

CITY OF OXFORD, NORTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013



**Prepared by the
City of Oxford Finance Department**

**Stephen M. McNally
Finance Director**

**City of Oxford
P. O. Box 506
Oxford, N.C. 27565**

**CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2013**

INTRODUCTORY SECTION

Letter of transmittal	2-5
Certificate of Excellence in Financial Reporting	6
Elected Officials	7
Appointed and Administrative Staff	8
Organization Chart	9
History of the City of Oxford	10-14
Responsibilities of the City Government	15-18

FINANCIAL SECTION

Independent Auditor's Report	20-22
Management's Discussion and Analysis	23-33

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit 1	Statement of Net Assets	36
Exhibit 2	Statement of Activities	37

FUND FINANCIAL STATEMENTS

Exhibit 3	Balance Sheet – Governmental Funds	39
Exhibit 3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	40
Exhibit 4	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	41
Exhibit 4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances – Annual Budget and Actual – General Fund	43-44
Exhibit 6	Statement of Fund Net Assets – Proprietary Funds	45
Exhibit 7	Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	46
Exhibit 8	Statement of Cash Flows-Proprietary Funds	47

CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2013

NOTES TO THE FINANCIAL STATEMENTS	49-79
-----------------------------------	-------

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Exhibit A-1	Law Enforcement Officers' Special Separation Allowance-Schedule of Funding Progress	81
Exhibit A-2	Law Enforcement Officers' Special Separation Allowance-Schedule of Employer Contributions	82
Exhibit A-3	Schedule of Funding Progress-Other Postemployment Benefits	83
Exhibit A-4	Schedule of Employer Contributions-Other postemployment Benefits	84

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Major Governmental Funds

Exhibit B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund	87-94
Exhibit B-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Capital Projects Fund	95

Enterprise Funds

Exhibit C-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Water and Sewer Fund (Non-GAAP)	97-100
Exhibit C-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Stormwater Management Fund (Non-GAAP)	101
Exhibit C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Water and Sewer Capital Projects Fund (Non-GAAP)	102

OTHER SCHEDULES

Exhibit D-1	Schedule of Ad Valorem Taxes Receivable-General Fund	104
Exhibit D-2	Analysis of Current Tax Levy-City Wide Levy	105

CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2013

STATISTICAL SECTION

Table 1	Net Assets by Component	107
Table 2	Changes in Net Assets	108
Table 3	Governmental Activities Tax Revenues by Sources	109
Table 4	Fund Balances of Governmental Funds	110
Table 5	Changes in Fund Balances of Governmental Funds	111
Table 6	General Governmental Tax Revenues by Sources	112
Table 7	Assessed Value and Estimated Actual Value of Taxable Property	113
Table 8	Property Tax Rates	114
Table 9	Principal Property Taxpayers	115
Table 10	Property Tax Levies and Collections	116
Table 11	Ratios of Outstanding Debt by Type	117
Table 12	Direct and Overlapping Governmental Activities Debt	118
Table 13	Legal Debt Margin Information	119
Table 14	Demographic and Economic Statistics	120
Table 15	Principal Employers	121
Table 16	Full-time Equivalent City Government Employees by Function	122
Table 17	Operating Indicators by Function	123
Table 18	Capital Assets Statistics by Function	124

GRAPHS

Graph A	Net Assets by Component - Governmental Activities	126
Graph B	Net Assets by Component - Business-Type Activities	127
Graph C	Net Assets/Fund Balance	128
Graph D	General Fund – Fund Balance	129
Graph E	Tax Collection Percentage	130

**CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2013**

COMPLIANCE SECTION

Report on Compliance and on Internal Control Over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	132-133
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133, and the State Single Audit Implementation Act	134-135
Schedule of Findings and Questioned Costs	136
Corrective Action Plan	137
Schedule of Prior Year Audit Findings	138
Schedule of Federal and State Awards	139

INTRODUCTORY SECTION



City Of Oxford

LETTER OF TRANSMITTAL

November 21, 2013

To the Members of the Board of Commissioners, and to the Citizens of the City of Oxford

State law requires that each fiscal year all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Oxford for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances and the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As Finance Director, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Winston, Williams, Creech, Evans & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit

involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the city's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Oxford was incorporated in 1816 and is a municipality within Granville County. The form of government is Council-Mayor-Manager. The City has a seven-member council called the Board of Commissioners. The City of Oxford is located in the North Central Piedmont region of North Carolina. The City currently occupies approximately 6.4 square miles.

Policy-making and legislative authority are vested in the governing Board of Commissioners. The Board is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring the government's manager and attorney. The manager is responsible for carrying out the policies and ordinances of the Board, overseeing the day-to-day operations of the government and appointing the heads of the various departments.

The City provides its citizens with a wide range of services that include public safety, cultural and recreational activities, general administration, and others. This report includes all the City's activities in maintaining these services. The City also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens.

In government, much more than in business, the budget is an integral part of the unit's accounting system and daily operations. Annual budgets are adopted for the General and Enterprise Funds. Project ordinances are adopted for the Capital Projects Fund.

City management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with GAAP and maintaining

accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the City's audit, the independent auditor performed a review of the City's internal control structure. This review was not an audit and no opinion was issued on the internal control structure.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economic Condition and Outlook

The slow down in the overall economy has unfortunately impacted Oxford's local area economy, as well. The unemployment rate for Granville County currently is 9.8%; which is slightly higher than the State average of 8.8%.

Major Initiatives (and associated FY 2013 expenditures)

- DOT Sidewalk grant (\$158,000 project)
- Repaving of Raleigh Street (\$83,143)
- Cherry/Goshen Storm Water drain replacement – (an \$80,000 project - \$19,822 expended to date)
- Raleigh Street CDBG (a \$1,600,000 project - \$932,215 expended to date)
- Storm Water Management Trust Fund project (a \$300,000 project - \$183,624 expended to date)
- Rural Center Sewer Upgrade Grant #2 (a \$750,000 project - \$598,677 expended to date)

The Board of the City has taken a general position that it will try to increase fund balance over the long term (five year period).

Debt Administration

The City retired \$180,191 in debt and long-term obligations in its governmental operations. Including compensated absences, Other Post Retirement Benefits and the Net Pension Obligation, debt in the governmental operations decreased from \$2,528,532 at June 30, 2012 to \$2,471,389 at June 30, 2013. Proprietary Fund Debt (including

compensated absences) decreased from \$7,493,788 at June 30, 201, to \$6,999,399 at June 30, 2013.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oxford for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the eleventh time that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the Finance Department. I would also like to express appreciation to the dedicated efforts of the City's Independent Public Accountants, Winston, Williams, Creech, Evans and Co., LLP. Special thanks go to Carleen Evans, who compiled much of the statistical data. Also, I would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Respectfully submitted,

Stephen M McNally

Stephen M McNally
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Oxford
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

OXFORD CITY GOVERNMENT

ELECTED OFFICIALS

Jackie Sergent	Mayor	114 High Street Oxford, NC 27565
James D. "Danny" Currin	Mayor Pro Tem/ Commissioner	100 Hunters Road Oxford, NC 27565
Howard Herring, Sr.	Commissioner	307 Lanier Street Oxford, NC 27565
Calvin "CJ" Harris Jr.	Commissioner	205 New College Street Oxford, NC 27565
Ron Bullock	Commissioner	304 Tranquil Drive Oxford, NC 27565
Robert B. Williford Sr.	Commissioner	163 Pine Cone Drive Oxford, NC 27565
Frank Strickland	Commissioner	112 Planters Place Oxford, NC 27565
Betty Moseley	Commissioner	100 Spruce Drive Oxford, NC 27565

**CITY OF OXFORD, NORTH CAROLINA
APPOINTED AND ADMINISTRATIVE STAFF
JUNE 30, 2013**

Randy Hemann *
City Manager

Larry Thomas, Jr.
City Engineer & Public Works Director

Tommy Scholl
Water and Sewer
Superintendent

J. Thomas Burnette *
City Attorney

David Cottrell Jr.
Street Superintendent

Alvin "Al" Coley
Chief of Police

Carol Dorsey
Human Resources Director

Kenny Manning
Buildings & Grounds Supervisor

David Cottrell III
Fire Chief

Stephen M McNally
Finance Officer

Julia Overton
Downtown Oxford
Economic Director

Barb Rote*
City Clerk

Mary Caudle
Parks/Recreation Director

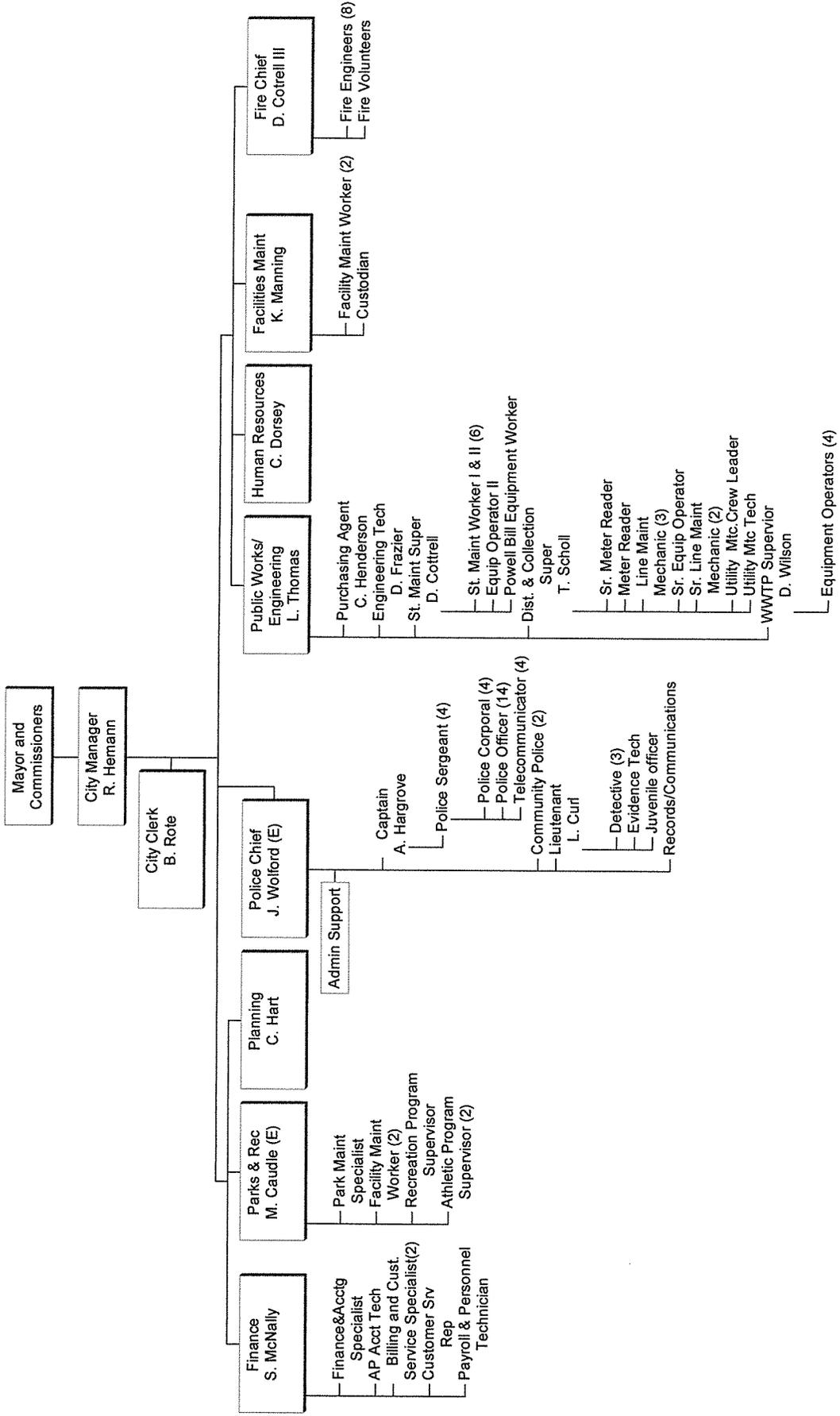
Christine Henderson
Purchasing Officer

Cheryl Hart
Planning & Zoning

Dennis Wilson
WWTP Director

* Appointed by Board of Commissioners

City of Oxford, NC
as of June 30, 2013



HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

The information that follows has been obtained from several sources known to be factual. Voluminous written material is available in the North Carolina Room in the R. H. Thornton Library in Oxford.

What eventually became North Carolina was first known as the Lost Colony. Virginia was the first colony settled and others followed with help from the First Families of Virginia (The FFV's).

Of the eight original Lords Proprietors of land in the New World all but one agreed to sell (in 1720) their land holdings to the King of England; John Carteret, Earl of Granville; his portion was the north part of North Carolina. The Earl of Granville never laid eyes or foot on his holdings in Carolina. He made grants to various people in pre-revolutionary days.

The Earl of Granville granted to William Willis on December 1, 1760, some 508 acres, which Willis sold to Samuel Benton. The 508 acres in the area includes the original Oxford city limit area. On March 12, 1760, Willis sold 200 acres to Samuel Benton. Benton called his land "Oxford Plantation". Benton purchased other tracts as well. By tradition William Willis settled the first land in what is now Oxford in December 1760.

In the early days the first known settlement for trading and court activities was Harrisburg which was located on what we call Coon Creek in the vicinity of the old Henderson Road where it parallels. Harrisburg was an important supply base during the Revolutionary War.

King Charles II, after regaining the throne after the Cromwell era, rewarded his supporters with land grants. His father Charles I was beheaded after the Civil War in the 1640's (England was without a King for 30 years).

Interstate Highway 85. It is interesting to note that the Interstate Highway system along the U.S. East Coast is about identical in it's location to the old pre-revolutionary war trading paths.

Granville County was formed in 1746 out of Edgecombe County. Harrisburg was the first settlement in Granville and the second was Williamsboro in what is now Vance County on NC 39. The third settlement in Granville was Oxford. In 1764 Samuel Benton was a member of the North Carolina General Assembly and he managed to have a bill ratified making Oxford the County Seat of Granville County. Benton also served as Sheriff of Granville County and was a large land owner and prominent political personage.

Oxford was first called a post town and later it was called Merrittsville. Samuel Benton died in 1770. His descendants moved to Missouri.

In 1764 Benton gave an acre of land to build a Courthouse. The Courthouse at Harrisburg was used until 1820.

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

On November 29, 1787, Thomas Person (a large landowner of Granville County) asked for leave to introduce a bill in the State General Assembly to Incorporate the Town of Oxford. The bill was introduced in 1789 but was not ratified.

Tradition and the records of the Francis Hays Collection give indication that Samuel Benton sold land to Leonard Henry Bullock who sold the same land to John Walker, Sr. who sold to William Pannill who sold some of the land to Thomas B. Littlejohn; and Littlejohn is considered to be the founder of Oxford by tradition.

Littlejohn subdivided lots in the vicinity of the present Courthouse for the establishment of businesses and he established a hotel himself. Littlejohn laid out the original lots in Oxford and spearheaded another attempt for incorporation of the town of Oxford in 1811 which failed.

Littlejohn was a strict elder of the Presbyterian Church and said that the community was in early days a favorite meeting place for gamblers and sportsmen and he said "no town ever groaned under such a heavy load of sin and it was, "Satan's Nest".

Finally on December 26, 1816 the general Assembly ratified an Act incorporating the Town of Oxford. Several amendments to that act occurred from 1816 until 1831.

The first Oxford Commissioners were appointed by the State General Assembly. They were William M. Sneed, Nathaniel M. Taylor, Thomas Booth, Leslie Gilliam and Thomas B. Littlejohn (in 1816). The act of the General Assembly empowered them to appoint a chairman. The first election of Oxford Commissioners was held in 1830 by direction of the General Assembly who directed the Sheriff to hold the election. The present City records of Board meetings began in 1831.

In early days bartering and trade of goods and staples constituted the main economic base. Land speculation figured prominently in the economy and the year 1760 showed a great upward trend in land trading. Tobacco was one of the most prominent commodities in trade and was commonly used as the currency of the time probably more so than the British pound before and after the Revolution.

The land speculation of the 1760's and after was largely due to movement of second and third generation Virginians into North Carolina. John Penn was a Virginian who settled in Granville and was a North Carolina signer of the Declaration of Independence. He died in Granville County in 1787.

In the year 1839 on the farm of Abisha Slade in Caswell County, North Carolina, a slave built a fire in a tobacco barn where tobacco was being air cured. Having slept in the barn all night and upon awakening the next morning discovered that the tobacco hanging above him had turned to a golden yellow. The slave's name was Stephen (Slade). That was the beginning of the process later to be known as flue curing of tobacco. Burley tobacco grown mostly in Tennessee, Kentucky and Western North Carolina is still air cured and is used almost entirely for pipe smoking. After 1839

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

charcoal was used for tobacco curing due to the leap upward in demand for yellow cured tobacco (Abisha Slade's tobacco jumped in value from ten dollars to forty dollars per hundred pounds).

In the early 1800's in Maryland a variety of heat curing devices were used for tobacco curing. Dr. Davis G. Tuck of Halifax County, Virginia is credited with development of a flue-cured system that became uniformly used in the old belt which embraced counties in the lower mid counties of Virginia and the North Central Counties in the North Carolina. Major Robert Lispcomb Ragland, of Hyco in Halifax County, Va. (b.1824 d.1893) cultivated, produced and sold the seed from the Abisha Slade tobacco in Caswell County. He established himself as an authority on tobacco and is acknowledged to have "fixed" the curing formula that became standard. In Tilley's book on the history of tobacco he is said to be the forerunner of modern scientific (tobacco) agriculturists.

The rich, sweet, and mellow aroma and taste of the flue cured golden tobacco leaf produced a quantum leap forward for the demand for tobacco. The genius of the flue curing system was that it insulated the tobacco from the wood fired ash and smoke. Of course other crops such as cotton, corn, wheat and so forth figured in the agrarian economy but they all were secondary to tobacco. Tobacco was transported to market in large round wooden barrels called hogsheads. One legacy of the American Civil War was that large numbers of Union troops were introduced to tobacco and when they returned home wanted more.

Francis Hays (Vol. 1) Oxford History says that the first tobacco warehouse for auction sales was built in 1866 by Dr. L.C. Taylor and Oxford claimed to be the oldest auction sale market in the "old belt". The coming of railroads greatly expanded the sale and shipping of tobacco to domestic and foreign markets. Likewise, the industrial revolution propelled the processing, manufacturing and packaging of tobacco forward with a great leap.

In November, 1890 William Henry Snow (b.1825 d.1902) a native of Washington County, Vermont came from High Point, North Carolina to Oxford due to the efforts of Oxford tobacco interests and with \$200,000 capital established a factory in the vicinity of West Front, First and Elm Street for the manufacture of wired tobacco curing sticks to be used in a revolutionary curing barn (known as the Snow Barn) that he patented on July 14, 1885. After three years the Snow Barn operation failed but the factory converted to production of tobacco baskets with production of 200,000 yearly. The Snow Barn objective was to reduce curing time by 24 to 48 hours. Although the concept failed at the time it was nevertheless an early prototype of modern curing barns in use today. Granville County natives pioneered the growth of tobacco in Canada and in South Africa.

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

In the late 1800's other industries appeared in Oxford to balance the economy due to the highly seasonal aspect of agricultural products. Examples were buggy manufactures, wheel factories, and others. Early in this century there were three buggy companies. The largest boasted manufacture and sale of 4000 buggies a year. A soft drink bottling works was operated (behind the present Jones Drug Store) for a time by Josh King who was later president of the Union National Bank.

