

TOWN OF OXFORD
OXFORD, MARYLAND
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
JUNE 30, 2010

TOWN OF OXFORD
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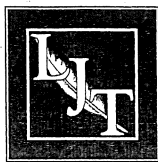
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AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT

TO THE COMMISSIONERS
TOWN OF OXFORD, MARYLAND

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Oxford, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 and each major fund of the Town of Oxford, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the general and enterprise funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010, on our consideration of the Town of Oxford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • PRIVATE COMPANIES PRACTICE SECTION
DELAWARE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oxford's basic financial statements. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Oxford. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lank, Johnson & Tull

Seaford, Delaware
November 5, 2010

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

This Discussion and Analysis is intended to be an easily readable analysis of the Town of Oxford's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplemental information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, parks and recreation, community development and general government administration. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities owed and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses gross and net costs of Town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund Financial Statements focus separately on major Governmental Funds and Proprietary Funds. Governmental Fund statements follow the more traditional presentation of Financial Statements. A budgetary comparison is presented for all funds. Statements for the Town's Proprietary Funds follow the Governmental Funds and include net assets, revenue, expenses and changes in net assets, and cash flow.
- The notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net assets increased by 14.06% from 2009 to 2010. (See table below.) Governmental fund net assets increased by 4.73%, which is the result of the Town being able to meet operational costs as well as to fund capital improvements with prior year reserves and investment earnings, without incurring any substantial, new debt. The business-type funds increased by 30.19%, which is attributed to capital projects being funded with grant awards.

Town of Oxford
Net Assets
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2010	2009	2010	2009	2010	2009	
Current and Other Assets	1.83	1.62	1.07	0.58	2.90	2.20	31.82%
Capital Assets	1.26	1.17	2.12	1.68	3.38	2.85	18.60%
Total Assets	3.09	2.79	3.19	2.26	6.28	5.05	24.36%
Long Term Debt	-	-	1.12	0.65	1.12	0.65	72.31%
Other Liabilities	0.21	0.04	-	0.02	0.21	0.06	250.00%
Total Liabilities	0.21	0.04	1.12	0.67	1.33	0.71	87.32%
Net Assets							
Capital Assets Net of Debt	1.26	1.17	1.00	1.03	2.26	2.20	2.73%
Restricted	0.37	0.38	-	-	0.37	0.38	(2.63%)
Unrestricted	1.25	1.20	1.07	0.56	2.32	1.76	31.82%
Total Net Assets	2.88	2.75	2.07	1.59	4.95	4.34	14.06%

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The Town's total revenues increased by 15.34% to \$2.03 million. (See table below.) Revenue from business-type activities increased 80.39% to \$0.92 million. This increase is attributable to grant awards for water meters and arsenic removal. Governmental revenues decreased by 11.20% to \$1.11 million. This decrease is attributable to a decrease in state shared income taxes and highway use tax.

The total cost of all programs and services increased by 5.18%, to \$1.42 million. Costs of business-type activities remained constant. Governmental activities increased by 7.69% to \$.98 million. The increase is attributable to an increase in legal services.

Town of Oxford
Change in Net Assets
(in millions)

	Governmental		Business-Type		Total		Total Percentage
	2010	2009	2010	2009	2010	2009	Change
Program Revenue							
Fees, Fines, Services	0.10	0.07	0.53	0.50	0.63	0.57	10.53%
Operating Grants	0.01	0.02	-	-	0.01	0.02	(50.00%)
Capital Grants	-	-	0.38	-	0.38	-	100%
General Revenue							
Taxes	1.00	1.14	-	-	1.00	1.14	(12.28%)
Investment income(loss)		0.02	0.01	0.01	0.01	0.03	(66.67%)
Total Revenue	1.11	1.25	0.92	0.51	2.03	1.76	15.34%
Program Expenses							
General	0.32	0.26	-	-	0.32	0.26	23.08%
Public Safety	0.17	0.18	-	-	0.17	0.18	(5.56%)
Public Works	0.25	0.23	-	-	0.25	0.23	8.70%
Parks and Recreation	0.09	0.09	-	-	0.09	0.09	-
Miscellaneous	0.15	0.15	-	-	0.15	0.15	-
Water & Sewer	-	-	0.44	0.44	0.44	0.44	-
Total Expenses	0.98	0.91	0.44	0.44	1.42	1.35	5.18%
Change in Net Assets	0.13	0.34	0.48	0.07	0.61	0.41	48.78%
Net Assets Beginning	2.75	2.41	1.59	1.52	4.34	3.93	10.43%
Net Assets Ending	2.88	2.75	2.07	1.59	4.95	4.34	14.06%

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was not amended during the current fiscal year.

General Fund revenues of \$1,119,990 were less than budgeted revenues of \$1,205,636 by \$85,646 (7.65%), due to a decrease in local income tax and highway use tax.

General Fund expenditures of \$1,075,371 were less than budgeted expenditures of \$1,205,636 by \$130,265 (12.11%). This favorable variance was due mainly to lower insurance and benefit costs, and unspent capital project funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010 the Town had \$3.38 million invested in capital assets, including police equipment, park and recreation facilities, buildings, land, vehicles, and water and sewer system improvements.

Town of Oxford
Capital Assets Net of Depreciation
(in millions)

	Governmental		Business-Type		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	0.02	0.02	-	-	0.02	0.02
Buildings	0.81	0.85	-	-	0.81	0.85
Improvements	0.07	0.05	-	-	0.07	0.05
Equipment	0.32	0.21	-	-	0.32	0.21
Vehicles	0.04	0.04	-	-	0.04	0.04
Water and Sewer	-	-	2.12	1.68	2.12	1.68
Total Capital Assets	1.26	1.17	2.12	1.68	3.38	2.85

Note 4 of the Notes to Basic Financial Statements gives further details of the Town's capital asset activity.

