

TOWN OF OXFORD
OXFORD, MARYLAND
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
JUNE 30, 2011

TOWN OF OXFORD
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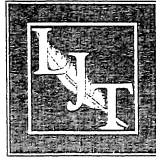
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AUDITING STANDARDS*



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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, 2011, 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 the 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, 2011, 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 October 12, 2011, 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 should be considered in 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 financial statements as a whole. 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
October 12, 2011

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 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, 2011

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net assets increased by 8.28% from 2010 to 2011. (See table below.) Governmental fund net assets increased by 11.81%, which is the result of the Town being able to meet operational costs as well as to fund capital improvements with grants, prior year reserves and investment earnings, without incurring any substantial, new debt. The business-type funds increased by 3.38%.

Town of Oxford
Net Assets
(in millions)

	Governmental		Business-Type		Total		Total
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>Percentage</u> <u>Change</u>
Current and Other Assets	1.69	1.83	1.19	1.07	2.88	2.90	-0.69%
Capital Assets	1.57	1.26	2.03	2.12	3.60	3.38	6.51%
Total Assets	3.26	3.09	3.22	3.19	6.48	6.28	3.18%
Long Term Debt	-	-	1.07	1.12	1.07	1.12	-4.46%
Other Liabilities	0.04	0.21	0.01	-	0.05	0.21	-76.19%
Total Liabilities	0.04	0.21	1.08	1.12	1.12	1.33	-15.79%
Net Assets							
Capital Assets Net of Debt	1.57	1.26	0.96	1.00	2.53	2.26	11.95%
Restricted	0.42	0.37	-	-	0.42	0.37	13.51%
Unrestricted	1.23	1.25	1.18	1.07	2.41	2.32	3.88%
Total Net Assets	3.22	2.88	2.14	2.07	5.36	4.95	8.28%

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

The Town's total revenues decreased by (6.90%) to \$1.89 million (See table below). Revenue from business-type activities decreased (38.04%) to \$0.57 million. This decrease is attributable to grant awards for water meters and arsenic removal in prior year. Governmental revenues increased by 18.92% to \$1.32 million. This increase is attributable to capital grant awards for the living shoreline project.

The total cost of all programs and services increased by 4.22%, to \$1.48 million. Costs of business-type activities increased by 13.63% to \$0.50 million. This increase is attributable to salaries, material and equipment costs, and depreciation. Governmental activities remained constant.

Town of Oxford
Change in Net Assets
(in millions)

	Governmental		Business-Type		Total		Total Percentage
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Program Revenue							
Fees, Fines, Services	0.09	0.10	0.57	0.53	0.66	0.63	4.76%
Operating Grants	0.01	0.01	-	-	0.01	0.01	-
Capital Grants	0.25	-	-	0.38	0.25	0.38	-34.21%
General Revenue							
Taxes	0.97	1.00	-	-	0.97	1.00	-3.00%
Investment income (loss)	-	-	-	0.01	-	0.01	-100.00%
Total Revenue	1.32	1.11	0.57	0.92	1.89	2.03	-6.90%
Program Expenses							
General	0.27	0.32	-	-	0.27	0.32	-15.63%
Public Safety	0.16	0.17	-	-	0.16	0.17	-5.88%
Public Works	0.25	0.25	-	-	0.25	0.25	-
Parks and Recreation	0.10	0.09	-	-	0.10	0.09	11.11%
Miscellaneous	0.20	0.15	-	-	0.20	0.15	33.33%
Water & Sewer	-	-	0.50	0.44	0.50	0.44	13.64%
Total Expenses	0.98	0.98	0.50	0.44	1.48	1.42	4.22%
Change in Net Assets	0.34	0.13	0.07	0.48	0.41	0.61	-32.79%
Net Assets Beginning	2.88	2.75	2.07	1.59	4.95	4.34	14.06%
Net Assets Ending	3.22	2.88	2.14	2.07	5.36	4.95	8.28%

TOWN OF OXFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

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

General Fund revenues of \$1,320,987 exceeded budgeted revenues by \$149,553, or 12.77%, due to the living shore line capital grant.

General Fund expenditures of \$1,296,548 exceeded budgeted expenditures by \$141,314, or 12.23%. This unfavorable variance was due mainly to dock and shore line improvements, which were funded by a capital grant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011 the Town had \$3.60 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	0.02	0.02	-	-	0.02	0.02
Buildings	0.78	0.81	-	-	0.78	0.81
Improvements	0.05	0.07	-	-	0.05	0.07
Equipment	0.69	0.32	-	-	0.69	0.32
Vehicles	0.03	0.04	-	-	0.03	0.04
Water and Sewer	-	-	2.03	2.12	2.03	2.12
Total Capital Assets	1.57	1.26	2.03	2.12	3.60	3.38

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, 2011

Debt

At year-end, the Town had \$1.07 million in bonds and notes outstanding versus \$1.12 million last year, a decrease of \$0.05 million.

