

TOWN OF VIENNA, MARYLAND

FINANCIAL REPORT

June 30, 2025

Town of Vienna, Maryland

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INDEPENDENT AUDITORS' REPORT

Commissioners of Vienna
Town of Vienna, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vienna, Maryland (“the Town”) as of and for the year ended June 30, 2025, 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 respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2025, the Town adopted new accounting guidance from the Governmental Accounting Standards Board (GASB) Statement No. 101, “Compensated Absences,” and Statement No. 102, “Certain Risk Disclosures.” Our opinion is not modified with respect to these matters.

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.

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 the Town'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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Town'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 the Town'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 and required supplementary information (RSI), 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 RSI 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information (OSI), as listed in the table of contents, 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 has been derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 OSI, as listed in the table of contents is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026, on our consideration of the Town's internal control over financial reporting and 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 the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

The image shows a handwritten signature in blue ink that reads "UHY LLP". The letters are stylized and cursive.

Salisbury, Maryland
March 25, 2026



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

Commissioners of Vienna
Town of Vienna, Maryland
Vienna, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vienna, Maryland ("the Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 25, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 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.

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. We identified the following deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Finding Number 2025-01
Material Weakness

Criteria: Proper segregation of duties should be in place to strengthen internal controls to provide reasonable assurance that a material misstatement to the financial statements is prevented.

Condition: We noted that the internal controls currently in place with regard to utility billings and collections creates conflicts within duties assigned to a single individual and produces an increased level of internal control risk. During our audit, we noted a lack of segregation of duties.

Cause: The lack of appropriately designed internal control systems has produced conflicts regarding assigned duties.

Effect: Segregation of duties issues does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, the misappropriation of assets and/or errors on a timely basis.

Recommendation: We recommend that, when possible, responsibilities for authorization, recording, and maintaining custody of assets be assigned to different employees. In situations where this is not possible, we recommend the implementation of certain transaction review controls. It is important to note that review controls do not eliminate all risk when segregation of duties conflicts exist, and management and those charged with governance need to be aware of such risks.

Identification of Repeat Finding: This is a repeat finding.

Views of Responsible Officials: It has been determined that it would not be cost effective for the Town to add additional personnel to ensure complete segregation of duties in the finance department. Management continues to strive to achieve maximum segregation of duties possible with the current number of employees and review of transactions at Commissioners' meetings.

Finding Number 2025-02
Material Weakness

Criteria: Proper reconciliations for certain assets and liabilities and their related revenue and expense accounts were not prepared during the fiscal year.

Condition/Cause: Various transactions recorded in the general ledger required reclassification and/or adjustments.

Effect: The Town was unable to produce accurate and timely financial statements throughout the fiscal year on a Generally Accepted Accounting Principles (GAAP) basis.

Recommendation: The Town should perform detailed reconciliations of these accounts on a regular interim basis. This should reduce the number of adjusting journal entries. In addition, we recommend hiring a 3rd party accountant to help update your Chart of Accounts and establish appropriate reconciliation procedures.

Identification of Repeat Finding: This is a repeat finding.

Views of Responsible Officials: Management will strive to have more timely and accurate financial reporting and will consider the use of a 3rd party accountant.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

We noted certain matters that we reported to management of the Town of Vienna, Maryland, in a separate letter dated March 25, 2026.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described above. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Salisbury, Maryland
March 25, 2026

TOWN OF VIENNA, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Vienna, Maryland's (the "Town") annual report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Town's financial statements, which follows this section. Certain comparative information between the current year (2024-2025) and the prior year (2023-2024) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The Town's combined net position was \$9,672,743 consisting of \$9,718,690 net investment in capital assets, and \$45,947 of unrestricted deficit.
- The Town's governmental activities net position decreased by \$107,507, ending the year with a total net position of \$7,331,500.
- The Town's business-type activities net position decreased by \$138,271, ending the year with a total net position of \$2,341,243.
- The Town's cash and cash equivalents totaled \$8,108 as of June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial statements provide two views of the Town's financial position. On the Government-wide statements, the statements summarize all Town funds into one statement using the full accrual method of accounting.

- Statement of Net Position provides information on assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time increases and decreases in net position can serve as a barometer of financial health. The Statement of Net Position is similar to a balance sheet in private sector accounting.
- Statement of Activities show revenues and expenses that report the underlying cause of the change in net position. All changes in net position are reported as the change occurs. This means the statement includes depreciation on the assets. This statement does not report any capital projects. Capital projects are reported on the Statement of Net Position.

