Mortality	Pub-2010G mortality tables	Pub-2010S mortality tables

TOWN OF VIENNA, VIRGINIA

Schedule of Investment Returns
Town Retirement Plans
Years Ended June 30, 2014 through June 30, 2022

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

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

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

TOWN OF VIENNA, VIRGINIA

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
VRS Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 1,305,797	\$ 1,350,409	\$ 1,192,712	\$ 1,210,652	\$ 1,219,128	\$ 1,177,978	\$ 1,159,362	\$ 1,111,037
Interest	4,945,485	4,738,831	4,499,602	4,398,038	4,272,698	4,148,614	3,962,616	3,809,732
Differences between expected and actual experience	(2,294,177)	805,306	1,823,417	(466,825)	130,678	(375,688)	476,957	-
Changes of assumptions	2,713,594	-	1,995,894	-	(253,374)	-	-	-
Benefit payments	(4,055,713)	(3,610,300)	(3,563,206)	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Net change in total pension liability	\$ 2,614,986	\$ 3,284,246	\$ 5,948,419	\$ 1,323,171	\$ 2,030,718	\$ 1,932,762	\$ 2,733,430	\$ 2,312,865
Total pension liability - beginning	<u>75,294,302</u>	<u>72,010,056</u>	<u>66,061,637</u>	<u>64,738,466</u>	<u>62,707,748</u>	<u>60,774,986</u>	<u>58,041,556</u>	<u>55,728,691</u>
Total pension liability - ending (a)	<u>\$ 77,909,288</u>	<u>\$ 75,294,302</u>	<u>\$ 72,010,056</u>	<u>\$ 66,061,637</u>	<u>\$ 64,738,466</u>	<u>\$ 62,707,748</u>	<u>\$ 60,774,986</u>	<u>\$ 58,041,556</u>
Plan fiduciary net position								
Contributions - employer	\$ 1,530,449	\$ 1,366,178	\$ 1,319,240	\$ 1,318,131	\$ 1,295,257	\$ 1,413,920	\$ 1,356,538	\$ 1,365,804
Contributions - employee	616,291	650,669	627,629	600,631	641,798	602,967	567,236	546,977
Net investment income	15,848,794	1,108,013	3,766,875	4,021,974	6,064,351	867,305	2,242,886	6,777,243
Benefit payments	(4,055,713)	(3,610,300)	(3,563,206)	(3,818,694)	(3,338,412)	(3,018,142)	(2,865,505)	(2,607,904)
Administrator charges	(40,169)	(38,872)	(38,031)	(35,653)	(35,661)	(31,539)	(31,154)	(36,819)
Other	1,489	(1,323)	(2,363)	(3,543)	(5,374)	(369)	(471)	357
Net change in plan fiduciary net position	\$ 13,901,141	\$ (525,635)	\$ 2,110,144	\$ 2,082,846	\$ 4,621,959	\$ (165,858)	\$ 1,269,530	\$ 6,045,658
Plan fiduciary net position - beginning	<u>58,658,147</u>	<u>59,183,782</u>	<u>57,073,638</u>	<u>54,990,792</u>	<u>50,368,833</u>	<u>50,534,691</u>	<u>49,265,161</u>	<u>43,219,503</u>
Plan fiduciary net position - ending (b)	<u>\$ 72,559,288</u>	<u>\$ 58,658,147</u>	<u>\$ 59,183,782</u>	<u>\$ 57,073,638</u>	<u>\$ 54,990,792</u>	<u>\$ 50,368,833</u>	<u>\$ 50,534,691</u>	<u>\$ 49,265,161</u>
Town's net pension liability - ending (a) - (b)	\$ 5,350,000	\$ 16,636,155	\$ 12,826,274	\$ 8,987,999	\$ 9,747,674	\$ 12,338,915	\$ 10,240,295	\$ 8,776,395
Plan fiduciary net position as a percentage of the total pension liability	93.13%	77.91%	82.19%	86.39%	84.94%	80.32%	83.15%	84.88%
Covered payroll	\$ 13,078,416	\$ 13,698,467	\$ 13,049,064	\$ 12,404,281	\$ 11,986,303	\$ 11,598,748	\$ 11,075,000	\$ 10,961,381
Town's net pension liability as a percentage of covered payroll	40.91%	121.45%	98.29%	72.46%	81.32%	106.38%	92.46%	80.07%

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

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
VRS Retirement Plan
Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 1,574,951	\$ 1,574,951	-	\$ 13,519,775	11.65%
2021	1,532,195	1,532,195	-	13,078,416	11.72%
2020	1,375,063	1,375,063	-	13,698,467	10.04%
2019	1,320,910	1,320,910	-	13,049,064	10.12%
2018	1,318,106	1,318,106	-	12,404,281	10.63%
2017	1,323,288	1,323,288	-	11,986,303	11.04%
2016	1,428,966	1,428,966	-	11,598,748	12.32%
2015	1,364,440	1,364,440	-	11,075,000	12.32%
2014	1,366,884	1,366,884	-	10,961,381	12.47%
2013	1,296,157	1,296,157	-	10,394,199	12.47%

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

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information
VRS Retirement Plan
Year Ended June 30, 2022

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

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

TOWN OF VIENNA, VIRGINIA

**Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021**

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					
2021	0.063900%	\$ 743,504	\$ 13,184,093	5.64%	67.45%
2020	0.066680%	1,112,780	13,721,977	8.11%	52.64%
2019	0.066570%	1,083,271	13,049,064	8.30%	52.00%
2018	0.065230%	991,000	12,404,281	7.99%	51.22%
2017	0.064980%	978,000	11,986,303	8.16%	48.86%

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

TOWN OF VIENNA, VIRGINIA

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2013 through June 30, 2022

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)
Primary Government					
2022	\$ 73,095	\$ 73,095	-	\$ 13,536,093	0.54%
2021	71,194	71,194	-	13,184,093	0.54%
2020	71,354	71,354	-	13,721,977	0.52%
2019	67,800	67,800	-	13,049,064	0.52%
2018	65,000	65,000	-	12,404,281	0.52%
2017	62,329	62,329	-	11,986,303	0.52%
2016	55,674	55,674	-	11,598,748	0.48%
2015	53,160	53,160	-	11,075,000	0.48%
2014	52,657	52,657	-	10,961,381	0.48%
2013	49,941	49,941	-	10,394,199	0.48%

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2022

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

TOWN OF VIENNA, VIRGINIA

**Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2021**

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)
2021	0.28400%	\$ 919,070	\$ Not Applicable	Not Applicable	1.68%
2020	0.21292%	891,741	Not Applicable	Not Applicable	1.02%
2019	0.21035%	754,707	Not Applicable	Not Applicable	0.79%
2018	0.21307%	668,000	Not Applicable	Not Applicable	0.60%
2017	0.20911%	550,000	Not Applicable	Not Applicable	1.30%

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

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

TOWN OF VIENNA, VIRGINIA

**Schedule of Employer Contributions
Line of Duty Act (LODA) Program
Years Ended June 30, 2017 through June 30, 2022**

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)
2022	\$ 27,457	\$ 27,457	-	\$ Not Applicable	Not Applicable
2021	28,692	28,692	-	Not Applicable	Not Applicable
2020	28,937	28,937	-	Not Applicable	Not Applicable
2019	28,000	28,000	-	Not Applicable	Not Applicable
2018	23,000	23,000	-	Not Applicable	Not Applicable
2017	22,000	22,000	-	Not Applicable	Not Applicable

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information
 Line of Duty Act (LODA) Program
 Year Ended June 30, 2022

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

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

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

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

TOWN OF VIENNA, VIRGINIA

**Schedule of Changes in Total OPEB Liability and Related Ratios
For the Measurement Dates of June 30, 2018 through June 30, 2022**

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

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

TOWN OF VIENNA, VIRGINIA

Notes to Required Supplementary Information - Town OPEB
Year Ended June 30, 2022

Valuation Date: 1/1/2021

Measurement Date: 6/30/2022

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	3.69%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.75% and gradually declines to 4.25%
Salary Increase Rates	2.50% per year
Retirement Age	50 with 20 years of service for Public Safety, 50 with 30 years of service for Civilian
Mortality Rates	Mortality rates: Pub-2010G (Civilian) and Pub-2010S (Police) with generational projections using scale SSA.