Town of Oxford
Debt
(in millions)

	Governmental		Business-Type		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Water Tower	-	-	0.32	0.33	0.32	0.33
System Expansion	-	-	0.75	0.79	0.75	0.79
Total	-	-	1.07	1.12	1.07	1.12

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

Economic Factors and 2012 Budget & Rates

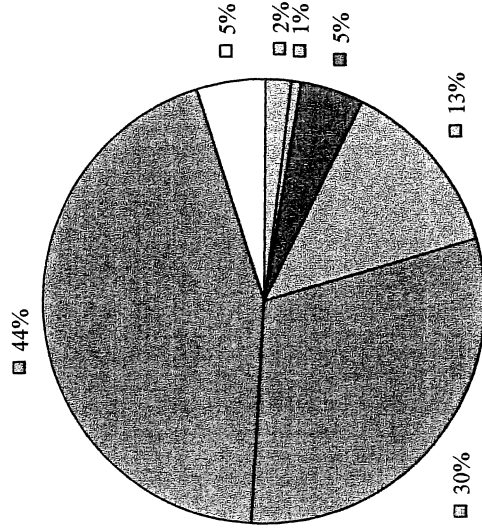
The Town faces a significant capital outlay in trying to mitigate the presence of arsenic in the water supply. This, along with upgrading the existing waste treatment facility will present significant challenges to the Town. At present the Town is financially sound, but additional funding sources will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

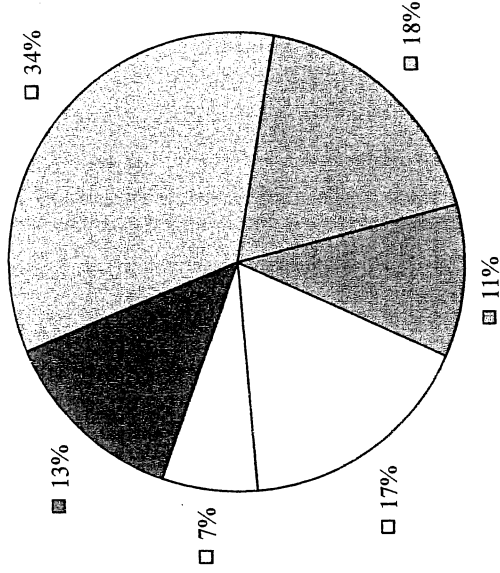
TOWN OF OXFORD
 MANAGEMENT DISCUSSION AND ANALYSIS
 TOTAL REVENUE AND EXPENSES
 GOVERNMENT-WIDE
 JUNE 30, 2011

Total Revenue



- General Government
- Parks and Recreation
- 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, 2011

EXHIBIT A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,673,367	\$ 1,025,380	\$ 2,698,747
Accounts Receivable	13,272	140,969	154,241
Notes Receivable - Water and Sewer Bonds	-	22,618	22,618
Capital Assets:			
Land	20,232	-	20,232
Buildings	1,119,940	-	1,119,940
Equipment	163,672	1,320,598	1,484,270
Improvements	737,308	2,272,893	3,010,201
Vehicles	96,150	45,419	141,569
Accumulated Depreciation	<u>(560,895)</u>	<u>(1,606,719)</u>	<u>(2,167,614)</u>
Total Assets	<u>3,263,046</u>	<u>3,221,158</u>	<u>6,484,204</u>
 LIABILITIES			
Accounts Payable	35,848	9,507	45,355
Non-Current Liabilities:			
Due within one year	-	61,875	61,875
Due in more than one year	<u>-</u>	<u>1,006,462</u>	<u>1,006,462</u>
Total Liabilities	<u>35,848</u>	<u>1,077,844</u>	<u>1,113,692</u>
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,576,407	963,854	2,540,261
Restricted	417,799	-	417,799
Unrestricted	<u>1,232,992</u>	<u>1,179,460</u>	<u>2,412,452</u>
Total Net Assets	<u><u>\$ 3,227,198</u></u>	<u><u>\$ 2,143,314</u></u>	<u><u>\$ 5,370,512</u></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, 2011