Fund Focus is the traditional governmental accounting which focuses on the individual funds. The funds have not disappeared in the new reporting model. As has been the case in the old financial model, a fund is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to insure compliance with finance-related legal or regulatory compliance. Funds are classified as either governmental funds, proprietary funds or fiduciary funds (The Town has no fiduciary funds).

- Governmental funds are essentially the same as the governmental activities. Governmental funds facilitate cost allocation of centralized services such as building maintenance, street repair, accounting, printing, office equipment, engineering services, police department operations, etc.

- Governmental funds use a modified accrual basis of accounting. Governmental funds focus on near-term inflows and outflows of spendable resources and on the balances of spendable resources. In the governmental statements, the accounting for items such as capital outlay, depreciation, debt payments, and accrued vacation is different than in the government-wide statements. In government funds, capital outlay and debt principal are reported on the Statement of Revenues, Expenditures and Changes in Fund Balance. Depreciation is not recorded. The rule for reporting accrued vacation is more restrictive. The Balance Sheet for governmental funds does not include any capital assets or long-term debt.

Major Funds - Major funds are the largest funds in terms of assets, liabilities, revenues or expenses. This allows the reader to see more detailed activities of the Major Funds. For the Town the following funds meet this requirement:

- General
- Water and Sewer Fund

Proprietary funds use a full accrual method of accounting for both government-wide statements and fund level statements. The Town has one proprietary fund.

Enterprise funds are used to report business like activities. These funds charge a fee for their services. The Town uses enterprise funds for water and sewer. All enterprise funds qualify as major funds.

Notes to the Financial Statements follow immediately after the basic financial statements. These notes are an integral part of the financial statements. The notes contain many additional disclosures about the financial health of the Town.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position - The Town's statement of net position provides an overview of the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, this can provide a good indicator of the Town's fiscal health.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 66,061	\$ 72,704	\$ 56,770	\$ 62,969	\$ 122,831	\$ 135,673
Capital assets	7,431,208	7,526,768	2,720,178	2,890,732	10,151,386	10,417,500
Total assets	7,497,269	7,599,472	2,776,948	2,953,701	10,274,217	10,553,173
Long-term debt	2,991	72	429,705	466,942	432,696	467,014
Other liabilities	118,432	105,814	6,000	7,245	124,432	113,059
Total liabilities	121,423	105,886	435,705	474,187	557,128	580,073
Deferred inflows	44,346	54,579	-	-	44,346	54,579
Net investment in capital assets	7,428,217	7,526,696	2,290,473	2,423,790	9,718,690	9,950,486
Unrestricted (deficit)	(96,717)	(87,689)	50,770	55,724	(45,947)	(31,965)
Total net position	\$ 7,331,500	\$ 7,439,007	\$ 2,341,243	\$ 2,479,514	\$ 9,672,743	\$ 9,918,521

- The Town's governmental activities net position was \$7,331,500, of which \$7,428,217 was net investment in capital assets.
- The Town's business-type activities net position was \$2,341,243, of which \$2,290,473 was net investment in capital assets.

Changes in Net Position

The Statement of Activities presented below is a condensed version of the more detailed one presented in the Financial Statements section of this report. Program revenues are listed first followed by general revenues and then expenses attributable to each function of the Town's government. The change in net position is equal to the revenues minus expenses and is added (subtracted) to net position beginning of year to reach net position end of year.

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program services:						
Charges for services	\$ 43,949	\$ 43,723	\$ 278,486	\$ 240,016	\$ 322,435	\$ 283,739
Operating grants	38,324	178,720	-	-	38,324	178,720
Capital grants	-	-	17,462	128,419	17,462	128,419
General revenues:						
Real property	113,622	111,833	-	-	113,622	111,833
Other taxes	100,200	95,427	-	-	100,200	95,427
Other	22,570	49,772	-	-	22,570	49,772
Total revenues	318,665	479,475	295,948	368,435	614,613	847,910
Expenses						
General government	152,133	113,742	-	-	152,133	113,742
Public safety	24,299	10,109	-	-	24,299	10,109
Highways and streets	49,044	31,208	-	-	49,044	31,208
Public works	29,695	25,709	-	-	29,695	25,709
Recreation and other	98,377	124,811	-	-	98,377	124,811
Water and sewer	-	-	506,843	477,899	506,843	477,899
Total expenses	353,548	305,579	506,843	477,899	860,391	783,478
Transfers	(72,624)	(310,358)	72,624	310,358	-	-
Change in net position	(107,507)	(136,462)	(138,271)	200,894	(245,778)	64,432
Net position, beginning	7,439,007	7,575,469	2,479,514	2,278,620	9,918,521	9,854,089
Net position, ending	\$ 7,331,500	\$ 7,439,007	\$ 2,341,243	\$ 2,479,514	\$ 9,672,743	\$ 9,918,521

