



**TOWN OF OXFORD, MASSACHUSETTS**

Basic Financial Statements and  
Required Supplementary Information

June 30, 2010

(With Independent Auditors' Report Thereon)

## TOWN OF OXFORD, MASSACHUSETTS

### Table of Contents

	<b>Page(s)</b>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Net Assets – Fiduciary Fund	19
Notes to Basic Financial Statements	20 – 40
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	41
Notes to Required Supplementary Information	42 – 43
Schedules of Funding Progress and Employer Contributions	44



**KPMG LLP**  
Two Financial Center  
60 South Street  
Boston, MA 02111

### **Independent Auditors' Report**

The Board of Selectmen  
Town of Oxford, Massachusetts:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oxford, Massachusetts (the Town), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued a separate report dated March 21, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis on pages 3 through 9, the Budgetary Comparison Schedule on pages 41 through 43 and the Schedules of Funding Progress and Employer Contributions on page 44 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*KPMG LLP*

March 21, 2011

## **TOWN OF OXFORD, MASSACHUSETTS**

### Required Supplementary Information

#### Management's Discussion and Analysis

June 30, 2010

(Unaudited)

As management of the Town of Oxford (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education, sewer maintenance and parks, and recreational facilities.

### **Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of fiscal 2010 by approximately \$61.0 million (net assets).
- The Town's total net assets decreased by approximately \$4.2 million in fiscal 2010.
- At the end of fiscal 2010, undesignated fund balance for the general fund was approximately \$1.1 million or 3.4% of total 2010 general fund expenditures.
- The Town's total long-term bonds decreased by \$1.1 million during fiscal 2010.

### **Overview of the Financial Statements**

Our discussion and analysis of the Town is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This analysis also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick and vacation time).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general administration, public safety, education, public works, human services, and cultural development. The business-type activities of the Town consist of sewer system, water works, and community center activities.

## TOWN OF OXFORD, MASSACHUSETTS

### Required Supplementary Information

#### Management's Discussion and Analysis

June 30, 2010

(Unaudited)

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the Town's major governmental fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation.

**Proprietary Funds** – Enterprise funds (one type of proprietary fund) are used to report the same functions presented as business-type activity in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and community center activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide combined information for the sewer, water and community center activities. The water fund is presented separately as a major fund while the combined sewer and community center funds are considered to be nonmajor funds of the Town.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town's fiduciary activities are reported in a separate statement of fiduciary net assets and consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Town's agency fund accounts for primarily police and fire off-duty details. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

## TOWN OF OXFORD, MASSACHUSETTS

### Required Supplementary Information

#### Management's Discussion and Analysis

June 30, 2010

(Unaudited)

**Notes to the Financial Statements** – The notes provide additional information that is essential to a fuller understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, these financial statements also present certain required supplementary information (RSI).

The Town adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided for the general fund as RSI to demonstrate compliance with this budget.

The Town participates in the Worcester Regional Retirement System (the System), a defined benefit, multi-employer cost-sharing retirement plan. The Town has presented the schedules of funding progress and employer contributions for System as a whole as RSI. Although the Town is one participant of many, it has presented this information because the System does not issue stand-alone financial statements prepared in accordance with GASB standards.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$61.0 million at the close of the current fiscal year.

A significant portion of the Town's net assets (56.0%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are generally provided from other sources, since the capital assets themselves typically are not used to liquidate these liabilities.

An additional portion of the Town's net assets (7.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$22.6 million represents unrestricted net assets.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities** – Governmental activities decreased the Town's net assets by approximately \$3.8 million, thereby accounting for almost all of the decrease in net assets of the Town. This decrease was primarily due to an increase in the other postemployment benefit (OPEB) liability of \$2.2 million in 2010.

**TOWN OF OXFORD, MASSACHUSETTS**

Required Supplementary Information

Management's Discussion and Analysis

June 30, 2010

(Unaudited)

**Business-Type Activities** – Business-type activities decreased the Town's net assets by approximately \$320 thousand. The decrease is the result of increased legal costs related to the acquisition of the water company. The water fund accounted for \$308 thousand of the decrease.

	<b>Condensed schedule of net assets June 30, 2010 and 2009</b>					
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
(In thousands)						
Current and other assets	\$ 33,575	35,068	547	305	34,122	35,373
Capital assets	<u>49,037</u>	<u>50,514</u>	<u>2,625</u>	<u>2,730</u>	<u>51,662</u>	<u>53,244</u>
<b>Total assets</b>	<b>\$ 82,612</b>	<b>85,582</b>	<b>3,172</b>	<b>3,035</b>	<b>85,784</b>	<b>88,617</b>
Long-term debt outstanding	\$ 16,925	18,006	380	405	17,305	18,411
Other long-term liabilities	5,081	2,836	—	—	5,081	2,836
Other liabilities	<u>1,551</u>	<u>1,845</u>	<u>814</u>	<u>332</u>	<u>2,365</u>	<u>2,177</u>
<b>Total liabilities</b>	<b>\$ 23,557</b>	<b>22,687</b>	<b>1,194</b>	<b>737</b>	<b>24,751</b>	<b>23,424</b>
Net assets:						
Invested in capital assets, net of related debt	\$ 32,112	32,508	2,045	2,080	34,157	34,588
Restricted	4,301	4,076	—	—	4,301	4,076
Unrestricted	<u>22,642</u>	<u>26,311</u>	<u>(67)</u>	<u>218</u>	<u>22,575</u>	<u>26,529</u>
<b>Total net assets</b>	<b>\$ 59,055</b>	<b>62,895</b>	<b>1,978</b>	<b>2,298</b>	<b>61,033</b>	<b>65,193</b>

## TOWN OF OXFORD, MASSACHUSETTS

### Required Supplementary Information

### Management's Discussion and Analysis

June 30, 2010

(Unaudited)

#### Condensed schedule of changes in net assets years ending June 30, 2010 and 2009

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
(In thousands)						
Revenues:						
Program revenues:						
Charges for services	\$ 3,751	3,525	427	503	4,178	4,028
Operating grants	12,571	12,718	24	7	12,595	12,725
Capital grants	1,001	192	—	—	1,001	192
General revenues:						
Property taxes	16,576	15,581	—	—	16,576	15,581
Excise taxes	1,375	1,421	—	—	1,375	1,421
Intergovernmental	1,844	2,324	—	—	1,844	2,324
Other	543	(164)	—	—	543	(164)
Gain (loss) on disposal of capital assets	(5)	(174)	—	—	(5)	(174)
Transfers	—	(153)	—	153	—	—
Total revenues	37,656	35,270	451	663	38,107	35,933
Expenses:						
General government	3,127	3,880	—	—	3,127	3,880
Public safety	4,598	4,104	—	—	4,598	4,104
Education	26,860	27,564	—	—	26,860	27,564
Public works	4,479	4,011	—	—	4,479	4,011
Health and human services	201	188	—	—	201	188
Culture and recreation	754	801	—	—	754	801
State and county assessments	731	783	—	—	731	783
Interest on long-term debt	746	766	—	—	746	766
Enterprise accounts:						
Water fund	—	—	347	187	347	187
Nonmajor funds	—	—	424	467	424	467
Total expenses	41,496	42,097	771	654	42,267	42,751
Increase (decrease) in net assets	(3,840)	(6,827)	(320)	9	(4,160)	(6,818)
Net assets, beginning of year	62,895	69,722	2,298	2,289	65,193	72,011
Net assets, end of year	\$ 59,055	62,895	1,978	2,298	61,033	65,193

### Financial Analysis of the Town's Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

## **TOWN OF OXFORD, MASSACHUSETTS**

### Required Supplementary Information

#### Management's Discussion and Analysis

June 30, 2010

(Unaudited)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$16.7 million, a decrease of approximately \$284 thousand from the prior year. The general fund and other governmental funds had undesignated fund balances of \$1.1 million and \$3.5 million, respectively. The remainder of fund balance is reserved or designated to indicate that it is not expected to be available for new spending because it has already been (1) committed to liquidate contracts and purchase orders of the prior period, \$2.1 million, (2) reserved for permanent funds, \$3.4 million, (3) designated for stabilization, \$2.1 million, (4) designated for subsequent year's expenditures, \$150 thousand, (5) designated for future health claims, \$2.9 million, and (6) designated for retirement and unemployment compensation, \$1.5 million.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was approximately \$6.8 million, while total general fund balance was approximately \$8.2 million. Of this amount, \$1.1 million constitutes undesignated fund balance, which is available for appropriation by the Town or for expenditures in accordance with legal restrictions. As a measure of the general fund's liquidity, it may be useful to compare undesignated fund balance to total fund expenditures. Undesignated fund balance represents 3.4% of total general fund expenditures.