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ 271,544	\$ 86,272	\$ -	\$ -	\$ (185,272)	\$ -	\$ (185,272)
Public Safety	160,081	1,240	9,069	-	(149,772)	-	(149,772)
Public Works	253,122	-	-	-	(253,122)	-	(253,122)
Parks and Recreation	99,383	-	1,000	247,207	148,824	-	148,824
Other Expenses	197,497	-	-	-	(197,497)	-	(197,497)
<u>Total Governmental Activities</u>	981,627	87,512	10,069	247,207	(636,839)	-	(636,839)
<u>Business-Type Activities</u>							
Water and Sewer	506,410	573,099	-	-	-	66,689	66,689
<u>Total Government</u>	\$ 1,488,037	\$ 660,611	\$ 10,069	\$ 247,207	(636,839)	66,689	(570,150)
General Revenues:							
Taxes:							
Property Taxes, Penalties and Interest		827,675					827,675
Local Income Tax		92,865					92,865
Amusement Tax		990					990
Franchise Tax		5,152					5,152
Highway Use Tax		5,037					5,037
Accommodations Tax		35,595					35,595
Interest Income		8,885				4,206	13,091
Total General Revenues		976,199				4,206	980,405
Change in Net Assets		339,360				70,895	410,255
Net Assets-Beginning		2,887,838				2,072,419	4,960,257
Net Assets-Ending		\$ 3,227,198				\$ 2,143,314	\$ 5,370,512

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

TOWN OF OXFORD
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2011

EXHIBIT C

ASSETS	<u>General Fund</u>
Cash	\$ 1,673,367
Accounts Receivable	<u>13,272</u>
Total Assets	<u>\$ 1,686,639</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable	<u>\$ 35,848</u>
Fund Balance:	
Assigned	417,799
Unassigned	<u>1,232,992</u>
Total Fund Balance	<u>1,650,791</u>
Total Liabilities and Fund Balance	<u>\$ 1,686,639</u>

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

Total Fund Balance	\$ 1,650,791
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>1,576,407</u>
Net Assets of Governmental Activities	<u>\$ 3,227,198</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, 2011

	General Fund
Revenues:	
Property Taxes	\$ 827,675
Intergovernmental	396,915
Licenses and Permits	16,450
Interest	8,885
Rents	64,173
Police Fines	1,240
Miscellaneous	5,649
Total Revenues	1,320,987
Expenditures:	
Current:	
General Government	218,638
Public Safety	156,141
Public Works	235,265
Parks and Recreation	94,118
Other Expenditures	197,497
Capital Outlay	394,889
Total Expenditures	1,296,548
Net Change in Fund Balance	24,439
Fund Balances at Beginning of Year	1,626,352
Fund Balances at End of Year	\$ 1,650,791

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, 2011

EXHIBIT E

Net Change in Fund Balance-Total Governmental Funds	\$ 24,439
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.	(79,968)
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>394,889</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 339,360</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, 2011

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 829,059	\$ 829,059	\$ 827,675	\$ (1,384)
Intergovernmental	156,976	156,976	149,708	(7,268)
Licenses and Permits	5,700	5,700	16,450	10,750
Interest	24,700	24,700	8,885	(15,815)
Rents	63,480	63,480	64,173	693
Police Fines	2,000	2,000	1,240	(760)
Living Shoreline Grant	-	-	247,207	247,207
Miscellaneous	400	400	5,649	5,249
Prior Year Reserves (Net)	89,119	89,119	-	(89,119)
Total Revenues	<u>1,171,434</u>	<u>1,171,434</u>	<u>1,320,987</u>	<u>149,553</u>
Expenditures:				
Current:				
General Government	242,320	242,320	218,638	23,682
Public Safety	183,449	183,449	156,141	27,308
Public Works	285,910	285,910	235,265	50,645
Parks and Recreation	73,862	73,862	94,118	(20,256)
Other Expenditures	219,693	219,693	197,497	22,196
Capital Outlay	150,000	150,000	394,889	(244,889)
Debt Service	-	-	-	-
Total Expenditures	<u>1,155,234</u>	<u>1,155,234</u>	<u>1,296,548</u>	<u>(141,314)</u>
Net Change in Fund Balance	16,200	16,200	24,439	8,239
Fund Balances at Beginning of Year	<u>1,626,352</u>	<u>1,626,352</u>	<u>1,626,352</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,642,552</u>	<u>\$ 1,642,552</u>	<u>\$ 1,650,791</u>	<u>\$ 8,239</u>

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

**TOWN OF OXFORD
BALANCE SHEET-ENTERPRISE FUND
JUNE 30, 2011**

EXHIBIT G

ASSETS

Current Assets:

Cash	\$ 1,025,380
Accounts Receivable	140,969
Total Current Assets	<u>1,166,349</u>

