

TOWN OF OXFORD, MARYLAND

FINANCIAL REPORT

June 30, 2022

TOWN OF OXFORD, MARYLAND

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	15
Enterprise Fund Financial Statements:	
Statement of Fund Net Position	16
Statement of Revenues, Expenses, and Changes in Fund Net Position	17
Statement of Cash Flows	18
Notes to the Financial Statements	19 - 41
Required Supplementary Information:	42
Budgetary Comparison Schedule - General Fund	43
Maryland State Retirement and Pension Plan:	
Schedule of the Proportionate Share of the Net Pension Liability (as of measurement date)	44
Schedule of Contributions (as of fiscal year)	45
Actuarial Assumptions	46
Other Post Employment Benefit Plan:	
Schedule of Changes in the Total OPEB Liability	47
Schedule of the Total OPEB Liability as a Percentage of Covered Payroll	48
Notes to the Required Supplementary Information - OPEB Plan	49
Other Supplementary Information	50
Water, Sewer, and Stormwater Fund:	
Budgetary Comparison Schedule - Water, Sewer and Stormwater Fund - Revenue and Expense Detail	51
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>	52 - 54

INDEPENDENT AUDITORS' REPORT

Commissioners of Oxford
Town of Oxford, Maryland
Oxford, Maryland

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Town adopted a new health insurance reimbursement plan effective July 1, 2021. Also, as discussed in Note 11 to the financial statements, during the year ended June 30, 2022, the Town determined that accrued vacation was not properly reported and an adjustment was made, and the Town also adopted new accounting guidance from the Government Accounting Standards Board (GASB) Statement No. 87, "Leases". Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (RSI), 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 RSI 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.

Supplementary 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 (OSI), 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 OSI, as listed in the table of contents is the responsibility of management and has been derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 OSI, as listed in the table of contents is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the Town's internal control over financial reporting and 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 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.

UHY LLP

Salisbury, Maryland
December 28, 2022

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, 2022. 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, 2022

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 \$265,915.
- Business-type activities net position increased by \$994,062.
- The Town's General Fund fund balance increased by \$50,725.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position

Town's Net Position

	Governmental Activities		Business-type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 2,271,509	\$ 1,771,446	\$ 3,519,196	\$ 1,779,872	\$ 5,790,705	\$ 3,551,318	63%
Capital assets	2,425,547	2,613,178	21,874,495	21,643,672	24,300,042	24,256,850	0%
Total assets	4,697,056	4,384,624	25,393,691	23,423,544	30,090,747	27,808,168	8%
Deferred outflows	248,587	143,167	-	-	248,587	143,167	74%
Other liabilities	330,077	62,878	641,395	133,718	971,472	196,596	394%
Long-term debt	2,981	-	3,320,193	2,851,785	3,323,174	2,851,785	17%
Net pension liability	508,344	736,113	-	-	508,344	736,113	-31%
Net OPEB liability	184,011	-	-	-	184,011	-	100%
Total liabilities	1,025,413	798,991	3,961,588	2,985,503	4,987,001	3,784,494	32%
Deferred inflows	748,454	291,109	-	-	748,454	291,109	157%
Net investment in capital assets	2,422,566	2,613,178	18,554,302	18,791,887	20,976,868	21,405,065	-2%
Unrestricted	749,210	824,513	2,877,801	1,646,154	3,627,011	2,470,667	47%
Total net position	\$ 3,171,776	\$ 3,437,691	\$ 21,432,103	\$ 20,438,041	\$ 24,603,879	\$ 23,875,732	3%

- The Town's combined net position was \$24,603,879, consisting of \$20,976,868 net investment in capital assets and \$3,627,011 of unrestricted net position.

TOWN OF OXFORD, MARYLAND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2022

Changes in net position

- Net position of the Town's governmental activities decreased by \$265,915 to \$3,171,776.
- Net position of the Town's business-type activities increased by \$994,062 to \$21,432,103.
- The Town's total revenues were \$3,543,742. This was a 26% increase from the previous year primarily due to grant funding for various water and sewer projects.
- The cost of all services increased by 23% to \$2,815,595.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Revenues							
Program Revenues:							
Charges for services	\$ 146,708	\$ 78,137	\$ 1,011,148	\$ 1,028,492	\$ 1,157,856	\$ 1,106,629	5%
Operating grants	17,297	16,191	-	-	17,297	16,191	7%
Capital grants	-	5,251	1,033,373	496,836	1,033,373	502,087	106%
General Revenues:							
Property taxes	904,762	902,865	-	-	904,762	902,865	0%
Other taxes	362,587	271,090	-	-	362,587	271,090	34%
Investment and other	67,443	14,868	424	3,900	67,867	18,768	262%
Total revenues	1,498,797	1,288,402	2,044,945	1,529,228	3,543,742	2,817,630	26%
Expenses							
General government	815,416	618,121	-	-	815,416	618,121	32%
Public safety	236,853	260,053	-	-	236,853	260,053	-9%
Public works	571,623	375,095	-	-	571,623	375,095	52%
Parks and recreation	137,585	140,738	-	-	137,585	140,738	-2%
Water	-	-	332,253	298,666	332,253	298,666	11%
Sewer	-	-	529,288	388,939	529,288	388,939	36%
SMSP	-	-	158,759	165,554	158,759	165,554	-4%
Bay restoration fee	-	-	33,818	34,916	33,818	34,916	-3%
Total expenses	1,761,477	1,394,007	1,054,118	888,075	2,815,595	2,282,082	23%
Excess (deficiency) before transfers	(262,680)	(105,605)	990,827	641,153	728,147	535,548	36%
Transfers in (out)	(3,235)	-	3,235	-	-	-	
Change in net position	(265,915)	(105,605)	994,062	641,153	728,147	535,548	36%
Net position, beginning of year (as restated)	3,437,691	3,543,296	20,438,041	19,796,888	23,875,732	23,340,184	2%
Net position end of year	\$ 3,171,776	\$ 3,437,691	\$ 21,432,103	\$ 20,438,041	\$ 24,603,879	\$ 23,875,732	3%

Governmental Activities

Revenues from the Town's governmental activities increased by \$210,395 or 16% from the prior year.

Expenses from the Town's governmental activities increased by \$367,470 or 26% from the prior year. This increase is primarily related to the new retiree health reimbursement plan effective July 1, 2021. See more information in Note 8.

Business-type Activities

Revenues from the Town's business-type activities increased by \$515,717 or 34% from the prior year. This is mostly attributable to grant fund revenues related to the completion of the wastewater treatment plant upgrade and the Morris St. watermain replacement project.

Expenses from the Town's business-type activities increased by \$166,043 or 19% 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 \$1,472,294, an increase of \$50,725 from the prior year.

General Fund Budgetary Highlights

- Revenues were over budget by \$102,066, which is mostly attributable to intergovernmental revenues being over-budget by \$58,748 and miscellaneous revenues being over-budget by \$56,917.
- Total expenditures were under budget by \$118,063 mostly attributable to general government expenditures being under budget by \$65,547 and capital outlay expenditures being under budget by \$61,669.

CAPITAL AND INTANGIBLE ASSETS AND DEBT ADMINISTRATION

Capital and Intangible Assets

At the end of 2022, the Town had a net investment of \$24,300,042 in a broad range of capital and intangible assets, including land, equipment, buildings, vehicles, and water and sewer systems.

More detailed information about the Town's capital assets is presented in Note 4.