The fund balance of the Town's general fund increased by \$28 thousand during the current fiscal year. This relatively static fund balance was accomplished by decreasing spending to account for reduced revenues.

**Proprietary Funds** – The Town's proprietary funds provides the same type of information found in the government-wide financial statements, but in more detail.

The net assets of the proprietary funds at the end of the current fiscal year totaled approximately \$2.0 million. Net assets of the proprietary funds decreased approximately \$320 thousand in the current year. This was primarily driven by increased legal costs in the water fund relating to the acquisition of the water company.

### **Budgetary Highlights**

Differences between the original budget and the final amended budget were mainly the result of town meeting transfers and finance committee reserve transfers for unforeseen events. Actual revenues exceeded budgeted revenues by approximately \$35 thousand. Further, actual expenditures were under budget by \$504 thousand.

### **Capital Assets and Debt Administration**

**Capital Assets** – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to approximately \$51.7 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, buildings, machinery and equipment, and infrastructure.

## TOWN OF OXFORD, MASSACHUSETTS

### Required Supplementary Information

#### Management's Discussion and Analysis

June 30, 2010

(Unaudited)

Capital assets, net, decreased in the governmental activities due depreciation exceeding capital asset additions. Further, the construction of the police station was completed in 2010 and moved from construction in progress to buildings. Business-type activities capital assets, net, decreased as well. The decrease was due to depreciation exceeding capital asset additions.

**Long-Term Debt** – At the end of the current fiscal year, the Town had total debt outstanding of \$18.0 million. The entire amount is backed by the full faith and credit of the Town.

	<b>Outstanding debt</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Long-term bonds	\$ 16,870,000	380,000	17,250,000
Bond anticipation notes	—	750,000	750,000
<b>Total</b>	<b>\$ 16,870,000</b>	<b>1,130,000</b>	<b>18,000,000</b>

The Town's bonds payable decreased by \$1.1 million during the current fiscal year. The decrease was a result of the Town making scheduled debt repayments while not issuing any new long-term bonds.

The Town maintains an insured debt rating of "Aaa" and an underlying debt rating of A2 from Moody's investor's service for its general obligation debt.

### **Economic Factors and Next Year's Budget**

The state's economic condition is once again on a decline. In preparing for the Fiscal 2011 budget, the Town anticipates a decrease from the State in the form of State Aid. The Town is continuing to apply reserves that it had built up for this purpose and expects nonessential services to be slightly affected. The Town continues to ensure that Public Safety, Public Health, Public Works, and Education services remain unaffected.

The annual unemployment rate for the Town for 2011 is currently 9.4%, 0.2% points lower than the 9.6% rate in 2010. This compares to the 2011 state's average unemployment rate of 9.0%, and the 2011 national average rate of 9.5%. The decrease in the rate was insignificant, but the rate remains high due to the state's economic condition, and the Town anticipates that this will not improve for 2011.

### **Requests for Information**

This information is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this document or requests for additional financial information should be addressed to the Oxford Town Accountant at 325 Main Street, Oxford, MA 01540.

**TOWN OF OXFORD, MASSACHUSETTS**

Statement of Net Assets

June 30, 2010

<b>Assets</b>	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Cash, cash equivalents and investments	\$ 17,100,525	504,537	17,605,062
Receivables, net:			
Property taxes	510,756	—	510,756
Motor vehicle excise	222,354	—	222,354
Tax liens	478,685	—	478,685
Intergovernmental	2,110,470	—	2,110,470
Departmental and other	421,967	23,720	445,687
Other assets	93,157	3,304	96,461
Long-term receivable	12,636,985	15,000	12,651,985
Capital assets:			
Nondepreciable	947,770	396,530	1,344,300
Depreciable, net	48,089,656	2,228,828	50,318,484
Total assets	<u>82,612,325</u>	<u>3,171,919</u>	<u>85,784,244</u>
<b>Liabilities</b>			
Warrants and accounts payable	429,184	63,528	492,712
Retainage payable	18,298	—	18,298
Accrued liabilities	1,081,762	641	1,082,403
Bond anticipation note	—	750,000	750,000
Other	22,118	—	22,118
Long-term liabilities:			
Due within one year:			
Compensated absences	152,328	—	152,328
Bonds and notes	1,115,000	25,000	1,140,000
Landfill and postclosure care costs	3,000	—	3,000
Due in more than one year:			
Compensated absences	355,432	—	355,432
Bonds and notes	15,810,499	355,000	16,165,499
Landfill and postclosure care costs	66,000	—	66,000
Other postemployment benefits	4,503,777	—	4,503,777
Total liabilities	<u>23,557,398</u>	<u>1,194,169</u>	<u>24,751,567</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	32,111,927	2,045,358	34,157,285
Restricted for:			
Permanent funds:			
Nonexpendable	3,448,992	—	3,448,992
Expendable	851,581	—	851,581
Unrestricted	22,642,427	(67,608)	22,574,819
Total net assets	<u>\$ 59,054,927</u>	<u>1,977,750</u>	<u>61,032,677</u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Statement of Activities

Year ended June 30, 2010

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 3,127,210	205,224	72,155	—	(2,849,831)		(2,849,831)
Public safety	4,597,677	764,853	150,484	33,989	(3,648,351)		(3,648,351)
Education	26,860,388	2,583,213	11,710,278	—	(12,566,897)		(12,566,897)
Public works	4,479,467	104,600	278,485	966,639	(3,129,743)		(3,129,743)
Health and human services	200,426	81,487	39,432	—	(79,507)		(79,507)
Culture and recreation	753,806	12,108	320,547	—	(421,151)		(421,151)
State and county assessments	730,834	—	—	—	(730,834)		(730,834)
Interest on long-term debt	745,840	—	—	—	(745,840)		(745,840)
Total governmental activities	<u>41,495,648</u>	<u>3,751,485</u>	<u>12,571,381</u>	<u>1,000,628</u>	<u>(24,172,154)</u>		<u>(24,172,154)</u>
Business-type activities:							
Water fund	347,276	38,125	1,160	—	(307,991)		(307,991)
Nonmajor enterprise funds	423,615	389,024	22,576	—	(12,015)		(12,015)
Total business-type activities	<u>770,891</u>	<u>427,149</u>	<u>23,736</u>	<u>—</u>	<u>(320,006)</u>		<u>(320,006)</u>
Total primary government	<u>\$ 42,266,539</u>	<u>4,178,634</u>	<u>12,595,117</u>	<u>1,000,628</u>		<u>(320,006)</u>	<u>(24,492,160)</u>
General revenues:							
Property taxes, levied for general purposes, net				16,575,855	—		16,575,855
Excises				1,374,661	—		1,374,661
Penalties and interest on taxes				209,866	—		209,866
Other				6,939	—		6,939
Intergovernmental				1,844,346	—		1,844,346
Investment income				326,253	—		326,253
Loss on disposal of capital assets				(5,442)	—		(5,442)
Total general revenues				<u>20,332,478</u>	<u>—</u>		<u>20,332,478</u>
Change in net assets				(3,839,676)	(320,006)		(4,159,682)
Net assets, beginning of year				<u>62,894,603</u>	<u>2,297,756</u>		<u>65,192,359</u>
Net assets, end of year				<u>\$ 59,054,927</u>	<u>1,977,750</u>		<u>61,032,677</u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Balance Sheet – Governmental Funds

