

TOWN OF OXFORD, MARYLAND  
FINANCIAL STATEMENTS WITH  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Town of Oxford, Maryland

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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DELAWARE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General and Enterprise Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 10 year pension schedule required by GASB 68 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oxford's basic financial statements. The Balance Sheets - Governmental Fund (Schedule A), the Statements of Net Position - Enterprise Fund (Schedule B), and the Analysis of Revenue and Expenditures/Expenses - Budget and Actual - All Fund Types (Schedules C and D), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules referred to in the previous paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, those schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, on our consideration of the Town of Oxford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oxford's internal control over financial reporting and compliance.

*Lank, Johnson + Tull*

Seaford, Delaware  
September 25, 2015

TOWN OF OXFORD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

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 Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot 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 on 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 position, revenue, expenses and changes in net position, 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.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town's combined net position increased by 9% from 2014 to 2015, which is the result of the Town being able to meet operational costs as well as to fund capital improvements with current revenues, grants, and investment earnings, without incurring any substantial new debt (See table below). Governmental fund net position decreased by 8%, while the business-type funds increased by 29%. The increase in the business-type funds was the result of State grant funding for the wastewater treatment plant upgrades.

TOWN OF OXFORD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

Town of Oxford  
Net Position  
(in millions)

	Governmental		Business-Type		Total		Total
	2015	2014	2015	2014	2015	2014	Percentage Change
Current and Other Assets	1.32	1.61	2.13	1.57	3.45	3.18	8%
Capital Assets	1.85	1.80	2.06	1.87	3.91	3.67	7%
Deferred Outflows	0.02	0.06	-	-	0.02	0.06	(67%)
Total Assets and Deferrals	3.19	3.47	4.19	3.44	7.38	6.91	7%
Long-Term Debt	-	-	0.81	0.88	0.81	0.88	(8%)
Other Liabilities	0.51	0.55	0.10	0.01	0.61	0.56	9%
Total Liabilities	0.51	0.55	0.91	0.89	1.42	1.44	-1%
Net Position							
Capital Assets Net of Debt	1.85	1.80	1.25	0.99	3.10	2.79	11%
Restricted	0.38	0.39	-	-	0.38	0.39	(3%)
Unrestricted - Restated	0.45	0.73	2.03	1.56	2.48	2.29	8%
Total Net Position	2.68	2.92	3.28	2.55	5.96	5.47	9%

The Town's total revenues increased by 23% to \$2.23 million (See table below). Revenue from business-type activities increased 65% to \$1.04 million. The increase is attributable to the State grants for the new waste water treatment plant and tax revenue used for the Storm Water Management/Shoreline Protection Fund. Governmental revenues were steady.

The total cost of all programs increased by 1%. Costs of business-type activities increased minimally by 5% to \$.61 million. Governmental activities decreased by 1% to \$1.13 million.

TOWN OF OXFORD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

Town of Oxford  
Change in Net Position  
(in millions)

	Governmental		Business-Type		Total		Total Percentage
	2015	2014	2015	2014	2015	2014	Change
Program Revenue							
Fees, Fines, Services	0.08	0.08	0.78	0.63	0.86	0.71	21%
Operating Grants	0.01	0.01	-	-	0.01	0.01	-
Capital Grants	0.06	-	0.26	-	0.32	-	100%
General Revenue							
Taxes	1.04	1.10	-	-	1.04	1.10	(5%)
Total Revenue	1.19	1.19	1.04	0.63	2.23	1.82	23%
Program Expenses							
General	0.49	0.52	-	-	0.49	0.52	(6%)
Public Safety	0.24	0.21	-	-	0.24	0.21	14%
Public Works	0.29	0.33	-	-	0.29	0.33	(12%)
Parks and Recreation	0.11	0.08	-	-	0.11	0.08	38%
Storm Water and Shoreline	-	-	0.09	-	0.09	-	100%
Water and Sewer	-	-	0.52	0.58	0.52	0.58	(10%)
Total Expenses	1.13	1.14	0.61	0.58	1.74	1.72	1%
Excess(Deficiency)	0.06	0.05	0.43	0.05	0.49	0.10	390%
Transfers In/(Out)	(0.30)	(0.25)	0.30	0.25	-	-	-
Change in Net Position	(0.24)	(0.20)	0.73	0.30	0.49	0.10	390%
Net Position Beginning - Restated	2.92	3.12	2.55	2.25	5.47	5.37	2%
Net Position Ending	2.68	2.92	3.28	2.55	5.96	5.47	9%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year to adjust certain line items.

General Fund revenues of \$1,190,130 exceeded budgeted revenues by \$66,069, or 6%, due primarily to the State grant for the dog park and boat landing.

General Fund expenditures of \$1,185,653 were over budgeted expenditures by \$120,862, or 11%. This unfavorable variance was due mainly to capital outlay projects that were not budgeted.



TOWN OF OXFORD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had \$3.91 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	
	2015	2014	2015	2014	2015	2014
Land	0.02	0.02	-	-	0.02	0.02
Buildings	0.67	0.70	-	-	0.67	0.70
Improvements	0.08	0.05	-	-	0.08	0.05
Equipment	1.00	0.94	-	-	1.00	0.94
Vehicles	0.08	0.09	-	-	0.08	0.09
Water and Sewer	-	-	2.06	1.87	2.06	1.87
Total Capital Assets	1.85	1.80	2.06	1.87	3.91	3.67

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

Debt

At year-end, the Town had \$.81 million in bonds and notes outstanding, versus \$.88 million last year, a decrease of \$.07 million.

Town of Oxford  
Debt  
(in millions)

	Governmental		Business-Type		Total	
	2015	2014	2015	2014	2015	2014
Water Tower	-	-	0.27	0.29	0.27	0.29
Water Arsenic Removal	-	-	0.54	0.59	0.54	0.59
Total Debt	-	-	0.81	0.88	0.81	0.88

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

TOWN OF OXFORD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town's Governmental revenues, although demonstrating a slight increase over Fiscal Year 2014, for the seventh concurrent year are still less than revenues collected prior to Fiscal Year 2009, with the bulk of the deficiency still resulting from the drastic reduction in shared State Highway User Revenues beginning in FY 2010. There has been a slight increase in State Highway User Revenue sharing in recent years, but nothing nearing the pre 2010 funding that municipalities were receiving to fund roads maintenance and resurfacing. This decrease in annual revenues requires continued conservative budgeting of funds and presents concerns regarding infrastructure maintenance and replacement. The Town has utilized prior year reserves to continue to provide the services and maintenance the community is accustomed to, but at some point the Commissioners may have to review this trend. The Governmental Funds have sufficient reserves at this time to maintain most infrastructure and the Town will continue to be cautious in future budgets if the revenue stream continues to remain stagnant.

