

**TOWN OF OXFORD, MARYLAND**

**FINANCIAL REPORT**

**June 30, 2021**

## TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	3 - 5
Management's Discussion and Analysis	6 - 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	17
Enterprise Fund Financial Statements:	
Statement of Fund Net Position	18
Statement of Revenues, Expenses, and Changes in Fund Net Position	19
Statement of Cash Flows	20
Notes to the Financial Statements	21 - 39
Required Supplementary Information:	40
Budgetary Comparison Schedule - General Fund	41
Maryland State Retirement and Pension Plan:	
Schedule of the Proportionate Share of the Net Pension Liability (as of measurement date)	42
Schedule of Contributions (as of fiscal year)	43
Actuarial Assumptions	44
Other Supplementary Information	45
Water, Sewer, and Stormwater Fund:	
Budgetary Comparison Schedule - Water, Sewer, and Stormwater Fund - Revenue and Expense Detail	46
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47 - 49

Herbert J. Geary III  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Mark A. Welsh



## INDEPENDENT AUDITORS' REPORT

Commissioners of Oxford  
Town of Oxford, Maryland  
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, Maryland (“the Town”) as of and for the year ended June 30, 2021, 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.

### **Auditors’ 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.

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 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 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, the other supplementary information, as listed in the table of contents, is 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 October 27, 2021 on our consideration of the Town'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 solely 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 effectiveness of the Town's 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "YHM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland

October 27, 2021

TOWN OF OXFORD, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

**The Town of Oxford, Maryland**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Town of Oxford, Maryland's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2021. We encourage readers to consider the discussion and analysis along with the other information in this report, including the notes to the financial statements. In this section, we have provided an overview of the basic financial statements, selected condensed financial data and highlights, and analysis of the Town's financial position and changes in financial position.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Financial statements provide two views of the Town's financial position. On the Government-wide statements, the statements summarize all Town funds into one statement using the full accrual method of accounting.

- Statement of Net Position provides information on assets, deferred outflows, liabilities, deferred inflows and the difference, which is called net position. Over time increases and decreases in net position can serve as a barometer of financial health. The Statement of Net Position is similar to a balance sheet in private sector accounting.
- Statement of Activities is revenues and expenses that report the underlying cause of the change in net position. All changes in net position are reported as the change occurs. This means the statement includes depreciation on the assets. This statement does not report any capital projects. Capital projects are reported on the Statement of Net Position.

**Fund Focus** - A fund is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to ensure compliance with finance-related legal or regulatory compliance. Funds are classified as either governmental funds, proprietary funds or fiduciary funds (The Town has no fiduciary funds).

- Governmental funds are essentially the same as the governmental activities. Governmental funds facilitate cost allocation of centralized services such as building maintenance, street repair, accounting, printing, office equipment, engineering services, etc.
- Governmental funds use a modified accrual basis of accounting. Governmental funds focus on near-term inflows and outflows of spendable resources and on the balances of spendable resources. In the governmental statements, the accounting for items such as capital outlay, depreciation, debt payments, and accrued vacation is different than in the government-wide statements. In government funds, capital outlay and debt principal are reported on the Statement of Revenues, Expenditures and Changes in Fund Balance. Depreciation is not recorded. The rule for reporting accrued vacation is more restrictive. The Balance Sheet for governmental funds does not include any capital assets or long-term debt.

**Major Funds** - Major funds are the largest funds in terms of assets, liabilities, revenues or expenses. This allows the reader to see more detailed activities of the Major Funds. For the Town the following funds meet this requirement:

- General
- Water, Sewer, and Stormwater Fund

TOWN OF OXFORD, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

Proprietary funds use a full accrual method of accounting for both government-wide statements and fund level statements. The Town has one proprietary fund.

Enterprise funds are used to report business like activities. These funds charge a fee for their services. The Town uses enterprise funds for water, sewer, and stormwater. All enterprise funds qualify as major funds.

Notes to the Financial Statements follow immediately after the basic financial statements. These notes are an integral part of the financial statements. The notes contain many additional disclosures about the financial health of the Town.

**FINANCIAL HIGHLIGHTS**

- Governmental activities net position decreased by \$137,912.
- Business-type activities net position increased by \$652,527.
- The Town's General Fund fund balance decreased by \$58,474.

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

**Net position**

Town's Net Position

	Governmental Activities		Business-type Activities		Total		% Change
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 1,484,447	\$ 1,522,375	\$ 1,779,872	\$ 2,941,701	\$ 3,264,319	\$ 4,464,076	-27%
Capital assets	2,613,178	2,700,343	21,643,672	20,016,512	24,256,850	22,716,855	7%
<b>Total assets</b>	<b>4,097,625</b>	<b>4,222,718</b>	<b>23,423,544</b>	<b>22,958,213</b>	<b>27,521,169</b>	<b>27,180,931</b>	<b>1%</b>
<b>Deferred outflows</b>	<b>143,167</b>	112,203	-	-	<b>143,167</b>	112,203	28%
Other liabilities	43,281	22,735	122,344	280,227	165,625	302,962	-45%
Long-term debt	-	-	2,851,785	2,881,098	2,851,785	2,881,098	-1%
Net pension liability	736,113	685,351	-	-	736,113	685,351	7%
<b>Total liabilities</b>	<b>779,394</b>	708,086	<b>2,974,129</b>	3,161,325	<b>3,753,523</b>	3,869,411	-3%
<b>Deferred inflows</b>	<b>56,014</b>	83,539	-	-	<b>56,014</b>	83,539	-33%
Net investment in capital assets	2,613,178	2,700,343	18,791,887	17,135,414	21,405,065	19,835,757	8%
Unrestricted	792,206	842,953	1,657,528	2,661,474	2,449,734	3,504,427	-30%
<b>Total net position</b>	<b>\$ 3,405,384</b>	\$ 3,543,296	<b>\$ 20,449,415</b>	\$ 19,796,888	<b>\$ 23,854,799</b>	\$ 23,340,184	<b>2%</b>

- The Town's combined net position was \$23,854,799, consisting of \$21,405,065 net investment in capital assets and \$2,449,734 of unrestricted net position.

TOWN OF OXFORD, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

**Changes in net position**

- Net position of the Town's governmental activities decreased by \$137,912 to \$3,405,384.
- Net position of the Town's business-type activities increased by \$652,527 to \$20,449,415. The increase is mostly attributable to grant revenues for the wastewater treatment plant upgrade and other various capital projects.
- The Town's total revenues were \$2,817,630. This was a 34% decrease from the previous year. The decrease is mostly attributable to a \$1,399,796 decrease in capital grant revenues for the wastewater treatment plant upgrade and other various capital projects.
- The cost of all services increased by 2% to \$2,303,015.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total		% Change
	2021	2020	2021	2020	2021	2020	
<b>Revenues</b>							
Program Revenues:							
Charges for services	\$ 78,137	\$ 87,579	\$ 1,028,492	\$ 1,039,837	\$ 1,106,629	\$ 1,127,416	-2%
Operating grants	16,191	16,710	-	-	16,191	16,710	-3%
Capital grants	5,251	97,112	496,836	1,804,771	502,087	1,901,883	-74%
General Revenues:							
Property taxes	902,865	924,760	-	-	902,865	924,760	-2%
Other taxes	271,090	277,708	-	-	271,090	277,708	-2%
Investment and other	14,868	18,009	3,900	4,237	18,768	22,246	-16%
<b>Total revenues</b>	<b>1,288,402</b>	<b>1,421,878</b>	<b>1,529,228</b>	<b>2,848,845</b>	<b>2,817,630</b>	<b>4,270,723</b>	<b>-34%</b>
<b>Expenses</b>							
General government	650,428	574,743	-	-	650,428	574,743	13%
Public safety	260,053	242,931	-	-	260,053	242,931	7%
Public works	375,095	327,576	-	-	375,095	327,576	15%
Parks and recreation	140,738	147,735	-	-	140,738	147,735	-5%
Water	-	-	294,875	399,936	294,875	399,936	-26%
Sewer	-	-	385,148	336,893	385,148	336,893	14%
SMSP	-	-	161,762	183,352	161,762	183,352	-12%
Bay restoration fee	-	-	34,916	34,807	34,916	34,807	0%
<b>Total expenses</b>	<b>1,426,314</b>	<b>1,292,985</b>	<b>876,701</b>	<b>954,988</b>	<b>2,303,015</b>	<b>2,247,973</b>	<b>2%</b>
Change in net position	\$ (137,912)	\$ 128,893	\$ 652,527	\$ 1,893,857	\$ 514,615	\$ 2,022,750	-75%

**Governmental Activities**

Revenues from the Town's governmental activities decreased by \$133,476 or 9% from the prior year which is mostly attributable to a decrease in capital grants, property taxes, and charges for services.