June 30, 2010

<b>Assets</b>	<b>General</b>	<b>Other governmental</b>	<b>Total</b>
Cash, cash equivalents and investments	\$ 9,225,752	7,874,773	17,100,525
Receivables, net:			
Property taxes	510,756	—	510,756
Motor vehicle excise	222,354	—	222,354
Tax liens	478,685	—	478,685
Intergovernmental	13,690,068	1,057,387	14,747,455
Departmental and other	56,299	365,668	421,967
Due from other funds	46,060	6,459	52,519
Total assets	<u><u>\$ 24,229,974</u></u>	<u><u>9,304,287</u></u>	<u><u>33,534,261</u></u>
<b>Liabilities and Fund Balance</b>			
Warrants and accounts payable	\$ 254,264	174,920	429,184
Retainage payable	—	18,298	18,298
Due to other funds	6,459	46,060	52,519
Accrued liabilities:			
Tax abatements	55,527	—	55,527
Payroll and related withholdings	838,686	146,481	985,167
Deferred revenue	14,883,353	365,668	15,249,021
Other	22,118	—	22,118
Total liabilities	<u><u>16,060,407</u></u>	<u><u>751,427</u></u>	<u><u>16,811,834</u></u>
Fund balance:			
Reserved for:			
Encumbrances	1,369,114	775,559	2,144,673
Permanent funds	—	3,448,992	3,448,992
Unreserved:			
Designated for unemployment compensation	601,848	—	601,848
Designated for retirement contributions	—	877,519	877,519
Designated for health claims	2,862,709	—	2,862,709
Designated for subsequent year's expenditures	150,000	—	150,000
Designated for tax rate stabilization	2,099,904	—	2,099,904
Undesignated, reported in:			
General fund	1,085,992	—	1,085,992
Permanent funds	—	851,581	851,581
Capital project fund	—	1,803	1,803
Special revenue funds	—	2,597,406	2,597,406
Total fund balances	<u><u>8,169,567</u></u>	<u><u>8,552,860</u></u>	<u><u>16,722,427</u></u>
Total liabilities and fund balances	<u><u>\$ 24,229,974</u></u>	<u><u>9,304,287</u></u>	<u><u>33,534,261</u></u>

See accompanying notes to basic financial statements.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
June 30, 2010

Total fund balance – governmental funds	\$ 16,722,427
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	49,037,426
Certain revenues are earned but are not available and are therefore deferred in the funds.	15,249,021
Bond issuance costs are capitalized in the government-wide statements but are recorded when bond proceeds are received in the funds.	93,157
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
General obligation bonds	(16,870,000)
Bond issue premium	(55,499)
Landfill closure and post closure care costs	(69,000)
Accrued interest on bonds	(41,068)
Other postemployment benefits	(4,503,777)
Compensated absences	<u>(507,760)</u>
	<u>(22,047,104)</u>
Net assets of governmental activities	<u><u>\$ 59,054,927</u></u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year ended June 30, 2010

	<b>General</b>	<b>Other governmental</b>	<b>Total</b>
<b>Revenues:</b>			
Real and personal property taxes	\$ 16,523,384	—	16,523,384
Motor vehicle and other excises	1,393,746	—	1,393,746
Penalties and interest on taxes	209,866	—	209,866
Fees	93,086	3,362,170	3,455,256
License and permits	24,640	—	24,640
Intergovernmental	12,259,625	3,100,144	15,359,769
Fines and forfeitures	85,090	—	85,090
Investment income	69,461	256,791	326,252
Departmental and other revenue	211,291	340,387	551,678
Contributions and donations	343,721	300,017	643,738
<b>Total revenues</b>	<b>31,213,910</b>	<b>7,359,509</b>	<b>38,573,419</b>
<b>Expenditures:</b>			
Current:			
General government	2,363,268	31,768	2,395,036
Public safety	2,778,067	171,465	2,949,532
Education	15,795,928	5,054,239	20,850,167
Public works	2,220,818	744,504	2,965,322
Human services	143,389	14,976	158,365
Culture and recreation	377,513	179,528	557,041
State and county assessments	730,834	—	730,834
Pension, fringe and general insurance	5,917,739	—	5,917,739
Capital outlay	—	509,404	509,404
Debt service	1,823,721	—	1,823,721
<b>Total expenditures</b>	<b>32,151,277</b>	<b>6,705,884</b>	<b>38,857,161</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(937,367)</b>	<b>653,625</b>	<b>(283,742)</b>
<b>Other financing sources (uses):</b>			
Transfers in	1,000,631	34,953	1,035,584
Transfers out	(34,953)	(1,000,631)	(1,035,584)
<b>Total other financing sources (uses)</b>	<b>965,678</b>	<b>(965,678)</b>	<b>—</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>28,311</b>	<b>(312,053)</b>	<b>(283,742)</b>
<b>Fund balance, beginning of year</b>	<b>8,141,256</b>	<b>8,864,913</b>	<b>17,006,169</b>
<b>Fund balance, end of year</b>	<b>\$ 8,169,567</b>	<b>8,552,860</b>	<b>16,722,427</b>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2010

Net change in fund balances – total governmental funds	\$ (283,742)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital additions as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which depreciation expense (\$3,417,473) and deletions (\$5,442) exceeded capital asset additions (\$1,946,098).	(1,476,817)
Accrual basis revenues can result in more or (less) revenues reported in the statement of activities depending upon timing of billings and collections.	141,078
Certain intergovernmental receipts decrease receivables on the statement of net assets, but are included in the operating statement of governmental funds.	(1,053,083)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets while bond issuances are other financing sources in governmental funds, but increase long-term liabilities in the statement of net assets. This is the repayment of bond principal.	1,075,000
Bond premiums, net of amortization (\$5,948) increase the long-term liabilities in the statement of net assets, but are included in the operating statement of the governmental funds. Bond issuance costs, net of amortization (\$6,530) are expenditures in the governmental funds, but are deferred assets in the statement of net assets. This is the amount by which bond issue costs, net, exceeds bond premiums, net.	(582)
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 the governmental funds. This amount represents increases in compensated absences (\$51,159), and other postemployment benefits (\$2,196,835) offset by decreases in accrued interest (\$3,464) and the landfill liability (\$3,000).	(2,241,530)
Change in net assets of governmental activities	<u><u>\$ (3,839,676)</u></u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Statement of Net Assets – Proprietary Funds

