



**Town of La Plata, Maryland**  
**Financial Statements**  
**and Independent Auditor's Report**  
**June 30, 2015**

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# Town of La Plata, Maryland

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## Independent Auditor's Report

To the Honorable Members of the Town Council  
Town of La Plata, Maryland

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison for the General Fund of the Town of La Plata, Maryland (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the index.

### *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.

### *Auditor's 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, each major fund, and the aggregate remaining fund information of the Town of La Plata, Maryland, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Change in Accounting Principle*

As discussed in note 11 to the basic financial statements, the City changed its method of accounting for employee pension plans in the year ended June 30, 2015, as required by the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, and Governmental Accounting Standards Board Statement No. 71, Pension Transition Contribution Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 15 and the schedules of the Town's proportionate share of the net pension liability and pension plan contributions on pages 56 - 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of La Plata, Maryland's basic financial statements. The budgetary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Detail Schedule of Revenue - Budget and Actual - General Fund and the Detail Schedule of Expenditures - Budget and Actual - General Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Detail Schedule of Expenditures - Budget and Actual - General Fund on pages 60 - 62 has been reissued to reclassify actual expenditures to the appropriate organizational unit line item within each function. Total function actual expenditures were not affected and remain as previously reported.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of the Town of La Plata, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of La Plata, Maryland's internal control over financial reporting and compliance.



Baltimore, Maryland

December 21, 2015, except for the Detail Schedule  
of Expenditures - Budget and Actual - General Fund  
noted in the third paragraph under Other Information  
as to which the date is February 18, 2016

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

This section of the Town's annual financial report presents its discussion and analysis of the Town's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the financial statements, which immediately follow this section.

The Town participates in the Maryland State Retirement and Pension System ("MSRPS") and qualifies as a Participating Governmental Unit ("PGU") as a result of this participation.

The implementation of GASB 68 requires that the Town's pension obligations be included on the face of the Town's financial statements and provides for the restatement of the beginning balance of net position for fiscal year 2015 as outlined in note 11. The Town's overall balance was reduced by \$2,042,104, to \$45,231,561, as a result of the City recognizing its proportionate share of the MSRPS net pension liability and pension expense. The beginning net position balance for the Town's the governmental; activities was reduced \$1,759,916 and the balance for its business type activities was reduced \$282,188, to \$18,131,965 and \$27,099,596, respectively. The offset to these restatements appears in the FY15 long term liability beginning balances.

#### Financial Highlights

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$46,050,813 (net position). Of this amount, \$11,470,714 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by \$819,252 in FY15. This is the net of the \$958,501 increase associated with governmental activities and the \$139,249 decrease associated with business-type activities.

As of the close of the current fiscal year, the Town's General Fund reported a fund balance of \$10,306,086, an increase of \$718,273 from the prior year, and the fund balance in the Town's Nonmajor Governmental Funds was unchanged at \$15,500.

The net position of the Town's business-type activities (Water and Sewer Fund, Sanitation Fund, Nonmajor Proprietary Fund) decreased by \$139,249 in FY15.

Overall, the Town's total long-term obligations decreased by approximately \$423,644 in FY15. The General Fund obligations decreased by approximately \$131,256 and the Enterprise Fund debt decreased by approximately \$292,388, which includes the net pension liability.

#### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide statements, 2) fund statements, and 3) notes to the financial

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues ("governmental activities") from other functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"). The government activities of the Town include general government, public safety, public works and parks/recreation/community promotion. The major business-type activities of the Town are Sanitation, Water and Sewer services and Storm Water Management.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus of the governmental fund financial statements is on near term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Town has one major governmental fund, the General Fund.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary funds.** Services for which the Town charges a fee are generally reported in proprietary funds. The Town's enterprise funds are the same as its business-type activities. However, enterprise fund statements provide more detail and additional information such as cash flows than do the government-wide statements. The Town maintains two major enterprise funds, the water and sewer Fund and the Sanitation Fund and a third Nonmajor fund, the Storm Water Utility Fund.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information like the Budget to Actual comparison for the General Fund, which is presented immediately after the basic financial statements.

### Government-wide Financial Analysis

As noted earlier, net position serves over time as a useful indicator of a government's financial position over time. The Town's combined assets exceeded liabilities by \$46,050,813 at the close of the most recent fiscal year.

Of the Town's net position, \$32,909,895 or 71.46 percent is invested in capital assets (e.g., land, buildings, improvements other than buildings, vehicles and mobile equipment, other equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

#### Condensed Statement of Net Position

|  | Governmental Activities |                      | Business-Type Activities |                      | Total Town           |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2015                    | 2014                 | 2015                     | 2014                 | 2015                 | 2014                 |
| <b>Assets:</b>                                     |                         |                      |                          |                      |                      |                      |
| Current and other assets                           | \$ 10,709,141           | \$ 9,978,100         | \$ 6,678,744             | \$ 6,346,352         | \$ 17,387,885        | \$ 16,324,452        |
| Capital assets, net                                | 12,125,381              | 12,068,466           | 29,974,979               | 31,408,879           | 42,100,360           | 43,477,345           |
| <b>Total assets</b>                                | <b>22,834,522</b>       | <b>22,046,566</b>    | <b>36,653,723</b>        | <b>37,755,231</b>    | <b>59,488,245</b>    | <b>59,801,797</b>    |
| <b>Deferred outflows of resources</b>              |                         |                      |                          |                      |                      |                      |
|  | 247,593                 | -                    | 39,700                   | -                    | 287,293              | -                    |
| <b>Liabilities:</b>                                |                         |                      |                          |                      |                      |                      |
| Long-term liabilities                              | 3,399,115               | 1,770,455            | 9,294,351                | 9,304,551            | 12,693,466           | 11,075,006           |
| Other liabilities                                  | 394,186                 | 384,230              | 406,921                  | 1,068,896            | 801,107              | 1,453,126            |
| <b>Total liabilities</b>                           | <b>3,793,301</b>        | <b>2,154,685</b>     | <b>9,701,272</b>         | <b>10,373,447</b>    | <b>13,494,573</b>    | <b>12,528,132</b>    |
| <b>Deferred outflows of resources</b>              |                         |                      |                          |                      |                      |                      |
|  | 198,348                 | -                    | 31,804                   | -                    | 230,152              | -                    |
| <b>Net position:</b>                               |                         |                      |                          |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | 11,179,033              | 11,020,574           | 21,730,862               | 22,273,471           | 32,909,895           | 33,294,045           |
| Restricted   | -                       | -                    | 1,670,204                | 1,742,389            | 1,670,204            | 1,742,389            |
| Unrestricted                                       | 7,911,433               | 8,871,307            | 3,559,281                | 3,365,924            | 11,470,714           | 12,237,231           |
| <b>Total net position</b>                          | <b>\$ 19,090,466</b>    | <b>\$ 19,891,881</b> | <b>\$ 26,960,347</b>     | <b>\$ 27,381,784</b> | <b>\$ 46,050,813</b> | <b>\$ 47,273,665</b> |

**Governmental activities.** The Town's net position increased by \$958,501 as a result of governmental activities in FY15. This was actually greater than the overall change in the Town's net position for the year and was partially offset by a decrease in net position that occurred in the Town's business type activities.

Overall governmental activity revenue increased by approximately \$520,890 or 8.1% in FY15 compared to FY14. There were increases in all revenue categories with the largest dollar increases occurring in Charges for Service, Income Tax, Property Tax, Transfers and Operating Grants and Contribution revenues. These increased \$198,004 (125.25%), \$164,177 (13.5%), \$83,385 (2.1%), \$36,871 (8.6%) and \$27,654 (7.8%), respectively. There were also small increases in Miscellaneous (7.63%/\$7,040), Franchise Fee (2.1%/\$3,670) and Investment Earning revenues (0.5%/\$90) .

The large change in the Charges for Services revenues resulted from the fact that the Town collected a Forest Conservation Fee of \$92,652 in association with a single development project in FY15 that was out of the ordinary, coupled with higher permit revenues and higher inspection revenues.

The Town has virtually no ability to control the amount of Income Tax revenue it receives each year. The amount received is a function of the general economic conditions and the earnings of Town residents and businesses. The \$164,177/13.5% FY15 increase are indicative of improving economic conditions and higher earnings for the Town's residents and businesses.

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

Property Tax revenues showed the next largest dollar increase. Property Taxes are the Town's primary source of governmental activity revenue, accounting for almost 59% of it, and a little more than 34% of the Town's total revenues. The Town's real properties were last assessed in FY12, when property values were still depressed as a result of the bust in the real estate market in 2008. FY15 was the third of three years in which the values set in FY12 were used to calculate real property tax revenues. Given that the 2012 assessed values were down and not projected to change significantly over the three year period covered by the FY12 assessment, there was an expectation that real property tax revenue would not increase significantly through at least FY15. The FY15 increase in Property Tax revenue was larger than expected and is primarily attributable to growth in the assessable base from the development activities that took place during the year.

The Transfers amount is the net of: transfers in to the General Fund from the business-type activity funds, made to reimburse the General Fund for business-type activity administrative costs that are recorded in the General Fund, and; transfers out of the General Fund to the Water and Sewer Fund to cover the Heritage Green Special Tax District's portion of the Willow Lane Pump Station debt. The FY15 change in the Transfers resulted from the fact that underlying administrative costs in the government activities that form the basis for the allocation to the business-type activities increased and the allocation factor for fleet services cost was increased slightly.

The increase in Operating Grant and Contribution revenue was primarily attributable to the State Department of Transportation slightly increasing the amounts it awarded municipalities as a supplemental, "one-time" Highway User Revenue grant in FY15 and additional grant revenues received from the State of Maryland in support of safe driving enforcement programs; park and playground improvements and recycling efforts.

The increases in the remaining three revenue categories (Miscellaneous, Franchise fees and Interest earnings) totaled a mere \$10,800 and only accounted for approximately 2% of the FY15 increase.

Governmental activity expenditures increased by approximately \$330,436 or 5.8% from FY14 to FY15.

Public Safety and public works expenditures increased compared to FY14, while general government, parks/recreation/community promotion and interest on long-term debt expenditures decreased.

The increase in public safety expenditures was \$334,922 or 18.0%. This was the result of increases in both police department and inspections and enforcement expenditures and a decrease in emergency preparedness expenditures.

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

Police department expenditures were approximately 36% of the Town's total annual governmental activity expenditures in FY15 and were almost 92% of the Town's public safety expenditures. They were up approximately 18.9% in FY15. The increases were the result of higher expenditures for: wages (\$134,034); fringe benefits (\$21,122); contracted services {\$61,130 [liability insurance (\$14,703), licenses & user fees (\$22,005) and assorted services (\$23,387) - primarily related to technology upgrades]]; other charges (\$11,941 - related to professional development and employee recognition); and capital equipment acquisitions.

The increases in the inspections and enforcement department were up approximately 10.9% in FY15. This was primarily the result of increased expenditures on third-party building inspection services (\$14,453 increase) that resulted from increased development activity.

Approximately 28% of the Town's total annual government activity expenditures in FY15 were attributable to public works and they were up almost 6.8% compared to FY14. The Town undertook several significant repair and maintenance projects during the year. They included repairs of the damage to the drywall in the upper reaches of the Town Hall atrium that occurred as the result of water leaks (\$19,500), the replacement/upgrade of the hydraulic vehicle lift at the public works garage (\$14,330), the maintenance and replacement of one of the bay doors at the public works garage (\$7,305) and the installation of a generator at the public works shop (\$6,585). There were also significant maintenance and repair costs (\$19,618) associated with two of the rental house the Town purchased in FY14. The remainder of the increase was primarily attributable to the purchase of a new pick-up truck (\$37,014).

General government expenditures decreased in FY15 due to reduced wage and benefit expenditures in the planning department totaling approximately \$43,990 that occurred as the result of an extended staffing vacancies, reduced GIS support cost in the planning department of almost \$16,930 and a decrease in legal costs of \$48,410. These decreases were partially offset by increased general IT support costs (\$12,273) and increased costs in the legislative function associated with the Citizen Survey, which was done in FY15 but not FY14 (\$10,980), increased benefit costs (\$5,150) and increased expenditures on professional development (\$4,705).

Parks/recreation/community development costs also decreased in FY15. The decrease was primarily attributable to lower salary and benefit costs (\$57,044) in the parks department and increased costs (\$7,630) for contracted services associated with community events.

**Business-type activities.** The change in net position attributable to business-type activities was a reduction of \$139,249 or -17% of the total change in the Town's net position in FY15. The \$390,246 decrease attributable to the Water and Sewer Fund was offset by increases of \$83,716 in the Sanitation Fund and \$167,281 in the Nonmajor Proprietary Fund ("Storm Water Management Fund").