The Town's Enterprise Funds or Business-Type Funds continue to run with a small surplus each year allowing future funding of major equipment repairs and replacement. For FY 2015, the Town incorporated a third Business-Type function into their Enterprise endeavors, identified as Storm Water Management and Shoreline Improvements, which included revenues generated by an additional .03 cents per \$100 of real property tax directed to the Fund, resulting in annual dedicated revenues of \$100,000. The intention is to utilize and leverage the new funding to provide the needed management and improvements to the infrastructure.

The Town increased water rates by 7% in FY 2015 to fund the increased debt service incurred in 2011 for the Arsenic Removal System, along with the increased operational cost, including an estimated \$50,000 for media replacement to operate the Arsenic System. Other costs for the Water System should remain fairly level with a slight increase for electricity and supplies.

The Town's Wastewater System has been in serious need of a complete upgrade to comply with acceptable standards of discharge. The Town has successfully acquired grant and loan funding for an 8.8 million dollar renovation of the facility with a potential construction start date in 2016. Even with anticipated grants covering nearly 80% of the cost, the Enterprise revenues will need to increase to cover the anticipated debt service for the remaining loan amount and the anticipated operational cost increase. For FY 2015, the Town increased sewer rates by 7% in advance of this need to begin preparation for the upgrade. The annual increases will continue as the Town moves toward the construction of this system in order to maintain the necessary revenues to allow for such a major upgrade and the resulting operational cost.

The Town of Oxford's budgeted revenues provide a sufficient level of anticipated services to the community and the Town has suitable surplus for any planned or emergency capital expenditures. The addition of the Storm Water Management/Shoreline Protection Enterprise Fund with dedicated revenues will continue this fiscal responsibility by planning for and eventually implementing infrastructure improvements to provide the community protection from storm water and significant tidal impacts.

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 the Town Administrator-Clerk/Treasurer - Town of Oxford, Oxford, Maryland 21654.

TOWN OF OXFORD  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2015

EXHIBIT A

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash	\$ 1,286,977	\$ 1,691,908	\$ 2,978,885
Accounts Receivable	34,176	427,451	461,627
Notes Receivable - Water and Sewer Bonds	-	13,590	13,590
Capital Assets:			
Land	20,232	-	20,232
Buildings	1,119,940	-	1,119,940
Equipment	266,259	1,438,761	1,705,020
Improvements	1,252,607	2,379,033	3,631,640
Vehicles	218,099	115,376	333,475
Construction In Progress	17,309	285,679	302,988
Accumulated Depreciation	<u>(1,043,009)</u>	<u>(2,154,757)</u>	<u>(3,197,766)</u>
Total Assets	3,172,590	4,197,041	7,369,631
Deferred Outflow of Resources	<u>18,376</u>	<u>-</u>	<u>18,376</u>
Total Assets and Deferred Outflows	<u>\$ 3,190,966</u>	<u>\$ 4,197,041</u>	<u>\$ 7,388,007</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 53,051	\$ 99,218	\$ 152,269
Non-Current Liabilities:			
Due within one year	-	64,420	64,420
Due in more than one year	-	752,789	752,789
Net Pension Liability	<u>456,180</u>	<u>-</u>	<u>456,180</u>
Total Liabilities	<u>509,231</u>	<u>916,427</u>	<u>1,425,658</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,851,437	1,246,883	3,098,320
Restricted	384,795	-	384,795
Unrestricted - Restated	<u>445,503</u>	<u>2,033,731</u>	<u>2,479,234</u>
Total Net Position	<u>\$ 2,681,735</u>	<u>\$ 3,280,614</u>	<u>\$ 5,962,349</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EXHIBIT B

TOWN OF OXFORD  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

<u>Program Activities</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Governmental Activities</u>						
General Government	\$ 492,200	\$ -	\$ -	\$ (418,755)	\$ -	\$ (418,755)
Public Safety	237,484	14,116	-	(218,783)	-	(218,783)
Public Works	288,873	-	-	(288,873)	-	(288,873)
Parks and Recreation	107,487	-	57,774	(49,713)	-	(49,713)
<u>Total Governmental Activities</u>	<u>1,126,044</u>	<u>14,116</u>	<u>57,774</u>	<u>(976,124)</u>	<u>-</u>	<u>(976,124)</u>
<u>Business - Type Activities</u>						
Storm Water and Shoreline Water and Sewer	86,654	-	-	-	13,346	13,346
	525,445	-	256,864	-	415,538	415,538
<u>Total Business-Type Activities</u>	<u>612,099</u>	<u>-</u>	<u>256,864</u>	<u>-</u>	<u>428,884</u>	<u>428,884</u>
<u>Total Government</u>	<u>\$ 1,738,143</u>	<u>\$ 14,116</u>	<u>\$ 314,638</u>	<u>(976,124)</u>	<u>428,884</u>	<u>(547,240)</u>
 <u>General Revenues:</u>						
<u>Taxes:</u>						
Property Taxes, Penalties, and Interest				867,399	-	867,399
Local Income Tax				79,424	-	79,424
Amusement Tax				637	-	637
Franchise Tax				3,844	-	3,844
Highway Use Tax				35,928	-	35,928
Accommodations Tax				50,913	-	50,913
Interest Income				2,065	721	2,786
Transfers In/(Out)				(302,934)	302,934	-
Total General Revenues				737,276	303,655	1,040,931
Change in Net Position				(238,848)	732,539	493,691
Net Position - Beginning - Restated				2,920,583	2,548,075	5,468,658
Net Position - Ending				\$ 2,681,735	\$ 3,280,614	\$ 5,962,349

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF OXFORD  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2015

EXHIBIT C

		<u>General Fund</u>
<u>ASSETS</u>		
Cash	\$	1,286,977
Accounts Receivable		<u>34,176</u>
 Total Assets	 \$	 <u><u>1,321,153</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Accounts Payable	\$	<u>53,051</u>
 Fund Balance:		
Assigned		384,795
Unassigned		<u>883,307</u>
 Total Fund Balance		 <u>1,268,102</u>
 Total Liabilities and Fund Balance	 \$	 <u><u>1,321,153</u></u>