Town's Capital and Intangible Assets

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 411,332	\$ 411,332	\$ -	\$ -	\$ 411,332	\$ 411,332
Construction in progress	-	301,578	178,642	19,432,166	178,642	19,733,744
Buildings	1,639,914	1,341,571	-	-	1,639,914	1,341,571
Equipment	330,140	363,493	1,598,051	1,644,661	1,928,191	2,008,154
Improvements	1,818,897	1,818,897	23,079,655	3,342,661	24,898,552	5,161,558
Vehicles	295,127	294,137	156,300	106,300	451,427	400,437
Right-to-use asset	3,465	-	-	-	3,465	-
Total	4,498,875	4,531,008	25,012,648	24,525,788	29,511,523	29,056,796
Accumulated depreciation and amortization	(2,073,328)	(1,917,830)	(3,138,153)	(2,882,116)	(5,211,481)	(4,799,946)
Net capital and intangible assets	\$ 2,425,547	\$ 2,613,178	\$ 21,874,495	\$ 21,643,672	\$ 24,300,042	\$ 24,256,850

TOWN OF OXFORD, MARYLAND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2022

Long Term Debt

At the end of 2022, the Town had \$3,831,518 in bonds, notes, and leases outstanding, and net pension liability.

More detailed information about the Town's bonds and notes payable is presented in Note 5.

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	
	2022	2021	2022	2021	2022	2021
Water tower	\$ -	\$ -	\$ 155,717	\$ 168,412	\$ 155,717	\$ 168,412
Arsenic removal	-	-	191,842	238,911	191,842	238,911
Wastewater upgrade loan No. 2	-	-	472,864	481,892	472,864	481,892
Wastewater upgrade - extension	-	-	651,447	82,415	651,447	82,415
Wastewater upgrade loan No. 1	-	-	1,848,323	1,880,155	1,848,323	1,880,155
Right-to-use lease	2,981	-	-	-	2,981	-
Net pension liability	508,344	736,113	-	-	508,344	736,113
Net OPEB liability	184,011	-	-	-	184,011	-
Total long-term debt	\$ 695,336	\$ 736,113	\$ 3,320,193	\$ 2,851,785	\$ 4,015,529	\$ 3,587,898

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Town's Governmental Fund total revenues for FY 2022 demonstrate an increase over Fiscal Year 2021, mostly attributed to an increase in income taxes as found in General Other Taxes and a realignment of land lease income on Town properties as found in Charges for Services. Governmental Fund expenses for FY 2022 demonstrated an increase over Fiscal Year 2021, mostly attributed to a significant street repaving project. The Governmental Fund Balance continues to have sufficient reserves at this time.
- For Fiscal Year 2023, the town has General Fund budgeted capital expenditures for additional repaving and sidewalk replacement, along with the multi-grant funded major shoreline restoration project.
- The Town's Enterprise Funds or Business-Type Funds collected for Water and Sewer services demonstrated a slight loss this year. For this reason and to allow for future funding of major equipment repairs and replacement, the Town approved a 3% rate increase for FY 2023. The Town will continue to consider annual increases to cover necessary operational costs. The Enterprise charge for services revenues decreased slightly due to a realignment of land lease income on Town properties. Two large infrastructure projects, the Wastewater Treatment Plant upgrade and the Morris Street Water Main, were completed and the Town's cumulative Sewer long-term debt is approximately \$3,320,000. It is anticipated that Sewer rates will increase annually to assist in retiring this debt service.
- For FY 2023 the start of a major Water Improvement Project is scheduled, with anticipated grant funding of \$2,102,000 and long-term debt service of \$2,572,000 at completion. Annual Water rate increases are anticipated to service this debt and provide reserves for maintenance.

Additionally, the town intends to use the \$600,000 American Recovery Plan Funds received to support resilience improvements to 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 prior 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 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 necessary 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, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,766,023	\$ 2,337,763	\$ 4,103,786
Accounts receivable, net of allowance	36,348	416,915	453,263
Grants receivable	-	764,518	764,518
Lease receivable	469,138	-	469,138
Nondepreciable capital assets	411,332	178,642	589,974
Capital and intangible assets, net	2,014,215	21,695,853	23,710,068
Total assets	4,697,056	25,393,691	30,090,747
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	248,587	-	248,587
LIABILITIES			
Accounts payable and accrued expenses	31,544	641,395	672,939
Unearned revenue - ARPA	298,533	-	298,533
Long-term liabilities, due within one year			
Lease payable - right to use	665	-	665
Bonds and notes payable	-	124,418	124,418
Long-term liabilities, due in more than one year			
Lease payable - right to use	2,316	-	2,316
Bonds and notes payable	-	3,195,775	3,195,775
Net pension liability	508,344	-	508,344
Post-employment health care benefits payable	184,011	-	184,011
Total liabilities	1,025,413	3,961,588	4,987,001
DEFERRED INFLOWS OF RESOURCES			
Lease receivable - right to use	416,959	-	416,959
Pensions	331,495	-	331,495
Total deferred inflows of resources	748,454	-	748,454
NET POSITION			
Net investment in capital assets	2,422,566	18,554,302	20,976,868
Unrestricted	749,210	2,877,801	3,627,011
Total net position	\$ 3,171,776	\$ 21,432,103	\$ 24,603,879

TOWN OF OXFORD, MARYLAND
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 815,416	\$ 146,708	\$ 6,160	\$ -	\$ (662,548)	\$ -	\$ (662,548)
Public safety	236,853	-	11,137	-	(225,716)	-	(225,716)
Public works	571,623	-	-	-	(571,623)	-	(571,623)
Parks and recreation	137,585	-	-	-	(137,585)	-	(137,585)
Total governmental activities:	1,761,477	146,708	17,297	-	(1,597,472)	-	(1,597,472)
Business-type activities							
Water	332,253	335,476	-	600,724	-	603,947	603,947
Sewer	529,288	506,419	-	410,395	-	387,526	387,526
SMSP	158,759	133,500	-	22,254	-	(3,005)	(3,005)
Bay restoration fee	33,818	35,753	-	-	-	1,935	1,935
Total business-type activities:	1,054,118	1,011,148	-	1,033,373	-	990,403	990,403
Total	\$ 2,815,595	\$ 1,157,856	\$ 17,297	\$ 1,033,373	(1,597,472)	990,403	(607,069)
General revenues							
Property taxes					904,762	-	904,762
Intergovernmental					362,587	-	362,587
Investment income					5,026	424	5,450
Other					62,417	-	62,417
Total general revenues					1,334,792	424	1,335,216
Transfers in (out)					(3,235)	3,235	-
Change in net position					(265,915)	994,062	728,147
Net position, beginning of year, as restated					3,437,691	20,438,041	23,875,732
Net position, end of year					\$ 3,171,776	\$ 21,432,103	\$ 24,603,879

TOWN OF OXFORD, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund
ASSETS	
Cash	\$ 1,766,023
Accounts receivable, net of allowance	36,348
<hr/>	
Total assets	\$ 1,802,371
<hr/>	
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 31,544
Unearned revenue	298,533
<hr/>	
Total liabilities	330,077
<hr/>	
FUND BALANCES	
Assigned	76,327
Unassigned	1,395,967
<hr/>	
Total fund balances	1,472,294
<hr/>	
Total liabilities and fund balances	\$ 1,802,371
<hr/>	

TOWN OF OXFORD, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances, governmental funds \$ 1,472,294

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

Certain 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.

