

TOWN OF OXFORD  
GENERAL PURPOSE  
FINANCIAL STATEMENTS  
JUNE 30, 2003

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, 2003, 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 U.S. 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, 2003, 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.*

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

October 2, 2003

TOWN OF OXFORD  
 COMBINED BALANCE SHEETS - ALL FUND TYPES  
 JUNE 30, 2003

	General	Enterprise	Fixed Asset Group	Long Term Debt	Total Memo Only
<b>ASSETS</b>					
Cash	\$763,993	\$ 434,358	\$ -	\$ -	\$1,198,351
Cash – Restricted	49,949	-	-	-	49,949
Receivables					
Property Taxes	1,000	-	-	-	1,000
State Shared Revenues	14,991	-	-	-	14,991
County Shared Revenues	6,561	-	-	-	6,561
Trade and Service	1,000	70,686	-	-	71,686
Interest	589	290	-	-	879
Grant – State	-	-	-	-	-
Customer Notes	-	93,307	-	-	93,307
Property, Plant and Equipment:					
Land and Improvements	-	-	148,142	-	148,142
Water and Sewer System	-	2,737,503	-	-	2,737,503
Buildings	-	-	1,141,248	-	1,141,248
Vehicles, Furnishing and Equipment	-	251,654	249,367	-	501,021
Less: Accum. Deprec.	-	1,666,457	-	-	1,666,457
Amount to be Provided	-	-	-	686,956	686,956
<b>Total Assets</b>	<b><u>\$838,083</u></b>	<b><u>\$1,921,341</u></b>	<b><u>\$1,538,757</u></b>	<b><u>\$686,956</u></b>	<b><u>\$4,985,137</u></b>
<b>LIABILITIES AND EQUITY</b>					
Accounts Payable	\$132,538	\$ -	\$ -	\$ -	\$ 132,538
Note Payable	-	475,841	-	686,956	1,162,797
Total Liabilities	<u>132,538</u>	<u>475,841</u>	<u>-</u>	<u>686,956</u>	<u>1,295,335</u>
Equity:					
Contributed Capital	-	447,024	-	-	447,024
Invested in General					
Fixed Assets	-	-	1,538,757	-	1,538,757
Retained Earnings	-	998,476	-	-	998,476
Fund Balances:					
Reserved for Employee Housing	49,949	-	-	-	49,949
Reserved Capital Projects	308,525	-	-	-	308,525
Unreserved	347,071	-	-	-	347,071
Total Equity	<u>705,545</u>	<u>1,445,500</u>	<u>1,538,757</u>	<u>-</u>	<u>3,689,802</u>
<b>Total Liabilities and Equity</b>	<b><u>\$838,083</u></b>	<b><u>\$1,921,341</u></b>	<b><u>\$1,538,757</u></b>	<b><u>\$686,956</u></b>	<b><u>\$4,985,137</u></b>

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, 2003

	Budget 2003	Actual 2003	Favorable (Unfavorable) Variance	(Memo) Actual 2002
REVENUES:				
Real & Personal Property Taxes				
Taxes - Real Property	\$440,720	\$447,147	\$ 6,427	\$409,602
Taxes - Real Property 1/2 yr	1,000	1,801	801	2,689
Tax - Discount	(3,000)	(2,962)	38	(2,847)
Total Real & Personal Property Taxes	<u>438,720</u>	<u>445,986</u>	<u>7,266</u>	<u>409,444</u>
Tax Revenues:				
Interest - Delinquent A/C	200	1,574	1,374	1,291
Local Income Tax	95,000	64,962	(30,038)	116,677
Amusement Tax	100	4,981	4,881	450
Highway Use Tax	69,019	76,663	7,644	79,698
Franchise Fees	<u>2,000</u>	<u>2,268</u>	<u>268</u>	<u>2,280</u>
Total Tax Revenues	<u>166,319</u>	<u>150,448</u>	<u>(15,871)</u>	<u>200,396</u>
Licenses and Permits:				
Building Permits	2,000	3,482	1,482	1,145
Animal Permits	100	20	(80)	40
Traders Licenses	3,000	3,038	38	3,409
Port Warden Fees	<u>500</u>	<u>1,523</u>	<u>1,023</u>	<u>173</u>
Total Licenses and Permits	<u>5,600</u>	<u>8,063</u>	<u>2,463</u>	<u>4,767</u>
Revenues - Agencies:				
Police Aid	16,580	18,580	2,000	14,195
Room Tax	<u>24,000</u>	<u>22,058</u>	<u>(1,942)</u>	<u>21,952</u>
Total Revenues - Agencies	<u>40,580</u>	<u>40,638</u>	<u>58</u>	<u>36,147</u>
Current Service Charges:				
Appeals Fee	500	-	(500)	14
Parks & Recreation	<u>25</u>	<u>35</u>	<u>10</u>	<u>-</u>
Total Current Service Charge	<u>525</u>	<u>35</u>	<u>(490)</u>	<u>14</u>
Grants:				
State Bond Bill Proceeds	-	-	-	150,000
Long Term Debt:				
Proceeds - Bank Borrowing	-	-	-	684,823

