

**TOWN OF TRAPPE, MARYLAND**

**FINANCIAL REPORT**

**June 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

Commissioners of Trappe  
Town of Trappe, Maryland  
Trappe, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Trappe, Maryland (“the Town”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

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

### **Auditors’ Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

### *Other 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.

The OSI, as listed in the table of contents 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 September 22, 2017 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 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 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.

A handwritten signature in cursive script that reads "JHM Group LLC".

Salisbury, Maryland  
September 22, 2017

## **Town of Trappe, Maryland**

### **Management's Discussion and Analysis**

This section of the Town of Trappe's annual financial report presents the discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the Town's financial statements, which follow this section.

### **BASIC FINANCIAL STATEMENTS**

The financial statements are presented to focus on the Town as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. The fund financial statements focus on the individual parts of the Town government, reporting the operations of the Town in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the user to address relevant questions, broaden the basis for comparison (year to year or government to government) and enhance the Town's accountability.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information about the Town as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities, reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position, the difference between the Town's assets and liabilities, are one way to measure the financial health of the Town. Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Town, one needs to consider other non-financial factors such as changes in the Town's property tax base and condition of the Town's infrastructure.

The government-wide financial statements of the Town are divided into two categories:

**Governmental Activities** – Most of the Town's basic services are included here, such as public safety services, planning and zoning, public works, and general administration. Property and state-shared taxes, charges for services, and state grants finance most of these activities.

**Business-Type Activities** – The Town's water and sewer operations are reported here. Fees are charged to customers to help cover the costs of providing these services.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provided more detailed information about the Town's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The Town has two types of funds:

**Governmental Fund** – The General Fund is the Town's only governmental fund, which focuses on (1) how cash and other financial assets, that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of

the government-wide statements, additional information is provided on the governmental fund statements, or schedules immediately following the governmental fund statements, that explains the relationship (or differences) between them.

Proprietary Funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The Town’s enterprise fund (one type of proprietary fund) is the same as its business-type activity, but the fund financial statements provide more detail and additional information, such as cash flows. The Town utilizes an enterprise fund to account for its water and sewer operations.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town’s combined net position decreased by 3% from 2016 to 2017. (See table below) General fund net position increased by 11%, while the business-type funds decreased by 21%.

Town's Net Position

	Governmental Activities		Business-type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 227,246	\$ 198,723	\$ 155,711	\$ 113,633	\$ 382,957	\$ 312,356	23%
Capital assets	1,031,917	965,194	3,323,205	3,535,669	4,355,122	4,500,863	-3%
<b>Total assets</b>	<b>\$ 1,259,163</b>	<b>\$ 1,163,917</b>	<b>\$ 3,478,916</b>	<b>\$ 3,649,302</b>	<b>\$ 4,738,079</b>	<b>\$ 4,813,219</b>	<b>-2%</b>
Other liabilities	\$ 12,119	\$ 5,528	\$ 12,508	\$ 23,639	\$ 24,627	\$ 29,167	-16%
Long-term debt	281,953	285,805	2,961,188	2,986,104	3,243,141	3,271,909	-1%
<b>Total liabilities</b>	<b>294,072</b>	<b>291,333</b>	<b>2,973,696</b>	<b>3,009,743</b>	<b>3,267,768</b>	<b>3,301,076</b>	<b>-1%</b>
Capital assets net of debt	766,032	693,270	369,738	558,523	1,135,770	1,251,793	-9%
Unrestricted	199,059	179,314	135,482	81,036	334,541	260,350	28%
<b>Total net position</b>	<b>\$ 965,091</b>	<b>\$ 872,584</b>	<b>\$ 505,220</b>	<b>\$ 639,559</b>	<b>\$ 1,470,311</b>	<b>\$ 1,512,143</b>	<b>-3%</b>

The Town continues to use cash reserves to service debt and to fund losses in the Enterprise fund.

The Town's total revenues increased by 23% to \$1,396,703 (See table below.) Revenue from business-type activities increased by 20% to \$667,665. Governmental revenues increased by 25% to \$729,038, due mainly to an increase in grant revenue.

The total cost of all programs and services increased by 2% to \$1,438,535. Costs of business-type activities increased by 5% to \$798,778. The cost of governmental activities decreased by 2% to \$639,757.

