

TOWN OF OXFORD
GENERAL PURPOSE
FINANCIAL STATEMENTS
JUNE 30, 2001

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, 2001, 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, 2001, 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

September 24, 2001

TOWN OF OXFORD
 COMBINED BALANCE SHEETS - ALL FUND TYPES
 JUNE 30, 2001

	<u>General</u>	<u>Enterprise</u>	<u>Fixed Asset Group</u>	<u>Total Memo Only</u>
<u>ASSETS</u>				
Cash	\$566,386	\$ 385,112	\$ -	\$ 951,498
Cash – Restricted	49,072	-	-	49,072
Receivables				
State Shared Revenues	28,059	-	-	28,059
County Shared Revenues	9,350	-	-	9,350
Trade and Service	9,335	72,189	-	81,524
Interest	1,866	348	-	2,214
Property, Plant and Equipment:				
Land and Improvements	-	-	148,142	148,142
Water and Sewer System	-	2,618,045	-	2,618,045
Buildings	-	-	250,998	250,998
Vehicles, Furnishing and Equipment	-	206,932	169,411	376,343
Less: Accum. Deprec.	-	<u>1,490,598</u>	-	<u>1,490,598</u>
Total Assets	<u>\$664,068</u>	<u>\$1,792,028</u>	<u>\$568,551</u>	<u>\$3,024,647</u>
<u>LIABILITIES AND EQUITY</u>				
Accounts Payable	\$ 1,488	\$ 115	\$ -	\$ 1,603
Deferred Revenue	-	-	-	-
Note Payable	-	<u>393,828</u>	-	<u>393,828</u>
Total Liabilities	<u>1,488</u>	<u>393,943</u>	-	<u>395,431</u>
Equity:				
Contributed Capital	-	443,463	-	443,463
Invested in General				
Fixed Assets	-	-	524,622	568,551
Retained Earnings	-	954,622	-	954,622
Fund Balances:				
Reserved for Employee Housing	49,072	-	-	49,072
Reserved Capital Projects	308,525	-	-	308,525
Unreserved	<u>304,983</u>	-	-	<u>304,983</u>
Total Equity	<u>662,580</u>	<u>1,398,085</u>	<u>524,622</u>	<u>2,629,216</u>
Total Liabilities and Equity	<u>\$664,068</u>	<u>\$1,792,028</u>	<u>\$524,622</u>	<u>\$3,024,647</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, 2001

	Budget <u>2001</u>	Actual <u>2001</u>	Favorable (Unfavorable) <u>Variance</u>	(Memo) Actual <u>2000</u>
REVENUES:				
Real & Personal Property Taxes				
Taxes - Real Property	\$336,336	\$332,736 ✓	\$ (3,600)	\$306,835
Taxes - Real Property 1/2 yr	1,000	1,570 ✓	570	917
Tax - Discount	<u>(7,500)</u>	<u>(6,430) ✓</u>	<u>1,070</u>	<u>(7,535)</u>
Total Real & Personal Property Taxes	<u>329,836</u>	<u>327,876</u>	<u>(1,960)</u>	<u>300,217</u>
Tax Revenues:				
Interest - Delinquent A/C	500	1,108 ✓	608	591
Local Income Tax	115,000	145,562 ✓	30,562	113,471
Amusement Tax	100	442 ✓	342	579
Highway Use Tax	59,154	71,717 ✓	12,563	77,255
Franchise Tax	<u>1,000</u>	<u>2,227 ✓</u>	<u>1,227</u>	<u>1,977</u>
Total Tax Revenues	<u>175,754</u>	<u>221,056</u>	<u>45,302</u>	<u>193,873</u>
Licenses and Permits:				
Building Permits	2,000	7,024 ✓	5,024	2,016
Animal Permits	50	71 ✓	21	76
Traders Licenses	3,000	3,401 ✓	401	3,815
Port Warden Fees	<u>500</u>	<u>750 ✓</u>	<u>250</u>	<u>933</u>
Total Licenses and Permits	<u>5,550</u>	<u>11,246</u>	<u>5,696</u>	<u>6,840</u>
Revenues - Agencies:				
Police Aid	14,554	13,631 ✓	(923)	14,816
Financial Corporations	500	439 ✓	(61)	439
Room Tax	<u>23,000</u>	<u>21,606 ✓</u>	<u>(1,394)</u>	<u>23,883</u>
Total Revenues - Agencies	<u>38,054</u>	<u>35,676</u>	<u>(2,378)</u>	<u>39,138</u>
Current Service Charges:				
Appeals Fee	625	309 ✓	(316)	(60)
Parks & Recreation	<u>-</u>	<u>27 ✓</u>	<u>27</u>	<u>36</u>
Total Current Service Charge	<u>625</u>	<u>336</u>	<u>(289)</u>	<u>(24)</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, 2001