- Other Supplementary Information -

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Fiduciary Net Position - Pension Trust Funds
At June 30, 2022

	Pension Trust Funds		
	Civilian Retirement Fund	Police Retirement Fund	Total
Assets:			
Investments	\$ 2,462,831	\$ 3,533,061	\$ 5,995,892
Net Position:			
Held in trust for pension benefits	\$ 2,462,831	\$ 3,533,061	\$ 5,995,892

TOWN OF VIENNA, VIRGINIA

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended June 30, 2022

	<u>Civilian Retirement Fund</u>	<u>Police Retirement Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 163,530	\$ 281,814	\$ 445,344
Plan members	-	42,147	42,147
Total contributions	\$ 163,530	\$ 323,961	\$ 487,491
Investment income:			
Interest earned on investments	(51,301)	(67,714)	(119,015)
Total additions	\$ 112,229	\$ 256,247	\$ 368,476
Deductions:			
Pension benefit payments	\$ 174,668	\$ 297,202	\$ 471,870
Other charges	5,192	4,286	9,478
Total deductions	\$ 179,860	\$ 301,488	\$ 481,348
Change in net position	\$ (67,631)	\$ (45,241)	\$ (112,872)
Net position:			
Balance, beginning of year	\$ 2,530,462	\$ 3,578,302	\$ 6,108,764
Balance, end of year	\$ 2,462,831	\$ 3,533,061	\$ 5,995,892

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,487,940	\$ 12,487,940	\$ 12,624,771	\$ 136,831
Public service corporation taxes:				
Real property	110,000	110,000	117,978	7,978
Penalties and interest	45,000	45,000	58,952	13,952
Total general property taxes	\$ 12,642,940	\$ 12,642,940	\$ 12,801,701	\$ 158,761
Other local taxes:				
Local sales and use taxes	\$ 1,526,000	\$ 1,526,000	\$ 1,850,910	\$ 324,910
Consumer utility taxes	670,000	670,000	661,544	(8,456)
Business license tax	2,060,000	2,060,000	2,635,973	575,973
Motor vehicle license tax	400,000	400,000	387,615	(12,385)
Bank franchise taxes	880,500	880,500	998,962	118,462
Tobacco tax	200,000	200,000	218,293	18,293
Fiber-optic franchise tax	135,000	135,000	66,115	(68,885)
Telecommunications tax	95,000	95,000	117,673	22,673
Media general franchise fees and related taxes	150,000	150,000	149,449	(551)
Utility consumption taxes	57,000	57,000	55,830	(1,170)
Total other local taxes	\$ 6,173,500	\$ 6,173,500	\$ 7,142,364	\$ 968,864
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 11,000	\$ 11,000	\$ 13,331	\$ 2,331
Other permits, privilege fees and regulatory licenses	305,000	305,000	371,573	66,573
Total permits, privilege fees and regulatory licenses	\$ 316,000	\$ 316,000	\$ 384,904	\$ 68,904
Fines and Forfeitures:				
Court fines and forfeitures	\$ 258,000	\$ 258,000	\$ 181,325	\$ (76,675)
Revenue from use of money and property:				
Interest on bank deposits	\$ 40,000	\$ 40,000	\$ (30,497)	\$ (70,497)
Concessions and rentals	145,600	145,600	206,799	61,199
Total revenue from use of money and property	\$ 185,600	\$ 185,600	\$ 176,302	\$ (9,298)
Charges for services:				
Recreation fees	\$ 991,000	\$ 1,112,030	\$ 945,076	\$ (166,954)
Police reimbursements	10,000	17,040	7,040	(10,000)
Shared mobility devices	-	-	5,010	5,010
Special service fees	80,000	80,000	197,891	117,891
Total charges for services	\$ 1,081,000	\$ 1,209,070	\$ 1,155,017	\$ (54,053)
Miscellaneous:				
Miscellaneous income	\$ 144,800	\$ 260,495	\$ 193,452	\$ (67,043)
Total revenue from local sources	\$ 20,801,840	\$ 21,045,605	\$ 22,035,065	\$ 989,460

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)
Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communication sales and use tax	\$ 810,000	\$ 810,000	\$ 762,926	\$ (47,074)
Rolling stock tax	400	400	132	(268)
Total non-categorical aid	<u>\$ 810,400</u>	<u>\$ 810,400</u>	<u>\$ 763,058</u>	<u>\$ (47,342)</u>
Categorical aid:				
Street and highway maintenance	\$ 1,885,200	\$ 1,885,200	\$ 1,638,375	\$ (246,825)
Litter control	-	6,120	6,119	(1)
Law enforcement assistance	7,500	7,500	-	(7,500)
Public safety grants	418,200	421,750	421,845	95
Fire funds	57,000	57,000	63,493	6,493
Other	-	4,500	4,500	-
Total Categorical aid	<u>\$ 2,367,900</u>	<u>\$ 2,382,070</u>	<u>\$ 2,134,332</u>	<u>\$ (247,738)</u>
Total revenue from the Commonwealth	<u>\$ 3,178,300</u>	<u>\$ 3,192,470</u>	<u>\$ 2,897,390</u>	<u>\$ (295,080)</u>
Revenue from federal government:				
Categorical aid:				
Public safety grants	\$ 10,000	\$ 10,000	\$ 5,325	\$ (4,675)
American recovery plan	46,900	46,900	-	(46,900)
DMV grants	45,000	45,000	44,870	(130)
Total revenue from the federal government	<u>\$ 101,900</u>	<u>\$ 101,900</u>	<u>\$ 50,195</u>	<u>\$ (51,705)</u>
Total General Fund	<u>\$ 24,082,040</u>	<u>\$ 24,339,975</u>	<u>\$ 24,982,650</u>	<u>\$ 642,675</u>
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Meals and lodging tax	\$ 2,600,000	\$ 2,600,000	\$ 3,331,812	\$ 731,812
Revenue from use of money and property:				
Interest on bank deposits	30,000	30,000	(65,172)	(95,172)
Total revenue from local sources	<u>\$ 2,630,000</u>	<u>\$ 2,630,000</u>	<u>\$ 3,266,640</u>	<u>\$ 636,640</u>
Intergovernmental:				
Revenue from federal government:				
Build America Bonds interest subsidy	\$ 33,000	\$ 33,000	\$ 22,437	\$ (10,563)
Total Debt Service Fund	<u>\$ 2,663,000</u>	<u>\$ 2,663,000</u>	<u>\$ 3,289,077</u>	<u>\$ 626,077</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ 1,600	\$ 1,600	\$ 75,068	\$ 73,468
Total revenue from use of money and property	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 75,068</u>	<u>\$ 73,468</u>
Miscellaneous:				
Other	\$ -	\$ 1,886,600	\$ 1,979,155	\$ 92,555
Total miscellaneous	<u>\$ -</u>	<u>\$ 1,886,600</u>	<u>\$ 1,979,155</u>	<u>\$ 92,555</u>
Total revenue from local sources	<u>\$ 1,600</u>	<u>\$ 1,888,200</u>	<u>\$ 2,054,223</u>	<u>\$ 166,023</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Revenues - Budget and Actual (Continued)
Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Capital Projects Fund: (continued)				
Intergovernmental:				
Fairfax County - streets	\$ -	\$ -	\$ 282,066	\$ 282,066
Fairfax County - SLAF	-	600,000	57,774	(542,226)
Total Fairfax County	\$ -	\$ 600,000	\$ 339,840	\$ (260,160)
Northern Virginia Transportation Authority	\$ -	\$ 391,000	\$ 20,766	\$ (370,234)
Revenue from the Commonwealth:				
VDOT grants	\$ -	\$ -	\$ 24,160	\$ 24,160
Revenue from federal government:				
Federal transit grants	\$ 679,730	\$ 763,250	\$ 80,188	\$ (683,062)
Total Capital Projects Fund	\$ 681,330	\$ 3,642,450	\$ 2,519,177	\$ (1,123,273)
Special Revenue Funds:				
Stormwater Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ 1,870	\$ 1,870
Miscellaneous:				
Miscellaneous income	\$ 500	\$ 500	\$ 2,679	\$ 2,179
Total revenue from local sources	\$ 500	\$ 500	\$ 4,549	\$ 4,049
Intergovernmental:				
Fairfax County - stormwater tax	\$ 440,000	\$ 440,000	\$ 451,573	\$ 11,573
Total Stormwater Fund	\$ 440,500	\$ 440,500	\$ 456,122	\$ 15,622
American Rescue Plan Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Interest on investments	\$ -	\$ -	\$ (136,139)	\$ (136,139)
Intergovernmental:				
Revenue from federal government:				
American recovery plan	\$ -	\$ -	\$ 224,554	\$ 224,554
Total American Rescue Plan Fund	\$ -	\$ -	\$ 88,415	\$ 88,415
Total Special Revenue Funds	\$ 440,500	\$ 440,500	\$ 544,537	\$ 104,037
Total All Governmental Funds	\$ 27,866,870	\$ 31,085,925	\$ 31,335,441	\$ 249,516