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Debt

At year-end, the Town had \$1.12 million in bonds and notes outstanding versus \$0.65 million last year, an increase of \$0.47 million. The increase is attributable to draws on the arsenic removal loan.

Town of Oxford
Debt
(in millions)

	Governmental		Business-Type		Total	
	2010	2009	2010	2009	2010	2009
Water Tower	-	-	0.33	0.34	0.33	0.34
System Expansion	-	-	0.79	0.31	0.79	0.31
Total	-	-	1.12	0.65	1.12	0.65

Note 5 of the Notes to Basic Financial Statements gives further details of the Town's debt activity.

Economic Factors and 2010 Budget & Rates

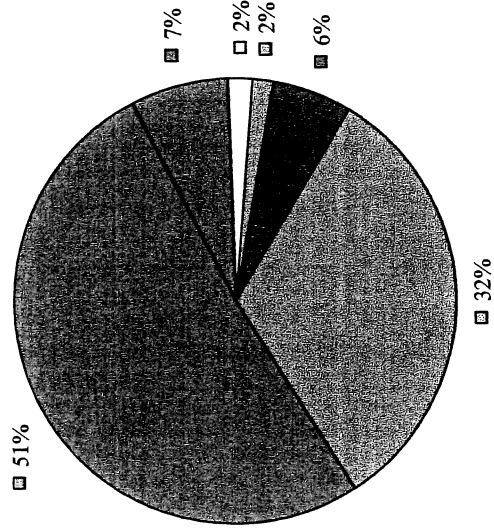
The Town faces a significant capital outlay in trying to mitigate the presence of arsenic in the water supply. This, along with upgrading the existing waste treatment facility will present significant challenges to the Town. At present the Town is financially sound, but additional funding sources will be necessary to make the aforementioned improvements feasible.

Financial Contact

The Town's Financial Statements are designed to present the users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the town's accountability. If you have any questions about the report or need additional financial information, please put your request in writing to the attention of: Town Clerk - Town of Oxford, Oxford, Maryland 21654.

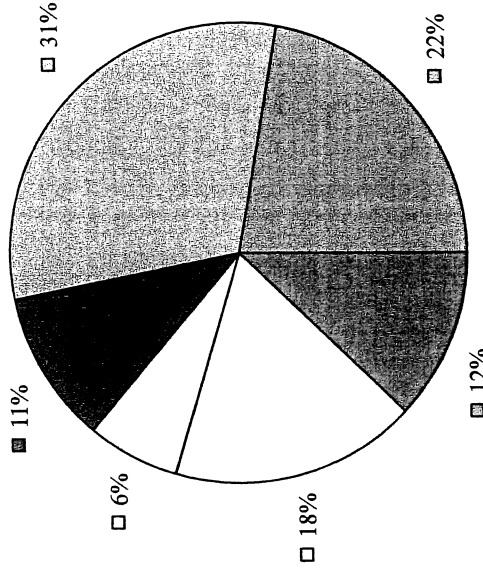
TOWN OF OXFORD
 MANAGEMENT DISCUSSION AND ANALYSIS
 TOTAL REVENUE AND EXPENSES
 GOVERNMENT-WIDE
 JUNE 30, 2010

Total Revenue



- General Government
- Water and Sewer
- Property Taxes, Penalties and Interest
- Local Income Tax
- Accommodations Tax
- Interest Income

Total Expense



- General Government
- Public Safety
- Public Works
- Parks and Recreation
- Other Expenses
- Water and Sewer

TOWN OF OXFORD
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,808,797	\$ 913,019	\$ 2,721,816
Accounts Receivable	25,729	137,087	162,816
Notes Receivable - Water and Sewer Bonds	-	24,598	24,598
Capital Assets:			
Land	20,232	-	20,232
Buildings	1,119,940	-	1,119,940
Equipment	163,672	1,302,714	1,466,386
Improvements	342,419	2,259,503	2,601,922
Vehicles	96,150	45,419	141,569
Accumulated Depreciation	<u>(480,927)</u>	<u>(1,486,661)</u>	<u>(1,967,588)</u>
Total Assets	<u>3,096,012</u>	<u>3,195,679</u>	<u>6,291,691</u>
LIABILITIES			
Accounts Payable	208,174	7,347	215,521
Non-Current Liabilities:			
Due within one year	-	14,236	14,236
Due in more than one year	<u>-</u>	<u>1,101,677</u>	<u>1,101,677</u>
Total Liabilities	<u>208,174</u>	<u>1,123,260</u>	<u>1,331,434</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,261,486	1,005,062	2,266,548
Restricted	419,337	-	419,337
Unrestricted	<u>1,207,015</u>	<u>1,067,357</u>	<u>2,274,372</u>
Total Net Assets	<u>\$ 2,887,838</u>	<u>\$ 2,072,419</u>	<u>\$ 4,960,257</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Program Activities	Program Revenues				Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions		Governmental Activities	Business-Type Activities
<u>Governmental Activities</u>							
General Government	\$ 316,473	\$ 95,369	\$ -	\$ -	\$ -	\$ (221,104)	\$ (221,104)
Public Safety	173,023	870	8,912	-	-	(163,241)	(163,241)
Public Works	249,318	-	-	-	-	(249,318)	(249,318)
Parks and Recreation	92,305	-	686	-	-	(91,619)	(91,619)
Other Expenses	152,713	-	-	-	-	(152,713)	(152,713)
Total Governmental Activities	983,832	96,239	9,598	-	105,837	(877,995)	(877,995)
<u>Business-Type Activities</u>							
Water and Sewer	441,455	148,501	-	381,986	\$	-	89,032
Total Government	\$ 1,425,287	\$ 244,740	\$ 9,598	\$ 381,986	\$	(877,995)	(788,963)

General Revenues:		
Taxes:		
Property Taxes, Penalties and Interest	829,001	51%
Local Income Tax	115,828	7%
Amusement Tax	6,179	
Franchise Tax	7,341	
Highway Use Tax	10,107	1%
Accommodations Tax	28,836	2%
Interest Income	16,861	2%
Total General Revenues	1,014,153	
Change in Net Assets	136,158	
Net Assets-Beginning	2,751,680	
Net Assets-Ending	\$ 2,887,838	

The accompany notes are an integral part of these financial statements.