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

Total Fund Balance	\$	1,268,102
 The deferred outflow of resources are not financial resources and therefore are not reported in the governmental fund's balance sheet		 18,376
 Capital assets and related accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the governmental fund's balance sheet.		 1,851,437
 The net pension liability is not a financial resource and therefore is not reported in the governmental fund's balance sheet		 <u>(456,180)</u>
 Net Position of Governmental Activities	 \$	 <u><u>2,681,735</u></u>

TOWN OF OXFORD  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 867,399
Intergovernmental	169,865
Licenses and Permits	11,103
Other Agencies	67,641
Rents	60,154
Investment Income	2,065
Miscellaneous	<u>11,903</u>
 Total Revenues	 <u>1,190,130</u>
Expenditures:	
Current:	
General Government	417,744
Public Safety	222,784
Public Works	253,183
Parks and Recreation	102,613
Capital Outlay	<u>189,329</u>
 Total Expenditures	 <u>1,185,653</u>
 Excess of Revenues over Expenditures	 4,477
Other Financing Sources	
Transfer In/(Out)	<u>(302,934)</u>
 Net Change in Fund Balance	 (298,457)
 Fund Balance - Beginning	 <u>1,566,559</u>
 Fund Balance - Ending	 <u>\$ 1,268,102</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, 2015

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$ (298,457)
Amounts reported for governmental activities in the statement of activities are different because:	
Pension plan adjustments related to GASB 68 affect the amount of pension expense reflected in the financial statements	5,235
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	189,329
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.	<u>(134,955)</u>
Change in Net Position of Governmental Activities	<u>\$ (238,848)</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, 2015

EXHIBIT F

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
Revenues:				
Property Taxes	\$ 872,412	\$ 864,900	\$ 867,399	\$ 2,499
Intergovernmental	227,679	161,142	169,865	8,723
Licenses and Permits	10,383	10,659	11,103	444
Other Agencies	15,500	13,625	67,641	54,016
Rents	62,200	60,950	60,154	(796)
Investment Income	1,700	1,060	2,065	1,005
Miscellaneous	2,350	11,725	11,903	178
	<u>1,192,224</u>	<u>1,124,061</u>	<u>1,190,130</u>	<u>66,069</u>
Expenditures:				
Current:				
General Government	391,275	357,500	417,744	(60,244)
Public Safety	213,800	219,921	222,784	(2,863)
Public Works	369,445	341,020	253,183	87,837
Parks and Recreation	94,900	89,900	102,613	(12,713)
Capital Outlay	107,500	56,450	189,329	(132,879)
	<u>1,176,920</u>	<u>1,064,791</u>	<u>1,185,653</u>	<u>(120,862)</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	15,304	59,270	4,477	(54,793)
Other Financing Sources:				
Operating Transfers In/(Out)	(302,934)	(302,934)	(302,934)	-
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	(287,630)	(243,664)	(298,457)	(54,793)
Fund Balance - Beginning	1,566,559	1,566,559	1,566,559	-
Fund Balance - Ending	<u>\$ 1,278,929</u>	<u>\$ 1,322,895</u>	<u>\$ 1,268,102</u>	<u>\$ (54,793)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS



TOWN OF OXFORD  
STATEMENT OF NET POSITION - ENTERPRISE FUND  
JUNE 30, 2015

EXHIBIT G

ASSETS

Current Assets:		
Cash	\$	1,691,908
Accounts Receivable		<u>427,451</u>
Total Current Assets		<u>2,119,359</u>
Capital Assets:		
Equipment		1,438,761
Improvements		2,379,033
Vehicles		115,376
Construction in Progress		285,679
Accumulated Depreciation		<u>(2,154,757)</u>
Total Capital Assets		<u>2,064,092</u>
Other Assets:		
Notes Receivable - Water and Sewer Bonds		<u>13,590</u>
Total Assets	\$	<u><u>4,197,041</u></u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	99,218
Current Portion of Long Term Debt		<u>64,420</u>
Total Current Liabilities		163,638
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion		<u>752,789</u>
Total Liabilities		<u>916,427</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt		1,246,883
Unrestricted		<u>2,033,731</u>
Total Net Position		<u>3,280,614</u>
Total Liabilities and Net Position	\$	<u><u>4,197,041</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF OXFORD  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
BUDGET AND ACTUAL - ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT H

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 600,470	\$ 605,200	\$ 611,470	\$ 6,270
Rents	38,326	40,958	36,653	(4,305)
Plumbing Permits	400	215	642	427
Storm Water/Shoreline Property Taxes	100,000	100,000	100,000	-
Bay Restoration Fee	35,000	35,000	35,354	354
Total Operating Revenues	<u>774,196</u>	<u>781,373</u>	<u>784,119</u>	<u>2,746</u>
Operating Expenses:				
Water and Wastewater Administrative Costs	228,750	217,850	195,068	22,782
Water and Wastewater Operations	305,500	244,800	237,548	7,252
Water and Wastewater Shared Costs	161,500	153,400	92,829	60,571
Storm Water and Shoreline Costs	200,000	107,300	86,654	20,646
Total Operating Expenses	<u>895,750</u>	<u>723,350</u>	<u>612,099</u>	<u>111,251</u>
Operating Income (Loss)	<u>(121,554)</u>	<u>58,023</u>	<u>172,020</u>	<u>113,997</u>
Non-Operating Revenue:				
Grants	-	-	256,864	256,864
Investment Income	955	240	721	481
Total Non-Operating Revenue	<u>955</u>	<u>240</u>	<u>257,585</u>	<u>257,345</u>
Income/(Loss) Before Transfers	(120,599)	58,263	429,605	371,342
Transfers	<u>302,934</u>	<u>302,934</u>	<u>302,934</u>	<u>-</u>
Change in Net Position	182,335	361,197	732,539	371,342
Net Position - Beginning	<u>2,548,075</u>	<u>2,548,075</u>	<u>2,548,075</u>	<u>-</u>
Net Position - Ending	<u>\$ 2,730,410</u>	<u>\$ 2,909,272</u>	<u>\$ 3,280,614</u>	<u>\$ 371,342</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, 2015

EXHIBIT I

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 473,171
Rents	36,653
Plumbing Permits	642
Cash Payments for Interest	(13,973)
Cash Payments to Employees for Services	(161,726)
Cash Payments to Suppliers for Goods and Services	<u>(222,639)</u>
Net Cash Flows from Operating Activities	<u>112,128</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers - General Fund	<u>302,934</u>
Cash Flows from Capital and Related Financing Activities:	
Payments Received on Water and Sewer Bonds	1,624
MDE Grant Proceeds	256,864
Purchase of Capital Assets	(322,213)
Retirement of Debt	<u>(63,739)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(127,464)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>721</u>
Net Increase in Cash	288,319
Cash - Beginning	<u>1,403,589</u>
Cash - Ending	<u>\$ 1,691,908</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 172,020
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	126,693
Change in Accounts Receivable	(273,653)
Change in Accounts Payable	<u>87,068</u>
Net Cash Flows from Operating Activities	<u>\$ 112,128</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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 position and the statement of activities 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.