Expenses from the Town's governmental activities increased by \$133,329 or 10% from the prior year.



TOWN OF OXFORD, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

**Business-type Activities**

Revenues from the Town's business-type activities decreased by \$1,319,617 or 46% from the prior year. This is mostly attributable to a decrease in grant revenues related to the wastewater treatment plant upgrade and other various capital projects.

Expenses from the Town's business-type activities decreased by \$78,287 or 8% from the prior year.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

- As the Town completed the year, the general fund reported a fund balance of \$1,441,166, a decrease of \$58,474 from the prior year.

**General Fund Budgetary Highlights**

- Revenues were over budget by \$33,498, which is mostly attributable to intergovernmental revenues being over-budget by \$27,801.
- Total expenditures were under budget by \$61,649 mostly attributable to general government expenditures coming in under budget by \$71,192.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2021, the Town had a net investment of \$24,256,850 in a broad range of capital assets, including land, equipment, buildings, vehicles, and water and sewer systems.

More detailed information about the Town's capital assets is presented in Note 5.

Town's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 411,332	\$ 411,332	\$ -	\$ -	\$ 411,332	\$ 411,332
Construction in progress	301,578	301,578	19,432,166	17,748,707	19,733,744	18,050,285
Buildings	1,341,571	1,306,675	-	-	1,341,571	1,306,675
Equipment	363,493	368,917	1,644,661	1,630,832	2,008,154	1,999,749
Improvements	1,818,897	1,818,897	3,342,661	3,271,200	5,161,558	5,090,097
Vehicles	294,137	258,817	106,300	115,376	400,437	374,193
Total	4,531,008	4,466,216	24,525,788	22,766,115	29,056,796	27,232,331
Accumulated Depreciation	(1,917,830)	(1,765,873)	(2,882,116)	(2,749,603)	(4,799,946)	(4,515,476)
Net Capital assets	\$ 2,613,178	\$ 2,700,343	\$ 21,643,672	\$ 20,016,512	\$ 24,256,850	\$ 22,716,855

TOWN OF OXFORD, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

**Long Term Debt**

At the end of 2021, the Town had \$3,587,898 in bonds and notes outstanding, and net pension liability.

More detailed information about the Town's bonds and notes payable is presented in Note 6.

More detailed information about the Town's net pension liability is presented in Note 7.

Town's Long Term Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Water tower	\$ -	\$ -	\$ 168,412	\$ 193,102	\$ 168,412	\$ 193,102
Arsenic removal	-	-	238,911	285,980	238,911	285,980
Wastewater upgrade loan No. 2	-	-	481,892	490,774	481,892	490,774
Wastewater upgrade - extension	-	-	82,415	-	82,415	-
Wastewater upgrade loan No. 1	-	-	1,880,155	1,911,242	1,880,155	1,911,242
Net pension liability	736,113	685,351	-	-	736,113	685,351
<b>Total long-term debt</b>	<b>\$ 736,113</b>	<b>\$ 685,351</b>	<b>\$ 2,851,785</b>	<b>\$ 2,881,098</b>	<b>\$ 3,587,898</b>	<b>\$ 3,566,449</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The Town's Governmental revenues for FY 2021 demonstrate a decrease over Fiscal Year 2020, mostly attributed to a decrease in Capital Grants. As capital grants are one-time benefits, they cannot be anticipated to support revenues every year. Expenses for FY 2021 demonstrated an increase over Fiscal Year 2020, mostly attributed to cost increase across the board much of which may be attributed to the impacts of COVID, and it is anticipated to continue into Fiscal Year 2022. The Governmental Fund Balance at \$1,441,166 continues to have sufficient reserves at this time.
- For Fiscal Year 2022, the town has General Fund budgeted capital expenditures for equipment acquisition and paving, along with a multi-grant funded major shoreline restoration project.
- 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. Due to the financial constraints of COVID, the Town elected to forgo any Water or Sewer rate increases for Fiscal Year 2021. As the town is finalizing the two major construction projects, the Wastewater Treatment Plant and the Morris Street Water Main, the Town's cumulative long-term debt is anticipated to be around \$ 3,600,000. This debt coupled with the increased cost of operating the Enhanced Nutrient Wastewater Treatment Plant will require that at least a minimal annual increase continue into the future.
- For Fiscal Year 2022, the above projects will be finalized. Additionally, the town will benefit from American Recovery Plan Funds which will be utilized to support improvements to the Water Billing System and Stormwater Infrastructure.
- 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 Stormwater Management/Shoreline Protection Enterprise Fund with dedicated revenues has continued this fiscal responsibility by planning for and implementing infrastructure improvements to

TOWN OF OXFORD, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

provide the community protection from stormwater and significant tidal impacts. The Town has been successful in recent years in acquiring additional funding from both State and Federal opportunities in order to identify and improve infrastructure in support of this effort and will continue this effort.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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 Manager - Town of Oxford, PO Box 339, Oxford, Maryland 21654.

**TOWN OF OXFORD, MARYLAND**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 1,464,060	\$ 597,705	\$ 2,061,765
Accounts receivable	20,387	249,481	269,868
Grants receivable	-	932,686	932,686
Nondepreciable capital assets	712,910	19,432,166	20,145,076
Depreciable capital assets, net	1,900,268	2,211,506	4,111,774
<hr/>			
Total assets	4,097,625	23,423,544	27,521,169
<hr/>			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	143,167	-	143,167
<hr/>			
<b>LIABILITIES</b>			
Accounts payable	43,281	122,344	165,625
Long-term liabilities, due within one year			
Bonds and notes payable	-	102,462	102,462
Long-term liabilities, due in more than one year			
Bonds and notes payable	-	2,749,323	2,749,323
Net pension liability	736,113	-	736,113
<hr/>			
Total liabilities	779,394	2,974,129	3,753,523
<hr/>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	56,014	-	56,014
<hr/>			
<b>NET POSITION</b>			
Net investment in capital assets	2,613,178	18,791,887	21,405,065
Unrestricted	792,206	1,657,528	2,449,734
<hr/>			
Total net position	\$ 3,405,384	\$ 20,449,415	\$ 23,854,799
<hr/>			