**TOWN OF OXFORD
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2010**

EXHIBIT C

ASSETS	General Fund
Cash	\$ 1,808,797
Accounts Receivable	<u>25,729</u>
Total Assets	<u>\$ 1,834,526</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable	<u>\$ 208,174</u>
Fund Balance:	
Assigned	419,337
Unassigned	<u>1,207,015</u>
Total Fund Balance	<u>1,626,352</u>
Total Liabilities and Fund Balance	<u>\$ 1,834,526</u>

Amounts Reported For Governmental Activities in The Statement of Activities Are Different Because:

Total Fund Balance	\$ 1,626,352
Capital assets, and related accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	<u>1,261,486</u>
Net Assets of Governmental Activities	<u>\$ 2,887,838</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD **EXHIBIT D**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 829,001 ✓
Intergovernmental	177,889
Licenses and Permits	10,199 ✓
Interest	16,861 ✓
Rents	63,088
Police Fines	870
Sale of Equipment	8,100 ✓
Miscellaneous	13,982
Total Revenues	<u>1,119,990</u>
Expenditures:	
Current:	
General Government	276,404
Public Safety	169,083
Public Works	231,461
Parks and Recreation	86,551
Other Expenditures	152,713
Capital Outlay	159,159
Total Expenditures	<u>1,075,371</u>
Net Change in Fund Balance	44,619
Fund Balances at Beginning of Year	<u>1,581,733</u>
Fund Balances at End of Year	<u><u>\$ 1,626,352</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT E

Net Change in Fund Balance-Total Governmental Funds	\$ 44,619
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government-wide statement of activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(67,620)
Some expenses in the Governmental funds require the use of current financial resources but are not expenses in the statement of activities:	
Capital Outlay	<u>159,159</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 136,158</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Favorable (Unfavorable) Variance
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 821,264	\$ 821,264	\$ 829,001 ✗	\$ 7,737
Intergovernmental	274,760	274,760	177,889	(96,871)
Licenses and Permits	6,900	6,900	10,199 ✗	3,299
Interest	20,000	20,000	16,861 ✓	(3,139)
Rents	63,325	63,325	63,088	(237)
Police Fines	3,000	3,000	870 ✗	(2,130)
Sale of Equipment	-	-	8,100	8,100
Miscellaneous	600	600	13,982	13,382
Prior Year Reserves (Net)	15,787	15,787	-	(15,787)
Total Revenues	<u>1,205,636</u>	<u>1,205,636</u>	<u>1,119,990</u>	<u>(85,646)</u>
Expenditures:				
Current:				
General Government	229,995	229,995	276,404	(46,409)
Public Safety	179,516	179,516	169,083	10,433
Public Works	252,539	252,539	231,461	21,078
Parks and Recreation	85,174	85,174	86,551	(1,377)
Other Expenditures	214,412	214,412	152,713	61,699
Capital Outlay	244,000	244,000	159,159	84,841
Total Expenditures	<u>1,205,636</u>	<u>1,205,636</u>	<u>1,075,371</u>	<u>130,265</u>
Net Change in Fund Balance	-	-	44,619	44,619
Fund Balances at Beginning of Year	<u>1,581,733</u>	<u>1,581,733</u>	<u>1,581,733</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,581,733</u>	<u>\$ 1,581,733</u>	<u>\$ 1,626,352</u>	<u>\$ 44,619</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OXFORD
BALANCE SHEET-ENTERPRISE FUND
JUNE 30, 2010**

EXHIBIT G

ASSETS	
Current Assets:	
Cash	\$ 913,019
Accounts Receivable	137,087
Total Current Assets	<u>1,050,106</u>
Capital Assets:	
Equipment	1,302,714
Improvements	2,259,503
Vehicles	45,419
Accumulated Depreciation	<u>(1,486,661)</u>
Total Capital Assets	<u>2,120,975</u>
Other Assets:	
Notes Receivable-Water and Sewer Bonds	<u>24,598</u>
Total Assets	<u>\$ 3,195,679</u>

LIABILITIES AND FUND BALANCES

Current Liabilities:	
Accounts Payable	\$ 7,347
Current Portion of Long term Debt	14,236
Total Current Liabilities	<u>21,583</u>
Non-Current Liabilities:	
Long Term Debt-Net of Current Portion	<u>1,101,677</u>
Total Liabilities	<u>1,123,260</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	1,005,062
Unrestricted	1,067,357
Total Net Assets	<u>2,072,419</u>
Total Liabilities and Net Assets	<u>\$ 3,195,679</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT H