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:

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

C. Basis of Presentation (Continued)

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund 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.

*Enterprise Fund*

The Enterprise Fund is used to account for the provision of water and sewer to the residents of the Town, as well as for storm water management and shoreline protection. Activities of the fund include administration, operations and maintenance of the water and sewer system, the storm water management system, and the protection of the Town's shoreline, along with 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 taxpayers and/or 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.

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.

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

D. Measurement Focus/Basis of Accounting (Continued)

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.

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 the receivable is deemed uncollectable.

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.

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

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

In accordance with Accounting Standards Codification (ASC), No. 360, "Accounting for the Impairment or Disposal of Long-Lived Assets", management reviews property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses have been recognized during the year presented.

K. Net Position

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position in capital assets 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 position is reported as restricted when there are limitations imposed on its 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 preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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:

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

M. Fund Balance Classification (Continued)

- **Non-spendable:** 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 non-spendable 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.

N. Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the notes to the financial statements. All events and transactions have been evaluated through September 25, 2015, the date the report was available for issuance.



TOWN OF OXFORD  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$	989,227
General Fund Petty Cash		100
Vendor Deposits		5
CDARS		663,796
Artist Group		2,710
Savings - Parks and Recreation		1,456
Innovative Health		2,381
Sidewalk Fund		41,946
Town House Fund		58,870
Doug Hanks Memorial Fund		2,503
Custom House Fund		6,067
Money Management - Talbot Bank		560
CD - Talbot Bank		631,497
CD - Bank of America		379,249
Water and Sewer Petty Cash		50
CD - Easton Bank		<u>203,285</u>
<u>TOTAL CASH IN BANK - (Per Bank Statements and On Hand)</u>		<u>\$ 2,983,702</u>

The balance of cash is categorized as follows:

Amount insured by the FDIC	\$	<u>1,455,742</u>
Collateralized by the financial institutions trust department with securities not in the Town's name		<u>\$ 1,527,810</u>
Uncollateralized	\$	<u>150</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%.

TOWN OF OXFORD  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 7

NOTE 4 - CAPITAL ASSETS:

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

	<u>ASSETS</u>			Balance End of Year
	Balance Beginning of Year	Acquisitions	Retirements	
Land	\$ 20,232	\$ -	\$ -	\$ 20,232
Buildings	1,119,940	-	-	1,119,940
Equipment	215,427	50,832	-	266,259
Improvements	1,146,838	105,769	-	1,252,607
Vehicles	202,680	15,419	-	218,099
Construction In Progress	-	17,309	-	17,309
Water and Sewer	<u>3,896,636</u>	<u>322,213</u>	<u>-</u>	<u>4,218,849</u>
<u>TOTALS</u>	<u>\$ 6,601,753</u>	<u>\$ 511,542</u>	<u>\$ -</u>	<u>\$ 7,113,295</u>

	<u>ACCUMULATED DEPRECIATION</u>			Balance End of Year
	Balance Beginning of Year	Depreciation	Retirements	
Buildings	\$ 424,997	\$ 29,549	\$ -	\$ 454,546
Equipment	165,749	15,813	-	181,562
Improvements	202,986	62,556	-	265,542
Vehicles	114,322	27,037	-	141,359
Water and Sewer	<u>2,028,064</u>	<u>126,693</u>	<u>-</u>	<u>2,154,757</u>
<u>TOTALS</u>	<u>\$ 2,936,118</u>	<u>\$ 261,648</u>	<u>\$ -</u>	<u>\$ 3,197,766</u>

NET CAPITAL ASSETS \$ 3,915,529

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

Governmental Activities:	
General Government	\$ 79,691
Public Safety	14,700
Public Works	35,690
Parks and Recreation	4,874
Enterprise Activity	<u>126,693</u>
Total Depreciation Expense	<u>\$ 261,648</u>

TOWN OF OXFORD  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

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.	\$ 276,274
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.	19,611
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>521,324</u>
<u>TOTAL DEBT</u>	<u>\$ 817,209</u>

Transactions for the year are summarized as follows:

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>June 30</u>	<u>Due within</u> <u>One year</u>
<u>Business-Type Activities</u>					
Water Tower	\$ 287,570	\$ -	\$ 11,296	\$ 276,274	\$ 11,859
System Expansion	24,985	-	5,374	19,611	5,492
Arsenic Removal	<u>568,393</u>	<u>-</u>	<u>47,069</u>	<u>521,324</u>	<u>47,069</u>
<u>Total Debt</u>	<u>\$ 880,948</u>	<u>\$ -</u>	<u>\$ 63,739</u>	<u>\$ 817,209</u>	<u>\$ 64,420</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>
2016	\$ -	\$ -	\$ 64,420	\$ 13,567
2017	-	-	65,129	12,858
2018	-	-	65,513	12,474
2019	-	-	63,908	11,259
2020	-	-	61,461	10,602
2021 - 2025	-	-	318,748	41,570
2026 - 2030	-	-	156,875	18,733
2031 - 2035	<u>-</u>	<u>-</u>	<u>21,155</u>	<u>-</u>
<u>TOTALS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,209</u>	<u>\$ 121,063</u>

TOWN OF OXFORD  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 6 - PENSION PLAN:

The Town contributes to the Maryland State Retirement and Pension System (MSRPS) which is a cost sharing multiple employer defined benefit plan. All compensation earned by a member of the Plan is subject to employer pension contributions at an actuarially determined rate. The rate is established by the Board of Pension Trustees on the basis of the most recent actuarial valuation and is adjusted on July 1<sup>st</sup> of each year. Employer contributions for June 30, 2014 were at the rate of 6.47% of earnings. A deduction is made from each employee's compensation equal to 7% of base pay. Full service pension allowance equals 1.2% of Average Final Compensation (AFC) for the three highest consecutive years as an employee for each year of creditable service accrued prior to July 1, 1998 plus 1.8% of the AFC for the three highest consecutive years as an employee for each year of creditable service accrued on or after July 1, 1998. Members are eligible for full service pension allowances upon accumulating 30 years of eligibility service regardless of age. Absent 30 years of eligibility service, members must meet one of the following conditions to be eligible for full service pension allowances; age 62 with 5 years of eligibility service, age 63 with 4 years of eligibility service, age 64 with 3 years of eligibility service, or age 65 or older and two years of eligibility service. Members may be eligible for reduced vested pension allowances upon attaining age 55 with 15 years of eligibility.