Capital assets	2,422,602
Intangible right-to-use asset	2,945
Lease receivable	469,138

Deferred outflow of resources:

Pensions	248,587
----------	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

Right-to-use lease payable	(2,981)
Net pension liability	(508,344)
Post-employment health care benefits payable	(184,011)

Deferred inflows of resources:

Lease receivable - right to use	(416,959)
Pensions	(331,495)

Net position of governmental activities in the Statement of Net Position \$ 3,171,776

TOWN OF OXFORD, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUND
Year Ended June 30, 2022

	General Fund
REVENUES:	
Property taxes	\$ 904,762
Intergovernmental	362,587
Licenses and permits	27,143
Other agencies	17,296
Rents	119,566
Investment income	5,026
Miscellaneous	62,417
<hr/>	
Total revenues	1,498,797
<hr/>	
EXPENDITURES:	
Current:	
General government	568,003
Public safety	225,806
Public works	534,727
Parks and recreation	108,870
Capital outlay	14,131
<hr/>	
Total expenditures	1,451,537
<hr/>	
Excess of revenues over expenditures	47,260
OTHER FINANCING SOURCES (USES):	
Proceeds from long-term leases	3,465
<hr/>	
Total other financing sources (uses)	3,465
<hr/>	
Net change in fund balance	50,725
Fund balance, beginning of year, as restated	1,421,569
<hr/>	
Fund balance, end of year	\$ 1,472,294
<hr/>	

TOWN OF OXFORD, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balances, governmental funds \$ 50,725

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	10,666
Transfer of capital asset to enterprise fund	(3,235)
Depreciation and amortization expense	(198,007)
Leased equipment	3,465
Intangible right-to-use asset amortization	(520)

Lease receivable payments received are revenue in the governmental funds but reduce the receivable in the statement of net position

Lease receivable	182,139
Deferred inflow - lease receivable	(181,864)

Repayment of long-term leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position

Proceeds from lease liability	(3,465)
Lease liability	484

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	105,420
Change in deferred inflows of resources - pensions	(275,481)
Change in net pension liability	227,769
Change in post-employment health care benefits ("OPEB")	(184,011)

Change in net position of governmental activities \$ (265,915)

TOWN OF OXFORD, MARYLAND
STATEMENT OF FUND NET POSITION - BUSINESS TYPE ACTIVITIES
June 30, 2022

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash	\$ 2,337,763
Accounts receivable	416,915
Grants receivable	764,518
	<hr/>
Total current assets	3,519,196
Noncurrent assets	
Nondepreciable capital assets	178,642
Depreciable capital assets, net	21,695,853
	<hr/>
Total noncurrent assets	21,874,495
	<hr/>
Total assets	\$ 25,393,691
	<hr/>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ 641,395
Current maturities of long-term debt	124,418
	<hr/>
Total current liabilities	765,813
Noncurrent liabilities	
Long-term debt	3,195,775
	<hr/>
Total noncurrent liabilities	3,195,775
	<hr/>
Total liabilities	3,961,588
	<hr/>
NET POSITION	
Net investment in capital assets	18,554,302
Unrestricted	2,877,801
	<hr/>
Total net position	\$ 21,432,103
	<hr/>

TOWN OF OXFORD, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION - BUSINESS TYPE ACTIVITIES
Year Ended June 30, 2022

	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Water service charges	\$ 335,476
Wastewater service charges	506,419
SMSP service charges	133,500
Bay restoration fee	35,753
<hr/>	
Total operating revenues	1,011,148
<hr/>	
OPERATING EXPENSES:	
Water	332,253
Sewer	529,288
SMSP	158,759
Bay restoration fee	33,818
<hr/>	
Total operating expenses	1,054,118
<hr/>	
Operating loss	(42,970)
<hr/>	
NONOPERATING REVENUES (EXPENSES):	
Intergovernmental revenues	1,033,373
Capital asset transferred from general fund	3,235
Investment income	424
<hr/>	
Total nonoperating revenues	1,037,032
<hr/>	
Change in net position	994,062
<hr/>	
Net position, beginning of year, as restated	20,438,041
<hr/>	
Net position, end of year	\$ 21,432,103
<hr/>	

TOWN OF OXFORD, MARYLAND
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
Year Ended June 30, 2022

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 843,714
Payments to suppliers	(413,454)
Payments to employees	(333,518)
Other receipts	514,302
<u>Net cash provided by operating activities</u>	<u>611,044</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(716,740)
Proceeds from long-term debt	1,185,148
Acquisition of capital assets	(541,359)
Net receipts from capital grants and financing	1,201,541
<u>Net cash provided by capital and related financing activities</u>	<u>1,128,590</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	424
<u>Net cash provided by investing activities</u>	<u>424</u>
Net increase in cash	1,740,058
Cash and cash equivalents, beginning of year	597,705
<u>Cash and cash equivalents, end of year</u>	<u>\$ 2,337,763</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (42,970)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	313,771
Changes in assets and liabilities:	
Increase in receivables	(167,434)
Decrease in accounts payable and accrued expenses	507,677
<u>Net cash provided by operating activities</u>	<u>\$ 611,044</u>

TOWN OF OXFORD, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

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.

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.

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.

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.

Grant Receivables/Unearned Revenue – The Town records receivables when the applicable eligibility requirements including time requirements are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue.

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, 2022. 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.

Note 2. Summary of Significant Accounting Policies (continued)

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

Receivables are shown net of an allowance for uncollectible accounts. Allowances for uncollectible accounts were \$1,264 for the year ended June 30, 2022. This amount relates to short-term loans. All other receivables are current and due within one year.

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

Note 2. Summary of Significant Accounting Policies (continued)

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.

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.

Note 2. Summary of Significant Accounting Policies (continued)

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.

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, 2022, the Town had bank deposits with various financial institutions totaling \$4,177,783 (carrying value \$4,103,786). 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, 2022 all deposits were fully insured or collateralized.

As of June 30, 2022, the Town has no investments therefore the Town has no credit risk.

Cash is designated as follows:

Checking	\$ 3,173,549
Certificate of deposit	852,387
Town House fund	59,368
Other	18,482
<hr/>	
Total Cash	\$ 4,103,786

TOWN OF OXFORD, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 4. Capital and Intangible Assets

The following is a summary of changes in capital and intangible assets for the year ended June 30, 2022:

	June 30, 2021	Additions	Transfers / Deductions	June 30, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 411,332	\$ -	\$ -	\$ 411,332
Construction in progress	301,578	-	(301,578)	-
Total capital assets, not being depreciated	712,910	-	(301,578)	411,332
Capital assets, being depreciated:				
Buildings	1,341,571	-	298,343	1,639,914
Equipment	363,493	9,676	(43,029)	330,140
Improvements	1,818,897	-	-	1,818,897
Vehicles	294,137	990	-	295,127
Total capital assets, being depreciated	3,818,098	10,666	255,314	4,084,078
Less accumulated depreciation:				
Buildings	(661,684)	(54,199)	-	(715,883)
Equipment	(278,631)	(24,856)	43,029	(260,458)
Improvements	(769,288)	(91,905)	-	(861,193)
Vehicles	(208,227)	(27,047)	-	(235,274)
Total accumulated depreciation	(1,917,830)	(198,007)	43,029	(2,072,808)
Total capital assets, being depreciated, net	1,900,268	(187,341)	298,343	2,011,270
Intangible right-to-use assets:				
Leased equipment	-	3,465	-	3,465
Less accumulated amortization	-	(520)	-	(520)
Total intangible right-to-use assets, net	-	2,945	-	2,945
Governmental activities capital and intangible assets, net	\$ 2,613,178	\$ (184,396)	\$ (3,235)	\$ 2,425,547

Depreciation expense was charged to governmental functions as follows:

General government	\$ 121,349
Public safety	11,047
Public works	36,896
Parks and recreation	28,715
Total depreciation expense	\$ 198,007

TOWN OF OXFORD, MARYLAND
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2022

Note 4. Capital Assets (continued)

	June 30, 2021	Additions	Transfers / Deductions	June 30, 2022
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Construction in progress	\$ 19,432,166	\$ 20,492	\$ (19,274,016)	\$ 178,642
Total capital assets, not being depreciated	19,432,166	20,492	(19,274,016)	178,642
Capital assets, being depreciated:				
Equipment	1,644,661	11,124	(57,734)	1,598,051
Improvements	3,342,661	459,743	19,277,251	23,079,655
Vehicles	106,300	50,000	-	156,300
Total capital assets, being depreciated	5,093,622	520,867	19,219,517	24,834,006
Less accumulated depreciation:				
Equipment	(1,122,908)	(72,133)	57,734	(1,137,307)
Improvements	(1,652,908)	(234,971)	-	(1,887,879)
Vehicles	(106,300)	(6,667)	-	(112,967)
Total accumulated depreciation	(2,882,116)	(313,771)	57,734	(3,138,153)
Total capital assets, being depreciated, net	2,211,506	207,096	19,277,251	21,695,853
Business-type activities capital assets, net	\$ 21,643,672	\$ 227,588	\$ 3,235	\$ 21,874,495