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, 2003

	Budget 2003	Actual 2003	Favorable (Unfavorable) Variance	(Memo) Actual 2002
Miscellaneous Revenue:				
Interest on Investments	26,130	16,471	(9,659)	22,603
Rental Income - Moorings	8,783	6,584	(2,199)	7,644
Rental Income	40,062	48,623	8,561	38,501
Police Fines	2,500	1,740	(760)	3,890
Other Revenues	<u>1,000</u>	<u>144</u>	<u>(856)</u>	<u>7,858</u>
Total Miscellaneous Revenue	<u>78,475</u>	<u>73,562</u>	<u>(4,913)</u>	<u>80,496</u>
 Total Current Year Revenue	 730,219	 718,732	 (11,487)	 1,566,087
Appropriation - Prior Year	<u>304,983</u>	<u>-</u>	<u>(304,983)</u>	<u>-</u>
 Total Revenues	 <u>\$1,035,202</u>	 <u>\$718,732</u>	 <u>\$(316,470)</u>	 <u>\$1,566,087</u>
 EXPENDITURES:				
General Government:				
Legislation:				
Town Comm. Salary	6,000	6,000	-	5,888
Election Board	200	433	(233)	285
Other	4,000	4,354	(354)	5,909
Advertisement	<u>450</u>	<u>-</u>	<u>450</u>	<u>413</u>
Total Legislation	<u>10,650</u>	<u>10,787</u>	<u>(137)</u>	<u>12,495</u>
 Financial Administration:				
Town Clerk Salary	31,653	31,013	640	29,732
Salaries - Office & Board	14,030	13,792	238	13,560
Supplies and Expense	5,000	5,082	(82)	6,199
Maintenance Contract	2,500	1,839	661	2,210
Photocopier	2,000	1,234	766	1,091
Advertisement	5,000	2,440	2,560	4,707
Membership & Dues	3,000	2,836	164	2,709
Telephone	2,400	1,978	422	1,561
Auditing	2,750	2,750	-	2,750
Accounting & Budgeting	<u>2,000</u>	<u>1,835</u>	<u>165</u>	<u>740</u>
Total Financial Admin.	<u>70,333</u>	<u>64,799</u>	<u>5,534</u>	<u>65,259</u>
 Other Misc. General Government Expenses:				
Legal Counsel	31,000	29,180	1,820	43,969
Planning & Zoning	1,000	1,988	(988)	4,195
Board of Port Wardens	500	739	(239)	117
Historic District	1,000	175	825	980
Business Association	7,700	5,162	2,538	6,388
Economic Development	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Other Misc. General	<u>42,200</u>	<u>38,244</u>	<u>3,956</u>	<u>56,649</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, 2003

	Budget 2003	Actual 2003	Favorable (Unfavorable) Variance	(Memo) Actual 2002
<b>General Government Buildings:</b>				
Municipal Bldg - Salaries	-	-	-	-
Municipal Bldg - Utilities	6,000	5,165	835	2,189
Municipal Bldg - R & M	7,000	5,722	1,278	3,900
Town House	5,000	1,889	3,111	-
Temporary Facilities	-	55	(55)	6,065
Library	750	750	-	750
Custom House	2,000	399	1,601	676
Capital Outlay	<u>50,000</u>	<u>46,302</u>	<u>3,698</u>	<u>778,617</u>
<b>Total Gen. Govern. Bldg</b>	<u>70,750</u>	<u>60,282</u>	<u>10,468</u>	<u>792,197</u>
<b>Total General Government</b>	<b>193,933</b>	<b>174,112</b>	<b>19,821</b>	<b>926,600</b>
<b>Public Safety:</b>				
<b>Police Department:</b>				
Police Salaries	102,387	101,388	999	97,201
Police Uniform & Equipment	5,150	4,901	249	5,356
Police Car Expense	6,500	6,892	(392)	6,193
Police Capital Outlay	-	1,400	(1,400)	-
Police School Expense	3,000	1,775	1,225	2,591
Police Signs	900	360	540	468
Police Telephone	2,000	2,358	(358)	2,139
Office Supplies	<u>500</u>	<u>350</u>	<u>150</u>	<u>629</u>
<b>Total Police Department</b>	<u>120,437</u>	<u>119,424</u>	<u>1,013</u>	<u>114,577</u>
<b>Other Misc. Public Safety Expense:</b>				
Fire Department	14,500	14,500	-	12,500
Fire Hydrants	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
<b>Total Oth. Misc. Pub. Saf. Exp.</b>	<u>15,500</u>	<u>14,500</u>	<u>1,000</u>	<u>12,500</u>
<b>Total Public Safety</b>	<b>135,937</b>	<b>133,924</b>	<b>2,013</b>	<b>127,077</b>
<b>Public Works:</b>				
<b>Roads Department:</b>				
Sub Contract	250	-	250	-
Streets - Other Salaries	26,484	30,029	(3,545)	24,308
Streets - Repairs & Expense	9,500	1,786	7,714	5,562
Streets - Capital Outlay	75,000	25,819	49,181	70,749
Streets - Lighting	21,000	14,804	6,196	17,525
Storm Drain Management	<u>-</u>	<u>(2,162)</u>	<u>2,162</u>	<u>3,321</u>
<b>Total Roads Department</b>	<u>132,234</u>	<u>70,276</u>	<u>61,958</u>	<u>121,465</u>
<b>Garbage Collection:</b>				
Salary - Trash Collection	20,304	19,300	1,004	20,796
Trash Collection Expense	<u>44,000</u>	<u>41,455</u>	<u>2,545</u>	<u>41,694</u>
<b>Total Garbage Collection</b>	<u>64,304</u>	<u>60,755</u>	<u>3,549</u>	<u>62,490</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, 2003

