

TOWN OF OXFORD
GENERAL PURPOSE
FINANCIAL STATEMENTS
JUNE 30, 2000

TOWN OF OXFORD

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INDEPENDENT AUDITORS' REPORT

THE HONORABLE TOWN COMMISSIONERS
TOWN OF OXFORD, MARYLAND

We have audited the accompanying general purpose financial statements of the Town of Oxford as of June 30, 2000, and for the year then ended. These general purpose financial statements are the responsibility of the Town Commissioners. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Town government, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Oxford, Maryland at June 30, 2000, the results of its operations and the cash flows of its enterprise fund for the year then ended, in conformity with generally accepted accounting principles.

Wilson & McGinnis, P.A.

WILSON & McGINNIS, P.A.
Certified Public Accountants
Cambridge, Maryland 21613

August 17, 2000

TOWN OF OXFORD
 COMBINED BALANCE SHEETS - ALL FUND TYPES
 JUNE 30, 2000

	<u>General</u>	<u>Enterprise</u>	<u>Fixed Asset Group</u>	<u>Total Memo Only</u>
<u>ASSETS</u>				
Cash	\$469,005	\$ 641,872	\$ -	\$ 1,110,877
Cash – Restricted	47,280	-	-	47,280
Receivables				
State Shared Revenues	36,410	-	-	36,410
County Shared Revenues	8,106	-	-	8,106
Trade and Service	500	64,157	-	64,657
Interest	2,159	336	-	2,495
Property, Plant and Equipment:				
Land and Improvements	-	-	148,142	148,142
Water and Sewer System	-	2,482,225	-	2,482,225
Buildings	-	-	215,459	215,459
Vehicles, Furnishing and Equipment	-	132,965	161,021	293,986
Less: Accum. Deprec.	-	<u>1,414,051</u>	-	<u>1,414,051</u>
Total Assets	<u>\$563,460</u>	<u>\$1,907,504</u>	<u>\$524,622</u>	<u>\$2,995,586</u>
<u>LIABILITIES AND EQUITY</u>				
Accounts Payable	\$ 15,232	\$ 62,257	\$ -	\$ 77,489
Deferred Revenue	2,815	1,100	-	3,915
Note Payable	-	446,310	-	446,310
Total Liabilities	<u>18,047</u>	<u>509,667</u>	-	<u>527,714</u>
Equity:				
Contributed Capital	-	489,166	-	489,166
Invested in General				
Fixed Assets	-	-	524,622	524,622
Retained Earnings	-	908,671	-	908,671
Fund Balances:				
Reserved for Employee Housing	47,280	-	-	47,280
Reserved Capital Projects	308,525	-	-	308,525
Unreserved	<u>189,608</u>	-	-	<u>189,608</u>
Total Equity	<u>545,413</u>	<u>1,397,837</u>	<u>524,622</u>	<u>2,467,872</u>
Total Liabilities and Equity	<u>\$563,460</u>	<u>\$1,907,504</u>	<u>\$524,622</u>	<u>\$2,995,586</u>

See notes to financial statements.