Construction in progress is as follows:

Oxford Central Park - stormwater engineering	\$ 10,422
Strand Beach living shoreline	94,486
Amphitheater - Oxford Community Park	29,083
Water system - preliminary engineering	44,651
Total	\$ 178,642

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 5. 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, 2021	Additions	Retirements and Repayment	Balances June 30, 2022	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.	\$ 168,412	\$ -	\$ 12,695	\$ 155,717	\$ 12,060
Note payable - Water arsenic removal: \$757,668 unsecured, maturing February 2027, no interest.	238,911	-	47,069	191,842	47,069
Total notes from direct borrowings	407,323	-	59,764	347,559	59,129
Bond payable - Wastewater Upgrade: \$493,000 unsecured, maturing January 2060, interest at 1.625%. Quarterly principal and interest payment of \$4,201.	481,892	-	9,028	472,864	9,152
Bonds payable 2021A and 2021B - Water Main Replacement: \$1,349,978 unsecured, maturing February 2052, interest at 0.4%. Annual principal and interest payments of \$26,537. \$674,989 2021A bond has been forgiven.	82,415	1,185,148	616,116	651,447	23,637
Bond payable - Wastewater Upgrade: \$1,964,000 unsecured, maturing September 2058, interest at 2.375%. Quarterly principal and interest payment of \$19,051.	1,880,155	-	31,832	1,848,323	32,500
Total bonds	2,444,462	1,185,148	656,976	2,972,634	65,289
Total Business-type Long-Term Debt	\$ 2,851,785	\$ 1,185,148	\$ 716,740	\$ 3,320,193	\$ 124,418

The annual requirements to amortize all business-type activities debt outstanding as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 65,289	\$ 52,598	\$ 59,129	\$ 8,168
2024	66,314	51,678	59,129	7,583
2025	67,360	50,737	59,129	6,998
2026	68,429	49,775	59,129	6,413
2027	69,517	48,791	15,626	5,828
2028 & thereafter	2,635,725	881,912	95,417	14,588
TOTAL	\$ 2,972,634	\$ 1,135,491	\$ 347,559	\$ 49,578

Interest expense in the business-type activities for the year ended June 30, 2022 totaled \$63,983.

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 6. Leases

The Town implemented the guidance of GASB No. 87, *Leases*, at July 1, 2021 for accounting and reporting leases.

Town as Lessee

The Town, as a lessee, has entered into a lease agreement for a postage machine. Payments under this lease total approximately \$752 per year. The lease agreement in place for the equipment began during fiscal year 2022 and will expire during fiscal year 2027. For purposes of discounting future payments on this lease, the Town used its incremental borrowing rate in place at the time of lease inception of 3.25%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 4.

Description	Balances June 30, 2021	Additions	Retirements and Repayments	Balances June 30, 2022	Amount Due in One Year
Lease Obligation	\$ -	\$ 3,465	\$ (484)	\$ 2,981	\$ 665

The future minimum lease payments are approximately as follows:

Fiscal Year Ending June 30,	Equipment		Total
	Principal	Interest	
2023	\$ 665	\$ 87	\$ 752
2024	687	65	752
2025	709	43	752
2026	733	19	752
2027	187	1	188
Total	\$ 2,981	\$ 215	\$ 3,196

Town as Lessor

The Town, as a lessor, entered into a lease on March 1, 2003 for its yacht club property, annual initial rent payment of \$15,000, increasing annually using the Consumer Price Index, until March 1, 2032.

The Town, as a lessor, entered into a lease on January 1, 2021 for its bank property, monthly installments of \$700, until December 31, 2023.

The Town, as a lessor, entered into a lease on April 1, 2021 for its MEWS Building, monthly installments of \$1,000, until March 31, 2051.

The Town, as a lessor, entered into a lease on September 1, 2020 for its water tower, monthly installments of \$2,011, until August 31, 2025, at which time there is an option to renew for an additional five year period.

To rental income for the year ended June 30, 2022, related to the above leases, was approximately \$65,000.

The Town used its incremental borrowing rate in place at the time of loan inception to calculate the lease receivable of \$469,138 as of June 30, 2022. The rates range between 3.25% and 4.25%.

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.

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.

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 2021 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.

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%.

Note 7. Pension Plan (continued)

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.

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.

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 7. Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2021 actuarial valuation, 2.25% general, 2.75% wage. In the 2020 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2021 actuarial valuation, 2.75% to 9.25%. In the 2020 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	In the 2021 actuarial valuation, 6.80%. In the 2020 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study for the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub- 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

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, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	4.7%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.4%
Credit Opportunity	9%	2.6%
Real Assets	14%	4.2%
Absolute Return	8%	2.0%
Total	<u>100%</u>	

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, 2021.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 26.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7. Pension Plan (continued)

Discount rate

A single discount rate of 6.80% 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 6.80%. 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 6.80%, 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 5.80%	Discount Rate 6.80%	1% Increase to 7.80%
Employees (Muni)	\$ 865,780	\$ 508,344	\$ 211,852

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, 2021, 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, 2021, under the GASB No. 67 requirements.

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 7. Pension Plan (continued)

At June 30, 2022, the Town reported the following related to pensions:

Employer's proportionate (percentage) of the collective net pension liability	0.0033884%
Employer's proportionate share of the collective net pension liability	\$ 508,344
Pension expense recognized by the employer for the year ended June 30, 2022	\$ 18,665

	Deffered Outflows of Resources	Deffered Inflows of Resources
Changes in assumptions	\$ 98,394	\$ (10,896)
Net difference between projected and actual investment earnings on pension plan investments	49,486	(281,637)
Differences between expected and actual experience	-	(38,962)
Change in proportion	24,334	-
Contributions subsequent to measurment date	76,373	-
Total	<u>\$ 248,587</u>	<u>\$ (331,495)</u>

The \$76,373 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, 2023. 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	
2023	\$	(46,192)
2024		(38,357)
2025		(37,971)
2026		(48,142)
2027		11,381
Total	<u>\$</u>	<u>(159,281)</u>

For the year ended June 30, 2022 the Town's total payroll for all employees was \$763,086. Total covered payroll was \$722,543. Covered payroll refers to all compensation paid by the Town to active employees covered by Employees' Systems.

Note 8. Other Post-Employment Health Care Benefits (“OPEB”)

Plan Description

The Town administers a single-employer defined benefit health care plan (“the Plan”) for employees that have met certain service requirements. The Town has the authority to establish and amend the funding of the Plan. No assets are accumulated in a trust that meet the criteria as defined in GASB No. 75 paragraph 4. The Town reimburses qualified expenses from the general fund. The Plan does not issue a separate publicly available financial report.

Under the Retiree Health Reimbursement Plan effective July 1, 2021, retired employees with 30 years of service with the Town or retired employees with 10 years of service with the Town and at least 62 years old at retirement are eligible to receive benefits. The Town will provide reimbursement for qualified expenses not to exceed \$4,000 per plan year.