Capital Assets:

Equipment	1,320,598
Improvements	2,272,893
Vehicles	45,419
Accumulated Depreciation	<u>(1,606,719)</u>
Total Capital Assets	<u>2,032,191</u>

Other Assets:

Notes Receivable-Water and Sewer Bonds	<u>22,618</u>
Total Assets	<u>\$ 3,221,158</u>

LIABILITIES AND FUND BALANCES

Current Liabilities:

Accounts Payable	\$ 9,507
Current Portion of Long term Debt	61,875
Total Current Liabilities	<u>71,382</u>

Non-Current Liabilities:

Long Term Debt-Net of Current Portion	<u>1,006,462</u>
Total Liabilities	<u>1,077,844</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	963,854
Unrestricted	1,179,460
Total Net Assets	<u>2,143,314</u>
Total Liabilities and Net Assets	<u>\$ 3,221,158</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, 2011

EXHIBIT H

	<u>Budget</u>	<u>Water and Sewer Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues:			
Charges for Services	\$ 555,500	\$ 533,263	\$ (22,237)
Rents	30,000	38,211	8,211
Plumbing Permits	1,000	568	(432)
Bay Restoration Fees	-	835	835
Miscellaneous	-	222	222
Total Operating Revenues	<u>586,500</u>	<u>573,099</u>	<u>(13,401)</u>
Operating Expenses:			
Clerk Salaries	18,420	18,670	(250)
Office Salaries	21,039	20,988	51
Office Supplies and Expense	4,000	4,966	(966)
Telephone	3,000	1,532	1,468
Auditing	2,950	4,150	(1,200)
Financial and Computer Services	400	112	288
Utilities	1,500	1,700	(200)
Repairs and Maintenance	2,000	17,888	(15,888)
Backhoe Repair	5,000	1,005	3,995
Automotive	9,000	12,631	(3,631)
Shop Utilities	4,000	2,000	2,000
Insurance	15,600	15,600	-
Employee Benefits	41,330	41,330	-
Subcontractors	3,500	-	3,500
Salaries	105,298	98,154	7,144
Materials and Equipment	62,121	20,388	41,733
Lab Supplies	40,000	22,859	17,141
Depreciation	130,000	126,457	3,543
Electricity	54,000	48,307	5,693
Social Security	11,074	10,543	531
Testing	15,000	12,245	2,755
Training	4,000	1,211	2,789
Maintenance Contracts	6,000	4,600	1,400
Interest	25,000	19,074	5,926
Workman's Compensation Insurance	6,468	-	6,468
Total Operating Expenses	<u>590,700</u>	<u>506,410</u>	<u>84,290</u>
Net Operating Income (Loss)	(4,200)	66,689	70,889
Non-Operating Revenue:			
Interest	-	4,206	4,206
Change in Net Assets	(4,200)	70,895	75,095
Net Assets at Beginning of Year	<u>2,072,419</u>	<u>2,072,419</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 2,068,219</u>	<u>\$ 2,143,314</u>	<u>\$ 75,095</u>

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, 2011**

EXHIBIT I

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 530,216
Rents	38,211
Plumbing Permits	568
Miscellaneous	222
Cash Payments for Interest	(19,074)
Cash Payments to Employees for Services	(137,812)
Cash Payments to Suppliers for Goods and Services	(220,907)
Net Cash from Operating Activities	<u>191,424</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Debt	13,390
Payments Received on Water and Sewer Bonds	1,980
Purchase of Capital Assets	(37,674)
Retirement of Debt	(60,965)
Net Cash from Capital and Related Financing Activities	<u>(83,269)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>4,206</u>
Net Change in Cash	112,361
Cash - Beginning of year	<u>913,019</u>
Cash - End of year	<u>\$ 1,025,380</u>
Reconciliation of Income (Loss) to Net Cash from Operating Activities:	
Net Operating Income (Loss)	\$ 66,689
Adjustments to Reconcile Income (Loss) to Net Cash from Operating Activities:	
Depreciation	126,457
Change in Accounts Receivable	(3,882)
Change in Accounts Payable	2,160
Net Cash from Operating Activities	<u>\$ 191,424</u>

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

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 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, is set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 61.

Based on this 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.

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.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT J
PAGE 2

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

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, 2011

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 all Governmental Revenue as available if it is collected within 60 days after year end. 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, 2011

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.

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.