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2022

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund:				
General Government Administration:				
Legislative:				
Town council	\$ 83,480	\$ 86,130	\$ 84,760	\$ 1,370
Boards and commissions	55,440	59,940	45,141	14,799
PEG project	150,000	900,450	700,577	199,873
Town clerk	299,060	294,060	324,645	(30,585)
Total legislative	<u>\$ 587,980</u>	<u>\$ 1,340,580</u>	<u>\$ 1,155,123</u>	<u>\$ 185,457</u>
General and Financial Administration:				
Town manager	\$ 409,460	\$ 421,010	\$ 418,741	\$ 2,269
Human resources	506,610	511,660	509,841	1,819
Legal services	352,040	354,080	337,346	16,734
Financial administration	766,260	777,160	818,128	(40,968)
Disbursement operations	210,390	210,480	222,773	(12,293)
Risk management	543,320	536,030	471,379	64,651
Information technology	933,770	937,520	917,599	19,921
Purchasing	153,450	154,750	164,136	(9,386)
Revenue operations	401,160	434,790	440,461	(5,671)
Public information	443,590	437,090	396,095	40,995
Central services	70,870	63,870	63,498	372
Total general and financial administration	<u>\$ 4,790,920</u>	<u>\$ 4,838,440</u>	<u>\$ 4,759,997</u>	<u>\$ 78,443</u>
Total general government administration	<u>\$ 5,378,900</u>	<u>\$ 6,179,020</u>	<u>\$ 5,915,120</u>	<u>\$ 263,900</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ 905,610	\$ 909,710	\$ 800,141	\$ 109,569
Uniform patrol	2,583,290	2,664,370	2,789,026	(124,656)
Communications	1,205,190	1,227,470	1,318,383	(90,913)
Investigations	1,182,460	1,198,020	862,522	335,498
Community services	123,150	129,110	128,897	213
Traffic unit	730,050	725,030	695,048	29,982
Equipment replacement	87,603	87,603	87,603	-
Software maintenance contract	46,900	46,900	-	46,900
Gang task force	61,900	61,900	78,865	(16,965)
Other law enforcement and traffic control	-	15,200	53,807	(38,607)
Total law enforcement and traffic control	<u>\$ 6,926,153</u>	<u>\$ 7,065,313</u>	<u>\$ 6,814,292</u>	<u>\$ 251,021</u>
Fire and rescue:				
Volunteer fire department	\$ 67,000	\$ 67,000	\$ 73,493	\$ (6,493)
Other protection:				
Personal property/animal control	\$ 105,020	\$ 105,020	\$ 109,090	\$ (4,070)
Total public safety	<u>\$ 7,098,173</u>	<u>\$ 7,237,333</u>	<u>\$ 6,996,875</u>	<u>\$ 240,458</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual (Continued)
Year Ended June 30, 2022

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
General Fund: (continued)				
Public Works:				
Maintenance of streets, highways, bridges, and sidewalks:				
General administration	\$ 1,115,200	\$ 1,133,470	\$ 1,143,501	\$ (10,031)
Street maintenance	1,736,480	1,814,340	1,012,924	801,416
Snow removal	255,650	193,240	179,364	13,876
Traffic engineering	367,100	377,830	336,382	41,448
Total maintenance of streets, highways, bridges, and sidewalks	<u>\$ 3,474,430</u>	<u>\$ 3,518,880</u>	<u>\$ 2,672,171</u>	<u>\$ 846,709</u>
Sanitation and waste removal:				
Sanitation	\$ 1,995,970	\$ 2,047,900	\$ 1,945,423	\$ 102,477
Fall/spring cleanup - leaf collection and other	95,720	88,620	73,619	15,001
Total sanitation and waste removal	<u>\$ 2,091,690</u>	<u>\$ 2,136,520</u>	<u>\$ 2,019,042</u>	<u>\$ 117,478</u>
Maintenance of buildings and grounds:				
Vehicle and equipment maintenance	\$ 1,271,260	\$ 1,304,390	\$ 1,291,305	\$ 13,085
Maintenance equipment	438,558	905,428	132,712	772,716
Maintenance of buildings and grounds	1,185,740	1,196,550	1,074,498	122,052
Total maintenance of buildings and grounds	<u>\$ 2,895,558</u>	<u>\$ 3,406,368</u>	<u>\$ 2,498,515</u>	<u>\$ 907,853</u>
Total public works	<u>\$ 8,461,678</u>	<u>\$ 9,061,768</u>	<u>\$ 7,189,728</u>	<u>\$ 1,872,040</u>
Health and Welfare:				
Welfare/Social Services:				
Property tax relief programs	<u>\$ 216,140</u>	<u>\$ 216,140</u>	<u>\$ 235,124</u>	<u>\$ (18,984)</u>
Parks, Recreation, and Cultural:				
Parks and recreation:				
Administration	\$ 851,295	\$ 865,335	\$ 922,766	\$ (57,431)
Parks and recreation programs	378,600	492,680	521,122	(28,442)
General maintenance	1,385,670	1,599,430	1,471,769	127,661
Community center	712,670	788,195	801,985	(13,790)
Special events	208,400	226,580	181,314	45,266
Annex	88,750	75,550	41,042	34,508
Parks and recreation equipment	63,839	63,839	63,839	-
Teen Center	237,520	231,520	200,313	31,207
Historic preservation	35,600	29,600	27,003	2,597
Total parks and recreation	<u>\$ 3,962,344</u>	<u>\$ 4,372,729</u>	<u>\$ 4,231,153</u>	<u>\$ 141,576</u>
Community Development:				
Planning and community development:				
Planning and zoning	\$ 1,206,820	\$ 1,237,680	\$ 1,248,184	\$ (10,504)
Community development	282,470	285,990	236,503	49,487
Various contributions	16,550	16,550	16,550	-
Total planning and community development	<u>\$ 1,505,840</u>	<u>\$ 1,540,220</u>	<u>\$ 1,501,237</u>	<u>\$ 38,983</u>
Debt Service:				
Principal retirement	\$ 32,357	\$ 32,357	\$ 32,357	\$ -
Interest retirement	3,268	3,268	3,268	-
Total debt service	<u>\$ 35,625</u>	<u>\$ 35,625</u>	<u>\$ 35,625</u>	<u>\$ -</u>
Total General Fund	<u>\$ 26,658,700</u>	<u>\$ 28,642,835</u>	<u>\$ 26,104,862</u>	<u>\$ 2,537,973</u>

TOWN OF VIENNA, VIRGINIA

Governmental Funds

Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2022

Fund, Function, Activity and Elements	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
Debt Service Fund:				
Debt Service:				
Principal retirement	\$ 3,629,230	\$ 3,629,230	\$ 3,624,273	\$ 4,957
Interest and fiscal charges	1,744,750	1,744,750	1,764,356	(19,606)
Total Debt Service Fund	<u>\$ 5,373,980</u>	<u>\$ 5,373,980</u>	<u>\$ 5,388,629</u>	<u>\$ (14,649)</u>
Capital Projects Fund:				
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 12,604,088	\$ (12,604,088)
Equipment system project	-	-	83,060	(83,060)
Sidewalk, curb, and gutter projects	-	-	731,746	(731,746)
Water and sewer projects	-	-	2,698,450	(2,698,450)
Street improvement projects	-	-	81,173	(81,173)
Stormwater projects	-	-	83,486	(83,486)
Parks projects	-	-	119,249	(119,249)
Other capital projects and administration	-	-	1,486,819	(1,486,819)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,888,071</u>	<u>\$ (17,888,071)</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,888,071</u>	<u>\$ (17,888,071)</u>
Special Revenue Funds:				
American Rescue Plan Fund				
General Government Administration:				
General and Financial Administration:				
Information technology	\$ -	\$ -	\$ 141,214	\$ (141,214)
Total general and financial administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,214</u>	<u>\$ (141,214)</u>
Total general government administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,214</u>	<u>\$ (141,214)</u>
Public Safety:				
Law enforcement and traffic control:				
Police administration	\$ -	\$ -	\$ 45,480	\$ (45,480)
Public Works:				
Other public works	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,145</u>	<u>\$ (7,145)</u>
Community Development:				
Planning and community development:				
Planning and zoning	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>	<u>\$ (3,065)</u>
Capital projects:				
Facilities projects	\$ -	\$ -	\$ 14,735	\$ (14,735)
Water and sewer projects	-	-	12,915	(12,915)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,650</u>	<u>\$ (27,650)</u>
Total American Rescue Plan Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,554</u>	<u>\$ (224,554)</u>
Stormwater Fund				
Public Works:				
Stormwater	<u>\$ 466,720</u>	<u>\$ 506,851</u>	<u>\$ 314,246</u>	<u>\$ 192,605</u>
Total Special Revenue Funds	<u>\$ 466,720</u>	<u>\$ 506,851</u>	<u>\$ 538,800</u>	<u>\$ (31,949)</u>
Total All Governmental Funds	<u>\$ 32,499,400</u>	<u>\$ 34,523,666</u>	<u>\$ 49,920,362</u>	<u>\$ (15,396,696)</u>