Town's Net Position

	Governmental Activities		Business-type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	
<b>Program revenues</b>							
Charges for services	\$ 107,267	\$ 82,912	\$ 639,606	\$ 539,682	\$ 746,873	\$ 622,594	20%
Operating grants	312,852	207,716	-	-	312,852	207,716	51%
Capital grants	-	-	9,401	17,099	9,401	17,099	-45%
<b>General revenues</b>							
Taxes	299,945	274,768	-	-	299,945	274,768	9%
Other	8,974	17,584	18,658	29	27,632	17,613	57%
<b>Total revenues</b>	<b>729,038</b>	<b>582,980</b>	<b>667,665</b>	<b>556,810</b>	<b>1,396,703</b>	<b>1,139,790</b>	<b>23%</b>
<b>Expenses</b>							
General government	342,004	327,080	-	-	342,004	327,080	5%
Public safety	142,198	133,874	-	-	142,198	133,874	6%
Public works	148,778	184,535	-	-	148,778	184,535	-19%
Debt service - interest	6,777	7,296	-	-	6,777	7,296	-7%
Water and sewer	-	-	798,778	759,057	798,778	759,057	5%
<b>Total expenses</b>	<b>639,757</b>	<b>652,785</b>	<b>798,778</b>	<b>759,057</b>	<b>1,438,535</b>	<b>1,411,842</b>	<b>2%</b>
Transfer in/(out)	3,226	(38,600)	(3,226)	38,600	-	-	0%
<b>Change in net position</b>	<b>\$ 92,507</b>	<b>\$ (108,405)</b>	<b>\$ (134,339)</b>	<b>\$ (163,647)</b>	<b>\$ (41,832)</b>	<b>\$ (272,052)</b>	<b>-85%</b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund revenues of \$729,615 were higher than budgeted revenues of \$631,745 by \$97,870 or 15%. This increase was due mainly to an increase in grant revenues.

General fund expenditures of \$710,332 were higher than budgeted expenditures of \$631,745 by \$78,587 or 12%. Capital outlay was under budgeted by \$111,513.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2017 the Town had \$4,355,122 invested in capital assets, including facilities, land, equipment, and water and sewer system improvements. This amount represents a net decrease (additions, deductions, and depreciation) of \$145,741 from prior year.

#### Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 435,025	\$ 435,025	\$ -	\$ -	\$ 435,025	\$ 435,025
Construction in Progress	7,079	12,985	28,100	18,599	35,179	31,584
Land improvements	390,992	291,913	-	-	390,992	291,913
Building improvements	116,330	122,946	-	-	116,330	122,946
Equipment	82,491	102,325	92,506	88,028	174,997	190,353
Water and sewer	-	-	3,202,599	3,429,042	3,202,599	3,429,042
<b>Total capital assets</b>	<b>\$ 1,031,917</b>	<b>\$ 965,194</b>	<b>\$ 3,323,205</b>	<b>\$ 3,535,669</b>	<b>\$ 4,355,122</b>	<b>\$ 4,500,863</b>

More detailed information about the Town's capital assets is presented in note 4 to the financial statements.

### Debt

At year-end, the Town had \$3,219,352 in bonds and notes outstanding, a net (additions and repayments) decrease of \$29,718 over last year.

#### Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Shore United - \$200,000	\$ 165,183	\$ 168,183	\$ 31,000	\$ -	\$ 196,183	\$ 168,183
Shore United - \$100,000	-	-	92,844	85,372	92,844	85,372
Shore United - Sullivan St.	100,702	103,741	-	-	100,702	103,741
Water bond of 2000	-	-	1,191,175	1,219,758	1,191,175	1,219,758
Sewer bond of 2003	-	-	615,250	627,857	615,250	627,857
Sewer bond of 2003	-	-	1,023,198	1,044,159	1,023,198	1,044,159
<b>Total debt</b>	<b>\$ 265,885</b>	<b>\$ 271,924</b>	<b>\$ 2,953,467</b>	<b>\$ 2,977,146</b>	<b>\$ 3,219,352</b>	<b>\$ 3,249,070</b>

More detailed information about the Town's long-term liabilities is presented in note 5 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The income from current property values is expected to increase due to an increase in the property tax rate. The income from local income taxes has taken a drastic cut over the past few fiscal years but is expected to have leveled out and remain consistent starting with fiscal year 2017-2018. State Highway User revenue is expected to remain the same for 2017-2018 as received in the prior year. At this time the Town continues to benefit from two private grants benefiting the Planning Department and the Police Department. The Town is able to maintain the current level of service with the combination of additional property tax revenues and selective budget cuts.

The Enterprise fund, as in previous years, continues to be an area of concern for the Town. Significant additional growth and funds from hookup fees, anticipated since 2007-2008, has not yet happened and is not expected in 2017-2018. Income from consumer water and sewer rates is expected to increase due to the rates being raised an additional 7% for 2017-2018 as well as a large increase in the basic water and basic sewer rates that took effective in March 2017. The water and sewer rates will continue to be raised at least 7% every year from this point until the Town deems financial stability within the Enterprise Fund. The Town will look carefully at the mid-year 2017-2018 budget review and the 2018-2019 budget and determine if increased operating and maintenance cost of aging infrastructure will necessitate an adjustment greater than the proposed 7% in consumer water & sewer rates in order to maintain financial stability beyond the 2017-2018 fiscal year. The Town's recent increase in basic water and basic sewer rates, cash reserves and approved line of credit will allow for financial stability for the 2017-2018 fiscal year. The Town's budget is reviewed monthly by the Town council and revisions will be recommended when and where necessary.