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>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>
<b>Governmental activities</b>							
General government	\$ 650,428	\$ 78,137	\$ 5,515	\$ 5,251	\$ (561,525)	\$ -	\$ (561,525)
Public safety	260,053	-	10,676	-	(249,377)	-	(249,377)
Public works	375,095	-	-	-	(375,095)	-	(375,095)
Parks and recreation	140,738	-	-	-	(140,738)	-	(140,738)
<b>Total governmental activities</b>	<b>1,426,314</b>	<b>78,137</b>	<b>16,191</b>	<b>5,251</b>	<b>(1,326,735)</b>	<b>-</b>	<b>(1,326,735)</b>
<b>Business-type activities</b>							
Water	294,875	385,445	-	74,939	-	165,509	165,509
Sewer	385,148	477,690	-	415,677	-	508,219	508,219
SMSP	161,762	130,000	-	6,220	-	(25,542)	(25,542)
Bay restoration fee	34,916	35,357	-	-	-	441	441
<b>Total business-type activities</b>	<b>876,701</b>	<b>1,028,492</b>	<b>-</b>	<b>496,836</b>	<b>-</b>	<b>648,627</b>	<b>648,627</b>
<b>Total</b>	<b>\$ 2,303,015</b>	<b>\$ 1,106,629</b>	<b>\$ 16,191</b>	<b>\$ 502,087</b>	<b>(1,326,735)</b>	<b>648,627</b>	<b>(678,108)</b>
<b>General revenues</b>							
Property taxes					902,865	-	902,865
Intergovernmental					271,090	-	271,090
Investment income					2,267	3,900	6,167
Other					12,601	-	12,601
<b>Total general revenues</b>					<b>1,188,823</b>	<b>3,900</b>	<b>1,192,723</b>
<b>Change in net position</b>					<b>(137,912)</b>	<b>652,527</b>	<b>514,615</b>
<b>Net position, beginning of year</b>					<b>3,543,296</b>	<b>19,796,888</b>	<b>23,340,184</b>
<b>Net position, end of year</b>					<b>\$ 3,405,384</b>	<b>\$ 20,449,415</b>	<b>\$ 23,854,799</b>

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2021**

	General <u>Fund</u>
<b>ASSETS</b>	
Cash	\$ 1,464,060
Accounts receivable	20,387
<hr/>	
<b>Total assets</b>	<b>\$ 1,484,447</b>
<hr/>	
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 43,281
<hr/>	
<b>Total liabilities</b>	<b>43,281</b>
<hr/>	
<b>FUND BALANCES</b>	
Assigned	74,600
Unassigned	1,366,566
<hr/>	
<b>Total fund balances</b>	<b>1,441,166</b>
<hr/>	
<b>Total liabilities and fund balances</b>	<b>\$ 1,484,447</b>
<hr/>	

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**June 30, 2021**

Total fund balances, governmental funds	\$ 1,441,166
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	2,613,178
Deferred outflow of resources - pensions	143,167
Deferred inflows of resources - pensions	(56,014)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Net pension liability	(736,113)
<hr/>	
Net position of governmental activities in the Statement of Net Position	\$ 3,405,384

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
Year Ended June 30, 2021**

	General Fund
<b>REVENUES:</b>	
Property taxes	\$ 902,865
Intergovernmental	271,090
Licenses and permits	18,559
Other agencies	21,442
Rents	59,578
Investment income	2,267
Miscellaneous	12,601
<hr/>	
Total revenues	1,288,402
<hr/>	
<b>EXPENDITURES:</b>	
Current:	
General government	559,383
Public safety	248,178
Public works	343,474
Parks and recreation	112,023
Capital outlay	83,818
<hr/>	
Total expenditures	1,346,876
<hr/>	
Net change in fund balance	(58,474)
<hr/>	
Fund balance, beginning of year	1,499,640
<hr/>	
Fund balance, end of year	\$ 1,441,166

*The Notes to Financial Statements are an integral part of this statement.*



**TOWN OF OXFORD, MARYLAND**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

Net change in fund balances, governmental funds \$ (58,474)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement  
of Activities, the cost of those assets is allocated over their estimated useful lives and  
reported as depreciation expense. In the current period, these amounts are:

Capital outlay	83,818
Depreciation expense	(170,983)

Some expenses reported in the statement of activities do not require the use of  
current financial resources and therefore are not reported as expenditures  
in governmental funds

Change in deferred outflow of resources - pensions	30,964
Change in deferred inflows of resources - pensions	27,525
Change in net pension liability	(50,762)

---

Change in net position of governmental activities \$ (137,912)

---

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**STATEMENT OF FUND NET POSITION  
BUSINESS-TYPE ACTIVITIES**

**June 30, 2021**

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets	
Cash	\$ 597,705
Accounts receivable	249,481
Grants receivable	932,686
<hr/>	
Total current assets	1,779,872
Noncurrent assets	
Nondepreciable capital assets	19,432,166
Depreciable capital assets, net	2,211,506
<hr/>	
Total noncurrent assets	21,643,672
<hr/>	
Total assets	\$ 23,423,544
<hr/>	
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 122,344
Current maturities of long-term debt	102,462
<hr/>	
Total current liabilities	224,806
Noncurrent liabilities	
Long-term debt	2,749,323
<hr/>	
Total noncurrent liabilities	2,749,323
<hr/>	
Total liabilities	2,974,129
<hr/>	
<b>NET POSITION</b>	
Net investment in capital assets	18,791,887
Unrestricted	1,657,528
<hr/>	
Total net position	\$ 20,449,415
<hr/>	

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
BUSINESS-TYPE ACTIVITIES**

**Year Ended June 30, 2021**

	<u>Enterprise Fund</u>
<b>OPERATING REVENUES:</b>	
Water service charges	\$ 385,445
Wastewater service charges	477,690
SMSP service charges	130,000
Bay restoration fee	35,357
<hr/>	
Total operating revenues	1,028,492
<hr/>	
<b>OPERATING EXPENSES:</b>	
Water	294,875
Sewer	385,148
SMSP	161,762
Bay restoration fee	34,916
<hr/>	
Total operating expenses	876,701
<hr/>	
Operating income	151,791
<hr/>	
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Grants - Wastewater Treatment Plant	415,677
Grants - Watermain	74,939
Grants - DNR Coastal	6,220
Investment income	3,900
<hr/>	
Total nonoperating revenues	500,736
<hr/>	
Change in net position	652,527
<hr/>	
Net position, beginning of year	19,796,888
<hr/>	
Net position, end of year	\$ 20,449,415
<hr/>	

*The Notes to Financial Statements are an integral part of this statement.*

**TOWN OF OXFORD, MARYLAND**

**STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
Year Ended June 30, 2021**

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 1,035,019
Payments to suppliers	(551,411)
Payments to employees	(341,584)
<u>Net cash provided by operating activities</u>	<u>142,024</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal paid on long-term debt	(194,143)
Proceeds from long-term debt	164,830
Acquisition of capital assets	(1,768,749)
Net receipts from capital grants and financing	239,499
Payments received on water and sewer bonds	725
<u>Net cash used in capital and related financing activities</u>	<u>(1,557,838)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	3,900
<u>Net cash provided by investing activities</u>	<u>3,900</u>
Net decrease in cash	(1,411,914)
<u>Cash and cash equivalents, beginning of year</u>	<u>2,009,619</u>
<u>Cash and cash equivalents, end of year</u>	<u>\$ 597,705</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 151,791
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	141,589
Changes in assets and liabilities:	
Increase in receivables	6,527
Decrease in accounts payable and accrued expenses	(157,883)
<u>Net cash provided by operating activities</u>	<u>\$ 142,024</u>

*The Notes to Financial Statements are an integral part of this statement.*

## NOTES TO FINANCIAL STATEMENTS

### **Note 1. Description of The Town of Oxford**

The Town of Oxford, Maryland (“the Town”) was incorporated in 1694, under the provisions of the State of Maryland. The Town operates under a Commissioner form of government and provides the following services as authorized by its charter: general administrative services, public safety, public works and recreation. Other services include water, sewer, and stormwater (SMSP) operations.

### **Note 2. Summary of Significant Accounting Policies**

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Town’s accounting policies are described below.

#### **A. Basis of Presentation**

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities and for business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from general revenues of the Town.

#### **FUND FINANCIAL STATEMENTS**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Town has no non-major funds.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Summary of Significant Accounting Policies (continued)

#### B. Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The Town has no fiduciary funds.

#### GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Town's only governmental fund:

General Fund - The general fund is the general operating fund of the Town. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund.

#### PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise.

Enterprise fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Town's major enterprise fund is:

Water, Sewer, and Stormwater Fund - The water, sewer, and stormwater fund is used to account for all financial transactions, including the acquisition or construction of major capital facilities, related to the operations of the Town's water, sewer, and stormwater services.

#### C. Measurement Focus

Government-wide financial statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the statement of net position.