	Budget 2001	Actual 2001	Favorable (Unfavorable) Variance	(Memo) Actual 2000
Miscellaneous Revenue:				
Interest on Investments	22,965	36,078 ✓	13,113	27,680
Rental Income - Moorings	8,783	8,326 ✓	(457)	8,848
Rental Income	38,462	39,667 ✓	1,205	39,287
Insurance Recovery	-	23,261 ✓	23,261	-
Demolition/Yard Debris	-	-	-	8,488
Sale of Equipment	-	1,500 ✓	1,500	450
Police Fines	2,500	2,681 ✓	181	3,210
Other Revenues	500	1,966 ✓	1,466	604
Total Miscellaneous Revenue	<u>73,210</u>	<u>113,479</u>	<u>40,269</u>	<u>88,567</u>
Total Current Year Revenue	623,029	709,669	86,640	628,611
Appropriation - Prior Year	<u>203,332</u>	<u>-</u>	<u>(203,332)</u>	<u>-</u>
Total Revenues	<u>\$826,361</u>	<u>\$709,669</u>	<u>\$(116,692)</u>	<u>\$628,611</u>
EXPENDITURES:				
General Government:				
Legislation:				
Town Comm. Salary	6,000	6,000 ✓	-	5,000
Election Board	200	230 ✓	(30)	429
Other	4,000	3,970 ✓	30	3,217
Advertisement	200	634 ✓	(434)	186
Total Legislation	<u>10,400</u>	<u>10,834</u>	<u>(434)</u>	<u>8,832</u>
Financial Administration:				
Town Clerk Salary	27,126	26,843 ✓	283	25,326
Salaries - Office & Board	12,605	12,452 ✓	153	12,118
Supplies and Expense	4,800	4,799 ✓	1	10,094
Maintenance Contract	2,200	1,855 ✓	345	1,985
Photocopier	2,000	1,189 ✓	811	1,374
Advertisement	3,500	6,430 ✓	(2,930)	4,230
Membership & Dues	2,550	2,796 ✓	(246)	2,630
Telephone	2,100	2,112 ✓	(12)	2,105
Auditing	2,650	2,650 ✓	-	2,650
Accounting & Budgeting	2,000	1,300 ✓	700	1,150
Total Financial Admin.	<u>61,531</u>	<u>62,426</u>	<u>(895)</u>	<u>63,662</u>
Other Misc. General Government Expenses:				
Legal Counsel	55,000	30,501 ✓	24,499	29,376
Planning & Zoning	500	4,580 ✓	(4,080)	765
Board of Port Wardens	500	587 ✓	(87)	175
Historic District	1,000	997 ✓	3	107
Business Association	6,900	6,820 ✓	80	8,470
Total Other Misc. General	<u>63,900</u>	<u>43,485</u>	<u>20,415</u>	<u>38,893</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, 2001

	Budget 2001	Actual 2001	Favorable (Unfavorable) Variance	(Memo) Actual 2000
General Government Buildings:				
Municipal Bldg - Salaries	2,600	575 ✓	2,025	1,325
Municipal Bldg - Utilities	3,000	5,376 ✓	(2,376)	2,417
Municipal Bldg - R & M	1,500	611 ✓	889	1,658
Economic Development	1,000	1,000 ✓	-	2,000
Library	750	750 ✓	-	750
Custom House	2,300	3,984 ✓	(1,684)	1,556
Capital Outlay	<u>30,200</u>	<u>35,539</u> ✓	<u>(5,339)</u>	<u>7,773</u>
Total Gen. Govern. Bldg	<u>41,350</u>	<u>47,835</u>	<u>(6,485)</u>	<u>17,479</u>
Total General Government	<u>177,181</u>	<u>164,580</u>	<u>12,601</u>	<u>128,866</u>
Public Safety:				
Police Department:				
Police Salaries	96,159	93,743 ✓	2,416	93,591
Police Uniform & Equipment	3,000	3,735 ✓	(735)	4,429
Police Car Expense	6,500	5,499 ✓	1,001	7,543
Police Capital Outlay	24,000	22,871 ✓	1,129	2,984
Police School Expense	2,500	2,272 ✓	228	1,421
Police Signs	900	555 ✓	345	536
Police Telephone	2,000	1,727 ✓	273	1,561
Office Supplies	400	387	13	389
Total Police Department	<u>135,459</u>	<u>130,789</u>	<u>4,670</u>	<u>112,454</u>
Other Misc. Public Safety Expense:				
Fire Department	12,500	12,500 ✓	-	12,500
Fire Hydrants	1,000	-	1,000	-
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>148,959</u>	<u>143,289</u>	<u>5,670</u>	<u>124,954</u>
Public Works:				
Roads Department:				
Sub Contract	250	-	250	-
Streets - Other Salaries	24,121	24,311 ✓	(190)	25,354
Streets - Repairs & Expense	9,000	4,181 ✓	4,819	5,332
Streets - Capital Outlay	20,000	4,088 ✓	15,912	21,188
Streets - Lighting	17,500	17,751 ✓	(251)	16,383
Storm Drain Management	5,000	4,983 ✓	17	-
Total Roads Department	<u>75,871</u>	<u>55,314</u>	<u>20,557</u>	<u>68,257</u>
Garbage Collection:				
Salary - Trash Collection	18,492	17,777	715	18,208
Trash Collection Expense	<u>44,048</u>	<u>42,278</u>	<u>1,770</u>	<u>38,762</u>
Total Garbage Collection	<u>62,540</u>	<u>60,055</u>	<u>2,485</u>	<u>56,970</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, 2001