TOWN OF OXFORD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2000

	Budget <u>2000</u>	Actual <u>2000</u>	Favorable (Unfavorable) <u>Variance</u>	(Memo) Actual <u>1999</u>
REVENUES:				
Real & Personal Property Taxes				
Taxes - Real Property	\$312,861	\$306,835	\$ (6,026)	\$306,611
Taxes - Real Property 1/2 yr	1,000	917	(83)	1,708
Tax - Discount	<u>(7,500)</u>	<u>(7,535)</u>	<u>(35)</u>	<u>(7,709)</u>
Total Real & Personal Property Taxes	<u>306,361</u>	<u>300,217</u>	<u>(6,144)</u>	<u>300,610</u>
Tax Revenues:				
Interest - Delinquent A/C	500	591	91	647
Local Income Tax	76,000	113,471	37,471	109,024
Amusement Tax	100	579	479	546
Highway Use Tax	59,154	77,255	18,101	66,470
Franchise Tax	<u>1,000</u>	<u>1,977</u>	<u>977</u>	<u>1,893</u>
Total Tax Revenues	<u>136,754</u>	<u>193,873</u>	<u>57,119</u>	<u>178,580</u>
Licenses and Permits:				
Building Permits	1,500	2,016	516	2,182
Animal Permits	50	76	26	54
Traders Licenses	3,000	3,815	815	3,804
Port Warden Fees	<u>500</u>	<u>933</u>	<u>433</u>	<u>437</u>
Total Licenses and Permits	<u>5,050</u>	<u>6,840</u>	<u>1,790</u>	<u>6,477</u>
Revenues - Agencies:				
Police Aid	13,300	14,816	1,516	13,269
Talbot Grant in Aid	1,800	439	(1,361)	439
Room Tax	<u>23,000</u>	<u>23,883</u>	<u>883</u>	<u>23,102</u>
Total Revenues - Agencies	<u>38,100</u>	<u>39,138</u>	<u>1,038</u>	<u>36,810</u>
Current Service Charges:				
Appeals Fee	625	(60)	(685)	773
Parks & Recreation	<u>-</u>	<u>36</u>	<u>36</u>	<u>59</u>
Total Current Service Charge	<u>625</u>	<u>(24)</u>	<u>(649)</u>	<u>832</u>

See notes to financial statements.

TOWN OF OXFORD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2000

	Budget 2000	Actual 2000	Favorable (Unfavorable) Variance	(Memo) Actual 1999
Miscellaneous Revenue:				
Interest on Investments	23,000	27,680	4,680	23,806
Rental Income - Moorings	8,783	8,848	65	8,935
Rental Income	38,462	39,287	825	38,586
Demolition/Yard Debris	-	8,488	8,488	2,065
Sale of Equipment	-	450	450	450
Police Fines	800	3,210	2,410	975
Other Revenues	<u>1,000</u>	<u>604</u>	<u>(396)</u>	<u>833</u>
Total Miscellaneous Revenue	<u>72,045</u>	<u>88,567</u>	<u>16,522</u>	<u>75,650</u>
 Total Current Year Revenue	 558,935	 628,611	 69,676	 598,959
Appropriation - Prior Year	<u>53,215</u>	<u>-</u>	<u>(53,215)</u>	<u>-</u>
 Total Revenues	 <u>\$612,150</u>	 <u>\$628,611</u>	 <u>\$ 16,461</u>	 <u>\$598,959</u>
 EXPENDITURES:				
General Government:				
Legislation:				
Town Comm. Salary	5,000	5,000	-	4,000
Election Board	200	429	(229)	493
Other	4,000	3,217	783	3,006
Advertisement	<u>200</u>	<u>186</u>	<u>14</u>	<u>-</u>
Total Legislation	<u>9,400</u>	<u>8,832</u>	<u>568</u>	<u>7,499</u>
 Financial Administration:				
Town Clerk Salary	25,507	25,326	181	23,859
Salaries - Office & Board	12,038	12,118	(80)	11,370
Supplies and Expense	9,700	10,094	(394)	3,166
Maintenance Contract	2,200	1,985	215	1,670
Photocopier	1,500	1,374	126	519
Advertisement	3,500	4,230	(730)	3,363
Membership & Dues	2,550	2,630	(80)	2,485
Telephone	2,000	2,105	(105)	2,038
Auditing	2,650	2,650	-	2,650
Accounting & Budgeting	<u>1,200</u>	<u>1,150</u>	<u>50</u>	<u>800</u>
Total Financial Admin.	<u>62,845</u>	<u>63,662</u>	<u>(817)</u>	<u>51,920</u>
 Other Misc. General Government Expenses:				
Legal Counsel	45,000	29,376	15,624	45,038
Planning & Zoning	500	765	(265)	2,074
Board of Port Wardens	500	175	325	227
Historic District	4,000	107	3,893	245
Business Association	<u>6,900</u>	<u>8,470</u>	<u>(1,570)</u>	<u>5,000</u>
Total Other Misc. General	<u>56,900</u>	<u>38,893</u>	<u>18,007</u>	<u>52,584</u>

See notes to financial statements.