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT J
PAGE 5

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

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 Commissioners. These amounts cannot be used for any other purpose unless the Town Commissioners remove or change 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 currently has no committed resources.
- **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, 2011

EXHIBIT J
PAGE 6

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 1,450,677
General Fund Petty Cash	100
Savings-Parks and Recreation	1,447
Clock Fund	3,207
Sidewalk Fund	41,737
Town House Fund	58,524
Doug Hanks Memorial Fund	2,269
Savings-Bicentennial Account	6,031
CD-Talbot Bank	627,181
CD-Bank of America	377,465
Water and Sewer Petty Cash	50
CD-Easton Bank	<u>202,834</u>
<u>TOTAL CASH IN BANK – PER BANK STATEMENTS</u>	<u>\$ 2,771,522</u>

*2747524
- 24000*

The balance of cash is categorized as follows:

Amount insured by the FDIC	\$ <u>1,758,529</u>
Collateralized by the financial institutions trust department with securities not in the Town's name	\$ <u>1,012,993</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, 2011
	BALANCE JULY 1, 2010	<u>ACQUISITIONS</u>	<u>RETIREMENTS</u>	
Land	\$ 20,232	\$ -	\$ -	\$ 20,232
Buildings	1,119,940	-	-	1,119,940
Equipment	163,672	-	-	163,672
Improvements	342,419	394,889	-	737,308
Vehicles	96,150	-	-	96,150
Water and Sewer	<u>3,607,636</u>	<u>37,674</u>	<u>(6,400)</u>	<u>3,638,910</u>
<u>TOTAL</u>	<u>\$ 5,350,049</u>	<u>\$ 432,563</u>	<u>\$ (6,400)</u>	<u>\$ 5,776,212</u>

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT J
PAGE 7

NOTE 4 – CAPITAL ASSETS (CONTINUED):

	BALANCE	<u>ACCUMULATED DEPRECIATION</u>		BALANCE
	JULY 1, 2010	<u>DEPRECIATION</u>	<u>RETIREMENTS</u>	JUNE 30, 2011
Land	\$ -	\$ -	\$ -	\$ -
Buildings	306,801	29,549	-	336,350
Equipment	92,043	17,869	-	109,912
Improvements	21,080	24,164	-	45,244
Vehicles	61,003	8,386	-	69,389
Water and Sewer	<u>1,486,662</u>	<u>126,457</u>	<u>(6,400)</u>	<u>1,606,719</u>
TOTAL	\$ <u>1,967,589</u>	<u>206,425</u>	\$ <u>(6,400)</u>	\$ <u>2,167,614</u>
<u>CAPITAL ASSETS</u>				\$ <u>3,608,598</u>

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

Governmental Activities:	
General Government	\$ 52,906
Public Safety	3,940
Public Works	17,857
Parks and Recreation	5,265
Enterprise Activity	<u>126,457</u>
Total Depreciation Expense	<u>\$ 206,425</u>

NOTE 5 - DEBT:

Debt 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.	\$ 318,315
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.	40,423
Note Payable-Water Arsenic Removal-Maryland Department of the Environment, \$757,668 unsecured, payable over a sixteen year term maturing February 1, 2027 with no interest. Annual payments of principal only in the amount of \$47,069	<u>709,599</u>
<u>Total</u>	\$ <u>1,068,337</u>

TOWN OF OXFORD
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

EXHIBIT J
PAGE 8

NOTE 5 – DEBT (CONTINUED):

Transactions for the year are summarized as follows:

	Balance <u>July 1</u>	<u>Additions</u>	Payments or <u>Expenditures</u>	Balance <u>June 30</u>	Due within <u>One year</u>
<u>Business Type Activities</u>					
Water Tower	\$ 326,286	\$ -	\$ 7,971	\$ 318,315	\$ 9,772
System Expansion	45,349	-	4,926	40,423	5,034
Arsenic Removal	744,278	13,390	48,069	709,599	47,069
<u>Total Business Type</u>	<u>1,115,913</u>	<u>13,390</u>	<u>60,966</u>	<u>1,068,337</u>	<u>61,875</u>
<u>Total Debt</u>	<u>\$ 1,115,913</u>	<u>\$ 13,390</u>	<u>\$ 60,966</u>	<u>\$ 1,068,337</u>	<u>\$ 61,875</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, 2012	\$ -	\$ -	\$ 61,875	\$ 16,112
June 30, 2013	-	-	62,470	15,517
June 30, 2014	-	-	63,092	14,895
June 30, 2015	-	-	63,741	14,779
June 30, 2016	-	-	64,420	14,127
June 30, 2017-2021	-	-	318,186	56,819
June 30, 2022-2026	-	-	322,884	37,433
June 30, 2027-2031	-	-	111,669	16,870
<u>Total</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,337</u>	<u>\$ 186,552</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, 2011

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 \$52,702. 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 ASSIGNED:

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, 2011, the balance in the fund was \$13,455. 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 \$41,737.