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

#### Condensed Statement of Activities

|  | Governmental Activities |                   | Business-Type Activities |                   | Total Town           |                     |
|--|-------------------------|-------------------|--------------------------|-------------------|----------------------|---------------------|
|  | 2015                    | 2014              | 2015                     | 2014              | 2015                 | 2014                |
| <b>Revenues:</b>   |                         |                   |                          |                   |                      |                     |
| Program revenues:  |                         |                   |                          |                   |                      |                     |
| Charges for services                                     | \$ 356,090              | \$ 158,086        | \$ 5,776,049             | \$ 5,384,795      | \$ 6,132,139         | \$ 5,542,881        |
| Operating grants and contributions                       | 380,735                 | 353,081           | -                        | -                 | 380,735              | 353,081             |
| Capital grants and contributions                         | -                       | -                 | -                        | 624,895           | -                    | 624,895             |
| General revenues:  |                         |                   |                          |                   |                      |                     |
| Taxes  |                         |                   |                          |                   |                      |                     |
| Property   | 4,097,156               | 4,013,771         | -                        | -                 | 4,097,156            | 4,013,771           |
| Income   | 1,382,058               | 1,217,881         | -                        | -                 | 1,382,058            | 1,217,881           |
| Franchise fees   | 178,987                 | 175,316           | -                        | -                 | 178,987              | 175,316             |
| Investment earnings                                      | 18,478                  | 18,392            | 5,001                    | 11,032            | 23,479               | 29,424              |
| Miscellaneous  | 99,285                  | 92,245            | -                        | -                 | 99,285               | 92,245              |
| Transfers  | 463,635                 | 426,764           | (463,635)                | (426,764)         | -                    | -                   |
| <b>Total revenues</b>                                    | <b>6,976,424</b>        | <b>6,455,536</b>  | <b>5,317,415</b>         | <b>5,593,958</b>  | <b>12,293,839</b>    | <b>12,049,494</b>   |
| <b>Expenses:</b>   |                         |                   |                          |                   |                      |                     |
| General government                                       | 1,652,985               | 1,720,165         | -                        | -                 | 1,652,985            | 1,720,165           |
| Public safety  | 2,196,183               | 1,861,261         | -                        | -                 | 2,196,183            | 1,861,261           |
| Public works   | 1,698,087               | 1,590,586         | -                        | -                 | 1,698,087            | 1,590,586           |
| Recreation   | 412,350                 | 449,020           | -                        | -                 | 412,350              | 449,020             |
| Water and sewer service                                  | -                       | -                 | 4,394,205                | 3,689,754         | 4,394,205            | 3,689,754           |
| Sanitation and waste removal                             | -                       | -                 | 878,688                  | 787,062           | 878,688              | 787,062             |
| Storm water management                                   | -                       | -                 | 183,771                  | 156,209           | 183,771              | 156,209             |
| Interest on long-term debt                               | 58,318                  | 66,455            | -                        | -                 | 58,318               | 66,455              |
| <b>Total expenses</b>                                    | <b>6,017,923</b>        | <b>5,687,487</b>  | <b>5,456,664</b>         | <b>4,633,025</b>  | <b>11,474,587</b>    | <b>10,320,512</b>   |
| <b>Change in net position</b>                            | <b>958,501</b>          | <b>\$ 768,049</b> | <b>(139,249)</b>         | <b>\$ 960,933</b> | <b>819,252</b>       | <b>\$ 1,728,982</b> |
| Net position - beginning of year, as previously reported | 19,891,881              |                   | 27,381,784               |                   | 47,273,665           |                     |
| GASB 68 change in accounting principle                   | (1,759,916)             |                   | (282,188)                |                   | (2,042,104)          |                     |
| Net position - beginning of year, as restated            | 18,131,965              |                   | 27,099,596               |                   | 45,231,561           |                     |
| Net position - end of year                               | <b>\$ 19,090,466</b>    |                   | <b>\$ 26,960,347</b>     |                   | <b>\$ 46,050,813</b> |                     |

### Financial Analysis of the Town's Funds

The Town of La Plata remains strong financially. The Town Treasurer continues to remain conservative in his approach to budgeting and investing. However, the Town's assessable tax base has temporarily plateaued and is not expected to grow significantly in the near future due to the continued weakness in the overall economy and corresponding lack of new development that is taking place. Ensuring the Town remains financially strong in this environment will require vigilance and careful management of the Town's resources.

Construction activity in Town was up significantly in FY15. The number of permits issued for new residential construction increased 150% from thirty in FY14 to seventy-five in FY15 and the total estimated value of the residential projects permitted increased by 264% from \$4,320,000 in FY14 to \$15,725,000 in FY15. There were twenty-three commercial projects

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

permitted in FY15 or just one less than in FY14 but the average value of the work per permit fell 52%, from \$136,679 in FY14 to \$66,203 in FY15.

The Water and Sewer Fund is an enterprise fund where the costs of operation are shared proportionally by the users. As with most municipalities throughout the United States, the Water and Sewer Fund will likely have challenges in the coming years due to aging infrastructure. The Town retained the tiered water and sewer rate structure, that was initiated in FY08, in FY15. The Town continues to assess major facility fees on all new development. These fees are designed to cover the costs of infrastructure improvements required to accommodate the demands placed on the Town's infrastructure by the new development. Ideally, the amount of major facility fee revenue received annually will cover the annual debt service costs of the business-type activity funds but, as has been the case the last several years, the amount collected in FY15 was less than the debt service costs. There is still a sizable reserve in the major facility fee fund but it will only cover existing debt service costs for about three more years, if there is no new development.

#### Budget Highlights

There were three budget amendment ordinances considered and adopted by the Mayor and Council for FY15.

Ordinance 15-005 was adopted in October of 2014. It provided for the appropriation of \$69,003 of the Town's Unassigned fund balance for acquisition of new in-car video systems for the police department.

Ordinance 15-006 was adopted in November of 2014. It provided for the appropriation of \$24,663 of the Town's Unassigned fund balance for acquisition of new server to host and to run an updated records management system and new in-car video system.

Ordinance 15-22 was adopted in June 2015. It provided for the allocation of the amount budgeted for FY15 merit increases in FY15, in the legislative function, to the departments where the actual expenditures were booked. It also appropriated the grant funding the Town received in FY15.

#### Capital Asset and Debt Administration

**Capital assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2014, was \$43,477,345 (net of accumulated depreciation) and decreased by \$1,376,985 to \$42,100,360 as of June 30, 2015. The investment in capital assets includes land, buildings, improvements other than buildings, vehicles and mobile equipment, other equipment, infrastructure, and construction in progress. More detailed information about capital assets can be found in note 5 to the basic financial statements.

## Town of La Plata, Maryland

### Management's Discussion and Analysis - Required Supplementary Information June 30, 2015

The Town net value of the governmental activities assets increased \$56,915 in FY15. The Town made \$611,446 of capital investments in in FY15. These included repaving portions of East Hawthorne Drive, Heritage Green Parkway, Drury Drive, Kent Avenue and several other streets (\$330,714), acquiring 4 new vehicles [three police vehicles (\$108,578) and a new truck for public works (\$37,014)], technology upgrades for the police department (\$90,140), a new hydraulic vehicle lift for the public works garage (\$14,330), a new DUI trailer (\$8,000) and a couple of smaller other projects. These investments were largely offset by the annual depreciation expenditures.

The net value of the assets held in the Town's business activity funds decreased by \$1,433,900 in FY15. This is the net of new investments and the annual depreciation expenses. The new capital investment expense in FY15 was only \$220,046 while the annual depreciation expense was \$1,653,732. The new investments primarily consisted of one new truck (\$37,014), a small additional investment in the waste water treatment plant ("WWTP") enhanced nutrient removal ("ENR") project (\$132,205) and initial investments on a couples of other projects (\$50,826).

**Long-term debt.** At June 30, 2015, the Town had total outstanding debt of \$10,590,789, exclusive of net pension liability. Total outstanding debt for the governmental activities is \$1,586,997. Total outstanding debt for the business-type activities is \$9,003,792. More detailed information about long-term debt can be found in note 6 to the basic financial statements.

### Factors Bearing on Town's Future

Southern Maryland continues to be a very desirable place to live and work and the Town saw a significant increase in residential development activity in FY15. Still, given the current economic environment and development opportunities in St. Charles, just north of La Plata, maintaining this level of growth and attracting even more is a challenge. Work on two of the four large residential developments that are planned for the Town has essentially come to a standstill but one of them was sold recently and the new owners have expressed an interest in getting it going again. Work on the other two projects picked up last year. On the commercial side of things, the picture is more mixed. There was little new commercial development in FY15 and there are a number of professional and retail vacancies but there is also new office building under construction. There are also a couple of ambitious projects in the pipeline, with substantial commercial development components and only limited residential components, but these are longer term projects that are in the very early stages of development and, as such, are particularly sensitive to vagaries of the market and dependent on the demand for new commercial space to ultimately make them feasible. At present, the limited new commercial investment that is taking place is primarily retail and service oriented businesses which are primarily just moving into available spaces in already developed properties.

## **Town of La Plata, Maryland**

### **Management's Discussion and Analysis - Required Supplementary Information June 30, 2015**

While the rate of growth has slowed from the pace of the early 2000's, the Town is still focused on assuring that it has adequate public facilities and resources to accommodate the growth when it does occur. The Town continues to evaluate and improve its water supply and sewage collection systems. The WWTP performance continues to exceed the State mandated standards. The Town is also continuing to work with Charles County, the Town of Indian Head and MDE to manage the water resources and increase its appropriations. The Town Council continues to use the Water and Sewer Advisory Committee to evaluate any new proposed large projects for their impact. The Town is also continually working with the County to assure there is adequate capacity in the schools.

Job creation and retention in Charles County remains reasonably strong. Unemployment rates are comparable to Maryland as a whole and below the nation as a whole. In addition, the two major military bases in Southern Maryland fared well in the base realignments. The military facility in nearby Indian Head remained the County's largest employer.

#### **Contacting the Town's Financial Management**

This financial report is designed to provide the Town's citizens, stakeholders, elected officials, and the financial market with a general overview of the Town's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, address the Treasurer, Town of La Plata, P.O. Box 2268, La Plata, MD 20646.

## **Basic Financial Statements**

**Town of La Plata, Maryland**

**Statement of Net Position  
June 30, 2015**

|   | Governmental<br>Activities | Business-Type<br>Activities | Total<br>Primary<br>Government |
|---|----------------------------|-----------------------------|--------------------------------|
| <b>Assets</b>                                     |                            |                             |                                |
| Cash and cash equivalents                         | \$ 4,714,997               | \$ 2,021,740                | \$ 6,736,737                   |
| Investments, including accrued interest           | 5,649,331                  | 2,533,454                   | 8,182,785                      |
| Receivables (net of allowance for uncollectibles) |                            |                             |                                |
| Property taxes                                    | 12,160                     | -                           | 12,160                         |
| Water, sewer, sanitation and storm water services | -                          | 1,399,676                   | 1,399,676                      |
| Other receivables                                 | 30,821                     | -                           | 30,821                         |
| Due from other governments                        | 177,187                    | 723,874                     | 901,061                        |
| Prepaid expenses                                  | 124,645                    | -                           | 124,645                        |
| Capital assets                                    |                            |                             |                                |
| Nondepreciable assets                             | 3,527,874                  | 510,076                     | 4,037,950                      |
| Depreciable assets, net                           | 8,597,507                  | 29,464,903                  | 38,062,410                     |
| <b>Total assets</b>                               | <b>\$ 22,834,522</b>       | <b>\$ 36,653,723</b>        | <b>\$ 59,488,245</b>           |
| <b>Deferred outflows of resources</b>             |                            |                             |                                |
| Deferred outflows - pension related               | 247,593                    | 39,700                      | 287,293                        |
| <b>Liabilities</b>                                |                            |                             |                                |
| <b>Current liabilities</b>                        |                            |                             |                                |
| Accounts payable and other current liabilities    | \$ 342,756                 | \$ 355,253                  | \$ 698,009                     |
| Accrued expenses                                  | -                          | 51,668                      | 51,668                         |
| Deposits  | 47,942                     | -                           | 47,942                         |
| Other liabilities                                 | 3,488                      | -                           | 3,488                          |
| <b>Noncurrent liabilities</b>                     |                            |                             |                                |
| Due within one year                               | 244,174                    | 852,945                     | 1,097,119                      |
| Due in more than one year                         | 3,154,941                  | 8,441,406                   | 11,596,347                     |
| <b>Total liabilities</b>                          | 3,793,301                  | 9,701,272                   | 13,494,573                     |
| <b>Deferred inflows of resources</b>              |                            |                             |                                |
| Deferred inflows - pension related                | 198,348                    | 31,804                      | 230,152                        |
| <b>Net position</b>                               |                            |                             |                                |
| Invested in capital assets, net of related debt   | 11,179,033                 | 21,730,862                  | 32,909,895                     |
| Restricted for major facility fee                 | -                          | 1,670,204                   | 1,670,204                      |
| Unrestricted                                      | 7,911,433                  | 3,559,281                   | 11,470,714                     |
| <b>Total net position</b>                         | <b>\$ 19,090,466</b>       | <b>\$ 26,960,347</b>        | <b>\$ 46,050,813</b>           |

See Notes to Financial Statements.