	Budget <u>2001</u>	Actual <u>2001</u>	Favorable (Unfavorable) Variance	(Memo) Actual <u>2000</u>
Misc. Public Works Expense:				
Snow Removal	2,000	1,126 ✓	874	2,058
Mosquito & Weed Control	1,500	937 ✓	563	726
Vehicle Operation	6,000	5,588 ✓	412	5,230
Shop Utilities	1,300	700 ✓	600	997
Shop Telephone	1,980	2,017 ✓	(37)	1,169
Shop Uniforms	3,600	5,132 ✓	(1,532)	4,461
Shop Salaries	12,866	3,969 ✓	8,897	3,234
Shop Maintenance & Expense	9,400	4,455 ✓	4,945	6,209
Shop – Capital Outlay	-	-	-	241
Total Misc. Public Works Exp.	<u>38,646</u>	<u>23,924</u>	<u>14,722</u>	<u>24,325</u>
Total Public Works	<u>177,057</u>	<u>139,293</u>	<u>37,764</u>	<u>149,552</u>
Recreation:				
Parks - Salaries	24,925	26,213 ✓	(1,288)	25,550
Parks - Expense	30,500	20,085 ✓	10,415	8,780
Parks - Capital Outlay	4,600	2,983 ✓	1,617	-
Little League	1,000	90 ✓	910	1,122
Improvements	2,000	1,900 ✓	100	3,500
Fireworks	2,000	2,000 ✓	-	2,000
Total Recreation	<u>65,025</u>	<u>53,271</u>	<u>11,754</u>	<u>40,952</u>
Miscellaneous Expenses:				
Employee Training	500	330 ✓	170	145
Miscellaneous	3,000	2,709 ✓	291	2,511
Insurance - General	19,390	20,978 ✓	(1,588)	22,425
Employee Benefits	36,444	40,766 ✓	(4,322)	34,520
Unemployment Insurance	150	150 ✓	-	187
Insurance - Workmans Comp.	17,637	7,487 ✓	10,150	10,167
Town House Expenses	4,200	4,565 ✓	(365)	6,516
Social Security	17,220	15,084 ✓	2,136	15,157
Total Miscellaneous Expenses	<u>98,541</u>	<u>92,069</u>	<u>6,472</u>	<u>91,628</u>
Contingent Expenses:				
Unanticipated Expenses	<u>159,598</u>	-	<u>159,598</u>	-
Total Expenditures	<u>826,361</u>	<u>592,502</u>	<u>233,859</u>	<u>535,952</u>
Excess Revenue Over Expenditures	-	117,167	117,167	92,659
Surplus - General Fund - Beginning	<u>545,413</u>	<u>545,413</u>	-	<u>452,754</u>
Surplus – General Fund – Ending	<u>\$545,413</u>	<u>\$662,580</u>	<u>\$117,167</u>	<u>\$545,413</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, 2001