- Statistical Section -

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

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

TOWN OF VIENNA, VIRGINIA

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

	2013	2014	2015	2016	2017
Governmental activities:					
Net investment in capital assets	\$ 34,564,184	\$ 33,760,786	\$ 32,229,231	\$ 38,894,331	\$ 44,195,940
Restricted	1,400,252	1,369,520	1,678,433	1,875,915	2,063,297
Unrestricted	15,676,550	15,163,500	4,763,891	7,963,012	5,468,424
Total governmental activities net position	<u>\$ 51,640,986</u>	<u>\$ 50,293,806</u>	<u>\$ 38,671,555</u>	<u>\$ 48,733,258</u>	<u>\$ 51,727,661</u>
Business-type activities:					
Net investment in capital assets	\$ 7,911,570	\$ 7,981,491	\$ 9,358,019	\$ 9,846,088	\$ 11,096,338
Unrestricted	(441,240)	(18,296)	(592,683)	(474,233)	(1,202,211)
Total business-type activities net position	<u>\$ 7,470,330</u>	<u>\$ 7,963,195</u>	<u>\$ 8,765,336</u>	<u>\$ 9,371,855</u>	<u>\$ 9,894,127</u>
Primary government:					
Net investment in capital assets	\$ 42,475,754	\$ 41,742,277	\$ 41,587,250	\$ 48,740,419	\$ 55,292,278
Restricted	1,400,252	1,369,520	1,678,433	1,875,915	2,063,297
Unrestricted	15,235,310	15,145,204	4,171,208	7,488,779	4,266,213
Total primary government net position	<u>\$ 59,111,316</u>	<u>\$ 58,257,001</u>	<u>\$ 47,436,891</u>	<u>\$ 58,105,113</u>	<u>\$ 61,621,788</u>

TOWN OF VIENNA, VIRGINIA

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

	2018	2019	2020	2021	2022
Governmental activities:					
Net investment in capital assets	\$ 49,536,591	\$ 49,860,620	\$ 47,367,126	\$ 50,536,605	\$ 52,904,137
Restricted	2,312,174	2,378,860	2,493,232	1,866,171	1,300,826
Unrestricted	(1,585,617)	(1,061,021)	(3,168,511)	(7,355,980)	(11,196,531)
Total governmental activities net position	<u>\$ 50,263,148</u>	<u>\$ 51,178,459</u>	<u>\$ 46,691,847</u>	<u>\$ 45,046,796</u>	<u>\$ 43,008,432</u>
Business-type activities:					
Net investment in capital assets	\$ 12,774,095	\$ 12,558,317	\$ 17,294,154	\$ 19,065,941	\$ 23,978,227
Unrestricted	(812,487)	(1,028,482)	(384,349)	(1,663)	855,946
Total business-type activities net position	<u>\$ 11,961,608</u>	<u>\$ 11,529,835</u>	<u>\$ 16,909,805</u>	<u>\$ 19,064,278</u>	<u>\$ 24,834,173</u>
Primary government:					
Net investment in capital assets	\$ 59,763,687	\$ 60,041,201	\$ 62,454,418	\$ 64,999,250	\$ 67,544,831
Restricted	2,312,174	2,378,860	2,493,232	1,866,171	1,300,826
Unrestricted	148,895	288,233	(1,345,998)	(2,754,347)	(1,003,052)
Total primary government net position	<u>\$ 62,224,756</u>	<u>\$ 62,708,294</u>	<u>\$ 63,601,652</u>	<u>\$ 64,111,074</u>	<u>\$ 67,842,605</u>

A. In the 2022, 2021, 2020, 2019 and 2018 columns the sum of the columns does not equal the Total column by a difference of \$9,337,533, \$4,603,296, \$2,206,862, \$2,377,736 and \$2,546,999, respectively, because bonds payable related to the Business-Type Activities is reflected in the Governmental Activities column reducing unrestricted net position. The assets are reflected in the Business-Type Activities column as net investment in capital assets. The Total column matches the assets with the debt and reports the net amount of the net investment in capital assets.

TOWN OF VIENNA, VIRGINIA

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

	2013	2014	2015	2016	2017
Expenses:					
Governmental Activities:					
General government administration	\$ 4,147,172	\$ 4,356,498	\$ 4,599,322	\$ 4,922,997	\$ 5,094,803
Public safety	6,429,827	7,415,110	6,815,222	7,052,929	7,363,849
Public works	10,286,260	10,311,313	10,217,103	8,917,396	10,566,449
Health and welfare	261,658	240,913	236,811	240,410	232,186
Parks, recreation and cultural	3,228,786	3,110,412	3,271,954	3,040,826	3,100,416
Community development	867,961	857,727	665,881	781,494	850,738
Interest on long-term debt	602,885	596,719	479,678	707,242	473,480
Total governmental activities expenses	\$ 25,824,549	\$ 26,888,692	\$ 26,285,971	\$ 25,663,294	\$ 27,681,921
Business type activities:					
Water and sewer	6,151,284	5,907,863	5,713,223	6,096,402	7,022,326
Total business type activities expenses	\$ 31,975,833	\$ 32,796,555	\$ 31,999,194	\$ 31,759,696	\$ 34,704,247
Program Revenues:					
Governmental Activities:					
Charges for services					
General government	\$ 23,030	\$ 27,895	\$ 27,620	\$ 35,896	\$ 40,719
Public safety	617,223	629,143	641,051	613,564	651,247
Parks, recreation and cultural	754,445	763,033	737,297	536,163	501,214
Operating grants and contributions	3,082,757	3,157,284	3,018,343	3,194,985	3,108,013
Capital grants and contributions	1,610,089	866,348	2,209,526	8,394,653	4,102,140
Total governmental activities program revenues	\$ 6,087,544	\$ 5,443,703	\$ 6,633,837	\$ 12,775,261	\$ 8,403,333
Business type activities:					
Water and sewer					
Charges for services	\$ 7,129,668	\$ 6,985,412	\$ 7,018,076	\$ 6,902,605	\$ 7,386,960
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	264,630	213,405	486,400
Total business type activities	\$ 7,129,668	\$ 6,985,412	\$ 7,282,706	\$ 7,116,010	\$ 7,873,360
Total business type activities revenues	\$ 13,217,212	\$ 12,429,115	\$ 13,916,543	\$ 19,891,271	\$ 16,276,693
Net (expenses)/revenues	\$ (18,758,621)	\$ (20,367,440)	\$ (18,082,651)	\$ (11,868,425)	\$ (18,427,554)
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
General real property taxes	\$ 9,193,705	\$ 9,217,757	\$ 9,820,079	\$ 10,174,969	\$ 10,621,309
Local sales and use taxes	1,320,803	1,350,263	1,465,129	1,484,216	1,425,248
Consumer utility taxes	660,323	667,116	668,218	659,320	654,778
Business license taxes	2,217,307	2,329,139	2,334,987	2,221,072	2,258,387
Meals and lodging taxes	2,212,543	2,263,450	2,339,686	2,520,856	2,691,356
Other	1,836,673	1,725,943	2,170,698	2,434,700	2,174,391
Grants and contributions not restricted					
to specific programs	1,092,804	1,074,053	1,064,604	1,033,119	1,008,803
Unrestricted revenues from the use of money and property	224,039	214,818	265,103	179,769	215,206
Miscellaneous	244,303	350,451	799,340	1,560,383	565,965
Transfers	982,977	904,819	(235,961)	681,332	657,548
Total governmental activities general revenues	\$ 19,985,477	\$ 20,097,809	\$ 20,691,883	\$ 22,949,736	\$ 22,272,991
Business type activities:					
Interest revenue	\$ 2,474	\$ 2,116	\$ 3,240	\$ 6,029	\$ 8,997
Miscellaneous	225,843	318,019	255,595	262,214	319,789
Transfers	(982,977)	(904,819)	235,961	(681,332)	(657,548)
Total business-type activities general revenues	\$ (754,660)	\$ (584,684)	\$ 494,796	\$ (413,089)	\$ (328,762)
Total general revenues	\$ 19,230,817	\$ 19,513,125	\$ 21,186,679	\$ 22,536,647	\$ 21,944,229
Changes in net position:					
Governmental activities	\$ 248,472	\$ (1,347,180)	\$ 1,039,749	\$ 10,061,703	\$ 2,994,403
Business-type activities	223,724	492,865	2,064,279	606,519	522,272
Total changes in net position	\$ 472,196	\$ (854,315)	\$ 3,104,028	\$ 10,668,222	\$ 3,516,675