## Town of La Plata, Maryland

### Statement of Activities Year Ended June 30, 2015

| Functions/Programs                                       | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                             |
|--|----------------------|-------------------------|--|--|--|-----------------------------|-----------------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total Primary<br>Government |
| Governmental activities                                  |                      |                         |  |  |  |                             |                             |
| General government                                       | \$ 1,652,985         | \$ 353,804              | \$ -                                     | \$ -                                   | \$ (1,299,181)                                       | \$ -                        | \$ (1,299,181)              |
| Public safety  | 2,196,183            | -                       | 102,897                                  | -                                      | (2,093,286)  | -                           | (2,093,286)                 |
| Public works   | 1,698,087            | -                       | 270,274                                  | -                                      | (1,427,813)  | -                           | (1,427,813)                 |
| Parks, recreation and culture                            | 412,350              | 2,286                   | 7,564                                    | -                                      | (402,500)  | -                           | (402,500)                   |
| Interest long-term debt                                  | 58,318               | -                       | -  | -                                      | (58,318)   | -                           | (58,318)                    |
| Total governmental activities                            | <u>6,017,923</u>     | <u>356,090</u>          | <u>380,735</u>                           | <u>-</u>                               | <u>(5,281,098)</u>                                   | <u>-</u>                    | <u>(5,281,098)</u>          |
| Business-type activities                                 |                      |                         |  |  |  |                             |                             |
| Water and sewer services                                 | 4,394,205            | 4,284,422               | -  | -                                      | -  | (109,783)                   | (109,783)                   |
| Sanitation and waste removal                             | 878,688              | 1,111,935               | -  | -                                      | -  | 233,247                     | 233,247                     |
| Storm water management                                   | 183,771              | 379,692                 | -  | -                                      | -  | 195,921                     | 195,921                     |
| Total business-type activities                           | <u>5,456,664</u>     | <u>5,776,049</u>        | <u>-</u>                                 | <u>-</u>                               | <u>-</u>   | <u>319,385</u>              | <u>319,385</u>              |
| Total primary government                                 | <u>\$ 11,474,587</u> | <u>\$ 6,132,139</u>     | <u>\$ 380,735</u>                        | <u>\$ -</u>                            | <u>(5,281,098)</u>                                   | <u>319,385</u>              | <u>(4,961,713)</u>          |
| General revenues   |                      |                         |  |  |  |                             |                             |
| Taxes  |                      |                         |  |  |  |                             |                             |
| Property   |                      |                         |  |  | 4,097,156  | -                           | 4,097,156                   |
| Income   |                      |                         |  |  | 1,382,058  | -                           | 1,382,058                   |
| Franchise fee  |                      |                         |  |  | 178,987  | -                           | 178,987                     |
| Investment earnings                                      |                      |                         |  |  | 18,478   | 5,001                       | 23,479                      |
| Miscellaneous  |                      |                         |  |  | 99,285   | -                           | 99,285                      |
| Transfers  |                      |                         |  |  | 463,635  | (463,635)                   | -                           |
| Total general revenues and transfers                     |                      |                         |  |  | <u>6,239,599</u>                                     | <u>(458,634)</u>            | <u>5,780,965</u>            |
| Change in net position                                   |                      |                         |  |  | 958,501  | (139,249)                   | 819,252                     |
| Net position - beginning of year, as previously reported |                      |                         |  |  | 19,891,881   | 27,381,784                  | 47,273,665                  |
| Adjustment to restate net position                       |                      |                         |  |  | <u>(1,759,916)</u>                                   | <u>(282,188)</u>            | <u>(2,042,104)</u>          |
| Net position - beginning of year, as restated            |                      |                         |  |  | 18,131,965   | 27,099,596                  | 45,231,561                  |
| Net position - end of year                               |                      |                         |  |  | <u>\$ 19,090,466</u>                                 | <u>\$ 26,960,347</u>        | <u>\$ 46,050,813</u>        |

See Notes to Financial Statements.

**Town of La Plata, Maryland**

**Balance Sheet - Governmental Funds  
June 30, 2015**

|   | General<br>Fund      | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-----------------------------------|--------------------------------|
| <u>Assets</u>                           |                      |                                   |                                |
| Cash and cash equivalents               | \$ 4,647,624         | \$ 67,373                         | \$ 4,714,997                   |
| Investments, including accrued interest | 5,552,337            | 96,994                            | 5,649,331                      |
| Property taxes receivable               | 12,160               | -                                 | 12,160                         |
| Due from other governments              | 161,904              | 15,283                            | 177,187                        |
| Other receivables                       | 30,821               | -                                 | 30,821                         |
| Prepaid expenses                        | 124,645              | -                                 | 124,645                        |
|   | <u>10,529,491</u>    | <u>179,650</u>                    | <u>10,709,141</u>              |
| <u>Liabilities and Fund Balances</u>    |                      |                                   |                                |
| Liabilities                             |                      |                                   |                                |
| Accounts payable                        | \$ 171,975           | \$ 164,150                        | \$ 336,125                     |
| Deposits                                | 47,942               | -                                 | 47,942                         |
| Other liabilities                       | 3,488                | -                                 | 3,488                          |
|   | <u>223,405</u>       | <u>164,150</u>                    | <u>387,555</u>                 |
| Fund balances                           |                      |                                   |                                |
| Nonspendable                            |                      |                                   |                                |
| Prepaid expenses                        | 124,645              | -                                 | 124,645                        |
| Assigned                                |                      |                                   |                                |
| Highway user revenue reserve            | 39,167               | -                                 | 39,167                         |
| Park and recreation facilities          | 49,569               | -                                 | 49,569                         |
| Transportation improvements             | 318,867              | -                                 | 318,867                        |
| Vehicle replacement                     | 1,050,411            | -                                 | 1,050,411                      |
| Forest conservation                     | 101,426              | -                                 | 101,426                        |
| Contingency                             | 1,600,000            | -                                 | 1,600,000                      |
| Equipment replacement                   | 7,175                | -                                 | 7,175                          |
| Storm reserve                           | 58,423               | -                                 | 58,423                         |
| Public education                        | -                    | 15,500                            | 15,500                         |
| Unassigned                              | 6,956,403            | -                                 | 6,956,403                      |
|   | <u>10,306,086</u>    | <u>15,500</u>                     | <u>10,321,586</u>              |
| Total fund balance                      | <u>10,306,086</u>    | <u>15,500</u>                     | <u>10,321,586</u>              |
| Total liabilities and fund balance      | <u>\$ 10,529,491</u> | <u>\$ 179,650</u>                 | <u>\$ 10,709,141</u>           |

See Notes to Financial Statements.

**Town of La Plata, Maryland**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2015**

|   |                    |                             |
|---|--------------------|-----------------------------|
| Total fund balances - governmental funds  |                    | \$ 10,321,586               |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>   |                    |                             |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p> |                    |                             |
| Cost of capital assets  | \$ 17,329,926      |                             |
| Accumulated depreciation  | <u>(5,204,545)</u> |                             |
|   |                    | 12,125,381                  |
| <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>            |                    |                             |
| General obligation bonds  | (1,329,909)        |                             |
| Accrued interest payable  | (6,631)            |                             |
| Notes payable   | (16,000)           |                             |
| Accumulated unused compensated absences   | (241,088)          |                             |
| Net pension liability   | (1,812,118)        |                             |
| Deferred outflows and inflows of resources  | <u>49,245</u>      |                             |
|   |                    | <u>(3,356,501)</u>          |
| Total net position - governmental activities  |                    | <u><u>\$ 19,090,466</u></u> |

**Town of La Plata, Maryland**

**Statement of Revenue, Expenditures and Changes in  
Fund Balance - Governmental Funds  
Year Ended June 30, 2015**

|  | General<br>Fund      | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|-----------------------------------|--------------------------------|
| Revenue  |                      |                                   |                                |
| Taxes  | \$ 5,479,214         | \$ -                              | \$ 5,479,214                   |
| Licenses and permits   | 377,707              | -                                 | 377,707                        |
| Intergovernmental  | 346,717              | 34,018                            | 380,735                        |
| Charges for services   | 157,370              | -                                 | 157,370                        |
| Fines and forfeitures  | 7,712                | -                                 | 7,712                          |
| Miscellaneous  | 91,573               | -                                 | 91,573                         |
|  | <u>6,460,293</u>     | <u>34,018</u>                     | <u>6,494,311</u>               |
| Total revenue  |                      |                                   |                                |
| Expenditures   |                      |                                   |                                |
| Current  |                      |                                   |                                |
| General government   | 1,531,761            | -                                 | 1,531,761                      |
| Public safety  | 2,234,770            | 20,698                            | 2,255,468                      |
| Public works   | 1,822,057            | -                                 | 1,822,057                      |
| Parks, recreation and culture  | 358,821              | 13,320                            | 372,141                        |
| Debt service   |                      |                                   |                                |
| Principal reduction  | 215,680              | -                                 | 215,680                        |
| Interest   | 61,044               | -                                 | 61,044                         |
|  | <u>6,224,133</u>     | <u>34,018</u>                     | <u>6,258,151</u>               |
| Total expenditures   |                      |                                   |                                |
| Excess of revenue<br>over expenditures   | <u>236,160</u>       | <u>-</u>                          | <u>236,160</u>                 |
| Other financing sources  |                      |                                   |                                |
| Investment earnings  | 18,478               | -                                 | 18,478                         |
| Transfers  | 463,635              | -                                 | 463,635                        |
|  | <u>482,113</u>       | <u>-</u>                          | <u>482,113</u>                 |
| Total other financing sources  |                      |                                   |                                |
| Excess of revenue<br>and other financing sources<br>over expenditures and other<br>financing sources | 718,273              | -                                 | 718,273                        |
| Fund balances at beginning of year   | <u>9,587,813</u>     | <u>15,500</u>                     | <u>9,603,313</u>               |
| Fund balances at end of year   | <u>\$ 10,306,086</u> | <u>\$ 15,500</u>                  | <u>\$ 10,321,586</u>           |

See Notes to Financial Statements.

**Town of La Plata, Maryland**

**Reconciliation of the Governmental Funds Statement of Revenue,  
Expenditures and Changes in Fund Balances to the  
Statement of Activities  
Year Ended June 30, 2015**

|  |    |         |
|--|----|---------|
| Excess of revenue and other financing sources over expenditures and other financing sources - governmental funds | \$ | 718,273 |
|--|----|---------|

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. This is the amount by which capital outlays exceeded depreciation in the current period.

|                              |    |                |        |
|------------------------------|----|----------------|--------|
| Capital outlays              | \$ | 610,680        |        |
| Depreciation                 |    | (549,471)      |        |
| Loss from disposal of assets |    | <u>(4,294)</u> |        |
|                              |    |                | 56,915 |

|   |  |         |
|---|--|---------|
| Repayment of loan principal is an expenditure in the general fund, but the repayment reduces noncurrent liabilities in the statement of net position. |  | 215,680 |
|---|--|---------|

|   |  |       |
|---|--|-------|
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, requiring the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues. The additional interest reported in the statement of activities is the result of accrued interest on long-term debt. This is the amount by which accrued interest (increased) decreased. |  | 2,726 |
|---|--|-------|

|  |  |                 |
|--|--|-----------------|
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which accumulated unused compensated absences and net pension liability increased. |  | <u>(35,093)</u> |
|--|--|-----------------|

|   |    |                       |
|---|----|-----------------------|
| Change in net position of governmental activities | \$ | <u><u>958,501</u></u> |
|---|----|-----------------------|

**Town of La Plata, Maryland**

**Statement of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2015**

|                                   | Original<br>Budget  | Amended<br>Budget   | Actual               | Variance with<br>Amended Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|---------------------|----------------------|---|
| <b>Revenues</b>                   |                     |                     |                      |   |
| Taxes                             | \$ 4,976,490        | \$ 4,976,490        | \$ 5,479,214         | \$ 502,724  |
| Licenses and permits              | 257,000             | 257,000             | 377,707              | 120,707   |
| Intergovernmental                 | 325,000             | 325,000             | 346,717              | 21,717  |
| Service charges                   | 45,650              | 45,650              | 157,370              | 111,720   |
| Fines and forfeitures             | 4,000               | 4,000               | 7,712                | 3,712   |
| Miscellaneous                     | 111,000             | 111,000             | 110,051              | (949)   |
| <b>Total revenues</b>             | <b>5,719,140</b>    | <b>5,719,140</b>    | <b>6,478,771</b>     | <b>759,631</b>  |
| <b>Expenditures</b>               |                     |                     |                      |   |
| <b>Current</b>                    |                     |                     |                      |   |
| General government                | 1,800,575           | 1,740,984           | 1,531,761            | 209,223   |
| Public safety                     | 2,071,090           | 2,193,923           | 2,234,770            | (40,847)  |
| Public works                      | 1,770,210           | 1,783,845           | 1,822,057            | (38,212)  |
| Parks, recreation and culture     | 474,460             | 477,383             | 358,821              | 118,562   |
| Debt service                      | 277,390             | 277,390             | 276,724              | 666   |
| <b>Total expenditures</b>         | <b>6,393,725</b>    | <b>6,473,525</b>    | <b>6,224,133</b>     | <b>249,392</b>  |
| <b>Other financing sources</b>    |                     |                     |                      |   |
| Transfers in                      | 264,470             | 264,470             | 463,635              | 199,165   |
| <b>Net change in fund balance</b> | <b>\$ (410,115)</b> | <b>\$ (489,915)</b> | <b>718,273</b>       | <b>\$ 1,208,188</b>                                       |
| Fund balance at beginning of year |                     |                     | 9,587,813            |   |
| Fund balance at end of year       |                     |                     | <b>\$ 10,306,086</b> |   |

See Notes to Financial Statements.