\$3,207 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, October 12, 2011, which is the date the financial statements were available for issuance.

TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
JUNE 30, 2011

**TOWN OF OXFORD
 SUPPLEMENTAL INFORMATION
 BALANCE SHEETS
 GOVERNMENTAL FUND
 JUNE 30, 2011 AND 2010**

SCHEDULE A

ASSETS	<u>General Fund</u>	
	<u>2011</u>	<u>2010</u>
Cash	\$ 1,673,367	\$ 1,808,797
Accounts Receivable	<u>13,272</u>	<u>25,729</u>
Total Assets	<u><u>\$ 1,686,639</u></u>	<u><u>\$ 1,834,526</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 35,848</u>	<u>\$ 208,174</u>
Fund Balance:		
Assigned	417,799	419,337
Unassigned	<u>1,232,992</u>	<u>1,207,015</u>
Total Fund Balance	<u>1,650,791</u>	<u>1,626,352</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,686,639</u></u>	<u><u>\$ 1,834,526</u></u>

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

**TOWN OF OXFORD
SUPPLEMENTAL INFORMATION
BALANCE SHEETS - ENTERPRISE FUND
JUNE 30, 2011 AND 2010**

SCHEDULE B

ASSETS	Water and Sewer Fund	
	2011	2010
Current Assets:		
Cash	\$ 1,025,380	\$ 913,019
Accounts Receivable	140,969	137,087
Total Current Assets	1,166,349	1,050,106
Capital Assets:		
Equipment	1,320,598	1,302,714
Improvements	2,272,893	2,259,503
Vehicles	45,419	45,419
Accumulated Depreciation	(1,606,719)	(1,486,661)
Total Capital Assets	2,032,191	2,120,975
Other Assets		
Notes Receivable-Water and Sewer Bonds	22,618	24,598
Total Assets	\$ 3,221,158	\$ 3,195,679
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 9,507	\$ 7,347
Current Portion of Long term Debt	61,875	14,236
Total Current Liabilities	71,382	21,583
Non-current Liabilities:		
Long Term Debt-Net of Current Portion	1,006,462	1,101,677
Total Liabilities	1,077,844	1,123,260
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	963,854	1,005,062
Unrestricted	1,179,460	1,067,357
Total Net Assets	2,143,314	2,072,419
Total Liabilities and Net Assets	\$ 3,221,158	\$ 3,195,679

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, 2011

SCHEDULE C

	2011				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/10
	Original	Final			
TAXES-LOCAL:					
<u>Real and Personal Property:</u>					
Property Taxes	\$ 834,259	\$ 834,259	\$ 836,052	\$ 1,793	\$ 834,070
<u>Intergovernmental:</u>					
Interest-Delinquent A/C	1,000	1,000	4,511	3,511	4,605
Local Income Tax	100,000	100,000	88,354	(11,646)	111,223
Amusement Tax	500	500	990	490	6,179
Franchise	5,000	5,000	5,152	152	7,341
Highway Use Tax	5,976	5,976	5,037	(939)	10,107
Police Aid	14,000	14,000	7,590	(6,410)	7,590
T.C. Safety Grant - Police	1,000	1,000	1,479	479	1,322
Water Meter Grant	-	-	-	-	256,986
Living Shoreline Grant	-	-	247,207	247,207	-
Arsenic Removal Grant	-	-	-	-	125,000
Critical Areas	1,000	1,000	1,000	-	686
Accommodations Tax	28,500	28,500	35,595	7,095	28,836
Total Intergovernmental	156,976	156,976	396,915	239,939	559,875
Less: Discounts and Allowances	(5,200)	(5,200)	(8,377)	(3,177)	(5,069)
NET TAXES	986,035	986,035	1,224,590	238,555	1,388,876
LICENSES AND PERMITS:					
Building Permits	2,500	2,500	11,536	9,036	6,067
Animal Permits	100	100	-	(100)	100
Traders' Licenses	2,500	2,500	4,627	2,127	3,232
Port Wardens' Fees	600	600	287	(313)	800
Plumbing Permits	1,000	1,000	568	(432)	930
TOTAL LICENSES AND PERMITS	6,700	6,700	17,018	10,318	11,129
CHARGES FOR SERVICES:					
Water and Sewer	555,500	555,500	533,263	(22,237)	494,460
Bay Restoration Fee	-	-	835	835	1,110
Appeals Fees	400	400	422	22	453
TOTAL CHARGES FOR SERVICES	555,900	555,900	534,520	(21,380)	496,023
MISCELLANEOUS REVENUE:					
Interest	24,700	24,700	13,091	(11,609)	25,005
Rents	93,480	93,480	102,384	8,904	96,975
Police Fines	2,000	2,000	1,240	(760)	870
Sale of Equipment	-	-	476	476	8,100
Miscellaneous	-	-	4,973	4,973	13,629
Prior Year Reserves (Net)	89,119	89,119	-	(89,119)	-
TOTAL MISCELLANEOUS REVENUE	209,299	209,299	122,164	(87,135)	144,579
TOTAL REVENUE	\$ 1,757,934	\$ 1,757,934	\$ 1,898,292	\$ 140,358	\$ 2,040,607