The number of covered employees are as follows:

Participants	
Active employees	10
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	1
	11

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 8. Other Post-Employment Health Care Benefits (“OPEB”) (continued)

Significant assumptions and other inputs to measure the total OPEB liability are as follows:

Assumptions

Age adjustment factor	1.00%
Average retirement age	65
Employer future premium contribution	Remain at the current \$ level over time
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Assets backing liability	\$0
Plan asset return	0.00%
Bond yield	4.09%; 20-year tax exempt municipal bond yield
Discount rate	4.09%
Measurement date	6/30/2022
Prior measurement date	6/30/2022
Prior year discount rate	4.09%
Projected salary increases	5.00%
Amortization period	20
Percentage participation	100.00%
NOL and ADC	Calculated using the Alternative Measurement Method in accordance with GASB methodology.
Mortality table	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Turnover assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Healthcare Cost Trend Rates

	Medical	Pharmacy	Dental	Vison
Year 1	4.70%	5.20%	3.50%	3.00%
Year 10+	4.20%	4.20%	3.00%	3.00%

The following presents the Plan’s net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

	DISCOUNT RATE		
	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	211,707	184,011	161,294

The following presents the Plan’s net OPEB liability, calculated using the current health care trend rate, as well as what the net OPEB liability would be if it were calculated using a health care trend rate that is 1% point lower or 1% point higher:

	HEALTH CARE TREND		
	1% Decrease	Baseline Trend	1% Increase
Net OPEB liability	184,896	184,011	183,139

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 8. Other Post-Employment Health Care Benefits (“OPEB”) (continued)

Changes in the net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2021	\$ -	\$ -	\$ -
Service cost	-	-	-
Interest on total OPEB liability	(40)	-	(40)
Effect of plan changes	186,050	-	186,050
Effect of economic/demographic gains or losses	-	-	-
Effect of assumption changes or inputs	-	-	-
Benefit payment	(1,999)	(1,998)	(1)
Employer contributions	-	1,998	(1,998)
Employee contributions	-	-	-
Net investment income	-	-	-
Administrative expenses	-	-	-
Balances as of June 30, 2022	\$ 184,011	\$ -	\$ 184,011

The amount of OPEB expense recognized in the reporting period are as follows:

	OPEB Expense
Service cost	\$ -
Interest on total OPEB liability	(40)
Effect of plan changes	186,050
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	-
Benefit payments	-
Employer contributions	-
Employee contributions	-
Net investment income	-
Administrative expense	-
Total	\$ 186,010

Per GASB 75 paragraph 43(a), deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used under the Alternative Measurement Method. These items should be recognized in OPEB expense immediately. Per paragraph 43(b), the difference between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense over a closed 5-year period; the amount not immediately recognized should be reported as deferred inflows/outflows. As such, if your plan does not have OPEB assets in a trust, deferred inflows/outflows are \$0.

Note 9. 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, 2022. 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.

Note 10. 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.

Note 11. Prior Period Restatement

During the year ended June 30, 2022, it was determined that accrued vacation was not properly reported on the General Fund or Enterprise Fund. An adjustment was made to reflect the appropriate allocation of this liability.

For 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

TOWN OF OXFORD, MARYLAND
 NOTES TO FINANCIAL STATEMENTS
 For the year ended June 30, 2022

Note 11. Prior Period Restatement (continued)

These corrections and changes were incorporated in the Town's 2022 financial statements and had the following effect on the Town's net position and fund balance as of June 30, 2021:

	Governmental Activities	Business-type Activities
Net Position June 30, 2021	\$ 3,405,384	\$ 20,449,415
GASB 87 Adjustments:		
Lease receivable	286,999	-
Deferred inflows- lease receivable	(235,095)	-
Accrued Vacation Liability Adjustment	(19,597)	(11,374)
Net Position June 30, 2021, as restated	\$ 3,437,691	\$ 20,438,041

	General Fund	Enterprise Fund
Fund Balance / Net Position June 30, 2021	\$ 1,441,166	\$ 20,449,415
Accrued Vacation Liability Adjustment	(19,597)	(11,374)
Fund Balance / Net Position June 30, 2021, as restated	\$ 1,421,569	\$ 20,438,041

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OXFORD, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES:				
Property taxes	\$ 934,617	\$ 903,857	\$ 904,762	\$ 905
Intergovernmental	250,989	303,839	362,587	58,748
Licenses and permits	21,031	21,606	27,143	5,537
Other agencies	204,383	40,883	17,296	(23,587)
Rents	65,020	117,546	119,566	2,020
Investment income	1,000	3,500	5,026	1,526
Miscellaneous	3,000	5,500	62,417	56,917
Total revenues	1,480,040	1,396,731	1,498,797	102,066
EXPENDITURES				
General government	631,422	633,550	568,003	65,547
Public safety	261,000	229,000	225,806	3,194
Public works	427,000	530,100	534,727	(4,627)
Parks and recreation	99,350	101,150	108,870	(7,720)
Capital outlay	224,400	75,800	14,131	61,669
Total expenditures	1,643,172	1,569,600	1,451,537	118,063
Excess (deficiency) of revenue over expenditures	(163,132)	(172,869)	47,260	(15,997)
OTHER FINANCING SOURCES (USES):				
Proceeds from long-term leases	-	-	3,465	(3,465)
Net change in fund balance	\$ (163,132)	\$ (172,869)	\$ 50,725	\$ (19,462)

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, 2022

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%
June 30, 2021	0.0033884%	\$ 508,344	\$ 729,147	70%	\$ 67,604,500,000	\$ 82,606,805,000	82%

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, 2022

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%
2022	\$ 76,373	\$ 76,373	\$ -	\$ 722,543	11%

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, 2022**

Changes in Benefit Terms

There were no benefit changes during the year.

Changes in Assumptions

Discount rate changed to 6.80%.

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; 17 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the market value)
Inflation	In the 2021 actuarial valuation, 2.25% general, 2.75% wage. In the 2020 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2021 actuarial valuation, 2.75% to 9.25%. In the 2020 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	In the 2021 actuarial valuation, 6.80%. In the 2020 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study for the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Pub- 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

TOWN OF OXFORD, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CHANGES IN THE TOTAL OPEB LIABILITY
(as of measurement date)
Last ten fiscal years
JUNE 30, 2022

	2022
Balances, beginning of year	\$ -
Service cost	-
Interest on total OPEB liability	(40)
Effect of plan changes	186,050
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	-
Benefit payments	(1,999)
Employer contributions	-
Employee contributions	-
Net investment income	-
Administrative expense	-
Balances, end of year	\$ 184,011

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which the information is available, will be presented.

TOWN OF OXFORD, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
(as of measurement date)
Last ten fiscal years
JUNE 30, 2022

	2022
Total OPEB Liability (A)	\$ 184,011
Covered payroll (B)	\$ 805,489
% of Covered-employee payroll (A / B)	23%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which the information is available, will be presented.

TOWN OF OXFORD, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN
JUNE 30, 2022

The Town does not have a dedicated Trust to pay retiree healthcare benefits.

The following factors affect trends in the amounts reported:

June 30, 2022

Discount rate - 4.09%

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, 2022

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
OPERATING REVENUES:				
Water service charges	\$ 396,340	\$ 345,090	\$ 335,476	\$ (9,614)
Wastewater service charges	494,400	494,400	506,419	12,019
SMSP service charges	100,000	133,500	133,500	-
Bay restoration fee	35,500	35,500	35,753	253
Total operating revenues	1,026,240	1,008,490	1,011,148	2,658
OPERATING EXPENSES:				
Water	826,785	336,200	332,253	3,947
Sewer	711,698	513,900	529,288	(15,388)
SMSP	162,620	153,500	158,759	(5,259)
Bay restoration fee	34,800	34,800	33,818	982
Total operating expenses	1,735,903	1,038,400	1,054,118	(15,718)
Operating income (loss)	(709,663)	(29,910)	(42,970)	(13,060)
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental revenues	550,000	16,300	1,033,373	1,017,073
Capital asset transferred from general fund	-	-	3,235	3,235
Investment income	150	150	424	274
Total nonoperating revenues (expenses)	550,150	16,450	1,037,032	1,020,582
Change in net position	\$ (159,513)	\$ (13,460)	\$ 994,062	\$ 1,007,522

**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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2022.

Report on 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 circumstance 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 a material weakness.

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 2022-001

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.

Report on 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*.