TOWN OF OXFORD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2000

	Budget 2000	Actual 2000	Favorable (Unfavorable) Variance	(Memo) Actual 1999
General Government Buildings:				
Municipal Bldg - Salaries	2,600	1,325	1,275	1,250
Municipal Bldg - Utilities	3,000	2,417	583	2,315
Municipal Bldg - R & M	1,250	1,658	(408)	391
Economic Development	1,000	2,000	(1,000)	-
Library	750	750	-	750
Custom House	3,800	1,556	2,244	392
Capital Outlay	<u>10,850</u>	<u>7,773</u>	<u>3,077</u>	<u>2,473</u>
Total Gen. Govern. Bldg	<u>23,250</u>	<u>17,479</u>	<u>5,771</u>	<u>7,571</u>
Total General Government	<u>152,395</u>	<u>128,866</u>	<u>23,529</u>	<u>119,574</u>
Public Safety:				
Police Department:				
Police Salaries	91,900	93,591	(1,691)	88,761
Police Uniform & Equipment	3,000	4,429	(1,429)	2,393
Police Car Expense	6,500	7,543	(1,043)	4,916
Police Capital Outlay	3,400	2,984	416	2,003
Police School Expense	2,500	1,421	1,079	1,903
Police Signs	900	536	364	501
Police Telephone	2,000	1,561	439	1,425
Office Supplies	<u>400</u>	<u>389</u>	<u>11</u>	<u>349</u>
Total Police Department	<u>110,600</u>	<u>112,454</u>	<u>(1,854)</u>	<u>102,251</u>
Other Misc. Public Safety Expense:				
Fire Department	12,500	12,500	-	12,500
Fire Hydrants	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Oth. Misc. Pub. Saf. Exp.	<u>13,500</u>	<u>12,500</u>	<u>1,000</u>	<u>12,500</u>
Total Public Safety	<u>124,100</u>	<u>124,954</u>	<u>(854)</u>	<u>114,751</u>
Public Works:				
Roads Department:				
Sub Contract	250	-	250	250
Streets - Other Salaries	23,325	25,354	(2,029)	23,343
Streets - Repairs & Expense	7,000	5,332	1,668	6,166
Streets - Capital Outlay	20,000	21,188	(1,188)	35,520
Streets - Lighting	17,500	16,383	1,117	15,483
Storm Drain Management	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,568</u>
Total Roads Department	<u>68,075</u>	<u>68,257</u>	<u>(182)</u>	<u>96,330</u>
Garbage Collection:				
Salary - Trash Collection	17,882	18,208	(326)	18,968
Trash Collection Expense	<u>41,800</u>	<u>38,762</u>	<u>3,038</u>	<u>37,617</u>
Total Garbage Collection	<u>59,682</u>	<u>56,970</u>	<u>2,712</u>	<u>56,585</u>

See notes to financial statements.