In the 20's and 30's, a body factory manufactured school bus bodies where the Southern States (Farm Supply) cooperative is now located. A variety of industries operated in Oxford in the late 1800's and early 1900's eventually disappeared. One old industry that did not fade away was the Oxford Cotton Mill which was purchased by Burlington Industries in 1947.

W.A. Adams Co. was established in 1885 and celebrated it's 100 year anniversary in 1985. Adams was a small independent buyer and processor of leaf tobacco, mostly for the international markets. It was a large part of Oxford's economy. They bought and sold tobacco in the far east, South America and Europe. Until shortly after World War II the Oxford market drew tobacco for an eighty mile radius. After the war the draw diminished due to creation of markets in areas where they previously didn't exist. Other significant tobacco buyers and processors with plants in Oxford were the Export Tobacco and the Imperial Tobacco Company of Great Britain. Their plants were closed out in the 1960's. Imperial consolidated in Wilson, NC and later closed out there. Green prize houses in Oxford in former years were owned by Liggett-Myers, R.J. Reynolds, American and others in earlier years (late 1800's early 1900's).

In 1911 the Tobacco Experimental Research Station was established on the west side of Oxford. Since it's beginning it has made extremely important contributions to the control of tobacco plant diseases. In the 1920's and 1930's a plant disease known as "Granville Wilt" brought about devastating situation to many tobacco farmers in Granville County. The "Granville Wilt" problem was so bad that a significant number of farmers either sold their farms or lost them in the depression. Many of those farmers and their families moved to other counties in North Carolina such as southern Wake, Harnett, and Johnston Counties. Farm land values sank drastically because of Granville Wilt. During World War II the Oxford Tobacco Experimental Station, working with it's staff of plant pathologists and related disciplines developed a wilt resistant variety of tobacco plant. That enormous accomplishment effectively eliminated Granville Wilt which by then had migrated to other tobacco growing areas as well. The revolutionary accomplishment of the Research Station enabled tobacco farmers to recover past losses and farm land values appreciated quite significantly.

In the 1950's the decline of the agricultural economy was felt severely and efforts to recruit industry had some moderate success. In 1960 Oxford and Granville County funded a full time industrial recruiter and important new industries located in the County and in Oxford.

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

During the first half of the twentieth century the automobile and the building of the first National Highways (U.S. 15 and U.S. 158) contributed greatly to Oxford's economy. While the Interstate Highway contributes greatly to industrial recruiting, Oxford has not replenished the lost economic benefit of the old U.S. 15 and U.S. 158 through traffic that patronized local businesses. However, the contribution of local industry has provided an enviable low rate of unemployment which is consistently below that of most of our neighboring counties.

No history, however brief, should overlook the contribution of the important educational and social institutions that were prominent in Oxford's history; they are listed below:

Oxford Academy - 1811 - 1850

NC Literary, Science and Military School - 1830

Oxford Female Academy (later Oxford College) 1850 - 1925

St. John's College - 1850 - 1868

Masonic Home for Children - 1872 (converted from the former St. Johns College and Oxford Orphanage)

Horner Military School - 1855 - 1913

Central Orphanage of NC - 1883

St. Stephen's Institute (later Granville Institute then Hilliard School) 1885 - 1909

Mary Potter School - 1890

Oxford Public Schools - 1902

Fuller School of Business - from the 1940's until about the mid 1960's

Over the post World War II years local financial institutions have grown substantially and we now have 6 banks, a State Employees Credit Union, and the Oxford Credit Union.

Some of our late prominent citizens include W.A. Devin, Chief Justice of the North Carolina Supreme Court; D.G. Brummitt, Former State Attorney General; Frank W. Hancock, Jr., a U.S. Congressman during the 1930's and others. One notable native of Oxford is James Webb, Former Administrator of NASA.

The Oxford City Seal

The City's seal is symbolic of its history and character. The ox in the ford is taken from a similar drawing used as a symbol by Oxford, England. The tobacco leaf is a symbol of Oxford's dependence on the agricultural economic base. The rotating gears are symbolic of the role of industry in the economic base. The two together provide a balance for support of Oxford.

RESPONSIBILITIES OF THE CITY GOVERNMENT

GOVERNING BODY

The Governing Body of the City is the City Board of Commissioners, which is comprised of the Mayor and seven Commissioners. They are elected by the registered voters of the City of Oxford. The Board of Commissioners is vested with the authority and responsibility of establishing policy, enacting all legislation and ordinances, and providing for the general health and welfare of all Oxford citizens.

ADMINISTRATION

The Administration Department, under the Council-Manager form of government, supports the role of the City Manager in implementing the policy decisions of the Council and is responsible for the performance of all City Departments.

The City Clerk, who reports directly to the City Council, is responsible for giving notice of City Council meetings preparing the Council agenda, recording Council proceedings, serving as custodian of all permanent city records, keeping the City Seal, attesting all city documents, updating the city code, keeping records of appointments and terms of the various Boards and Commissions.

The Downtown Oxford Economic Development Corporation Director is the City's representative on the Corporation's board, and leads the Corporation's efforts to develop the downtown as an economic, historical, cultural and family-oriented hub through image and promotional enhancements.

The Human Resource department is responsible for employee recruiting, compensation, benefits, employee relations, training and development, performance evaluation programs, safety programs and personnel records management.

Public Building Maintenance and Landscaping departments are responsible for the upkeep and maintenance of all municipal buildings as well as the appearance of all exterior grounds (except those maintained by the Parks and Recreation department).

FINANCE DEPARTMENT

The purpose of the Finance Department is to administer the financial affairs of the city. This encompasses investing all city funds; maintaining accounting and financial records; billing and collecting all city moneys, including utility accounts and delinquent taxes; preparing the comprehensive Annual Financial Report; reading meters; and performing special projects, such as monthly water reports, monthly financial and statistical reports, cash flow projections, budget preparation, etc.

The Finance Department also provides computer support services to management and user

RESPONSIBILITIES OF THE CITY GOVERNMENT

departments. Specific duties include system analysis, programming, computer operations, training, and user support.

LEGAL DEPARTMENT

The Legal Department consists of the city attorney who performs a wide range of legal services. The attorney, who reports directly to the Council, serves as legal advisor to the Council, the boards and commissioners of the city, and the city staff.

The City attorney also assists staff members in responding to citizen's questions and complaints. In addition to defending and prosecuting lawsuits, the City Attorney drafts legal documents such as resolutions, ordinances, and contracts.

DEPARTMENT OF PLANNING AND ZONING

The Planning and Development Zoning Department consists of three major divisions in serving the citizens of Oxford. Comprehensive Planning is concerned with the short and long range planning of the city. Areas such as land use planning, demographic and population projections, and fiscal impact analysis are all a part of Comprehensive Planning. The Zoning office is concerned with providing all permit applications and information for such items as building permits, rezoning applications, sign permits, etc. Also, records of permits issued and plans approved are maintained in this office. The Building Inspections function is concerned with actual inspections made for new construction, including additions and alterations, and making all building electrical, plumbing and mechanical inspections required by state building codes.

POLICE DEPARTMENT

The mission of the Police Department is to protect the lives and property of the citizens and many visitors of Oxford. In order to accomplish this, the department is divided into five functional areas:

1. Field Services
2. Investigations
3. Crime Prevention
4. Animal Control
5. Records Division

FIRE DEPARTMENT

The primary goal of the Fire Department is to protect the lives and property of Oxford citizens. The department enforces the fire code, maintains all fire equipment and buildings, and does public fire education programs. The City of Oxford has 24 volunteer fireman contracted with the Oxford Fire Company in addition to the full-time employees of the City.

RESPONSIBILITIES OF THE CITY GOVERNMENT

ENGINEERING DEPARTMENT

The Engineering Department monitors the construction of all improvements which are slated for public maintenance which affect the health, safety and welfare of the general public. These include, but are not limited to, water, sewer, streets, storm drainage and sidewalk improvements. The department also has the responsibility for the planning, design, contract management, and construction observation of all the city's utility and transportation projects. This includes inspection, approval and acceptance for maintenance of all waterlines, sewer lines, sidewalks, streets, storm drainage construction, erosion control, and flood plain management.

PUBLIC WORKS DEPARTMENT

The Public Works Department is composed of six divisions with the following responsibilities:

1. Administration - This division is responsible for department coordination, response to citizens, budget preparation, expenditure system control, inventory maintenance, parts and supplies procurement, report and study preparation, and record keeping.
2. Cemetery - This division is responsible for cutting grass and maintaining the cemetery.
3. Water and Sewer Line Maintenance - This division handle major water and sewer projects too time consuming for the regular utility crews. These projects include building curbs and gutter, sidewalks, storm drain-age structures, buildings, and other related projects.
4. Sanitation - The primary duty is the removal of garbage and trash for residential and small commercial customers. The division is also responsible for picking up used large appliances and dead animals, chipping limbs, and emptying downtown litter containers, and operating a recycling center.
5. Streets - Responsibilities include the general maintenance and repair of streets and associated storm drainage structures, street sweeping, maintenance of the city limb and leaf disposal area, raw material hauling, ice and snow removal, and emergency services.
6. Utilities - This division is responsible for providing water and sewer services to customers both inside and outside the city; billing monthly fees for water, sewer and garbage services; providing clean water to the citizens of Oxford; and treatment of waste water. The division is divided into the following sections:

RESPONSIBILITIES OF THE CITY GOVERNMENT

- a. General operations
- b. Meter Service
- c. Water Supply, Pumping and Filtering
- d. Waste Water Treatment Plant
- e. Pretreatment Program

PARKS AND RECREATION DEPARTMENT

The Parks and Recreation Department is made up of four divisions with the following duties:

1. Recreation - This division organizes, plans and implements athletic programs for adults and children of the city, including basketball, tennis, softball, and baseball programs and special events.
2. Parks - This division is responsible for the maintenance, repair, and small construction of the city parks and ball fields, and the grounds around certain city buildings, planting flowers alongside city streets and in city parks, mowing grass in city parks, and Christmas decorations.
3. Swimming Pool - This division is responsible for cleaning and maintenance of the public swimming pool at Rucker Park and for providing lifeguard services during pool hours.
4. Lake Devin Facilities - This division is responsible for maintaining the city's shelter at Lake Devin and collecting rent and coordinating schedule for use of the facility.

FINANCIAL SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, CPA
K. Jamison Crampton, CPA

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oxford, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Oxford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller 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. The financial statements of Oxford Parking Authority and Downtown Oxford Economic Development Corporation were not audited in accordance with *Governmental Auditing Standards*.

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

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oxford, North Carolina as of June 30, 2013, and the respective changes in financial position, and, where applicable, and cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 23-33 and the Law Enforcement Officers' and the Other Post Employment Benefit's and Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 81-84, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxford's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion based on our audit, the procedures performed as described above the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2013 on our consideration of the City of Oxford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the 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* in considering the City of Oxford's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Co., LLP

Winston, Williams, Creech, Evans and Co., LLC

Oxford, North Carolina

November 21, 2013

Management's Discussion and Analysis

As management of the City of Oxford, we offer readers of the City of Oxford's financial statements this narrative overview and analysis of the financial activities of the City of Oxford for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

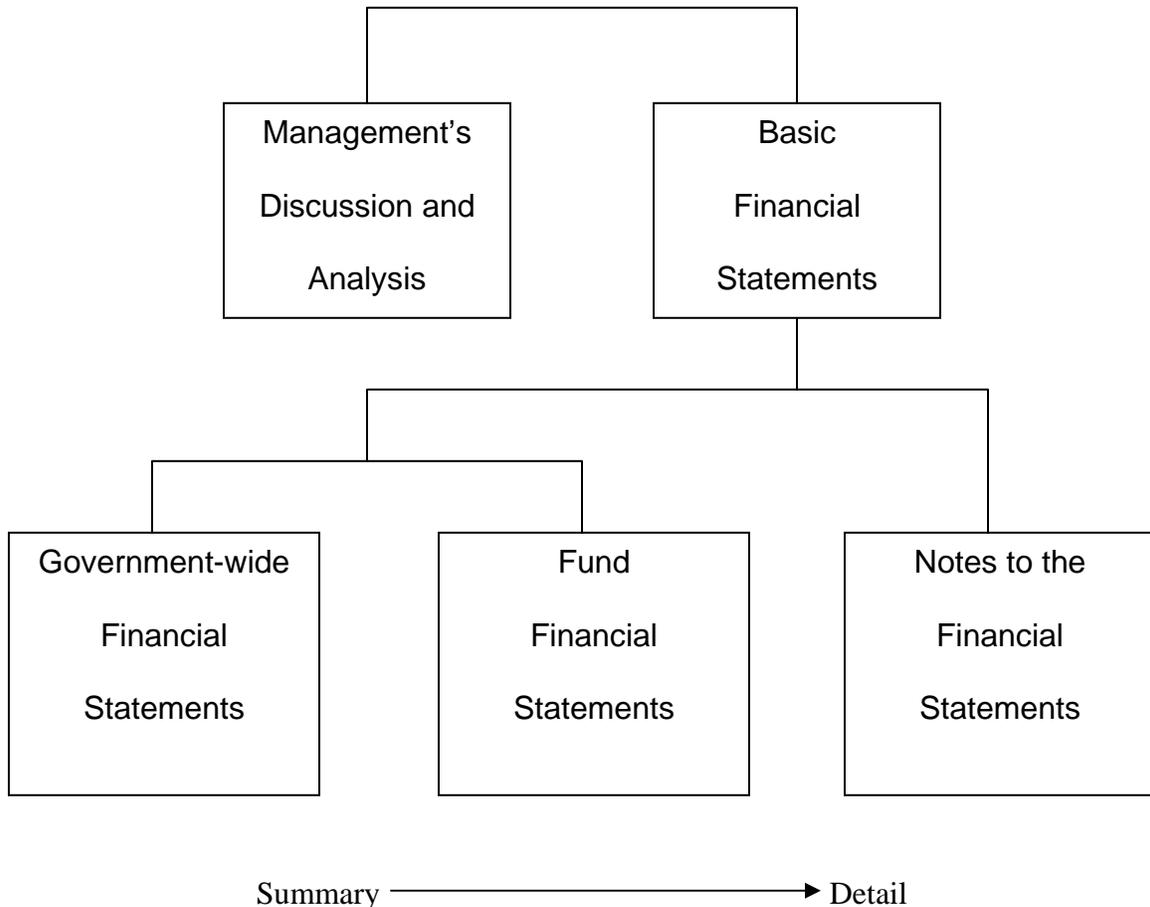
- The assets of the City of Oxford exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,979,213 (net position).
- The government's total net position increased by \$1,450,848 primarily due to increases in business-type activities net position.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$2,379,028, an increase of \$233,830 in comparison with the prior year. Approximately 77.95 percent of this total amount or \$1,854,297 is unassigned.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$1,941,362 or 24.99 percent of total general fund expenditures for the fiscal year.
- The City of Oxford's total debt decreased by \$ 551,532 (5.51) during the current fiscal year. The key factor in this was the continuing debt payment of the State Revolving Fund loan to finance the upgrade of the Waste Water Treatment Plant.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Oxford's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Oxford.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City of Oxford charges customers to provide. These include the water and sewer services offered by the City of Oxford. The final category is the component units. Although legally separate from the City of Oxford, the Oxford Parking Authority and Downtown Oxford Economic Development Corporation are important to the City of Oxford because the City exercises control over the Board by appointing its members.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. 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 City of Oxford, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Oxford can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are

reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Oxford adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City and the management of the City and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – City of Oxford has two different kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Oxford uses enterprise funds to account for its Water and Sewer activity and for Storm Water Management operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 49-79 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Oxford's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 81 of this report.

Government-Wide Financial Analysis

The City of Oxford's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 3,045,828	\$ 2,852,945	\$ 3,162,846	\$ 3,479,829	\$ 6,208,674	\$ 6,332,774
Capital assets	6,033,837	6,243,706	23,023,035	21,811,776	29,056,872	28,055,482
Total assets	<u>9,079,665</u>	<u>9,096,651</u>	<u>26,185,881</u>	<u>25,291,605</u>	<u>35,265,546</u>	<u>34,388,256</u>
Long-term liabilities outstanding	\$ 2,083,321	\$ 2,132,496	\$ 6,539,146	\$ 7,016,361	8,622,467	9,148,857
Other liabilities	770,975	813,572	892,891	897,362	1,663,866	1,710,934
Total liabilities	<u>2,854,296</u>	<u>2,946,068</u>	<u>7,432,037</u>	<u>7,913,723</u>	<u>10,286,333</u>	<u>10,859,791</u>
Net position:						
Net investment in capital assets	5,125,040	5,154,718	16,275,698	14,528,674	21,400,738	19,683,392
Restricted	488,932	577,759	-	-	488,932	577,759
Unrestricted	611,397	418,006	2,478,146	2,849,208	3,089,543	3,267,214
Total net position	<u>\$ 6,225,369</u>	<u>\$ 6,150,483</u>	<u>\$ 18,753,844</u>	<u>\$ 17,377,882</u>	<u>\$ 24,979,213</u>	<u>\$ 23,528,365</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities and deferred inflows by \$24,979,213 as of June 30, 2013. The City's net position increased by \$1,450,848 for the fiscal year ended June 30, 2013. However, the largest portion (85.68%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Oxford uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Oxford's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Oxford's net position (1.96%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 3,089,543 (12.36%) is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Water and Sewer revenues are down \$49,561 from the previous year due to an increase in the water usage rate and increased water and sewer consumption.
- An increase in \$982,000 in Community Development Block from the previous year.
- Net income from the Storm Water fund of \$122,021.
- Increase in privilege licenses of \$201,246 due to an increase in internet sweepstakes business license fees.

City of Oxford Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,040,062	\$ 1,839,472	\$ 4,632,363	\$ 4,675,538	\$ 6,672,425	\$ 6,515,010
Operating grants and contributions	316,300	313,600	-	-	316,300	313,600
Capital grants and contributions	1,322	1,818	991,000	299,600	992,322	301,418
General revenues:						
Property taxes	3,154,864	3,094,027	-	-	3,154,864	3,094,027
Other taxes	2,351,790	2,159,169	-	-	2,351,790	2,159,169
Grants and contributions not restricted to specific programs						
	-	-	-	-	-	-
Other	118,388	151,468	3,036	11,547	121,424	163,015
Total revenues	7,982,726	7,559,554	5,626,399	4,986,685	13,609,125	12,546,239
Expenses:						
General government	1,323,461	1,168,874	-	-	1,323,461	1,168,874
Public safety	3,634,090	3,381,617	-	-	3,634,090	3,381,617
Highways/streets	986,646	1,052,579	-	-	986,646	1,052,579
Sanitation	1,080,544	1,023,588	-	-	1,080,544	1,023,588
Culture and recreation	852,346	842,919	-	-	852,346	842,919
Interest on long-term debt	30,753	50,582	-	-	30,753	50,582
Water and sewer	-	-	4,250,437	4,093,086	4,250,437	4,093,086
Total expenses	7,907,840	7,520,159	4,250,437	4,093,086	12,158,277	11,613,245
Increase in net position before transfers	74,886	39,395	1,375,962	893,599	1,450,848	932,994
Transfers	-	-	-	-	-	-
Increase in net position	74,886	39,395	1,375,962	893,599	1,450,848	932,994
Net position, July 1	6,150,483	6,111,088	17,377,882	16,484,283	23,528,365	22,595,371
Net position, June 30	\$ 6,225,369	\$ 6,150,483	\$ 18,753,844	\$ 17,377,882	\$ 24,979,213	\$ 23,528,365

Governmental activities: Governmental activities increased the City's net position by \$74,886 thereby accounting for 5.17% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Increase in ad valorem tax collections of \$60,837 over the prior year.
- Increase in sales tax collections of \$33,431 over the prior year.
- Increase in outside fire protection collections of \$191,131 over the prior year.
- Receipt of \$17,314 for a pedestrian planning grant.