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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Salisbury, Maryland
December 28, 2022

TOWN OF OXFORD, MARYLAND

AUDIT COMMUNICATIONS

JUNE 30, 2022

TOWN OF OXFORD, MARYLAND

TABLE OF CONTENTS

I. Communication with Those Charged with Governance	1 - 4
II. Communication of Significant Deficiencies and Material Weaknesses	5 - 7
III. Comments and Recommendations	8 - 10
IV. Adjusting Journal Entry Reports	11 - 23

I. COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 28, 2022

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, 2022. 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 June 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. Effective July 1, 2021, the Town adopted new accounting guidance from the Government Accounting Standard Board (GASB) Statement No. 87, *Leases*. Accordingly, as discussed in Note 11, the cumulative effect of the accounting change is reported as a restatement of beginning of the year net position. Also, as discussed in Note 8, the Town adopted a new health insurance reimbursement plan effective July 1, 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 post-employment health care benefit obligation. We evaluated key factors and assumptions used to develop the benefit obligation 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.

Management's estimate of the lessor and lessee; lease asset, deferred outflow, and lease liability as it relates to GASB No. 87. 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.

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 December 28, 2022.

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,

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

UHY LLP
Salisbury, Maryland

II. COMMUNICATION OF SIGNIFICANT DEFICIENCIES
AND MATERIAL WEAKNESSES

December 28, 2022

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, 2022, 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 2022-001

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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, followed by 'LLP' in a smaller, simpler font.

UHY LLP
Salisbury, Maryland
December 28, 2022

III. COMMENTS AND RECOMMENDATIONS

December 28, 2022

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, 2022, 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 December 28, 2022. This letter does not affect our report dated December 28, 2022 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.

UHY LLP

UHY LLP
Salisbury, Maryland

Account Reconciliations

During our testing, we noted inaccuracies related to aging reports for accounts receivable and accounts payable. Aging reports should not include negative balances and all receivables and payables should be recorded. Accounts receivable general ledger should tie to external software if customer accounts are maintained and tracked outside of QuickBooks.

Accrued Expenses

During our testing, accrued vacation and other accrued expenses were not recorded or reconciled properly. These accounts should be reviewed by management at year end and adjusted to actual.

Timesheet Approval

During our review of the narratives, we noted that timesheets are not formally approved. While receipt and entering into the software were noted as proof of approvals, signatures of supervisors and the town manager should be evidenced on the timesheet.

IV. ADJUSTING JOURNAL ENTRY REPORTS

Client: *Oxford Maryland Town of*
 Engagement: *Town of Oxford, MD*
 Period Ending: *6/30/2022*
 Workpaper: *GF AJE's*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To adjust PBC beginning balances to tie to PY TB				
14100	Due From County		27.00	
17310	Vehicles-A/D		8,000.00	
21010	End of Year Liabilities		41,999.66	
35100	Retained Earnings General		4,423,916.25	
12100	General Accounts Receivable			2,422,144.87
12261	DNR Waterway Improvements			262,385.61
12267	DHCD - MEWS			375,000.01
12270	MDE/USDA Watermain Upgrade			3,235.75
17300	Vehicles			8,000.00
20100	Accounts Payable - General			33,039.91
21000	Payroll Liabilities			13,007.91
35000	Opening Bal Equity			20,742.70
35000	Opening Bal Equity			921,129.72
90000GF	TRANSFERS			415,256.43
Total			4,473,942.91	4,473,942.91
Adjusting Journal Entries JE # 2				
PBC ENTRY - CLIENT DO NOT POST - To adjust Shore United CD's				
11650	Shore United CD 650		40.02	
11651	Shore United CD 651		165.58	
11652	Shore United CD 652		171.10	
11653	Shore United CD 653		48.96	
46950	Interest Income			425.66
Total			425.66	425.66
Adjusting Journal Entries JE # 3				
To record Highway User AR				
14000	Due From State of Maryland		10,376.04	
42400	Highway User Revenue			10,376.04
Total			10,376.04	10,376.04
Adjusting Journal Entries JE # 4				
To record DNR Critical Area Grant AR & Misc Rev AR				
12100	General Accounts Receivable		1,161.90	
44100	Grant - Critical Areas			1,000.00
46900	Misc Revenues - Other			161.90
Total			1,161.90	1,161.90
Adjusting Journal Entries JE # 5				
To record Del Wifi AR and adjust allowance account moved from EF for CY payments.				
12100	General Accounts Receivable		3,895.58	
13050	Allowance for Del Wifi			1,263.72
45300	Land/Property Leases			2,631.86
Total			3,895.58	3,895.58

Client: *Oxford Maryland Town of*
Engagement: *Town of Oxford, MD*
Period Ending: *6/30/2022*
Workpaper: *GF AJE's*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		4204		
To adjust Accomodations Tax for PY & CY AR				
14100	Due From County		19,392.34	
42100	Accomodations Tax		19,597.24	
14100	Due From County			19,597.24
42100	Accomodations Tax			19,392.34
Total			38,989.58	38,989.58
Adjusting Journal Entries JE # 7		4207		
To reduce allowance and recognize revenue for Gorman Note Rec				
14201	Allowance of Gorman Note		39,000.00	
46200	Miscellaneous Revenues			39,000.00
Total			39,000.00	39,000.00
Adjusting Journal Entries JE # 8		4104		
To reclass held check to SF AP				
11302	BayVanguard 302 General Acct		571,362.96	
10000GF	GF Due to/from			571,362.96
Total			571,362.96	571,362.96
Adjusting Journal Entries JE # 9		5104		
To reverse PY AP				
20100	Accounts Payable - General		25,096.24	
52200	Town Houses Main and Repair			25,096.24
Total			25,096.24	25,096.24
Adjusting Journal Entries JE # 10		5104		
To allocate AP by fund				
20100	Accounts Payable - General		127,650.70	
90000GF	TRANSFERS			127,650.70
Total			127,650.70	127,650.70
Adjusting Journal Entries JE # 11		7204		
To reclass items under cap policy				
51550	Office Supplies & Expenses		1,714.44	
53600	Office Supplies		1,401.98	
84000	Police Capital			1,401.98
86000	Administration Capital			1,714.44
Total			3,116.42	3,116.42
Adjusting Journal Entries JE # 12		4204		
To allocate AR to appropriate fund.				
12100	General Accounts Receivable		16,221,707.79	
90000GF	TRANSFERS			16,221,707.79
Total			16,221,707.79	16,221,707.79

Client: *Oxford Maryland Town of*
Engagement: *Town of Oxford, MD*
Period Ending: *6/30/2022*
Workpaper: *GF AJE's*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 13		PBC		
PBC ENTRY - CLIENT DO NOT POST - To record FY22 Half year Construction and FY22 Tax Discount				
12129	RE Taxes Recievable F/Y 2022		523.15	
41150	Tax Discount		7,192.15	
12129	RE Taxes Recievable F/Y 2022			7,192.15
41100	Real Estate			523.15
Total			7,715.30	7,715.30
Adjusting Journal Entries JE # 14		4605		
To record GF Additions and Disposals and CY depreciation.				
17100	Buildings		298,342.70	
17300	Vehicles		990.00	
17600	Equipment		9,676.00	
17610	Equipment-A/D		43,028.52	
32000	Fund Balance - Fixed Assets		35,598.27	
32000	Fund Balance - Fixed Assets		154,978.84	
17110	Buildings-A/D			54,199.07
17210	Street Improvements-A/D			91,905.28
17310	Vehicles-A/D			27,047.28
17600	Equipment			43,028.52
17610	Equipment-A/D			24,855.73
17700	Construction in Progress			301,578.45
Total			542,614.33	542,614.33
Adjusting Journal Entries JE # 15		5106 GF		
To restate PY FB for 6/30/21 Accrued Vacation and record FY22 activity.				
35000	Opening Bal Equity		19,597.20	
51100	Administrative Salaries		2,536.08	
21005	Accrued Expenses			2,536.08
21005	Accrued Expenses			19,597.20
Total			22,133.28	22,133.28
Adjusting Journal Entries JE # 16		7106 GF		
To move MEWS payments posted to 73200 to 45300.				
73200	MEWS		2,000.00	
45300	Land/Property Leases			2,000.00
Total			2,000.00	2,000.00
Adjusting Journal Entries JE # 17		7107 GF		
To reclass w/s hookup fees posted to building permits.				
43300	Building Permits		3,000.00	
10000GF	GF Due to/from			3,000.00
Total			3,000.00	3,000.00