TOWN OF OXFORD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2000

	Budget <u>2000</u>	Actual <u>2000</u>	Favorable (Unfavorable) <u>Variance</u>	(Memo) Actual <u>1999</u>
Misc. Public Works Expense:				
Snow Removal	2,000	2,058	(58)	-
Mosquito & Weed Control	1,500	726	774	543
Vehicle Operation	6,000	5,230	770	4,356
Shop Utilities	1,300	997	303	821
Shop Telephone	1,980	1,169	811	1,618
Shop Uniforms	3,000	4,461	(1,461)	4,094
Shop Salaries	12,441	3,234	9,207	8,302
Shop Maintenance & Expense	5,000	6,209	(1,209)	4,292
Shop – Capital Outlay	<u>3,337</u>	<u>241</u>	<u>3,096</u>	<u>-</u>
Total Misc. Public Works Exp.	<u>36,558</u>	<u>24,325</u>	<u>12,233</u>	<u>24,026</u>
Total Public Works	<u>164,315</u>	<u>149,552</u>	<u>14,763</u>	<u>176,941</u>
Recreation:				
Parks - Salaries	24,103	25,550	(1,447)	23,561
Parks - Expense	22,800	8,780	14,020	23,983
Parks - Capital Outlay	-	-	-	12,465
Little League	1,000	1,122	(122)	223
Improvements	5,100	3,500	1,600	1,330
Fireworks	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Recreation	<u>55,003</u>	<u>40,952</u>	<u>14,051</u>	<u>63,562</u>
Miscellaneous Expenses:				
Employee Training	1,500	145	1,355	920
Miscellaneous	3,000	2,511	489	2,199
Insurance - General	17,000	22,425	(5,425)	19,326
Employee Benefits	28,601	34,520	(5,919)	27,590
Unemployment Insurance	150	187	(37)	150
Insurance - Workmans Comp.	15,763	10,167	5,596	9,845
Town House Expenses	4,200	6,516	(2,316)	3,059
Social Security	<u>16,447</u>	<u>15,157</u>	<u>1,290</u>	<u>14,343</u>
Total Miscellaneous Expenses	<u>86,661</u>	<u>91,628</u>	<u>(4,967)</u>	<u>77,432</u>
Contingent Expenses:				
Unanticipated Expenses	<u>29,676</u>	<u>-</u>	<u>29,676</u>	<u>-</u>
Total Expenditures	<u>612,150</u>	<u>535,952</u>	<u>76,198</u>	<u>552,260</u>
Excess Revenue Over Expenditures	-	92,659	92,659	46,699
Less: Transfer to Town House Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Fund Surplus	-	92,659	92,659	46,699
Surplus - General Fund - Beginning	<u>452,754</u>	<u>452,754</u>	<u>-</u>	<u>406,055</u>
Surplus – General Fund – Ending	<u>\$452,754</u>	<u>\$545,413</u>	<u>\$ 92,659</u>	<u>\$452,754</u>

See notes to financial statements.

TOWN OF OXFORD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2000

	<u>2000</u>	(Memo Only) <u>1999</u>
Revenues:		
Current Service Charges:		
Service	\$248,326	\$263,407
Capital Charges	12,000	8,000
Plumbing Permits	<u>1,363</u>	<u>1,466</u>
Total Current Service Charges	<u>261,689</u>	<u>272,873</u>
Expenses:		
Operating Expenses:		
Clerk Salaries	11,133 ✓	10,421
Office Salaries	12,035 ✓	11,606
Office Supplies & Expense	4,488 ✓	2,645
Telephone	1,821 ✓	1,619
Auditing	1,250 ✓	1,250
Municipal Building Utilities	393 ✓	490
Repairs and Maintenance	<u>33,474</u>	25,041
Vehicle Operation	5,613 ✓	3,416
Shop Utilities	2,400 ✓	2,300
Training	1,406 ✓	1,803
Insurance - General	6,008 ✓	7,518
Employee Benefits	16,482 ✓	14,504
Tower Maintenance Contract	420 ✓	420
Contract Services	-	350
Labor on Lines	24,190 ✓	23,117
Material and Equipment	<u>7,869</u>	5,512
Depreciation	61,443 ✓	70,423
Electricity	23,850 ✓	21,622
Social Security Taxes	<u>7,432</u>	7,317
Lab Tests	3,677 ✓	3,929
Chemicals	21,893 ✓	15,483
Other Labor	<u>49,809</u> ✓	<u>45,499</u>
Total Expenses	<u>297,086</u>	<u>276,285</u>
Net Operating Income (Loss)	(35,397)	(3,412)
Miscellaneous Revenues:		
Interest	21,016	18,115
Rent	<u>25,600</u>	<u>25,600</u>
Total Miscellaneous Revenues	<u>46,616</u>	<u>43,715</u>
Net Income	11,219	40,303
Amortization – Contribution in Aid	45,703	45,703
Retained Earnings - Beginning	<u>851,749</u>	<u>765,743</u>
Retained Earnings - Ending	<u>\$908,671</u>	<u>\$851,749</u>