June 30, 2010

<b>Assets</b>	<b>Water fund</b>	<b>Nonmajor enterprise funds</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 357,948	146,589	504,537
Receivables, net	—	23,720	23,720
Total current assets	<u>357,948</u>	<u>170,309</u>	<u>528,257</u>
Noncurrent assets:			
Receivables, net	—	15,000	15,000
Other assets	1,835	1,469	3,304
Nondepreciable capital assets, net	11,397	385,133	396,530
Depreciable capital assets, net	<u>1,025,028</u>	<u>1,203,800</u>	<u>2,228,828</u>
Total noncurrent assets	<u>1,038,260</u>	<u>1,605,402</u>	<u>2,643,662</u>
Total assets	<u><u>\$ 1,396,208</u></u>	<u><u>1,775,711</u></u>	<u><u>3,171,919</u></u>
<b>Liabilities</b>			
Current liabilities:			
Warrants and accounts payable	\$ 1,036	62,492	63,528
Accrued liabilities	364	277	641
Bond anticipation note	750,000	—	750,000
Bonds payable	<u>14,198</u>	<u>10,802</u>	<u>25,000</u>
Total current liabilities	<u>765,598</u>	<u>73,571</u>	<u>839,169</u>
Noncurrent liabilities:			
Bonds payable	<u>201,604</u>	<u>153,396</u>	<u>355,000</u>
Total noncurrent liabilities	<u>201,604</u>	<u>153,396</u>	<u>355,000</u>
Total liabilities	<u><u>\$ 967,202</u></u>	<u><u>226,967</u></u>	<u><u>1,194,169</u></u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 620,623	1,424,735	2,045,358
Unrestricted	<u>(191,617)</u>	<u>124,009</u>	<u>(67,608)</u>
Total net assets	<u><u>\$ 429,006</u></u>	<u><u>1,548,744</u></u>	<u><u>1,977,750</u></u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds

Year ended June 30, 2010

	<b>Water fund</b>	<b>Nonmajor enterprise funds</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 38,125	295,861	333,986
Fees	—	93,163	93,163
Other	—	22,104	22,104
Total operating revenues	<u>38,125</u>	<u>411,128</u>	<u>449,253</u>
Operating expenses:			
Salaries and benefits	—	129,928	129,928
Utilities	—	111,885	111,885
Other supplies and expenses	254,718	124,893	379,611
Depreciation	76,561	49,847	126,408
Total operating expenses	<u>331,279</u>	<u>416,553</u>	<u>747,832</u>
Operating loss	<u>(293,154)</u>	<u>(5,425)</u>	<u>(298,579)</u>
Nonoperating income (expense):			
Interest expense	(15,997)	(7,062)	(23,059)
Interest income	1,160	472	1,632
Total nonoperating expense	<u>(14,837)</u>	<u>(6,590)</u>	<u>(21,427)</u>
Change in net assets	<u>(307,991)</u>	<u>(12,015)</u>	<u>(320,006)</u>
Total net assets, beginning of year	<u>736,997</u>	<u>1,560,759</u>	<u>2,297,756</u>
Total net assets, end of year	<u>\$ 429,006</u>	<u>1,548,744</u>	<u>1,977,750</u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**  
**Statement of Cash Flows – Proprietary Funds**  
Year ended June 30, 2010

	<b>Water fund</b>	<b>Nonmajor enterprise funds</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ —	405,072	405,072
Cash received from lessee	38,125	—	38,125
Cash paid to employees	—	(135,958)	(135,958)
Cash paid to vendors	(270,597)	(237,814)	(508,411)
Net cash (used in) provided by operating activities	<u>(232,472)</u>	<u>31,300</u>	<u>(201,172)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	—	(21,691)	(21,691)
Proceeds from sale of BAN's	750,000	—	750,000
Payment of bond principal	(14,198)	(10,802)	(25,000)
Payment of interest	(15,919)	(7,000)	(22,919)
Paydown of bond anticipation note	(245,000)	—	(245,000)
Net cash provided by (used in) capital and related financing activities	<u>474,883</u>	<u>(39,493)</u>	<u>435,390</u>
<b>Cash flows from investing activity:</b>			
Interest income	1,160	472	1,632
Net cash provided by investing activity	<u>1,160</u>	<u>472</u>	<u>1,632</u>
Increase (decrease) in cash and cash equivalents	243,571	(7,721)	235,850
Cash and cash equivalents, beginning of year	<u>114,377</u>	<u>154,310</u>	<u>268,687</u>
Cash and cash equivalents, end of year	<u>\$ 357,948</u>	<u>146,589</u>	<u>504,537</u>
<b>Reconciliation of operating loss to net cash (used in) provided by operating activities:</b>			
Operating loss	\$ (293,154)	(5,425)	(298,579)
Reconciliation of operating loss to net cash (used in) provided by operating activities:			
Depreciation expense	76,561	49,847	126,408
Changes in operating assets and liabilities:			
Accounts receivable	—	(6,056)	(6,056)
Accounts payable	(15,879)	(1,036)	(16,915)
Accrued liabilities	<u>—</u>	<u>(6,030)</u>	<u>(6,030)</u>
Net cash (used in) provided by operating activities	<u>\$ (232,472)</u>	<u>31,300</u>	<u>(201,172)</u>

See accompanying notes to basic financial statements.

**TOWN OF OXFORD, MASSACHUSETTS**

Statement of Net Assets – Fiduciary Fund

June 30, 2010

	<b>Assets</b>	<b>Agency fund</b>
Cash and cash equivalents	\$ 688,468	\$ 688,468
Total assets	<u><u>688,468</u></u>	<u><u>688,468</u></u>
	<b>Liabilities</b>	
Accounts payable and other liabilities	\$ 688,468	\$ 688,468
Total liabilities	<u><u>688,468</u></u>	<u><u>688,468</u></u>

See accompanying notes to basic financial statements.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

#### **(1) Financial Statement Presentation**

The Town is governed by an elected five-member board of selectmen. U.S. generally accepted accounting principles (GAAP) require that the accompanying basic financial statements present the Town (the primary government) and its component units. Component units are separate legal entities and are included in the reporting entity if they have significant operational and financial relationships with the Town. Pursuant to this criterion, the Town did not identify any component units requiring inclusion in the general purpose financial statements.

##### **(a) Joint Venture**

The Town has entered into a joint venture with other municipalities to pool resources and share the costs, risk, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The following is the Town's joint venture, the address where the joint venture financial statements are available, its purpose, and the annual assessment paid by the Town in 2010:

<b>Joint venture and address</b>	<b>Purpose</b>	<b>Annual assessment</b>
Bay Path Regional Vocational Technical School District 57 Old Muggett Hill Road Charlton, MA 01507	To provide vocational educational services	\$ 987,029

The Town has no equity interest in the joint venture.

##### **(b) Related Organization**

*Oxford Housing Authority (Authority).* Board members of the Authority are elected by the Town. The Town has no oversight responsibility for the Authority's operations and no responsibility for its deficits or debt.

#### **(2) Summary of Significant Accounting Policies**

The financial statements of the Town have been prepared in conformity with GAAP as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Town also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the Town's accounting policies are described below:

##### **(a) Basis of Presentation**

###### **Government-Wide Statements**

The statement of net assets and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the overall government,

## **TOWN OF OXFORD, MASSACHUSETTS**

### Notes to Basic Financial Statements

June 30, 2010

except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town where governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions and business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

### **Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The Town's water enterprise fund is a major fund while the remaining enterprise funds are nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental fund:

*General Fund* – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

*Water Fund* – This fund is used to account for the construction of the Town's water tank and the user charges associated with third-party use of the water tank.

Additionally, the Town reports the following fiduciary fund type:

*Agency Funds* – These funds account for off-duty police, fire and custodial details. The Town's agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

**(b) *Measurement Focus, Basis of Accounting***

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements* – The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers revenues reported in the governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days after year-end, except for grants, entitlements, and donations for which the availability period is one year. Property taxes, motor excise taxes, charges for service, investment income, and in lieu of tax payments are considered to be susceptible to accrual. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, landfill postclosure care cost, and compensated absences, which are recognized as expenditures to the extent they have matured. Tax abatement liability is based upon actual claims submitted prior to June 30 and that are expected to be liquidated within the ensuing twelve months. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financial sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant (restricted) resources to such programs, followed by categorical block grants (unrestricted), and then by general revenues.

**(c) *Deferred Revenue***

In the governmental fund financial statements, deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting.

**(d) *Cash and Cash Equivalents***

To improve cash management, cash received by the Town is pooled. Monies for all funds, except those restricted by MGL to be held separately, are maintained in this pool. Individual fund integrity

## **TOWN OF OXFORD, MASSACHUSETTS**

### Notes to Basic Financial Statements

June 30, 2010

is maintained through Town records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the statement of net assets.