	<u>2001</u>	(Memo Only) <u>2000</u>
Revenues:		
Current Service Charges:		
Service	\$253,355 ✓	\$248,326
Capital Charges	13,000 ✓	12,000
Plumbing Permits	1,591 ✓	1,363
Total Current Service Charges	<u>267,946</u>	<u>261,689</u>
Expenses:		
Operating Expenses:		
Clerk Salaries	11,638 ✓	11,133
Office Salaries	12,646 ✓	12,035
Office Supplies & Expense	4,038 ✓	4,488
Telephone	1,399 ✓	1,821
Auditing	1,250 ✓	1,250
Municipal Building Utilities	750 ✓	393
Repairs and Maintenance	29,167 ✓	33,474
Vehicle Operation	4,499 ✓	5,613
Shop Utilities	2,800 ✓	2,400
Training	1,303 ✓	1,406
Insurance - General	12,319 ✓	6,008
Employee Benefits	15,619 ✓	16,482
Tower Maintenance Contract	-	420
Contract Services	300	-
Labor on Lines	20,471 ✓	24,190
Material and Equipment	13,697 ✓	7,869
Depreciation	76,547 ✓	61,443
Electricity	21,145 ✓	23,850
Social Security Taxes	7,088 ✓	7,432
Lab Tests	3,737 ✓	3,677
Chemicals	18,086 ✓	21,893
Other Labor	47,888 ✓	49,809
Total Expenses	<u>306,387</u>	<u>297,086</u>
Net Operating Income (Loss)	(38,441)	(35,397)
Non Operating Revenues:		
Interest	21,784 ✓	21,016
Rent	28,275 ✓	25,600
Total Non Operating Revenues	50,059	46,616
Non Operating Expense:		
Interest Paid	<u>(11,370)</u>	-
Net Income	248	11,219
Amortization – Contribution in Aid	45,703	45,703
Retained Earnings - Beginning	908,671	851,749
Retained Earnings - Ending	<u>\$954,622</u>	<u>\$908,671</u>

See notes to financial statements.

TOWN OF OXFORD
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2001

	<u>2001</u>	(Memo Only) <u>2000</u>
Cash Provided From (Used For) Operations:		
Net Operating (Loss)	\$ (38,441)	\$ (35,397)
Noncash Expenses:		
Depreciation	76,547	61,443
Receivables - Net	(8,044)	12,288
Payables	(62,142)	62,257
Deferrals	<u>(1,100)</u>	<u>1,100</u>
Cash Provided From (Used For) Operations	<u>(33,180)</u>	<u>101,691</u>
 Cash Provided From (Used For) Investment Activities:		
Interest in Investments	21,784	21,016
Rents	28,275	25,600
Interest Paid	<u>(11,370)</u>	<u>-</u>
Cash Provided From Investment Activities	<u>38,689</u>	<u>46,616</u>
 Cash Available (Required) Before Financing Activities	<u>5,509</u>	<u>148,307</u>
 Capital and Related Financing Activities:		
Long Term Borrowing (Repayment)	(52,482)	446,310
Acquisition of Capital Assets	<u>(209,787)</u>	<u>(462,310)</u>
Cash Provided From (Used For) Financing Activities	<u>(262,269)</u>	<u>(16,000)</u>
 Increase (Decrease) in Cash and Short-Term Investments	(256,760)	132,307
Cash - Beginning	<u>641,872</u>	<u>509,565</u>
 Cash - Ending	<u>\$385,112</u>	<u>\$641,872</u>

See notes to financial statements.

TOWN OF OXFORD
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
YEAR ENDED JUNE 30, 2001

	<u>2001</u>	(Memo) <u>2000</u>
Balance - Beginning	<u>\$524,622</u>	<u>\$515,943</u>
Increases (Decreases):		
Property Acquisition	59,223	16,150
Property Dispositions	<u>(15,294)</u>	<u>(7,471)</u>
Net Increase (Decrease)	<u>43,929</u>	<u>8,679</u>
Balance - Ending	<u>\$568,551</u>	<u>\$524,622</u>

See notes to financial statements.

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

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, 2001

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

	<u>June 30, 2001</u>		<u>June 30, 2000</u>	
	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>
Total Cost	\$1,283,357	\$1,541,620	\$1,125,594	\$1,489,596
Accumulated Depreciation	<u>429,734</u>	<u>1,060,864</u>	<u>396,794</u>	<u>1,017,257</u>
Book Value	<u>\$ 853,623</u>	<u>\$ 480,756</u>	<u>\$ 728,800</u>	<u>\$ 472,339</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, 2001

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 2001, revenues exceeded expenditures by \$1,792, resulting in a fund balance of \$49,072 at June 30, 2001.

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 prior 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 \$1,000,570 and the bank balances were \$1,028,583.

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 30, 2001. The book value of these bills, which is not materially different from fair market value, is \$198,178 and interest of \$596 has been accrued through June 30, 2001. 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 thirty-year repayment period. Maturity on the loan is as follows:

2002	6,025
2003	6,325
2004	6,587
2005	6,965
2006	7,311
Thereafter	<u>360,615</u>
Total	<u>\$393,828</u>

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

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.