Governmental Activities

- Revenue from the governmental activities decreased by \$160,810 or 34% mostly due to a decrease in operating grants of \$140,396.
- The cost of all governmental activities this year was \$353,548, an increase of \$47,969 or 16% over the prior year. Approximately 32% of expenses were paid for by property tax dollars.

Business-type Activities

- Revenue from the Town's business-type activities decreased by \$72,487 or 20%. Charges for services increased by \$38,470 and capital grants decreased by \$110,957 from the prior year.
- Expense from the Town's business-type activities increased by \$28,944 or 6%.

GENERAL FUND BUDGETARY HIGHLIGHTS

- Total tax revenues were over budget by \$52,105, most of which related to real property and local income taxes being over budget by \$21,405 and \$14,825, respectively.
- Total revenues from intergovernmental grants was under budget by \$192,660.
- Total expenditures were under budget by \$238,455, most of which related to general government and recreation being under budget by \$99,810 and \$146,957, respectively.
- Overall, the Town was over budget by \$6,245.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The governmental funds reported a combined fund balance deficit of \$98,148, a decrease of \$6,245 from prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the Town had investments in a broad range of capital assets as summarized below:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 5,719,441	\$ 5,719,441	\$ -	\$ -	\$ 5,719,441	\$ 5,719,441
Construction in progress	-	-	342,385	338,202	342,385	338,202
Buildings and improvements	2,567,953	2,567,953	-	-	2,567,953	2,567,953
Furniture, fixtures and equipment	126,775	126,775	-	-	126,775	126,775
Water and sewer system	-	-	6,678,785	6,678,785	6,678,785	6,678,785
Total capital assets	8,414,169	8,414,169	7,021,170	7,016,987	15,435,339	15,431,156
Less accumulated depreciation:	(986,265)	(887,541)	(4,300,992)	(4,126,255)	(5,287,257)	(5,013,796)
Total capital assets, net	\$ 7,427,904	\$ 7,526,628	\$ 2,720,178	\$ 2,890,732	\$ 10,148,082	\$ 10,417,360
Intangible right-to-use assets:						
Leased equipment	\$ 3,965	\$ 4,021	\$ -	\$ -	\$ 3,965	\$ 4,021
Less accumulated amortization	(661)	(3,881)	-	-	(661)	(3,881)
Total intangible right-to-use assets, net	\$ 3,304	\$ 140	\$ -	\$ -	\$ 3,304	\$ 140

More detailed information about the Town's capital assets is presented in Note 4.

Long-Term Debt

At the end of 2025, the Town had \$432,696 in bonds, notes, and leases outstanding as summarized below:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Right-to-use lease	\$ 2,991	\$ 72	\$ -	\$ -	\$ 2,991	\$ 72
Bonds and notes payable	-	-	429,705	466,942	429,705	466,942
Total long-term debt	\$ 2,991	\$ 72	\$ 429,705	\$ 466,942	\$ 432,696	\$ 467,014

More detailed information about the Town’s bonds and notes payable is presented in Note 6.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Town has determined to undertake a project for the acquisition, construction, enlargement and improvement of the wastewater system at an estimated cost of \$3,355,000. The financing plan for the ENR upgrade calls for funding from Department of Environment’s share of \$1.8 million, two grants of \$556,000 and \$25,000, and a 40-year loan at 2.125% at an amount of \$973,000. The Town is currently incurring cost for the design and engineering costs. To date, \$342,385 is included in construction in progress for this project.

The Town is also undertaking a project to update the water treatment plant and new water meters which is expected to be funded with various grant proceeds. the Town must continue to find funding to offset future infrastructure costs and the increasing cost of operating the water and sewer system and consider increases to their current water/sewer quarterly charges

CONTACTING THE TOWN’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and investors and creditors with a general overview of the Town’s finances and to demonstrate the Town’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Town of Vienna, Market Street, Vienna, Maryland 21869.