## Town of La Plata, Maryland

### Statement of Net Position - Proprietary Funds June 30, 2015

|   | Business Type Activities - Enterprise Funds |                     |                              | Total<br>Business-Type<br>Activities |
|---|---|---------------------|------------------------------|--------------------------------------|
|   | Water and<br>Sewer Fund                     | Sanitation<br>Fund  | Nonmajor<br>Proprietary Fund |                                      |
| <b>Assets</b>                                   |   |                     |                              |                                      |
| Current assets                                  |   |                     |                              |                                      |
| Cash and cash equivalents                       | \$ 1,415,633                                | \$ 408,649          | \$ 197,458                   | \$ 2,021,740                         |
| Investments                                     | 1,809,330                                   | 488,219             | 235,905                      | 2,533,454                            |
| Service charges receivable                      | 997,280                                     | 305,695             | 96,701                       | 1,399,676                            |
| Due from other governments                      | 723,874                                     | -                   | -                            | 723,874                              |
|   | <u>4,946,117</u>                            | <u>1,202,563</u>    | <u>530,064</u>               | <u>6,678,744</u>                     |
| Capital assets                                  |   |                     |                              |                                      |
| Land  | 399,295                                     | -                   | 6,200                        | 405,495                              |
| Buildings                                       | 13,896,805                                  | -                   | -                            | 13,896,805                           |
| Improvements                                    | 182,436                                     | -                   | -                            | 182,436                              |
| Infrastructure                                  | 27,411,820                                  | -                   | 1,336,434                    | 28,748,254                           |
| Other equipment                                 | 1,590,177                                   | 117,078             | 2,138                        | 1,709,393                            |
| Vehicles and mobile equipment                   | 423,630                                     | 358,787             | 21,530                       | 803,947                              |
| Construction-in-progress                        | 100,105                                     | -                   | 4,476                        | 104,581                              |
|   | <u>44,004,268</u>                           | <u>475,865</u>      | <u>1,370,778</u>             | <u>45,850,911</u>                    |
| Less accumulated depreciation                   | <u>(14,978,445)</u>                         | <u>(363,715)</u>    | <u>(533,772)</u>             | <u>(15,875,932)</u>                  |
|   | <u>29,025,823</u>                           | <u>112,150</u>      | <u>837,006</u>               | <u>29,974,979</u>                    |
| Total assets                                    | <u>\$ 33,971,940</u>                        | <u>\$ 1,314,713</u> | <u>\$ 1,367,070</u>          | <u>\$ 36,653,723</u>                 |
| Deferred outflows of resources                  |   |                     |                              |                                      |
| Deferred outflows - pension related             | <u>\$ 20,483</u>                            | <u>\$ 12,454</u>    | <u>\$ 6,763</u>              | <u>\$ 39,700</u>                     |
| <b>Liabilities</b>                              |   |                     |                              |                                      |
| Current liabilities                             |   |                     |                              |                                      |
| Accounts payable                                | 279,463                                     | 64,705              | 11,085                       | 355,253                              |
| Accrued liabilities                             | 51,668                                      | -                   | -                            | 51,668                               |
| Revenue bonds payable                           | 717,347                                     | -                   | -                            | 717,347                              |
| General obligation bonds payable                | 133,734                                     | -                   | -                            | 133,734                              |
| Compensated absences                            | 1,864                                       | -                   | -                            | 1,864                                |
| Noncurrent liabilities                          |   |                     |                              |                                      |
| Revenue bonds payable                           | 7,437,270                                   | -                   | -                            | 7,437,270                            |
| General obligation bonds payable                | 692,135                                     | -                   | -                            | 692,135                              |
| Compensated absences                            | 15,339                                      | 5,522               | 581                          | 21,442                               |
| Net pension liability                           | 149,910                                     | 91,149              | 49,500                       | 290,559                              |
| Total liabilities                               | <u>9,478,730</u>                            | <u>161,376</u>      | <u>61,166</u>                | <u>9,701,272</u>                     |
| Deferred inflows of resources                   |   |                     |                              |                                      |
| Deferred inflows - pension related              | <u>16,409</u>                               | <u>9,977</u>        | <u>5,418</u>                 | <u>31,804</u>                        |
| <b>Net position</b>                             |   |                     |                              |                                      |
| Invested in capital assets, net of related debt | 20,781,706                                  | 112,150             | 837,006                      | 21,730,862                           |
| Restricted                                      |   |                     |                              |                                      |
| Major facility fee                              | 1,670,204                                   | -                   | -                            | 1,670,204                            |
| Unrestricted                                    | <u>2,045,374</u>                            | <u>1,043,664</u>    | <u>470,243</u>               | <u>3,559,281</u>                     |
| Total net position                              | <u>\$ 24,497,284</u>                        | <u>\$ 1,155,814</u> | <u>\$ 1,307,249</u>          | <u>\$ 26,960,347</u>                 |

See Notes to Financial Statements.

**Town of La Plata, Maryland**

**Statement of Revenue, Expenses and Changes  
in Net Position - Proprietary Funds  
Year Ended June 30, 2015**

|   | Business Type Activities - Enterprise Funds |                     |                              | Total<br>Business-Type<br>Activities |
|---|---|---------------------|------------------------------|--------------------------------------|
|   | Water and<br>Sewer Fund                     | Sanitation<br>Fund  | Nonmajor<br>Proprietary Fund |                                      |
| Operating revenue   |   |                     |                              |                                      |
| Current use charges   | \$ 4,165,151                                | \$ 1,087,184        | \$ 379,692                   | \$ 5,632,027                         |
| Fines and forfeitures                                       | 65,066                                      | -                   | -                            | 65,066                               |
| Miscellaneous   |   |                     |                              |                                      |
| Water meters  | 32,211                                      | -                   | -                            | 32,211                               |
| Bulk water  | 575   | -                   | -                            | 575                                  |
| Other   | 21,419                                      | 24,751              | -                            | 46,170                               |
| Total operating revenue                                     | <u>4,284,422</u>                            | <u>1,111,935</u>    | <u>379,692</u>               | <u>5,776,049</u>                     |
| Operating expenses  |   |                     |                              |                                      |
| Salaries and payroll expense                                | 453,056                                     | 243,599             | 86,714                       | 783,369                              |
| Electricity   | 450,538                                     | -                   | -                            | 450,538                              |
| Repairs and maintenance<br>of systems and equipment         | 41,134                                      | 12,901              | -                            | 54,035                               |
| Other operating expenses                                    | 1,745,291                                   | 585,032             | 31,729                       | 2,362,052                            |
| Depreciation  | 1,551,248                                   | 37,156              | 65,328                       | 1,653,732                            |
| Total operating expenses                                    | <u>4,241,267</u>                            | <u>878,688</u>      | <u>183,771</u>               | <u>5,303,726</u>                     |
| Operating income  | <u>43,155</u>                               | <u>233,247</u>      | <u>195,921</u>               | <u>472,323</u>                       |
| Nonoperating revenue (expenses)                             |   |                     |                              |                                      |
| Interest income   | 3,887                                       | 1,114               | -                            | 5,001                                |
| Interest charges  | (152,938)                                   | -                   | -                            | (152,938)                            |
| Total nonoperating revenue                                  | <u>(149,051)</u>                            | <u>1,114</u>        | <u>-</u>                     | <u>(147,937)</u>                     |
| Income before transfers                                     | (105,896)                                   | 234,361             | 195,921                      | 324,386                              |
| Transfers out   | <u>(284,350)</u>                            | <u>(150,645)</u>    | <u>(28,640)</u>              | <u>(463,635)</u>                     |
| Change in net position                                      | (390,246)                                   | 83,716              | 167,281                      | (139,249)                            |
| Net position - beginning of year, as<br>previously reported | 25,033,121                                  | 1,160,621           | 1,188,042                    | 27,381,784                           |
| Adjustment to restate net position                          | <u>(145,591)</u>                            | <u>(88,523)</u>     | <u>(48,074)</u>              | <u>(282,188)</u>                     |
| Net position - beginning of year, as<br>restated            | <u>24,887,530</u>                           | <u>1,072,098</u>    | <u>1,139,968</u>             | <u>27,099,596</u>                    |
| Net position - end of year                                  | <u>\$ 24,497,284</u>                        | <u>\$ 1,155,814</u> | <u>\$ 1,307,249</u>          | <u>\$ 26,960,347</u>                 |

See Notes to Financial Statements.

**Town of La Plata, Maryland**

**Statement of Cash Flows - Proprietary Funds  
Year Ended June 30, 2015**

|   | Business Type Activities - Enterprise Funds |                    |                              | Total<br>Business-Type<br>Activities |
|---|---|--------------------|------------------------------|--------------------------------------|
|   | Water and<br>Sewer Fund                     | Sanitation<br>Fund | Nonmajor<br>Proprietary Fund |                                      |
| Cash flows for operating activities                       |   |                    |                              |                                      |
| Receipts from customers                                   | \$ 4,256,912                                | \$ 1,124,285       | \$ 378,292                   | \$ 5,759,489                         |
| Payments to employees                                     | (451,233)                                   | (244,307)          | (87,042)                     | (782,582)                            |
| Payments to suppliers for goods and services              | (2,900,699)                                 | (597,120)          | (25,756)                     | (3,523,575)                          |
| Net cash provided by operating activities                 | <u>904,980</u>                              | <u>282,858</u>     | <u>265,494</u>               | <u>1,453,332</u>                     |
| Cash flows from noncapital financing activities           |   |                    |                              |                                      |
| Transfers out   | (284,350)                                   | (150,645)          | (28,640)                     | (463,635)                            |
| Net cash used in noncapital financing activities          | <u>(284,350)</u>                            | <u>(150,645)</u>   | <u>(28,640)</u>              | <u>(463,635)</u>                     |
| Cash flows from capital and related financing activities  |   |                    |                              |                                      |
| Acquisition and construction of capital assets            | (215,570)                                   | -                  | (4,476)                      | (220,046)                            |
| Principal paid on bonds                                   | (810,857)                                   | -                  | -                            | (810,857)                            |
| Proceeds from bonds payable                               | 509,786                                     | -                  | -                            | 509,786                              |
| Grant proceeds received                                   | 420,826                                     | -                  | -                            | 420,826                              |
| Interest paid on bonds                                    | (157,749)                                   | -                  | -                            | (157,749)                            |
| Net cash used in capital and related financing activities | <u>(253,564)</u>                            | <u>-</u>           | <u>(4,476)</u>               | <u>(258,040)</u>                     |
| Cash flows from investing activities                      |   |                    |                              |                                      |
| Deposits made for investments                             | (144,159)                                   | (42,731)           | (118,641)                    | (305,531)                            |
| Interest earned   | 3,887                                       | 1,114              | -                            | 5,001                                |
| Net cash used in investing activities                     | <u>(140,272)</u>                            | <u>(41,617)</u>    | <u>(118,641)</u>             | <u>(300,530)</u>                     |
| Net increase in cash and cash equivalents                 | 226,794                                     | 90,596             | 113,737                      | 431,127                              |
| Cash and cash equivalents, beginning of year              | <u>1,188,839</u>                            | <u>318,053</u>     | <u>83,721</u>                | <u>1,590,613</u>                     |
| Cash and cash equivalents, end of year                    | <u>\$ 1,415,633</u>                         | <u>\$ 408,649</u>  | <u>\$ 197,458</u>            | <u>\$ 2,021,740</u>                  |