Client: *Oxford Maryland Town of*
 Engagement: *Town of Oxford, MD*
 Period Ending: *6/30/2022*
 Workpaper: *GF AJE's*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 18		2061		
To record CY pension adjustment.				
19200	Deferred Financing Outflow		105,420.00	
27000	Net Pension Liability		227,769.00	
27100	Deferred Financing Inflow			275,480.00
33000	Fund Balance - Pension			57,709.00
Total			333,189.00	333,189.00
Adjusting Journal Entries JE # 19		5100K.1		
To adjust for GASB 87 - Pitney Bowes Lease				
86000	Administration Capital		3,465.15	
48000	Loan Proceeds			3,465.15
Total			3,465.15	3,465.15
Adjusting Journal Entries JE # 20		5200 & Beg Bal AJE		
To adjust for \$2,657.76 diff in beg bal adjustment made.				
54165	Shop - Miscellaneous		2,657.76	
90000GF	TRANSFERS			2,657.76
Total			2,657.76	2,657.76
Adjusting Journal Entries JE # 21		3001		
To correct JE error found during JE testing.				
46900	Misc Revenues - Other		15.00	
90000GF	TRANSFERS		3,138.55	
59000	Bad Debt			3,153.55
Total			3,153.55	3,153.55

Client: **199650.0 - Oxford Maryland Town of**
Engagement: **6/22 AUD - Town of Oxford, MD**
Period Ending: **6/30/2022**
Trial Balance: **Water Fund TB**
Workpaper: **Water Fund AJE's**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To adjust PBC beginning balances to tie to PY TB				
12270	MDE/USDA Watermain Upgrade		1,126,183.75	
18420	Construction in Progress		18,074.38	
21000	Payroll Liabilities		4,464.12	
90000EF	TRANSFERS		566,723.35	
12100	General Accounts Receivable			957,945.22
12210	Water Service A/R			4,878.00
18150	Water System - Accum Deprec			37,500.00
20100	Accounts Payable - General			2,663.22
21010	End of Year Liabilities			1,141.37
28150	Watermain Upgrade - MDE			1,426.69
28160	Watermain Replace - Morris St			82,415.00
35100W	Retained Earnings General			627,476.10
Total			1,715,445.60	1,715,445.60
Adjusting Journal Entries JE # 2				
To reclass receipt from MDE for Water Main Replacement to debt and revenue				
12100	General Accounts Receivable		958,118.00	
28160	Watermain Replace - Morris St			479,059.00
74000W	Grants - MDE/USDA Watermain			479,059.00
Total			958,118.00	958,118.00
Adjusting Journal Entries JE # 3				
To remove Del Wifi AR and Allowance from EF and move to GF as lease revenue should be recorded in GF.				
13050	Allowance for Del Wifi		5,263.72	
12100	General Accounts Receivable			5,263.72
Total			5,263.72	5,263.72
Adjusting Journal Entries JE # 4				
To record interest for BayVanguard CD				
11649	BayVanguard CD650		424.41	
46950W	Interest Income			424.41
Total			424.41	424.41
Adjusting Journal Entries JE # 5				
To reclass amounts posted to account 28150				
28160	Watermain Replace - Morris St		23,542.42	
57160W	Interest on Debt		2,641.01	
28150	Watermain Upgrade - MDE			26,183.43
Total			26,183.43	26,183.43

Adjusting Journal Entries JE # 6		4206	
To reclass receipts and exp posted to account 12270			
12270	MDE/USDA Watermain Upgrade	227,030.00	
18420	Construction in Progress	64,220.40	
12270	MDE/USDA Watermain Upgrade		64,220.40
28160	Watermain Replace - Morris St		113,515.00
74000W	Grants - MDE/USDA Watermain		113,515.00
Total		291,250.40	291,250.40
Adjusting Journal Entries JE # 7		5304	
To adjust 28120 to actual per confirm plus 6/30 pmt			
57160W	Interest on Debt	1,378.42	
28120	Talbot Water Department		1,378.42
Total		1,378.42	1,378.42
Adjusting Journal Entries JE # 8		5104	
To allocate AP by fund			
90000EF	TRANSFERS	3,077.53	
20100	Accounts Payable - General		3,077.53
Total		3,077.53	3,077.53
Adjusting Journal Entries JE # 9		GF 4204	
To allocate AR to appropriate fund			
90000EF	TRANSFERS	1,185,320.78	
12100	General Accounts Receivable		1,185,320.78
Total		1,185,320.78	1,185,320.78
Adjusting Journal Entries JE # 10		7204	
To place Morris St. Watermain Replacement/Upgrade in service			
18300	Improvements	1,506,318.09	
18420	Construction in Progress		1,498,112.48
46900W	Misc Revenues - Other		3,235.75
82001W	Water Capital		4,969.86
Total		1,506,318.09	1,506,318.09
Adjusting Journal Entries JE # 11		GF 7204	
To reclass capital assets			
18400	Vehicles	25,000.00	
85000W	Public Works Capital		25,000.00
Total		25,000.00	25,000.00
Adjusting Journal Entries JE # 12		PBC	
PBC ENTRY - CLIENT DO NOT POST - To record March & June 2022 additional entries			
47110W	Water Service Charge	754.20	
12210	Water Service A/R		754.20
Total		754.20	754.20

Adjusting Journal Entries JE # 13

To restate PY FB for 6/30/21 Accrued Vacation and record FY22 activity.

21005	Accrued Expenses	2,208.57	
35000W	Opening Bal Equity	3,791.42	
21005	Accrued Expenses		3,791.42
57110W	Administrative Salaries		2,208.57
Total		5,999.99	5,999.99

5106 GF**Adjusting Journal Entries JE # 14**

To record CY depreciation.

57140W	Depreciation	133,115.48	
18211	Equipment-A/D		42,811.51
18310	Improvements-A/D		86,970.64
18410	Vehicles-A/D		3,333.33
Total		133,115.48	133,115.48

4604 EF**Adjusting Journal Entries JE # 15**

To reclass w/s hookup fees posted to building permits.

10000EF	EF Due to/from	1,500.00	
47130W	Connection Fees		1,500.00
Total		1,500.00	1,500.00

7107 GF**Adjusting Journal Entries JE # 16**

To correct JE error found during JE testing.

12210	Water Service A/R	1,303.15	
90000EF	TRANSFERS		1,303.15
Total		1,303.15	1,303.15

3001**Adjusting Journal Entries JE # 17**

To record grant receivable and revenue for vehicle purchase.