Business-type activities: Business-type activities increased the City of Oxford's net position by \$1,375,962 thereby accounting for 94.83% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Water and Sewer revenues are down \$49,561 from the previous year due to a decrease in the water usage rate and decreased water and sewer consumption.
- Net income from the Storm Water fund of \$122,021.
- An increase of \$982,000 in Community Development Block Grants from the previous year.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Oxford's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Oxford's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Oxford. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,856,222, while total fund balance reached \$2,380,953. The City currently has an available fund balance of 24.99% of general fund expenditures, while total fund balance represents 30.64% of the same amount.

At June 30, 2013, the governmental funds of City of Oxford reported a combined fund balance of \$ 2,379,028, a 10.9 percent increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

General Fund revenues were more than budgeted primarily due to higher than anticipated outside fire protection fees and more than anticipated growth in Ad Valorem taxes.

General Fund actual expenditures were less than budgeted due to less than anticipated expenses in salaries and employee benefits, supplies, public safety fixed asset purchases, electricity and natural gas, building and equipment maintenance and debt service.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,162,300 and those for the Storm Water Management Fund amounted to \$308,846. The net position of the Water and Sewer fund increased by \$1,253,941 whereas the Storm Water Fund increased by \$122,021, respectively.

Capital Asset and Debt Administration

Capital assets. The City of Oxford's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$ 29,056,872 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Construction in progress in the Raleigh Street CDBG project: \$932,215
- Repaving of Raleigh Street: \$83,143
- Purchase of four public safety vehicles: \$84,145
- Purchase of high pressure jet system: \$53,678
- Replacement of pump rails at lift stations: \$45,615
- Removal of a public safety vehicle that was wrecked

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,447,329	\$ 1,447,329	\$ 28,228	\$ 28,228	\$ 1,475,557	\$ 1,475,557
Buildings and systems	1,395,770	1,507,727	21,491,759	20,625,754	\$ 22,887,529	\$ 22,133,481
Improvements other than buildings	2,045,602	2,086,395	-	-	2,045,602	2,086,395
Vehicles and motorized equipment	821,334	915,107	500,612	397,700	1,321,946	1,312,807
Infrastructure	323,802	285,148	-	-	323,802	285,148
Construction in progress	-	2,000	1,002,436	760,094	1,002,436	762,094
Total	<u>\$ 6,033,837</u>	<u>\$ 6,243,706</u>	<u>\$23,023,035</u>	<u>\$ 21,811,776</u>	<u>\$ 29,056,872</u>	<u>\$ 28,055,482</u>

Additional information on the City of Oxford capital assets can be found in note 4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2013, the City had capital lease debt of \$633,797 related to governmental activities and an installment purchase balance of \$275,000 related to the construction of Oxford Athletic Park. Regarding business-type activities, the City has capital lease debt of \$383,403 and a balance of \$6,363,934 for installment purchase financing to upgrade the City's Waste Water Treatment Plant. The City's net debt decreased by \$ 551,532 or 6% during the past fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Oxford is \$42,105,840.

Additional information regarding the City of Oxford's long-term debt can be found in note 11 beginning on page 75 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth of the City of Oxford.

- Ad Valorem tax collections made a slight rebound but sales tax and franchise tax are projected to decrease in the next year.
- Legislative changes have caused a projected decrease in privilege license fees.
- Due to a slow economy, the Granville Industrial Hub has not yet landed its first tenant.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities:

Total budgeted revenue for FY 2014 is approximately \$548,000 lower than FY 2013 actual results.

Several revenue sources comprise this difference. Property taxes are budgeted to be slightly higher (\$153,000) based on a two cent tax increase. However, sales tax revenue and franchise tax revenue is projected to decrease from FY 2013 by \$130,000. Local ABC revenue is budgeted to be 51% lower due to a change in allocation during FY 2013. Privilege licenses are budgeted to decrease 18% due to changes in State law regulating these businesses.

Budgeted FY 2013 expenditures include many increases that are mandated or unavoidable. A required 1% deposit for Unemployment Insurance will add \$22,400 to FY 2014 expenses. Retirement, unemployment and police separation allowance will increase expenses approximately \$39,000. Also, \$37,000 will be used to partially fund a \$300,000 sidewalk enhancement project.

Explanation of the remainder of the difference by functional area:

General Government \$72,000

Increases in unemployment insurance of \$29,000 and self funding workers compensation reserve of \$37,000 account for majority of the difference in the Governing Body department. Other differences are accounted for throughout the other General Government departments.

Public Safety (\$76,000)

The Police Department has decreased its budget for capital outlay \$79,000 accounting for majority of the difference in that department.

In the Fire Department, budget increases for FY 2014 is primarily due to the addition of a line item for firefighters physicals in the amount of \$12,000.

Transportation \$128,000

Increases in budgeted capital outlay \$ 127,000 accounts for the increase in budget from 2013.

Environmental \$45,000

Budgeted increase of 58,000 is planned for FY 2014 for waste collection contracts.

Business – type Activities:

For Fiscal Year 2014, total budgeted Water Fund revenues from operations are slightly less than FY 2013 revenues. Expenditures include \$126,000 for capital expenditures. These expenditure will be financed over 5 years. A rate study is underway and an rate increase is anticipated during FY 2014.

Storm Water 2014 budgeted revenue \$239,500 is higher than current year revenue. Part of this increase is due to a budgeted appropriated fund balance of \$88,500.

Requests for Information

This report is designed to provide an overview of the City of Oxford's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, City of Oxford, NC, P.O. Box 506, Oxford, North Carolina 27565; phone (919) 603-1126.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2013

EXHIBIT 1

	PRIMARY GOVERNMENT			Component Unit Oxford Parking Authority	Component Unit Downtown Oxford Economic Development Corporation
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL		
	ACTIVITIES	ACTIVITIES			
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 2,263,189	\$ 2,555,248	\$ 4,818,436	\$ 63,536	\$ 39,897
Restricted cash	60,140	-	60,140	-	-
Taxes receivable	232,161	-	232,161	225	431
Accrued interest receivable on taxes	52,672	-	52,672	40	74
Accounts receivable	419,246	473,198	892,444	17,425	39,656
Assessments receivable	3,928	33,769	37,697	-	-
Loan receivable	-	104,324	104,324	-	-
Internal balances	3,693	(3,693)	-	-	-
Inventories	10,022	-	10,022	-	-
Prepaid items	777	-	777	-	1,405
Total current assets	<u>3,045,828</u>	<u>3,162,846</u>	<u>6,208,673</u>	<u>81,226</u>	<u>81,463</u>
CAPITAL ASSETS (NOTE 1)					
Land, non-depreciable improvements, and construction in progress	1,449,329	1,030,664	2,479,993	-	-
Other capital assets, net of depreciation	4,584,508	21,992,371	26,576,879	-	-
Total capital assets	<u>6,033,837</u>	<u>23,023,035</u>	<u>29,056,872</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,079,665</u>	<u>\$ 26,185,881</u>	<u>\$ 35,265,545</u>	<u>\$ 81,226</u>	<u>\$ 81,463</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 355,651	\$ 309,573	\$ 665,224	\$ -	\$ 1,060
Wages payable	26,316	4,837	31,153	-	-
Unearned revenue	-	-	-	-	705
Accrued interest payable	940	-	940	-	-
Current portion of vacation pay	204,261	42,606	246,867	-	-
Current portion of long-term debt	183,807	535,875	719,682	-	-
Total current liabilities	<u>770,975</u>	<u>892,891</u>	<u>1,663,866</u>	<u>-</u>	<u>1,765</u>
LONG-TERM LIABILITIES					
Customer deposits	-	94,315	94,315	-	-
Other Postemployment Benefits	1,034,102	209,456	1,243,558	-	-
Noncurrent portion of long-term debt	724,990	6,211,462	6,936,452	-	-
Unearned revenues	-	23,913	23,913	-	-
Net Pension Obligation	324,229	-	324,229	-	-
Total liabilities	<u>\$ 2,854,296</u>	<u>\$ 7,432,037</u>	<u>\$ 10,286,333</u>	<u>\$ -</u>	<u>\$ 1,765</u>
NET POSITION					
Net Investment in capital assets	5,125,040	16,275,698	21,400,738	-	-
Restricted for:					
Stabilization by State Statute	428,792	-	428,792	17,425	39,656
Streets	60,140	-	60,140	-	-
Unrestricted	611,397	2,478,146	3,089,543	63,801	40,042
Total net position	<u>\$ 6,225,369</u>	<u>\$ 18,753,844</u>	<u>\$ 24,979,213</u>	<u>\$ 81,226</u>	<u>\$ 79,698</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit Oxford Parking Authority	Component Unit Downtown Economic
Primary government:									
Governmental Activities:									
General government	\$ 1,323,461	\$ 186,851	\$ 22,000	\$ -	\$ (1,114,610)	\$ -	\$ (1,114,610)		
Public Safety	3,634,090	475,957	9,219	-	(3,148,914)	-	(3,148,914)		
Transportation	986,646	-	252,964	1,322	(732,360)	-	(732,360)		
Environmental protection	1,080,544	1,213,446	5,355	-	138,257	-	138,257		
Cultural and recreation	852,346	163,808	-	-	(688,538)	-	(688,538)		
Education	-	-	26,762	-	26,762	-	26,762		
Interest on long-term debt	30,753	-	-	-	(30,753)	-	(30,753)		
Total governmental activities	7,907,840	2,040,062	316,300	1,322	(5,550,156)	-	(5,550,156)		
Business-type activities:									
Water and sewer	4,208,161	4,468,141	-	991,000	-	1,250,980	1,250,980		
Stormwater Management	42,276	164,222	-	-	-	121,946	121,946		
	4,250,437	4,632,363	-	991,000	-	1,372,926	1,372,926		
Total primary government	12,158,277	6,672,425	316,300	992,322	(5,550,156)	1,372,926	(4,177,230)		
Component units:									
Oxford Parking Authority	10,398	-	-	-				(10,398)	-
Downtown Oxford EDC	83,204	-	-	-				-	(83,204)
Total component units	93,602	-	-	-				(10,398)	(83,204)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					3,154,864	-	3,154,864	17,400	36,860
Sales tax					1,332,610	-	1,332,610	-	-
Alcoholic beverage tax					31,719	-	31,719	-	-
Privilege licenses					359,588	-	359,588	-	-
Utility franchise tax					561,041	-	561,041	-	-
Beer and wine tax					34,367	-	34,367	-	-
Sales tax refund					32,465	-	32,465	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	44,333
Unrestricted investment earnings					901	1,692	2,593	14	8
Miscellaneous					117,487	1,344	118,831	-	37,375
Total general revenues, special items, transfers					5,625,042	3,036	5,628,078	17,414	118,576
Change in net position					74,886	1,375,962	1,450,848	7,016	35,372
Net position - beginning					6,150,483	17,377,882	23,528,365	74,210	44,326
Net position - ending					\$ 6,225,369	\$ 18,753,844	\$ 24,979,213	\$ 81,226	\$ 79,698

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

FUND FINANCIAL STATEMENTS

**CITY OF OXFORD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

EXHIBIT 3

	<u>MAJOR</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>TOTAL NON- MAJOR FUNDS</u>	<u>GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and investments	\$ 2,263,189	\$ -	\$ 2,263,189
Restricted cash	60,140	-	60,140
Taxes receivable	232,161	-	232,161
Accounts receivable	419,246	-	419,246
Assessments receivable	3,928	-	3,928
Due from other funds	5,618	-	5,618
Inventories	10,022	-	10,022
Prepaid items	777	-	777
	<u>2,995,081</u>	<u>-</u>	<u>2,995,081</u>
Total assets	<u>\$ 2,995,081</u>	<u>\$ -</u>	<u>\$ 2,995,081</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 355,651	\$ -	\$ 355,651
Wages payable	26,316	-	26,316
Due to other funds	-	1,925	1,925
	<u>381,967</u>	<u>1,925</u>	<u>383,892</u>
Total liabilities	<u>381,967</u>	<u>1,925</u>	<u>383,892</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	232,161	-	232,161
Total deferred inflows of resources	<u>232,161</u>	<u>-</u>	<u>232,161</u>
Fund Balances:			
Non Spendable			
Inventories	10,022	-	10,022
Prepaid items	777	-	777
Restricted			
Stabilization by State Statute	428,792	-	428,792
Streets	60,140	-	60,140
Committed			
Cultural, recreation and parks	25,000	-	25,000
Unassigned	1,856,222	(1,925)	1,854,297
	<u>2,380,953</u>	<u>(1,925)</u>	<u>2,379,028</u>
Total fund balances	<u>2,380,953</u>	<u>\$ (1,925)</u>	<u>2,379,028</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,995,081</u>	<u>\$ -</u>	<u>\$ 2,995,081</u>

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

**CITY OF OXFORD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

EXHIBIT 3

Amounts reported for governmental activities in the statement of net assets
(Exhibit 1) are different because:

Total equity and other credits (Exhibit 4)	\$ 2,379,028
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,033,837
Other long-term assets (accrued interest receivable) are not available to pay for current-period expenditures and therefore are deferred.	52,672
Liabilities for earned revenues considered deferred inflows in fund statements	232,161
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund statements.	<u>(2,472,329)</u>
Net position of governmental activities	<u>\$ 6,225,369</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT 4

	MAJOR FUND GENERAL	TOTAL NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Ad valorem taxes	\$ 3,161,519	\$ -	\$ 3,161,519
Other taxes and licenses	1,723,917	-	1,723,917
Unrestricted intergovernmental revenues	627,873	-	627,873
Restricted intergovernmental revenues	316,300	-	316,300
Permits and fees	143,864	-	143,864
Sales and services	2,006,860	-	2,006,860
Investment earnings	548	66	614
Miscellaneous	23,613	-	23,613
Total revenues	8,004,494	66	8,004,560
EXPENDITURES			
Current:			
General government	1,209,459	-	1,209,459
Public safety	3,418,700	-	3,418,700
Transportation and utilities	1,007,465	-	1,007,465
Environmental protection	1,080,544	-	1,080,544
Cultural, recreation and parks	843,468	-	843,468
Debt service:			
Principal retirement	180,191	-	180,191
Interest and fees	30,903	-	30,903
Total expenditures	7,770,730	-	7,770,730
NET CHANGE IN FUND BALANCE	233,764	66	233,830
Fund balance, Beginning of year - July 1	2,147,189	(1,991)	2,145,198
Fund balance, End of year - June 30	<u>\$ 2,380,953</u>	<u>\$ (1,925)</u>	<u>\$ 2,379,028</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT 4

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	233,830
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(209,869)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(123,737)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		180,191
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(5,529)
Net position of governmental activities	\$	74,886

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Ad valorem taxes	\$ 3,113,637	\$ 3,113,637	\$ 3,161,519	\$ 47,882
Other taxes and licenses	1,693,000	1,693,000	1,723,917	30,917
Unrestricted intergovernmental revenues	690,298	690,298	627,873	(62,425)
Restricted intergovernmental revenues	270,645	317,984	316,300	(1,684)
Permits and fees	145,130	145,130	143,864	(1,266)
Sales and services	1,879,879	1,882,314	2,006,860	124,546
Investment earnings	8,250	8,250	548	(7,702)
Miscellaneous	48,000	49,900	23,613	(26,287)
	<u>7,848,839</u>	<u>7,900,513</u>	<u>8,004,494</u>	<u>103,981</u>
EXPENDITURES				
Current:				
General government	1,281,395	1,293,156	1,209,459	83,697
Public safety	3,667,293	3,684,569	3,418,700	265,869
Transportation and utilities	1,068,012	1,145,347	1,007,465	137,882
Environmental protection	1,078,651	1,098,651	1,080,544	18,107
Cultural, recreation and parks	816,377	859,511	843,468	16,043
Debt service:				
Principal retirement	180,191	180,191	180,191	-
Interest and fees	103,778	103,778	30,903	72,875
	<u>8,195,697</u>	<u>8,365,203</u>	<u>7,770,730</u>	<u>594,474</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(346,858)</u>	<u>(464,690)</u>	<u>233,764</u>	<u>698,454</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(31,582)	(31,582)	-	31,582
Capital lease obligations issued	353,704	353,704	-	(353,704)
Total other financing sources (uses)	<u>\$ 322,122</u>	<u>\$ 322,122</u>	<u>\$ -</u>	<u>\$ (322,122)</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(24,736)	(142,568)	233,764	376,332
APPROPRIATED FUND BALANCE	<u>24,736</u>	<u>142,568</u>	-	<u>(142,568)</u>
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	233,764	<u>\$ 233,764</u>
Fund balance, Beginning of year - July 1			2,147,189	
Fund balance, End of year - June 30			<u>\$ 2,380,953</u>	

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2013

EXHIBIT 6

	<u>MAJOR FUND</u> <u>WATER AND</u> <u>SEWER</u>	<u>NONMAJOR</u> <u>FUND</u> <u>STORMWATER</u> <u>MANAGEMENT</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 2,245,364	\$ 309,884	\$ 2,555,248
Accounts receivable	473,198	-	473,198
Loan receivable	104,324	-	104,324
Assessments receivable	33,769	-	33,769
Total current assets	<u>2,856,655</u>	<u>309,884</u>	<u>3,166,539</u>
CAPITAL ASSETS (NOTE 1)			
Land, non-depreciable improvements, and construction in progress	1,030,664	-	1,030,664
Other capital assets, net of depreciation	21,982,541	9,830	21,992,371
Capital assets (net)	<u>23,013,205</u>	<u>9,830</u>	<u>23,023,035</u>
Total noncurrent assets			
Total assets	<u>25,869,860</u>	<u>319,714</u>	<u>26,189,574</u>
LIABILITIES			
CURRENT LIABILITIES			
Salaries payable	4,837	-	4,837
Accounts payable and accrued liabilities	308,535	1,038	309,573
Current portion of accrued vacation pay	42,606	-	42,606
Current portion of long-term debt	535,875	-	535,875
Due to other funds	3,693	-	3,693
Total current liabilities	<u>895,546</u>	<u>1,038</u>	<u>896,584</u>
NONCURRENT LIABILITIES			
Customer deposits	94,315	-	94,315
Other Postemployment Benefits	209,456	-	209,456
Noncurrent portion of long-term debt	6,211,462	-	6,211,462
Deferred revenues	23,913	-	23,913
Total noncurrent liabilities	<u>6,539,146</u>	<u>-</u>	<u>6,539,146</u>
Total liabilities	<u>7,434,692</u>	<u>1,038</u>	<u>7,435,730</u>
NET POSITION			
Net Investment in capital assets	16,265,868	9,830	16,275,698
Unrestricted	2,169,300	308,846	2,478,146
Total Net Position	<u>\$ 18,435,168</u>	<u>\$ 318,676</u>	<u>\$ 18,753,844</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT 7