**Town of La Plata, Maryland**

**Statement of Cash Flows - Proprietary Funds  
Year Ended June 30, 2015**

|  | Business Type Activities - Enterprise Funds |                    |                              | Total<br>Business-Type<br>Activities |
|--|---|--------------------|------------------------------|--------------------------------------|
|  | Water and<br>Sewer Fund                     | Sanitation<br>Fund | Nonmajor<br>Proprietary Fund |                                      |
| Operating income   | \$ 43,155                                   | \$ 233,247         | \$ 195,921                   | \$ 472,323                           |
| Adjustments to reconcile operating<br>income to net cash provided by<br>operating activities |   |                    |                              |                                      |
| Depreciation   | 1,551,248                                   | 37,156             | 65,328                       | 1,653,732                            |
| Changes in assets and liabilities  |   |                    |                              |                                      |
| Accounts receivable  | (27,510)                                    | 12,499             | (1,319)                      | (16,330)                             |
| Accounts payable   | (663,491)                                   | 813                | 5,973                        | (656,705)                            |
| Compensated absences   | 1,578                                       | (857)              | (409)                        | 312                                  |
|  | <u>\$ 904,980</u>                           | <u>\$ 282,858</u>  | <u>\$ 265,494</u>            | <u>\$ 1,453,332</u>                  |
| Net cash provided by<br>operating activities   | <u>\$ 904,980</u>                           | <u>\$ 282,858</u>  | <u>\$ 265,494</u>            | <u>\$ 1,453,332</u>                  |

See Notes to Financial Statements.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - Summary of significant accounting policies**

The Town of La Plata, Maryland, ("Town") was incorporated in 1888 under the provisions of Maryland State Law and adopted a new charter by Resolution No. 1 of the Commission of La Plata on February 1, 1962. The Town operates under a Council-Manager form of government and provides such services as authorized by its Charter.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies followed in the preparation of the basic financial statements:

**Reporting entity**

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the Town is financially accountable. The Town has also considered all other potential organizations for which the nature and significance of their relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board ("GASB") has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of the organization's governing body, and 1) the ability of the Town to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Town. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

**Government-wide and fund financial statements**

**Government-wide Financial Statements:** The government-wide financial statements report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Statement of Net Position:** This statement is designed to display the financial position of the Town as of year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The Town's net position is reported in three categories: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted.

**Statement of Activities:** This statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

items not included among program revenues are reported as general revenues. The Town does not allocate indirect expenses.

**Fund Financial Statements:** Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Budget-to-Actual Comparison Statements:** Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual budgets of state and local governments, and have an interest in following the financial progress of their governments over the course of the year. For this reason, the Town has chosen to make its General Fund budget-to-actual comparison statements part of the basic financial statements. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons; as a result, both the original adopted budget and the final amended budget have been reflected in this statement.

The public safety expenditures exceeded the appropriated budget by \$40,847. This was due to unanticipated additional costs associated with the technology upgrades made by the department, primarily the acquisition and installation of a new server to run the new systems. The public works expenditures exceeded the appropriated budget by \$38,212. This was attributable to the fact that the \$180,900 in highway user revenue reserves as of June 30, 2014 was used to fund road rehabilitation projects undertaken during the year ended June 30, 2015 but it was never formally appropriated.

**Fund accounting**

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The Town has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds 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 purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The Town has one major governmental fund. The General Fund is the general operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some separate fund are accounted for in this fund.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

An enterprise fund is used to finance and account for the acquisition, operation, and maintenance of the Town's facilities and services which are supported primarily by user charges. The Town has two major enterprise funds. The Water and Sewer Fund accounts for the operation and maintenance of the water and sanitary sewer system. The Sanitation Fund accounts for the operation of the waste disposal system.

**Measurement focus and basis of accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services, and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

The Town is responsible for billing and collecting property taxes in accordance with enabling state legislation. However, the Town has entered into an agreement with Charles County whereby the County bills and collects the Town's share of real estate taxes along with the County's real estate taxes. Property taxes become a lien on the first day of the levy year, which is July 1 to June 30. Tax payments are due in one installment by September 30, or two semiannual installments, by September 30 and December 31, at the taxpayer's option, after which interest is accrued. Unpaid taxes are collected through the annual tax sale held by the Charles County Treasurer, generally on the second Tuesday in May of each year.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of estimates**

The preparation of financial statements requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Budgetary data**

Budgetary data is presented in the basic financial statements for the General Fund. Outstanding encumbrances and transfers to vehicle replacement reserves are recorded as expenditures. In addition, transfers from unappropriated surpluses are recorded as revenue.

**Cash, cash equivalents and investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with remaining maturities of three months or less. Short-term investments are stated at fair value, and consist of investments in the Maryland Local Government Investment Pool ("MLGIP") and certificates of deposit. Fair value generally approximates cost.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Receivables**

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Delinquent accounts receivable are not considered fully collectible and therefore an allowance for uncollectible accounts has been provided. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. As of June 30, 2015, the allowance for uncollectible accounts totaled \$9,414.

An accounts receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as charged.

**Prepaid items**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed

**Capital assets**

Capital assets, including land, buildings, improvements, equipment, and infrastructure (roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB Statement No. 34 requires the Town to prospectively report all governmental activities' infrastructure assets acquired after June 30, 2003, and encourages, but does not require, the Town to retroactively report infrastructure assets acquired after June 30, 1980. The Town has elected not to retroactively report infrastructure assets and the accompanying basic financial statements only include infrastructure assets acquired after June 30, 2003.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

|  | Estimated<br>useful lives |
|--|---------------------------|
| Buildings  | 25 - 40                   |
| Infrastructure (including water lines and pumping station) | 15 - 35                   |
| Improvements other than building                           | 15                        |
| Other equipment  | 5 - 15                    |
| Vehicles and mobile equipment                              | 5 - 15                    |

**Deferred outflows of resources**

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**Interfund transactions**

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Interfund receivables and payables are noninterest bearing and are normally settled in the subsequent period.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements as either transfers in or out.

**Compensated absences**

It is the Town's policy to permit employees to be paid for accumulated earned but unused vacation upon separation of service. Vacation is accrued when earned in the government-wide statements, as well as the proprietary fund statements.

For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. As of June 30, 2015, no accumulated unpaid vacation leave had matured, resulting in it being maintained separately and being a reconciling item between the fund and government-wide financial statement presentations.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Deferred inflows of resources**

A deferred inflow of resources represents an acquisition net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**Net position**

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested 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 invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

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

**Deferred compensation plan**

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code ("IRC") Section 457. The plan, available to all Town employees, permits employees to defer a portion of their salaries until future years. Participation in the plan is optional, and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The IRC prescribes that the Town does not own the amounts deferred by employees, including the related income on these amounts. Accordingly, the assets and the liability for the deferred compensation plan participants, including earnings on plan assets, are not included in the Town's financial statements. The plan assets will not be subject to the claims of the public entity's creditors during financial crisis.

**Governmental money purchase plan and trust**

The Town offers its Town Manager and Town Treasurer a defined contribution money purchase plan in accordance with IRC Section 401(a). The Town is required to make a fixed contribution on behalf of each participant. Each participant may make a voluntary, unmatched after tax contribution, subject to certain limitations. Participants are immediately vested in both employer and employee contributions. In-service distributions of the rollover account are permitted by the plan. The plan documents prescribe that the Town does not own the amounts deferred by the participants, including the related income on these amounts. Accordingly, the assets and the liability for the plan participants, including earnings on plan assets, are not included in the Town's financial statements. The plan assets will not be subject to the claims of the public entity's creditors during financial crisis.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**New Governmental Accounting Standards Board Standards**

GASB has issued the pronouncements noted below, prior to the year ended June 30, 2015, the implementation of which may impact the financial statements of the Town:

- GASB Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27," was effective for the Town beginning with its year ended June 30, 2015. This statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Government Employers" and Statement No. 50, "Pension Disclosure." Additionally, Statement No. 68 enhances accountability and transparency through new and revised note disclosures and required supplementary information. The implementation of this statement had a material impact on the financial position of the Town and is discussed further in note 11.
- GASB Statement No. 69, "Government Combinations and Disposals of Government Obligations," was effective for the Town beginning with its year ended June 30, 2015. This statement provides guidance relating to measurement, accounting, and financial reporting of government combinations as well as disposals of government operations. The statement also requires disclosures to be made about governmental combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of those transactions. In addition, Statement No. 69 provides guidance for transfers of operations that do not constitute entirely legally separate entities and in which no significant consideration is exchanged. The implementation of this statement did not have a material impact on the financial position of the Town.
- GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date," was effective for the Town beginning with its year ended June 30, 2015. This statement was designed to address an issue regarding application of the transition provisions of Statement No. 68. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The implementation of this statement had a material impact on the financial position of the Town and is discussed further in note 11.
- GASB Statement No. 72, "Fair Value Measurement and Application," will be effective for the Town beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Town is still evaluating the impact of

**Town of La Plata, Maryland**  
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**June 30, 2015**

implementation of this statement, but does not expect the effect of this statement to have a material impact on the financial position of the Town.

- GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," will be effective for the Town beginning with its year ending June 30, 2016. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions," as well as for the assets accumulated for the purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "Financial Reporting for Pension Plans," and Statement 68 for pension plans and pensions that are within their respective scopes. The Town is still evaluating the impact of implementation of this statement, but does not expect the effect of this statement to have a material impact on the financial position of the Town.
  
- GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," will be effective for the Town beginning with its year ending June 30, 2016. This Statement supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. The Town is still evaluating the impact of implementation of this statement, but does not expect the effect of this statement to have a material impact on the financial position of the Town.

**Note 2 - Cash and cash equivalents and investments**

Maryland State law requires that all local governments within the State adopt a written investment policy that complies with State Finance & Procurement Article §6-222 and Article 95 §22F of the Annotated Code of Maryland and which meets or exceeds standards on investments published by the Government Finance Officers Association ("GFOA") and/or Municipal Treasurer's Association. The Town has adopted such a policy and it provides the Town with a variety of investment options. The Town invests primarily in certificates of deposit and deposits in the MLGIP, which are carried at cost, plus accrued interest. The MLGIP is rated "AAA" by Standard and Poor's (their highest rating). As of June 30, 2015, the Town's investment in MLGIP totaled \$1,570,396.

The Town's investment policy does not permit investment maturities to exceed one year as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2015, all of the Town's certificates of deposit had a maturity of one year or less. As of June 30, 2015, the Town's investment in certificates of deposit and money market accounts totaled \$6,612,389.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Custodial credit risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Maryland State Law prescribes that local government units such as the Town must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation insurance levels with collateral whose market value is at least equal to the deposits. As of June 30, 2015, all of the Town's deposits were either covered by federal depository insurance or were covered by collateral held by the Town's agent in the Town's name.

Additionally, in accordance with reporting requirements of GASB Statement No. 40, the Town does not have any interest rate risk associated with investments. Investments in the MLGIP and certificate of deposits are priced on a daily basis, with funds availability also on a daily basis. It should also be noted that the Town does not have any foreign currency risk associated with any investments.

**Note 3 - Interfund transfers**

Interfund transfers for the year ended June 30, 2015, consisted of transfers in the Town's normal course of business from the Water and Sewer Fund, the Sanitation Fund, and the Nonmajor Proprietary Fund to the General Fund totaling \$463,635.