Fund financial statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus (continued)

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

#### D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Town has no fiduciary funds.

Revenues - Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the Town is defined as collected within 60 days subsequent to year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include primarily grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursable basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, interest and licenses and permits.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Summary of Significant Accounting Policies (continued)

#### D. Basis of Accounting (continued)

See pension plan footnote for further details relating to the deferred outflows / inflows of resources, as recorded on the statement of net position, relating to the Town's pension plan.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated assets during the year is reported in the operating statement as an expense with a like amount reported as donated revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

#### E. Budgetary Data

Budgetary control is exercised in all funds. The budget shown in the financial statements is the budget ordinance approved for fiscal year ended June 30, 2021. The Commissioners approve all expenditures. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures/expense.

The annual budget of the General Fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the proprietary fund is adopted under a governmental basis, showing capital outlay, debt service, and non-operating income and expense items.

#### F. Cash Equivalents

For the purpose of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of one year or less to be cash equivalents.

#### G. Property Tax

The Town's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the Town. The Maryland State Department of Assessments and Taxation (SDAT) establishes assessed values at predetermined percentages of estimated market value. Payments are due by September 30. Beginning October 1, interest is charged each month on taxes that remain unpaid. Property represented by delinquent taxes is sold at public auction in June. The Talbot County Treasurer's office collects the Town's real property taxes along with county real property taxes. Collections are remitted to the Town on a monthly basis.



## NOTES TO FINANCIAL STATEMENTS

### Note 2. Summary of Significant Accounting Policies (continued)

#### H. Interfund Receivables/Payables and Transfers In/Out

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances."

Interfund transfers in/out are classified in other financing (uses) sources in the statement of revenues, expenditures and changes in fund balances and in nonoperating revenues (expenses) in the statement of revenues, expenses and changes in fund net position.

#### I. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities Useful Lives	Business-type Activities Useful Lives
Land	n/a	n/a
Construction in progress	n/a	n/a
Buildings	5 - 40	n/a
Improvements	10 - 25	7 - 40
Vehicles	3 - 10	5 - 10
Equipment	3 - 10	3 - 40

#### J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Summary of Significant Accounting Policies (continued)

#### K. Net Position

Net position represents the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restricted components of net position are reported when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by grantors, contributors, creditors, or laws and regulations of other governments.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

#### L. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can only be spent for specific purposes because of the Town charter or code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Town Council ordinance or resolutions.

Assigned – Amounts that are designated by the Council or management with intent to be used for specific purposes, but are neither restricted or committed by ordinance or resolution.

Unassigned – Amounts not included in other spendable classifications.

The Town uses restricted fund balance 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.

#### M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services for water and sewer activities. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

#### N. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### O. Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds where proceeds were used to finance the construction of assets.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Cash

The Town is authorized to invest unexpended revenues from taxation, lawful distributions of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purpose. The Town can invest such funds in federally insured banking institutions that pledge United States Treasury bills, notes, or other obligations to secure such deposits and the Maryland Local Government Investment Pool.

At June 30, 2021, the Town had bank deposits with various financial institutions totaling \$2,100,701 (carrying value \$2,061,765). As required by law, a depository is required to pledge securities, in addition to FDIC insurance, at least equal to the amount on deposit at all times. The depository bank pledges collateral for specific accounts, which are held in the Town's name by their trust department or agents. As of June 30, 2021 all deposits were fully insured or collateralized.

As of June 30, 2021, the Town has no investments therefore the Town has no credit or custodial risk.

Cash is designated as follows:

Checking	\$ 1,128,507
Artist Group	2,716
Certificate of deposit	850,889
Custom House fund	6,074
Doug Hanks Memorial fund	3,971
Innovative Health	1,066
Other	150
Savings -Parks and Recreation	1,466
Town House fund	59,300
<u>WWTP interim financing</u>	<u>7,626</u>
<u>Total Cash</u>	<u>\$ 2,061,765</u>

### Note 4. 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 were paid in full during 2021.

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	June 30, 2020	Additions	Deductions	June 30, 2021
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets, not being depreciated:				
Land	\$ 411,332	\$ -	\$ -	\$ 411,332
Construction in progress	301,578	-	-	301,578
Total capital assets, not being depreciated	<u>712,910</u>	-	-	<u>712,910</u>
Capital assets, being depreciated:				
Buildings	1,306,675	34,896	-	1,341,571
Equipment	368,917	4,526	(9,950)	363,493
Improvements	1,818,897	-	-	1,818,897
Vehicles	258,817	44,396	(9,076)	294,137
Total capital assets, being depreciated	<u>3,753,306</u>	<u>83,818</u>	<u>(19,026)</u>	<u>3,818,098</u>
Less accumulated depreciation:				
Buildings	(629,106)	(32,578)	-	(661,684)
Equipment	(265,384)	(23,197)	9,950	(278,631)
Improvements	(677,383)	(91,905)	-	(769,288)
Vehicles	(194,000)	(23,303)	9,076	(208,227)
Total accumulated depreciation	<u>(1,765,873)</u>	<u>(170,983)</u>	<u>19,026</u>	<u>(1,917,830)</u>
Total capital assets, being depreciated, net	<u>1,987,433</u>	<u>(87,165)</u>	-	<u>1,900,268</u>
Governmental activities capital assets, net	<u>\$ 2,700,343</u>	<u>\$ (87,165)</u>	\$ -	<u>\$ 2,613,178</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 98,772
Public safety	11,875
Public works	31,621
Parks and recreation	28,715
Total depreciation expense	<u>\$ 170,983</u>

NOTES TO FINANCIAL STATEMENTS

**Note 5. Capital Assets (continued)**

	June 30, 2020	Additions	Deductions	June 30, 2021
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 17,748,707	\$ 1,737,420	\$ (53,961)	\$ 19,432,166
Total capital assets, not being depreciated	<u>17,748,707</u>	<u>1,737,420</u>	<u>(53,961)</u>	<u>19,432,166</u>
Capital assets, being depreciated:				
Equipment	1,630,832	13,829	-	1,644,661
Improvements	3,271,200	17,500	53,961	3,342,661
Vehicles	115,376	-	(9,076)	106,300
Total capital assets, being depreciated	<u>5,017,408</u>	<u>31,329</u>	<u>44,885</u>	<u>5,093,622</u>
Less accumulated depreciation:				
Equipment	(1,050,960)	(71,948)	-	(1,122,908)
Improvements	(1,583,267)	(69,641)	-	(1,652,908)
Vehicles	(115,376)	-	9,076	(106,300)
Total accumulated depreciation	<u>(2,749,603)</u>	<u>(141,589)</u>	<u>9,076</u>	<u>(2,882,116)</u>
Total capital assets, being depreciated, net	<u>2,267,805</u>	<u>(110,260)</u>	<u>53,961</u>	<u>2,211,506</u>
Business-type activities capital assets, net	<u>\$ 20,016,512</u>	<u>\$ 1,627,160</u>	<u>\$ -</u>	<u>\$ 21,643,672</u>

Construction in progress is as follows:

Wastewater treatment plant	\$ 17,758,651
Stormwater plan	81,472
Oxford Central Park - stormwater engineering	10,422
Morris St. watermain replacement	1,433,892
Strand Beach living shoreline	73,994
Amphitheater - Oxford Community Park	29,083
Water system - preliminary engineering	44,652
<b>Total</b>	<b><u>\$ 19,432,166</u></b>

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Bonds and Notes Payable – Business-type Activities

The following is a summary of the changes in the business-type activities long-term debt obligations:

	Balances June 30, 2020	Additions	Retirements and Repayments	Balances June 30, 2021	Amount Due in One Year
Note payable - Water Tower: \$600,000 unsecured, maturing June 2030, interest at 4.85%. Monthly principal and interest payment of \$2,083. The Town has made prepayments of principal on this loan.	\$ 193,102	\$ -	\$ 24,690	\$ 168,412	\$ 12,060
Note payable - Water arsenic removal: \$757,668 unsecured, maturing February 2027, no interest. Annual principal only payment of \$47,069.	285,980	-	47,069	238,911	47,069
Total notes from direct borrowings	479,082	-	71,759	407,323	59,129
Bond payable - Wastewater Upgrade: \$493,000 unsecured, maturing January 2060, interest at 1.625%. Quarterly principal and interest payment of \$4,201.	490,774	-	8,882	481,892	9,004
Bonds payable 2021A and 2021B - Water Main Replacement: \$1,497,616 unsecured, maturing February 2052, interest at 0.4%. Annual principal and interest payments, yet to be determined. \$748,808 2021A bond expected to be forgiven.	-	164,830	82,415	82,415	2,591
Bond payable - Wastewater Upgrade: \$1,964,000 unsecured, maturing September 2058, interest at 2.375%. Quarterly principal and interest payment of \$19,051.	1,911,242	-	31,087	1,880,155	31,738
Total bonds	2,402,016	164,830	122,384	2,444,462	43,333
Total Business-type Long-Term Debt	\$ 2,881,098	\$ 164,830	\$ 194,143	\$ 2,851,785	\$ 102,462

The annual requirements to amortize all business-type activities debt outstanding as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 43,333	\$ 52,598	\$ 59,129	\$ 8,168
2023	44,253	51,678	59,129	7,583
2024	45,194	50,737	59,129	6,998
2025	46,156	49,775	59,129	6,413
2026	47,140	48,791	59,129	5,828
2027 & thereafter	2,218,386	881,912	111,678	14,588
<b>TOTAL</b>	<b>\$ 2,444,462</b>	<b>\$ 1,135,491</b>	<b>\$ 407,323</b>	<b>\$ 49,578</b>

Interest expense in the business-type activities for the year ended June 30, 2021 totaled \$63,102.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plan

#### Organization

The State Retirement Agency (the Agency) is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool". The State Pool consists of State agencies, boards of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at [www.sra.maryland.gov](http://www.sra.maryland.gov).

The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System.

Generally, employees of the Town participate in the Employees' Retirement and Pension Systems (Employee's Systems). The Employees' Systems are cost sharing multiple-employer defined benefit pension plans.

#### Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### Covered Members

##### Employees' Retirement and Pension Systems

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plan (continued)

#### Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', Correctional Officers' or State Police Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive year's AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

The member contribution rate for members of the Employees' Pension Systems is 6%.

In Addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2020 are as follows:

#### Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.



## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plan (continued)

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employee's Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for those members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

#### Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating five years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

#### Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with a least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who become a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pensions System is 30%.

Members of the State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plan (continued)

#### Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after five years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

#### Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two part combination COLA depending upon the COLA election made by the member.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped in the lesser of 2.5% or the increase in CPI if the most recent calendar year fair value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Pension Plan (continued)

#### Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.6%. In the 2019 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

#### Investments

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 weighing 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 of Trustees after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	5.2%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.3%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.3%
Absolute Return	8%	1.8%
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2020.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

**Note 7. Pension Plan (continued)**

**Discount rate**

A single discount rate of 7.40% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.40%. 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.

**Sensitivity of the Net Pension Liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 6.40%	Discount Rate 7.40%	1% Increase to 8.40%
Employees (Muni)	\$ 1,047,978	\$ 736,113	\$ 476,361

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was calculated as follows by the System(s):

1. Calculate the net pension liability for the entire System. For purposes of funding the System, all calculations are determined on an actuarial basis and are completed through the development of rates based on two separate asset pools, one for employees of the State of Maryland (the State) and one for the Participating Governmental Units (“PGUs”). These pools are kept on an actuarial basis and allow for the State to fund only State employees and PGUs to fund only PGU employees. For the accounting of the System, however, the assets of the System are accounted in a single pool which is audited annually.
2. Determined the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
3. Calculated for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each PGU’s contribution.
4. Provide each PGU its adjusted percentage of contribution and the System’s net pension liability and other related amounts as of June 30, 2020, under the GASB No. 67 requirements.

NOTES TO FINANCIAL STATEMENTS

**Note 7. Pension Plan (continued)**

At June 30, 2021, the Town reported the following related to pensions:

Employer's proportionate (percentage) of the collective net pension liability	0.0032569%
Employer's proportionate share of the collective net pension liability	\$ 736,113
Pension expense recognized by the employer for the year ended June 30, 2021	\$ 66,938
Deferred outflows of resources, June 30, 2020	\$ 112,203
Year end June 30, 2020 contributions	(69,831)
Net difference between projected and actual investment earnings	54,214
Difference between expected and actual experience	-
Change in assumptions	-
Amortization of items allowed by GASB 68	(28,084)
Year end June 30, 2021 contributions	74,665
Deferred outflows of resources, June 30, 2021	\$ 143,167
Deferred inflows of resources, June 30, 2020	\$ 83,539
Net difference between projected and actual investment earnings	-
Difference between actual and expected experience	1,189
Change in assumptions	-
Amortization of items allowed by GASB 68	(28,714)
Deferred inflows of resources, June 30, 2021	\$ 56,014
NPL June 30, 2020	\$ 685,351
Change in NPL factored for contributions	50,762
NPL June 30, 2021	\$ 736,113

The \$74,665 of deferred outflows of resources resulting from the Town's contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows/outflows of resources will be amortized over a five year period, as follows:

June 30,	Net Deferred (Inflows) Outflows
2022	\$ (7,848)
2023	1,723
2024	9,175
2025	9,571
2026	(133)
Total	\$ 12,488

For the year ended June 30, 2021 the Town's total payroll for all employees was \$782,352. Total covered payroll was \$729,147. Covered payroll refers to all compensation paid by the Town to active employees covered by Employees' Systems.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Tower Rent

The Town rents space on its water tower to several cellular and utility companies. For the year ended June 30, 2021, rental income recorded by the water and sewer fund was \$53,843.

Future minimum lease payments to be received over the next five years are approximately as follows:

Fiscal Year	
Ending June 30,	
2022	\$ 54,000
2023	44,000
2024	34,000
2025	39,000
2026	44,000

### Note 9. Land and Property Leases

The Town rents real property to various businesses and banks. For the year ended June 30, 2021, rental income recorded by the general fund was \$32,600.

One of these leases is with Tred Avon Yacht Club, whose base rent is increased for inflation based on consumer price index, which is determined by the U.S. Department of Labor. Therefore, the Town does not have sufficient data in order to provide accurate future projections for a five-year maturity schedule. The Town has estimated future lease payments to be received over the next five years as follows:

Fiscal Year	
Ending June 30,	
2022	\$ 29,000
2023	29,000
2024	25,000
2025	21,000
2026	21,000

### Note 10. Risk Management

The Town has identified various areas where it is at risk of loss during the normal course of business. Those areas include property damage or destruction, general liability, employee dishonesty, worker's compensation, etc. It is the Town's policy to eliminate the risk of loss in those areas through the purchase of commercial insurance and/or participation in the Local Government Insurance Trust (LGIT).

There were no significant reductions in insurance coverage during the fiscal year ended June 30, 2021. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

LGIT is a consortium of Maryland local governments that provides insurance coverage to its participants. The Town's annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. The Town may be required to make additional assessments from time to time. These amounts would be recorded as expenditure when they are probable and can be reasonably estimated. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Commitments, Contingencies and Subsequent Events

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The Town does not anticipate losses as a result of these transactions.

In the normal course of operations, the Town receives grant funds from various Federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

#### Wastewater System Upgrade

The Town has determined that it is desirable and in the public interest to undertake the construction of a new wastewater treatment plant. As of June 30, 2021, the Town has capitalized \$17,758,651 in construction in progress related to this upgrade, with an anticipated completion date to occur in fiscal year 2022.

A summary of the project cost, funding sources, and drawdown requests as of June 30, 2021 are as follows:

	USDA Loan	USDA Grant	USDA Loan	USDA Grant	MDE	Town	Total
Project Cost	\$ 1,964,000	\$ 1,935,000	\$ 493,000	\$ 1,735,000	\$ 11,877,298	\$ 200,000	\$ 18,204,298
Drawdown Request	(1,964,000)	(1,935,000)	(493,000)	(2,160,214)	(11,761,346)	-	(18,313,560)
Balance of Fund (deficit)	\$ -	\$ -	\$ -	\$ (425,214)	\$ 115,952	\$ 200,000	\$ (109,262)

The Town is in the process of obtaining additional funding from the USDA to cover the overdrawn funds noted above.