	<u>MAJOR FUND WATER AND SEWER FUND</u>	<u>NONMAJOR FUND STORMWATER MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for services	\$ 4,299,664	\$ 164,222	\$ 4,463,886
Other operating revenues	168,477	-	168,477
Total operating revenues	<u>4,468,141</u>	<u>164,222</u>	<u>4,632,363</u>
OPERATING EXPENSES			
General operations	744,551	41,995	786,546
Meter service	100,623	-	100,623
Water supply, pumping, and filtering	919,890	-	919,890
Water and sewer line maintenance	612,831	-	612,831
Lift Station Master	84,021	-	84,021
Stovall water line	7,388	-	7,388
Industrial waste treatment	753,105	-	753,105
Depreciation	810,126	281	810,407
Total operating expenses	<u>4,032,535</u>	<u>42,276</u>	<u>4,074,811</u>
Operating income (loss)	<u>435,606</u>	<u>121,946</u>	<u>557,552</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of assets	1,344	-	1,344
Investment earnings	1,617	75	1,692
Interest on long-term debt	(175,626)	-	(175,626)
Total nonoperating revenue (expenses)	<u>(172,665)</u>	<u>75</u>	<u>(172,590)</u>
Income (loss) before transfers	262,941	122,021	384,962
Capital Contribution	<u>991,000</u>	<u>-</u>	<u>991,000</u>
Change in net position	1,253,941	122,021	1,375,962
Total net position - beginning - July 1	17,181,227	196,655	17,377,882
Total net position - ending - June 30	<u>\$ 18,435,168</u>	<u>\$ 318,676</u>	<u>\$ 18,753,844</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT 8

	<u>MAJOR FUND WATER AND SEWER FUND</u>	<u>NONMAJOR FUND STORMWATER MANAGEMENT</u>	<u>TOTAL</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 3,694,782	\$ 164,222	\$ 3,859,004
Cash paid for goods and services	(1,496,997)	(41,527)	(1,538,524)
Cash paid to employees	(934,615)	-	(934,615)
Customer deposits received	19,870	-	19,870
Net Cash Provided (Used) By Operating Activities	<u>1,283,040</u>	<u>122,695</u>	<u>1,405,735</u>
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	1,298	50	1,348
Transfers to other funds	3,693	-	3,693
Total cash flows from noncapital financing activities	<u>4,991</u>	<u>50</u>	<u>5,041</u>
Cash Flow from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,021,666)	-	(2,021,666)
Principal paid on debt	(535,765)	-	(535,765)
State grants	991,000	-	991,000
Proceeds from sale of asset	1,344	-	1,344
Principal received on loan	7,596	-	7,596
Interest paid on debt	(175,626)	-	(175,626)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,733,117)</u>	<u>-</u>	<u>(1,733,117)</u>
Cash Flows from Investing Activities			
Interest on investments	1,617	75	1,692
Net Cash Flows from Investing Activities	<u>1,617</u>	<u>75</u>	<u>1,692</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(443,469)	122,820	(320,649)
Cash and Cash Equivalents - Beginning of the Year	2,688,833	187,064	2,875,897
Cash and Cash Equivalents - End of the Year	<u>\$ 2,245,364</u>	<u>\$ 309,884</u>	<u>\$ 2,555,248</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 435,606	\$ 121,946	\$ 557,552
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation	810,126	281	810,407
Change in assets and liabilities:			
Accounts receivable	(16,303)	-	(16,303)
Assessments receivable	-	-	-
Salaries payable	(7,666)	-	(7,666)
Accounts payable	31	468	499
Customer deposits	19,870	-	19,870
Accrued vacation payable	2,589	-	2,589
Other Postemployment Benefits	38,787	-	38,787
Deferred revenue	-	-	-
Total Adjustments	<u>847,434</u>	<u>749</u>	<u>848,183</u>
Net Cash Provided By Operating Activities	<u>\$ 1,283,040</u>	<u>\$ 122,695</u>	<u>\$ 1,405,735</u>

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

NOTES TO FINANCIAL STATEMENTS

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oxford and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Oxford is a municipal corporation that is governed by an elected mayor and a seven-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally-separate entities for which the City is financially accountable. The discretely presented component units presented below are reported in a separate column in the City's financial statements in order to emphasize that they are legally separate from the City.

Discretely Presented Component Units

Oxford Parking Authority

All members of the Oxford Parking Authority's governing board are appointed by the City. Oxford Parking Authority is fiscally dependent on the City because the City approves the tax levy, collects the ad valorem taxes and remits them to the Oxford Parking Authority. Oxford Parking Authority is presented in the City of Oxford's audit report as a discretely presented component unit. Complete financial statements for the Oxford Parking Authority may be obtained from the finance office of the City of Oxford, 300 Williamsboro St., Oxford, North Carolina.

Downtown Oxford Economic Development Corporation

The Downtown Oxford Economic Development Corporation is a special tax district within the City of Oxford. The City has the ability to appoint, hire, reassign and dismiss the Executive Director, who is an employee of the City. Downtown Oxford Economic Development Corporation is fiscally dependent on the City because the City approves the tax levy, collects the ad valorem taxes and remits them to the Downtown Oxford Economic Development Corporation. The Downtown Oxford Economic Development Corporation is presented in the City of Oxford's audit report as a discretely presented component unit. Complete financial statements for the Downtown Oxford Economic Development Corporation may be obtained from the finance office of the City of Oxford, 300 Williamsboro St., Oxford, North Carolina.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. 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 different business-type activities of the City and for each function of the City'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 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 City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The City reports the following major enterprise funds:

Water and Sewer Fund – This fund is used to account for the City’s water and sewer operations.

C. **Measurement Focus and Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Granville County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Oxford. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Granville County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants,

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board and must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The city's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NCCMT-Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Oxford Parking Authority and Downtown Oxford Economic Development Corporation's Boards considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents

3. Restricted Assets

The unexpended bond proceeds of Water and Sewer Fund serial bonds issued by the City are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. At June 30, 2013, there were no unexpended bond proceeds. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

4. Ad Valorem Taxes Receivables

In accordance with State law (G.S. 105-347 and G.S. 159- 13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

5. Allowance for Doubtful Accounts

The City maintains an allowance for doubtful accounts on its accounts receivable. The amount on the balance sheet is shown net of this allowance for doubtful accounts.

6. Inventory and Prepaid Items

The inventories of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the City's enterprise fund consist of materials and supplies held for subsequent use. The costs of these inventories are expensed when held for resale (consumed) rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Land, buildings, improvements, furniture, equipment, computer software, vehicles and other plant and distribution systems, \$5,000; infrastructure, \$50,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

**CITY OF OXFORD, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Infrastructure	30
Buildings	40
Improvements	10
Vehicles	7
Furniture and equipment	10
Computer software	5
Computer equipment	7

Property, plant, and equipment of the Oxford Parking Authority are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Leasehold improvements	15

8. Deferred inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The city has only one item that meets the criterion for this category – property taxes receivable.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

10. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an accumulation of 30 days earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepaid items – portion of fund balance that is not an available resource because it represents payment of costs associated with activities better matched to the following fiscal year.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute (G.S. 159-8(a)).

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Oxford's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Cultural, recreation and parks – portion of fund balance assigned by the Board for recreation and parks.

Assigned fund balance – portion of fund balance that City of Oxford intends to use for a specific purpose. The City Manager makes a recommendation to the governing board regarding any revenue streams or fund balance to be assigned for a particular purpose. The assigned fund balance has been budgeted by the governing board..

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

12 Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$3,846,341 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$14,493,571
Less Accumulated Depreciation	<u>(8,459,734)</u>
Net capital assets	\$ 6,033,837

Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	52,672
--	--------

Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	232,161
---	---------

Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Bonds, leases, and installment financing	(908,797)	
Compensated absences	(204,261)	
Net Pension Obligation	(324,229)	
Other Post Employment Benefits	(1,034,102)	
Accrued interest payable	<u>(940)</u>	
Liability adjustment		<u>(2,472,329)</u>
Total adjustment		<u>\$3,846,341</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$158,944) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	310,943
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(505,346)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	150

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	11,588
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(17,267)
Other Postemployment Benefits are accrued in the government wide statements but not in the fund statements because they do not use current resources	(117,369)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded at 7-1-12	(235,742)
Recording of tax receipts deferred in the fund statements as of 6-30-13	232,161
Increase in accrued taxes receivable for the year ended 6-30-13	(3,074)
Decrease in accrued interest receivable for the year ended 6-30-13	<u>287</u>
Total adjustment	<u>(\$ 158,944)</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the deposits of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation, these deposits are considered to be held by the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. Oxford Parking Authority and Downtown Oxford Economic Development Corporation have no policy regarding custodial credit risk for deposits.

At June 30, 2013, the City's deposits had a carrying amount of \$1,810,366 and a bank balance of \$1,837,102. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Oxford Parking Authority was \$32,354 and the bank balance was \$32,432. The

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

carrying amount of deposits for Downtown Oxford Economic Development Corporation was \$26,006 and the bank balance was \$23,214. All of the bank balances of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation were fully covered by federal depository insurance. At June 30, 2013, the City's petty cash fund totaled \$2,250.

2. Investments

At June 30, 2013, the City of Oxford had \$3,065,960 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

At June 30, 2013, the Oxford Parking Authority had \$31,182 and the Downtown Economic Development Corporation had \$13,891 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Oxford Parking Authority and the Downtown Oxford Economic Development Corporation have no policy regarding credit risk.

3. Receivables

Receivables at the government-wide level at June 30, 2013, were as follows:

General Fund:		
Taxes Receivable	\$ 232,161	
Accrued interest receivable	52,672	
Accounts Receivable	419,246	
Assessments Receivable	<u>3,928</u>	
Total General Funds		\$ 708,007
Enterprise Funds:		
Service Receivable	\$ 473,198	
Assessments Receivable	33,769	
Loan to the Town of Stovall	<u>104,324</u>	
		<u>611,291</u>
Total		<u>\$ 1,319,298</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2013 was as follows:

	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending Balances
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 2,000	-	2,000	\$ -
Land	<u>1,447,329</u>	-	-	<u>1,447,329</u>
Assets not being Depreciated	1,449,329	-	2,000	1,447,329
 Capital Assets being depreciated:				
Buildings	4,747,005			4,747,005
Other improvements	2,959,230	32,708		2,991,938
Equipment and vehicles	4,549,368	195,092	28,855	4,715,605
Infrastructure	<u>508,551</u>	<u>83,143</u>	-	<u>591,694</u>
Total capital assets being depreciated	12,764,154	310,943	28,855	14,493,571
 Less accumulated depreciation for:				
Buildings	3,239,278	111,957		3,351,235
Other improvements	872,835	73,501		946,336
Equipment and vehicles	3,634,261	275,399	15,389	3,894,271
Infrastructure	<u>184,019</u>	<u>44,489</u>	-	<u>267,892</u>
Total accumulated depreciation	<u>7,969,777</u>	<u>505,346</u>	<u>15,389</u>	<u>8,459,734</u>
Total capital assets being depreciated, net	<u>4,794,377</u>			<u>4,586,508</u>
Government activity capital assets, net	<u>\$6,243,706</u>			<u>\$ 6,033,837</u>

Depreciation expense was charged to functions/programs of the primary government as follow

General government	\$ 109,788
Public safety	220,037
Transportation	70,136
Recreational and parks	<u>105,385</u>
Total depreciation expense	<u>\$ 505,346</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending Balances
<u>Business-type activities</u>				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 28,228			\$ 28,228
Construction in progress	<u>760,094</u>	<u>1,801,497</u>	<u>1,559,155</u>	<u>1,002,436</u>
Total capital assets not being depreciated	788,322	1,801,497	1,559,155	1,030,664
Capital Assets being depreciated:				
Plant & distribution system	29,552,660	1,604,770		31,157,430
Furniture and equipment	<u>2,028,372</u>	<u>174,554</u>	-	<u>2,202,926</u>
Total capital assets being depreciated	<u>31,581,032</u>	<u>1,779,324</u>	-	<u>33,360,356</u>
Less accumulated depreciation for:				
Plant & distribution system	8,926,906	738,765		9,665,671
Furniture & equipment	<u>1,630,672</u>	<u>71,642</u>	-	<u>1,702,314</u>
Total accumulated depreciation	<u>10,557,578</u>	<u>810,407</u>	-	<u>11,367,985</u>
Total capital assets being depreciated, net	<u>21,023,454</u>			<u>21,992,371</u>
Enterprise Fund capital assets, net	<u>\$ 21,811,776</u>			<u>\$23,023,035</u>

Construction commitments

The government has active construction projects as of June 30, 2013. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water & Sewer Capital Projects	\$ 1,002,436	\$ 4,104,158

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Discretely presented component units

Activity for the Oxford Parking Authority for the year ended June 30, 2013 was as follows:

	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending Balances
Capital Assets being depreciated:				
Other improvements	\$ 10,635	-	-	\$ 10,635
Less accumulated depreciation for:				
Other improvements	<u>10,635</u>	<u>-</u>	<u>-</u>	<u>\$ 10,635</u>
Oxford Parking Authority capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Downtown Economic Development Corporation did not have any capital asset activity for the year ended June 30, 2013.

B. Liabilities

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The City of Oxford contributes to the statewide Local Governmental Employees' Retirement System (LGERS, a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll.

**CITY OF OXFORD, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The contribution requirements of members and of the City of Oxford are established and may be amended by the North Carolina General Assembly. The City’s contributions to LGERS for the years ended June 30, 2013, 2012, and 2011, were \$251,243, \$272,194, and \$261,021, respectively. The contributions made by the City equaled the required contributions for each year.

2. Law Enforcement Officers Special Separation Allowance

a. Plan Description

The City of Oxford administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>34</u>
Total	<u>39</u>

A separate report was not issued by the plan.

b. Summary of Significant Accounting Policies:

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

c. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll dollars on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 69,457
Interest on net pension obligation	15,348
Adjustment to annual required contribution	<u>(19,103)</u>
Annual pension cost	65,702
Contributions made	<u>(48,435)</u>
Increase (decrease) in net pension obligation	17,267
Net pension obligation beginning of year	<u>306,962</u>
Net pension obligation end of year	<u><u>\$ 324,229</u></u>

3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	68,331	61.71%	294,321
6/30/12	65,565	80.72%	306,962
6/30/13	65,702	73.72%	324,229

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$600,856. The covered payroll (annual payroll of active employees covered by the plan) was \$1,367,835 and the ratio of the UAAL to the covered payroll was 43.93%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to six percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$140,756, which consisted of \$66,576 from the City and \$74,180 from the law enforcement officers.

4. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Oxford, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers the have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statement and required supplementary information for the Fund. That report

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

5. Other Post-employment Benefits

According to a City resolution, the City provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City pays the full cost of coverage for these benefits. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Currently 24 retirees are eligible for post-employment health benefits. The City obtains health care coverage through private insurers.

Membership under this current plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	20	4
Active Plan Members	67	30
Total	87	34

Funding Policy: The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by the City Board of Commissioners. Dependent coverage may be obtained, but the cost must be paid in full by the retiree. Upon the death of the retiree, coverage is available only through COBRA. The City has chosen to fund the health care benefits on a pay as you go basis.

The current ARC rate is 11.07% of annual covered payroll. For the current year, the City contributed \$167,301 or 4.26% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.73% and 1.53% of covered payroll, respectively. The City's obligation to contribute to HCB

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Plan is established and may be amended by the City's Board of Commissioners.

Summary of Significant Accounting Policies: Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting and the Water Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation: The City's annual OPEB cost (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 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for healthcare benefits:

Annual required contribution	318,539
Interest on net OPEB obligation	35,831
Adjustment to annual required contribution	(30,913)
Annual OPEB cost (expense)	323,457
Contributions made	(167,301)
Increase (decrease) in net OPEB obligation	156,156
Net OPEB obligation, beginning of year	1,087,402
Net OPEB obligation, end of year	1,243,558

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 were as follows:

For Year Ended	Annual OPEB	Percentage of	Net OPEB
<u>June 30</u>	<u>Cost</u>	<u>Annual OPEB</u>	<u>Net OPEB</u>
		<u>Cost Contributed</u>	<u>Obligation</u>
6/30/11	572,108	22%	895,776
6/30/12	323,457	40.8	1,087,402
6/30/13	323,457	52.53	1,243,558

Funding Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for the benefits and, thus, the unfunded actuarial accrued liability

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(UAAL) was \$5,759,139. The covered payroll (annual payroll of active employees covered by the plan) was \$3,932,648 and the ratio of the UAAL to the covered payroll was 146.45%. 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 healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer 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 process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-medicare cost trend increase of 9.5% to 5.00% annually and a post-medicare cost trend increase of 7.0% to 5.0% annually. The investment rate included a 3.0% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

6. Other Employment Benefits

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2013, the City made contributions to the State for death benefits of \$ 0. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

7. Unearned Revenues

The balance in unearned revenues at year-end is composed of the following elements:

<u>Water Fund</u>	<u>Unearned Revenue</u>
Assessments Receivable	\$23,913

8. Deferred Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	<u>Unavailable Revenue</u>
Taxes receivable (General Fund)	\$232,161

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$5

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

million per occurrence, property coverage up to \$18.2 million per building per occurrence, workers compensation coverage up to the statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, and auto liability in excess of \$500,000, up to \$500,000 for property, and \$250,000 up to \$5 million for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

As part of its property and liability coverage, the City carries general flood insurance coverage of up to \$5,000,000 with the NCLM. The City had no claims from flood damage in the recent past.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000

Oxford Parking Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. At June 30, 2013 the Oxford Parking Authority had no insurance. Oxford Parking Authority carries a surety bond on the finance officer in the amount of \$50,000.

Downtown Oxford Economic Development Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. At June 30, 2013 the Downtown Oxford Economic Development Corporation had no insurance. Downtown Oxford Economic Development Corporation does carry a surety bond on the finance officer in the amount of \$50,000.

10. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2013, the City consulted attorneys on various legal matters. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

11. Long-Term Obligations

a. Capital Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

1. An agreement was entered into on April 9, 2002 for the financing of the Foundry Branch II Outfall Project. This lease requires 20 annual payments of \$40,675 plus semi-annual payments of interest at the rate of 2.87% per annum.

2. An agreement was entered into on May 15, 2009 for the purchase of six vehicles. This lease requires 36 monthly payments of \$3,222, including interest at 2.89% per annum. This agreement was paid in full in the fiscal year June 30, 2012.

3. An agreement was entered into on October 14, 2009 for the purchase of a Pumper Fire Truck. This lease requires 120 monthly payments of \$5,523, including interest at 3.935% per annum.

4. An agreement was entered into on June 29, 2011 for the purchase of various equipment and eight vehicles. This lease requires 60 monthly payments of \$6,269 including interest at 1.89% per annum.

5. An agreement was entered into on June 18, 2012 for the purchase of a vehicle, mower and various equipment. The lease requires 60 monthly payments of \$1,202 including interest at 2.19% per annum.

The following is an analysis of the assets recorded under capital leases at June 30, 2013:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$848,660	\$ 311,977	\$ 536,683
Vehicles	810,318	423,585	386,733
Improvements	21,728	1,086	20,642
Total	<u>\$1,680,706</u>	<u>\$ 736,648</u>	<u>\$ 944,058</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending <u>June 30</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>
2014	150,007	57,126
2015	150,007	55,958
2016	150,007	54,791
2017	80,713	47,680
2018	65,902	46,513
2019-2022	<u>83,246</u>	<u>174,377</u>
Total minimum lease payments	\$ 679,882	\$ 436,445
Less: amount representing interest	<u>(46,085)</u>	<u>(53,042)</u>
Present value of minimum lease payments	<u>\$ 633,797</u>	<u>\$ 383,403</u>

b. Installment Purchases

During the June 30, 2005 fiscal year, the City entered into two installment purchase contracts to finance expansion and upgrades to the waste water treatment plant.