TOWN OF VIENNA, MARYLAND

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 8,108	\$ -	\$ 8,108
Accounts receivable			
Taxes - real and personal property	1,431	-	1,431
Water and sewer service charges, net	-	56,770	56,770
Due from other governments	8,078	-	8,078
Lease receivable	48,444	-	48,444
Total current assets	66,061	56,770	122,831
Noncurrent assets			
Nondepreciable capital assets	5,719,441	342,385	6,061,826
Depreciable capital & intangible assets, net	1,711,767	2,377,793	4,089,560
Total noncurrent assets	7,431,208	2,720,178	10,151,386
Total assets	7,497,269	2,776,948	10,274,217
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	14,749	6,000	20,749
Line of credit	103,683	-	103,683
Right-to-use lease	625	-	625
Notes and bond payable, current portion	-	38,932	38,932
Total current liabilities	119,057	44,932	163,989
Noncurrent liabilities			
Right-to-use lease	2,366	-	2,366
Notes and bond payable, long-term portion	-	390,773	390,773
Total noncurrent liabilities	2,366	390,773	393,139
Total liabilities	121,423	435,705	557,128
DEFERRED INFLOWS OF RESOURCES			
Lease receivable - right-to-use	44,346	-	44,346
Total deferred inflows of resources	44,346	-	44,346
NET POSITION			
Net investment in capital assets	7,428,217	2,290,473	9,718,690
Unrestricted (deficit)	(96,717)	50,770	(45,947)
Total net position	\$ 7,331,500	\$ 2,341,243	\$ 9,672,743

TOWN OF VIENNA, MARYLAND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General government	\$ 152,133	\$ 1,460	\$ 38,324	\$ -	\$ (112,349)	\$ -	\$ (112,349)
Public safety	24,299	-	-	-	(24,299)	-	(24,299)
Highways and streets	49,044	-	-	-	(49,044)	-	(49,044)
Public works	29,695	-	-	-	(29,695)	-	(29,695)
Recreation and other	98,377	42,489	-	-	(55,888)	-	(55,888)
Total governmental activities	353,548	43,949	38,324	-	(271,275)	-	(271,275)
BUSINESS-TYPE ACTIVITIES							
Water and sewer	506,843	278,486	-	17,462	-	(210,895)	(210,895)
Total government	\$ 860,391	\$ 322,435	\$ 38,324	\$ 17,462	(271,275)	(210,895)	(482,170)

General Revenues

Taxes:

Real property	113,622	-	113,622
Public utilities and corporations	10,795	-	10,795
State shared - highway user	40,580	-	40,580
Local income	48,825	-	48,825
Donations	1,464	-	1,464
Miscellaneous	21,106	-	21,106
Transfers in (out)	(72,624)	72,624	-
Total general revenues and transfers	163,768	72,624	236,392
Change in net position	(107,507)	(138,271)	(245,778)
Net position, beginning of year	7,439,007	2,479,514	9,918,521
Net position, end of year	\$ 7,331,500	\$ 2,341,243	\$ 9,672,743

TOWN OF VIENNA, MARYLAND

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

ASSETS

Cash and cash equivalents	\$	8,108
Receivables:		
Taxes - real and personal property, net		1,431
Due from other governments- state grants		8,078
Leases		48,444
Total assets	\$	66,061

LIABILITIES

Accounts payable and accrued expenses	\$	14,749
Line of credit		103,683
Total liabilities		118,432

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes		1,431
Lease receivable - right to use		44,346
Total deferred inflows of resources		45,777

FUND BALANCES

Unassigned (deficit)		(98,148)
Total liabilities and fund balances	\$	66,061

TOWN OF VIENNA, MARYLAND

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2025

Total fund balances, governmental funds \$ (98,148)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Capital assets	7,427,904
Intangible right-to-use asset	3,304

Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental fund balance sheet.