	Budget 2003	Actual 2003	Favorable (Unfavorable) Variance	(Memo) Actual 2002
Misc. Public Works Expense:				
Snow Removal	2,000	1,200	800	-
Mosquito & Weed Control	3,000	1,496	1,504	259
Vehicle Operation	6,000	3,180	2,820	4,435
Shop Utilities	1,300	1,100	200	1,200
Shop Telephone	2,100	2,564	(464)	2,172
Shop Uniforms	4,800	5,554	(754)	5,232
Shop Salaries	14,126	7,836	6,290	7,864
Shop Maintenance & Expense	9,400	5,593	3,807	10,576
Shop – Capital Outlay	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>	<u>9,397</u>
Total Misc. Public Works Exp.	<u>42,726</u>	<u>30,523</u>	<u>12,203</u>	<u>41,135</u>
<b>Total Public Works</b>	<u>239,264</u>	<u>161,554</u>	<u>77,710</u>	<u>225,090</u>
Recreation:				
Parks - Salaries	27,366	26,856	510	29,928
Parks - Expense	35,100	23,302	11,798	25,968
Parks - Capital Outlay	47,500	32,512	14,988	12,218
Little League	1,000	230	770	2,270
Improvements	4,900	5,288	(388)	160
Fireworks	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<b>Total Recreation</b>	<u>117,866</u>	<u>90,188</u>	<u>27,678</u>	<u>72,544</u>
Miscellaneous Expenses:				
Employee Training	500	30	470	145
Miscellaneous	3,000	3,403	(403)	2,467
Insurance - General	30,000	26,914	3,086	26,946
Employee Benefits	38,121	46,761	(8,640)	32,365
Unemployment Insurance	150	150	-	38
Insurance - Workmans Comp.	20,083	14,482	5,601	10,769
Social Security	18,550	16,916	1,634	16,477
Addition to Restricted Funds	2,200	-	2,200	-
Debt Service	<u>96,000</u>	<u>17,183</u>	<u>78,817</u>	<u>4,086</u>
<b>Total Miscellaneous Expenses</b>	<u>208,604</u>	<u>125,839</u>	<u>82,765</u>	<u>93,293</u>
Contingent Expenses:				
Unanticipated Expenses	<u>139,598</u>	<u>111,633</u>	<u>27,965</u>	<u>-</u>
Total Expenditures	1,035,202	<u>797,250</u>	237,952	1,444,604
Excess Revenue Over Expenditures	-	(78,518)	(78,518)	121,483
Surplus - General Fund - Beginning	<u>784,063</u>	<u>784,063</u>	<u>-</u>	<u>662,580</u>
Surplus – General Fund – Ending	<u>\$ 784,063</u>	<u>\$ 705,545</u>	<u>\$ (78,518)</u>	<u>\$ 784,063</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, 2003