	<u>Budget</u>	<u>Water and Sewer Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues:			
Charges for Services	\$ 551,870	\$ 494,460	\$ (57,410)
Rents	34,000	33,887	(113)
Plumbing Permits	1,000	930	(70)
Bay Restoration Fees	-	1,110	1,110
Miscellaneous	-	100	100
Total Operating Revenues	586,870	530,487	(56,383)
Operating Expenses:			
Clerk Salaries	17,872	17,986	(114)
Office Salaries	17,294	17,044	250
Office Supplies and Expense	4,000	3,972	28
Telephone	3,000	1,796	1,204
Auditing	2,950	2,750	200
Financial and Computer Services	400	-	400
Utilities	1,500	1,500	-
Repairs and Maintenance	2,000	15,324	(13,324)
Backhoe Repair	8,700	722	7,978
Automotive	8,400	7,973	427
Shop Utilities	6,000	2,400	3,600
Insurance	15,000	15,000	-
Employee Benefits	40,999	40,999	-
Subcontractors	3,500	-	3,500
Salaries	98,781	80,373	18,408
Materials and Equipment	68,911	12,677	56,234
Lab Supplies	37,400	30,569	6,831
Depreciation	130,000	92,402	37,598
Electricity	48,800	59,040	(10,240)
Social Security	10,247	8,828	1,419
Testing	15,000	11,642	3,358
Training	6,000	2,568	3,432
Maintenance Contracts	8,000	-	8,000
Interest	25,000	15,890	9,110
Workman's Compensation Insurance	8,816	-	8,816
Total Operating Expenses	588,570	441,455	147,115
Net Operating Income (Loss)	(1,700)	89,032	90,732
Non-Operating Revenue:			
Grant Revenue	-	381,986	381,986
Interest	1,700	8,144	6,444
Total Non-Operating Revenues	1,700	390,130	388,430
Change in Net Assets	-	479,162	479,162
Net Assets at Beginning of Year	1,593,257	1,593,257	-
Net Assets at End of Year	\$ 1,593,257	\$ 2,072,419	\$ 479,162

The accompanying notes are an integral part of these financial statements.

**TOWN OF OXFORD
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT I

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 485,728
Rents	33,887
Plumbing Permits	930
Miscellaneous	100
Cash Payments for Interest	(15,890)
Cash Payments to Employees for Services	(115,403)
Cash Payments to Suppliers for Goods and Services	(229,955)
Net Cash from Operating Activities	159,397
Cash Flows from Capital and Related Financing Activities:	
Grant Revenue	381,986
Proceeds from Debt	482,369
Payments Received on Water and Sewer Bonds	1,938
Purchase of Capital Assets	(530,014)
Retirement of Debt	(15,028)
Net Cash from Capital and Related Financing Activities	321,251
Cash Flows from Investing Activities:	
Interest Income	8,144
Net Change in Cash	488,792
Cash - Beginning of year	424,227
Cash - End of year	\$ 913,019
Reconciliation of Income (Loss) to Net Cash from Operating Activities:	
Net Operating Income (Loss)	\$ 89,032
Adjustments to Reconcile Income (Loss) to Net Cash from Operating Activities:	
Depreciation	92,402
Change in Accounts Receivable	(9,842)
Change in Accounts Payable	(12,195)
Net Cash from Operating Activities	\$ 159,397

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 1

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The Town of Oxford is located on the Eastern Shore of Maryland and has a population of approximately 771 people. Some of the major services provided by the Town include water and sewer, trash removal, parks and recreation, planning and zoning, improvements, and public safety.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The Town applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Standards, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the Town applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

The more significant accounting policies of the Town are described below.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Oxford has no component units.

C. Basis of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-wide Financial Statements:

The statement of net assets and the statement of changes in net assets report information on all of the activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 2

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements would normally be presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major funds:

General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The government-wide statements and fund financial statements for proprietary funds are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are property taxes, licenses, charges for services, and intergovernmental revenues. All other Governmental Fund revenues are recognized when received.

E. Budgetary Control

The Town Clerk submits an annual budget to the Commissioners in accordance with the Town Charter. At least sixty days prior to the new fiscal year, the Commissioners adopt the annual fiscal year appropriated budget for Town operating funds. These include General, Public Safety, Public Works, Parks and Recreation and Water and Sewer. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. No amendments were adopted in the current year.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the Commissioners. Within these control levels, management may transfer appropriations without Commissioners approval.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

F. Cash and Investments

The Town follows the practice of segregating cash as to fund purpose or type.

The types of investments allowed are governed by Maryland Statute.

The Town considers all cash or investments with an initial maturity of one year or less to be cash.

G. Accounts Receivable

Management of the Town considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations in the period of uncollectibility.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 4

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Property Taxes

Property taxes are billed each July 1 for the fiscal year. Full payment is due by September 30. January 1 is the delinquent and levy date for all taxes.

I. Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of the Funds.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expense. Renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>CLASSIFICATION</u>	<u>LIFE</u>
Buildings	15-40 Years
Equipment	5-10 Years
Vehicles	5-10 Years
Water and Sewer Assets	5-40 Years

K. Net Assets

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America, requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

M. Fund Balance Classification:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town currently has no nonspendable fund balance.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town currently has no restricted fund balance.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of June 30, 2010.
- **Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding, if any. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 6

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 1,442,424
General Fund Petty Cash	100
Savings-Parks and Recreation	1,442
Clock Fund	3,199
Sidewalk Fund	41,633
Town House Fund	58,319
Doug Hanks Memorial Fund	2,856
Savings-Bicentennial Account	5,851
CD-Talbot Bank	623,304
CD-Bank of America	376,240
Water and Sewer Petty Cash	50
CD-Easton Bank	<u>202,468</u>
<u>TOTAL CASH IN BANK – PER BANK STATEMENTS</u>	<u>\$ 2,757,886</u>

The balance of cash is categorized as follows:

Amount insured by the FDIC	\$ <u>1,994,439</u>
Collateralized by the financial institutions trust department with securities not in the Town's name	\$ <u>763,447</u>
Uncollateralized	\$ <u>-</u>

NOTE 3 – NOTES RECEIVABLE-WATER AND SEWER BONDS

The Town obtained financing from the Maryland Department of the Environment in 2002 to help with the extension of water and sewer lines to certain Town residents. The residents who benefited from these improvements are repaying the Town in quarterly installments of principal and interest, plus an administrative fee. All of the notes mature in June of 2021 and bear interest at the rate of 2.2%.