The plan provides for disability and survivor benefits.

During the year ended June 30, 2015, the Town contributed \$61,709 to the plan.

Basis of Accounting - The plan's financial statements have been presented in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The statements have been presented on the accrual basis of accounting. Employer contributions, benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

Investments - Investments are reported at fair value.

<u>Actuarial Assumptions</u> - Investment rate of return/discount rate	7.65%
Projected salary increases	3.4% - 11.9% including inflation
Cost of living adjustments	3%
Inflation rate included	2.9% general, 3.4% wage

Mortality rates are based on the RP-2000 Combined Healthy Mortality table projected to the year 2025.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2014.

Discount Rate - A single discount rate of 7.65% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF OXFORD  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 6 - PENSION PLAN (CONTINUED):

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(ies). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Rate
Public Equity	4.7%
Fixed Income	2.0%
Credit Opportunity	3.0%
Real Return	2.8%
Absolute Return	5.0%
Private Equity	6.3%
Real Estate	4.5%
Cash and Equivalents	1.4%

The following presents the collective net pension liability (asset) of the plans calculated using the discount rate of 7.65%, as well as what the plans' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	\$657,413
Current Discount Rate	\$456,180
1% Increase	\$287,622

The Town's share of the net pension liability (asset) was calculated based on a percentage, the numerator of which is the Town's contribution for June 30, 2014, and the denominator is the total employer contributions for all participating employers. The total plan pension liability (asset) was multiplied by this percentage to arrive at the Town's share. The percentage for June 30, 2014 was .0025705031%. The collective total pension liability (asset) for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2014 using the entry age normal actuarial cost method.

Deferred Inflows and Outflows of Resources - The Town's share of the deferred inflows and outflows of resources are as follows:

Deferred Outflow for Changes in Proportion	\$(6,599)
Deferred Inflow for Projected and Actual Investment Differences	49,932
Deferred Outflow for Contributions after Measurement Date	(61,709)
Net Deferred Outflow of Resources	\$(18,376)

TOWN OF OXFORD  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 6 - PENSION PLAN (CONTINUED):

The components of collective deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on MSRPS investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The amortization period is 5 years for deferred amounts arising in 2014. The annual difference between the projected and actual earnings on investments is amortized over a 5 year closed period beginning the year in which the difference occurs. The cumulative amounts of collective net deferred outflows (inflows) of resources reported as of June 30, 2014 will be recognized in pension expense as follows:

Year Ending	Amount
6/30/15	\$3,675
6/30/16	\$3,675
6/30/17	\$3,675
6/30/18	\$3,675
6/30/19	\$3,675

The plan is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. The Commissioners of Oxford assign the authority to establish and amend the benefit provisions of the plans that participate in the MSRPS to the Board of Trustees of the SRPSM. The State of Maryland issues a publicly available financial report that includes financial statements and required supplementary information for the MSRPS. The report may be obtained by writing to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202, or via the internet at [www.sra.state.md.us](http://www.sra.state.md.us).

NOTE 7 - 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 8 - PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB 68, the beginning net position on the government-wide financial statements has been reduced by \$443,039, the deferred outflow of resources for 2014 was increased by \$59,902, and the net pension liability for 2014 was increased by \$502,941.

NOTE 9 - NET POSITION RESTRICTIONS/FUND BALANCE ASSIGNED:

The Town Commissioners designated a capital projects fund in the amount of \$351,977 for future, non-specific improvements.

Contributions for sidewalk improvements are held in a separate account in the amount of \$32,818.

TOWN OF OXFORD  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2015

TOWN OF OXFORD  
SUPPLEMENTAL INFORMATION  
BALANCE SHEETS  
GOVERNMENTAL FUND  
JUNE 30, 2015 AND 2014

SCHEDULE A

<u>ASSETS</u>	<u>General Fund</u>	
	<u>2015</u>	<u>2014</u>
Cash	\$ 1,286,977	\$ 1,595,569
Accounts Receivable	<u>34,176</u>	<u>19,881</u>
Total Assets	<u>\$ 1,321,153</u>	<u>\$ 1,615,450</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts Payable	<u>\$ 53,051</u>	<u>\$ 48,891</u>
Fund Balance:		
Assigned	384,795	393,881
Unassigned	<u>883,307</u>	<u>1,172,678</u>
Total Fund Balance	<u>1,268,102</u>	<u>1,566,559</u>
Total Liabilities and Fund Balance	<u>\$ 1,321,153</u>	<u>\$ 1,615,450</u>



TOWN OF OXFORD  
SUPPLEMENTAL INFORMATION  
STATEMENTS OF NET POSITION - ENTERPRISE FUND  
JUNE 30, 2015 AND 2014

SCHEDULE B

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 1,691,908	\$ 1,403,589
Accounts Receivable	427,451	153,798
Total Current Assets	<u>2,119,359</u>	<u>1,557,387</u>
Capital Assets:		
Equipment	1,438,761	1,404,247
Improvements	2,379,033	2,407,849
Vehicles	115,376	84,540
Construction in Progress	285,679	-
Accumulated Depreciation	<u>(2,154,757)</u>	<u>(2,028,064)</u>
Total Capital Assets	<u>2,064,092</u>	<u>1,868,572</u>
Other Assets:		
Notes Receivable - Water and Sewer Bonds	<u>13,590</u>	<u>15,214</u>
Total Assets	<u>\$ 4,197,041</u>	<u>\$ 3,441,173</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$ 99,218	\$ 12,150
Current Portion of Long-Term Debt	64,420	63,742
Total Current Liabilities	<u>163,638</u>	<u>75,892</u>
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion	<u>752,789</u>	<u>817,206</u>
Total Liabilities	<u>916,427</u>	<u>893,098</u>

