

CITY OF OXFORD, NORTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2014



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

**Harold W. Belton
Finance Director**

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

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INTRODUCTORY SECTION



FINANCE OFFICE

City Of Oxford

LETTER OF TRANSMITTAL

November 26, 2014

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, 2014.

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, 2014, 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, 2014, 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 6.8% which is slightly higher than the State average of 6.4%.

Major Initiatives (and associated FY 2014 expenditures)

- Coon Creek Stormwater Improvement \$1,397,000 project - \$85,765 expended to date)
- WWTP Equalization (a \$2,400,000 project - \$141,479 expended to date)
- Rural Center Sewer Upgrade Grant #2 (a \$750,000 project - \$157,000 expended to date)
- Roof for Public Works Building – 21,000 expended
- Purchase of 15 acres of land – 224,000 expended

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 \$248,764 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 increased from \$2,471,389 at June 30, 2013 to \$2,704,213 at June 30, 2014. Proprietary Fund Debt (including compensated absences) decreased from \$6,999,399 at June 30, 2013, to \$6,702,727 at June 30, 2014.

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, 2013. 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,

Harold W. Belton

Harold W. Belton

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, 2013

Executive Director/CEO

OXFORD CITY GOVERNMENT

ELECTED OFFICIALS

Jackie Sergent	Mayor	114 High Street Oxford, NC 27565
Howard Herring, Sr.	Mayor Pro Tem/ Commissioner	307 Lanier Street Oxford, NC 27565
James D. "Danny" Currin	Commissioner	100 Hunters Road Oxford, NC 27565
Calvin "CJ" Harris Jr.	Commissioner	205 New College Street Oxford, NC 27565
Robert B. Williford Sr.	Commissioner	163 Pine Cone Drive Oxford, NC 27565
Frank Strickland	Commissioner	112 Planters Place Oxford, NC 27565
S. Quon Bridges	Commissioner	223 Saddletree Road Oxford, NC 27565
Patricia Fields	Commissioner	5186 Forest View Height Rd Oxford, NC 27565