One contract requires annual principal payments and semi-annual interest payments beginning May 2006 with an interest rate of 2.205%. The total contract authorization is \$ 1,823,148, and as of June 30, 2012 the City had drawn down a total of \$ 1,521,358.

The second contract requires annual principal payments and semi-annual interest payments beginning May 2006 with an interest rate of 2.42%. The total contract authorization is \$ 8,434,580, and as of June 30, 2011 the City had drawn down a total of \$8,269,309.

During the June 30, 2010 fiscal year, the City entered into an installment purchase contract to finance the construction of Oxford Athletic Park. This contract requires monthly payments of \$4,166, including interest at a rate of 3.67% per annum.

Annual debt service payments of the installment purchase as of June 30, 2013, including \$1,091,344 of interest are as follows:

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Year ending</u> <u>June 30</u>	Governmental Type Activities		Business Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	50,000	9,251	489,534	151,881
2015	50,000	7,416	489,534	140,198
2016	50,000	5,581	489,534	128,515
2017	50,000	3,746	489,534	116,831
2018	50,000	1,911	489,534	105,149
2019-2023	25,000	268	2,447,667	350,498
2024-2027	0	0	1,468,597	70,099
Total	<u>\$275,000</u>	<u>\$28,173</u>	<u>\$ 6,363,934</u>	<u>\$1,063,171</u>

c. Changes in General Long-Term Liabilities

	<u>Balance</u> <u>7-1-12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-13</u>	<u>Current</u> <u>Portion</u> <u>of</u> <u>Balance</u>
<i>Governmental activities:</i>					
Capitalized Leases	\$ 763,988	\$ -	\$ 130,191	\$ 633,797	\$133,807
Installment Purchases	325,000	-	50,000	275,000	50,000
Compensated absences	215,849	271,871	283,459	204,261	204,261
Other Post Employment Benefits	916,733	117,369	-	1,034,102	-
Net Pension Obligation	<u>306,962</u>	<u>17,267</u>	<u>-</u>	<u>324,229</u>	<u>-</u>
Total governmental activities	<u>\$2,528,532</u>	<u>\$406,507</u>	<u>\$ 463,650</u>	<u>\$2,471,389</u>	<u>\$388,068</u>
<i>Business-type activities:</i>					
Capitalized Leases	\$429,635	\$ -	\$ 46,232	\$383,403	\$46,341
Installment Purchases	6,853,467	-	489,533	6,363,934	489,534
Compensated absences	40,017	73,030	70,441	42,606	42,606
Other Post Employment Benefits	170,669	38,787	-	209,456	-
Total business-type activities	<u>\$7,493,788</u>	<u>\$111,817</u>	<u>\$ 606,206</u>	<u>\$6,999,399</u>	<u>\$578,481</u>

**CITY OF OXFORD, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

d. Interfund Balances and Activity

Balances Due to/from Other Funds

Balances due to/from other funds at June 30, 2013, consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Due From/To			
Other Funds:			
General	Enterprise	\$ 3,693	Payments made during the year out of the general fund for the water fund.

NOTE III. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with five counties and fifteen other municipalities, established the Kerr-Tar Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$4,061 to the Council during the fiscal year ended June 30, 2013. The City also paid a voluntary contribution to the Council of \$11,761 during the fiscal year ended June 30, 2013.

NOTE IV. JOINT VENTURES

The City, in conjunction with Granville and Vance County, and the City of Henderson, participates in a regional airport. Each participating government appoints one member to the four-member board. The Airport is a joint venture and improves the quality of life for its citizens. The City has an ongoing financial responsibility for the Airport because it and the other governmental entities are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The City contributed \$28,750 to the Airport during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Airport can be obtained from the Aeronautics Authority's Administrative offices.

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2013. The Firemen's Relief Fund does not issue separate audited financial statements. Instead the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

NOTE V. RELATED ORGANIZATION

The five-member board of the City of Oxford Housing Authority is appointed by the mayor of the City of Oxford. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Oxford is also disclosed as a related organization in the notes to the financial statements for the City of Oxford Housing Authority.

NOTE VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The City has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE VII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The City has evaluated events and transactions that occurred between June 30, 2013 and November 21, 2013, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE VIII. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The city implemented governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for Other Postemployment Benefits
- Schedule of Employer Contributions for Other Postemployment Benefits

**CITY OF OXFORD, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Proj Unit Credit (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	\$0	\$ 392,498	\$ 392,498	0.00%	\$ 1,145,033	34.28%
12/31/2007	\$0	\$ 445,453	\$ 445,453	0.00%	\$ 1,185,081	37.59%
12/31/2008	\$0	\$ 494,362	\$ 494,362	0.00%	\$ 1,318,053	37.51%
12/31/2009	\$0	\$ 668,899	\$ 668,899	0.00%	\$ 1,368,956	48.86%
12/31/2010	\$0	\$ 628,848	\$ 628,848	0.00%	\$ 1,397,191	45.01%
12/31/2011	\$0	\$ 637,826	\$ 637,826	0.00%	\$ 1,306,865	48.81%
12/31/2012	\$0	\$ 600,856	\$ 600,856	0.00%	\$ 1,367,835	43.93%

**CITY OF OXFORD, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$38,245	51.35%
2006	\$39,084	45.16%
2007	\$38,201	46.21%
2008	\$42,064	68.03%
2009	\$47,634	60.07%
2010	\$54,346	73.23%
2011	\$69,279	60.87%
2012	\$68,407	77.37%
2013	\$69,457	69.74%

Notes to the required schedules:

The information presented in the required supplementary schedules was determined as part actuarial valuation at the dates indicated.

Additional information as for the latest actuarial valuation follows:

Valuation date	12/31/12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 7.85%
Cost of living adjustments	N/A

*Includes inflation at 3.00%

**CITY OF OXFORD, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2009	0	4,442,927	4,442,927	0	3,863,219	115.0%
12/31/2010	0	4,442,927	4,442,927	0	3,863,219	115.0%
12/31/2011	0	5,759,139	5,759,139	0	3,932,648	146.4%
12/31/2012	0	5,759,139	5,759,139	0	3,932,648	146.44%

**CITY OF OXFORD, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	572,108	21.47%
2011	572,108	21.47%
2012	318,539	40.80%
2013	318,539	52.53%

Notes to Required Supplemental Schedules

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	9.5% - 5.0%
Post-Medicare trend rate	7.0% - 5.0%
Year of ultimate trend rate	2018
Includes inflation at	3.00%

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

General Fund: This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Ad valorem taxes				
Taxes	\$ 3,093,637	\$ 3,134,130	\$ 40,493	\$ 3,067,054
Interest	20,000	27,389	7,389	20,827
Total	<u>3,113,637</u>	<u>3,161,519</u>	<u>47,882</u>	<u>3,087,881</u>
Other taxes and licenses:				
Local option sales taxes	1,392,000	1,332,610	(59,390)	1,299,179
Local ABC revenues	50,000	31,719	(18,281)	83,193
Privilege licenses	251,000	359,588	108,588	158,342
Total	<u>1,693,000</u>	<u>1,723,917</u>	<u>30,917</u>	<u>1,540,714</u>
Unrestricted intergovernmental				
Utility franchise tax	613,312	561,041	(52,271)	556,118
Beer and wine tax	44,986	34,367	(10,619)	36,910
Sales tax refund	32,000	32,465	465	25,427
Total	<u>690,298</u>	<u>627,873</u>	<u>(62,425)</u>	<u>618,455</u>
Restricted intergovernmental				
"State Street Aid" grant	231,883	235,650	3,767	230,742
JAG grant	6,750	6,750	-	4,534
FEMA/Fire Fighter Grant	49,589	2,000	(47,589)	-
Police Cadet Program	-	469	469	-
Solid Waste Disposal Tax	3,000	5,355	2,355	3,017
Pedestrian Planning Grant	-	17,314	17,314	-
School Resource Officer funding	26,762	26,762	-	33,453
Tourism Contribution	-	22,000	22,000	22,000
Total	<u>317,984</u>	<u>316,300</u>	<u>(1,684)</u>	<u>293,746</u>
Permits and fees				
Special use permits	31,100	30,536	(564)	33,246
Auto tags	114,030	113,328	(702)	111,083
Total	<u>\$ 145,130</u>	<u>\$ 143,864</u>	<u>\$ (1,266)</u>	<u>\$ 144,329</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Sales and Services				
Recreation	\$ 59,840	\$ 96,195	\$ 36,355	\$ 80,586
Refuge collections	1,183,739	1,196,321	12,582	1,145,494
Mowing charges	1,600	1,322	(278)	1,818
Cemetery interment	10,950	17,125	6,175	9,430
Fire protection	56,700	63,793	7,093	64,842
Special fire protection	310,000	396,021	86,021	204,890
Sidewalks	1,200	-	(1,200)	-
Police undercover fund	2,435	3,586	1,151	34,679
Recreation Granville Co.	67,000	67,613	613	67,613
Soft Body Armor	3,500	-	(3,500)	-
Rental income	151,350	156,315	4,965	156,368
Police Fees - Housing Authority	34,000	8,569	(25,431)	37,441
Total	<u>1,882,314</u>	<u>2,006,860</u>	<u>124,546</u>	<u>1,803,161</u>
Investment earnings				
General Fund	8,050	465	(7,585)	7,312
Powell Bill	200	83	(117)	7
Total	<u>8,250</u>	<u>548</u>	<u>(7,702)</u>	<u>7,319</u>
Miscellaneous				
Court fees and charges	7,050	3,988	(3,062)	4,883
DOEDC contribution	8,000	-	(8,000)	19,854
Miscellaneous	29,850	17,839	(12,011)	28,426
Sales of surplus property	5,000	1,786	(3,214)	6,679
Total	<u>49,900</u>	<u>23,613</u>	<u>(26,287)</u>	<u>59,842</u>
Total revenues	<u>\$ 7,900,513</u>	<u>\$ 8,004,494</u>	<u>\$ 103,981</u>	<u>\$ 7,555,447</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
EXPENDITURES				
General Government				
Governing Body				
Salaries and employee benefits	\$ 63,444	\$ 60,471	\$ 2,973	\$ 60,457
Membership dues	26,877	26,197	680	14,253
Other operating expenditures	341,400	327,601	13,799	272,865
Capital Outlay	20,000	10,607	9,393	-
Reimbursements - Enterprise Fund	(310,000)	(331,302)	21,302	(310,008)
Total	<u>141,721</u>	<u>93,574</u>	<u>48,147</u>	<u>37,567</u>
Administration				
Salaries and employee benefits	370,916	311,219	59,697	339,825
Other operating expenditures	70,043	122,901	(52,858)	48,586
Total	<u>440,959</u>	<u>434,120</u>	<u>6,839</u>	<u>388,411</u>
Finance				
Salaries and employee benefits	249,017	232,710	16,307	239,742
Capital outlay	6,000	-	6,000	-
Other operating expenditures	87,670	93,712	(6,042)	71,660
Total	<u>342,687</u>	<u>326,422</u>	<u>16,265</u>	<u>311,401</u>
Planning and Zoning				
Salaries and employee benefits	91,274	88,214	3,060	87,964
Other operating expenditures	30,325	26,319	4,006	40,987
Total	<u>\$ 121,599</u>	<u>\$ 114,533</u>	<u>\$ 7,066</u>	<u>\$ 128,951</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Legal fees				
Contracted services	\$ 31,000	\$ 27,216	\$ 3,784	\$ 32,058
Other operating expenditures	5,000	3,700	1,300	3,411
Total	<u>36,000</u>	<u>30,916</u>	<u>5,084</u>	<u>35,469</u>
Public Buildings				
Salaries and employee benefits	98,163	97,156	\$ 1,007	96,307
Capital Outlay	-	-	-	-
Other operating expenditures	51,475	52,175	(700)	45,917
Total	<u>149,638</u>	<u>149,331</u>	<u>307</u>	<u>142,224</u>
Public Works Administration				
Salaries and employee benefits	43,982	43,766	216	43,077
Other operating expenditures	16,570	16,797	(227)	17,925
Total	<u>60,552</u>	<u>60,563</u>	<u>(11)</u>	<u>61,002</u>
Total General Government	<u>\$ 1,293,156</u>	<u>\$ 1,209,459</u>	<u>\$ 83,697</u>	<u>\$ 1,105,025</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Public Safety				
Police				
Salaries and employee benefits	\$ 2,329,048	\$ 2,245,749	\$ 83,299	\$ 2,162,130
Vehicle maintenance	42,400	41,586	814	46,056
Other operating expenditures	368,091	318,161	49,930	292,660
Capital outlay	94,000	84,145	9,855	34,969
Total	2,833,539	2,689,641	143,898	2,535,814
Fire				
Salaries and employee benefits	625,195	558,257	66,938	590,496
Vehicle maintenance	16,000	15,275	725	14,464
Capital outlay	12,500	7,200	5,300	21,640
Other operating expenditures	197,335	148,327	49,008	107,147
Total	851,030	729,059	121,971	733,747
Total public safety	3,684,569	3,418,700	265,869	3,269,561
Transportation:				
Streets and highways:				
Salaries and employee benefits	409,316	349,973	59,343	405,207
Vehicle maintenance	17,100	14,902	2,198	16,387
Asphalt and gravel	10,000	4,165	5,835	7,665
Street lights	108,000	99,695	8,305	101,338
Other operating expenditures	326,135	209,342	116,793	169,222
Capital outlay	24,400	101,404	(77,004)	55,676
Sidewalks	27,000	26,096	904	23,822
Total	921,951	805,577	116,374	779,317
Airport				
Donation to VGHO Airport	28,750	28,750	-	26,022
Total	\$ 28,750	\$ 28,750	\$ -	\$ 26,022
City Garage				
Other operating expenditures	\$ 4,558	\$ 3,889	\$ 669	\$ 4,027
Total	4,558	3,889	669	4,027

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Engineering				
Salaries and employee benefits	160,748	159,047	1,701	158,046
Capital outlay	6,840	-	6,840	-
Other operating expenditures	19,500	7,202	12,298	7,115
Total	<u>187,088</u>	<u>166,249</u>	<u>20,839</u>	<u>165,161</u>
Elderly Transportation				
Donation to elderly transportation	3,000	3,000	-	3,000
Total	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total transportation & utilities	<u>1,145,347</u>	<u>1,007,465</u>	<u>137,882</u>	<u>977,528</u>
Environmental Protection				
Sanitation				
Contracted services	975,151	969,867	5,284	921,486
Other operating expenditures	88,500	78,679	9,821	68,170
Total	<u>1,063,651</u>	<u>1,048,546</u>	<u>15,105</u>	<u>989,656</u>
Cemetery				
Other operating expenditures	35,000	31,998	3,002	33,932
Total	<u>35,000</u>	<u>31,998</u>	<u>3,002</u>	<u>33,932</u>
Total environmental protection	<u>\$ 1,098,651</u>	<u>\$ 1,080,544</u>	<u>\$ 18,107</u>	<u>\$ 1,023,588</u>
Culture and recreation:				
Parks and recreation:				
Salaries and employee benefits	\$ 465,600	\$ 466,491	\$ (891)	\$ 450,251
Other operating expenditures	140,362	145,510	(5,148)	160,353
Capital outlay	112,336	107,587	4,749	12,500
Total	<u>718,298</u>	<u>719,588</u>	<u>(1,290)</u>	<u>623,104</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Swimming Pool				
Salaries and employee benefits	24,253	15,240	9,013	13,548
Other operating expenditures	13,800	9,507	4,293	7,462
Total	<u>38,053</u>	<u>24,747</u>	<u>13,306</u>	<u>21,010</u>
Lake Devin Facilities				
Other operating expenditures	4,800	2,037	2,763	850
Utilities	1,700	1,385	315	1,466
Total	<u>6,500</u>	<u>3,422</u>	<u>3,078</u>	<u>2,316</u>
Parks				
Salaries and employee benefits	70,789	69,030	1,759	67,968
Capital outlay	-	-	-	11,307
Other operating expenditures	15,995	16,805	(810)	17,726
Total	<u>86,784</u>	<u>85,835</u>	<u>949</u>	<u>97,001</u>
Cultural				
Contribution-Granville County Museum	9,876	9,876	-	9,876
Total	<u>9,876</u>	<u>9,876</u>	<u>-</u>	<u>9,876</u>
Total culture and recreation	<u>\$ 859,511</u>	<u>\$ 843,468</u>	<u>\$ 16,043</u>	<u>\$ 753,307</u>
Debt service:				
Principal retirement	\$ 180,191	\$ 180,191	\$ -	\$ 186,744
Interest and other charges	103,778	30,903	72,875	50,711
Total debt service	<u>283,969</u>	<u>211,094</u>	<u>72,875</u>	<u>237,455</u>
Total expenditures	<u>8,365,203</u>	<u>7,770,730</u>	<u>594,473</u>	<u>7,366,463</u>
Revenues over (under) expenditures	<u>(464,690)</u>	<u>233,764</u>	<u>698,454</u>	<u>188,984</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Other Financing Sources (uses)				
Transfers from other funds				
Capital Projects	(31,582)	-	31,582	-
Proceeds of Capital lease	353,704	-	(353,704)	68,261
Total other financing sources (uses)	322,122	-	(322,122)	68,261
APPROPRIATED FUND BALANCE	142,568	-	(142,568)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	233,764	\$ 233,764	\$ 257,245
FUND BALANCES:				
Beginning of year - July 1		2,147,189		
End of year - June 30		\$ 2,380,953		

**CITY OF OXFORD, NORTH CAROLINA
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	PROJECT AUTHORIZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues					
DOT Sidewalk	\$ 126,324	\$ -	\$ -	\$ -	\$ (126,324)
Investment earnings	-	9	66	75	75
	<u>126,324</u>	<u>9</u>	<u>66</u>	<u>75</u>	<u>(126,249)</u>
Expenditures					
DOT Sidewalk	<u>157,905</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>155,905</u>
Revenues over (under) expenditures	(31,581)	(1,991)	66	(1,925)	29,656
Other Financing Sources (uses) Transfer from General Fund	<u>31,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,581)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,991)</u>	<u>\$ 66</u>	<u>\$ (1,925)</u>	<u>\$ (1,925)</u>
Fund Balances:					
Beginning of year - July 1			<u>(1,991)</u>		
End of year - June 30			<u>\$ (1,925)</u>		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government’s council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government’s council has decided that the periodic determination of net income is appropriate for accountability purposes

Water and Sewer Fund: This fund is used to account for the operations of the City’s water and sewer operations.

Stormwater Management Fund: This fund is used to account for the operations of the City’s stormwater management operations.

Water and Sewer Capital Projects Fund: This fund is used to account for capital projects of the City related to the water and sewer funds.