NOTE 4 – CAPITAL ASSETS:

Following is a summary of Capital Asset changes for the current year:

	<u>ASSETS</u>			BALANCE JUNE 30, 2010
	BALANCE JULY 1, 2009	ACQUISITIONS	RETIREMENTS	
Land	\$ 20,232	\$ -	\$ -	\$ 20,232
Buildings	1,119,940	-	-	1,119,940
Equipment	128,672	35,000	-	163,672
Improvements	218,260	124,159	-	342,419
Vehicles	96,150	-	-	96,150
Water and Sewer	<u>3,077,622</u>	<u>530,014</u>	<u>-</u>	<u>3,607,636</u>
<u>TOTAL</u>	<u>\$ 4,660,876</u>	<u>\$ 689,173</u>	<u>\$ -</u>	<u>\$ 5,350,049</u>

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 7

NOTE 4 – CAPITAL ASSETS (CONTINUED):

	BALANCE	<u>ACCUMULATED DEPRECIATION</u>		BALANCE
	JULY 1, 2009	<u>DEPRECIATION</u>	<u>RETIREMENTS</u>	JUNE 30, 2010
Land	\$ -	\$ -	\$ -	\$ -
Buildings	277,252	29,549	-	306,801
Equipment	75,769	16,274	-	92,043
Improvements	7,669	13,411	-	21,080
Vehicles	52,617	8,386	-	61,003
Water and Sewer	<u>1,394,259</u>	<u>92,402</u>	<u>-</u>	<u>1,486,661</u>
TOTAL	\$ <u>1,807,566</u>	\$ <u>160,022</u>	\$ <u>-</u>	\$ <u>1,967,588</u>
<u>CAPITAL ASSETS</u>				\$ <u>3,382,461</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 40,069
Public Safety	3,940
Public Works	17,857
Parks and Recreation	5,754
Enterprise Activity	<u>92,402</u>
Total Depreciation Expense	\$ <u>160,022</u>

NOTE 5 - DEBT:

Debt at June 30, 2010 consists of the following:

Note Payable-Water Tower-Talbot Bank, \$600,000 unsecured, payable over a thirty year term maturing June 15, 2030 with interest currently at 4.85%. Monthly payments of interest and principal in the amount of \$2,083. The Town has made prepayments of principal on this loan.	\$ 326,286
Note Payable-Water and Sewer System Expansion-Maryland Department of the Environment, \$102,592 unsecured, payable over a twenty year term maturing February 1, 2020 with interest at 2.2%. Annual payments of interest and principal in the amount of \$6,228.	45,349
Note Payable-Water Arsenic Removal-Maryland Department of the Environment, \$1,065,000 unsecured, payable over a twenty year term maturing February 1, 2029. This note is in the construction phase and draws are taken as needed and approved. Annual payments of interest and principal are to be determined upon final draw.	<u>744,278</u>
Total	\$ <u>1,115,913</u>

**TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

**EXHIBIT J
PAGE 8**

NOTE 5 – DEBT (CONTINUED):

Transactions for the year ended June 30, 2010 are summarized as follows:

	Balance		Payments or		Balance	Due within
	<u>July 1</u>	<u>Additions</u>	<u>Expenditures</u>		<u>June 30</u>	<u>One year</u>
<u>Business Type Activities</u>						
Water Tower	\$ 336,494	\$ -	\$ 10,208		\$ 326,286	\$ 9,310
System Expansion	50,169	-	4,820		45,349	4,926
Arsenic Removal	261,909	482,369	-		744,278	-
<u>Total Business Type</u>	<u>648,572</u>	<u>482,369</u>	<u>15,028</u>		<u>1,115,913</u>	<u>14,236</u>
<u>Total Debt</u>	<u>\$ 648,572</u>	<u>\$ 482,369</u>	<u>\$ 15,028</u>		<u>\$ 1,115,913</u>	<u>\$ 14,236</u>

Maturities of principal and interest over the next five years, and five-year increments thereafter, are as follows:

	<u>Governmental Type Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2011	\$ -	\$ -	\$ 14,236	\$ 16,682
June 30, 2012	-	-	14,806	16,112
June 30, 2013	-	-	15,402	15,517
June 30, 2014	-	-	16,023	15,462
June 30, 2015	-	-	16,673	14,839
June 30, 2016-2020	-	-	85,087	60,369
June 30, 2021-2025	-	-	83,403	41,570
June 30, 2026-2030	-	-	106,240	18,733
June 30, 2031-2035	-	-	19,765	5,229
Arsenic Removal	-	-	744,278	-
<u>Total</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115,913</u>	<u>\$ 204,513</u>

NOTE 6 - RISK AND INSURANCE COVERAGE:

The Town has exposure to various kinds of risk. As a vehicle to reduce this exposure the Town has purchased insurance policies from commercial insurance agents. These policies cover property, general liability, auto, workman's compensation, and employee bonding.

NOTE 7 - PENSION PLAN:

The Town maintains The Town of Oxford Deferred Compensation Plan, which is an Internal Revenue Code Section 457 plan, a defined contribution plan. The plan is administered by an independent plan administrator. The Town's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. Section 457 plans require that plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted for any other purpose. Accordingly, the financial activity of this plan is not reported in the Town's financial statements.