Property taxes	1,431
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

Right-to-use lease payable	(2,991)
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Net position of governmental activities in the Statement of Net Position \$ 7,331,500

TOWN OF VIENNA, MARYLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Year Ended June 30, 2025

REVENUES:

Taxes:	
Real property	\$ 116,405
Public utilities and corporations	10,795
State shared - highway user	40,580
Local income	48,825
Licenses and permits	1,460
Intergovernmental grants	38,324
Rent	42,489
Donations	1,464
Miscellaneous	21,106

Total revenues	321,448
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EXPENDITURES:

Current:	
General government	138,123
Public safety	24,299
Highways and streets	38,096
Public works	29,695
Recreation and other	18,757
Capital outlay	-
Debt service	9,572

Total expenditures	258,542
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Surplus of revenues over expenditures	62,906
---------------------------------------	--------

OTHER FINANCING SOURCES (USES):

Operating transfer out	(72,624)
Lease proceeds	3,473

Total other financing sources (uses)	(69,151)
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Change in fund balance	(6,245)
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Fund balance, beginning	(91,903)
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Fund balance, ending	\$ (98,148)
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TOWN OF VIENNA, MARYLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2025

Net change in fund balances, governmental fund \$ (6,245)

Amounts reported for governmental activities in the statement of activities are different because:

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. In the current period, these amounts are:

Depreciation and amortization expense	(99,525)
Property and equipment- current year	3,965

Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, loans of this amount were issued:

Intangible right-to-use lease	(3,473)
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Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Intangible right-to-use lease	554
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Property tax revenues in the government-wide statement of activities include economic resource that are not reported as revenues in the governmental fund operating statement. Those property tax revenues increased (decreased) by this amount this year.

	(2,783)
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Change in net position of governmental activities	\$ (107,507)
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TOWN OF VIENNA, MARYLAND

STATEMENT OF NET POSITION PROPRIETARY FUND - WATER AND SEWER FUND June 30, 2025

ASSETS

Current assets		
Water and sewer service charges receivable, net	\$	56,770
Total current assets		56,770
Noncurrent assets		
Nondepreciable capital assets		342,385
Depreciable capital & intangible assets, net		2,377,793
Total noncurrent assets		2,720,178
Total assets		2,776,948

LIABILITIES

Current liabilities		
Accounts payable and accrued expenses		6,000
Notes and bond payable		38,932
Total current liabilities		44,932
Noncurrent liabilities		
Notes and bond payable		390,773
Total liabilities		435,705

NET POSITION

Net investment in capital assets		2,290,473
Unrestricted		50,770
Total net position	\$	2,341,243

TOWN OF VIENNA, MARYLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

WATER AND SEWER FUND

Year Ended June 30, 2025

OPERATING REVENUES:

Charges for services:

Water and sewer	\$	235,854
Other services		42,632

Total operating revenues		278,486
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OPERATING EXPENDITURES:

Water and sewer		311,500
Depreciation		174,737

Total operating expenditures		486,237
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Operating income (loss)		(207,751)
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NON-OPERATING REVENUES (EXPENSES):

Grant revenues		17,462
Interest expense		(20,606)

Total non-operating revenue (expenses)		(3,144)
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Loss before operating transfers		(210,895)
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Operating transfers in		72,624
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Change in net position		(138,271)
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Total net position, beginning		2,479,514
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Total net position, ending	\$	2,341,243
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TOWN OF VIENNA, MARYLAND

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

WATER AND SEWER FUND

Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 284,685
Payments for supplies	(259,573)
Payments to employees	(53,172)

Net cash used in operating activities	(28,060)
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grant revenues	17,462
Operating transfer from other funds	72,624

Net cash provided by noncapital financing activities	90,086
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(4,183)
Principal paid on long-term debt	(37,237)
Interest paid on long-term debt	(20,606)

Net cash used in capital and related financing activities	(62,026)
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Net change in cash	-
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Cash, beginning of year	-
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Cash, end of year	\$ -
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RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (207,751)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	174,737
Changes in assets and liabilities:	
Decrease in water and sewer service charge receivables	6,199
Decrease in accounts payable and accrued expenses	(1,245)

Net cash used in operating activities	\$ (28,060)
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TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 1. Description of The Town of Vienna

The Town of Vienna, Maryland (the "Town") was incorporated in 1914. The Town operates under a Mayor and Commissioner form of government and provides the following services: public works (highways and streets, sanitation), recreation and parks, and general administrative services.

Note 2. Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Town's accounting policies are described below.

A. Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from general revenues of the Town.

FUND FINANCIAL STATEMENTS

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. As of June 30, 2025, the Town has no non-major funds.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 2. Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The Town has no fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Town's major governmental fund is:

General Fund - The general fund is the general operating fund of the Town. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise.