## **FINANCIAL CONTACT**

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town's management at P.O. Box 162, Trappe, Maryland 21673-0162.

**TOWN OF TRAPPE, MARYLAND**

**STATEMENT OF NET POSITION**

**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 183,646	\$ 48,251	\$ 231,897
Accounts receivable	43,600	107,460	151,060
Nondepreciable capital assets	442,104	28,100	470,204
Depreciable capital assets, net	589,813	3,295,105	3,884,918
<b>Total assets</b>	<b>1,259,163</b>	<b>3,478,916</b>	<b>4,738,079</b>
<b>LIABILITIES</b>			
Accounts payable	8,525	9,445	17,970
Accrued payroll liabilities	3,594	3,063	6,657
Long-term liabilities, due within one year			
Compensated absences	12,328	3,872	16,200
Bonds and notes payable	265,885	188,214	454,099
Long-term liabilities, due in more than one year			
Compensated absences	3,740	3,849	7,589
Bonds and notes payable	-	2,765,253	2,765,253
<b>Total liabilities</b>	<b>294,072</b>	<b>2,973,696</b>	<b>3,267,768</b>
<b>NET POSITION</b>			
Net investment in capital assets	766,032	369,738	1,135,770
Unrestricted	199,059	135,482	334,541
<b>Total net position</b>	<b>\$ 965,091</b>	<b>\$ 505,220</b>	<b>\$ 1,470,311</b>

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF TRAPPE, MARYLAND**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 342,004	\$ 107,267	\$ 194,314	\$ -	\$ (40,423)	\$ -	\$ (40,423)
Public safety	142,198	-	81,698	-	(60,500)	-	(60,500)
Public works	148,778	-	36,840	-	(111,938)	-	(111,938)
Debt Service - Interest	6,777	-	-	-	(6,777)	-	(6,777)
<b>Total governmental activities</b>	<b>639,757</b>	<b>107,267</b>	<b>312,852</b>	<b>-</b>	<b>(219,638)</b>	<b>-</b>	<b>(219,638)</b>
<b>Business-type activities</b>							
Water and sewer	798,778	639,606	-	9,401	-	(149,771)	(149,771)
<b>Total business-type activities</b>	<b>798,778</b>	<b>639,606</b>	<b>-</b>	<b>9,401</b>	<b>-</b>	<b>(149,771)</b>	<b>(149,771)</b>
<b>Total</b>	<b>\$ 1,438,535</b>	<b>\$ 746,873</b>	<b>\$ 312,852</b>	<b>\$ 9,401</b>	<b>(219,638)</b>	<b>(149,771)</b>	<b>(369,409)</b>
<b>General revenues</b>							
Property taxes					210,149	-	210,149
Corporate & public utilities tax					29,898	-	29,898
Local income taxes					59,898	-	59,898
Gain on capital asset disposal					-	18,625	18,625
Other income					8,415	-	8,415
Interest income					559	33	592
Transfer in/(out)					3,226	(3,226)	-
<b>Total general revenues and transfers</b>					<b>312,145</b>	<b>15,432</b>	<b>327,577</b>
Change in net position					92,507	(134,339)	(41,832)
Net position, beginning of year					872,584	639,559	1,512,143
<b>Net position, end of year</b>					<b>\$ 965,091</b>	<b>\$ 505,220</b>	<b>\$ 1,470,311</b>

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF TRAPPE, MARYLAND**

**BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2017**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 183,646
Accounts receivable	43,600
<hr/>	
<b>Total assets</b>	<b>\$ 227,246</b>
<hr/>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 8,525
Accrued liabilities	3,594
<hr/>	
Total liabilities	12,119
<hr/>	
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	555
<hr/>	
<b>FUND BALANCES</b>	
Unassigned	214,572
<hr/>	
Total fund balances	214,572
<hr/>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 227,246</b>
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*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF TRAPPE, MARYLAND**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2017**

Total fund balances, governmental funds \$ 214,572

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

Capital 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. 1,031,917

Certain revenues that do not provide current financial resources are reported as  
deferred inflows of resources in the fund financial statements, but are not reported  
in the governmental activities of the Statement of Net Position. 555

Some liabilities are not due and payable in the current period and therefore are  
not reported in the fund financial statements, but are reported in the governmental  
activities of the Statement of Net Position. Those liabilities consist of:

Compensated absences	(16,068)
Bonds and notes payable	(265,885)

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Net position of governmental activities in the Statement of Net Position \$ 965,091

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*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF TRAPPE, MARYLAND**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
Year Ended June 30, 2017**