**CITY OF OXFORD, NORTH CAROLINA
APPOINTED AND ADMINISTRATIVE STAFF
JUNE 30, 2014**

Randy Hemann *
City Manager

Amy Ratliff
City Engineer

James Proctor
Public Works Director

J. Thomas Burnette *
City Attorney

David Cottrell Jr.
Street Superintendent

Alvin "Al" Coley
Chief of Police

Justin Ayscue
Human Resources Director

Kenny Manning
Buildings & Grounds Supervisor

David Cottrell III
Fire Chief

Harold W. Belton
Finance Director

Julia Overton
Downtown Oxford
Economic Director

Barb Rote*
City Clerk

Christine Usry
Parks/Recreation Director

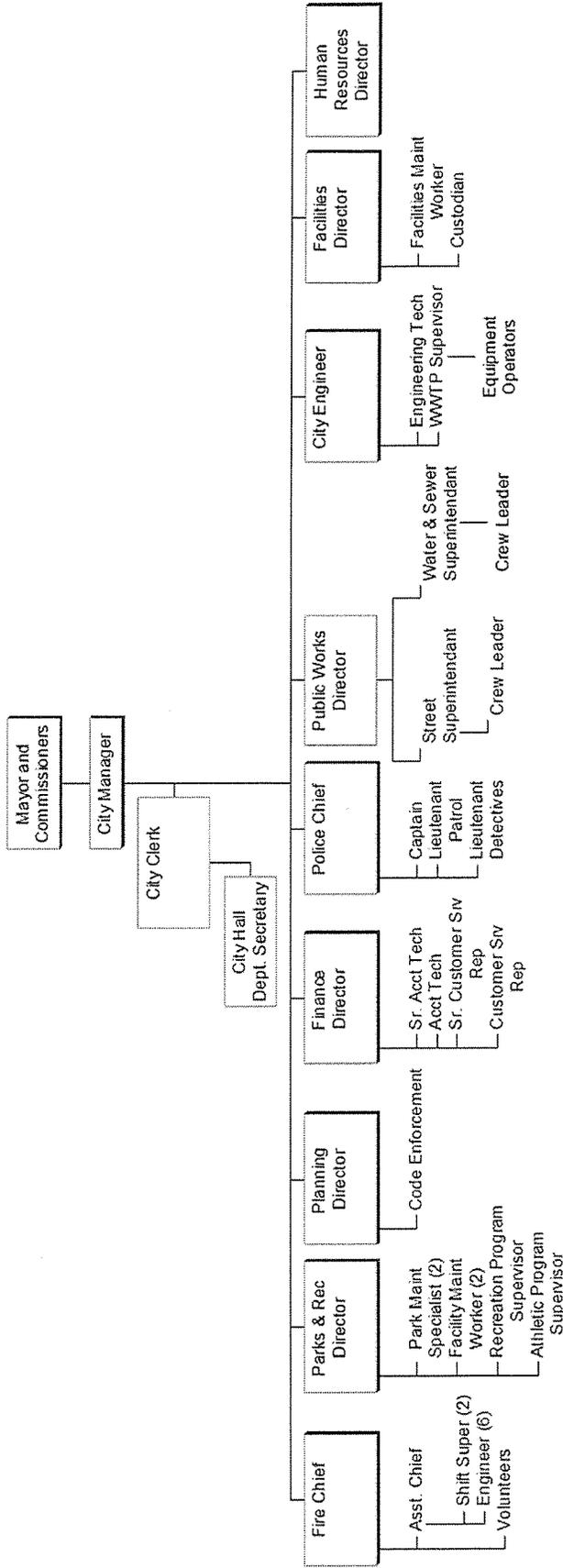
Christine Henderson
Purchasing Officer

Cheryl Hart
Planning & Zoning

Dennis Wilson
WWTP Superintendent

* Appointed by Board of Commissioners

City of Oxford
Organizational Chart
January 2014



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

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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, 2014, 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

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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, 2014, and the respective changes in financial position, and, where applicable, 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 23-32 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 82-85, 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, and statistical section 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, and other schedules 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, and other schedules 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 26, 2014 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 26, 2014

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, 2014. 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