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

**(e) *Investment Valuation***

The Town's investments are carried at fair value. The Town invests in the Massachusetts Municipal Depository Trust (MMDT) which is an external investment pool and is not SEC-registered. This fund is state-regulated and is valued at current unit value.

**(f) *Compensated Absences***

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The cost of compensated absences for employees is recorded as earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if it has matured (i.e., come due for payment). To the extent it is probable that unused sick days will result in termination payments, a liability based on established payment rates and the Town's past experience in making such termination payments, adjusted for other current factors and expectations, has been recorded.

**(g) *Capital Assets***

General capital assets are those assets not specifically related to activities reported in the 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 assets but are reported as expenditures 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 assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The Town maintains a capitalization threshold of \$10,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40 years
Land improvements	20 years
Machinery and equipment	5 – 20 years
Infrastructure	50 years

#### **(h) Fund Balances – Governmental Funds**

The Town has reserved fund balances (portion of fund balance that is not appropriable or is legally segregated) and has designated fund balances (portion of fund balance that Town management intends to use for a particular purpose but is not legally required) of its governmental funds as follows:

*Reserved for Encumbrances* – Represents the amount of unexpended appropriations carried forward to fiscal 2010 for projects which have not been completed, open purchase orders and for contracts which have not been performed.

*Reserved for Permanent Funds* – Represents the amount of legally restricted expendable and nonexpendable trust funds maintained by the Town.

*Designated for Unemployment Compensation* – Represents the amount of funds Town management intends to fund unemployment compensation.

*Designated for Retirement Contributions* – Represents the amount of funds Town management intends to fund future annual pension contributions.

*Designated for Health Claims* – Represents the amount of funds Town management intends to fund future appropriations for healthcare premiums.

*Designated for Subsequent Year's Expenditures* – Represents the amount of fund balance authorized to fund fiscal 2010 appropriations.

*Designated for Tax Rate Stabilization* – Represents the amount of fund balance designated for future tax rate stability. Funds may be appropriated from this account with 2/3 vote of the populace at the annual or a special town meeting.

*Undesignated* – Represents the amount of funds available for appropriations by the Town or for expenditure in accordance with legal restrictions for certain special revenue, capital project, and permanent funds.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

**(i) Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation of the Town or through external restrictions imposed by grantors or laws or regulations primarily for employee retirement, educational scholarships, certain grants and other purposes.

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

**(j) Landfill Closure and Postclosure Care Costs**

State and federal regulations require that the Town place a final cover on its municipal solid waste landfill (MSWLF) site and perform certain maintenance and monitoring functions at the site for 30 years thereafter. At June 30, 2010, the Town has covered its MSWLF in accordance with applicable laws and regulations.

The liability for postclosure care is estimated based on current costs, which is the amount that would be paid if all equipment, facilities and services included in the estimate were acquired during the current period. Such costs are recognized as expenditures to the extent that they have been paid or are expected to be paid with expendable available financial resources. Expenditures relating to MSWLF were not material in 2010.

**(k) Bond Discounts, Premiums and Issuance Costs**

In the government-wide and proprietary fund financial statements, bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not materially different than the effective interest method. Bond issue costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

**(l) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

#### **(3) Receivables**

##### **(a) *Property Taxes***

Real and personal property taxes are based on values assessed as of each January 1 and are due in semiannual installments on November 1st and May 1st. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

A state-wide tax limitation statute known as “Proposition 2-½” limits the property tax levy to an amount equal to 2-½% of the value of all taxable property in the Town. A secondary limitation is that no levy in a fiscal year may exceed the preceding year’s allowable tax levy by more than 2-½%, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2-½ taxing limitations can be overridden by a Town-wide referendum vote.

##### **(b) *School Building Assistance***

The Town participates in the Commonwealth’s school building assistance program, which is administered by the Massachusetts School Building Authority (MSBA). The MSBA provides financial assistance (generally 80% of total costs) to the Town to build and/or renovate schools. As of June 30, 2010, under this program, the Town was due funds totaling \$13.7 million.

In the governmental funds, the receivable is offset by deferred revenue because the revenue is not considered available. The following is a schedule of the anticipated MSBA receipts as of June 30, 2010:

Fiscal year:	
2011	\$ 1,053,083
2012	1,053,083
2013	1,053,083
2014	1,053,083
2015	1,053,083
2016 – 2020	5,265,415
2021 – 2023	<u>3,159,238</u>
 Total	 <u>\$ 13,690,068</u>

During fiscal 2010, the Town received \$1,053,083 in such assistance and recorded the receipt in the general fund.

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2010

**(4) Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 925,270	—	—	925,270
Construction in progress	3,943,760	22,500	(3,943,760)	22,500
Total capital assets, not being depreciated	<u>4,869,030</u>	<u>22,500</u>	<u>(3,943,760)</u>	<u>947,770</u>
Capital assets, being depreciated:				
Buildings	50,790,700	4,173,795	—	54,964,495
Land improvements	5,250	—	—	5,250
Machinery and equipment	7,338,191	799,571	(146,958)	7,990,804
Infrastructure	<u>20,679,767</u>	<u>893,992</u>	—	<u>21,573,759</u>
	<u>78,813,908</u>	<u>5,867,358</u>	<u>(146,958)</u>	<u>84,534,308</u>
Less accumulated depreciation for:				
Buildings	14,715,248	1,725,636	—	16,440,884
Land improvements	5,250	—	—	5,250
Machinery and equipment	5,745,949	696,305	(141,516)	6,300,738
Infrastructure	<u>12,702,248</u>	<u>995,532</u>	—	<u>13,697,780</u>
	<u>33,168,695</u>	<u>3,417,473</u>	<u>(141,516)</u>	<u>36,444,652</u>
Total capital assets, being depreciated, net	<u>45,645,213</u>	<u>2,449,885</u>	<u>(5,442)</u>	<u>48,089,656</u>
Governmental capital assets, net	<u>\$ 50,514,243</u>	<u>2,472,385</u>	<u>(3,949,202)</u>	<u>49,037,426</u>

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2010

Depreciation expense was charged to governmental functions as follows:

Governmental activities:

General government	\$ 90,868
Public safety	910,279
Public works	1,235,949
Education	1,093,226
Human services	10,569
Culture and recreation	76,582
<b>Total depreciation expense – governmental activities</b>	<b>\$ 3,417,473</b>

<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
------------------------------	------------------	------------------	---------------------------

Business-type activities:

Water enterprise fund:

Capital assets, not being  
depreciated:

Land	\$ 11,397	—	—	11,397
------	-----------	---	---	--------

Capital assets, being depreciated:

Infrastructure	1,178,150	—	—	1,178,150
----------------	-----------	---	---	-----------

Less accumulated depreciation

for:

Infrastructure	76,561	76,561	—	153,122
----------------	--------	--------	---	---------

Total capital assets being depreciated, net	1,101,589	(76,561)	—	1,025,028
--	-----------	----------	---	-----------

Water enterprise fund

capital assets, net	\$ 1,112,986	(76,561)	—	1,036,425
---------------------	--------------	----------	---	-----------

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2010

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
<b>Business-type activities:</b>				
Nonmajor enterprise funds:				
Capital assets, not being depreciated:				
Land	\$ 375,733	—	—	375,733
Construction in progress	—	9,400	—	9,400
Total capital assets, not being depreciated	<u>375,733</u>	<u>9,400</u>	<u>—</u>	<u>385,133</u>
Capital assets, being depreciated:				
Buildings	860,074	12,291	—	872,365
Machinery and equipment	24,730	—	—	24,730
Infrastructure	<u>1,235,812</u>	<u>—</u>	<u>—</u>	<u>1,235,812</u>
Total capital assets, being depreciated	<u>2,120,616</u>	<u>12,291</u>	<u>—</u>	<u>2,132,907</u>
Less accumulated depreciation for:				
Buildings	645,846	25,131	—	670,977
Machinery and equipment	24,730	—	—	24,730
Infrastructure	<u>208,684</u>	<u>24,716</u>	<u>—</u>	<u>233,400</u>
Total accumulated depreciation	<u>879,260</u>	<u>49,847</u>	<u>—</u>	<u>929,107</u>
Total capital assets being depreciated, net	<u>1,241,356</u>	<u>(37,556)</u>	<u>—</u>	<u>1,203,800</u>
Nonmajor enterprise capital assets, net	<u>\$ 1,617,089</u>	<u>(28,156)</u>	<u>—</u>	<u>1,588,933</u>

**(5) Leasing Arrangement**

The Town has entered into an operating lease agreement with a private water company (the lessee). The lease agreement gives the lessee the right to use of Town owned land as well as a Town owned water tank in consideration for rent over the term of the lease.