TOWN OF VIENNA, VIRGINIA
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2018	2019	2020	2021	2022
Expenses:					
Governmental Activities:					
General government administration	\$ 5,170,292	\$ 5,323,098	\$ 6,116,160	\$ 5,965,161	\$ 6,395,116
Public safety	7,382,560	7,751,329	8,690,013	9,395,963	6,733,762
Public works	9,060,173	11,142,853	11,391,564	12,654,313	12,004,711
Health and welfare	222,844	223,435	228,923	203,489	235,124
Parks, recreation and cultural	3,487,948	4,207,487	4,280,640	4,214,642	4,773,948
Community development	931,277	947,650	1,157,327	1,592,192	1,440,039
Interest on long-term debt	649,611	647,891	1,038,805	1,377,136	1,380,741
Total governmental activities expenses	<u>\$ 26,904,705</u>	<u>\$ 30,243,743</u>	<u>\$ 32,903,432</u>	<u>\$ 35,402,896</u>	<u>\$ 32,963,441</u>
Business type activities:					
Water and sewer	6,897,356	6,761,477	7,255,353	8,241,604	8,025,862
Total business type activities expenses	<u>\$ 33,802,061</u>	<u>\$ 37,005,220</u>	<u>\$ 40,158,785</u>	<u>\$ 43,644,500</u>	<u>\$ 40,989,303</u>
Program Revenues:					
Governmental Activities:					
Charges for services					
General government	\$ 32,774	\$ 50,037	\$ 57,881	\$ 112,980	\$ 387,559
Public safety	675,194	583,858	614,351	568,937	573,269
Parks, recreation and cultural	708,138	1,008,272	472,062	561,547	945,076
Operating grants and contributions	3,089,273	3,216,847	3,973,147	4,772,497	2,883,091
Capital grants and contributions	2,567,709	1,510,991	2,040,786	2,001,159	464,954
Total governmental activities program revenues	<u>\$ 7,073,088</u>	<u>\$ 6,370,005</u>	<u>\$ 7,158,227</u>	<u>\$ 8,017,120</u>	<u>\$ 5,253,949</u>
Business type activities:					
Water and sewer					
Charges for services	\$ 7,526,619	\$ 7,813,703	\$ 9,026,933	\$ 10,427,752	\$ 10,289,167
Operating grants and contributions	-	-	-	39,836	28,312
Capital grants and contributions	-	-	2,382,018	2,215,138	2,743,732
Total business type activities	<u>\$ 7,526,619</u>	<u>\$ 7,813,703</u>	<u>\$ 11,408,951</u>	<u>\$ 12,682,726</u>	<u>\$ 13,061,211</u>
Total business type activities revenues	<u>\$ 14,599,707</u>	<u>\$ 14,183,708</u>	<u>\$ 18,567,178</u>	<u>\$ 20,699,846</u>	<u>\$ 18,315,160</u>
Net (expenses)/revenues	<u>\$ (19,202,354)</u>	<u>\$ (22,821,512)</u>	<u>\$ (21,591,607)</u>	<u>\$ (22,944,654)</u>	<u>\$ (22,674,143)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
General real property taxes	\$ 10,956,206	\$ 11,440,251	\$ 11,901,178	\$ 12,399,982	\$ 12,790,006
Local sales and use taxes	1,455,924	1,493,524	1,513,816	1,612,119	1,850,910
Consumer utility taxes	704,729	684,098	669,780	660,411	661,544
Business license taxes	2,263,860	2,389,726	2,390,002	2,470,633	2,635,973
Meals and lodging taxes	2,811,930	2,829,794	2,476,476	2,613,474	3,331,812
Other	2,228,670	2,171,053	2,041,947	1,993,449	1,993,937
Grants and contributions not restricted to specific programs	976,521	905,984	885,298	786,379	763,058
Unrestricted revenues from the use of money and property	448,227	832,700	702,895	197,964	(132,729)
Miscellaneous	374,350	217,698	227,588	374,207	2,175,286
Transfers	(1,284,325)	1,824,221	(876,133)	2,632,107	(398,669)
Total governmental activities general revenues	<u>\$ 20,936,092</u>	<u>\$ 24,789,049</u>	<u>\$ 21,932,847</u>	<u>\$ 25,740,725</u>	<u>\$ 25,671,128</u>
Business type activities:					
Interest revenue	\$ 15,181	\$ 19,252	\$ 11,414	\$ 1,250	\$ 3,138
Miscellaneous	344,566	320,970	338,825	344,208	332,739
Transfers	1,284,325	(1,824,221)	876,133	(2,632,107)	398,669
Total business-type activities general revenues	<u>\$ 1,644,072</u>	<u>\$ (1,483,999)</u>	<u>\$ 1,226,372</u>	<u>\$ (2,286,649)</u>	<u>\$ 734,546</u>
Total general revenues	<u>\$ 22,580,164</u>	<u>\$ 23,305,050</u>	<u>\$ 23,159,219</u>	<u>\$ 23,454,076</u>	<u>\$ 26,405,674</u>
Changes in net position:					
Governmental activities	\$ 1,104,475	\$ 915,311	\$ (3,812,358)	\$ (1,645,051)	\$ (2,038,364)
Business-type activities	2,273,335	(431,773)	5,379,970	2,154,473	5,769,895
Total changes in net position	<u>\$ 3,377,810</u>	<u>\$ 483,538</u>	<u>\$ 1,567,612</u>	<u>\$ 509,422</u>	<u>\$ 3,731,531</u>

TOWN OF VIENNA, VIRGINIA
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Local Sales Sales & Use Tax	Consumer Utility Tax	Business & Occupation Licenses	Meals & Lodging Taxes	Motor Vehicle License Tax	Bank Franchise Tax	Tobacco Taxes	Other Taxes	Total
2022	\$ 12,790,006	\$ 1,850,910	\$ 661,544	\$ 2,635,973	\$ 3,331,812	\$ 387,615	\$ 998,962	\$ 218,293	\$ 389,067	\$ 23,264,182
2021	12,399,982	1,612,119	660,411	2,470,633	2,613,474	389,250	981,454	207,033	415,712	21,750,068
2020	11,901,178	1,513,816	669,780	2,390,002	2,476,476	403,875	996,631	185,378	456,063	20,993,199
2019	11,440,251	1,493,524	684,098	2,389,726	2,829,794	395,429	1,114,289	206,304	455,031	21,008,446
2018	10,956,206	1,455,924	704,729	2,263,860	2,811,930	392,166	1,127,691	242,497	466,316	20,421,319
2017	10,621,309	1,425,248	654,778	2,258,387	2,691,356	364,648	1,100,576	233,877	475,290	19,825,469
2016	10,174,969	1,484,216	659,320	2,221,072	2,520,856	383,469	1,416,573	249,175	385,483	19,495,133
2015	9,820,079	1,465,129	668,218	2,334,987	2,339,686	368,070	1,153,976	262,035	386,617	18,798,797
2014	9,217,757	1,350,263	667,116	2,329,139	2,263,450	354,312	697,798	302,198	371,635	17,553,668
2013	9,193,705	1,320,803	660,323	2,217,307	2,212,543	389,640	761,646	323,901	361,486	17,441,354

TOWN OF VIENNA, VIRGINIA

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 139,335	\$ 130,424	\$ 245,742	\$ 108,149	\$ 111,338	\$ 124,235	\$ 125,657	\$ 347,016	\$ 299,590	\$ 307,066
Restricted	543,982	497,367	621,991	798,241	1,020,573	1,165,496	1,081,000	1,129,186	1,058,583	364,000
Committed	1,740,672	1,593,542	1,508,479	1,620,960	1,406,460	1,280,000	805,900	702,000	557,500	2,025,000
Assigned	1,869,852	1,918,210	2,042,064	1,183,920	1,258,241	1,420,495	1,560,100	1,774,800	2,997,500	2,338,000
Unassigned	4,715,920	4,243,138	4,768,169	4,447,066	4,469,240	4,578,960	4,849,670	4,467,908	4,778,490	5,433,759
Total General Fund	<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>	<u>\$ 8,420,910</u>	<u>\$ 9,691,663</u>	<u>\$ 10,467,825</u>
Debt Service Fund:										
Nonspendable	\$ -	\$ 327,000	\$ -	\$ -	\$ -	\$ 182,678	\$ -	\$ 182,678	\$ 27,368	\$ -
Assigned	4,562,958	4,601,551	4,922,622	6,348,055	6,696,150	7,261,003	7,994,987	8,059,245	6,816,695	6,589,837
Total Debt Service Fund	<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>	<u>\$ 8,241,923</u>	<u>\$ 6,844,063</u>	<u>\$ 6,589,837</u>
Capital Projects Fund:										
Assigned	\$ 7,903,967	\$ 12,678,854	\$ 8,820,174	\$ 10,830,402	\$ 3,378,467	\$ 7,091,714	\$ 4,803,048	\$ 35,973,203	\$ 23,208,464	\$ 16,392,272
Total Capital Projects Fund	<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>\$ 35,973,203</u>	<u>\$ 23,208,464</u>	<u>\$ 16,392,272</u>
Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 2,138
Restricted	856,270	872,153	1,056,442	1,077,674	1,042,724	1,146,678	1,297,860	1,364,046	807,588	936,826
Unassigned	-	-	-	-	-	-	-	-	-	(136,139)
Total Other Governmental Funds	<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>	<u>\$ 1,364,046</u>	<u>\$ 812,088</u>	<u>\$ 802,825</u>