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, 2011**

**SCHEDULE D
PAGE 1**

	2011				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/10
	Original	Final			
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT					
<u>Legislative</u>					
Salaries and Expense	\$ 10,000	\$ 10,000	\$ 9,696	\$ 304	\$ 10,002
Registration and Election	200	200	261	(61)	573
Advertisement	800	800	350	450	350
<u>Executive</u>					
Salaries	64,020	64,020	64,551	(531)	60,350
Supplies	4,000	4,000	5,127	(1,127)	4,145
Telephone	3,500	3,500	3,011	489	2,463
Copier	3,000	3,000	1,595	1,405	1,826
Web Page Maintenance	2,000	2,000	1,010	990	463
Financial and Computer Service	2,000	2,000	587	1,413	4,877
Auditing	7,000	7,000	7,600	(600)	7,000
Computer Maintenance Contract	5,000	5,000	3,538	1,462	-
Memberships and Dues	5,400	5,400	5,036	364	4,991
Advertising	3,600	3,600	5,589	(1,989)	6,202
Accounting and Budgeting	500	500	300	200	200
Total Legislative and Executive	111,020	111,020	108,251	2,769	103,442
<u>Other General Government</u>					
Legal	65,000	65,000	67,062	(2,062)	102,281
Historic District	1,500	1,500	-	1,500	60
Planning & Zoning	3,500	3,500	4,083	(583)	4,470
Board of Port Wardens	3,000	3,000	108	2,892	321
Business Association	7,000	7,000	6,636	364	13,905
Appropriations to Others	17,800	17,800	11,000	6,800	12,800
Total Other General Government	97,800	97,800	88,889	8,911	133,837
<u>General Government Buildings</u>					
Building Maintenance	11,000	11,000	8,639	2,361	25,569
Capital Outlay - Office	-	-	-	-	274
Utilities	15,500	15,500	7,674	7,826	10,491
Town House	5,000	5,000	2,595	2,405	2,302
Custom House	2,000	2,000	2,590	(590)	489
Total General Government Buildings	33,500	33,500	21,498	12,002	39,125
TOTAL GENERAL GOVERNMENT	242,320	242,320	218,638	23,682	276,404
PUBLIC SAFETY					
Salaries	143,949	143,949	118,522	25,427	137,132
Uniforms and Equipment	4,000	4,000	5,288	(1,288)	4,291
Police School Expense	3,000	3,000	2,399	601	830
Automotive	14,000	14,000	15,234	(1,234)	11,775
Telephone	4,600	4,600	1,460	3,140	1,859
Signs	900	900	121	779	229
Office Supplies	500	500	617	(117)	467
Fire Department Grant	12,500	12,500	12,500	-	12,500
TOTAL PUBLIC SAFETY	183,449	183,449	156,141	27,308	169,083
PUBLIC WORKS					
<u>Roads Department</u>					
Salaries	34,222	34,222	30,817	3,405	40,949
Capital Outlay - Repaving Program	150,000	150,000	145,411	4,589	128,534
Repairs and Maintenance	15,000	15,000	4,627	10,373	8,678
Storm Drain Management	30,000	30,000	7,313	22,687	10,598
Lighting	35,000	35,000	27,713	7,287	32,889
Total Roads Department	264,222	264,222	215,881	48,341	221,648
<u>Garbage Collection</u>					
Salaries	26,236	26,236	26,476	(240)	28,886
Landfill Fees	60,000	60,000	61,848	(1,848)	58,981
Total Sanitation and Waste Removal	86,236	86,236	88,324	(2,088)	87,867