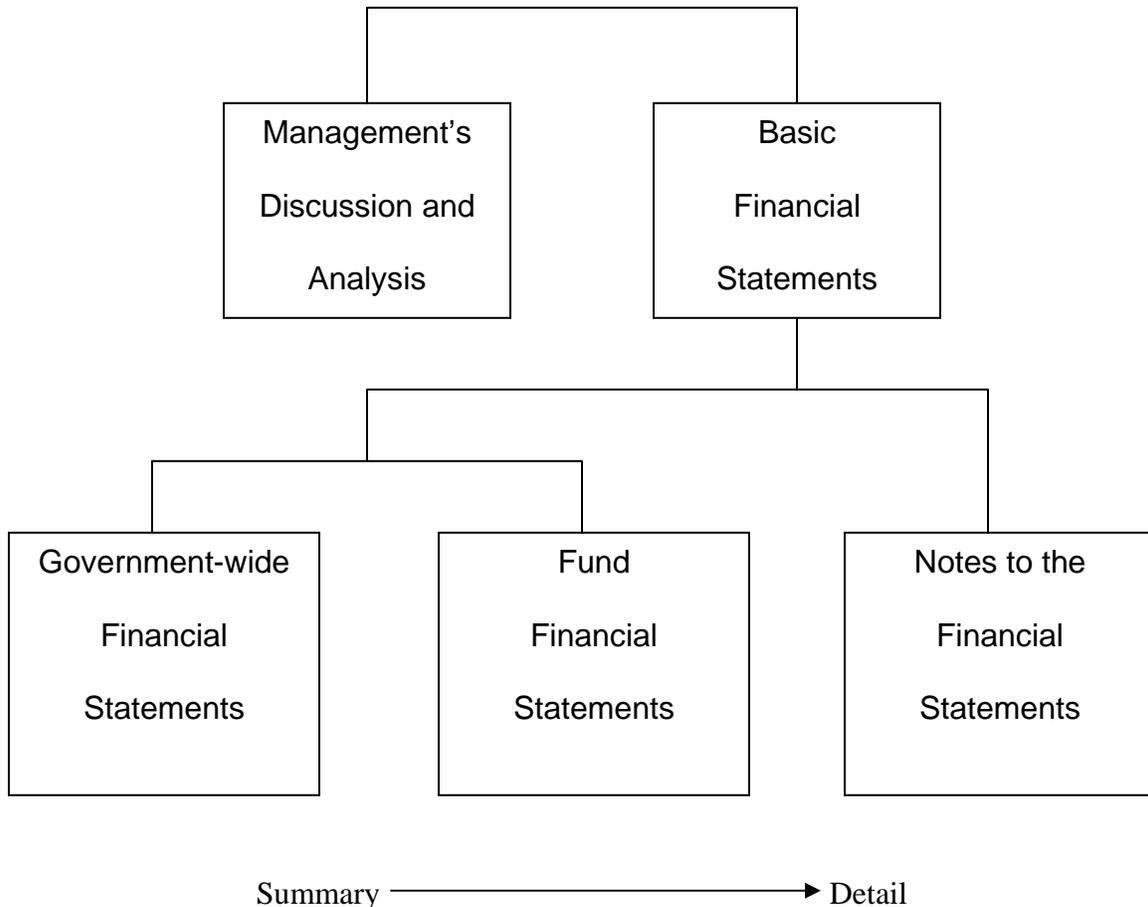
- The assets of the City of Oxford exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,421,512 (net position).
- The government's total net position increased by \$442,299 primarily due to increases in business-type activities net position.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$3,068,042, an increase of \$689,014 in comparison with the prior year. Approximately 75.34 percent of this total amount or \$2,311,486 is unassigned.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$2,578,355 or 31.74 percent of total general fund expenditures for the fiscal year.
- The City of Oxford's total debt decreased by \$ 63,848 (.67%) 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 48-80 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 82 of this report.

Government-Wide Financial Analysis

The City of Oxford's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 3,911,985	\$ 3,045,828	\$ 3,059,820	\$ 3,162,846	\$ 6,971,805	\$ 6,208,674
Capital assets	5,797,497	6,033,837	23,012,336	23,023,035	28,809,833	29,056,872
Total assets	<u>9,709,482</u>	<u>9,079,665</u>	<u>26,072,156</u>	<u>26,185,881</u>	<u>35,781,638</u>	<u>35,265,546</u>
Long-term liabilities outstanding	\$ 2,167,792	\$ 2,083,321	\$ 6,190,858	\$ 6,539,146	8,358,650	8,622,467
Other liabilities	1,137,784	770,975	863,692	892,891	2,001,476	1,663,866
Total liabilities	<u>3,305,576</u>	<u>2,854,296</u>	<u>7,054,550</u>	<u>7,432,037</u>	<u>10,360,126</u>	<u>10,286,333</u>
Net position:						
Net investment in capital assets	4,829,076	5,125,040	16,599,276	16,275,698	21,428,352	21,400,738
Restricted	607,496	488,932	-	-	607,496	488,932
Unrestricted	967,334	611,397	2,418,330	2,478,146	3,385,664	3,089,543
Total net position	<u>\$ 6,403,906</u>	<u>\$ 6,225,369</u>	<u>\$ 19,017,606</u>	<u>\$ 18,753,844</u>	<u>\$ 25,421,512</u>	<u>\$ 24,979,213</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 \$25,421,512 as of June 30, 2014. The City's net position increased by \$442,299 for the fiscal year ended June 30, 2014. However, the largest portion (84.29%) 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 (2.39%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 3,385,664 (13.32%) is unrestricted.

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

- An increase in Firefighter grants of \$ 37,423.
- A decrease of \$991,000 in Community Development Block from the previous year and an increase of \$163,782 in Clean Water Management Trust Fund grant.
- Net income from the Storm Water fund of \$122,722.