TOWN OF VIENNA, VIRGINIA

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

	2013	2014	2015	2016	2017
Revenues:					
General property taxes	\$ 9,280,201	\$ 9,210,898	\$ 9,824,996	\$ 10,149,056	\$ 10,622,903
Other local taxes	8,247,649	8,335,911	8,978,718	9,320,164	9,204,160
Permits, privilege fees and regulatory licenses	152,114	171,876	195,316	268,314	249,733
Fines and forfeitures	449,649	438,510	429,366	331,935	368,135
Revenue from use of money and property	224,039	214,818	265,103	179,769	215,206
Charges for services	792,935	809,685	781,286	585,374	575,312
Miscellaneous	244,303	350,451	799,340	1,560,383	565,965
Intergovernmental	5,785,650	5,097,685	6,292,473	10,272,286	8,218,956
Total revenues	\$ 25,176,540	\$ 24,629,834	\$ 27,566,598	\$ 32,667,281	\$ 30,020,370
Expenditures:					
Current:					
General government administration	\$ 4,022,335	\$ 4,462,089	\$ 4,505,608	\$ 4,676,681	\$ 4,635,247
Public safety	6,408,461	7,262,830	6,867,167	7,014,272	6,994,087
Public works	6,978,990	7,381,367	7,063,724	7,436,218	7,997,698
Health and welfare	261,088	240,455	236,416	239,830	232,186
Parks, recreation, and cultural	2,773,680	2,903,353	2,946,390	3,083,069	2,832,486
Community development	863,286	851,558	711,077	784,698	840,890
Capital projects	6,651,007	2,230,105	5,111,855	12,072,085	11,431,288
Debt service:					
Principal retirement	2,103,421	3,513,686	2,801,394	2,490,860	2,722,249
Interest and other fiscal charges	506,152	675,999	533,590	484,952	641,061
Total expenditures	\$ 30,568,420	\$ 29,521,442	\$ 30,777,221	\$ 38,282,665	\$ 38,327,192
Excess (deficiency) of revenues over (under) expenditures	\$ (5,391,880)	\$ (4,891,608)	\$ (3,210,623)	\$ (5,615,384)	\$ (8,306,822)
Other financing sources (uses):					
Issuance of notes payable	\$ 653,434	\$ 619,455	\$ 570,028	\$ 700,000	\$ 518,000
Long term debt issued	6,310,000	7,896,613	-	6,180,000	-
Premium on issuance of long-term obligations	253,337	-	-	482,836	-
Transfers in	1,061,487	1,313,015	1,265,748	3,573,591	3,423,690
Transfers out	(78,510)	(408,196)	(1,501,709)	(2,892,259)	(2,766,142)
Total other financing sources (uses)	\$ 8,199,748	\$ 9,420,887	\$ 334,067	\$ 8,044,168	\$ 1,175,548
Net changes in fund balances	\$ 2,807,868	\$ 4,529,279	\$ (2,876,556)	\$ 2,428,784	\$ (7,131,274)
Debt service as a percentage of noncapital expenditures	11.24%	16.59%	13.20%	11.59%	12.27%

TOWN OF VIENNA, VIRGINIA

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

	2018	2019	2020	2021	2022
Revenues:					
General property taxes	\$ 10,947,071	\$ 11,419,658	\$ 11,883,932	\$ 12,433,849	\$ 12,801,701
Other local taxes	9,465,113	9,568,195	9,092,021	9,350,086	10,474,176
Permits, privilege fees and regulatory licenses	314,866	261,427	332,230	426,740	384,904
Fines and forfeitures	340,103	314,291	265,581	131,466	181,325
Revenue from use of money and property	448,227	832,700	712,497	197,964	51,929
Charges for services	761,137	1,066,449	546,483	685,258	1,155,017
Miscellaneous	374,350	217,698	229,088	374,207	2,175,286
Intergovernmental	6,633,503	5,633,822	7,182,013	7,560,035	4,111,103
Total revenues	\$ 29,284,370	\$ 29,314,240	\$ 30,243,845	\$ 31,159,605	\$ 31,335,441
Expenditures:					
Current:					
General government administration	\$ 4,792,803	\$ 5,009,749	\$ 5,247,613	\$ 5,216,985	\$ 6,056,334
Public safety	7,237,225	7,548,576	8,147,418	8,532,107	7,042,355
Public works	7,595,087	8,213,478	8,291,597	7,492,304	7,511,119
Health and welfare	222,844	223,435	228,923	203,489	235,124
Parks, recreation, and cultural	3,247,183	3,506,683	3,507,136	3,087,274	4,231,153
Community development	955,082	977,784	1,099,505	1,460,247	1,504,302
Capital projects	5,716,079	4,037,830	6,027,362	15,040,483	17,915,721
Debt service:					
Principal retirement	2,536,253	3,057,558	3,064,655	4,144,037	3,656,630
Interest and other fiscal charges	583,034	886,805	845,334	1,827,148	1,767,624
Total expenditures	\$ 32,885,590	\$ 33,461,898	\$ 36,459,543	\$ 47,004,074	\$ 49,920,362
Excess (deficiency) of revenues over (under) expenditures	\$ (3,601,220)	\$ (4,147,658)	\$ (6,215,698)	\$ (15,844,469)	\$ (18,584,921)
Other financing sources (uses):					
Issuance of notes payable	\$ 605,900	\$ 590,400	\$ 834,200	\$ 450,000	\$ -
Long term debt issued	7,900,000	-	34,500,000	-	11,495,000
Premium on issuance of long-term obligations	1,347,711	-	3,239,491	-	1,185,071
Transfers in	2,501,306	2,995,339	2,854,429	3,354,120	3,645,326
Transfers out	(3,785,631)	(1,171,118)	(3,730,562)	(722,013)	(4,043,995)
Total other financing sources (uses)	\$ 8,569,286	\$ 2,414,621	\$ 37,697,558	\$ 3,082,107	\$ 12,281,402
Net changes in fund balances	\$ 4,968,066	\$ (1,733,037)	\$ 31,481,860	\$ (12,762,362)	\$ (6,303,519)
Debt service as a percentage of noncapital expenditures	11.69%	13.12%	12.73%	17.70%	15.96%

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Real Property	Local Sales	Consumer Utility	Business & Occupation License	Meals & Lodging Tax	Motor Vehicle License	Bank Franchise	Tobacco	Other Taxes	Total
2022	\$12,801,701	\$1,850,910	\$ 661,544	\$ 2,635,973	\$3,331,812	\$387,615	\$ 998,962	\$ 218,293	\$ 389,067	\$23,275,877
2021	12,433,849	1,612,119	660,411	2,470,633	2,613,474	389,250	981,454	207,033	415,712	21,783,935
2020	11,883,932	1,513,816	669,780	2,390,002	2,476,476	403,875	996,631	185,378	456,063	20,975,953
2019	11,419,658	1,493,524	684,098	2,389,726	2,829,794	395,429	1,114,289	206,304	455,031	20,987,853
2018	10,947,071	1,455,924	704,729	2,263,860	2,811,930	392,166	1,127,691	242,497	466,316	20,412,184
2017	10,622,903	1,425,248	654,778	2,258,387	2,691,356	364,648	1,100,576	233,877	475,290	19,827,063
2016	10,149,056	1,484,216	659,320	2,221,072	2,520,856	383,469	1,416,573	249,175	385,483	19,469,220
2015	9,824,996	1,465,129	668,218	2,334,987	2,339,686	368,070	1,153,976	262,035	386,617	18,803,714
2014	9,210,898	1,350,263	667,116	2,329,139	2,263,450	354,312	697,798	302,198	371,635	17,546,809
2013	9,280,201	1,320,803	660,323	2,217,307	2,212,543	389,640	761,646	323,901	361,486	17,527,850

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	
	2022	\$ 5,626,187,990		\$ 5,626,187,990	0.2225	\$ 53,028,003	\$ 53,028,003	
2021	5,401,153,810	5,401,153,810	0.2250	49,505,456	49,505,456	5,450,659,266	5,450,659,266	100%
2020	5,204,854,490	5,204,854,490	0.2250	46,732,003	46,732,003	5,251,586,493	5,251,586,493	100%
2019	5,003,776,930	5,003,776,930	0.2250	44,242,869	44,242,869	5,048,019,799	5,048,019,799	100%
2018	4,763,472,880	4,763,472,880	0.2250	42,979,305	42,979,305	4,806,452,185	4,806,452,185	100%
2017	4,625,397,360	4,625,397,360	0.2250	41,886,928	41,886,928	4,667,284,288	4,667,284,288	100%
2016	4,428,395,010	4,428,395,010	0.2250	39,797,131	39,797,131	4,468,192,141	4,468,192,141	100%
2015	4,201,089,380	4,201,089,380	0.2288	37,186,660	37,186,660	4,238,276,040	4,238,276,040	100%
2014	3,939,375,260	3,939,375,260	0.2288	35,775,929	35,775,929	3,975,151,189	3,975,151,189	100%
2013	3,756,299,910	3,756,299,910	0.2421	37,193,940	37,193,940	3,793,493,850	3,793,493,850	100%

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 \$5,626,187,990 is the assessed valuation effective January 1, 2021, which was used as a basis for billing taxes in the fiscal year 2021-2022.