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, 2011**

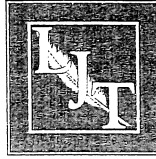
**SCHEDULE D
PAGE 2**

	2011				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/10
	Original	Final			
Other Public Works					
Snow Removal	\$ 4,000	\$ 4,000	\$ 1,307	\$ 2,693	\$ 6,138
Mosquito and Weed Control	3,000	3,000	346	2,654	853
Automotive	9,000	9,000	10,932	(1,932)	7,655
Utilities	8,000	8,000	900	7,100	1,262
Telephone	4,000	4,000	4,083	(83)	1,839
Uniforms	9,200	9,200	9,880	(680)	10,797
Salaries	18,252	18,252	23,172	(4,920)	9,683
Maintenance Building Expense	30,000	30,000	21,178	8,822	7,878
Capital Outlay	-	-	-	-	35,000
Total Other Public Works	<u>85,452</u>	<u>85,452</u>	<u>71,798</u>	<u>13,654</u>	<u>81,105</u>
TOTAL PUBLIC WORKS	<u>435,910</u>	<u>435,910</u>	<u>376,003</u>	<u>59,907</u>	<u>390,620</u>
PARKS AND RECREATION					
Salaries	35,362	35,362	42,436	(7,074)	50,081
Repairs and Maintenance	34,000	34,000	39,926	(5,926)	27,338
Supplies	1,500	1,500	174	1,326	281
Docks/Shoreline Improvements	12,000	12,000	262,124	(250,124)	6,510
Little League	1,000	1,000	1,609	(609)	341
Fireworks	2,000	2,000	2,000	-	2,000
TOTAL PARKS AND RECREATION	<u>85,862</u>	<u>85,862</u>	<u>348,269</u>	<u>(262,407)</u>	<u>86,551</u>
OTHER					
Training	1,500	1,500	400	1,100	100
Miscellaneous	5,000	5,000	4,253	747	4,278
Insurance	27,000	27,000	33,078	(6,078)	37,982
Employee Benefits	96,438	96,438	84,269	12,169	74,968
Unemployment Insurance	250	250	2,701	(2,451)	45
Workman's Compensation Insurance	29,466	29,466	12,853	16,613	10,557
Social Security	25,110	25,110	25,014	96	24,783
Reserve for Contingencies	34,929	34,929	34,929	-	-
TOTAL OTHER	<u>219,693</u>	<u>219,693</u>	<u>197,497</u>	<u>22,196</u>	<u>152,713</u>
TOTAL GENERAL FUND	<u>1,167,234</u>	<u>1,167,234</u>	<u>1,296,548</u>	<u>(129,314)</u>	<u>1,075,371</u>
ENTERPRISE FUNDS					
Clerk Salaries	18,420	18,420	18,670	(250)	17,986
Office Salaries	21,039	21,039	20,988	51	17,044
Office Supplies and Expense	4,000	4,000	4,966	(966)	3,972
Telephone	3,000	3,000	1,532	1,468	1,796
Auditing	2,950	2,950	4,150	(1,200)	2,750
Financial and Computer Services	400	400	112	288	-
Utilities	1,500	1,500	1,700	(200)	1,500
Repairs and Maintenance	2,000	2,000	17,888	(15,888)	15,324
Backhoe Repair	5,000	5,000	1,005	3,995	722
Automotive	9,000	9,000	12,631	(3,631)	7,973
Shop Utilities	4,000	4,000	2,000	2,000	2,400
Insurance	15,600	15,600	15,600	-	15,000
Employee Benefits	41,330	41,330	41,330	-	40,999
Subcontractors	3,500	3,500	-	3,500	-
Salaries	105,298	105,298	98,154	7,144	80,373
Materials and Equipment	62,121	62,121	20,388	41,733	12,677
Lab Supplies	40,000	40,000	22,859	17,141	30,569
Depreciation	130,000	130,000	126,457	3,543	92,402
Electricity	54,000	54,000	54,000	-	59,040
Social Security	11,074	11,074	10,543	531	8,828
Testing	15,000	15,000	12,245	2,755	11,642
Training	4,000	4,000	1,211	2,789	2,568
Maintenance Contracts	6,000	6,000	4,600	1,400	-
Debt Service - Interest	25,000	25,000	19,074	5,926	15,890
Workman's Compensation Insurance	6,468	6,468	-	6,468	-
TOTAL ENTERPRISE FUNDS	<u>590,700</u>	<u>590,700</u>	<u>506,410</u>	<u>84,290</u>	<u>441,455</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,757,934</u>	<u>\$ 1,757,934</u>	<u>\$ 1,802,958</u>	<u>\$ (45,024)</u>	<u>\$ 1,516,826</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, 2011, which collectively comprise the Town of Oxford's basic financial statements and have issued our report thereon dated October 12, 2011. 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
October 12, 2011