See Note 5 and Note 6 for detailed capital assets and bonds payable information.

#### Morris Street Watermain Replacement and Water System

The Town is in the process of replacing the watermain and upgrading the water system. The Town has incurred expenses for these projects. The Morris Street Water Line project is being financed through the Maryland Department of the Environment Water Quality Finance Administration through two bonds issued, one of which will be fully forgiven. See Note 5 and Note 6 for detailed capital assets and bonds payable information. As of June 30, 2021, the Town has capitalized a total of \$1,433,892 in construction in progress related to these projects, with an anticipated completion date to occur in fiscal year 2022.

#### COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There were mandates from federal, state, and local authorities requiring forced closures of schools, businesses, and other facilities. The restrictions brought on by the pandemic may have had an adverse impact on the Town's business and its suppliers and donors. Uncertainty remains regarding the ongoing impact of the COVID-19 outbreak on the Town's financial condition if there is a resurgence.

REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF OXFORD, MARYLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES:</b>				
Property taxes	\$ 932,775	\$ 905,241	\$ 902,865	\$ (2,376)
Intergovernmental	182,250	243,289	271,090	27,801
Licenses and permits	18,040	18,040	18,559	519
Other agencies	184,113	16,884	21,442	4,558
Rents	53,500	59,400	59,578	178
Investment income	1,000	1,000	2,267	1,267
Miscellaneous	3,500	11,050	12,601	1,551
<b>Total revenues</b>	<b>1,375,178</b>	<b>1,254,904</b>	<b>1,288,402</b>	<b>33,498</b>
<b>EXPENDITURES</b>				
General government	530,424	630,575	559,383	71,192
Public safety	263,000	255,600	248,178	7,422
Public works	419,700	338,000	343,474	(5,474)
Parks and recreation	116,650	124,350	112,023	12,327
Capital outlay	122,400	60,000	83,818	(23,818)
<b>Total expenditures</b>	<b>1,452,174</b>	<b>1,408,525</b>	<b>1,346,876</b>	<b>61,649</b>
<b>Net change in fund balance</b>	<b>\$ (76,996)</b>	<b>\$ (153,621)</b>	<b>\$ (58,474)</b>	<b>\$ 95,147</b>

**TOWN OF OXFORD, MARYLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
MARYLAND STATE RETIREMENT AND PENSION PLAN  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
(as of measurement date)  
JUNE 30, 2021**

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Covered Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
June 30, 2014	0.0025705%	\$ 456,180	\$ 472,761	96%	\$ 45,339,988,000	\$ 63,086,719,000	72%
June 30, 2015	0.0008234%	\$ 608,446	\$ 497,972	122%	\$ 45,789,840,000	\$ 66,571,552,000	69%
June 30, 2016	0.0029917%	\$ 705,864	\$ 520,058	136%	\$ 45,365,927,000	\$ 68,959,954,000	66%
June 30, 2017	0.0031597%	\$ 683,245	\$ 608,259	112%	\$ 48,987,184,000	\$ 70,610,885,000	69%
June 30, 2018	0.0033455%	\$ 701,931	\$ 600,047	117%	\$ 51,827,233,000	\$ 72,808,833,000	71%
June 30, 2019	0.0033229%	\$ 685,351	\$ 579,116	118%	\$ 53,943,420,000	\$ 74,569,030,000	72%
June 30, 2020	0.0032569%	\$ 736,113	\$ 564,082	130%	\$ 54,586,037,000	\$ 77,187,397,000	71%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

**TOWN OF OXFORD, MARYLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
MARYLAND STATE RETIREMENT AND PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
(as of fiscal year)  
JUNE 30, 2021**

Fiscal Year	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Employee Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	\$ 61,710	\$ 61,710	\$ -	\$ 497,972	12%
2016	\$ 58,281	\$ 58,281	\$ -	\$ 520,058	11%
2017	\$ 64,311	\$ 64,311	\$ -	\$ 608,259	11%
2018	\$ 66,711	\$ 66,711	\$ -	\$ 600,047	11%
2019	\$ 68,235	\$ 68,235	\$ -	\$ 579,116	12%
2020	\$ 69,831	\$ 69,831	\$ -	\$ 564,082	12%
2021	\$ 74,665	\$ 74,665	\$ -	\$ 729,147	10%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

**TOWN OF OXFORD, MARYLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
MARYLAND STATE RETIREMENT AND PENSION PLAN  
ACTUARIAL ASSUMPTIONS**

**JUNE 30, 2021**

**Changes in Benefit Terms**

There were no benefit changes during the year.

**Changes in Assumptions**

Discount rate remained at 7.40%.

**Method and Assumptions used in Calculations of Actuarially Determined Contributions**

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 18 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the market value)
Inflation	In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.6%. In the 2019 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF OXFORD, MARYLAND**

**OTHER SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE -  
WATER, SEWER, AND STORMWATER FUND REVENUE AND EXPENSE DETAIL  
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>OPERATING REVENUES:</b>				
Water service charges	\$ 415,000	\$ 386,350	\$ 385,445	\$ (905)
Wastewater service charges	500,000	480,000	477,690	(2,310)
SMSP service charges	100,000	130,000	130,000	-
Bay restoration fee	35,500	35,500	35,357	(143)
<b>Total operating revenues</b>	<b>1,050,500</b>	<b>1,031,850</b>	<b>1,028,492</b>	<b>(3,358)</b>
<b>OPERATING EXPENSES:</b>				
Water	387,400	249,900	294,875	(44,975)
Sewer	374,200	426,200	385,148	41,052
SMSP	173,700	164,700	161,762	2,938
Bay restoration fee	34,000	34,800	34,916	(116)
<b>Total operating expenses</b>	<b>969,300</b>	<b>875,600</b>	<b>876,701</b>	<b>(1,101)</b>
<b>Operating income (loss)</b>	<b>81,200</b>	<b>156,250</b>	<b>151,791</b>	<b>(4,459)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Grants - Wastewater Treatment Plant	-	-	415,677	415,677
Grants - Watermain	-	-	74,939	74,939
Grants - DNR Coastal	-	-	6,220	6,220
Investment income	150	150	3,900	3,750
<b>Total nonoperating revenues (expenses)</b>	<b>150</b>	<b>150</b>	<b>500,736</b>	<b>500,586</b>
<b>Change in net position</b>	<b>\$ 81,350</b>	<b>\$ 156,400</b>	<b>\$ 652,527</b>	<b>\$ 496,127</b>

Herbert J. Geary III  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Mark A. Welsh



INDEPENDENT AUDITORS' 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*

Commissioners of Oxford  
Town of Oxford, Maryland  
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, Maryland ("the Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 27, 2021.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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 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.

*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. We identified the following deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above.

#### Finding Number 2021-001

*Criteria:* Proper segregation of duties should be in place to strengthen internal controls to provide reasonable assurance that a material misstatement to the financial statements is prevented.

*Condition:* We noted that the system currently in place creates conflicts within duties assigned to a single individual and produces a high level of internal control risk. During our audit, we noted a lack of segregation of duties.

*Cause:* The lack of appropriately designed internal control systems has produced conflicts regarding assigned duties.

*Effect:* Segregation of duties issues does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, the misappropriation of assets and/or errors on a timely basis.

*Recommendation:* We recommend that, when possible, responsibilities for authorization, recording, and maintaining custody of assets be assigned to different employees. In situations where this is not possible, we recommend the implementation of certain transaction review controls. It is important to note that review controls do not eliminate all risk when segregation of duties conflicts exist, and management and those charged with governance need to be aware of such risks.

*Identification of Repeat Finding:* Due to the nature and size of the Town, this is a repeat finding.