NET POSITION

Net Investment in Capital Assets	1,246,883	987,624
Unrestricted	<u>2,033,731</u>	<u>1,560,451</u>
Total Net Position	<u>3,280,614</u>	<u>2,548,075</u>
Total Liabilities and Net Position	<u>\$ 4,197,041</u>	<u>\$ 3,441,173</u>

TOWN OF OXFORD  
SUPPLEMENTAL INFORMATION  
ANALYSIS OF REVENUE - BUDGET AND ACTUAL  
ALL FUND TYPES  
YEAR ENDED JUNE 30, 2015

SCHEDULE C

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b><u>TAXES - LOCAL:</u></b>					
<b><u>Real Property Tax:</u></b>					
Property Taxes	\$ 870,912	\$ 868,500	\$ 870,221	\$ 1,721	\$ 855,567
Storm Water/Shoreline Property Taxes	100,000	100,000	100,000	-	-
Tax Discount	(1,200)	(6,900)	(6,894)	6	(7,800)
Interest Paid	2,700	3,300	4,072	772	3,758
<b>TOTAL REAL PROPERTY TAX</b>	<b>972,412</b>	<b>964,900</b>	<b>967,399</b>	<b>2,499</b>	<b>851,525</b>
<b><u>Intergovernmental:</u></b>					
Accommodations Tax	46,000	46,000	50,913	4,913	45,963
Amusement Tax	500	500	637	137	608
Local Income Tax	145,000	79,000	79,424	424	160,426
Highway User	36,179	35,642	35,928	286	34,976
Traders Licenses	-	-	2,504	2,504	2,620
Tax Revenues - Other	-	-	459	459	439
<b>TOTAL INTERGOVERNMENTAL</b>	<b>227,679</b>	<b>161,142</b>	<b>169,865</b>	<b>8,723</b>	<b>245,032</b>
<b><u>LICENSES AND PERMITS:</u></b>					
Animal Registration	15	15	23	8	35
Building Permits	6,000	6,000	6,736	736	7,675
Cable Franchise	3,568	3,844	3,844	-	3,568
Port Warden Permits	700	700	500	(200)	850
Licenses and Permits - Other	100	100	-	(100)	500
<b>TOTAL LICENSES AND PERMITS</b>	<b>10,383</b>	<b>10,659</b>	<b>11,103</b>	<b>444</b>	<b>12,628</b>
<b><u>REVENUES FROM OTHER AGENCIES:</u></b>					
Grant - Critical Areas	1,000	1,000	1,000	-	1,000
Grant - SAPPF Police	14,500	12,625	13,116	491	12,684
Grant - MDE	-	-	256,864	256,864	-
Grant - DNR	-	-	53,525	53,525	-
<b>TOTAL REVENUES FROM OTHER AGENCIES</b>	<b>15,500</b>	<b>13,625</b>	<b>324,505</b>	<b>310,880</b>	<b>13,684</b>
<b><u>REVENUES FROM PROPERTIES:</u></b>					
Dock Rentals	19,500	18,250	18,446	196	19,720
Parking Permits	1,000	1,000	1,083	83	1,170
Land/Property Leases	30,000	30,000	29,725	(275)	30,490
Town House Rental	11,700	11,700	10,900	(800)	12,500
<b>TOTAL REVENUES FROM PROPERTIES</b>	<b>62,200</b>	<b>60,950</b>	<b>60,154</b>	<b>(796)</b>	<b>63,880</b>
<b><u>CHARGES FOR SERVICES:</u></b>					
Water and Wastewater Service Charge	600,270	605,000	608,670	3,670	553,973
Connection Fees	200	200	2,800	2,600	575
<b>TOTAL CHARGES FOR SERVICES</b>	<b>600,470</b>	<b>605,200</b>	<b>611,470</b>	<b>6,270</b>	<b>554,548</b>
<b><u>OTHER SERVICES:</u></b>					
Interest - Water and Sewer	955	240	721	481	286
Plumbing Permits	400	215	642	427	578
Tower Rental	38,326	40,958	36,653	(4,305)	40,958
Bay Restoration Fee	35,000	35,000	35,354	354	35,133
<b>TOTAL OTHER SERVICES</b>	<b>74,681</b>	<b>76,413</b>	<b>73,370</b>	<b>(3,043)</b>	<b>76,955</b>
<b><u>MISCELLANEOUS REVENUE:</u></b>					
Christmas Tree Fund	-	475	475	-	890
Play Ball Dog Park	-	4,250	4,249	(1)	-
Police Fines and Tickets	1,500	1,500	1,385	(115)	1,955
Police Donations	-	3,200	3,200	-	-
Reimbursed Appeals Fees	600	600	600	-	500
Reimbursed - Other	250	350	362	12	67
Miscellaneous Revenues - Other	-	1,350	1,632	282	3,807
Interest	1,700	1,060	2,065	1,005	2,183
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>4,050</b>	<b>12,785</b>	<b>13,968</b>	<b>1,183</b>	<b>9,402</b>
<b>TOTAL REVENUE</b>	<b>\$ 1,967,375</b>	<b>\$ 1,905,674</b>	<b>\$ 2,231,834</b>	<b>\$ 326,160</b>	<b>\$ 1,827,654</b>

TOWN OF OXFORD  
 SUPPLEMENTAL INFORMATION  
 ANALYSIS OF EXPENDITURES/EXPENSES - BUDGET AND ACTUAL  
 ALL FUND TYPES  
 YEAR ENDED JUNE 30, 2015

