

TOWN OF OXFORD
GENERAL PURPOSE
FINANCIAL STATEMENTS
JUNE 30, 2002

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, 2002, 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, 2002, the results of its operations and the cash flows of its enterprise fund for the year then ended, in conformity with U.S. generally accepted accounting principles.



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

October 3, 2002

TOWN OF OXFORD
 COMBINED BALANCE SHEETS - ALL FUND TYPES
 JUNE 30, 2002

	General	Enterprise	Fixed Asset Group	Long Term Debt	Total Memo Only
<u>ASSETS</u>					
Cash	\$547,294	\$ 322,607	\$ -	\$ -	\$ 869,901
Cash – Restricted	51,018	-	-	-	51,018
Receivables					
Property Taxes	19	-	-	-	19
State Shared Revenues	24,180	-	-	-	24,180
County Shared Revenues	7,034	-	-	-	7,034
Trade and Service	2,142	75,812	-	-	77,954
Interest	2,376	217	-	-	2,593
Grant – State	150,000	-	-	-	150,000
Property, Plant and Equipment:					
Land and Improvements	-	-	148,142	-	148,142
Water and Sewer System	-	2,684,173	-	-	2,684,173
Buildings	-	-	1,029,615	-	1,029,615
Vehicles, Furnishing and Equipment	-	245,874	188,540	-	434,414
Less: Accum. Deprec.	-	1,577,279	-	-	1,577,279
Amount to be Provided	-	-	-	684,823	684,823
 Total Assets	 <u>\$784,063</u>	 <u>\$1,751,404</u>	 <u>\$1,366,297</u>	 <u>\$684,823</u>	 <u>\$4,586,587</u>
<u>LIABILITIES AND EQUITY</u>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable	-	387,802	-	684,823	1,072,625
Total Liabilities	-	387,802	-	684,823	1,072,625
Equity:					
Contributed Capital	-	397,760	-	-	397,760
Invested in General					
Fixed Assets	-	-	1,366,297	-	1,366,297
Retained Earnings	-	965,842	-	-	965,842
Fund Balances:					
Reserved for Employee Housing	51,018	-	-	-	51,018
Reserved Capital Projects	308,525	-	-	-	308,525
Unreserved	424,520	-	-	-	424,520
Total Equity	<u>784,063</u>	<u>1,363,602</u>	<u>1,366,297</u>	<u>-</u>	<u>3,513,962</u>
 Total Liabilities and Equity	 <u>\$784,063</u>	 <u>\$1,751,404</u>	 <u>\$1,366,297</u>	 <u>\$684,823</u>	 <u>\$4,586,587</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, 2002

	Budget 2002	Actual 2002	Favorable (Unfavorable) Variance	(Memo) Actual 2001
REVENUES:				
Real & Personal Property Taxes				
Taxes - Real Property	\$392,751	\$409,602	\$ 16,851	\$332,736
Taxes - Real Property 1/2 yr	1,500	2,689	1,189	1,570
Tax - Discount	<u>(7,000)</u>	<u>(2,847)</u>	<u>4,153</u>	<u>(6,430)</u>
Total Real & Personal Property Taxes	<u>387,251</u>	<u>409,444</u>	<u>22,193</u>	<u>327,876</u>
Tax Revenues:				
Interest - Delinquent A/C	500	1,291	791	1,108
Local Income Tax	120,000	116,677	(3,323)	145,562
Amusement Tax	100	450	350	442
Highway Use Tax	71,803	79,698	7,895	71,717
Franchise Tax	<u>2,000</u>	<u>2,280</u>	<u>280</u>	<u>2,227</u>
Total Tax Revenues	<u>194,403</u>	<u>200,396</u>	<u>5,993</u>	<u>221,056</u>
Licenses and Permits:				
Building Permits	2,000	1,145	(855)	7,024
Animal Permits	100	40	(60)	71
Traders Licenses	3,000	3,409	409	3,401
Port Warden Fees	<u>500</u>	<u>173</u>	<u>(327)</u>	<u>750</u>
Total Licenses and Permits	<u>5,600</u>	<u>4,767</u>	<u>(833)</u>	<u>11,246</u>
Revenues - Agencies:				
Police Aid	14,675	14,195	(480)	13,631
Financial Corporations	400	-	(400)	439
Room Tax	<u>24,000</u>	<u>21,952</u>	<u>(2,048)</u>	<u>21,606</u>
Total Revenues - Agencies	<u>39,075</u>	<u>36,147</u>	<u>(2,928)</u>	<u>35,676</u>
Current Service Charges:				
Appeals Fee	500	14	(486)	309
Parks & Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Total Current Service Charge	<u>500</u>	<u>14</u>	<u>(486)</u>	<u>336</u>
Grants:				
State Bond Bill Proceeds	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Long Term Debt:				
Proceeds – Bank Borrowing	<u>350,000</u>	<u>684,823</u>	<u>334,823</u>	<u>-</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, 2002