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Water Sales	\$ 1,710,000	\$ 1,626,530	\$ (83,470)	\$ 1,660,651
Sewer charges	2,564,300	2,611,212	46,912	2,574,062
Hydrants and sprinklers	49,000	53,137	4,137	49,540
Water and sewer taps	11,000	8,785	(2,215)	12,240
Assessments	-	-	-	-
Total	4,334,300	4,299,664	(34,636)	4,296,493
Other operating revenues	183,100	168,477	(14,623)	221,209
Total operating revenues	4,517,400	4,468,141	(49,259)	4,517,702
Nonoperating revenues				
Interest on investments	7,000	1,617	(5,383)	3,303
Interest on assessments	100	-	(100)	-
Total nonoperating revenues	7,100	1,617	(5,483)	3,303
Total revenues	4,524,500	4,469,758	(54,742)	4,521,005
EXPENDITURES				
Water and sewer administration:				
Salaries and employee benefits	137,705	139,897	(2,192)	127,619
Insurance	13,295	12,191	1,104	16,234
Rent	36,000	36,000	-	36,000
Other operating expenditures	549,400	556,463	(7,063)	506,265
Total water and sewer administration	736,400	744,551	(8,151)	686,118
Meter Service				
Salaries and employee benefits	81,230	80,214	1,016	75,814
Other operating expenditures	31,900	20,409	11,491	26,348
Total	113,130	100,623	12,507	102,162
Water Supply, Pumping and				
Water Purchases	890,000	883,551	6,449	876,137
Contracted services	21,300	9,450	11,850	15,946
Other operating expenditures	33,300	26,889	6,411	26,611
Total	\$ 944,600	\$ 919,890	\$ 24,710	\$ 918,694

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Water and Sewer Line				
Salaries and employee benefits	\$ 397,868	\$ 411,245	\$ (13,377)	\$ 390,120
Supplies	77,000	66,412	10,588	67,501
Utilities	7,500	4,104	3,396	5,274
Contracted services	14,000	2,343	11,657	9,967
Other operating expenditures	253,900	128,727	125,173	110,543
Chemicals	-	-	-	240
Total	750,268	612,831	137,437	583,645
Lift Station Master				
Contracted services	6,900	6,855	45	3,592
Chemicals	8,000	4,947	3,053	6,015
Utilities	43,100	45,872	(2,772)	-
Repairs and maintenance	40,000	26,347	13,653	16,217
Total	98,000	84,021	13,979	25,824
Coon Creek Lift Station				
Repairs and maintenance	-	-	-	753
Utilities	-	-	-	19,427
Total	-	-	-	20,180
Certainteed Lift Station				
Utitlites	-	-	-	2,744
Total	-	-	-	2,744
Rolling Wood Lift Station				
Utitlites	-	-	-	1,959
Total	-	-	-	1,959
Stovall Water Line				
Chemicals	500	354	146	166
Repairs and maintenance	5,000	1,770	3,230	-
Utitlites	4,700	5,264	(564)	4,936
Total	10,200	7,388	2,812	5,102
Kingsbury Street Lift Station				
Utitlites	-	-	-	1,848
Total	\$ -	\$ -	\$ -	\$ 1,848

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Knott's Grove Lift Station				
Utilities	\$ -	\$ -	\$ -	\$ 2,716
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,716</u>
Willow Apts Lift Station				
Utilities	-	-	-	991
Repairs and Maintenance	-	-	-	21
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012</u>
I-85 Lift Station				
Utilities	-	-	-	7,954
Equipment maintenance	-	-	-	202
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,156</u>
Clover Lane Lift Station				
Utilities	-	-	-	1,899
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899</u>
Industrial Waste Treatment				
Salaries and employee benefits	294,995	298,070	(3,075)	290,357
Contracted services	58,000	42,802	15,198	43,994
Utilities	142,800	150,670	(7,870)	156,886
Land application sludge	130,000	124,771	5,229	83,722
Repairs and maintenance	95,600	78,449	17,151	71,356
Other operating expenditures	60,400	58,343	2,057	43,766
Total	<u>781,795</u>	<u>753,105</u>	<u>28,690</u>	<u>690,081</u>
Debt service:				
Interest and other charges	241,053	175,626	65,427	188,578
Principal retirement	535,664	535,765	(101)	535,664
Total debt service	<u>776,717</u>	<u>711,391</u>	<u>65,326</u>	<u>724,242</u>
Capital Outlay				
Miscellaneous water	<u>164,000</u>	<u>220,170</u>	<u>(56,170)</u>	<u>8,620</u>
Total expenditures	<u>\$ 4,375,110</u>	<u>\$ 4,153,970</u>	<u>\$ 221,140</u>	<u>\$ 3,785,002</u>

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
Other financing sources (uses):				
Transfer to other fund:				
General fund	\$ -	\$ -	\$ -	\$ -
Water Capital Projects	(390,000)	-	390,000	(915,000)
Proceeds of sale of equipme	-	1,344	1,344	8,239
Proceeds of Capital Lease	309,000	-	(309,000)	-
Fund Balance Appropriated	(68,390)	-	68,390	-
Total other financing sources (uses)	<u>(149,390)</u>	<u>1,344</u>	<u>150,734</u>	<u>(906,761)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	317,132	<u>\$ 317,132</u>	<u>\$ (170,758)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Principal retirement		535,765		
Capital outlay		2,021,666		
Water & Sewer capital projects fund revenues over (under) expenditures		(810,496)		
Depreciation		<u>(810,126)</u>		
Change in net position		<u>\$ 1,253,941</u>		

**CITY OF OXFORD, NORTH CAROLINA
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013		VARIANCE POSITIVE (NEGATIVE)	2012
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Operating Revenues				
Charges for Services	\$ 152,083	\$ 164,222	\$ 12,139	\$ 157,836
Nonoperating Revenues				
Interest earnings	-	75	\$ 75	5
Total Revenues	152,083	164,297	12,214	\$ 157,841
EXPENDITURES				
General Operations	69,000	41,995	27,005	46,698
Depreciation	-	281	(281)	281
Total Expenditures	69,000	42,276	26,724	46,979
Revenues over (under) expenditures	83,083	122,021	38,938	110,862
Other Financing Sources (Uses)				
Transfer to Water/Sewer Capital Projects	(80,000)	-	80,000	-
Fund Balance Appropriated	(3,083)	-	3,083	-
Total Other Financing Sources (Uses)	(83,083)	-	83,083	-
EXCESS OF REVENUES, OTHER SOURCES AND FUND BALANCE OVER EXPENDITURES AND OTHER USES				
	<u>\$ -</u>	122,021	<u>\$ 122,021</u>	<u>\$ 110,862</u>
FUND BALANCES:				
Beginning of year - July 1		<u>196,655</u>		
End of year - June 30		<u>\$ 318,676</u>		

**CITY OF OXFORD, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	PROJECT AUTHORIZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues - Water Project:					
Restricted Intergovernmental:					
Community Development					
Block Grant	1,000,000	\$ 9,000	991,000	\$ 1,000,000	\$ -
Rural Center Project Grant #2	450,000	-	-	-	(450,000)
CWMTF	210,000	-	-	-	(210,000)
Total Revenues - Water Project	<u>1,660,000</u>	<u>9,000</u>	<u>991,000</u>	<u>1,000,000</u>	<u>-</u>
Expenditures - Water Project:					
Rural Center Grant #2	750,000	80,422	598,677	679,099	70,901
Stormwater Management Trust Fund	300,000	32,909	183,624	216,533	83,467
Cherry/Goshen stormwater	80,000	19,822	-	19,822	60,178
Raleigh Street CDBG	1,000,000	626,941	932,215	1,559,156	(559,156)
Coon Creek Stormwater Improvement	-	-	51,074	51,074	(51,074)
WWTP Equalization	-	-	35,906	35,906	(35,906)
Total expenditures - water project	<u>2,130,000</u>	<u>760,094</u>	<u>1,801,496</u>	<u>2,474,610</u>	<u>(344,610)</u>
Revenues over (under) expenditures	<u>(470,000)</u>	<u>(751,094)</u>	<u>(810,496)</u>	<u>(1,474,610)</u>	<u>(1,004,610)</u>
Other Financing Sources (uses)					
Transfer from Stormwater Management	80,000	195,851	-	195,851	115,851
Transfer from Water Fund	390,000	8,659,666	-	8,659,666	8,269,666
Total Other Financing Sources(uses)	<u>470,000</u>	<u>8,855,517</u>	<u>-</u>	<u>8,855,517</u>	<u>8,385,517</u>
Revenues and other sources over(under) expenditure	<u>\$ -</u>	<u>\$ 8,104,423</u>	<u>(810,496)</u>	<u>\$ 7,380,907</u>	<u>\$ 7,380,907</u>

OTHER SCHEDULES

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Year Tax Levy

EXHIBIT D-1

CITY OF OXFORD, NORTH CAROLINA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2013

FISCAL YEAR	UNCOLLECTED BALANCE JUNE 30, 2012	ADDITIONS	COLLECTIONS AND CREDITS	UNCOLLECTED BALANCE JUNE 30, 2013
2012-2013	\$ -	\$ 3,157,938	\$ 3,027,777	\$ 130,161
2011-2012	125,615		103,015	22,600
2010-2011	24,265		10,022	14,243
2009-2010	13,654		3,869	9,785
2008-2009	12,978		2,645	10,333
2007-2008	12,052		1,762	10,290
2006-2007	11,143		1,501	9,642
2005-2006	9,322		1,007	8,315
2004-2005	9,091		752	8,339
2003-2004	8,990		537	8,453
2002-2003	8,632		8,632	-
	<u>\$ 235,742</u>	<u>\$ 3,157,938</u>	<u>\$ 3,161,519</u>	<u>\$ 232,161</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 3,143,794
Reconciling items:	
Interest collected	27,389
Discounts allowed	(18,296)
Taxes written off	8,632
Subtotal	<u>17,725</u>
Total collections and credits	<u>\$ 3,161,519</u>

**CITY OF OXFORD, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30,2013**

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 470,683,009	0.60	\$ 2,824,098	\$ 2,824,098	\$ -
Registered motor vehicles taxed at current year's rate	<u>44,822,991</u>	0.60	<u>268,938</u>	<u>268,938</u>	<u>268,938</u>
Total	515,506,000		3,093,036	2,824,098	268,938
Discoveries:					
Current year taxes	12,528,000	0.60	75,168	75,168	-
Abatements					
Total Property Valuation	<u>(1,711,000)</u>		<u>(10,266)</u>	<u>(10,266)</u>	<u>-</u>
Net levy			3,157,938	2,889,000	268,938
Uncollected at June 30, 2013			<u>(130,161)</u>	<u>(50,224)</u>	<u>(79,937)</u>
Current year taxes collected			<u>\$ 3,027,777</u>	<u>\$ 2,838,776</u>	<u>\$ 189,001</u>
Current levy collection percentage			<u>95.88%</u>	<u>98.26%</u>	<u>70.28%</u>

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Oxford
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

TABLE 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	\$ 3,578,469	\$ 3,619,282	\$ 3,531,039	\$ 4,065,916	\$ 5,345,176	\$ 5,647,688	\$ 5,635,059	\$ 5,378,495	\$ 5,154,718	\$ 5,125,040
Restricted	370,859	258,099	184,761	158,158	212,879	376,716	279,366	342,688	472,938	488,932
Unrestricted	1,988,900	2,013,061	1,969,447	2,145,057	1,570,304	1,665,187	1,298,241	389,905	522,827	611,397
Total governmental activities net position	<u>\$ 5,938,228</u>	<u>\$ 5,890,442</u>	<u>\$ 5,685,247</u>	<u>\$ 6,369,131</u>	<u>\$ 7,128,359</u>	<u>\$ 7,689,591</u>	<u>\$ 7,212,666</u>	<u>\$ 6,111,088</u>	<u>\$ 6,150,483</u>	<u>\$ 6,225,369</u>
Business-type activities										
Net Investment in capital assets	\$ 11,922,637	\$ 13,883,340	\$ 14,690,354	\$ 14,733,985	\$ 12,809,306	\$ 13,015,314	\$ 13,311,838	\$ 14,112,889	\$ 14,528,674	\$ 16,275,698
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,955,943	2,848,637	2,790,437	2,888,740	3,344,041	3,331,500	2,987,707	2,371,394	2,849,208	2,478,146
Total business-type activities net position	<u>\$ 15,878,580</u>	<u>\$ 16,731,977</u>	<u>\$ 17,480,791</u>	<u>\$ 17,622,725</u>	<u>\$ 16,153,347</u>	<u>\$ 16,346,814</u>	<u>\$ 16,299,545</u>	<u>\$ 16,484,283</u>	<u>\$ 17,377,882</u>	<u>\$ 18,753,844</u>
Primary government										
Net Investment in capital assets	\$ 15,501,106	\$ 17,502,622	\$ 18,221,393	\$ 18,799,901	\$ 18,154,482	\$ 18,663,002	\$ 18,946,897	\$ 19,491,384	\$ 19,683,392	\$ 21,400,738
Restricted	370,859	258,099	184,761	158,158	212,879	376,716	279,366	342,688	472,938	488,932
Unrestricted	5,944,843	4,861,698	4,759,884	5,183,797	4,914,345	4,996,687	4,285,948	2,761,299	3,372,035	3,089,543
Total primary government net position	<u>\$ 21,816,808</u>	<u>\$ 22,622,419</u>	<u>\$ 23,166,038</u>	<u>\$ 24,141,856</u>	<u>\$ 23,281,706</u>	<u>\$ 24,036,405</u>	<u>\$ 23,512,211</u>	<u>\$ 22,595,371</u>	<u>\$ 23,528,365</u>	<u>\$ 24,979,213</u>

City of Oxford
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

TABLE 2

Expenses	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 1,111,244	\$ 1,114,343	\$ 1,164,950	\$ 1,211,741	\$ 1,175,091	\$ 1,450,598	\$ 1,342,581	\$ 1,343,583	\$ 1,168,874	\$ 1,323,461
Public safety	2,650,410	2,660,006	2,818,544	2,954,018	3,103,699	3,078,002	3,545,023	3,920,808	3,381,617	3,634,090
Transportation	1,082,477	994,383	1,139,567	1,008,230	1,112,007	920,254	1,200,761	1,339,282	1,052,579	986,646
Environmental protection	877,803	907,990	939,200	1,002,311	1,018,353	1,039,311	1,028,876	1,061,703	1,023,588	1,080,544
Cultural and recreation	392,229	429,396	492,154	480,304	512,689	664,132	765,651	839,570	842,919	852,346
Interest on long-term debt	10,232	8,554	11,544	9,184	11,537	17,570	35,483	36,714	50,582	30,753
Total governmental activities expenses	6,124,395	6,114,672	6,565,959	6,665,788	6,933,376	7,169,867	7,918,375	8,541,660	7,520,159	7,907,840
Business-type activities										
Water and Sewer	3,149,415	3,216,857	3,320,939	3,660,609	3,810,495	3,838,837	3,977,471	3,997,158	4,046,107	4,208,161
Stormwater Management							157,653	57,025	46,979	42,276
Total business-type activities expenses	3,149,415	3,216,857	3,320,939	3,660,609	3,810,495	3,838,837	4,135,124	4,054,183	4,093,086	4,250,437
Total primary government expenses	\$ 9,273,810	\$ 9,331,529	\$ 9,886,898	\$ 10,326,397	\$ 10,743,871	\$ 11,008,704	\$ 12,053,499	\$ 12,595,843	\$ 11,613,245	\$ 12,158,277
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 68,565	\$ 65,338	\$ 85,721	\$ 120,608	\$ 131,923	\$ 147,953	\$ 167,733	\$ 153,000	\$ 189,614	\$ 186,851
Public Safety	331,923	367,510	376,968	397,418	442,754	431,355	408,017	427,593	346,735	475,957
Transportation	6,345	5,165	4,688	4,656	3,644	-	1,353	-	-	-
Environmental protection	93,962	946,786	976,121	1,031,549	1,039,964	1,080,567	1,089,952	1,131,863	1,154,924	1,213,446
Culture and recreation	121,412	115,774	131,500	134,690	130,195	145,674	130,780	144,188	148,199	163,808
Operating grants and contributions	410,842	342,363	284,290	851,756	1,070,209	1,016,357	500,945	279,772	313,600	316,300
Capital grants and contributions							49,623	1,818	1,322	-
Total governmental activities program revenues	1,878,689	1,842,936	1,859,288	2,540,677	2,818,689	2,821,906	2,298,780	2,186,039	2,154,890	2,357,684
Business-type activities										
Charges for services:										
Water and Sewer	3,405,852	3,673,539	3,984,557	3,857,238	4,110,334	3,916,152	3,729,632	4,013,980	4,517,702	4,468,141
Stormwater Management	-	-	-	-	-	-	152,136	151,122	157,836	164,222
Operating grants and contributions										
Water and Sewer	-	332,500	-	-	-	51,403	193,597	90,709	-	-
Stormwater Management	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions									299,600	991,000
Total business-type activities program revenues	3,405,852	4,006,039	3,984,557	3,857,238	4,110,334	3,916,152	3,881,768	4,255,811	4,975,138	5,623,363
Total primary government program revenues	\$ 5,284,541	\$ 5,848,975	\$ 5,843,845	\$ 6,397,915	\$ 6,929,023	\$ 6,738,058	\$ 6,180,548	\$ 6,441,850	\$ 7,130,028	\$ 7,981,047
Net (expenses)/revenue										
Governmental activities	\$ (4,245,706)	\$ (4,271,736)	\$ (4,706,671)	\$ (4,125,111)	\$ (4,114,687)	\$ (4,347,961)	\$ (5,619,595)	\$ (6,355,621)	\$ (5,365,269)	\$ (5,550,156)
Business-type activities	256,437	789,182	663,618	196,629	299,839	77,315	(253,356)	201,628	882,052	1,372,926
Total primary government net expenses	\$ (3,989,269)	\$ (3,482,554)	\$ (4,043,053)	\$ (3,928,482)	\$ (3,814,848)	\$ (4,270,646)	\$ (5,872,951)	\$ (6,153,993)	\$ (4,483,217)	\$ (4,177,230)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,219,433	\$ 2,239,676	\$ 2,332,991	\$ 2,442,147	\$ 2,520,817	\$ 2,538,432	\$ 2,773,479	\$ 3,069,853	\$ 3,094,027	\$ 3,154,864
Other taxes	119,579	135,080	135,402	142,361	147,870	154,176	182,086	191,767	278,445	458,139
Franchise taxes	284,097	266,598	286,492	340,692	453,942	574,040	631,618	575,978	556,118	561,041
Sales taxes	1,313,480	1,441,507	1,533,843	1,616,977	1,550,670	1,452,555	1,385,292	1,335,939	1,299,179	1,332,610
Unrestricted grants and contributions										
Investment earnings	29,091	48,991	92,610	129,551	119,991	51,945	8,385	7,353	5,280	901
Miscellaneous	144,013	158,361	120,138	137,267	41,000	138,045	161,810	222,724	171,615	117,487
Transfers	-	-	-	-	39,625	-	-	-	-	-
Total governmental activities	4,109,693	4,290,213	4,501,476	4,808,995	4,873,915	4,909,193	5,142,670	5,403,614	5,404,664	5,625,042
Business-type activities:										
Investment earnings	52,148	61,685	85,196	99,446	103,458	64,749	12,490	6,290	3,308	1,692
Miscellaneous	63,223	2,530	-	700	-	-	-	-	8,239	1,344
Gain (Loss) on sale of capital assets	-	-	-	(4,841)	(1,983,050)	-	-	-	-	-
Transfers	-	-	-	-	(39,625)	-	-	-	-	-
Total business-type activities	115,371	64,215	85,196	95,305	(1,919,217)	64,749	12,490	6,290	11,547	3,036
Total primary government	\$ 4,225,064	\$ 4,354,428	\$ 4,586,672	\$ 4,904,300	\$ 2,954,698	\$ 4,973,942	\$ 5,155,160	\$ 5,409,904	\$ 5,416,211	\$ 5,628,078
Changes in Net Position										
Governmental activities	\$ (136,013)	\$ 18,477	\$ (205,195)	\$ 683,884	\$ 759,228	\$ 561,232	\$ (476,925)	\$ (952,007)	\$ 39,395	\$ 74,886
Business-type activities	371,808	853,397	748,814	291,934	(1,619,378)	142,064	(240,866)	207,918	893,599	1,375,962
Total primary government	\$ 235,795	\$ 871,874	\$ 543,619	\$ 975,818	\$ (860,150)	\$ 703,296	\$ (717,791)	\$ (744,089)	\$ 932,994	\$ 1,450,848