As of June 30, 2010, the book value of the leased water tank is \$1,025,028 and is included as infrastructure in the water fund.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

The lessee has agreed to pay the Town minimum lease payments of \$38,125 per year over a 20 year period as follows:

Year ending June 30:	\$	38,125
2011	\$	38,125
2012	\$	38,125
2013	\$	38,125
2014	\$	38,125
2015	\$	38,125
2016 – 2020	\$	190,625
2021 – 2025	\$	190,625
2026 – 2027	\$	76,250
	<hr/>	<hr/>
	\$	<u><u>648,125</u></u>

### **(6) Deposits and Investments**

The following represents essential risk information about the Town's deposits and investments.

#### **(a) *Investment Policy***

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits, and certificates of deposit) in any one financial institution may not exceed certain prescribed levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase and units in the Massachusetts Municipal Depository Trust (MMDT).

#### **(b) *Custodial Credit Risk***

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town carries deposits that are fully insured by FDIC insurance or collateralized with securities held by the Town or the Town's agent in the Town's name. The Town also carries deposits that are not collateralized and are uninsured. As of June 30, 2010, the bank balances of uninsured and uncollateralized deposits totaled \$12.8 million.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

**(c) Interest Rate Risk**

The following is a listing of the Town's fixed-income investments and related maturity schedule (in years) as of June 30, 2010:

<b>Investment type</b>	<b>Fair value</b>	<b>Less than 1</b>	<b>1 – 5</b>	<b>6 – 10</b>
U.S. Treasury	\$ 35,003	—	35,003	—
U.S. Agency	361,949	—	361,949	—
Corporate bonds	106,340	67,848	38,492	—
Mutual funds	81,638	—	41,809	39,829
Certificate of deposit	136,356	75,963	60,393	—
Money market funds	2,915,817	2,656,676	259,141	—
<b>Total</b>	<b>\$ 3,637,103</b>	<b>2,800,487</b>	<b>796,787</b>	<b>39,829</b>

**(d) Credit Risk**

The fixed income mutual funds, certificate of deposit and money market funds were not rated as of June 30, 2010. The U.S. Agency and Corporate bonds are rated A to AAA by Standards & Poors as of June 30, 2010.

**(e) Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not hold any securities denominated in a foreign currency. However, the Town holds a mutual fund where the underlying securities are denominated in various foreign currencies. The fair value of the international mutual fund was \$23,416 as of June 30, 2010.

**(7) Pension Benefits**

**(a) Plan Description**

The Town contributes to the Worcester Regional Retirement System (the System), a cost-sharing multiple-employer, defined benefit pension plan (Plan) administered by a regional retirement board. The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions of the System's plan.

The System does not issue a publicly available stand-alone plan financial report prepared in accordance with the requirements of GASB Statement 25, as amended. The System's schedule of funding progress and employer contributions is included as required supplementary information following the notes to the basic financial statements.

**(b) Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. Members hired after December 31, 1978 must contribute an additional 2% of

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

regular compensation in excess of \$30,000. The Town is required to pay into the System, its share of the remaining system-wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The Commonwealth of Massachusetts (Commonwealth) reimburses the System for a portion of benefit payments for cost-of-living (COLA) increases made prior to July 1, 1998. Chapter 32 of the MGL governs the contributions of Plan members and the Town. The Town's contributions to the System for the years ended June 30, 2010, 2009 and 2008 were \$987,477, \$926,542, and \$811,893, respectively, which were equal to its required contributions for each of these years.

**(c) Retirement Trust Fund**

Pursuant to MGL Chapter 40, Section 5(d), the Town has established a retirement trust fund that is distinct and separate from the System information noted above. The balance of this fund is not to exceed 10% of the Town's equalized value. The purpose of this fund is to provide a reserve to meet future annual contributions to the System. As of June 30, 2010, the balance of this fund was \$877,519 and is recorded as a fund designation in the other governmental funds.

A summary of the changes in the retirement trust fund during fiscal 2010 is as follows:

Ending balance, June 30, 2009	\$ 979,281
Interest income	6,469
Transfer out to General Fund	<u>(108,231)</u>
Ending balance, June 30, 2010	<u><u>\$ 877,519</u></u>

**(8) Other Postemployment Benefits**

GASB Statement No. 45 requires governments to account for other postemployment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the government-wide statement of net assets over time.

The Town provides postemployment health care and life insurance benefits, in accordance with state statute and Town charter, to participating retirees and their beneficiaries. As of July 1, 2008, the valuation date, 180 retirees and 346 active members meet the eligibility requirements as put forth in Chapter 32B of MGL. The Town sponsors and participates in a single employer defined benefit OPEB plan. The OPEB plan is administered by the Town and does not issue a stand-alone financial report.

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Tufts Health Plan, and Fallon Community Health. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental and Medicare Advantage plans offered by Blue Cross Blue Shield of Massachusetts.

Groups 1, 2 and 4 retirees, including teachers, with at least 10 years or 20 years of creditable service are eligible at age 55 or any age, respectively. Retirees on accidental disability retirement are eligible at any

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

age while ordinary disability requires 10 years of creditable service for veterans and 15 years of creditable for nonveterans. The surviving spouse may be eligible to receive both pre- and post-retirement death benefits, as well as medical and prescription drug coverage.

**(a) Funding Policy**

Employer and employee contribution rates are governed by the Board of Selectmen. The Town currently funds the plan on a pay-as-you-go basis. The Town and plan members share the cost of benefits. As of July 1, 2008, the valuation date, the plan members contribute 20% to 25% of the monthly premium cost, depending on the plan in which they are enrolled. The Town contributes the balance of the premium cost.

**(b) Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2010, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2008:

Annual Required Contribution (ARC)	\$ 3,128,263
Interest on net OPEB obligation	103,812
Adjustment to ARC	<u>(141,627)</u>
Annual OPEB cost	3,090,448
Contributions made	<u>(893,613)</u>
Change in net OPEB obligation	2,196,835
Net OPEB obligation – beginning of year	<u>2,306,942</u>
Net OPEB obligation – end of year	\$ <u>4,503,777</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

	<u>Annual OPEB cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
Fiscal year ended: 2010	\$ 3,090,448	28.9%	\$ 4,503,777

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

#### ***(c) Funded Status and Funding Progress***

The funded status of the plan as of June 30, 2010, based on an actuarial valuation as of July 1, 2008, was as follows:

Actuarially accrued liability (AAL)	\$ 28,738,000
Actuarial value of plan assets	<u>—</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 28,738,000</u>
Funded ratio (actuarial value of plan assets/AAL)	—%
Covered payroll (active plan members)	\$ 19,304,000
UAAL as a percentage of covered payroll	148.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### ***(d) Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual health care cost trend rate of 10.5% initially, reduced by decrements to an ultimate rate of 5% after 5 years. The Towns unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at July 1, 2008 was thirty years.