	Budget 2002	Actual 2002	Favorable (Unfavorable) Variance	(Memo) Actual 2001
Miscellaneous Revenue:				
Interest on Investments	31,780	22,603	(9,177)	36,078
Rental Income - Moorings	8,485	7,644	(841)	8,326
Rental Income	39,342	38,501	(841)	39,667
Insurance Recovery	-	-	-	23,261
Sale of Equipment	-	-	-	1,500
Police Fines	2,500	3,890	1,390	2,681
Other Revenues	<u>1,000</u>	<u>7,858</u>	<u>6,858</u>	<u>1,966</u>
Total Miscellaneous Revenue	<u>83,107</u>	<u>80,496</u>	<u>(2,611)</u>	<u>113,479</u>
 Total Current Year Revenue	 1,209,936	 1,566,087	 356,151	 709,669
Appropriation - Prior Year	<u>339,608</u>	<u>-</u>	<u>(339,608)</u>	<u>-</u>
 Total Revenues	 <u>\$1,549,544</u>	 <u>\$1,566,087</u>	 <u>\$ 16,543</u>	 <u>\$709,669</u>
 EXPENDITURES:				
General Government:				
Legislation:				
Town Comm. Salary	6,000	5,888	112	6,000
Election Board	200	285	(85)	230
Other	4,000	5,909	(1,909)	3,970
Advertisement	<u>200</u>	<u>413</u>	<u>(213)</u>	<u>634</u>
Total Legislation	<u>10,400</u>	<u>12,495</u>	<u>(2,095)</u>	<u>10,834</u>
 Financial Administration:				
Town Clerk Salary	30,068	29,732	336	26,843
Salaries - Office & Board	13,728	13,560	168	12,452
Supplies and Expense	5,100	6,199	(1,099)	4,799
Maintenance Contract	2,500	2,210	290	1,855
Photocopier	2,000	1,091	909	1,189
Advertisement	5,000	4,707	293	6,430
Membership & Dues	2,850	2,709	141	2,796
Telephone	2,400	1,561	839	2,112
Auditing	2,650	2,750	(100)	2,650
Accounting & Budgeting	<u>2,000</u>	<u>740</u>	<u>1,260</u>	<u>1,300</u>
Total Financial Admin.	<u>68,296</u>	<u>65,259</u>	<u>3,037</u>	<u>62,426</u>
 Other Misc. General Government Expenses:				
Legal Counsel	30,000	43,969	(13,969)	30,501
Planning & Zoning	1,000	4,195	(3,195)	4,580
Board of Port Wardens	500	117	383	587
Historic District	1,000	980	20	997
Business Association	6,900	6,388	512	6,820
Economic Development	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Other Misc. General	<u>40,400</u>	<u>56,649</u>	<u>(16,249)</u>	<u>44,485</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, 2002

	Budget 2002	Actual 2002	Favorable (Unfavorable) Variance	(Memo) Actual 2001
General Government Buildings:				
Municipal Bldg - Salaries	-	-	-	575
Municipal Bldg - Utilities	6,000	2,189	3,811	5,376
Municipal Bldg - R & M	2,600	3,900	(1,300)	611
Town House	2,000	-	2,000	-
Temporary Facilities	7,000	6,065	935	-
Library	750	750	-	750
Custom House	2,000	676	1,324	3,984
Capital Outlay	<u>751,000</u>	<u>778,617</u>	<u>(27,617)</u>	<u>35,539</u>
Total Gen. Govern. Bldg	<u>771,350</u>	<u>792,197</u>	<u>(20,847)</u>	<u>46,835</u>
Total General Government	<u>890,446</u>	<u>926,600</u>	<u>(36,154)</u>	<u>164,580</u>
Public Safety:				
Police Department:				
Police Salaries	97,659	97,201	458	93,743
Police Uniform & Equipment	4,050	5,356	(1,306)	3,735
Police Car Expense	6,500	6,193	307	5,499
Police Capital Outlay	-	-	-	22,871
Police School Expense	3,000	2,591	409	2,272
Police Signs	900	468	432	555
Police Telephone	2,000	2,139	(139)	1,727
Office Supplies	<u>400</u>	<u>629</u>	<u>(229)</u>	<u>387</u>
Total Police Department	<u>114,509</u>	<u>114,577</u>	<u>(68)</u>	<u>130,789</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>128,009</u>	<u>127,077</u>	<u>932</u>	<u>143,289</u>
Public Works:				
Roads Department:				
Sub Contract	250	-	250	-
Streets - Other Salaries	25,475	24,308	1,167	24,311
Streets - Repairs & Expense	9,500	5,562	3,938	4,181
Streets - Capital Outlay	70,000	70,749	(749)	4,088
Streets - Lighting	20,000	17,525	2,475	17,751
Storm Drain Management	<u>10,000</u>	<u>3,321</u>	<u>6,679</u>	<u>4,983</u>
Total Roads Department	<u>135,225</u>	<u>121,465</u>	<u>13,760</u>	<u>55,314</u>
Garbage Collection:				
Salary - Trash Collection	19,531	20,796	(1,265)	17,777
Trash Collection Expense	<u>44,000</u>	<u>41,694</u>	<u>2,306</u>	<u>42,278</u>
Total Garbage Collection	<u>63,531</u>	<u>62,490</u>	<u>1,041</u>	<u>60,055</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, 2002