SCHEDULE D  
 PAGE 1

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>GOVERNMENTAL FUNDS</b>					
<b>GENERAL GOVERNMENT:</b>					
<u>Legislation:</u>					
Commissioners Salary	\$ 6,000	\$ 6,000	\$ 6,000	\$ -	\$ 6,000
Commissioners Expenses	5,000	5,450	5,784	(334)	4,415
Election Advertising	800	400	815	(415)	341
Election Salary	200	150	216	(66)	128
<u>Financial Administration:</u>					
Accounting and Auditing	5,500	5,500	6,500	(1,000)	6,350
Administrative Salaries	71,000	70,100	65,311	4,789	67,449
Advertising	3,000	1,500	2,038	(538)	4,265
Computer Maintenance and Repair	3,000	3,000	2,406	594	1,074
Copier Services Maintenance and Supplies	3,000	2,500	2,428	72	2,061
Education and Training	4,000	3,000	2,734	266	3,903
Electricity	9,000	9,000	8,037	963	6,767
Legal Fees	57,400	25,000	29,338	(4,338)	48,044
Telephone	4,900	6,000	6,470	(470)	4,840
Internet	645	675	739	(64)	636
Website	500	500	514	(14)	433
Memberships and Dues	5,100	5,100	5,084	16	4,973
Office Supplies	5,000	6,125	4,536	1,589	4,281
Postage	3,000	2,500	1,620	880	3,678
Planning and Zoning	5,000	5,000	5,496	(496)	6,263
Capital Outlay	30,000	25,500	3,316	22,184	8,949
<u>Total Legislative and Executive</u>	<u>222,045</u>	<u>183,000</u>	<u>159,382</u>	<u>23,618</u>	<u>184,850</u>
<u>Government Properties:</u>					
Municipal Building Maintenance and Repair	14,000	14,000	14,456	(456)	14,285
Town House Maintenance and Repair	3,000	4,500	4,470	30	2,194
Customs House Maintenance and Repair	500	500	400	100	437
<u>Total Government Properties</u>	<u>17,500</u>	<u>19,000</u>	<u>19,326</u>	<u>(326)</u>	<u>16,916</u>
<u>Other General Government:</u>					
Historic District	2,500	1,800	1,767	33	1,757
Planning Commission	2,500	2,200	2,137	63	2,919
Port Wardens	1,000	-	-	-	803
Appeals Board	5,000	5,200	5,177	23	4,334
Community Center In-Kind	-	700	659	41	2,498
Community Center	10,000	10,000	10,000	-	10,000
Hanks Christmas Trees	1,000	700	886	(186)	1,397
Talbot County Arts Council	1,000	1,000	1,000	-	1,000
Oxford Day	2,000	2,000	1,000	1,000	2,000
Oxford Museum	7,000	7,000	7,232	(232)	7,000
Oxford Library	500	500	500	-	-
Fireworks	5,000	5,000	6,000	(1,000)	4,000
Oxford Business Association	13,800	13,800	19,669	(5,869)	14,015
<u>Total Other General Government</u>	<u>51,300</u>	<u>49,900</u>	<u>56,027</u>	<u>(6,127)</u>	<u>51,723</u>
<u>Government Shared Expenses:</u>					
Insurance - General	10,000	8,750	10,102	(1,352)	18,004
Insurance - Public Officials	-	-	-	-	4,685
Insurance - Property Flood	1,250	1,900	587	1,313	6,774
Workmens Compensation	9,000	12,250	17,820	(5,570)	10,944
Unemployment	180	200	200	-	135
Employee Benefits	90,000	115,000	125,567	(10,567)	124,119
Payroll Expenses	20,000	20,500	28,663	(8,163)	29,403
Shared Expenses - Other	-	-	70	(70)	-
<u>Total Government Shared Expenses</u>	<u>130,430</u>	<u>158,600</u>	<u>183,009</u>	<u>(24,409)</u>	<u>194,064</u>
<u>TOTAL GENERAL GOVERNMENT</u>	<u>421,275</u>	<u>410,500</u>	<u>417,744</u>	<u>(7,244)</u>	<u>447,553</u>

TOWN OF OXFORD  
 SUPPLEMENTAL INFORMATION  
 ANALYSIS OF EXPENDITURES/EXPENSES - BUDGET AND ACTUAL  
 ALL FUND TYPES  
 YEAR ENDED JUNE 30, 2015

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>PUBLIC SAFETY:</b>					
Police Salaries	\$ 154,350	\$ 154,000	\$ 152,177	\$ 1,823	\$ 146,619
Uniforms and Equipment	5,000	10,000	9,838	162	7,757
Vehicle Expense	10,000	10,000	11,504	(1,504)	11,185
Education and Training	3,000	900	2,377	(1,477)	1,806
Telephone and Internet	2,800	3,000	3,149	(149)	2,789
Office Supplies	2,000	2,450	2,512	(62)	1,277
Oxford Fire Department Grant	14,500	14,500	14,500	-	14,500
Fire Services	-	500	500	-	205
Workmens Compensation - Fire Department	22,150	24,571	24,571	-	17,127
Capital Outlay	2,500	1,700	1,656	44	37,059
<b>TOTAL PUBLIC SAFETY</b>	<b>216,300</b>	<b>221,621</b>	<b>222,784</b>	<b>(1,163)</b>	<b>240,324</b>
<b>PUBLIC WORKS:</b>					
<b>Operational Cost:</b>					
Shop - Salaries	40,000	45,000	45,367	(367)	55,977
Shop - Telephone	5,000	4,500	4,696	(196)	3,714
Shop - Uniforms	8,500	9,000	9,255	(255)	7,936
Shop - Maintenance and Repair	3,750	1,500	1,798	(298)	6,463
Shop - Miscellaneous	2,000	2,000	1,273	727	1,795
Education and Training	2,000	2,000	2,744	(744)	2,395
Vehicle Operations	13,000	11,000	14,252	(3,252)	14,119
Vehicle Maintenance and Repairs	3,000	2,500	3,410	(910)	2,815
Capital Outlay	40,000	10,000	15,419	(5,419)	-
<b>Total Operational Cost</b>	<b>117,250</b>	<b>87,500</b>	<b>98,214</b>	<b>(10,714)</b>	<b>95,214</b>
<b>Roads Department:</b>					
Streets and Storm Water - Salaries	25,000	25,000	20,001	4,999	39,496
Streets and Storm Water - Maintenance and Repair	15,000	15,000	14,553	447	13,859
Streets - Lighting	35,000	34,000	33,462	538	32,592
Streets - Repaving	100,000	95,000	107,792	(12,792)	-
Snow Removal	3,000	2,075	2,078	(3)	167
Capital Outlay	-	-	9,128	(9,128)	-
<b>Total Roads Department</b>	<b>178,000</b>	<b>171,075</b>	<b>187,014</b>	<b>(15,939)</b>	<b>86,114</b>
<b>Trash Collection:</b>					
Trash Collection Salaries	32,000	29,000	18,267	10,733	26,687
Trash Collection - Other	6,850	100	58	42	6,939
Trash Pick Up - Contractor	69,000	57,000	66,210	(9,210)	75,057
<b>Total Trash Collection</b>	<b>107,850</b>	<b>86,100</b>	<b>84,535</b>	<b>1,565</b>	<b>108,683</b>
<b>Other Public Works:</b>					
Mosquito Control	1,345	1,345	1,258	87	1,345
Sidewalk Repairs	5,000	5,000	5,000	-	10,652
<b>Total Other Public Works</b>	<b>6,345</b>	<b>6,345</b>	<b>6,258</b>	<b>87</b>	<b>11,997</b>
<b>TOTAL PUBLIC WORKS</b>	<b>409,445</b>	<b>351,020</b>	<b>376,021</b>	<b>(25,001)</b>	<b>302,008</b>
<b>PARKS AND RECREATION:</b>					
Parks Mowing - Salaries	51,000	51,000	57,460	(6,460)	41,446
Parks Mowing - Maintenance and Repair	3,000	5,000	6,102	(1,102)	4,170
Parks and Recreation Electric	1,000	1,000	1,176	(176)	1,075
Docks/Shoreline - Maintenance and Repair	20,000	14,000	12,693	1,307	12,275
Parks and Recreation Expenses	18,000	17,000	19,821	(2,821)	14,002
Little League	1,500	1,500	-	1,500	806
Parks and Recreation Committee	400	400	65	335	497
Capital Outlay - Parks	15,000	15,000	14,299	701	-
Capital Outlay - Boat Landing	20,000	-	15,659	(15,659)	-
Capital Outlay - Dog Park	-	4,250	41,829	(37,579)	-
<b>TOTAL PARKS AND RECREATION</b>	<b>129,900</b>	<b>109,150</b>	<b>169,104</b>	<b>(59,954)</b>	<b>74,271</b>
<b>TOTAL GENERAL FUND</b>	<b>1,176,920</b>	<b>1,092,291</b>	<b>1,185,653</b>	<b>(93,362)</b>	<b>1,064,156</b>