See notes to financial statements.

TOWN OF OXFORD
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2000

	<u>2000</u>	(Memo Only) <u>1999</u>
Cash Provided From (Used For) Operations:		
Net Operating (Loss)	\$ (35,397)	\$ (3,412)
Noncash Expenses:		
Depreciation	61,443	70,423
Receivables - Net	12,288	(13,352)
Payables	62,257	-
Deferrals	<u>1,100</u>	<u>-</u>
Cash Provided From (Used For) Operations	<u>101,691</u>	<u>53,659</u>
Cash Provided From (Used For) Investment Activities:		
Interest in Investments	21,016	18,115
Rents	<u>25,600</u>	<u>25,600</u>
Cash Provided From Investment Activities	<u>46,616</u>	<u>43,715</u>
Cash Available (Required) Before Financing Activities	<u>148,307</u>	<u>97,374</u>
Capital and Related Financing Activities:		
Long Term Borrowing	446,310	-
Acquisition of Capital Assets	<u>(462,310)</u>	<u>(19,030)</u>
Cash Provided From (Used For) Financing Activities	<u>(16,000)</u>	<u>(19,030)</u>
Increase (Decrease) in Cash and Short-Term Investments	132,307	78,344
Cash - Beginning	<u>509,565</u>	<u>431,221</u>
Cash - Ending	<u>\$641,872</u>	<u>\$509,565</u>

See notes to financial statements.

TOWN OF OXFORD
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
YEAR ENDED JUNE 30, 2000

	<u>2000</u>	(Memo) <u>1999</u>
Balance - Beginning	<u>\$515,943</u>	<u>\$499,603</u>
Increases (Decreases):		
Property Acquisition	16,150	20,038
Property Dispositions	<u>(7,471)</u>	<u>(3,698)</u>
Net Increase (Decrease)	<u>8,679</u>	<u>16,340</u>
Balance - Ending	<u><u>\$524,622</u></u>	<u><u>\$515,943</u></u>

See notes to financial statements.

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

Note 1. GENERAL STATEMENT

The Town of Oxford was chartered in 1694 and is an incorporated town under the laws of the State of Maryland. The town is governed by a three member commission whose members are elected in at-large elections for three year terms. The members elect a president who chairs all commission meetings and acts as chief executive for the town.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are as follows:

General Fund

The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

General fund revenues are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become available as net current assets. Expenditures are generally recognized under accrual basis of accounting when the related liability is incurred.

Enterprise Fund

The enterprise fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred. The Town applies all Financial Accounting Standard Board pronouncements to Financial reporting unless in direct conflict with those of the Governmental Accounting Standards Board.

The water and sewer departments have been reported as an enterprise fund to reflect their intended self-supporting nature. All capital assets acquired or constructed by these departments are capitalized at cost. Once the construction of capital assets is completed and they are placed in service, their cost is charged against current revenues by an annual method with annual rates of three (3%) percent to ten (10%) percent depending upon the estimated useful lives of the assets, utilizing the straight-line method.