City of Oxford
Governmental Activities Tax Revenues By Sources
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2004	2,219,433	1,313,480	284,097	-	44,890	3,861,900
2005	2,239,676	1,441,507	266,598	-	56,429	4,004,210
2006	2,332,991	1,533,843	286,492	-	57,797	4,211,123
2007	2,442,147	1,616,977	340,692	-	60,751	4,460,567
2008	2,520,817	1,550,670	453,942	-	62,387	4,587,816
2009	2,538,432	1,452,555	574,040	-	64,500	4,629,527
2010	2,773,479	1,385,292	631,618	-	59,330	4,849,719
2011	3,069,853	1,335,939	575,978	-	49,185	5,030,955
2012	3,094,027	1,299,179	556,118	-	83,193	5,032,517
2013	3,154,864	1,332,610	561,041	-	31,719	5,080,234

City of Oxford
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)
(unaudited)

TABLE 4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund										
Reserved	\$ 823,037	\$ 657,846	\$ 634,537	\$ 656,020	\$ 799,965	\$ 975,900	\$ 756,138	\$ -	\$ -	\$ -
Unreserved	1,762,366	1,861,936	1,741,544	1,937,313	1,357,855	1,365,140	1,487,993	-	-	-
Non Spendable								11,545	10,213	10,799
Restricted								342,688	472,938	488,932
Committed								25,000	25,000	25,000
Assigned								32,501	24,736	-
Unassigned								1,476,210	1,612,311	1,856,222
Total general fund	<u>\$ 2,585,403</u>	<u>\$ 2,519,782</u>	<u>\$ 2,376,081</u>	<u>\$ 2,593,333</u>	<u>\$ 2,157,820</u>	<u>\$ 2,341,040</u>	<u>\$ 2,244,131</u>	<u>\$ 1,887,944</u>	<u>\$ 2,145,198</u>	<u>\$ 2,380,953</u>

City of Oxford
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

TABLE 5

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Ad valorem Taxes	\$ 2,230,020	\$ 2,237,535	\$ 2,292,682	\$ 2,439,313	\$ 2,557,635	\$ 2,545,791	\$ 2,754,903	\$ 3,094,707	\$ 3,087,881	\$ 3,161,519
Other taxes and licenses	1,375,821	1,515,117	1,607,468	1,693,944	1,629,176	1,535,008	1,524,425	1,452,636	1,540,714	1,723,917
Unrestricted intergovernmental	341,335	328,068	348,269	406,087	523,306	645,763	674,571	651,048	618,455	627,873
Restricted intergovernmental	377,865	289,542	283,579	360,383	773,303	1,014,722	491,179	326,422	293,746	316,300
Permits and fees	131,779	139,685	139,775	132,204	79,549	109,256	143,019	156,461	144,329	143,864
Sales and services	1,476,894	1,530,443	1,552,232	1,668,157	1,734,458	1,786,228	1,762,309	1,826,469	1,803,161	2,006,860
Investment earnings	31,524	44,979	87,198	135,693	121,469	50,593	7,205	7,088	7,328	614
Miscellaneous	36,164	46,588	14,122	34,544	42,490	49,745	64,083	99,411	59,842	23,613
Total Revenues	<u>6,001,402</u>	<u>6,131,957</u>	<u>6,325,325</u>	<u>6,870,325</u>	<u>7,461,386</u>	<u>7,737,106</u>	<u>7,421,694</u>	<u>7,614,242</u>	<u>7,555,456</u>	<u>8,004,560</u>
Expenditures										
General government	999,720	1,007,329	1,050,184	1,093,364	1,198,365	1,337,301	1,155,696	1,154,487	1,105,025	1,198,852
Public safety	2,399,929	2,447,628	2,640,200	2,745,830	2,919,398	3,027,505	3,118,746	3,400,585	3,180,360	3,327,355
Transportation	1,041,169	945,808	1,084,343	929,309	894,654	841,614	1,085,022	1,218,767	921,851	906,061
Environmental protection	876,724	910,799	942,961	1,001,606	1,018,574	1,038,937	1,029,663	1,061,703	1,023,588	1,080,544
Cultural, recreation and parks	374,308	409,995	467,153	451,256	479,165	621,034	673,672	716,171	729,500	735,881
Capital outlay	136,476	414,520	214,598	539,571	1,301,147	1,131,511	758,290	361,829	168,684	310,943
Debt service										
Principal	154,530	166,702	141,726	113,075	151,982	149,738	210,206	200,689	186,744	180,191
Interest	10,346	8,025	12,141	9,242	11,718	17,230	34,580	36,984	50,711	30,903
Total expenditures	<u>5,993,202</u>	<u>6,310,806</u>	<u>6,553,306</u>	<u>6,883,253</u>	<u>7,975,003</u>	<u>8,164,870</u>	<u>8,065,875</u>	<u>8,151,215</u>	<u>7,366,463</u>	<u>7,770,730</u>
Excess of revenues over (under) expenditures	8,200	(178,849)	(227,981)	(12,928)	(513,617)	(427,764)	(644,181)	(536,973)	188,993	233,830
Other financing sources (uses)										
Transfers	-	-	-	-	39,625	-	-	-	-	-
Capital leases	113,125	179,491	84,280	230,180	38,479	610,984	547,272	330,357	68,261	-
Net change in fund balances	<u>\$ 121,325</u>	<u>\$ 642</u>	<u>\$ (143,701)</u>	<u>\$ 217,252</u>	<u>\$ (435,513)</u>	<u>\$ 183,220</u>	<u>\$ (96,909)</u>	<u>\$ (206,616)</u>	<u>\$ 257,254</u>	<u>\$ 233,830</u>
Debt service as a percentage of noncapital expenditures	2.82%	2.96%	2.43%	1.93%	2.45%	2.37%	3.35%	3.05%	3.30%	2.72%

City of Oxford
General Governmental Tax Revenues By Sources
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2004	2,230,020	1,313,480	284,097	-	44,890	3,872,487
2005	2,237,535	1,441,507	266,598	-	56,429	4,002,069
2006	2,292,682	1,533,843	286,492	-	57,797	4,170,814
2007	2,439,313	1,616,977	340,692	-	60,751	4,457,733
2008	2,557,635	1,550,670	453,942	-	62,387	4,624,634
2009	2,545,791	1,452,555	574,040	-	64,500	4,636,886
2010	2,754,903	1,385,292	631,618	-	59,330	4,831,143
2011	3,094,707	1,335,939	575,978	-	49,185	5,055,809
2012	3,087,881	1,299,179	556,118	-	83,193	5,026,371
2013	3,161,519	1,332,610	561,041	-	31,719	5,086,889

City of Oxford
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	Real Property			Personal Property			Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Net Property	Motor Vehicles	Other						
2004	not available	not available	332,548,967	76,022,877	-	(4,475,905)	404,095,939	0.55	475,406,987	85%	
2005	not available	not available	347,726,377	63,179,422	-	(5,100,531)	405,805,268	0.55	477,417,962	85%	
2006	not available	not available	382,361,832	44,748,107	-	(5,100,531)	422,009,408	0.55	496,481,656	85%	
2007	not available	not available	400,839,415	46,088,674	-	(5,114,695)	441,813,394	0.55	519,780,464	85%	
2008	not available	not available	414,913,357	46,559,420	-	(4,908,266)	456,564,511	0.55	537,134,719	85%	
2009	not available	not available	424,124,632	44,522,410	-	(5,079,224)	463,567,818	0.55	545,373,904	85%	
2010	not available	not available	429,045,074	41,391,405	-	(5,664,060)	464,772,419	0.60	546,791,081	85%	
2011	not available	not available	476,313,864	44,118,523	-	(6,600,271)	513,832,116	0.60	604,508,372	85%	
2012	not available	not available	484,263,971	42,571,620	-	(6,762,591)	520,073,000	0.60	611,850,588	85%	
2013	not available	not available	481,500,009	44,822,991	-	(6,554,765)	526,323,000	0.60	619,203,529	85%	

**City of Oxford
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)**

Fiscal Year	City of Oxford	Granville County	Oxford Parking Authority	Downtown Oxford Economic Development Corporation	Total District & Overlapping Rates
2004	0.55	0.635	0.10	0.10	1.385
2005	0.55	0.635	0.10	0.10	1.385
2006	0.55	0.700	0.10	0.10	1.450
2007	0.55	0.700	0.10	0.10	1.450
2008	0.55	0.755	0.10	0.10	1.505
2009	0.55	0.755	0.10	0.10	1.505
2010	0.60	0.825	0.10	0.10	1.625
2011	0.60	0.795	0.10	0.10	1.595
2012	0.60	0.795	0.10	0.10	1.595
2013	0.60	0.795	0.10	0.10	1.595

Overlapping rates are those of the local municipality and the county government that apply to property owners within the City of Oxford. Two districts in the City of Oxford are also subject to the rates of the component units.

City of Oxford
Principal Property Taxpayers
December 31, 2013
Current year and nine years ago
(unaudited)

Taxpayer	2013			2004		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	
Walmart Real Estate Business Trust	9,494,235	1	1.81%			
Focused Granville Corners LLC	6,928,686	2	1.32%			
BMA Oxford Apartments LLC	6,565,956	3	1.25%			
The Links at Thorndale LLC	5,425,051	4	1.03%			
Progress Energy Carolina	4,822,932	5	0.92%			
Carolina Telephone	4,568,804	6	0.87%	8,719,011	4	2.22%
Oxford Retail Investment LLC	4,353,625	7	0.83%			
301 Lewis Street LLC	3,373,810	8	0.65%	5,032,148	6	1.28%
Parham Company LLC	2,980,626	9	0.57%	2,724,255	10	0.69%
Walmart/Sams Club	2,450,681	10	0.47%			
Santa Fe Natural Tobacco Co				8,770,162	3	2.23%
B C Patel				4,419,133	8	1.12%
Newton Instrument				25,247,690	1	6.42%
Carolina Power & Light				19,233,787	2	4.89%
Excel Realty Trust Inc				8,168,095	5	2.08%
Watkins & Cheatham				4,981,047	7	1.27%
Branch Banking & Trust Co				3,198,302	9	0.81%
Totals	<u>\$ 50,964,406</u>		<u>9.72%</u>	<u>\$ 90,493,630</u>		<u>23.01%</u>

City of Oxford
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2,215,799	2,104,306	95.00%	91,697	2,196,003	99.80%
2005	2,231,929	2,132,116	95.5%	64,316	2,196,432	98.4%
2006	2,321,052	2,191,367	94.4%	88,862	2,280,229	98.2%
2007	2,429,974	2,310,893	95.10%	89,611	2,400,504	98.79%
2008	2,511,105	2,405,387	95.79%	82,521	2,487,908	99.08%
2009	2,549,623	2,438,127	95.63%	84,172	2,522,299	98.93%
2010	2,781,029	2,653,535	95.42%	103,145	2,756,680	99.12%
2011	3,082,993	2,973,335	96.44%	85,393	3,058,728	99.21%
2012	3,120,438	2,994,823	95.97%	103,015	3,097,838	99.28%
2013	3,157,938	3,027,777	95.88%	-	3,027,777	95.88%

City of Oxford
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Purchases	Capital Leases	General Obligation Bonds	Installment Purchases	Capital Leases			
2004	-	-	320,546	-	-	1,891,614	2,212,160	unavailable	262
2005	-	-	333,336	-	1,470,079	1,679,126	3,482,541	unavailable	234
2006	-	-	275,889	-	7,195,390	1,459,652	8,930,931	unavailable	1,043
2007	-	-	392,994	-	9,277,781	1,258,636	10,929,411	unavailable	1,276
2008	-	-	279,491	-	8,811,601	1,058,879	10,149,971	unavailable	1,090
2009	-	475,000	265,737	-	8,322,068	812,035	9,874,840	unavailable	1,057
2010	-	425,000	652,803	-	7,832,534	553,136	9,463,473	unavailable	1,004
2011	-	375,000	832,471	-	7,343,000	475,766	9,026,237	unavailable	1,067
2012	-	325,000	763,988	-	6,853,467	429,635	8,372,090	unavailable	989
2013	-	275,000	633,797	-	6,363,934	383,403	7,656,134	unavailable	893

City of Oxford
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years
(unaudited)

<u>Year</u>	<u>Governmental Unit</u>	<u>General Bonded Debt</u>	<u>City Population</u>	<u>County Population</u>	<u>Percentage of County Debt Applicable To City</u>	<u>City's Share of Overlapping Debt</u>
2004	Granville County	16,592,500	8,458	51,540	16.41%	2,722,921
2005	Granville County	41,785,000	8,590	52,442	16.38%	6,844,383
2006	Granville County	39,890,000	8,562	52,942	16.17%	6,451,176
2007	Granville County	48,896,607	8,863	53,356	16.61%	8,122,247
2008	Granville County	50,083,688	9,313	53,840	17.30%	8,663,250
2009	Granville County	47,260,716	9,342	55,667	16.78%	7,930,348
2010	Granville County	48,795,000	9,426	57,639	16.35%	7,979,696
2011	Granville County	46,110,000	8,461	58,750	14.40%	6,640,625
2012	Granville County	42,885,000	8,469	59,976	14.12%	6,055,640
2013	Granville County	38,880,000	8,575	60,436	14.19%	5,516,513

Note: The City of Oxford does not have any general bonded debt

Source: U S Census Bureau, Granville County

City of Oxford
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 32,327,675	\$ 32,464,421	\$ 33,760,753	\$ 35,345,072	\$ 36,525,161	\$ 37,085,425	\$ 37,181,794	\$ 41,106,569	\$ 41,605,840	\$ 42,105,840
Total net debt applicable to limit	2,212,161	3,482,541	8,930,931	10,929,411	10,149,971	9,874,840	9,463,473	9,026,237	8,372,090	7,656,134
Legal debt margin	<u>\$ 34,539,836</u>	<u>\$ 28,981,880</u>	<u>\$ 24,829,822</u>	<u>\$ 24,415,661</u>	<u>\$ 26,375,190</u>	<u>\$ 27,210,585</u>	<u>\$ 27,718,321</u>	<u>\$ 32,080,332</u>	<u>\$ 33,233,750</u>	<u>\$ 34,449,706</u>
Total net debt applicable to the limit as a percentage of debt limit	6.84%	10.73%	26.45%	30.92%	27.79%	26.63%	25.45%	21.96%	20.12%	18.18%
Legal Debt Margin Calculation for Fiscal Year 2012										
Assessed value										\$ 526,323,000
Add back: exempt real property										6,554,765
Total assessed value										<u>\$ 532,877,765</u>
Debt limit (8% of total assessed value)										42,630,221
Debt applicable to limit:										
General obligation bonds										-
Lease Financing Agreements-Governmental Activities										633,797
Lease Financing Agreements-Business-Type Activities										383,403
Installment purchases-Governmental Activities										275,000
Installment purchases-Business-Type Activities										6,363,934
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										<u>7,656,134</u>
Legal debt margin										<u>\$ 34,974,087</u>

Note: NC Statute G.S.159-55 limits the City's outstanding debt to 8% of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the City's debt outstanding applicable to the limit, and represents the City's legal borrowing authority.

Source: Granville County Tax Assessment/Collector's Office

City of Oxford
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2004	8,458	21,787	3	8,487	7.2%
2005	8,590	21,787	3	8,493	6.4%
2006	8,562	21,433	3	8,599	5.1%
2007	8,563	23,490	3	8,629	5.3%
2008	9,313	23,490	3	8,717	6.5%
2009	9,342	25,763	3	8,698	10.9%
2010	9,246	22,148	2	8,520	10.3%
2011	8,461	27,831	3	8,496	10.5%
2012	8,469	21,291	3	8,545	10.1%
2013	8,575	22,400	3	9,295	9.80%

Data sources:

Quickfacts.census.gov

North Carolina Employment Security System

Publicschools12.com

City of Oxford
Principal Employers
Current year and seven years ago
(unaudited)

Employer	2006			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Granville County Schools	525	1	Unknown	1,243	1	Unknown
Granville Medical Center	443	2	Unknown	715	2	Unknown
County of Granville	362	3	Unknown	282	3	Unknown
Wal-Mart	144	4	Unknown	194	4	Unknown
City of Oxford	109	6	Unknown	105	5	Unknown
Masonic Home for Children	75	9	Unknown	62	6	Unknown
Food Lion	110	5	Unknown	55	7	Unknown
Waste Industries	45	10	Unknown	48	8	Unknown
Lowe's Food	80	8	Unknown	36	9	Unknown
Best Care	106	7	Unknown	12	10	Unknown
Total	<u>1,999</u>			<u>2,752</u>		

Source: Inquiry with individual businesses by the Finance Department of the City

City of Oxford
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(unaudited)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	23	23	23	22	22	22	21	22	22	17
Public Safety										
Police officers	38	38	38	38	39	39	39	37	38	38
Fire	9	12	10	10	10	9	9	10	10	9
Highways and Streets										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	12	12	11	12	12	11	10	10	9	10
Environmental Protection	2	2	2	2	2	1	0	0	0	0
Culture and recreation	6	6	6	8	7	7	7	7	7	7
Water	13	13	12	12	11	12	13	13	13	13
Sewer	5	5	5	5	5	5	5	5	5	5
Total	110	113	109	111	110	108	106	106	106	101

Source: Payroll Department of the City

City of Oxford
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Violent Crime	109	94	103	121	123	109	119	95	106	62
Property Crime	843	745	838	805	878	869	840	869	849	651
Arrests	1886	1719	1675	1345	1580	2095	1,481	1222	1221	921
Calls	12831	11487	11896	12815	13112	14350	13,701	12048	11826	11841
Fire										
Number of calls answered	240	272	294	376	334	340	303	346	291	321
Inspections	88	106	115	155	162	160	104	124	276	165
Highways and streets										
Street resurfacing (miles)	0.7	0.78	0.70	0.99	0.64	1.68	1.09	0.4	0.33	0.74
Miles of city streets	35.14	35.14	37.19	37.19	37.7	38.15	38.15	38.31	38.31	38.31
Miles of state streets	12.92	12.92	12.92	12.92	12.92	12.92	12.92	12.92	12.92	12.92
Sanitation										
Refuse collected (tons/day)	10	10	10.64	10.5	19.2	17.94	19.21	20.6	19.7	16.9
Culture and recreation										
Number of sports participants	1014	1508	1436	1320	1689	2116	1,825		1922	1950
Water										
New Connections	701	872	842	1013	911	839	998	664	776	686
Water main breaks	51	70	44	33	37	14	21	36	25	30
Average daily consumption (thousands of gallons)	1010	1002	1121	1024	1349	1168	1,168	1194	1146	1368
Wastewater										
Average daily consumption (thousands of gallons)	854	900	1002	916	1237	1160	1,080	1166	1156	1161
Education										
Public school enrollment	8487	8493	8599	8629	8718	8698	8,520	8496	8484	8479
Community Services										
Number of building permits issued	89	113	150	86	18	59	89	76	59	86

Sources: Public Safety, Recreation, Water and Engineering Departments of the City
Granville County Schools
Granville County Inspection Department