*Views of Responsible Officials:* It has been determined that it would not be cost effective for the Town to add additional personnel to ensure complete segregation of duties in the finance department. However, within the two person finance department, the Town has effectively designed and implemented mitigating internal controls to help reduce such risk.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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*.

## **The Town of Oxford, Maryland's Response to Findings**

The Town's response to the findings identified above was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Town, in a separate letter dated October 27, 2021.

## **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 black ink that reads "JHM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland  
October 27, 2021

**TOWN OF OXFORD, MARYLAND**

**AUDIT COMMUNICATIONS**

**JUNE 30, 2021**

## CONTENTS

I. Communication with Those Charged with Governance	3 - 7
II. Communication of Significant Deficiencies and Material Weaknesses	8 - 10
III. Comments and Recommendations	11 - 13
IV. Adjusting Journal Entry Reports	14 - 20

## I. COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Herbert J. Geary III  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Mark A. Welsh



October 27, 2021

Commissioners of Oxford  
Town of Oxford, Maryland  
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, Maryland (“the Town”) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town’s financial statements were:

Management’s estimation of the allowance for uncollectible amounts was based on past experience. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimation of depreciation expense is based on the estimated useful lives of these assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based upon an actuarial study performed by a third party. We evaluated the key factors and assumptions used to develop the pension liability and pension expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached Adjusting Journal Entry Reports, as listed in the table of contents, list misstatements corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 27, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Commissioners of Oxford, and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "TGM Group LLC". The letters are cursive and somewhat stylized, with the "T" and "G" being particularly prominent.

TGM Group LLC  
Salisbury, Maryland



II. COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND MATERIAL WEAKNESSES

Herbert J. Geary III  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Mark A. Welsh



October 27, 2021

Commissioners of Oxford  
Town of Oxford, Maryland  
Oxford, Maryland

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Oxford, Maryland (“the Town”) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town’s internal control over financial reporting (internal control) as a basis for designing 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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 *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.

A *material weakness* is a deficiency or 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. We consider the following deficiency in the Town’s internal control to be a material weakness:

Finding Number 2021-001

*Criteria:* Proper segregation of duties should be in place to strengthen internal controls to provide reasonable assurance that a material misstatement to the financial statements is prevented.

*Condition:* We noted that the system currently in place creates conflicts within duties assigned to a single individual and produces a high level of internal control risk. During our audit, we noted a lack of segregation of duties.

*Cause:* The lack of appropriately designed internal control systems has produced conflicts regarding assigned duties.

*Effect:* Segregation of duties issues does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, the misappropriation of assets and/or errors on a timely basis.

*Recommendation:* We recommend that, when possible, responsibilities for authorization, recording, and maintaining custody of assets be assigned to different employees. In situations where this is not possible, we recommend the implementation of certain transaction review controls. It is important to note that review controls do not eliminate all risk when segregation of duties conflicts exist, and management and those charged with governance need to be aware of such risks.

*Identification of Repeat Finding:* Due to the nature and size of the Town, this is a repeat finding.

*Views of Responsible Officials:* It has been determined that it would not be cost effective for the Town to add additional personnel to ensure complete segregation of duties in the finance department. However, within the two-person finance department, the Town has effectively designed and implemented mitigating internal controls to help reduce such risk.

This communication is intended solely for the information and use of management and the Commissioners, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "TGM Group LLC". The signature is written in a cursive, stylized font.

TGM Group LLC  
Salisbury, Maryland  
October 27, 2021

### III. COMMENTS AND RECOMMENDATIONS

Herbert J. Geary III  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Mark A. Welsh



October 27, 2021

Commissioners of Oxford  
Town of Oxford, Maryland  
Oxford, Maryland

In planning and performing our audit of the financial statements of the Town of Oxford, Maryland (“the Town”) for the year ended June 30, 2021, we considered the Town’s internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Town’s internal control in our report dated October 27, 2021. This letter does not affect our report dated October 27, 2021 on the financial statements of the Town.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist in implementing the recommendations.

We wish to thank the employees of the Town for the assistance and cooperation provided us during our engagement.

A handwritten signature in black ink that reads "TGM Group LLC". The signature is written in a cursive, flowing style.

TGM Group LLC  
Salisbury, Maryland

### Credit Card Purchases

As in the prior year, during our testing of credit card transactions, which includes the examination of supporting receipt documentation, we noted multiple instances where no receipts were provided for credit card purchases. We again recommend that all credit card purchases require an itemized receipt to ensure it is for a valid Town expense and to ensure coding to the correct general ledger account for financial reporting and budgetary purposes.

#### IV. ADJUSTING JOURNAL ENTRY REPORTS

Client: *Oxford Maryland Town of*  
Engagement: *Town of Oxford, MD*  
Period Ending: *6/30/2021*  
Workpaper: *GF AJE's*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To reverse PY AP accrual.			
20100	Accounts Payable - General	7,135.75	
12270	MDE/USDA Watermain Upgrade		3,235.75
51450	Legal Fees		3,237.00
52400	MEWS		487.50
52540	Appeals Board		175.50
<b>Total</b>		<b><u>7,135.75</u></b>	<b><u>7,135.75</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust for GASB 68.			
19200	Deferred Financing Outflow	30,964.00	
27100	Deferred Financing Inflow	27,525.00	
27000	Net Pension Liability		50,762.00
33000	Fund Balance - Pension		7,727.00
<b>Total</b>		<b><u>58,489.00</u></b>	<b><u>58,489.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To reverse PY Hwy User AR accrual.			
42400	Highway User Revenue	11,595.03	
14000	Due From State of Maryland		11,595.03
<b>Total</b>		<b><u>11,595.03</u></b>	<b><u>11,595.03</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
To reverse PY SAPPF Police Grant receivable.			
44200	Grant - SAPPF Police	2,036.50	
14000	Due From State of Maryland		2,036.50
<b>Total</b>		<b><u>2,036.50</u></b>	<b><u>2,036.50</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
CLIENT REVERSE ON 7/1 - To book 4th quarter SAPPF Police Grant receivable.			
14000	Due From State of Maryland	1,899.25	
44200	Grant - SAPPF Police		1,899.25
<b>Total</b>		<b><u>1,899.25</u></b>	<b><u>1,899.25</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
To record 4th quarter accomodations tax receivable and reclass CY payment against PY receivable.			
14100	Due From County	19,597.24	
42100	Accomodations Tax	4,330.95	
14100	Due From County		4,330.95
42100	Accomodations Tax		19,597.24
<b>Total</b>		<b><u>23,928.19</u></b>	<b><u>23,928.19</u></b>
<b>Adjusting Journal Entries JE # 7</b>			
To reclass MEWS payment from AR account to grants receivable.			
12100	General Accounts Receivable	175,000.00	
12267	DHCD - MEWS		175,000.00
<b>Total</b>		<b><u>175,000.00</u></b>	<b><u>175,000.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
To reclass laptop purchase from capital outlay to expense.			
53600	Office Supplies	1,314.35	
86000	Administration Capital		1,314.35
<b>Total</b>		<b><u>1,314.35</u></b>	<b><u>1,314.35</u></b>



**Adjusting Journal Entries JE # 9**

CLIENT REVERSE ON 7/1 - To record AP proposed by client.

52200	Town Houses Main and Repair	25,096.24	
20100	Accounts Payable - General		25,096.24
<b>Total</b>		<b>25,096.24</b>	<b>25,096.24</b>

**Adjusting Journal Entries JE # 10**

To reclass HVAC cost to capital outlay.

86000	Administration Capital	25,096.24	
52200	Town Houses Main and Repair		25,096.24
<b>Total</b>		<b>25,096.24</b>	<b>25,096.24</b>

**Adjusting Journal Entries JE # 11**

To zero out grant account per discussion with client.

12266	Facade Program	5,251.00	
73100	Fascade program		5,251.00
<b>Total</b>		<b>5,251.00</b>	<b>5,251.00</b>

**Adjusting Journal Entries JE # 12**

To book CY additions.