City of Oxford Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,104,390	\$ 2,040,062	\$ 4,789,262	\$ 4,632,363	\$ 6,893,652	\$ 6,672,425
Operating grants and contributions	303,735	316,300	-	-	303,735	316,300
Capital grants and contributions	6,686	1,322	-	991,000	6,686	992,322
General revenues:						
Property taxes	3,329,931	3,154,864	-	-	3,329,931	3,154,864
Other taxes	2,258,606	2,351,790	-	-	2,258,606	2,351,790
Capital contributions	-	-	163,782	-	163,782	-
Other	243,193	118,388	32,223	3,036	275,416	121,424
Total revenues	8,246,541	7,982,726	4,985,267	5,626,399	13,231,808	13,609,125
Expenses:						
General government	1,397,199	1,323,461	-	-	1,397,199	1,323,461
Public safety	3,861,636	3,634,090	-	-	3,861,636	3,634,090
Highways/streets	979,736	986,646	-	-	979,736	986,646
Sanitation	1,126,846	1,080,544	-	-	1,126,846	1,080,544
Culture and recreation	886,270	852,346	-	-	886,270	852,346
Interest on long-term debt	28,477	30,753	-	-	28,477	30,753
Water and sewer	-	-	4,509,345	4,250,437	4,509,345	4,250,437
Total expenses	8,280,164	7,907,840	4,509,345	4,250,437	12,789,509	12,158,277
Increase in net position before transfers	(33,623)	74,886	475,922	1,375,962	442,299	1,450,848
Transfers	212,160	-	(212,160)	-	-	-
Increase in net position	178,537	74,886	263,762	1,375,962	442,299	1,450,848
Net position, July 1	6,225,369	6,150,483	18,753,844	17,377,882	24,979,213	23,528,365
Net position, June 30	\$ 6,403,906	\$ 6,225,369	\$ 19,017,606	\$ 18,753,844	\$ 25,421,512	\$ 24,979,213

Governmental activities: Governmental activities increased the City's net position by \$178,537 thereby accounting for 40.37% 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 \$208,884 over the prior year.
- Increase in sales tax collections of \$52,934 over the prior year.
- Receipt of \$39,423 for a firefighter grant.

Business-type activities: Business-type activities increased the City of Oxford's net position by \$263,762 thereby accounting for 59.63% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Water and Sewer operating revenues are up \$158,732 from the previous year.
- Net income from the Storm Water fund of \$122,772.
- An increase of \$163,782 in Clean Water Management Trust fund 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 \$2,313,395, while total fund balance reached \$3,069,951. The City currently has an available fund balance of 31.74% of general fund expenditures, while total fund balance represents 37.79% of the same amount.

At June 30, 2014, the governmental funds of City of Oxford reported a combined fund balance of \$ 3,068,042, a 28.96 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 ad valorem tax revenues and sales tax revenues.

General Fund actual expenditures were less than budgeted due to less than anticipated expenses in salaries and employee benefits, capital outlay, 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 \$1,986,431 and those for the Storm Water Management Fund amounted to \$431,899. The net position of the

Water and Sewer fund increased by \$140,990 whereas the Storm Water Fund increased by \$122,772, 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, 2014, totals \$ 28,809,833 (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 Rural Center Grant #2: \$157,967
- Construction in progress in the WWTP Equalization: \$141,479
- Construction in progress in the Highway 15S waterline: \$111,631
- Purchase of 15 ½ acres of land: \$224,945
- Purchase of two transportation tucks: \$ 70,903
- Sale of eight Crown Vic cars