	Budget 2002	Actual 2002	Favorable (Unfavorable) Variance	(Memo) Actual 2001
Misc. Public Works Expense:				
Snow Removal	2,000	-	2,000	1,126
Mosquito & Weed Control	3,015	259	2,756	937
Vehicle Operation	6,000	4,435	1,565	5,588
Shop Utilities	1,300	1,200	100	700
Shop Telephone	2,100	2,172	(72)	2,017
Shop Uniforms	4,800	5,232	(432)	5,132
Shop Salaries	13,588	7,864	5,724	3,969
Shop Maintenance & Expense	9,400	10,576	(1,176)	4,455
Shop – Capital Outlay	<u>21,250</u>	<u>9,397</u>	<u>11,853</u>	<u>-</u>
Total Misc. Public Works Exp.	<u>63,453</u>	<u>41,135</u>	<u>22,318</u>	<u>23,924</u>
Total Public Works	262,209	225,090	37,119	139,293
Recreation:				
Parks - Salaries	26,324	29,928	(3,604)	26,213
Parks - Expense	25,000	25,968	(968)	20,085
Parks - Capital Outlay	10,500	12,218	(1,718)	2,983
Little League	3,000	2,270	730	90
Improvements	2,000	160	1,840	1,900
Fireworks	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Recreation	<u>68,824</u>	<u>72,544</u>	<u>(3,720)</u>	<u>53,271</u>
Miscellaneous Expenses:				
Employee Training	500	145	355	330
Miscellaneous	3,000	2,467	533	2,709
Insurance - General	23,800	26,946	(3,146)	20,978
Employee Benefits	36,670	32,365	4,305	40,766
Unemployment Insurance	150	38	112	150
Insurance - Workmans Comp.	19,610	10,769	8,841	7,487
Social Security	17,792	16,477	1,315	15,084
Addition to Restricted Funds	2,200	-	2,200	-
Debt Service	<u>36,000</u>	<u>4,086</u>	<u>31,914</u>	<u>-</u>
Total Miscellaneous Expenses	<u>139,722</u>	<u>93,293</u>	<u>46,429</u>	<u>92,069</u>
Contingent Expenses:				
Unanticipated Expenses	<u>60,334</u>	<u>-</u>	<u>60,334</u>	<u>-</u>
Total Expenditures	1,549,544	1,444,604	104,940	592,502
Excess Revenue Over Expenditures	-	121,483	-	117,167
Surplus - General Fund - Beginning	<u>662,580</u>	<u>662,580</u>	<u>121,483</u>	<u>545,413</u>
Surplus – General Fund – Ending	<u>\$ 662,580</u>	<u>\$ 784,063</u>	<u>\$121,483</u>	<u>\$662,580</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, 2002