**Note 4 - Due from other governments**

The June 30, 2015 balance of due from other governments is as follows:

|  |    |         |  |
|--|----|---------|--|
| Governmental Activities                |    |         |  |
| State Highway Administration           | \$ | 34,812  |  |
| Income tax                             |    | 142,375 |  |
|  |    | 177,187 |  |
| Business-Type Activities               |    |         |  |
| Maryland Department of the Environment |    | 723,874 |  |
| Total                                  | \$ | 901,061 |  |

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 5 - Capital assets**

A summary of changes in governmental activities capital assets for the year ended June 30, 2015 is as follows:

| Asset Class   | Balance<br>June 30, 2014 | Additions<br>and Transfers | Disposals<br>and Transfers | Balance<br>June 30, 2015 |
|---|--------------------------|----------------------------|----------------------------|--------------------------|
| Capital assets not being depreciated                |                          |                            |                            |                          |
| Land  | \$ 3,519,496             | \$ -                       | \$ -                       | \$ 3,519,496             |
| Construction in progress                            | 8,378                    | -                          | -                          | 8,378                    |
| <b>Total capital assets not being depreciated</b>   | <b>3,527,874</b>         | <b>-</b>                   | <b>-</b>                   | <b>3,527,874</b>         |
| Capital assets being depreciated                    |                          |                            |                            |                          |
| Buildings   | 7,555,958                | -                          | -                          | 7,555,958                |
| Improvements other than buildings                   | 856,954                  | -                          | -                          | 856,954                  |
| Infrastructure                                      | 3,060,318                | 347,970                    | -                          | 3,408,288                |
| Other equipment                                     | 468,308                  | 109,884                    | (10,141)                   | 568,051                  |
| Vehicles and mobile equipment                       | 1,642,536                | 152,826                    | (382,561)                  | 1,412,801                |
| <b>Total capital assets being depreciated</b>       | <b>13,584,074</b>        | <b>610,680</b>             | <b>(392,702)</b>           | <b>13,802,052</b>        |
| Accumulated depreciation for:                       |                          |                            |                            |                          |
| Buildings   | (1,583,701)              | (193,765)                  | -                          | (1,777,466)              |
| Improvements other than buildings                   | (372,189)                | (53,980)                   | -                          | (426,169)                |
| Infrastructure                                      | (1,308,777)              | (178,393)                  | -                          | (1,487,170)              |
| Other equipment                                     | (419,095)                | (24,711)                   | 8,468                      | (435,338)                |
| Vehicles and mobile equipment                       | (1,359,720)              | (98,622)                   | 379,940                    | (1,078,402)              |
| <b>Total accumulated depreciation</b>               | <b>(5,043,482)</b>       | <b>(549,471)</b>           | <b>388,408</b>             | <b>(5,204,545)</b>       |
| <b>Total capital assets, being depreciated, net</b> | <b>8,540,592</b>         | <b>61,209</b>              | <b>(4,294)</b>             | <b>8,597,507</b>         |
| <b>Governmental capital assets, net</b>             | <b>\$ 12,068,466</b>     | <b>\$ 61,209</b>           | <b>\$ (4,294)</b>          | <b>\$ 12,125,381</b>     |

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

A summary of changes in business-type activities capital assets for the year ended June 30, 2015 is as follows:

| Asset Class                                  | Balance<br>June 30, 2014 | Additions<br>and Transfers | Disposals<br>and Transfers | Balance<br>June 30, 2015 |
|--|--------------------------|----------------------------|----------------------------|--------------------------|
| Capital assets not being depreciated         |                          |                            |                            |                          |
| Land   | \$ 405,495               | \$ -                       | \$ -                       | \$ 405,495               |
| Construction in progress                     | 53,755                   | 50,826                     | -                          | 104,581                  |
| Total capital assets not being depreciated   | 459,250                  | 50,826                     | -                          | 510,076                  |
| Capital assets being depreciated             |                          |                            |                            |                          |
| Buildings                                    | 13,946,581               | 17,224                     | (67,000)                   | 13,896,805               |
| Infrastructure                               | 28,669,483               | 108,771                    | (30,000)                   | 28,748,254               |
| Improvements other than buildings            | 176,225                  | 6,211                      | -                          | 182,436                  |
| Other equipment                              | 1,752,669                | -                          | (43,276)                   | 1,709,393                |
| Vehicles and mobile equipment                | 885,380                  | 37,014                     | (118,447)                  | 803,947                  |
| Total capital assets being depreciated       | 45,430,338               | 169,220                    | (258,723)                  | 45,340,835               |
| Accumulated depreciation for:                |                          |                            |                            |                          |
| Buildings                                    | (6,086,506)              | (348,243)                  | 67,000                     | (6,367,749)              |
| Infrastructure                               | (6,241,979)              | (1,181,860)                | 30,000                     | (7,393,839)              |
| Improvements other than buildings            | (12,955)                 | (9,858)                    | -                          | (22,813)                 |
| Other equipment                              | (1,454,799)              | (71,217)                   | 43,062                     | (1,482,954)              |
| Vehicles and mobile equipment                | (684,470)                | (42,554)                   | 118,447                    | (608,577)                |
| Total accumulated depreciation               | (14,480,709)             | (1,653,732)                | 258,509                    | (15,875,932)             |
| Total capital assets, being depreciated, net | 30,949,629               | (1,484,512)                | (214)                      | 29,464,903               |
| Business-type capital assets, net            | \$ 31,408,879            | \$ (1,433,686)             | \$ (214)                   | \$ 29,974,979            |

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

Depreciation expense was charged in the statement of activities for the year ended June 30, 2015 as follows:

|                               |                            |
|-------------------------------|----------------------------|
| Governmental activities       |                            |
| General government            | \$ 112,094                 |
| Public safety                 | 45,593                     |
| Public works                  | 116,379                    |
| Parks, recreation and culture | <u>275,405</u>             |
|                               | <u><u>\$ 549,471</u></u>   |
|                               |                            |
| Business-type activities      |                            |
| Water and sewer fund          | \$ 1,551,248               |
| Sanitation fund               | 37,156                     |
| Nonmajor proprietary fund     | <u>65,328</u>              |
|                               | <u><u>\$ 1,653,732</u></u> |

**Note 6 - Long-Term Liabilities**

Long-term liability activity as of and for the year ended June 30, 2015, is as follows:

|                          | Balance<br>June 30, 2014   | Additions                | Deductions                 | Balance<br>June 30, 2015   | Due Within<br>One Year   |
|--------------------------|----------------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| Governmental activities  |                            |                          |                            |                            |                          |
| General obligation bonds | \$ 1,543,503               | \$ -                     | \$ (213,594)               | \$ 1,329,909               | \$ 217,432               |
| Notes payable            | 18,000                     | -                        | (2,000)                    | 16,000                     | 2,000                    |
| Compensated absences     | 208,952                    | 32,136                   | -                          | 241,088                    | 24,742                   |
| Net pension liability    | <u>1,759,916</u>           | <u>250,550</u>           | <u>(198,348)</u>           | <u>1,812,118</u>           | <u>-</u>                 |
|                          | <u><u>\$ 3,530,371</u></u> | <u><u>\$ 282,686</u></u> | <u><u>\$ (413,942)</u></u> | <u><u>\$ 3,399,115</u></u> | <u><u>\$ 244,174</u></u> |
|                          |                            |                          |                            |                            |                          |
| Business-type activities |                            |                          |                            |                            |                          |
| Revenue bonds            | \$ 8,325,700               | \$ 509,786               | \$ (680,869)               | \$ 8,154,617               | \$ 717,347               |
| General obligation bonds | 955,857                    | -                        | (129,988)                  | 825,869                    | 133,734                  |
| Compensated absences     | 22,994                     | 312                      | -                          | 23,306                     | 1,864                    |
| Net pension liability    | <u>282,188</u>             | <u>40,175</u>            | <u>(31,804)</u>            | <u>290,559</u>             | <u>-</u>                 |
|                          | <u><u>\$ 9,586,739</u></u> | <u><u>\$ 550,273</u></u> | <u><u>\$ (842,661)</u></u> | <u><u>\$ 9,294,351</u></u> | <u><u>\$ 852,945</u></u> |

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

General obligation bonds payable relating to governmental activities at June 30, 2015 consists of the following:

|  |                            |
|--|----------------------------|
| Town of La Plata, General Obligation Bond, 1-03; authorized amount \$1,712,040; interest at 3.61% payable in semiannual payments of principal and interest. Principal serially redeemed through August 25, 2018.   | \$ 399,561                 |
| Town of La Plata, Community Development Administration Infrastructure Financing Bond 2006 Series A; authorized amount \$315,510; interest at varying rates not to exceed 4.15% payable semiannually. Principal serially redeemed through June 1, 2016.   | 37,160                     |
| Town of La Plata, Community Development Administration Infrastructure Financing Bond 2006 Series A; authorized amount \$1,390,189, interest at varying rates not to exceed 4.40% payable semiannually. Principal serially redeemed through June 1, 2026. | <u>893,188</u>             |
|  | <u><u>\$ 1,329,909</u></u> |

Notes payable relating to governmental activities at June 30, 2015 consists of the following:

|   |                         |
|---|-------------------------|
| Note payable with fire house, noninterest bearing, payable in annual installments of \$2,000 through June 2023. | <u><u>\$ 16,000</u></u> |
|---|-------------------------|

A schedule of maturities of the general obligation bonds payable and notes payable relating to governmental activities as of June 30, 2015 is as follows:

| <b>Governmental Debt</b> |                     |                   |                     |
|--------------------------|---------------------|-------------------|---------------------|
|                          | Principal           | Interest          | Total               |
| June 30, 2016            | \$ 219,432          | \$ 52,793         | \$ 272,225          |
| 2017                     | 184,860             | 44,386            | 229,246             |
| 2018                     | 187,621             | 37,413            | 225,034             |
| 2019                     | 132,766             | 30,326            | 163,092             |
| 2020                     | 79,581              | 26,241            | 105,822             |
| 2021 - 2026              | 541,649             | 83,508            | 625,157             |
|                          | <u>\$ 1,345,909</u> | <u>\$ 274,667</u> | <u>\$ 1,620,576</u> |

The entire accumulated unused compensated absences liability for governmental activities will be liquidated by the general fund.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

Revenue bonds payable relating to business-type activities at June 30, 2015 consists of the following:

|   |              |
|---|--------------|
| Town of La Plata, Maryland Water Quality Financing Administration Bond, Series 2010; authorized amount \$792,742; interest at 1% payable semiannually beginning August 2010 and including annual principal beginning August 2011. Principal serially redeemed through February 2030.  | \$ 637,266   |
| Town of La Plata, Maryland Water Quality Financing Administration Bond, Series 2010; authorized amount \$3,751,600; interest at 1% payable semiannually beginning August 2010 and including annual principal beginning August 2011. Principal serially redeemed through February 2030. All of the costs associated with the bond are to be paid from revenue sources generated from a special tax district. | 2,953,520    |
| La Plata Water Quality Bond 2000 Series; authorized amount \$7,700,000; semiannual principal and interest payments at 1.6%. Principal serially redeemed through February 1, 2023.   | 3,206,826    |
| Town of La Plata, Maryland Water Quality Financing Administration Bond, Series 2011; authorized amount \$962,000; interest at 2.2% payable annually beginning February 2012 and including annual principal beginning August 2014. Principal serially redeemed through February 2033.  | 919,711      |
| Town of La Plata, Maryland Drinking Water Bond, Series 2011A; authorized amount \$500,000; interest at 2.2% payable annually beginning February 2012 and including annual principal beginning February 2013. Principal serially redeemed through February 2032.   | 437,294      |
|   | \$ 8,154,617 |

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

General obligation bonds payable relating to business-type activities at June 30, 2015 consists of the following:

|  |                          |
|--|--------------------------|
| Town of La Plata, General Obligation Bond 1-03; authorized amount \$487,960; interest at 3.61% payable in semiannual payments of principal and interest. Principal serially redeemed through August 25, 2018.  | \$ 113,617               |
| Town of La Plata, Community Development Administration Infrastructure Financing Bond 2006 Series A; authorized amount \$444,390; interest at varying rates not to exceed 4.15% payable in semiannual payments of principal and interest. Principal serially redeemed through June 1, 2016.   | 52,340                   |
| Town of La Plata, Community Development Administration Infrastructure Financing Bond 2006 Series A; authorized amount \$1,027,111; interest at varying rates not to exceed 4.40% payable in semiannual payments of principal and interest. Principal serially redeemed through June 1, 2026. | <u>659,912</u>           |
|  | <u><u>\$ 825,869</u></u> |

A schedule of maturities of the revenue bonds payable and general obligation bonds payable relating to business-type activities as of June 30, 2015 is as follows:

| <b>Business Type Debt</b> |                            |                          |                            |
|---------------------------|----------------------------|--------------------------|----------------------------|
|                           | Principal                  | Interest                 | Total                      |
| June 30, 2016             | \$ 851,081                 | \$ 125,378               | \$ 976,459                 |
| 2017                      | 811,316                    | 112,534                  | 923,850                    |
| 2018                      | 824,188                    | 101,662                  | 925,850                    |
| 2019                      | 820,256                    | 90,587                   | 910,843                    |
| 2020                      | 818,343                    | 80,204                   | 898,547                    |
| 2021 - 2025               | 3,220,301                  | 247,025                  | 3,467,326                  |
| 2026 - 2033               | <u>1,635,001</u>           | <u>53,998</u>            | <u>1,688,999</u>           |
|                           | <u><u>\$ 8,980,486</u></u> | <u><u>\$ 811,388</u></u> | <u><u>\$ 9,791,874</u></u> |

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 7 - Risk management**

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance and joined the Local Government Insurance Trust ("LGIT") to handle potential losses. LGIT was organized for the purpose of minimizing the cost of insurance and related administrative expenses. The Town pays an annual premium to LGIT for its general insurance coverage. The agreement with LGIT provides that LGIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000. The Town continues to carry commercial insurance for employee health and accident insurance and workers compensation. Settled claims resulting from these risks have not exceeded coverage amounts, and no significant reductions in insurance coverage have occurred, in any of the past three fiscal years.