	2003	(Memo Only) 2002
Revenues:		
Current Service Charges:		
Service	\$269,279	\$265,669
Capital Charges	12,000	5,000
Plumbing Permits	<u>1,016</u>	<u>1,767</u>
Total Current Service Charges	282,295	272,436
Expenses:		
Operating Expenses:		
Clerk Salaries	13,578	12,886
Office Salaries	14,092	13,728
Office Supplies & Expense	4,293	5,054
Telephone	12	670
Auditing	1,250	1,250
Municipal Building Utilities	600	-
Repairs and Maintenance	17,377	35,914
Vehicle Operation	2,725	3,759
Shop Utilities	4,300	4,800
Training	2,320	1,562
Insurance - General	10,000	10,200
Employee Benefits	16,337	15,714
Workmans Comp.	4,583	4,400
Contract Services	500	-
Labor on Lines	24,861	25,208
Material and Equipment	7,986	9,802
Electricity	23,407	16,970
Social Security Taxes	7,793	7,533
Lab Tests	6,699	3,364
Chemicals	16,318	21,390
Other Labor	49,336	46,539
Depreciation	<u>89,178</u>	<u>86,681</u>
Total Expenses	317,545	327,424
Net Operating Income	(35,250)	(54,988)
Non Operating Revenues:		
Interest	9,092	8,823
Rent	<u>29,380</u>	<u>30,755</u>
Total Non Operating Revenues	38,472	39,578
Non Operating Expense:		
Interest Paid	(19,828)	(19,073)
Net Income – (Loss)	(16,606)	(34,483)
Amortization – Contribution in Aid	49,240	45,703
Retained Earnings - Beginning	965,842	954,622
Retained Earnings - Ending	<u>\$998,476</u>	<u>\$965,842</u>

See notes to financial statements.

TOWN OF OXFORD  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2003

	2003	(Memo Only) 2002
Cash Provided From (Used For) Operations:		
Net Operating	\$ (35,250)	\$ (54,988)
Depreciation	89,178	86,681
Receivables - Net	5,053	(3,492)
Payables	<u>          -</u>	<u>     (115)</u>
Cash Provided From (Used For) Operations	<u>58,981</u>	<u>28,086</u>
Cash Provided From (Used For) Investment Activities:		
Interest on Investments	9,092	8,823
Rents	29,380	30,755
Interest Paid	<u>(19,828)</u>	<u>(19,073)</u>
Cash Provided From Investment Activities	<u>18,644</u>	<u>20,505</u>
Cash Available (Required) Before Financing Activities	<u>77,625</u>	<u>48,591</u>
Capital and Related Financing Activities:		
Contributed Capital	98,504	-
System Expansion Notes Issued	(93,307)	-
Long Term Borrowing (Repayment)	88,039	(6,026)
Acquisition of Capital Assets	<u>(59,110)</u>	<u>(105,070)</u>
Cash Provided From (Used For) Financing Activities	<u>34,126</u>	<u>(111,096)</u>
Increase (Decrease) in Cash and Short-Term Investments	111,751	(62,505)
Cash - Beginning	322,607	385,112
Cash - Ending	<u>\$434,358</u>	<u>\$322,607</u>

See notes to financial statements.

TOWN OF OXFORD  
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
 YEAR ENDED JUNE 30, 2003

	<u>2003</u>	(Memo) <u>2002</u>
Balance - Beginning	\$ <u>1,366,297</u>	\$ <u>568,551</u>
Increases (Decreases):		
Property Acquisition	172,460	806,746
Property Dispositions	<u>          -</u>	<u>     (9,000)</u>
Net Increase (Decrease)	<u>  172,460</u>	<u>  797,746</u>
Balance - Ending	<u>\$1,538,757</u>	<u>\$1,366,297</u>

See notes to financial statements.

TOWN OF OXFORD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

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, 2003

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

	<u>June 30, 2003</u>		<u>June 30, 2002</u>	
	Water Fund	Sewer Fund	Water Fund	Sewer Fund
Total Cost	\$1,380,654	\$1,608,503	\$1,357,274	\$1,572,773
Accumulated Depreciation	<u>510,118</u>	<u>1,156,339</u>	<u>468,710</u>	<u>1,108,569</u>
Book Value	<u>\$ 870,536</u>	<u>\$ 452,164</u>	<u>\$ 888,564</u>	<u>\$ 464,204</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, 2003

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 2003, revenues fell short of expenditures by \$1,069, resulting in a fund balance of \$49,949 at June 30, 2003.

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 \$1,248,300 and the bank balances were \$1,294,047.

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.

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:

2004	\$ 15,701
2005	16,113
2006	16,535
2007	16,969
2008	17,405
Thereafter	<u>604,233</u>
Total	<u>\$686,956</u>

TOWN OF OXFORD  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2003

<u>Notes Payable – Enterprise Fund</u>	June 30, 2003
Water Tower Loan – Talbot Bank 30 year 4.85%	\$381,477
System Expansion Loans – Maryland Dept. of Environment 20 year 2.2% Due February 1, 2022	<u>94,364</u> <u>\$475,841</u>

Maturities on the loans are as follows:

2004	\$ 10,009
2005	10,464
2006	10,887
2007	11,329
2008	11,743
Thereafter	<u>421,409</u>
Total	<u>\$475,841</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.