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
2022	0.2225	1.140	1.3625
2021	0.2250	1.150	1.3750
2020	0.2250	1.150	1.3750
2019	0.2250	1.150	1.3750
2018	0.2250	1.150	1.3750
2017	0.2250	1.130	1.3550
2016	0.2250	1.130	1.3550
2015	0.2288	1.090	1.3188
2014	0.2288	1.090	1.3188
2013	0.2421	1.075	1.3171

(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 2022			Fiscal Year 2013		
		2021 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Navy Federal Credit Union		\$ 190,708,300	1	3.39%	\$ 144,930,940	1	2.58%
GI TC 801 Follin Lane	(1)	76,394,040	2	1.36%	62,624,540	2	1.11%
Vienna Park LLC		47,857,690	3	0.85%	32,404,180	3	0.58%
GRI Maple Avenue LLC	(2)	39,875,100	4	0.71%	32,006,300	4	0.57%
Vienna Shopping Center, LP		27,566,130	5	0.49%	20,623,360	5	0.37%
NFD Marco Polo LLC		19,615,560	6	0.35%	-	N/A	N/A
P. Daniel & Diana S. Orlich		19,331,930	7	0.34%	17,459,220	7	0.31%
Westwood Country Club		16,774,860	8	0.30%	10,228,470	11	0.18%
Frank Zafren & Alec Jacobson, Tr.		15,652,950	9	0.28%	15,660,580	8	0.28%
W P Capital Partners LLC	(3)	15,515,570	10	0.28%	9,521,530	13	0.17%
CubSMART L P	(4)	13,896,340	11	0.25%	8,175,560	15	N/A
BFH Danor Plaza		13,026,290	12	0.23%	12,838,380	9	0.23%
Vienna Car Wash LLC		12,283,820	13	0.22%	-	N/A	N/A
Swart Vienna LLC		11,283,950	14	0.20%	9,408,770	14	0.17%
GRI Cedar Park LLC		11,101,640	15	0.20%	12,062,150	10	0.21%
Maryland Gardens Ltd. Partnership		-	N/A	0.00%	20,615,910	6	0.37%
RDT Electric Avenue LLC		-	N/A	N/A	10,011,850	12	0.18%
Total		\$ <u>530,884,170</u>		<u>9.44%</u>	\$ <u>418,571,740</u>		<u>11.14%</u>

(1) Name change to GI TC Follin Lane LLC in 2013

(2) Ownership change from Maple Avenue Shopping in 2018

(3) Ownership change from Walgreen Company 2014

Ownership change from AN WG Vienna LP in 2015

Ownership change from JBG Vienna Retail Center 2021

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

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
2022	\$ 12,598,082	\$ 12,583,005	99.88%	\$ -	\$ 12,583,005	99.88%
2021	12,215,296	12,191,656	99.81%	14,092	12,205,748	99.92%
2020	11,710,930	11,682,090	99.76%	21,374	11,703,464	99.94%
2019	11,274,409	11,247,336	99.76%	21,574	11,268,910	99.95%
2018	10,784,780	10,765,285	99.82%	16,957	10,782,242	99.98%
2017	10,459,537	10,440,600	99.78%	15,989	10,456,589	99.97%
2016	9,968,163	9,946,258	99.78%	18,985	9,965,243	99.97%
2015	9,616,236	9,598,815	99.82%	16,389	9,615,204	99.99%
2014	9,017,093	9,002,376	99.84%	14,717	9,017,093	100.00%
2013	9,094,000	9,081,793	99.87%	12,206	9,093,999	100.00%

Notes: (1) Penalties and interest not included

TOWN OF VIENNA, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable- Equipment Financing	Bonds/ Notes	Notes Payable- Equipment Financing			
2022	\$65,362,623	\$919,010	\$1,878,909	\$75,404	\$68,235,946	5.66%	4,022
2021	56,204,488	1,541,283	3,658,000	169,397	61,573,168	5.11%	3,629
2020	60,066,263	1,903,320	2,494,765	309,749	64,774,097	5.61%	3,825
2019	25,029,039	1,666,775	3,820,065	415,201	30,931,080	3.43%	1,861
2018	27,731,112	1,671,933	2,468,446	294,645	32,166,136	3.78%	1,927
2017	20,503,862	1,665,286	3,253,262	268,496	25,690,906	2.84%	1,545
2016	22,857,586	1,610,535	1,358,000	150,985	25,977,106	2.87%	1,560
2015	18,081,026	1,546,395	1,468,000	214,508	21,309,929	2.35%	1,278
2014	20,304,489	1,587,761	1,576,000	132,398	23,600,648	2.60%	1,412
2013	15,518,686	1,421,711	1,700,733	79,266	18,720,396	2.06%	1,120

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, 2022**

	<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	\$ 66,579,701	100.00%	\$ 66,579,701
Overlapping Debt: (1)			
County of Fairfax General Bonded Debt	<u>2,623,846,856</u>	2.10%	<u>55,220,780</u>
Total direct and overlapping debt	<u>\$ 2,690,426,557</u>		<u>\$ 121,800,481</u>

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

TOWN OF VIENNA, VIRGINIA

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Restricted for Debt Service	Net Bonded Debt (1)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (3)
2022	\$ 66,579,701	\$ -	\$ 66,579,701	1.18%	3,924.30
2021	59,862,488	-	59,862,488	1.11%	3,528.38
2020	62,561,028	-	62,561,028	1.20%	3,694.40
2019	28,849,104	-	28,849,104	0.58%	1,736.02
2018	30,199,558	-	30,199,558	0.63%	1,809.55
2017	23,757,124	-	23,757,124	0.51%	1,428.57
2016	24,215,586	-	24,215,586	0.55%	1,454.39
2015	19,549,026	-	19,549,026	0.47%	1,172.29
2014	21,880,489	-	21,880,489	0.56%	1,308.64
2013	15,518,686	-	15,518,686	0.41%	928.15

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

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

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

TOWN OF VIENNA, VIRGINIA

Legal Debt Margin Information
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 389,989,663	\$ 412,218,932	\$ 389,989,663	\$ 457,199,173	\$ 457,199,173	\$ 492,898,364	\$ 517,317,979	\$ 537,037,052	\$ 558,535,160	\$ 582,124,336
Total net debt applicable to limit	15,518,686	21,880,489	19,549,026	24,215,586	23,757,124	30,199,558	28,849,104	62,561,028	59,862,488	66,579,701
Legal debt margin	\$ 374,470,977	\$ 390,338,443	\$ 370,440,637	\$ 432,983,587	\$ 433,442,049	\$ 462,698,806	\$ 488,468,875	\$ 474,476,024	\$ 498,672,672	\$ 515,544,635
Total net debt applicable to the limit as a percentage of debt limit	3.98%	5.31%	5.01%	5.30%	5.20%	6.13%	5.58%	11.65%	10.72%	11.44%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 5,626,187,990
Add back: exempt real property	195,055,370
Total assessed value	<u>5,821,243,360</u>
Debt limit (10% of total assessed value)	\$ 582,124,336
Net debt applicable to limit	66,579,701
Legal debt margin	<u>\$ 515,544,635</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
2022	\$ 10,653,356	\$ 7,195,618	\$ 3,457,738	\$ -	\$ -	\$ -	N/A
2021	10,813,046	7,526,180	3,286,866	-	-	-	N/A
2020	9,377,172	6,596,228	2,780,944	-	-	-	N/A
2019	8,153,925	6,158,987	1,994,938	-	-	-	N/A
2018	7,886,366	6,326,609	1,559,757	-	-	-	N/A
2017	7,715,746	6,353,901	1,361,845	-	-	-	N/A
2016	7,170,848	5,616,292	1,554,556	-	-	-	N/A
2015	7,276,911	5,255,495	2,021,416	-	-	-	N/A
2014	7,305,547	5,464,157	1,841,390	-	-	-	N/A
2013	7,357,985	5,657,285	1,700,700	-	-	-	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)
2022	16,966	1,204,561,387	70,999	41.3	2.50%
2021	16,966	1,203,941,292	70,962	41.3	2.50%
2020	16,934	1,154,509,318	68,177	41.3	2.50%
2019	16,618	902,506,962	54,309	40.7	2.40%
2018	16,689	851,945,283	54,309	40.7	2.70%
2017	16,630	903,158,670	54,309	40.7	3.20%
2016	16,650	904,244,850	54,309	40.7	3.20%
2015	16,676	905,656,884	54,309	40.7	4.00%
2014	16,720	908,046,480	54,309	40.7	4.40%
2013	16,720	908,046,480	54,309	40.7	4.50%