City of Oxford
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

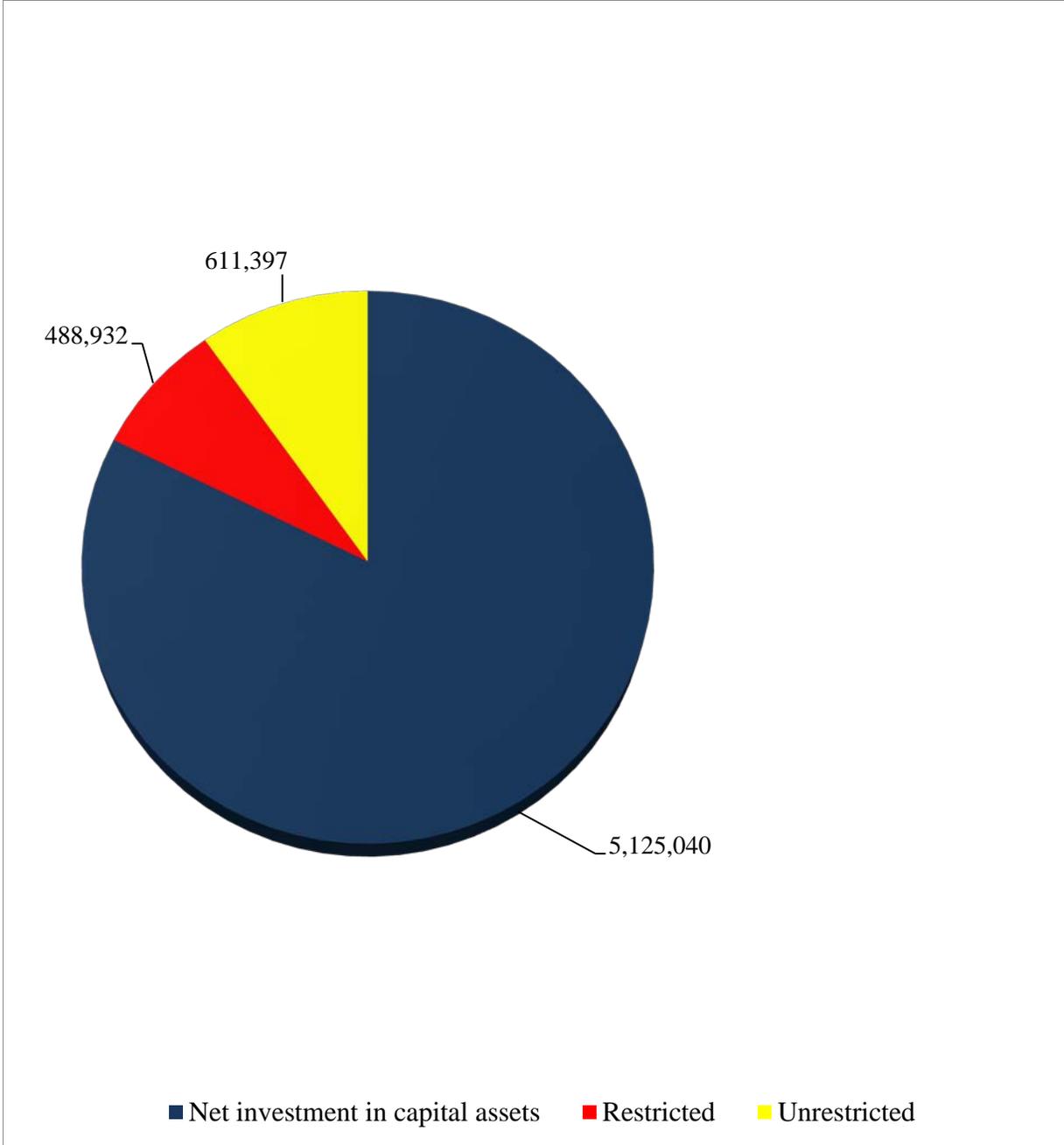
Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	35.14	35.14	37.19	37.19	37.7	38.15	38.15	38.31	38.31	38.31
Culture and recreation										
Parks	6	6	6	6	6	6	7	7	7	7
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	3	3	3	3	3	3	3	3	3	3
Water										
Watermains (miles)	45	48	48	48	49	50	50	50	50	50
Fire hydrants	640	695	760	760	764	764	764	764	764	764
Maximum daily capacity (thousands of gallons)	2000	2,000	2,000	2000	2000	2000	2000	2000	2000	2000
Sewer										
Sanitary sewers (miles)	54.4	56.5	56.5	66	67	68	68	68	68	68
Maximum daily treatment capacity (thousands of gallons)	2170	2,170	2,170	3500	3500	3500	3500	3500	3500	3500

Sources: Public Safety, Recreation and Water Departments of the City

GRAPHS

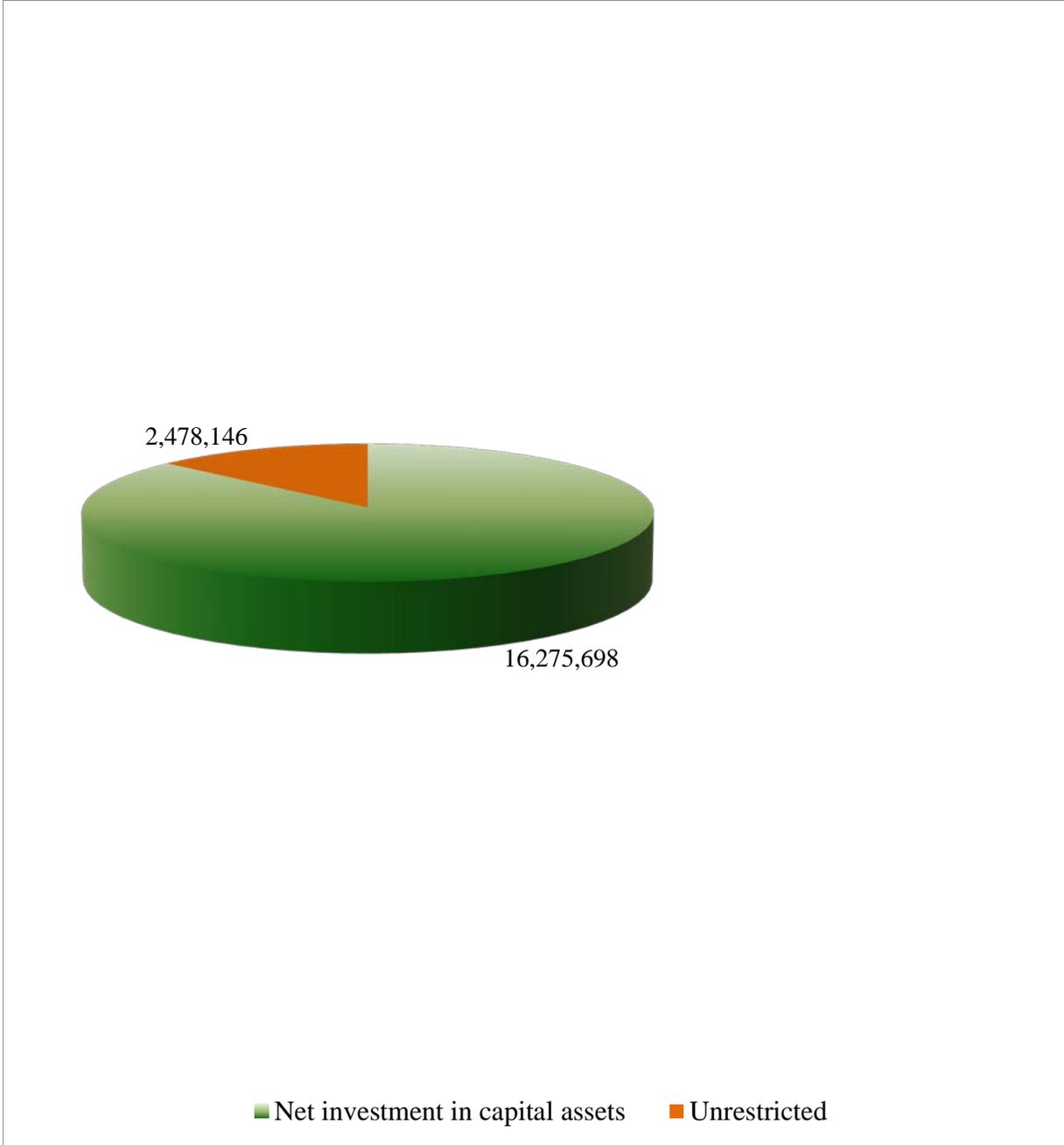
**City of Oxford, North Carolina
Net Position by Component
Governmental Activities**

Graph A



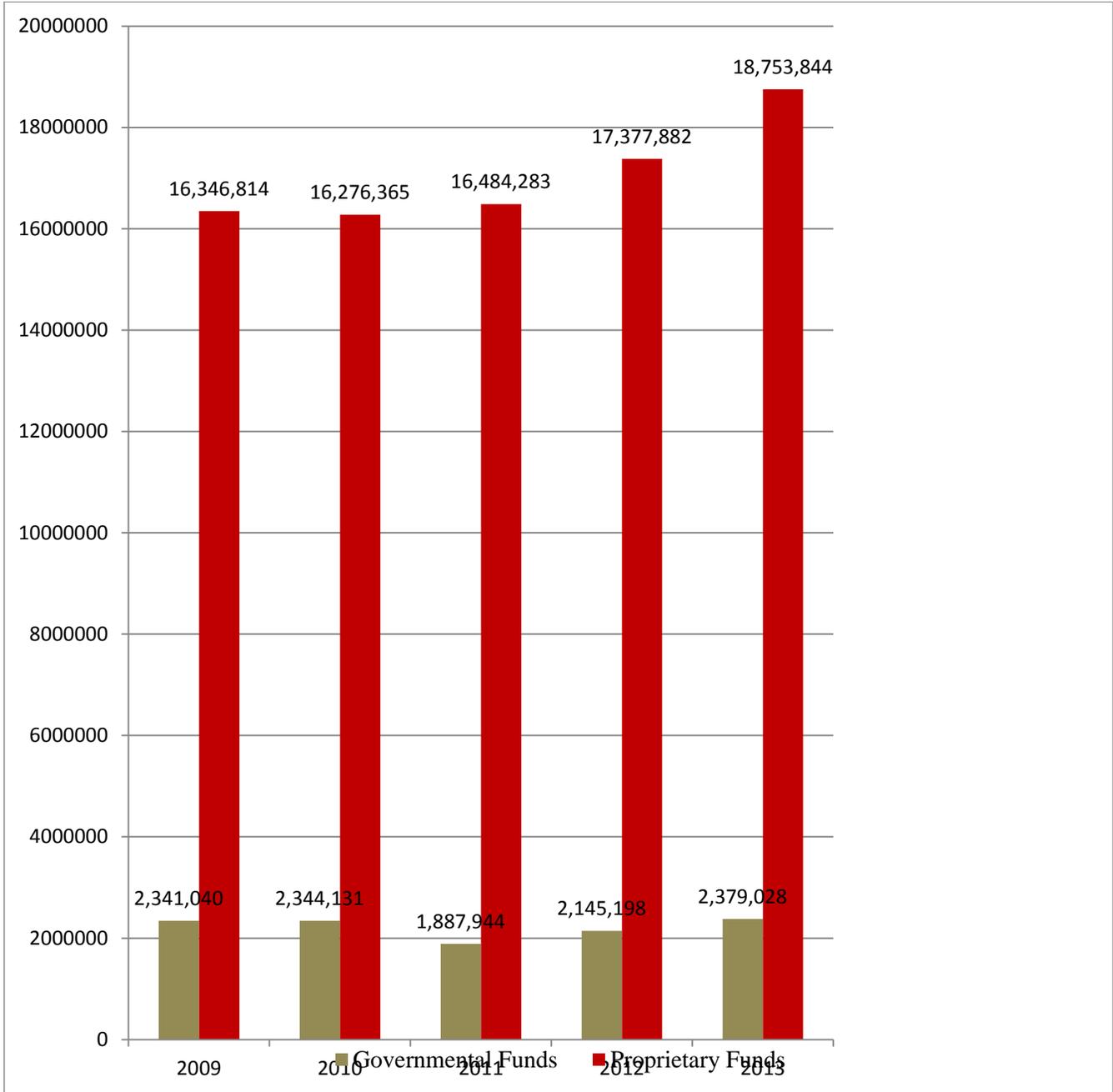
**City of Oxford, North Carolina
Net Position by Component
Business-Type Activities**

Graph B



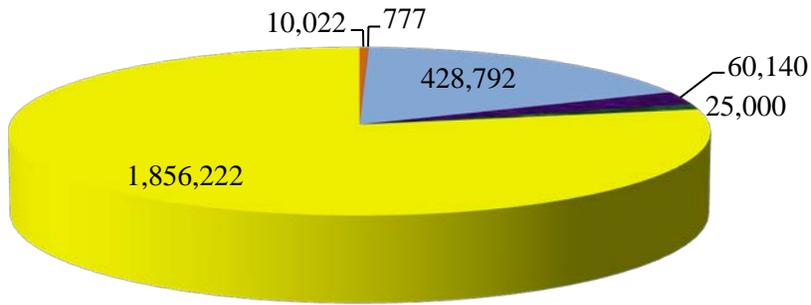
City of Oxford, North Carolina
Net Position/Fund Balance

Graph C



City of Oxford, North Carolina
General Fund - Fund Balance

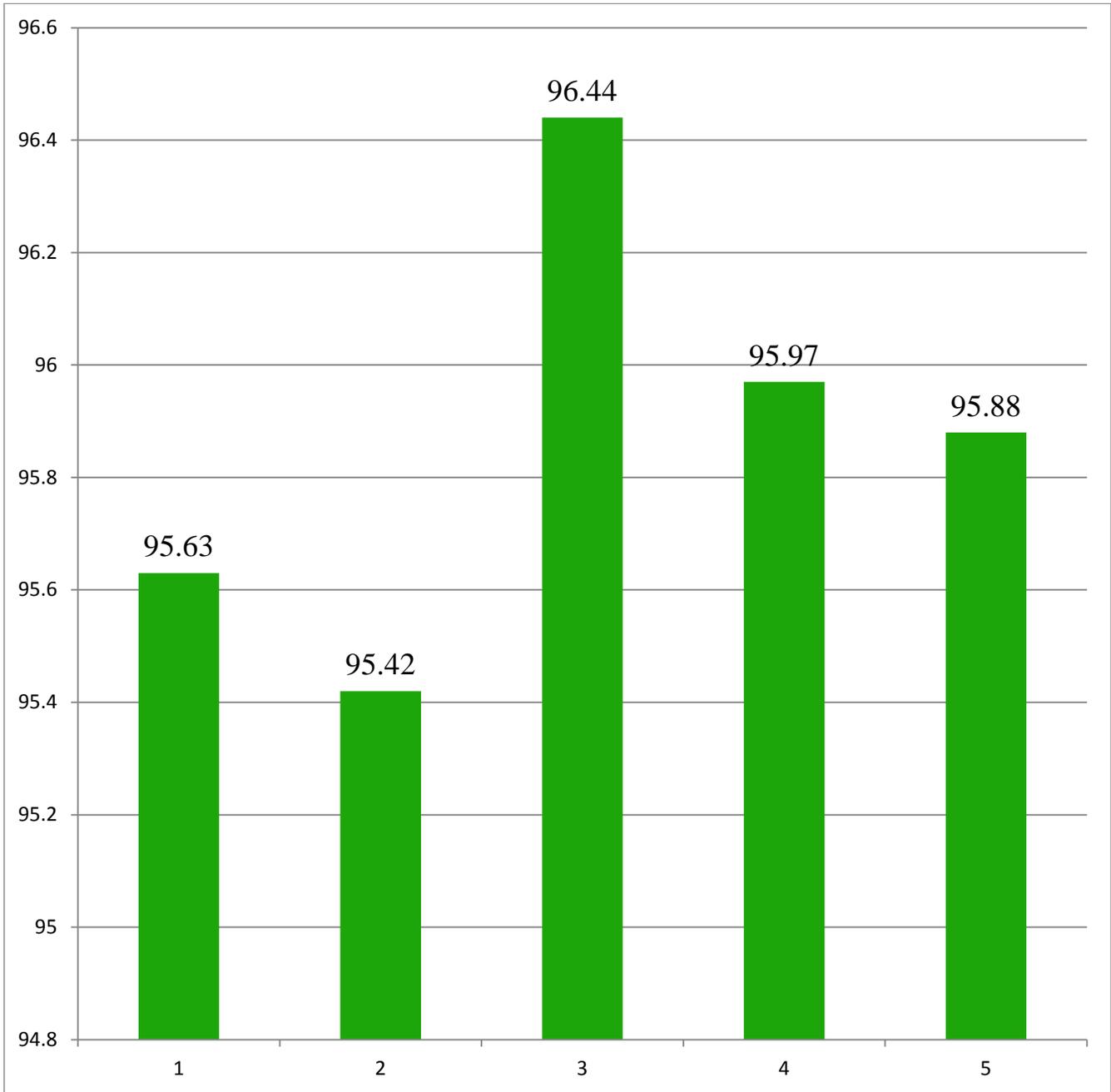
Graph D



- Non Spendable-Inventories
- Non Spendable-Prepaid items
- Restricted-Stabilization by State Statute
- Restricted-Streets

**City of Oxford, North Carolina
Tax Collection Percentages
Last Five Years**

Graph E



COMPLIANCE SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, CPA
K. Jamison Crampton, CPA

Report On Internal Control Over Financial Reporting And on Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards* Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the component units, each major fund, and the aggregate remaining fund information of the City of Oxford, North Carolina as of and for the year ended June 30, 2013 and the related notes to the basic financial statements, and have issued our report thereon dated November 21, 2013. The financial statements of Oxford Parking Authority and Downtown Oxford Economic Development Corporation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the City of Oxford's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Winston, Williams, Creech, Evans & Co., LLP

Winston, Williams, Creech, Evans & Co., LLP
Oxford, North Carolina
November 21, 2013

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, CPA
K. Jamison Crampton, CPA

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance With OMB Circular A-133, and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Oxford, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Oxford's major federal programs for the year ended June 30, 2013. The City of Oxford's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Oxford's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Oxford's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Oxford's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Oxford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Oxford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Oxford's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Oxford's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, North Carolina
November 21, 2013

**CITY OF OXFORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal Control Over Federal Programs:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weakness Yes None reported

Noncompliance material to federal awards Yes No

Type of auditors' report issued on compliance for major state program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	ARRA-CDBG-State Administered Small Cities Program Cluster

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

None reported.

C. Federal Award Findings and Questioned Costs

None reported.

**CITY OF OXFORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2013**

Section II - Financial Statement Findings

None reported

Section III - Federal Award findings and Questioned Costs

None reported

**CITY OF OXFORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding: 12-1

Status: The City continues to try to keep duties separated among personnel as much as possible. Alternative controls are being implemented to compensate for lack of separation.

CITY OF OXFORD
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:			
<u>N C Department of Justice</u>			
Byrne Justice Assistance	16.738	6,750	
<u>U S Department of Housing and Urban Development</u>			
Passed through the N C Department of Commerce CDBG-State Administered Small Cities Program Cluster	14.228	932,215	
State Awards:			
<u>N C Department of Transportation</u>			
Powell Bill			289,536
Pedestrian Planning			13,816
Total Assistance		<u>\$ 938,965</u>	<u>\$ 303,352</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes federal grant activity of the City of Oxford and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.