A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefit a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. The Town incurs no cost in relation to this plan.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

EXHIBIT J
PAGE 9

NOTE 7 - PENSION PLAN (CONTINUED):

The Town also participates in the Maryland State Retirement System, which is a defined benefit plan. The Town's contribution is determined annually by the Retirement System based on actuarial estimates. The employees of the Town are required to contribute 5% of compensation, while the Town is required to contribute 10% of compensation. The cost to the Town for the current fiscal year was \$43,136. The System publishes an annual report reflecting all actuarial assumptions and funding status. This report is available via internet at www.sra.state.md.us, or by contacting The Maryland State Retirement and Pension System at 410-625-5555.

NOTE 8 - NET ASSET RESTRICTIONS/FUND BALANCE RESERVATIONS:

The Town owns a townhouse which is occupied by one Town employee and one tenant. A fund is maintained to care for and improve the townhouse. At June 30, 2010 the balance in the fund was \$15,105. Maintenance and improvement costs are paid from this fund before any other Town money is expended.

The Town Commissioners designated a capital projects fund in the amount of \$359,400 for future, non-specific improvements.

Contributions for sidewalk improvements are held in a separate account in the amount of \$41,633.

\$3,199 is held in a separate account for a Town clock.

NOTE 9 – SUBSEQUENT EVENTS:

Subsequent event inquiries and testing were performed through the report date, November 5, 2010.

TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
JUNE 30, 2010

**TOWN OF OXFORD
 SUPPLEMENTAL INFORMATION
 BALANCE SHEETS
 GOVERNMENTAL FUND
 JUNE 30, 2010 AND 2009**

SCHEDULE A

	<u>General Fund</u>	
ASSETS	<u>2010</u>	<u>2009</u>
Cash	\$ 1,808,797	\$ 1,553,791
Accounts Receivable	<u>25,729</u>	<u>69,470</u>
Total Assets	<u>\$ 1,834,526</u>	<u>\$ 1,623,261</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 208,174</u>	<u>\$ 41,528</u>
Fund Balance:		
Assigned	419,337	424,070
Unassigned	<u>1,207,015</u>	<u>1,157,663</u>
Total Fund Balance	<u>1,626,352</u>	<u>1,581,733</u>
Total Liabilities and Fund Balance	<u>\$ 1,834,526</u>	<u>\$ 1,623,261</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
BALANCE SHEETS - ENTERPRISE FUND
JUNE 30, 2010 AND 2009**

SCHEDULE B

ASSETS	Water and Sewer Fund	
	2010	2009
Current Assets:		
Cash	\$ 913,019	\$ 424,227
Accounts Receivable	137,087	127,245
Total Current Assets	1,050,106	551,472
Capital Assets:		
Equipment	1,302,714	967,579
Improvements	2,259,503	2,064,624
Vehicles	45,419	45,419
Accumulated Depreciation	(1,486,661)	(1,394,259)
Total Capital Assets	2,120,975	1,683,363
Other Assets		
Notes Receivable-Water and Sewer Bonds	24,598	26,536
Total Assets	\$ 3,195,679	\$ 2,261,371
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 7,347	\$ 19,542
Current Portion of Long term Debt	14,236	13,690
Total Current Liabilities	21,583	33,232
Non-current Liabilities:		
Long Term Debt-Net of Current Portion	1,101,677	634,882
Total Liabilities	1,123,260	668,114
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,005,062	1,034,791
Unrestricted	1,067,357	558,466
Total Net Assets	2,072,419	1,593,257
Total Liabilities and Net Assets	\$ 3,195,679	\$ 2,261,371

The accompanying notes are an integral part of these financial statements.

**TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
ANALYSIS OF REVENUE-BUDGET AND ACTUAL
ALL FUND TYPES
YEAR ENDED JUNE 30, 2010**

SCHEDULE C

	2010				
	<u>Budgeted Amounts</u>		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/09
	<u>Original</u>	<u>Final</u>			
<u>TAXES-LOCAL:</u>					
<u>Real and Personal Property:</u>					
Property Taxes	\$ 826,464	\$ 826,464	\$ 834,070	\$ 7,606	\$ 825,474
<u>Intergovernmental:</u>					
Interest-Delinquent A/C	1,000	1,000	4,605	3,605	4,745
Local Income Tax	170,000	170,000	111,223	(58,777)	203,980
Amusement Tax	1,000	1,000	6,179	5,179	13,495
Franchise	5,000	5,000	7,341	2,341	4,817
Highway Use Tax	59,760	59,760	10,107	(49,653)	64,964
Police Aid	14,000	14,000	7,590	(6,410)	15,414
T.C. Safety Grant - Police	1,000	1,000	1,322	322	-
Water Meter Grant	-	-	256,986	256,986	-
Arsenic Removal Grant	-	-	125,000	125,000	-
Critical Areas	1,000	1,000	686	(314)	997
Accommodations Tax	22,000	22,000	28,836	6,836	25,898
Total Intergovernmental	274,760	274,760	559,875	285,115	334,310
Less: Discounts and Allowances	(5,200)	(5,200)	(5,069)	131	(6,319)
NET TAXES	1,096,024	1,096,024	1,388,876	292,852	1,153,465
<u>LICENSES AND PERMITS:</u>					
Building Permits	3,000	3,000	6,067	3,067	(372)
Animal Permits	100	100	100	-	40
Traders' Licenses	3,000	3,000	3,232	232	4,831
Port Wardens' Fees	800	800	800	-	1,000
Plumbing Permits	1,000	1,000	930	(70)	1,080
TOTAL LICENSES AND PERMITS	7,900	7,900	11,129	3,229	6,579
<u>CHARGES FOR SERVICES:</u>					
Water and Sewer	551,870	551,870	494,460	(57,410)	462,010
Capital Charges	-	-	-	-	3,000
Bay Restoration Fee	-	-	1,110	1,110	937
Appeals Fees	600	600	453	(147)	90
Parks and Recreation	-	-	-	-	115
TOTAL CHARGES FOR SERVICES	552,470	552,470	496,023	(56,447)	466,152
<u>MISCELLANEOUS REVENUE:</u>					
Interest	21,700	21,700	25,005	3,305	36,278
Rents	97,325	97,325	96,975	(350)	97,295
Police Fines	3,000	3,000	870	(2,130)	2,730
Sale of Equipment	-	-	8,100	8,100	-
Miscellaneous	-	-	13,629	13,629	3,947
Prior Year Reserves (Net)	15,787	15,787	-	(15,787)	17,323
TOTAL MISCELLANEOUS REVENUE	137,812	137,812	144,579	6,767	157,573
TOTAL REVENUE	\$ 1,794,206	\$ 1,794,206	\$ 2,040,607	\$ 246,401	\$ 1,783,769