**Note 8 - Pension plan**

**Summary**

The Town has adopted GASB No. 68 - Accounting and Financial Reporting for Pensions ("GASB 68") for the year ended June 30, 2015. The Town participates in the Maryland State Retirement and Pension System (the "System"), and qualifies as a Participating Governmental Unit ("PGU"). The State Retirement Agency (the "Agency") is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e., unfunded pension liability) and pension expense. The Town's proportionate share is based on total System contributions and approximates 0.0118% as of the measurement date of June 30, 2014.

The Town has also adopted GASB No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB No. 68. GASB No. 71 requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources. The Town's fiscal 2015 contribution in December 2014 of \$256,876 is therefore recognized as a pension related deferred outflow of resources.

The Town's employees participate in the System and contributed 8 percent of their compensation as stipulated by the System. The Town contributed \$256,876 to the System for fiscal 2015 which was actuarially determined based on statutory provisions. The Town has also recognized in Pension Expense its proportionate share of the System's deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System's deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

**Basis of presentation and basis of accounting**

1. Employers participating in the System's cost-sharing multiple-employer defined benefit plans are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The Schedule

**Town of La Plata, Maryland**

**Notes to Financial Statements  
June 30, 2015**

of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) provide employers with the required information for financial reporting. The System's financial statements are prepared on the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") that apply to governmental accounting for fiduciary funds.

2. Actual employer contributions billed to participating government units for the year ended June 30, 2014, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contributions were adjusted by increasing contributions by approximately \$598 million to adjust for differences between actuarially determined contributions and actual contributions by the State of Maryland.
3. The components of the calculation of the net pension liability for the system as of June 30, 2014, calculated in accordance with GASB Statement No. 67, are shown in the following table:

|  |                                 |
|--|---------------------------------|
| Total Pension Liability  | \$ 63,086,719,000               |
| Plan Fiduciary Net Position  | <u>45,339,988,000</u>           |
| Net Pension Liability  | <u><u>\$ 17,746,731,000</u></u> |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Town Pension Liability | <u><u>71.87%</u></u>            |

**Actuarial assumptions**

- Actuarial - Entry Age Normal
- Amortization Method - Level Percentage of Payroll; Closed
- Asset Valuation Method - 5-year smoothed market; 20% collar
- Inflation - 2.9% general, 3.4% wage
- Salary Increases - 3.4% to 11.9%, including inflation
- Discount Rate - 7.65%
- Investment Rate of Return - 7.65%
- Retirement Age - Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006-2010.
- Mortality - RP-2000 Combined Healthy Mortality Table projected to the year 2025

Note: There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the following assumptions changes in the 2014 valuation:

- Investment return assumption changed from 7.70% to 7.65%
- Inflation assumption changed from 2.95% to 2.90%

**Town of La Plata, Maryland**

**Notes to Financial Statements  
June 30, 2015**

**Investments**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Pension system's Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension System's target asset allocation, these best estimates are summarized in the following table:

| Asset Class        | Target<br>Allocations | Long-Term Expected<br>Real Rate of Return |
|--------------------|-----------------------|---|
| Public Equity      | 35%                   | 4.70%                                     |
| Fixed Income       | 10%                   | 2.00%                                     |
| Credit Opportunity | 10%                   | 3.00%                                     |
| Real Return        | 14%                   | 2.80%                                     |
| Absolute Return    | 10%                   | 5.00%                                     |
| Private Equity     | 10%                   | 6.30%                                     |
| Real Estate        | 10%                   | 4.50%                                     |
| Cash               | 1%                    | 1.40%                                     |
| Total              | <u>100%</u>           |   |

The above was the Pension System's Board of Trustees' adopted asset allocation policy and best estimate of geometrical real rates of return for each major asset class as of June 30, 2014.

**Discount rate**

A single discount rate of 7.65% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.65%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of La Plata, Maryland**

**Notes to Financial Statements  
June 30, 2015**

**Sensitivity to the net pension liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the System's net pension liability and the Town's proportionate share of the System's net pension liability, calculated using a single discount rate 7.65%, a single discount rate that is 1 percentage point lower (i.e., 6.65%) and a single discount rate that is 1 percentage point higher (i.e., 8.65%):

|   | 1% Lower<br>6.65% | Current Rate<br>7.65% | 1% Higher<br>8.65% |
|---|-------------------|-----------------------|--------------------|
| The System's Net Pension Liability                      | \$ 25,575,273,000 | \$ 17,746,273,000     | \$ 1,189,338,000   |
| The Town's Proportionate Share of Net Pension Liability | 3,030,222         | 2,102,677             | 140,916            |

**Pension plan description**

**Organization**

The State Retirement Agency (the "Agency") is the administrator of the System. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowance and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operations is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of the State agencies, board of education, community colleges, and libraries. The "Municipal Pool" consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elected to join the System (the Municipal Pool) share in the liabilities of the Municipal Pool only. The State of Maryland is the statutory guarantor for the payments of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The Agency is legally authorized to use all assets accumulated for the payment of benefits to pay such obligations to any plan members or beneficiaries as defined by the terms of plan. Consequently, the System is accounted for as a single plan as defined in GASB Statement No. 67 Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity and disclosed in its financial statements as a pension trust fund. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. The Town's employees participate in the Employees' Retirement and Pension System.

## Town of La Plata, Maryland

### Notes to Financial Statements June 30, 2015

#### **Covered members**

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System. Currently, more than 150 governmental units participate in the Employees' Retirement System.

#### **Summary of significant plan provisions**

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' Average Final Compensation ("AFC") and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Beginning July 1, 2011, the member contribution rate was increased for members of the Employees' Pension System from 5% to 7%, and from 4% to 6% respectively, in fiscal year 2013. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments ("COLA") that is based on the increase in the Consumer Price Index ("CPI") and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2014 are as follows:

#### **Service retirement allowances**

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of credible service regardless of age. The annual retirement allowance equals  $1/55$  (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service. An individual who is a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's

## Town of La Plata, Maryland

### Notes to Financial Statements June 30, 2015

combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service. For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System. Exceptions to these benefit formulas apply to members of the Employees' Pension System who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level ("SSIL"), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

#### **Vested allowances**

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator) and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member who terminates employment prior to attaining retirement age and before vesting receives a refund for all member contributions and interest.

#### **Early service retirement**

A member of the Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for an Employees' Retirement System member is 30%. An individual who is a member of the Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Employees' Pension System is 42%. An individual who becomes a member of the Employees' Pension System on or after

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Employees' Pension System is 40%.

**Disability and death benefits**

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

**Adjusted retirement allowances (as applicable)**

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems ("TRS/ERS") the method by which the annual COLAs are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, or a COLA limited to 5% or a two part combination COLA depending upon the COLA election made by the member. With certain exceptions, effective July 1, 1998, for Teachers', Employees' and Law Enforcement Officers' Pension System retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increases to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance. However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2015, the Town reported a liability of \$2,102,677 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units actuarially determined. At June 30, 2014, the Town's proportion was approximately 0.0118 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$60,573. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>outflows | Deferred<br>inflows |
|--|----------------------|---------------------|
| Changes of assumptions   | \$ 30,417            | \$ -                |
| Net difference between projected and actual earnings on pension plan investments | -                    | 230,152             |
| Contributions subsequent to the measurement date                                 | 256,876              | -                   |
| Total  | \$ 287,293           | \$ 230,152          |

The deferred outflows of resources of \$30,417 due to changes in assumptions and deferred outflows of resources of \$230,152 due to differences in projected and actual investment earnings represent the Town's proportionate share of the unamortized portions of the System's original amounts, which are being amortized over a five-year period beginning in fiscal 2015. These unamortized amounts will be ratably recognized in pension expense over the next four years. The deferred outflows of resources of \$256,876 relating to contributions subsequent to the measurement date will be recognized as a reduction of the Town's net pension liability in the year ending June 30, 2016.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Net pension liability**

The net pension liability was allocated amongst the funds based on the percentage of contributions made by each fund. The components of the Town's proportionate share of the Pension System's net pension liability as of the measurement date of June 30, 2014 were as follows:

|   | Governmental<br>Activities | Business-type Activities |                  |                  | Total               |
|---|----------------------------|--------------------------|------------------|------------------|---------------------|
|   |                            | Water and Sewer          | Sanitation       | Nonmajor         |                     |
| Total Pension Liability   | \$ 6,441,780               | \$ 532,905               | \$ 324,021       | \$ 175,966       | \$ 7,474,672        |
| Plan Fiduciary Net Position   | 4,629,663                  | 382,995                  | 232,871          | 126,465          | 5,371,995           |
| Net Pension Liability   | <u>\$ 1,812,117</u>        | <u>\$ 149,910</u>        | <u>\$ 91,149</u> | <u>\$ 49,500</u> | <u>\$ 2,102,677</u> |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability | <u>71.87%</u>              | <u>71.87%</u>            | <u>71.87%</u>    | <u>71.87%</u>    | <u>71.87%</u>       |

**The pension plan fiduciary**

Plan Information as well as the Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the years ended June 30, 2014 and 2013 are available from:

State Retirement and Pension System of Maryland  
120 East Baltimore Street  
Baltimore, MD 21202

[www.sra.state.md.us](http://www.sra.state.md.us)

-General Interest

-Related Links

-Downloads

-Comprehensive Annual Financial Reports

**Note 9 - Commitments**

The Town is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. The total amount of pending lawsuits and claims not covered by insurance nor expressly provided for in these statements is considered to be immaterial.

Most cost-reimbursable grants specify the types of expenditures for which the grant or contracts funds may be used. The expenditures made by the Town under some of these grants are subject to audit. To date, the Town has not been notified of any significant unallowable costs relating to its grants. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying financial statements.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 10 - Fund balance**

In accordance with GASB statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the Town classifies governmental fund balances as follows:

- Nonspendable Fund Balance - includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual agreements.
- Assigned Fund Balance - includes spendable amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Treasurer.
- Unassigned Fund Balance - includes residual positive amounts within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town spends restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the Town would first use assigned and then unassigned amounts of unrestricted fund balance when expenditures are made.

**Note 11 - Change in accounting principle**

The Town implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The Town participates in the Maryland State Retirement and Pension System. GASB Statement No. 68 requires that the Town recognize its proportionate share of the System's net pension liability and pension expense. GASB Statement No. 71 requires that a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The presentation of the net pension liability and pension expense in accordance with GASB Statements No. 68 and 71 required the restatement of beginning net position. The Town restated beginning net position by \$2,042,104 from \$47,273,665 to \$45,231,561. The restatement consisted of \$1,759,916 in governmental activities and \$282,188 in business-type activities.

**Town of La Plata, Maryland**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 12 - Subsequent events**

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition and disclosure. The effects of the subsequent events that provide evidence about conditions that exist after the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that exist after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Town through December 21, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**Required Supplementary Information**

**Town of La Plata, Maryland**

**Schedules of Required Pension-Related Supplementary Information  
June 30, 2015**

**Schedule of the Town's Proportionate  
Share of the Net Pension Liability**

|  | FY 2015      |
|--|--------------|
| Town's proportionate share (%) of collective net pension liability   | 0.011848%    |
| Town's proportionate share (\$) of collective net pension liability  | \$ 2,102,677 |
| Town's covered-employee payroll (\$)   | 3,054,800    |
| Town's proportionate share of collective net pension liability as a percentage of<br>its covered employees | 68.83%       |
| Pension plan's fiduciary net position as a percentage of the total pension liability                       | 71.87%       |

The above schedule is presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

**Town of La Plata, Maryland**

**Schedules of Required Pension-Related Supplementary Information  
June 30, 2015**

**Schedule of the Town's Pension Plan Contributions  
Last 10 Fiscal Years**

|   | <u>2015</u>     | <u>2014</u>     | <u>2013</u>                 | <u>2012</u>                 | <u>2011</u>                 | <u>2010</u>                 | <u>2009</u>                 | <u>2008</u>                 | <u>2007</u>                 | <u>2006</u>                 |
|---|-----------------|-----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Contractually required contribution                                     | \$ 256,876      | \$ 276,107      | Not available               |
| Contributions in relation to the<br>contractually required contribution | <u>256,876</u>  | <u>276,107</u>  | <u>Not available</u>        |
| Contribution deficiency (excess)  | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>Not available</u></u> |
| Town's covered-employee payroll   | \$ 3,054,800    | \$ 2,956,224    |                             |                             |                             |                             |                             |                             |                             |                             |
| Contributions as a percentage of<br>covered-employee payroll            | 8.4%            | 9.3%            |                             |                             |                             |                             |                             |                             |                             |                             |

The above schedule is presented to illustrate the requirement for specific information for 10 years; however until a full 10-year trend is compiled, information is only presented for those years for which information is available.