17100	Buildings	34,896.24	
17300	Vehicles	44,396.00	
17600	Equipment	4,525.96	
32000	Fund Balance - Fixed Assets		34,896.24
32000	Fund Balance - Fixed Assets		48,921.96
<b>Total</b>		<b>83,818.20</b>	<b>83,818.20</b>

**Adjusting Journal Entries JE # 13**

CLIENT REVERSE ON 7/1 - To adjust register balance for interest income that cleared in June 2021 but was recorded in July 2021.

10500	1880 Bank Checking	9.06	
46950	Interest Income		9.06
<b>Total</b>		<b>9.06</b>	<b>9.06</b>

**Adjusting Journal Entries JE # 14**

To record CY disposals.

17310	Vehicles-A/D	9,076.00	
17610	Equipment-A/D	9,950.00	
17300	Vehicles		9,076.00
17600	Equipment		9,950.00
<b>Total</b>		<b>19,026.00</b>	<b>19,026.00</b>

**Adjusting Journal Entries JE # 15**

To record CY depreciation.

32000	Fund Balance - Fixed Assets	170,983.21	
17110	Buildings-A/D		32,577.54
17210	Street Improvements-A/D		91,905.28
17310	Vehicles-A/D		23,303.45
17610	Equipment-A/D		23,196.94
<b>Total</b>		<b>170,983.21</b>	<b>170,983.21</b>

**Adjusting Journal Entries JE # 16**

To adjust register balance to actual.

10500	1880 Bank Checking	2,200.00	
66900	Reconciliation Discrepancies		2,200.00
<b>Total</b>		<b>2,200.00</b>	<b>2,200.00</b>

Client: *Oxford Maryland Town of*  
Engagement: *Town of Oxford, MD*  
Period Ending: *6/30/2021*  
Trial Balance: *Water Fund TB*  
Workpaper: *Water Fund AJE's*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To record AR for annual lease payment not received during FY21 per discussion with client.			
12100	General Accounts Receivable	2,631.86	
47940W	Tower Rental		2,631.86
<b>Total</b>		<b>2,631.86</b>	<b>2,631.86</b>
<b>Adjusting Journal Entries JE # 2</b>			
To reverse PY AP accrual.			
20100	Accounts Payable - General	1,475.00	
12270	MDE/USDA Watermain Upgrade		1,475.00
<b>Total</b>		<b>1,475.00</b>	<b>1,475.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
To adjust debt to actual and reclass interest to expense.			
12270	MDE/USDA Watermain Upgrade	164,830.00	
57160W	Interest on Debt	1,426.69	
28160	Watermain Replace - Morris St		1,426.69
28160	Watermain Replace - Morris St		82,415.00
74000W	Grants - MDE/USDA Watermain		82,415.00
<b>Total</b>		<b>166,256.69</b>	<b>166,256.69</b>
<b>Adjusting Journal Entries JE # 4</b>			
To move bond closing cost to expense.			
57520W	Administrative Expenses	12,584.39	
12270	MDE/USDA Watermain Upgrade		12,584.39
<b>Total</b>		<b>12,584.39</b>	<b>12,584.39</b>
<b>Adjusting Journal Entries JE # 5</b>			
To reclass capital outlay to fixed assets.			
18210	Equipment	3,000.00	
18210	Equipment	10,829.39	
18420	Construction in Progress	10,782.46	
82001W	Water Capital		3,000.00
82001W	Water Capital		10,829.39
82001W	Water Capital		10,782.46
<b>Total</b>		<b>24,611.85</b>	<b>24,611.85</b>
<b>Adjusting Journal Entries JE # 6</b>			
To adjust grants to actual and record CY CIP.			
18420	Construction in Progress	1,297,979.79	
74000W	Grants - MDE/USDA Watermain	7,475.96	
12270	MDE/USDA Watermain Upgrade		1,297,979.79
12270	MDE/USDA Watermain Upgrade		7,475.96
<b>Total</b>		<b>1,305,455.75</b>	<b>1,305,455.75</b>
<b>Adjusting Journal Entries JE # 7</b>			
To set up allowance for Del Wifi note deemed to be uncollectible.			
59000W	Bad Debt	5,263.72	
13050	Allowance for Del Wifi		5,263.72
<b>Total</b>		<b>5,263.72</b>	<b>5,263.72</b>

**Adjusting Journal Entries JE # 8**

To record CY disposals.

18410	Vehicles-A/D	4,538.00	
18400	Vehicles		4,538.00
<b>Total</b>		<b><u>4,538.00</u></b>	<b><u>4,538.00</u></b>

**Adjusting Journal Entries JE # 9**

To record CY depreciation.

57140W	Depreciation	83,099.66	
18211	Equipment-A/D		42,155.41
18310	Improvements-A/D		40,944.25
<b>Total</b>		<b><u>83,099.66</u></b>	<b><u>83,099.66</u></b>

Client: *Oxford Maryland Town of*  
Engagement: *Town of Oxford, MD*  
Period Ending: *6/30/2021*  
Trial Balance: *SMSP Fund TB*  
Workpaper: *SMSP Fund AJE's*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To reclass excess grant funds received to revenue.			
12264	DNR Grant Coastal	6,220.00	
74200SMSP	DNR-Coastal		6,220.00
<b>Total</b>		<b>6,220.00</b>	<b>6,220.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
To reclass sediment cost from capital outlay to expense.			
57730SMSP	Stormwater Main & Repair	100.00	
81500SMSP	SMSP Improvement Capital		100.00
<b>Total</b>		<b>100.00</b>	<b>100.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
To reclass capital outlay to fixed assets.			
18420	Construction in Progress	12,982.00	
81500SMSP	SMSP Improvement Capital		12,982.00
<b>Total</b>		<b>12,982.00</b>	<b>12,982.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
To record CY depreciation.			
57140SMSP	Depreciation	33,909.00	
18211	Equipment-A/D		14,318.92
18310	Improvements-A/D		19,590.08
<b>Total</b>		<b>33,909.00</b>	<b>33,909.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To reclass PY CIP to in-service.			
18300	Improvements	53,960.50	
18420	Construction in Progress		53,960.50
<b>Total</b>		<b>53,960.50</b>	<b>53,960.50</b>

Client: *Oxford Maryland Town of*  
Engagement: *Town of Oxford, MD*  
Period Ending: *6/30/2021*  
Trial Balance: *Sewer Fund TB*  
Workpaper: *Sewer Fund AJE's*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To reverse PY AP accrual.			
20100	Accounts Payable - General	238,972.66	
12263	MDE/USDA Wastewater Upgrade		231,192.09
58100BRF	Bay Restoration Payment		7,780.57
<b>Total</b>		<b><u>238,972.66</u></b>	<b><u>238,972.66</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust grants to actual and record CY CIP.			
18420	Construction in Progress	415,676.46	
74000S	Grant Funds - WTTO Upgrades		415,676.46
<b>Total</b>		<b><u>415,676.46</u></b>	<b><u>415,676.46</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To reclass capital outlay to fixed assets.			
18300	Improvements	17,500.00	
82003S	Wastewater Capital		17,500.00
<b>Total</b>		<b><u>17,500.00</u></b>	<b><u>17,500.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
To record CY disposals.			
18410	Vehicles-A/D	4,538.00	
18400	Vehicles		4,538.00
<b>Total</b>		<b><u>4,538.00</u></b>	<b><u>4,538.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
To record CY depreciation.			
57140S	Depreciation	24,580.84	
18211	Equipment-A/D		15,473.79
18310	Improvements-A/D		9,107.05
<b>Total</b>		<b><u>24,580.84</u></b>	<b><u>24,580.84</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
CLIENT REVERSE ON 7/1 - To record CY AP accrual.			
12263	MDE/USDA Wastewater Upgrade	108,926.96	
20100	Accounts Payable - General		108,926.96
<b>Total</b>		<b><u>108,926.96</u></b>	<b><u>108,926.96</u></b>