Enterprise fund – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Town's major enterprise fund is:

Water and Sewer Fund - The Water and Sewer Fund is used to account for all financial transactions, including the acquisition or construction of major capital facilities, related to the operations of the Town's water and sewer services.

C. Measurement Focus

Government-wide financial statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the statement of net position.

Fund financial statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 2. Summary of Significant Accounting Policies (continued)

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include primarily grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursable basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, interest and rent.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 2. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has an item, which arises only on a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Grant Receivables/Unearned Revenue – The Town records receivables when the applicable eligibility requirements including time requirements are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated assets during the year is reported in the operating statement as an expense with a like amount reported as donated revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

Budgetary control is exercised in all funds. The final budget shown in the financial statements is the final budget ordinance approved for fiscal year ended June 30, 2025. The Commissioners approve all expenditures. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures/expense.

F. Cash Equivalents

For the purpose of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

G. Water and Sewer Receivables

The Town's water and sewer receivables as of June 30, 2025 only include amounts billed for water and sewer charges that are less than 90 days outstanding. Older amounts are deemed uncollectible and are recognized as revenue when and if eventually collected.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 2. Summary of Significant Accounting Policies (continued)

H. Property Tax

The Town’s real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the Town. The Maryland State Department of Assessments and Taxation (SDAT) establishes assessed values at predetermined percentages of estimated market value. Payments are due by September 30. Beginning October 1, interest is charged each month on taxes that remain unpaid.

I. Interfund Receivables and Transfers

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund Receivables/Payables.” Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

Interfund transfers in/out are classified in other financing (uses) sources in the statement of revenues, expenditures and changes in fund balances and in nonoperating revenues (expenses) in the statement of revenues, expenses and change in fund net position.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Capital Asset	Useful Lives
Buildings and improvements	15 - 40
Furniture, fixtures and equipment	5 - 7
Water and sewer systems	10 - 40

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 2. Summary of Significant Accounting Policies (continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

The Town does not maintain a formal policy for paid vacation, personal, or sick leave. Accordingly, employees do not earn or accumulate compensated absences, and no liability for such benefits has been recorded in the accompanying financial statements.

L. Net Position

Net position represents the difference between assets plus deferred inflows of resources and liabilities plus deferred outflows of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

Restricted resources are applied first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Governmental Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can only be spent for specific purposes because of the Town charter or code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Town's ordinance or resolutions.

Assigned – Amounts that are designated by the Council or management with intent to be used for specific purposes, but are neither restricted or committed by ordinance or resolution.

Unassigned – Amounts not included in other spendable classifications.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 2. Summary of Significant Accounting Policies (continued)

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services for water and sewer activities. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

O. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. New Accounting Policies

The Town Adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures at July 1, 2024. GASB Statement No. 101's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model. The adoption of this standard did not require a change in the Town's compensated absences recognition and measurement policy. GASB Statement No. 102's objective is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Town has not identified any events associated with a concentration or constraint that would require disclosure.

Note 3. Cash

The Town is authorized to invest unexpended revenues from taxation, lawful distributions of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purpose. The Town can invest such funds in federally insured banking institutions that pledge United States Treasury bills, notes, or other obligations to secure such deposits and the Maryland Local Government Investment Pool.

At June 30, 2025, the Town had bank deposits with a financial institution totaling \$13,927 (carrying value \$8,108). The depository bank pledges collateral for specific accounts, which are held in the Town's name. As required by law, a depository is required to pledge securities, in addition to FDIC insurance, at least equal to the amount on deposit at all times. As of June 30, 2025, the Town's deposits were covered by Federal Depository Insurance or collateralized in accordance with Article 95, Section 22 of the Annotated Code of Maryland.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 4. Capital and Intangible Assets

The following is a summary of changes in capital assets:

	June 30, 2024	Additions	Transfers / Deductions	June 30, 2025
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 5,719,441	\$ -	\$ -	\$ 5,719,441
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	5,719,441	-	-	5,719,441
Capital assets, being depreciated:				
Buildings and improvements	2,567,953	-	-	2,567,953
Furniture, fixtures and equipment	126,775	-	-	126,775
Total capital assets, being depreciated	2,694,728	-	-	2,694,728
Less accumulated depreciation:	(887,541)	(98,724)	-	(986,265)
Total capital assets, being depreciated, net	1,807,187	(98,724)	-	1,708,463
Intangible right-to-use assets:				
Leased equipment	4,021	3,965	(4,021)	3,965
Less accumulated amortization	(3,881)	(801)	4,021	(661)
Total intangible right-to-use assets, net	140	3,164	-	3,304
Governmental activities capital assets, net	\$ 7,526,768	\$ (95,560)	\$ -	\$ 7,431,208