TOWN OF OXFORD
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2000

The total cost of capital assets of the water and sewer funds, and the accumulated depreciation thereon, is as follows:

	<u>June 30, 2000</u>		<u>June 30, 1999</u>	
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Total Cost	\$1,125,594	\$1,489,596	\$669,964	\$1,482,916
Accumulated Depreciation	<u>396,794</u>	<u>1,017,257</u>	<u>376,455</u>	<u>976,153</u>
Book Value	<u>\$ 728,800</u>	<u>\$ 472,339</u>	<u>\$293,509</u>	<u>\$ 506,763</u>

The Town records grants received from other governmental units and private developers for water or sewer department capital projects in a separate fund equity account called "Contributions in Aid of Construction". The assets acquired or constructed with these funds are capitalized at cost.

Sewer lines, water mains and the water tower are also recorded as contributions as they represent costs of Enterprise Fund plant additions which are paid for by developers. As these assets become the legal property of the Town, they are recorded at cost and depreciated over their respective useful lives.

As the assets acquired with contributed capital are depreciated, the contributed capital fund is relieved by a like amount effectively reducing the annual depreciation expense.

General Fixed Assets

Fixed Assets used in general fund operations are accounted for in the general fixed assets account. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The Town has adopted the accounting policy of not capitalizing expenditures for infrastructure, i.e.: roads, curbs, gutters, streets, etc.

General fixed assets purchased are recorded as capital outlay expenditures in the general fund and disposals of such assets are recorded as reduction of general fixed assets and any proceeds there from are recorded as general fund revenues.

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

Special Restricted Funds

This fund was established to accumulate the net revenue associated with sale and construction of housing to be utilized by Town employees. The net revenue thus realized will be devoted to the repair, maintenance and eventual replacement of the facilities and has been restricted for that purpose. For 2000, expenditures exceeded revenues by \$407, maintaining a fund balance of \$47,280 at June 30, 2000.

During the 1995 fiscal year, the annual budget ordinance established an additional restricted fund designated for capital projects only. With a supplementary appropriation during the current fiscal year of \$159,958, the current balance in this restricted fund is \$308,885.

Cash

All cash is deposited with national banks covered by Federal depository insurance. The depository banks have advised the Town that all town deposits are insured or fully collateralized. At year-end, the book amount of the Town's deposits was \$961,792 and the bank balances were \$967,824.

The cash on deposit with both financial institutions exceeds the FDIC limit but the Town has been advised that the excess deposits have been fully collateralized by U.S. Government obligations or State of Maryland obligations in excess of the amount on deposit.

Included in cash is \$200,000 face amount of thirteen-week U.S. Treasury bills maturing on August 31, 2000. The book value of these bills, which is not materially different from fair market value, is \$197,119 and interest of \$950 has been accrued through June 30, 2000. This investment is allowed under the Town's adopted investment policy because of the zero credit risk associated with direct U.S. Government obligations.

Inventories

Inventories of office supplies, chemicals, repair parts, etc. are not accounted for in the financial reporting system.

Note Payable

The Town arranged financing for construction of the new water tower through the Talbot Bank at a rate of 4.85%. The authorized limit was \$600,00 calling for a ten-year repayment period. The Town has drawn down \$446,310 of this amount. Interest has not been accrued but will be capitalized as construction period interest when the asset is placed in service.

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

Note 3. PENSION PLAN

Effective July 1, 1979 the Town adopted a contributory pension plan available to all employees. Contributions are invested in individual retirement accounts which are self-directed and totally vested in the employees.

The commissioners elected to participate in the State of Maryland Retirement System, a contributory system, beginning July 1, 1997. The employees may continue to participate in the elective deferral program with no match provided. The Town's contribution is determined annually by the Retirement System based on participants' projected salary and age. The State Retirement System is a defined benefit plan with benefits determined on an individual basis based on age, salary and length of service. The current contribution rate for the Town employees is 2% of compensation, while the Town is required to contribute 5% of compensation for the current year.

Note 4. RISK MANAGEMENT

The Town's risk management activities are recorded in the General Fund. Significant losses are covered by commercial insurance for all major programs except unemployment for which the Town retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts, if any, have not exceeded coverage for the current year or three prior years.