The accompanying notes are an integral part of these financial statements.

TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
ANALYSIS OF EXPENDITURES/EXPENSES-BUDGET AND ACTUAL
ALL FUND TYPES
YEAR ENDED JUNE 30, 2010

SCHEDULE D
PAGE 1

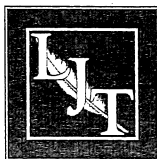
	2010				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/09
	Original	Final			
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT					
<u>Legislative</u>					
Salaries and Expense	\$ 10,000	\$ 10,000	\$ 10,002	\$ (2)	\$ 10,528
Registration and Election	200	200	573	(373)	207
Advertisement	500	500	350	150	331
<u>Executive</u>					
Salaries	58,995	58,995	60,350	(1,355)	58,493
Supplies	5,000	5,000	4,145	855	5,556
Telephone	3,500	3,500	2,463	1,037	2,245
Copier	3,000	3,000	1,826	1,174	1,578
Web Page Maintenance	1,500	1,500	463	1,037	352
Financial and Computer Service	6,500	6,500	4,877	1,623	3,250
Auditing	7,000	7,000	7,000	-	7,300
Memberships and Dues	5,400	5,400	4,991	409	5,291
Advertising	3,600	3,600	6,202	(2,602)	3,365
Accounting and Budgeting	500	500	200	300	410
<u>Total Legislative and Executive</u>	<u>105,695</u>	<u>105,695</u>	<u>103,442</u>	<u>2,253</u>	<u>98,906</u>
<u>Other General Government</u>					
Legal	60,000	60,000	102,281	(42,281)	68,971
Historic District	1,500	1,500	60	1,440	-
Planning & Zoning	3,000	3,000	4,470	(1,470)	3,110
Board of Port Wardens	3,000	3,000	321	2,679	913
Business Association	7,000	7,000	13,905	(6,905)	6,542
Appropriations to Others	12,800	12,800	12,800	-	11,800
<u>Total Other General Government</u>	<u>87,300</u>	<u>87,300</u>	<u>133,837</u>	<u>(46,537)</u>	<u>91,336</u>
<u>General Government Buildings</u>					
Building Maintenance	10,000	10,000	25,569	(15,569)	15,299
Capital Outlay - Office	4,000	4,000	274	3,726	12,413
Utilities	20,000	20,000	10,491	9,509	12,072
Town House	5,000	5,000	2,302	2,698	7,609
Custom House	2,000	2,000	489	1,511	245
<u>Total General Government Buildings</u>	<u>41,000</u>	<u>41,000</u>	<u>39,125</u>	<u>1,875</u>	<u>47,638</u>
<u>TOTAL GENERAL GOVERNMENT</u>	<u>233,995</u>	<u>233,995</u>	<u>276,404</u>	<u>(42,409)</u>	<u>237,880</u>
PUBLIC SAFETY					
Salaries	140,016	140,016	137,132	2,884	139,951
Uniforms and Equipment	4,000	4,000	4,291	(291)	4,938
Police School Expense	3,000	3,000	830	2,170	2,124
Automotive	14,000	14,000	11,775	2,225	11,113
Telephone	4,600	4,600	1,859	2,741	4,062
Signs	900	900	229	671	532
Office Supplies	500	500	467	33	188
Capital Outlay	-	-	-	-	293
Fire Department Grant	12,500	12,500	12,500	-	12,500
<u>TOTAL PUBLIC SAFETY</u>	<u>179,516</u>	<u>179,516</u>	<u>169,083</u>	<u>10,433</u>	<u>175,701</u>
PUBLIC WORKS					
<u>Roads Department</u>					
Subcontractors	200	200	-	200	-
Salaries	32,104	32,104	40,949	(8,845)	31,063
Capital Outlay	180,000	180,000	128,534	51,466	149,895
Repairs and Maintenance	28,000	28,000	8,678	19,322	11,633
Storm Drain Management	-	-	10,598	(10,598)	19,027
Lighting	32,000	32,000	32,889	(889)	34,617
<u>Total Roads Department</u>	<u>272,304</u>	<u>272,304</u>	<u>221,648</u>	<u>50,656</u>	<u>246,235</u>
<u>Garbage Collection</u>					
Salaries	24,613	24,613	28,886	(4,273)	26,939
Landfill Fees	57,000	57,000	58,981	(1,981)	50,731
<u>Total Sanitation and Waste Removal</u>	<u>81,613</u>	<u>81,613</u>	<u>87,867</u>	<u>(6,254)</u>	<u>77,670</u>

TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
ANALYSIS OF EXPENDITURES/EXPENSES-BUDGET AND ACTUAL
ALL FUND TYPES
YEAR ENDED JUNE 30, 2010

SCHEDULE D
PAGE 2

	2010				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/09
	Original	Final			
Other Public Works					
Snow Removal	\$ 3,500	\$ 3,500	\$ 6,138	\$ (2,638)	\$ -
Mosquito and Weed Control	3,000	3,000	853	2,147	695
Automotive	8,000	8,000	7,655	345	7,894
Utilities	2,000	2,000	1,262	738	1,200
Telephone	3,000	3,000	1,839	1,161	3,607
Uniforms	9,000	9,000	10,797	(1,797)	9,151
Salaries	17,122	17,122	9,683	7,439	14,445
Maintenance Building Expense	33,000	33,000	7,878	25,122	15,032
Capital Outlay	35,000	35,000	35,000	-	-
Total Other Public Works	<u>113,622</u>	<u>113,622</u>	<u>81,105</u>	<u>32,517</u>	<u>52,024</u>
TOTAL PUBLIC WORKS	<u>467,539</u>	<u>467,539</u>	<u>390,620</u>	<u>76,919</u>	<u>375,929</u>
PARKS AND RECREATION					
Salaries	33,174	33,174	50,081	(16,907)	40,489
Repairs and Maintenance	34,000	34,000	27,338	6,662	30,593
Supplies	-	-	281	(281)	146
Capital Outlay	25,000	25,000	-	25,000	-
Docks/Shoreline Improvements	15,000	15,000	6,510	8,490	8,515
Little League	1,000	1,000	341	.659	750
Fireworks	2,000	2,000	2,000	-	2,000
TOTAL PARKS AND RECREATION	<u>110,174</u>	<u>110,174</u>	<u>86,551</u>	<u>23,623</u>	<u>82,493</u>
OTHER					
Training	1,500	1,500	100	1,400	577
Miscellaneous	5,000	5,000	3,072	1,928	2,362
Insurance	48,000	48,000	37,982	10,018	24,048
Employee Benefits	95,663	95,663	74,968	20,695	73,310
Unemployment Insurance	200	200	45	155	82
Workman's Compensation Insurance	40,164	40,164	10,557	29,607	21,478
Social Security	23,885	23,885	24,783	(898)	23,557
Other Expenses	-	-	1,206	(1,206)	1,961
TOTAL OTHER	<u>214,412</u>	<u>214,412</u>	<u>152,713</u>	<u>61,699</u>	<u>147,375</u>
TOTAL GENERAL FUND	<u>1,205,636</u>	<u>1,205,636</u>	<u>1,075,371</u>	<u>130,265</u>	<u>1,019,378</u>
ENTERPRISE FUNDS					
Clerk Salaries	17,872	17,872	17,986	(114)	17,647
Office Salaries	17,294	17,294	17,044	250	17,316
Office Supplies and Expense	4,000	4,000	3,972	28	5,631
Telephone	3,000	3,000	1,796	1,204	2,391
Auditing	2,950	2,950	2,750	200	2,950
Financial and Computer Services	400	400	-	400	136
Utilities	1,500	1,500	1,500	-	1,500
Repairs and Maintenance	2,000	2,000	15,324	(13,324)	24,423
Backhoe Repair	8,700	8,700	722	7,978	4,356
Automotive	8,400	8,400	7,973	427	7,314
Shop Utilities	6,000	6,000	2,400	3,600	2,786
Insurance	15,000	15,000	15,000	-	15,000
Employee Benefits	40,999	40,999	40,999	-	24,128
Subcontractors	3,500	3,500	-	3,500	2,375
Salaries	98,781	98,781	80,373	18,408	95,233
Materials and Equipment	68,911	68,911	12,677	56,234	22,657
Lab Supplies	37,400	37,400	30,569	6,831	19,904
Depreciation	130,000	130,000	92,402	37,598	76,671
Electricity	48,800	48,800	59,040	(10,240)	53,274
Social Security	10,247	10,247	8,828	1,419	9,881
Testing	15,000	15,000	11,642	3,358	9,980
Training	6,000	6,000	2,568	3,432	2,724
Maintenance Contracts	8,000	8,000	-	8,000	-
Debt Service - Interest	25,000	25,000	15,890	9,110	18,059
Workman's Compensation Insurance	8,816	8,816	-	8,816	8,816
TOTAL ENTERPRISE FUNDS	<u>588,570</u>	<u>588,570</u>	<u>441,455</u>	<u>147,115</u>	<u>445,152</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,794,206</u>	<u>\$ 1,794,206</u>	<u>\$ 1,516,826</u>	<u>\$ 277,380</u>	<u>\$ 1,464,530</u>

The accompanying notes are an integral part of these financial statements.



Robert B. Lank, C.P.A.
Terrence Johnson, C.P.A.
Richard L. Tull, C.P.A.

Gary W. Tuttle, C.P.A.
John E. Cullen, Jr., C.P.A.
Robert B. Lank, Jr., C.P.A.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE COMMISSIONERS
TOWN OF OXFORD, MARYLAND

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oxford as of and for the year ended June 30, 2010, which collectively comprise the Town of Oxford's basic financial statements and have issued our report thereon dated November 5, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Oxford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oxford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Oxford's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Oxford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • PRIVATE COMPANIES PRACTICE SECTION
DELAWARE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

This report is intended solely for the information and use of management, Town Commissioners, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lank, Johnson & Tull

Seaford, Delaware
November 5, 2010