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,454,429	\$ 1,447,329	\$ 253,173	\$ 28,228	\$ 1,707,602	\$ 1,475,557
Buildings and systems	1,324,761	1,395,770	21,781,050	21,491,759	\$ 23,105,811	\$ 22,887,529
Improvements other than buildings	1,998,277	2,045,602	-	-	1,998,277	2,045,602
Vehicles and motorized equipment	749,030	821,334	501,326	500,612	1,250,356	1,321,946
Infrastructure	271,000	323,802	-	-	271,000	323,802
Construction in progress	-	-	476,787	1,002,436	476,787	1,002,436
Total	\$ 5,797,497	\$ 6,033,837	\$23,012,336	\$ 23,023,035	\$ 28,809,833	\$ 29,056,872

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, 2014, the City had capital lease debt of \$743,421 related to governmental activities and an installment purchase balance of \$225,000 related to the construction of Oxford Athletic Park. Regarding business-type activities, the City has capital lease debt of \$538,660 and a balance of \$5,874,400 for installment purchase financing to upgrade the City's Waste Water Treatment Plant. The City's net debt decreased by \$ 63,848 or .67% 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 \$43,611,973.

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 and there has been a slight increase in the tax base but utility franchise fees are expected to be slightly lower 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, 2015

Governmental Activities:

Total budgeted revenue for FY 2015 is approximately \$481,893 lower than FY 2014 actual results.

Several revenue sources comprise this difference. Property taxes are budgeted to be slightly higher (\$7,587) based on slightly larger tax base. Local ABC revenue is budgeted to be 63% higher. Privilege licenses are budgeted to decrease 1,000 due to changes in State law regulating these businesses.

Budgeted FY 2014 expenditures include many increases that are mandated or unavoidable. Healthcare, while a modest 3% projected increase represents an additional \$59,814 increase in expenses. Also, \$37,000 will be used to partially fund a \$300,000 sidewalk enhancement project. Capital expenditures will total \$538,500 and will be financed for five years.

Explanation of the remainder of the difference by functional area:

General Government \$104,000

Increases in planning and zoning for trees special project, Linden Avenue special project and Downtown Master Plan of \$45,000 as well as 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 (\$203,000)

The Police Department has decreased its budget for capital outlay \$35,000 accounting for majority of the difference in that department.

In the Fire Department, budget decreases for FY 2015 is primarily due decreases in debt service payments.

Transportation \$76,000

Increases in budgeted salaries and benefits \$ 51,000 for the central garage is the largest increase in budget from 2014. There is also a budgeted increase in supplies and equipment of \$18,500,

Environmental \$11,000

Budgeted increase of 11,000 is planned for FY 2015 for waste collection contracts.

Business – type Activities:

For Fiscal Year 2015, total budgeted Water Fund revenues from operations are slightly less than FY 2014 revenues due to proceeds from leasing in FY 2014. Expenditures include \$146,225 for capital expenditures. These expenditure will be financed over 5 years. A rate increase of 7% is proposed for the water services while the sewer will remain the same.

Storm Water 2015 budgeted revenue \$151,075 is lower than current year revenue. Most of this decrease is due to a budgeted appropriated fund balance of \$88,500 in FY 2014.

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 Harold W. Belton, Finance Director, 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, 2014