Source:

(1) Fairfax County

TOWN OF VIENNA, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

Employer (1)	Fiscal Year 2022		Fiscal Year 2013	
	Employees	Rank	Employees	Rank
Navy Federal Credit Union	500 to 999	1	500 to 999	1
Fairfax County Public Schools	500 to 999	2	250 to 499	2
Town of Vienna	100 to 249	3	100 to 249	5
Whole Foods Market Group	100 to 249	4	100 to 249	8
Westwood Country Club	100 to 249	5	100 to 249	6
Vienna Woods Swim and Tennis Club	100 to 249	6	50 to 99	N/A
Chick-Fil-A Vienna on Maple	100 to 249	7	N/A	N/A
The Fresh Market, Inc.	50 to 99	8	1 to 49	N/A
U.S. Postal Service	50 to 99	9	50 to 99	10
Bazins on Church	1 to 49	10	1 to 49	N/A

(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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Legislative										
Town Council	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Town Clerk	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Town Attorney	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Subtotal	3.000	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Administration										
Town manager	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Administrative Services	2.000	2.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Public Information	1.000	1.725	1.725	2.000	2.000	2.000	2.000	2.000	2.000	3.000
Information Technology	3.000	3.000	4.000	4.000	4.000	4.000	4.500	4.500	4.500	4.500
Subtotal	8.000	8.725	10.725	11.000	11.000	11.000	11.500	11.500	11.500	12.500
Finance										
Administration	3.625	3.625	3.625	3.625	3.625	4.000	4.000	4.000	4.000	4.630
Disbursement Operations	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Purchasing	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.000
Central Services	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Revenue Operations	3.000	3.000	3.500	4.000	5.000	4.000	4.000	4.000	4.000	4.000
Gang Task Force	0.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.630
Subtotal	11.250	12.250	12.750	13.250	14.250	13.625	13.625	13.625	13.625	13.260
Police										
Administration	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Patrol	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000	21.000
Communications	11.000	11.000	11.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Community Services	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Traffic	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
Personnel/Accreditation/ Animal Control	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Investigations	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000
Subtotal	52.000	52.000	52.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000
Public Works										
Administration	6.500	7.500	6.500	6.500	8.000	8.000	8.000	8.000	8.000	8.000
Street Maintenance	13.000	12.000	12.000	12.000	12.000	13.000	13.000	13.000	13.000	13.000
Vehicle Maintenance	9.000	9.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000
General Maintenance	8.000	8.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000
Sanitation	16.000	16.000	16.000	16.000	16.000	17.000	17.000	17.000	17.000	17.000
Traffic Engineering	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Subtotal	54.500	54.500	53.500	53.500	55.000	57.000	57.000	57.000	57.000	57.000
Parks and Recreation										
Administration	4.750	4.750	4.500	4.500	5.000	6.000	6.000	6.000	6.000	7.000
Parks Maintenance	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	12.000
Community Center Operations	4.500	4.000	4.000	4.000	4.000	4.000	5.000	5.000	5.000	5.000
Teen Center	1.500	1.800	1.800	1.800	2.000	2.000	2.000	2.000	2.000	2.000
Subtotal	20.750	20.550	20.300	20.300	21.000	22.000	23.000	23.000	23.000	26.000
Planning and Zoning										
Planning and Zoning	7.000	7.000	7.000	7.000	7.000	8.000	8.000	8.000	8.000	8.000
Subtotal	7.000	7.000	7.000	7.000	7.000	8.000	8.000	8.000	8.000	8.000
Economic Development										
Economic Development Manager	0.000	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	2.000
Subtotal	0.000	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	2.000
GENERAL FUND TOTAL	156.500	157.525	158.775	158.550	161.750	165.125	167.625	167.625	167.625	172.260
Water and Sewer										
(1) Water Operations	8.500	8.500	8.000	7.000	7.000	7.500	7.500	7.500	8.500	8.500
(1) Sewer Operations	6.000	6.000	6.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
(1) Operations and Maintenance										
Meter Maintenance and Reading	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Billing/Customer Service	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
TOTAL WATER & SEWER FUND	20,500	20,500	20,000	20,000	20,000	20,500	20,500	20,500	21,500	21,500
Storm Water Fund	0.000	1.000	1.000	1.000	1.000	2.000	2.500	2.500	2.500	2.500
GRAND TOTAL	177.000	179.025	179.775	179.550	182.750	187.625	190.625	190.625	191.625	196.260

Source: Town of Vienna Budget

TOWN OF VIENNA, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

Function	(1)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government Administration											
Administrative Service											
Job applications processed		2,745	2,186	2,674	2,385	2,671	2,094	1,168	900	1,063	1,195
Public Information											
Press releases per year		585	600	600	994	265	240	251	209	225	203
(a) Web Site Visits		367,000	370,000	303,829	351,723	352,789	378,526	275,988	329,444	350,000	332,135
(b) Twitter and Facebook followers		3,313	4,196	4,099	8,736	8,907	11,433	13,084	16,285	18,200	19,234
Finance											
Real Estate bills processed		11,125	11,151	11,244	11,122	11,336	11,654	11,361	11,361	11,870	11,417
Water and Sewer bills processed		37,350	38,047	38,285	38,042	38,087	37,798	38,302	38,056	39,777	38,141
(c) Payroll checks/Direct Deposits		7,452	7,652	6,946	7,405	7,405	6,919	7,452	7,187	7,268	7,430
(d) Vendor check issued		4,432	5,329	4,449	3,792	3,792	4,026	4,049	4,031	3,519	4,301
(e) Competitive bids completed		17	30	9	14	20	17	15	15	8	10
Public Safety											
Number of Calls for Service received		20,500	17,500	41,000	45,564	46,000	19,039	13,848	11,219	7,693	11,314
Number of Citations issued		10,000	10,000	8,600	8,058	8,500	6,615	7,392	6,589	2,790	5,305
Number of Animal complaints		380	350	390	439	400	350	341	311	330	301
Public Works											
Tons of asphalt installed		5,000	5,200	3,000	1,900	2,300	2,000	6,500	4,272	11,998	12,546
Linear feet of sidewalk replaced / installed		200	200	2,662	4,070	3,800	6,200	3,500	2,318	2,498	3,154
(f) Vehicles Maintained		155	153	144	143	144	144	143	145	144	148
Tons of Waste collected		4,500	5,800	4,250	4,242	5,550	5,550	4,675	4,592	4,920	5,469
Tons of Recycled materials collected		2,000	2,000	1,850	1,776	1,810	1,800	3,173	3,017	1,649	1,468
Cubic Yards/Tons of leaves collected		11,000	11,500	11,500	9,590	8,500	8,500	9,156	8,925	7,385	6,916
Water and Sewer Operations											
Repair Water Main breaks		55	55	75	73	60	60	45	28	55	53
Repair defective sewer lines		-	-	-	-	-	4,050	3,500	758	1,348	67
Footage of Sewer Mains cleaned		355,000	355,000	350,000	120,000	60,498	240,895	180,000	193,000	149,136	153,672
Completed work orders		3,390	3,722	3,100	4,017	4,000	4,000	3,895	4,403	4,021	3,584
Parks and Recreation											
Number of programs held		650	650	650	501	462	487	715	649	173	526
Daily average number of teens using Teen Center		30	30	30	30	25	38	39	41	2	5
Planning and Zoning											
Permit applications		650	650	835	873	900	850	754	733	647	677
New single-family dwellings		50	70	89	92	91	100	93	96	117	106
New zoning violation cases opened		487	384	400	400	-	-	330	207	128	149

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 (-)

TOWN OF VIENNA, VIRGINIA

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government administration										
Administration buildings	5	5	5	5	5	5	5	5	5	5
Vehicles	6	5	4	6	5	4	4	4	4	5
Public safety										
Patrol units	25	22	20	18	19	22	19	19	19	23
Motorcycles	4	4	4	5	4	4	4	4	4	4
Other vehicles	3	3	4	3	5	4	3	3	3	3
Public works										
Trucks/vehicles	91	92	86	85	84	80	78	66	68	76
Parks and recreation										
Community center	1	1	1	1	1	1	1	1	1	1
Vehicles	22	23	23	23	24	22	14	14	14	20
Number of parks	10	10	10	10	10	10	10	10	10	12
Park acres	93.47	93.47	93.47	93.47	93.47	93.47	93.47	93.47	93.47	156.62
Community development										
Planning vehicles	4	4	3	3	3	3	2	2	2	2

Source: Individual Town Departments

- Compliance Section -



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vienna, Virginia, as of and for the year ended June 30, 2022, 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 28, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

November 28, 2022