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

#### **(9) Long-Term Obligations**

The following is a summary of changes in long-term obligations for the year ended June 30, 2010:

	<u>Maturing through year ended June 30</u>	<u>Interest percentage range</u>	<u>Outstanding beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding end of year</u>
Governmental activities:						
General obligation bonds	2023	2.00 – 4.65%	\$ 17,945,000	—	(1,075,000)	16,870,000
Add (deduct):						
Unamortized bond premium						<u>55,499</u>
Total governmental activities bonded debt, net						<u>16,925,499</u>
Business-type activities:						
Water fund:						
General obligation bonds	2028	3.25 – 5.00%	230,000	—	(14,198)	215,802
Nonmajor sewer fund:						
General obligation bonds	2028	3.25 – 5.00%	175,000	—	(10,802)	164,198
Total business-type activities bonded debt, net			<u>405,000</u>	<u>—</u>	<u>(25,000)</u>	<u>380,000</u>
Total bonded debt, net						<u>17,305,499</u>
Other governmental long-term obligations:						
Compensated absences			456,601	56,794	(5,635)	507,760
Other postemployment benefits			2,306,942	3,232,075	(1,035,240)	4,503,777
Landfill and postclosure care costs			72,000	—	(3,000)	69,000
			<u>2,835,543</u>	<u>3,288,869</u>	<u>(1,043,875)</u>	<u>5,080,537</u>
Total long-term obligations			<u>\$ 21,185,543</u>	<u>3,288,869</u>	<u>(2,143,875)</u>	<u>22,330,537</u>

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2010

***Maturity of Bond Indebtedness***

Bond indebtedness outstanding at June 30, 2010 matures as follows:

	<b>Governmental activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Year ending June 30:</b>			
2011	\$ 1,115,000	705,634	1,820,634
2012	1,150,000	663,409	1,813,409
2013	1,185,000	618,634	1,803,634
2014	1,230,000	573,121	1,803,121
2015	1,275,000	525,471	1,800,471
2016 – 2020	6,350,000	1,819,623	8,169,623
2021 – 2025	3,635,000	543,813	4,178,813
2026 – 2028	930,000	80,813	1,010,813
	<b><u>\$ 16,870,000</u></b>	<b><u>5,530,518</u></b>	<b><u>22,400,518</u></b>

	<b>Business-type activities</b>					
	<b>Water</b>			<b>Other</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Year ending June 30:</b>						
2011	\$ 14,198	8,738	22,936	10,802	6,649	17,451
2012	14,198	8,277	22,475	10,802	6,298	17,100
2013	14,198	7,816	22,014	10,802	5,947	16,749
2014	14,198	7,354	21,552	10,802	5,596	16,398
2015	11,358	6,857	18,215	8,642	5,218	13,860
2016 – 2020	56,790	26,819	83,609	43,210	20,406	63,616
2021 – 2025	56,790	14,328	71,118	43,210	10,902	54,112
2026 – 2028	34,072	2,915	36,987	25,928	2,215	28,143
	<b><u>\$ 215,802</u></b>	<b><u>83,104</u></b>	<b><u>298,906</u></b>	<b><u>164,198</u></b>	<b><u>63,231</u></b>	<b><u>227,429</u></b>

	<b>Business-type activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Year ending June 30:</b>			
2011	\$ 25,000	15,387	40,387
2012	25,000	14,575	39,575
2013	25,000	13,763	38,763
2014	25,000	12,950	37,950
2015	20,000	12,075	32,075
2016 – 2020	100,000	47,225	147,225
2021 – 2025	100,000	25,230	125,230
2026 – 2028	60,000	5,130	65,130
	<b><u>\$ 380,000</u></b>	<b><u>146,335</u></b>	<b><u>526,335</u></b>

## **TOWN OF OXFORD, MASSACHUSETTS**

### Notes to Basic Financial Statements

June 30, 2010

The Town is subject to a dual-level general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations. As of June 30, 2010, the Town has the ability to issue \$58.9 million of additional debt within the normal debt limit.

As of June 30, 2010, the Town has total authorized unissued debt of \$7,950,000. The remaining authorized unissued debt is intended to finance the following:

Water fund:		
Water company purchase	\$	6,750,000
Water main		200,000
Nonmajor enterprise funds:		
Community center improvements		<u>1,000,000</u>
	\$	<u><u>7,950,000</u></u>

### **(10) Temporary Borrowings**

Under state law and by authorization of the board of selectmen, the Town is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of tax anticipation notes (TANs);
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs);
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANs and SANs).

Temporary loans are general obligations of the Town and carry maturity dates which are limited by statute. In fiscal 2010, the Town incurred \$6,719 in interest expenditures for temporary borrowings, all recorded in the water fund.

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2010

Short-term debt activity for the year ended June 30, 2010 was as follows:

	<b>Outstanding at June 30, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Outstanding at June 30, 2010</b>
Bond anticipation notes payable:				
Water fund:				
Water tank construction	\$ 245,000	200,000	(245,000)	200,000
Water company purchase	—	550,000	—	550,000
Total	<u><u>\$ 245,000</u></u>	<u><u>750,000</u></u>	<u><u>(245,000)</u></u>	<u><u>750,000</u></u>

**(11) Transfers**

Transfers to (from) governmental funds and their purposes during the year ended June 30, 2010 were as follows:

	<b>General</b>	<b>Other governmental</b>
Ambulance – operating expense	\$ 765,000	(765,000)
Retirement trust fund – pension expense	108,230	(108,230)
BOH – operating expense	50,000	(50,000)
WRTA – operating expense	27,000	(27,000)
Capital projects – stabilization	4,307	(4,307)
State Aid Libraries – operating expense	15,294	(15,294)
Conservation – operating expense	7,000	(7,000)
Animal Control – operating expense	6,000	(6,000)
Cemetery – operating expense	6,000	(6,000)
Revolving – operating expense	4,000	(4,000)
HAP Charity – operating expense	4,000	(4,000)
Community Development – operating exp.	3,800	(3,800)
Available funds – Tri-Centennial Trust	(5,000)	5,000
Available funds – WRTA Funding	(3,807)	3,807
Available funds – Cemetery Perp. Care	(6,459)	6,459
Available funds – Ambulance funding	(15,166)	15,166
Available funds – Board of Health funding	(718)	718
Available funds – Comm. Development	(3,803)	3,803
Total transfers to (from)	<u><u>\$ 965,678</u></u>	<u><u>(965,678)</u></u>

## TOWN OF OXFORD, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2010

#### **(12) Interfund Receivable and Payable Balances**

Individual fund receivable and payable balances at June 30, 2010, are as follows:

Interfund balances	Receivable	Payable
General	\$ 46,060	(6,459)
Other governmental:		
Capital projects fund	—	(46,060)
Permanent funds	<u>6,459</u>	<u>—</u>
Balances at June 30, 2010	<u><u>\$ 52,519</u></u>	<u><u>(52,519)</u></u>

#### **(13) Risk Management**

The Town is exposed to various risks of loss related to general liability, property, and casualty, workers' compensation and unemployment compensation claims.

Buildings and property are insured against fire, theft, and natural disaster to the extent that losses exceed \$10,000 per incident.

The Town is insured for general liability up to \$100,000 per claim to a maximum of \$1,000,000 per occurrence; however, Chapter 258 of the MGL limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal/civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims or related judgments paid in 2010.

The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsurance through commercial companies for stop loss insurance. The total premium assessed by MIIA to the Town in 2010 amounted to \$347,611 and was recorded in the general fund.