	<b>General Fund</b>
<b>REVENUES:</b>	
Taxes:	
Property taxes	\$ 210,726
Corporate & public utilities tax	29,898
Local income taxes	59,898
Grants	276,012
Intergovernmental	36,840
Licenses and permits	22,463
Interest	559
Trash pick-up	67,300
Rental income	17,504
Other	8,415
<b>Total revenues</b>	<b>729,615</b>
<b>EXPENDITURES:</b>	
Current:	
General government	333,121
Public Safety	132,548
Public works	114,334
Debt service:	
Principal retirement	6,039
Interest	6,777
Capital projects	117,513
<b>Total expenditures</b>	<b>710,332</b>
Excess of revenues over expenditures	19,283
<b>OTHER FINANCING SOURCES:</b>	
Operating transfers in/(out)	3,226
<b>Total other financing sources (uses)</b>	<b>3,226</b>
Net change in fund balance	22,509
Fund balance, beginning of year	192,063
Fund balance, end of year	\$ 214,572

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF TRAPPE, MARYLAND**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017**

Net change in fund balances, governmental funds \$ 22,509

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:

Capital outlay	117,513
Depreciation expense	(50,790)

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.

6,039

Because some revenues will not be collected for several months after the Town's  
fiscal year ends, they are not considered "available" revenues.  
Deferred inflow of resources changed by this amount this year.

(577)

Government Funds report compensated absences when paid. However,  
on the Statement of Activities they are recorded when earned.

(2,187)

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Change in net position of governmental activities \$ 92,507

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*The Notes to Financial Statements are an integral part of this statement.*



**TOWN OF TRAPPE, MARYLAND**

**STATEMENT OF FUND NET POSITION  
BUSINESS-TYPE ACTIVITIES**

**June 30, 2017**

	<u>Enterprise Fund</u> Water and Sewer Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 48,251
Accounts Receivable	107,460
<b>Total current assets</b>	<b>155,711</b>
Noncurrent assets	
Nondepreciable capital assets	28,100
Depreciable capital assets, net	3,295,105
<b>Total noncurrent assets</b>	<b>3,323,205</b>
<b>Total assets</b>	<b>3,478,916</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	9,445
Accrued expenses	3,063
Compensated absences	3,872
Current maturities of long-term debt	188,214
<b>Total current liabilities</b>	<b>204,594</b>
Noncurrent liabilities	
Compensated absences	3,849
Long-term debt	2,765,253
<b>Total noncurrent liabilities</b>	<b>2,769,102</b>
<b>Total liabilities</b>	<b>2,973,696</b>
<b>NET POSITION</b>	
Net investment in capital assets	369,738
Unrestricted	135,482
<b>Total net position</b>	<b>\$ 505,220</b>

**TOWN OF TRAPPE, MARYLAND**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
BUSINESS-TYPE ACTIVITIES  
Year Ended June 30, 2017**

	<u>Enterprise Fund</u> Water and Sewer Fund
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 623,897
Miscellaneous	15,709
Total operating revenues	639,606
<b>OPERATING EXPENSES:</b>	
Salaries	115,554
Payroll taxes and benefits	21,567
Depreciation	258,865
Electric	44,161
Supplies	28,031
Supervisory Services	14,781
Repairs and maintenance	119,691
Other operating expenses	69,061
Total operating expenses	671,711
<b>Operating loss</b>	<b>(32,105)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Transfer in/(out)	(3,226)
Grant Income	9,401
Interest expense	(127,067)
Interest income	33
Insurance proceeds	18,625
Total nonoperating revenues (expenses)	(102,234)
Change in net position	(134,339)
Net position, beginning of year	639,559
Net position, end of year	\$ 505,220

**TOWN OF TRAPPE, MARYLAND**

**STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
Year Ended June 30, 2017**

	<u>Enterprise Fund</u> Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 621,634
Payments to suppliers	(286,856)
Payments to employees	(138,358)
Net cash provided by operating activities	196,420
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Interfund transfers	(3,226)
Net cash used by noncapital financing activities	(3,226)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	(46,401)
Insurance proceeds	18,625
Grant income received	9,401
Proceeds from long-term debt	41,672
Principal paid on long-term debt	(65,351)
Interest paid on long-term debt	(127,067)
Net cash used by capital and related financing activities	(169,121)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	33
Net cash provided by investing activities	33
Net increase in cash and cash equivalents	24,106
Cash and cash equivalents, beginning of year	24,145
Cash and cash equivalents, end of year	\$ 48,251
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (32,105)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	258,865
(Increase) decrease in assets:	
Accounts receivable	(17,972)
Increase (decrease) in liabilities:	
Accounts payable	(11,555)
Accrued expenses	(813)
Net cash provided by operating activities	\$ 196,420

*The Notes to Financial Statements are an integral part of this statement.*