12273	USDA Vehicle Grant	8,150.00	
44400W	Grant - Misc		8,150.00
Total		8,150.00	8,150.00

2040.6**Total Adjusting Journal Entries****5,868,603.20 5,868,603.20****Total All Journal Entries****5,868,603.20 5,868,603.20**

Client: **199650.0 - Oxford Maryland Town of**
Engagement: **6/22 AUD - Town of Oxford, MD**
Period Ending: **6/30/2022**
Trial Balance: **Sewer Fund TB**
Workpaper: **Sewer Fund AJE's**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To adjust PBC beginning balances to tie to PY TB				
12100	General Accounts Receivable		2,341,671.45	
12210	Water Service A/R		3,536.00	
21000	Payroll Liabilities		8,543.79	
21010	End of Year Liabilities		364,445.13	
12220	Wastewater Service A/R			1,313.00
12230	Bay Restoration A/R			75.00
18420	Construction in Progress			18,073.92
20100	Accounts Payable - General			369,140.40
35100S	Retained Earnings General			2,092,900.17
90000EF	TRANSFERS			236,693.88
Total			2,718,196.37	2,718,196.37
Adjusting Journal Entries JE # 2				
To adjust Loan #2 to actual				
28141	Wastewater Upgrade Loan USDA #2	5304	296.36	
57560S	Interest on Debt			296.36
Total			296.36	296.36
Adjusting Journal Entries JE # 3				
To reduce GMB AP by 50% per Cheryl				
20100	Accounts Payable - General	5104	57,502.27	
12263	MDE/USDA Wastewater Upgrade			57,502.27
Total			57,502.27	57,502.27
Adjusting Journal Entries JE # 4				
To reclass held check to SF AP				
10000EF	EF Due to/from	4104	571,362.96	
20100	Accounts Payable - General			571,362.96
Total			571,362.96	571,362.96
Adjusting Journal Entries JE # 5				
To reverse FY21 entry for AP accrual				
20100	Accounts Payable - General	5104	108,926.96	
12263	MDE/USDA Wastewater Upgrade			108,926.96
Total			108,926.96	108,926.96

Adjusting Journal Entries JE # 6		5104		
To allocate AP by fund				
90000EF	TRANSFERS		124,609.39	
20100	Accounts Payable - General			124,609.39
Total			124,609.39	124,609.39
Adjusting Journal Entries JE # 8		4206		
To record Pact Two refund/reduction - offsets WWTP exp				
12100	General Accounts Receivable		168,000.00	
12263	MDE/USDA Wastewater Upgrade			168,000.00
Total			168,000.00	168,000.00
Adjusting Journal Entries JE # 9		4206		
To reclass grant revenue posted to 12263 and to capitalize expenses for WWTP				
12263	MDE/USDA Wastewater Upgrade		402,245.00	
18420	Construction in Progress		356,559.76	
12263	MDE/USDA Wastewater Upgrade			356,559.76
74000S	Grant Funds - WTTO Upgrades			402,245.00
Total			758,804.76	758,804.76
Adjusting Journal Entries JE # 10		4206		
To place WWTP in service				
18300	Improvements		18,134,354.42	
18420	Construction in Progress			18,115,211.28
82002S	WWTP Upgrade Capital			19,143.14
Total			18,134,354.42	18,134,354.42
Adjusting Journal Entries JE # 11		GF 4204		
To allocate AR to appropriate fund.				
90000EF	TRANSFERS		14,956,086.13	
12100	General Accounts Receivable			14,956,086.13
Total			14,956,086.13	14,956,086.13
Adjusting Journal Entries JE # 12		PBC		
PBC ENTRY - CLIENT DO NOT POST - To record March and June 2022 additional entries.				
47510S	Wastewater Service Charge		1,777.00	
48000BRF	Bay Restoration Fund		9.45	
12220	Wastewater Service A/R			1,777.00
12230	Bay Restoration A/R			9.45
Total			1,786.45	1,786.45
Adjusting Journal Entries JE # 13		5106 GF		
To restate PY FB for 6/30/21 Accrued Vacation and record FY22 activity.				
21005	Accrued Expenses		2,208.57	
35100S	Retained Earnings General		3,791.42	
21005	Accrued Expenses			3,791.42
57510S	Administrative Salaries			2,208.57
Total			5,999.99	5,999.99

Adjusting Journal Entries JE # 14**7204 GF**

To reclass Capital Assets from expense accounts

18210	Equipment	11,124.08	
18400	Vehicles	25,000.00	
82003S	Wastewater Capital		11,124.08
85000S	Public Works Capital		25,000.00
Total		36,124.08	36,124.08

Adjusting Journal Entries JE # 15**4604 EF**

To record CY Capital Asset disposals.

18211	Equipment-A/D	57,733.97	
18210	Equipment		57,733.97
Total		57,733.97	57,733.97

Adjusting Journal Entries JE # 16**4604 EF**

To record CY depreciation.

57140S	Depreciation	141,074.65	
18211	Equipment-A/D		15,002.88
18310	Improvements-A/D		122,738.44
18410	Vehicles-A/D		3,333.33
Total		141,074.65	141,074.65

Adjusting Journal Entries JE # 17**7107 GF**

To reclass w/s hookup fees posted to building permits.

10000EF	EF Due to/from	1,500.00	
47530S	Connection Fees		1,500.00
Total		1,500.00	1,500.00

Adjusting Journal Entries JE # 18**3001**

To correct JE error found during JE testing.

12220	Wastewater Service A/R	1,709.25	
12230	Bay Restoration A/R	126.15	
90000EF	TRANSFERS		1,835.40
Total		1,835.40	1,835.40

Adjusting Journal Entries JE # 19**2040.6**

To record grant receivable and revenue for vehicle purchase.

12273	USDA Vehicle Grant	8,150.00	
44400S	Grant - Misc		8,150.00
Total		8,150.00	8,150.00

Total Adjusting Journal Entries**37,852,344.16 37,852,344.16****Total All Journal Entries****37,852,344.16 37,852,344.16**

Client: **199650.0 - Oxford Maryland Town of**
Engagement: **6/22 AUD - Town of Oxford, MD**
Period Ending: **6/30/2022**
Trial Balance: **SMSP Fund TB**
Workpaper: **SMSP Fund AJE's**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To adjust PBC beginning balances to tie to PY TB				
12100	General Accounts Receivable		80,300.88	
90000EF	TRANSFERS		87,884.72	
12264	DNR Grant Coastal			6,762.00
20100	Accounts Payable - General			36.22
21010	End of Year Liabilities			473.68
35100SMSP	SMSP Retained Earnings			160,913.70
Total			168,185.60	168,185.60
Adjusting Journal Entries JE # 2				
To adjust for grant activity in 12264 - DNR Coastal Grant				
12264	DNR Grant Coastal	4206.1	6,762.00	
12264	DNR Grant Coastal		15,491.60	
18420	Construction in Progress		20,491.60	
12264	DNR Grant Coastal			15,491.60
74200SMSP	DNR-Coastal			6,762.00
74200SMSP	DNR-Coastal			15,491.60
81500SMSP	SMSP Improvement Capital			5,000.00
Total			42,745.20	42,745.20
Adjusting Journal Entries JE # 3				
To allocate AP by fund				
20100	Accounts Payable - General	5104	36.22	
90000EF	TRANSFERS			36.22
Total			36.22	36.22
Adjusting Journal Entries JE # 4				
To allocate AR to appropriate fund.				
90000EF	TRANSFERS	GF 4204	80,300.88	
12100	General Accounts Receivable			80,300.88
Total			80,300.88	80,300.88
Adjusting Journal Entries JE # 5				
To restate PY FB for 6/30/21 Accrued Vacation and record FY22 activity.				
21005	Accrued Expenses	5106 GF	2,208.57	
35100SMSP	SMSP Retained Earnings		3,791.42	
21005	Accrued Expenses			3,791.42
57720SMSP	Administrative Salaries			2,208.57
Total			5,999.99	5,999.99

Adjusting Journal Entries JE # 6

To reclass Capital Assets from expense accounts and put CIP in-service.

18300	Improvements	14,850.00	
18300	Improvements	81,472.12	
18420	Construction in Progress		81,472.12
81500SMSP	SMSP Improvement Capital		14,850.00
Total		96,322.12	96,322.12

7204 GF**Adjusting Journal Entries JE # 7**

To record CY depreciation.

57140SMSP	Depreciation	39,581.15	
18211	Equipment-A/D		14,318.92
18310	Improvements-A/D		25,262.23
Total		39,581.15	39,581.15

4604 EF**Total Adjusting Journal Entries****433,171.16** **433,171.16****Total All Journal Entries****433,171.16** **433,171.16**