The Town purchases Accidental Death and Dismemberment (ADD) Insurance with an Income Rider for uniformed police and fire personnel. The ADD policy has a limit of \$200,000 per individual for the loss of life, limb, sight, or hearing. The Income Rider has a limit of \$400 per week for the first 28 days and covers 100% of the average weekly wage after 28 days with a maximum of 260 weeks per injury.

Health insurance benefits for employees are provided through a third-party insurance carrier and health maintenance organizations. The Town pays approximately 67% of the premium cost for employees who elect the primary care indemnity plan. The Town contributes 90% of the premium costs for those employees who elect a managed health care program. Additionally, the Town is self-insured for unemployment compensation. In fiscal 2010, claims related to unemployment compensation amounted to \$107,624. The liability for self-insured unemployment compensation is not material at June 30, 2010.

## **TOWN OF OXFORD, MASSACHUSETTS**

### Notes to Basic Financial Statements

June 30, 2010

The Town maintains a health claims fund designated to meet future appropriations for health care. As of June 30, 2010, the balance in this fund was \$2,862,709. The Town also maintains an unemployment compensation fund designated to fund unemployment claims. As of June 30, 2010, the balance in this fund was \$601,848. Pursuant to MGL Chapter 50, Section 5(e), the balance of the unemployment compensation fund is limited to 1% of the Town's equalized value. These amounts are recorded as reservations of fund balance in the general fund.

#### **(14) Contingencies**

There are several lawsuits in which the Town is involved. The Town estimates that the potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the Town's basic financial statements.

#### **(15) Fund Deficits**

The following funds had deficit fund balances at June 30, 2010:

Other governmental funds:	
Special revenue:	
Community activities	\$ 1,480
Federal and state police grants	<u>27,931</u>
Total	<u><u>29,411</u></u>

The special revenue deficits will be eliminated upon satisfactory completion of federal and state audits, receipt of receipt of final grant funds, and recovery of costs through fees.

**TOWN OF OXFORD, MASSACHUSETTS**  
 Budgetary Comparison Schedule – General Fund  
 Required Supplementary Information

June 30, 2010

	<b>Budgeted amounts</b>		<b>Actual amounts (budgetary basis)</b>	<b>Variance with final budget positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Resources (inflows):</b>				
Real and personal property taxes, net	\$ 16,340,775	16,340,775	16,418,744	77,969
Excises	1,342,000	1,342,000	1,402,568	60,568
Penalties and interest	162,000	162,000	209,866	47,866
Fees	79,000	79,000	93,086	14,086
Licenses and permits	24,000	24,000	24,640	640
Intergovernmental	12,294,480	12,294,480	12,259,625	(34,855)
Fines and forfeitures	75,000	75,000	85,090	10,090
Investment income	64,000	64,000	37,521	(26,479)
Other	326,000	326,000	211,291	(114,709)
Amounts available for appropriation	<u>30,707,255</u>	<u>30,707,255</u>	<u>30,742,431</u>	<u>35,176</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
General government	2,688,576	2,572,623	2,475,697	96,926
Public safety	2,555,355	2,865,135	2,852,457	12,678
Education	15,811,825	15,901,825	15,877,333	24,492
Public works	1,984,511	2,408,964	2,348,175	60,789
Human services	111,663	166,663	145,479	21,184
Culture and recreation	380,729	380,729	380,579	150
State and county assessments	791,561	791,561	730,834	60,727
Pension, fringe, and general insurance	5,775,212	5,800,212	5,764,741	35,471
Debt service	2,014,922	2,014,922	1,823,721	191,201
Total charges to appropriations	<u>32,114,354</u>	<u>32,902,634</u>	<u>32,399,016</u>	<u>503,618</u>
Excess (deficiency)	<u>(1,407,099)</u>	<u>(2,195,379)</u>	<u>(1,656,585)</u>	<u>538,794</u>
<b>Other financing sources:</b>				
Transfers in, net	1,232,099	1,325,424	1,287,274	(38,150)
Total other financing sources	<u>1,232,099</u>	<u>1,325,424</u>	<u>1,287,274</u>	<u>(38,150)</u>
Excess (deficiency)	<u>(175,000)</u>	<u>(869,955)</u>	<u>\$ (369,311)</u>	<u>500,644</u>
<b>Other budget items:</b>				
Free cash	175,000	699,955		
Other available funds	—	170,000		
Total other budget items	<u>175,000</u>	<u>869,955</u>		
Net budget	<u>\$ —</u>	<u>—</u>		

See notes to required supplementary information and independent auditors' report.

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Required Supplementary Information

June 30, 2010

**Note A – Budgetary Basis of Accounting**

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all nonproperty tax revenue and transfers projected to be received by the Town, including available surplus funds.

The budgets for all departments and operations of the Town, except that of public schools, are prepared under the direction of the board of selectmen. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are acted upon by Town meeting.

All general fund functions are budgeted and are prepared on a basis other than generally accepted accounting principles (GAAP). The “actual” results column budgetary basis is presented on a “budget basis” to provide a meaningful comparison with the budget.

The major differences between budget and GAAP bases are that:

- (a) Budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balance (GAAP). The following reconciliations summarize the differences between budget and GAAP basis accounting principles for the year ended June 30, 2010.
- (c) Revenues, expenditures and transfers in (out) for budgetary purposes exclude certain funds that are reported in the General Fund on a GAAP basis.

**TOWN OF OXFORD, MASSACHUSETTS**

Notes to Required Supplementary Information

June 30, 2010

**Note B – Explanation of Differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures – General Fund**

	<b>Revenue</b>	<b>Expenditures</b>	<b>Other financing sources (uses), net</b>
As reported on a budgetary basis	\$ 30,742,432	32,399,016	1,287,274
Adjustment of revenues to a modified accrual basis	48,032	—	—
Adjustment for encumbrances and continuing appropriations and accrued expenditures, net of prior year reversals	—	(400,737)	—
Adjustment for revenues, expenditures and transfers that are not included in the general fund for budgetary purposes, but are included in the general fund for financial reporting purposes	<u>423,446</u>	<u>152,998</u>	<u>(321,596)</u>
As reported on a GAAP basis	<u><u>\$ 31,213,910</u></u>	<u><u>32,151,277</u></u>	<u><u>965,678</u></u>

**Note C – Expenditures in Excess of Budget**

The Town had no expenditures in excess of budgeted appropriations.

**TOWN OF OXFORD, MASSACHUSETTS**  
 Schedules of Funding Progress and Employer Contributions  
 June 30, 2010  
 (Unaudited)  
 (Dollar amounts in thousands)

**Schedules of Funding Progress**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (b-a)	Funded ratio (a/b)	Covered payroll (c)	((b-a)/c)
<b>Pension (Worcester Regional Contributory Retirement System<sup>1</sup>)</b>						
1/1/2010	\$ 413,977	863,002	449,025	48.0%	\$ 241,993	185.6%
1/1/2007	389,759	692,768	303,009	56.3	211,516	143.3
1/1/2004	350,880	552,774	201,894	63.5	170,669	118.3
<b>Other postemployment benefits</b>						
7/1/2008	\$ —	28,738	28,738	—%	\$ 19,304	148.9%

**Schedule of Employer Contributions – Worcester Regional Contributory Retirement System<sup>1</sup>**

	Annual required contribution	Percentage contributed
--	------------------------------	------------------------

Year ended December 31:

2009	\$ 28,800	100%
2008	26,400	100
2007	22,921	100

**Notes to schedules**

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
Actuarial cost method	Individual entry age normal cost
Amortization method	Increasing amortizations at 4.0%
Remaining amortization period	18 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	3%
Cost-of-living adjustments	Increase annually by 3% up to a maximum of \$360.

<sup>1</sup> The information presented above relates to the cost-sharing plan as a whole, of which the Town is one participating employer of ninety-four. The Town's annual required contribution is approximately 3.5% of the System's total annual required contribution.

See accompanying independent auditors' report.