## **Supplementary Information**

**Town of La Plata, Maryland**

**Detail Schedule of Revenues - Budget and Actual - General Fund  
Year Ended June 30, 2015**

|                                | Original<br>Budget  | Amended<br>Budget   | Actual              | Variance with<br>Amended Budget<br>Positive<br>(Negative) |
|--------------------------------|---------------------|---------------------|---------------------|---|
| <b>Taxes</b>                   |                     |                     |                     |   |
| Local property taxes           |                     |                     |                     |   |
| Real property                  | \$ 3,647,520        | \$ 3,647,520        | \$ 3,816,078        | \$ 168,558  |
| Personal property              | 175,000             | 175,000             | 172,318             | (2,682)   |
| Railroads and public utilities | 75,000              | 75,000              | 70,857              | (4,143)   |
| Penalties and interest         | 2,000               | 2,000               | 34,161              | 32,161  |
| Income tax                     | 1,074,470           | 1,074,470           | 1,382,058           | 307,588   |
| Other local taxes              | 2,500               | 2,500               | 3,742               | 1,242   |
| Total taxes                    | <u>4,976,490</u>    | <u>4,976,490</u>    | <u>5,479,214</u>    | <u>502,724</u>  |
| <b>Licenses and permits</b>    |                     |                     |                     |   |
| Traders                        | 30,000              | 30,000              | 26,898              | (3,102)   |
| Construction permits           | 55,000              | 55,000              | 169,536             | 114,536   |
| Franchise                      | 170,000             | 170,000             | 178,987             | 8,987   |
| Other                          | 2,000               | 2,000               | 2,286               | 286   |
| Total licenses and permits     | <u>257,000</u>      | <u>257,000</u>      | <u>377,707</u>      | <u>120,707</u>  |
| <b>Intergovernmental</b>       |                     |                     |                     |   |
| State Police Aid               | 75,000              | 75,000              | 75,218              | 218   |
| Highway                        | 250,000             | 250,000             | 270,274             | 20,274  |
| Other                          | -                   | -                   | 1,225               | 1,225   |
| Total intergovernmental        | <u>325,000</u>      | <u>325,000</u>      | <u>346,717</u>      | <u>21,717</u>   |
| <b>Service charges</b>         |                     |                     |                     |   |
| Rental inspection fees         | 35,000              | 35,000              | 49,016              | 14,016  |
| Forest conservation fee        | -                   | -                   | 92,652              | 92,652  |
| Annexation applications        | 500                 | 500                 | -                   | (500)   |
| Other                          | 10,150              | 10,150              | 15,702              | 5,552   |
| Total service charges          | <u>45,650</u>       | <u>45,650</u>       | <u>157,370</u>      | <u>111,720</u>  |
| <b>Miscellaneous</b>           |                     |                     |                     |   |
| Fines and forfeitures          | 4,000               | 4,000               | 7,124               | 3,124   |
| Investment earnings            | 7,000               | 7,000               | 18,478              | 11,478  |
| Miscellaneous                  | 10,000              | 10,000              | 2,532               | (7,468)   |
| Rents and concessions          | 86,000              | 86,000              | 78,137              | (7,863)   |
| Sale of surplus assets         | 8,000               | 8,000               | 11,492              | 3,492   |
| Total miscellaneous            | <u>115,000</u>      | <u>115,000</u>      | <u>117,763</u>      | <u>2,763</u>  |
| Total revenues                 | <u>\$ 5,719,140</u> | <u>\$ 5,719,140</u> | <u>\$ 6,478,771</u> | <u>\$ 759,631</u>   |

**Town of La Plata, Maryland**

**Detail Schedule of Expenditures - Budget and Actual - General Fund  
Year Ended June 30, 2015**

|                          | Original<br>Budget | Amended<br>Budget | Actual,<br>as Reissued | Variance with<br>Amended Budget<br>Positive<br>(Negative) | Actual, as<br>Previously<br>Reported* |
|--------------------------|--------------------|-------------------|------------------------|---|---------------------------------------|
| General government       |                    |                   |                        |   |                                       |
| Legislative              | \$ 307,245         | \$ 227,723        | \$ 205,599             | \$ 22,124   | \$ 216,906                            |
| Administration           |                    |                   |                        |   |                                       |
| Salaries                 | 316,155            | 322,153           | 312,512                | 9,641   | 312,030                               |
| Operating expenses       | 37,440             | 37,440            | 28,119                 | 9,321   | 28,601                                |
| Capital outlay           | 500                | 500               | -                      | 500   | -                                     |
|                          | <u>354,095</u>     | <u>360,093</u>    | <u>340,631</u>         | <u>19,462</u>   | <u>340,631</u>                        |
| Financial administration |                    |                   |                        |   |                                       |
| Salaries                 | 450,815            | 459,574           | 453,204                | 6,370   | 448,086                               |
| Operating expenses       | 53,400             | 53,400            | 48,858                 | 4,542   | 43,085                                |
| Capital outlay           | -                  | -                 | 416                    | (416)   | -                                     |
|                          | <u>504,215</u>     | <u>512,974</u>    | <u>502,478</u>         | <u>10,496</u>   | <u>491,171</u>                        |
| Law                      |                    |                   |                        |   |                                       |
| Operating expenses       | 60,000             | 60,000            | 21,012                 | 38,988  | 21,012                                |
| Planning and zoning      |                    |                   |                        |   |                                       |
| Salaries                 | 262,580            | 267,754           | 200,158                | 67,596  | 244,144                               |
| Operating expenses       | 81,520             | 81,520            | 52,771                 | 28,749  | 8,785                                 |
|                          | <u>344,100</u>     | <u>349,274</u>    | <u>252,929</u>         | <u>96,345</u>   | <u>252,929</u>                        |
| Information technology   |                    |                   |                        |   |                                       |
| Salaries                 | -                  | -                 | -                      | -   | 6,317                                 |
| Operating expenses       | 97,240             | 97,240            | 76,980                 | 20,260  | 73,518                                |
| Capital outlay           | 40,000             | 40,000            | 10,640                 | 29,360  | 7,785                                 |
|                          | <u>137,240</u>     | <u>137,240</u>    | <u>87,620</u>          | <u>49,620</u>   | <u>87,620</u>                         |
| Other general government |                    |                   |                        |   |                                       |
| HR/personnel             | 27,470             | 27,470            | 44,839                 | (17,369)  | 44,839                                |
| Operating expenses       | 66,210             | 66,210            | 76,653                 | (10,443)  | 76,653                                |
|                          | <u>93,680</u>      | <u>93,680</u>     | <u>121,492</u>         | <u>(27,812)</u>   | <u>121,492</u>                        |
| Total general government | <u>1,800,575</u>   | <u>1,740,984</u>  | <u>1,531,761</u>       | <u>209,223</u>  | <u>1,531,761</u>                      |

\* Amount previously reported prior to reissuance of the Detail Schedule of Expenditures - Budget and Actual - General Fund for the purpose of reclassifying actual expenditures to the appropriate organizational unit line item within each function.

**Town of La Plata, Maryland**

**Detail Schedule of Expenditures - Budget and Actual - General Fund  
Year Ended June 30, 2015**

|                             | Original<br>Budget | Amended<br>Budget | Actual,<br>as Reissued | Variance with<br>Amended Budget<br>Positive<br>(Negative) | Actual, as<br>Previously<br>Reported* |
|-----------------------------|--------------------|-------------------|------------------------|---|---------------------------------------|
| Public safety               |                    |                   |                        |   |                                       |
| Police Department           |                    |                   |                        |   |                                       |
| Salaries                    | 1,434,770          | 1,460,922         | 1,501,165              | (40,243)  | 1,346,133                             |
| Operating expenses          | 219,870            | 219,870           | 274,334                | (54,464)  | 634,954                               |
| Capital outlay              | 213,850            | 307,516           | 260,742                | 46,774  | 55,154                                |
|                             | <u>1,868,490</u>   | <u>1,988,308</u>  | <u>2,036,241</u>       | <u>(47,933)</u>   | <u>2,036,241</u>                      |
| Emergency preparedness      |                    |                   |                        |   |                                       |
| Operating expenses          | 9,800              | 9,800             | 4,320                  | 5,480   | 4,320                                 |
| Inspections and enforcement |                    |                   |                        |   |                                       |
| Salaries                    | 156,370            | 159,385           | 139,766                | 19,619  | 48,567                                |
| Operating expenses          | 36,430             | 36,430            | 51,472                 | (15,042)  | 145,642                               |
| Capital outlay              | -                  | -                 | 2,971                  | (2,971)   | -                                     |
|                             | <u>192,800</u>     | <u>195,815</u>    | <u>194,209</u>         | <u>1,606</u>  | <u>194,209</u>                        |
| Total public safety         | <u>2,071,090</u>   | <u>2,193,923</u>  | <u>2,234,770</u>       | <u>(40,847)</u>   | <u>2,234,770</u>                      |
| Public works                |                    |                   |                        |   |                                       |
| Public works administration |                    |                   |                        |   |                                       |
| Salaries                    | 435,760            | 444,166           | 448,521                | (4,355)   | 428,814                               |
| Operating expenses          | 167,160            | 167,160           | 106,537                | 60,623  | 164,196                               |
| Capital outlay              | -                  | -                 | 37,952                 | (37,952)  | -                                     |
|                             | <u>602,920</u>     | <u>611,326</u>    | <u>593,010</u>         | <u>18,316</u>   | <u>593,010</u>                        |
| Maintenance operations      |                    |                   |                        |   |                                       |
| Salaries                    | 226,570            | 230,364           | 171,685                | 58,679  | 195,628                               |
| Operating expenses          | 259,290            | 259,290           | 344,814                | (85,524)  | (820,395)                             |
| Capital outlay              | -                  | -                 | -                      | -   | 1,141,266                             |
|                             | <u>485,860</u>     | <u>489,654</u>    | <u>516,499</u>         | <u>(26,845)</u>   | <u>516,499</u>                        |
| Streets                     |                    |                   |                        |   |                                       |
| Salaries                    | 98,830             | 100,265           | 94,764                 | 5,501   | 88,548                                |
| Operating expenses          | 317,100            | 317,100           | 308,113                | 8,987   | 624,000                               |
| Capital outlay              | 265,500            | 265,500           | 309,671                | (44,171)  | -                                     |
|                             | <u>681,430</u>     | <u>682,865</u>    | <u>712,548</u>         | <u>(29,683)</u>   | <u>712,548</u>                        |
| Total public works          | <u>1,770,210</u>   | <u>1,783,845</u>  | <u>1,822,057</u>       | <u>(38,212)</u>   | <u>1,822,057</u>                      |

\* Amount previously reported prior to reissuance of the Detail Schedule of Expenditures - Budget and Actual - General Fund for the purpose of reclassifying actual expenditures to the appropriate organizational unit line item within each function.

**Town of La Plata, Maryland**

**Detail Schedule of Expenditures - Budget and Actual - General Fund  
Year Ended June 30, 2015**

|  | Original<br>Budget  | Amended<br>Budget   | Actual,<br>as Reissued | Variance with<br>Amended Budget<br>Positive<br>(Negative) | Actual, as<br>Previously<br>Reported* |
|--|---------------------|---------------------|------------------------|---|---------------------------------------|
| <b>Parks, recreation and culture</b>       |                     |                     |                        |   |                                       |
| <b>Park maintenance and recreation</b>     |                     |                     |                        |   |                                       |
| Salaries                                   | 93,180              | 94,751              | 85,945                 | 8,806   | 142,989                               |
| Operating expenses                         | 145,780             | 145,780             | 70,538                 | 75,242  | (93,600)                              |
| Capital outlay                             | 750                 | 750                 | -                      | 750   | 107,094                               |
|  | <u>239,710</u>      | <u>241,281</u>      | <u>156,483</u>         | <u>84,798</u>   | <u>156,483</u>                        |
| <b>Community promotion</b>                 |                     |                     |                        |   |                                       |
| Salaries                                   | 75,950              | 77,302              | 76,781                 | 521   | 73,032                                |
| Operating expenses                         | 158,800             | 158,800             | 124,966                | 33,834  | 129,306                               |
| Capital outlay                             | -                   | -                   | 591                    | (591)   | -                                     |
|  | <u>234,750</u>      | <u>236,102</u>      | <u>202,338</u>         | <u>33,764</u>   | <u>202,338</u>                        |
| <b>Total parks, recreation and culture</b> | <u>474,460</u>      | <u>477,383</u>      | <u>358,821</u>         | <u>118,562</u>  | <u>358,821</u>                        |
| <b>Debt service</b>                        | <u>277,390</u>      | <u>277,390</u>      | <u>276,724</u>         | <u>666</u>  | <u>276,724</u>                        |
| <b>Total expenditures</b>                  | <u>\$ 6,393,725</u> | <u>\$ 6,473,525</u> | <u>\$ 6,224,133</u>    | <u>\$ 249,392</u>   | <u>\$ 6,224,133</u>                   |

\* Amount previously reported prior to reissuance of the Detail Schedule of Expenditures - Budget and Actual - General Fund for the purpose of reclassifying actual expenditures to the appropriate organizational unit line item within each function.

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