TOWN OF OXFORD  
 SUPPLEMENTAL INFORMATION  
 ANALYSIS OF EXPENDITURES/EXPENSES - BUDGET AND ACTUAL  
 ALL FUND TYPES  
 YEAR ENDED JUNE 30, 2015

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>ENTERPRISE FUNDS</b>					
<b>Water and Wastewater Administrative Cost:</b>					
Administrative Salaries	\$ 42,000	\$ 41,000	\$ 43,479	\$ (2,479)	\$ 39,525
Administrative Expenses	3,000	3,100	3,686	(586)	2,274
Consulting/Legal Fees	40,000	10,000	7,237	2,763	7,600
Depreciation Expense	130,000	150,000	126,693	23,307	147,928
Interest on Debt	13,750	13,750	13,973	(223)	13,993
<b>Total Water and Wastewater Administrative Cost</b>	<b>228,750</b>	<b>217,850</b>	<b>195,068</b>	<b>22,782</b>	<b>211,320</b>
<b>Water and Wastewater Operations:</b>					
Water and Wastewater Salaries	82,000	82,000	82,695	(695)	83,634
Electricity	42,500	43,500	47,306	(3,806)	43,267
Utilities	1,000	1,400	2,001	(601)	782
Chemicals	10,000	31,700	31,962	(262)	5,151
Lab Expenses	25,000	8,500	9,512	(1,012)	12,800
Materials, Tools and Equipment	25,000	11,700	7,589	4,111	7,803
Arsenic Reduction Media	50,000	-	-	-	48,850
Testing Expenses	2,000	2,000	2,535	(535)	3,674
Supplies	-	-	-	-	14,462
Education and Training	4,000	3,000	2,562	438	1,606
Maintenance and Repairs	30,000	27,000	20,092	6,908	23,442
Water Expenses - Other	-	-	-	-	88
Bay Restoration	34,000	34,000	31,294	2,706	31,561
<b>Total Water and Wastewater Operations</b>	<b>305,500</b>	<b>244,800</b>	<b>237,548</b>	<b>7,252</b>	<b>277,120</b>
<b>Water and Wastewater Shared Costs:</b>					
Accounting and Auditing	5,500	5,500	4,500	1,000	4,400
Advertising	3,000	1,500	500	1,000	-
Office Supplies	3,000	2,500	2,420	80	1,929
Insurance - General	10,000	8,750	7,142	1,608	16,000
Insurance - Property/Flood	1,250	1,900	3,209	(1,309)	1,877
Workmens Compensation	9,000	12,250	6,568	5,682	5,000
Employee Benefits	90,000	60,000	48,209	11,791	49,999
Payroll Expenses	20,000	18,500	9,550	8,950	9,335
Shop - Maintenance and Repair	3,750	1,500	1,631	(131)	28
Vehicle Operations	13,000	11,000	7,400	3,600	7,891
Vehicle Maintenance and Repairs	3,000	2,500	1,700	800	1,000
<b>Total Water and Wastewater Shared Costs</b>	<b>161,500</b>	<b>125,900</b>	<b>92,829</b>	<b>33,071</b>	<b>97,459</b>
<b>Storm Water and Shoreline Costs:</b>					
Storm Water and Shoreline Salaries	30,000	27,300	28,694	(1,394)	-
Administrative Salaries	10,000	6,000	6,858	(858)	-
Payroll Expenses	-	2,000	2,470	(470)	-
Maintenance and Repairs	10,000	10,000	1,092	8,908	-
Trash Pick Up - Contractor	-	12,000	9,145	2,855	-
Improvements	150,000	50,000	38,395	11,605	7,947
<b>Total Storm Water and Shoreline Costs</b>	<b>200,000</b>	<b>107,300</b>	<b>86,654</b>	<b>20,646</b>	<b>7,947</b>
<b>TOTAL ENTERPRISE FUND</b>	<b>895,750</b>	<b>695,850</b>	<b>612,099</b>	<b>83,751</b>	<b>593,846</b>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,072,670</b>	<b>\$ 1,788,141</b>	<b>\$ 1,797,752</b>	<b>\$ (9,611)</b>	<b>\$ 1,658,002</b>



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**INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, 2015, and related notes to the financial statements, which collectively comprise the Town of Oxford's basic financial statements, and have issued our report thereon dated September 25, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Oxford's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oxford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Oxford's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Oxford's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lank, Johnson & Tull".

Seaford, Delaware  
September 25, 2015