Depreciation expense was charged to governmental functions as follows:

General government	\$ 8,957
Highways and streets	10,948
Recreation and other	79,620
Total depreciation expense	\$ 99,525

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 4. Capital and Intangible Assets (continued)

	June 30, 2024	Additions	Transfers / Deductions	June 30, 2025
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Construction in progress	\$ 338,202	\$ 4,183	\$ -	\$ 342,385
Total capital assets, not being depreciated	338,202	4,183	-	342,385
Capital assets, being depreciated:				
Water and sewer system	\$ 6,678,785	\$ -	\$ -	\$ 6,678,785
Less accumulated depreciation	(4,126,255)	(174,737)	-	(4,300,992)
Total capital assets, being depreciated, net	2,552,530	(174,737)	-	2,377,793
Business-type activities capital assets, net	\$ 2,890,732	\$ (170,554)	\$ -	\$ 2,720,178

Note 5. Line of Credit

The Town had an unsecured \$100,000 commercial promissory note with a variable interest rate, with a local financial institution. At June 30, 2025, the outstanding balance was \$99,500 with interest at 8.25%.

The Town had an unsecured \$304,550 commercial promissory note with a variable interest rate, with a local financial institution. At June 30, 2025, the outstanding balance was \$4,183 with interest at 9.00%.

Note 6. Long-Term Debt

Changes in the business-type activities long-term debt obligations are as follows:

	June 30, 2024	Additions	Repayments	June 30, 2025	Amount Due In One Year
Note Payable					
MDE loan; \$220,000, annual principal and interest payments of \$13,987, interest at 4.5%, maturing June 2026.	\$ 26,189	\$ -	\$ 12,806	\$ 13,383	\$ 13,383
Bond Payable					
USDA bond payable; quarterly principal and interest payments of \$10,964, interest at 4.5%, maturing November 2037.	440,753	-	24,431	416,322	25,549
	\$ 466,942	\$ -	\$ 37,237	\$ 429,705	\$ 38,932

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 6. Long-Term Debt (continued)

Debt service requirements on long-term debt are as follows:

Fiscal Year Ending June 30,	Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	25,549	18,307	13,383	603
2027	26,718	17,138	-	-
2028	27,941	15,915	-	-
2029	29,219	14,637	-	-
2030	30,557	13,299	-	-
2031-2035	175,084	44,196	-	-
2036-2039	101,254	6,264	-	-
TOTAL	\$ 416,322	\$ 129,756	\$ 13,383	\$ 603

Interest expense in the business-type activities for the year ended June 30, 2025 totaled \$20,606.

Note 7. Leases

The Town implemented the guidance of GASB No. 87, *Leases*, at July 1, 2021 for accounting and reporting leases.

Town as Lessee

The Town, as a lessee, has entered into a lease agreement for a XEROX copier. The lease agreement in place for the equipment began during fiscal year 2020 and expired during fiscal year 2025. The lease agreement was renewed during fiscal year 2025 and will expire during fiscal year 2030. Payments under the expired lease total approximately \$800 per year. Payments under the renewed lease total approximately \$855 per year. For purposes of discounting future payments on this lease, the Town used its incremental borrowing rate in place at the time of lease inception of 8.5% as stated in the agreement. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 4.

	Balances 2024	Additions	Repayments	Balances 2025	Amount Due In One Year
Lease obligation	\$ 72	\$ 3,473	\$ 554	\$ 2,991	\$ 625

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 7. Leases (Continued)

The future minimum lease payments are approximately as follows:

Fiscal Year Ending June 30,	Principal	Interest
2026	625	230
2027	680	175
2028	740	115
2029	805	50
2030	141	116
Thereafter	-	-
TOTAL	\$ 2,991	\$ 686

Town as Lessor

The Town, as a lessor, entered into a lease on November 1, 2019 for its farm land of 70 acres, known as Phillips Farm, annual installments of \$5,600, until October 31, 2029.

The Town, as a lessor, entered into a lease on November 1, 2019 for its farm land of 80 acres, known as Legg Farm, annual installments of \$6,400, until October 31, 2029.