	2002	(Memo Only) 2001
Revenues:		
Current Service Charges:		
Service	\$265,669	\$253,355
Capital Charges	5,000	13,000
Plumbing Permits	<u>1,767</u>	<u>1,591</u>
Total Current Service Charges	<u>272,436</u>	<u>267,946</u>
Expenses:		
Operating Expenses:		
Clerk Salaries	12,886	11,638
Office Salaries	13,728	12,646
Office Supplies & Expense	5,054	4,038
Telephone	670	1,399
Auditing	1,250	1,250
Municipal Building Utilities	-	750
Repairs and Maintenance	35,914	29,167
Vehicle Operation	3,759	4,499
Shop Utilities	4,800	2,800
Training	1,562	1,303
Insurance - General	10,200	12,319
Employee Benefits	15,714	15,619
Workmans Comp.	4,400	-
Contract Services	-	300
Labor on Lines	25,208	20,471
Material and Equipment	9,802	13,697
Electricity	16,970	21,145
Social Security Taxes	7,533	7,088
Lab Tests	3,364	3,737
Chemicals	21,390	18,086
Other Labor	<u>46,539</u>	<u>47,888</u>
Total Expenses	<u>240,743</u>	<u>229,840</u>
Net Operating Income	<u>31,693</u>	<u>38,106</u>
Non Operating Revenues:		
Interest	8,823	21,784
Rent	<u>30,755</u>	<u>28,275</u>
Total Non Operating Revenues	39,578	50,059
Non Operating Expense:		
Depreciation	(86,681)	(76,547)
Interest Paid	<u>(19,073)</u>	<u>(11,370)</u>
Net Income – (Loss)	(34,483)	248
Amortization – Contribution in Aid	45,703	45,703
Retained Earnings - Beginning	<u>954,622</u>	<u>908,671</u>
Retained Earnings - Ending	<u>\$965,842</u>	<u>\$954,622</u>

See notes to financial statements.

TOWN OF OXFORD
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

	<u>2002</u>	(Memo Only) <u>2001</u>
Cash Provided From (Used For) Operations:		
Net Operating	\$ 31,693	\$ 38,106
Receivables - Net	(3,492)	(8,044)
Payables	(115)	(62,142)
Deferrals	<u>-</u>	<u>(1,100)</u>
Cash Provided From (Used For) Operations	<u>28,086</u>	<u>(33,180)</u>
Cash Provided From (Used For) Investment Activities:		
Interest on Investments	8,823	21,784
Rents	30,755	28,275
Interest Paid	<u>(19,073)</u>	<u>(11,370)</u>
Cash Provided From Investment Activities	<u>20,505</u>	<u>38,689</u>
Cash Available (Required) Before Financing Activities	<u>48,591</u>	<u>5,509</u>
Capital and Related Financing Activities:		
Long Term Borrowing (Repayment)	(6,026)	(52,482)
Acquisition of Capital Assets	<u>(105,070)</u>	<u>(209,787)</u>
Cash Provided From (Used For) Financing Activities	<u>(111,096)</u>	<u>(262,269)</u>
Increase (Decrease) in Cash and Short-Term Investments	(62,505)	(256,760)
Cash - Beginning	<u>385,112</u>	<u>641,872</u>
Cash - Ending	<u>\$322,607</u>	<u>\$385,112</u>

See notes to financial statements.

TOWN OF OXFORD
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
 YEAR ENDED JUNE 30, 2002

	2002	(Memo) 2001
Balance - Beginning	\$ <u>568,551</u>	\$ <u>524,622</u>
Increases (Decreases):		
Property Acquisition	806,746	59,223
Property Dispositions	<u>(9,000)</u>	<u>(15,294)</u>
Net Increase (Decrease)	<u>797,746</u>	<u>43,929</u>
Balance - Ending	\$ <u>1,366,297</u>	\$ <u>568,551</u>

See notes to financial statements.

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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, 2002

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

	<u>June 30, 2002</u>		<u>June 30, 2001</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	\$1,357,274	\$1,572,773	\$1,283,357	\$1,541,620
Accumulated Depreciation	<u>468,710</u>	<u>1,108,569</u>	<u>429,734</u>	<u>1,060,864</u>
Book Value	<u>\$ 888,564</u>	<u>\$ 464,204</u>	<u>\$ 853,623</u>	<u>\$ 480,756</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, 2002

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 2002, revenues exceeded expenditures by \$1,946, resulting in a fund balance of \$51,018 at June 30, 2002.

During the 1995 fiscal year, the annual budget ordinance established an additional restricted fund designated for capital projects only. With a supplementary appropriation during a prior fiscal year of \$159,958, the current balance in this restricted fund is \$308,525.

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 \$920,919 and the bank balances were \$994,558.

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 September 5, 2002. The book value of these bills, which is not materially different from fair market value, is \$199,145 and interest of \$228 has been accrued through June 30, 2002. 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 – General Fund

The Town arranged financing for the municipal buildings modernization through Easton Bank & Trust Company at a rate of 2.59% payable over thirty years. Maturity on the loan is as follows:

2003	\$ 15,300
2004	15,701
2005	16,113
2006	16,535
2007	16,969
Thereafter	<u>604,205</u>
Total	<u>\$684,823</u>

TOWN OF OXFORD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Note Payable – Enterprise Fund

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:

2003	6,325
2004	6,587
2005	6,965
2006	7,311
2007	7,673
Thereafter	<u>352,941</u>
Total	<u>\$387,802</u>

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.