Note 8. Related Party Transactions

The Town entered into several agreements with three related parties of the Town in which the following transactions occurred:

A related party of the Town performs repairs and maintenance services for the Town. The amount incurred to the related party was \$7,506 for the year ended June 30, 2025.

A related party of the Town performs grass cutting and weed control services for the Town. The amount incurred to the related party was \$16,800 for the year ended June 30, 2025.

A related party of the Town performs snow removal services for the Town. The amount incurred to the related party was \$4,250 for the year ended June 30, 2025.

A related party of the Town was paid for an appreciation dinner. The amount incurred to the related party was \$15,300 for the year ended June 30, 2025.

TOWN OF VIENNA, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Note 9. Risk Management

The Town has identified various areas where it is at risk of loss during the normal course of business. Those areas include property damage or destruction, general liability, employee dishonesty, worker’s compensation, etc. It is the Town’s policy to eliminate the risk of loss in those areas through the purchase of commercial insurance and/or participation in the Local Government Insurance Trust (LGIT).

LGIT is a consortium of Maryland local governments that provides insurance coverage to its participants. The Town’s annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. The Town may be required to made additional assessments from time to time. These amounts would be recorded as an expenditure when they are probable and can be reasonably estimated. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

There were no significant reductions in insurance coverage during fiscal year 2025. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

Note 10. Commitments and Contingencies

Federal and State Grants

In the normal course of operations, the Town receives grant funds from various Federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

Note 11. Individual Fund Disclosures

The following funds had an excess of expenditures over appropriations for the year ended June 30, 2025:

FUND	Budgeted Expenditures	Actual Expenditures	Excess of Actual Over Budgeted Expenditures
Water and Sewer fund	\$ 242,015	\$ 486,237	\$ 244,222

Depreciation expense of \$174,737 was not included in the Town’s budget, which accounts for a large portion of the excess of actual over budgeted expenditures. Funds available to provide for the excess expenditures were made available from other sources including revenues exceeding budgeted amounts, within the fund. In management’s opinion, the excess expenditures had no material impact on the financial results of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VIENNA, MARYLAND

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Real property	\$ 95,000	\$ 116,405	\$ 21,405
Public utilities and corporations	10,500	10,795	295
State shared - highway user	25,000	40,580	15,580
Local income	34,000	48,825	14,825
Licenses and permits	2,400	1,460	(940)
Intergovernmental grants	230,984	38,324	(192,660)
Rent	37,800	42,489	4,689
Donations	-	1,464	1,464
Miscellaneous	101,000	21,106	(79,894)
Total revenues	536,684	321,448	(215,236)
EXPENDITURES:			
Current:			
General government	237,933	138,123	99,810
Public safety	4,000	24,299	(20,299)
Highways and streets	46,100	38,096	8,004
Public works	43,250	29,695	13,555
Recreation and other	165,714	18,757	146,957
Debt service	-	9,572	(9,572)
Total expenditures	496,997	258,542	238,455
Excess (deficiency) of revenues over (under) expenditures	39,687	62,906	23,219
OTHER FINANCING SOURCES (USES):			
Operating transfer out	(39,687)	(72,624)	(32,937)
Lease proceeds	-	3,473	3,473
Total other financing sources (uses)	(39,687)	(69,151)	(29,464)
Change in fund balance	\$ -	\$ (6,245)	\$ (6,245)

OTHER SUPPLEMENTARY INFORMATION

TOWN OF VIENNA, MARYLAND

BUDGETARY COMPARISON SCHEDULE WATER AND SEWER FUND Year Ended June 30, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services:			
Water and sewer	\$ 248,000	\$ 235,854	\$ (12,146)
Other services	12,170	42,632	30,462
Total operating revenues	260,170	278,486	18,316
OPERATING EXPENDITURES:			
Water and sewer	242,015	311,500	(69,485)
Depreciation	-	174,737	(174,737)
Total operating expenditures	242,015	486,237	(244,222)
Operating income (loss)	18,155	(207,751)	(225,906)
NON-OPERATING REVENUES (EXPENSES):			
Grant revenues	-	17,462	17,462
Interest expense	(57,842)	(20,606)	37,236
Total non-operating revenue (expenses)	(57,842)	(3,144)	54,698
Loss before operating transfers	(39,687)	(210,895)	(171,208)
Operating transfers in	39,687	72,624	32,937
Change in net position	\$ -	\$ (138,271)	\$ (138,271)