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	\$ 3,054,433	\$ 2,337,631	\$ 5,392,064	\$ 69,855	\$ 101,030
Restricted cash	124,460	-	124,460	-	-
Taxes receivable	193,489	-	193,489	97	296
Accrued interest receivable on taxes	49,916	-	49,916	13	26
Accounts receivable	477,199	591,692	1,068,891	17,283	7,890
Assessments receivable	3,928	33,769	37,697	-	-
Loan receivable	-	96,728	96,728	-	-
Inventories	8,147	-	8,147	-	-
Prepaid items	413	-	413	-	1,436
Total current assets	<u>3,911,985</u>	<u>3,059,820</u>	<u>6,971,805</u>	<u>87,248</u>	<u>110,678</u>
CAPITAL ASSETS (NOTE 1)					
Land, non-depreciable improvements, and construction in progress	1,454,429	729,960	2,184,389	-	-
Other capital assets, net of depreciation	4,343,068	22,282,376	26,625,444	-	-
Total capital assets	<u>5,797,497</u>	<u>23,012,336</u>	<u>28,809,833</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,709,482</u>	<u>\$ 26,072,156</u>	<u>\$ 35,781,638</u>	<u>\$ 87,248</u>	<u>\$ 110,678</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 413,319	\$ 191,056	\$ 604,375	\$ -	\$ 629
Wages payable	187,219	30,669	217,888	-	-
Unearned revenue	-	-	-	-	2,855
Accrued interest payable	825	-	825	-	-
Current portion of vacation pay	272,445	43,498	315,943	-	-
Current portion of long-term debt	263,976	598,469	862,445	-	-
Total current liabilities	<u>1,137,784</u>	<u>863,692</u>	<u>2,001,476</u>	<u>-</u>	<u>3,484</u>
LONG-TERM LIABILITIES					
Customer deposits	-	106,185	106,185	-	-
Other Postemployment Benefits	1,126,276	246,169	1,372,445	-	-
Noncurrent portion of long-term debt	704,445	5,814,591	6,519,036	-	-
Unearned revenues	-	23,913	23,913	-	-
Net Pension Obligation	337,071	-	337,071	-	-
Total long-term liabilities	<u>2,167,792</u>	<u>6,190,858</u>	<u>8,358,650</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 3,305,576</u>	<u>\$ 7,054,550</u>	<u>\$ 10,360,126</u>	<u>\$ -</u>	<u>\$ 3,484</u>
NET POSITION					
Net Investment in capital assets	4,829,076	16,599,276	21,428,352	-	-
Restricted for:					
Stabilization by State Statute	483,036	-	483,036	17,283	7,890
Streets	124,460	-	124,460	-	-
Unrestricted	<u>967,334</u>	<u>2,418,330</u>	<u>3,385,664</u>	<u>69,965</u>	<u>99,304</u>
Total net position	<u>\$ 6,403,906</u>	<u>\$ 19,017,606</u>	<u>\$ 25,421,512</u>	<u>\$ 87,248</u>	<u>\$ 107,194</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, 2014**

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	Primary Government			Component Unit Oxford Parking Authority	Component Unit Downtown Economic
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental Activities:									
General government	\$ 1,397,199	\$ 189,468	\$ 22,000	\$ -	\$ (1,185,731)	\$ -	\$ (1,185,731)		
Public Safety	3,861,636	461,246	43,479	-	(3,356,911)	-	(3,356,911)		
Transportation	979,736	-	237,477	6,686	(735,573)	-	(735,573)		
Environmental protection	1,126,846	1,295,555	779	-	169,488	-	169,488		
Cultural and recreation	886,270	158,121	-	-	(728,149)	-	(728,149)		
Education									
Interest on long-term debt	28,477	-	-	-	(28,477)	-	(28,477)		
Total governmental activities	8,280,164	2,104,390	303,735	6,686	(5,865,353)	-	(5,865,353)		
Business-type activities:									
Water and sewer	4,469,703	4,626,873	-	-	-	157,170	157,170		
Stormwater Management	39,642	162,389	-	-	-	122,747	122,747		
	4,509,345	4,789,262	-	-	-	279,917	279,917		
Total primary government	12,789,509	6,893,652	303,735	6,686	(5,865,353)	279,917	(5,585,436)		
Component units:									
Oxford Parking Authority	11,209	-	-	-				(11,209)	-
Downtown Oxford EDC	77,816	-	-	-				-	(77,816)
Total component units	89,025	-	-	-				(11,209)	(77,816)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					3,329,931	-	3,329,931	17,227	36,926
Sales tax					1,385,544	-	1,385,544	-	-
Alcoholic beverage tax					40,648	-	40,648	-	-
Privilege licenses					206,589	-	206,589	-	-
Utility franchise tax					566,829	-	566,829	-	-
Beer and wine tax					37,103	-	37,103	-	-
Sales tax refund					30,928	-	30,928	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	38,000
Unrestricted investment earnings					2,710	2,468	5,178	4	1
Miscellaneous					243,193	-	243,193	-	30,385
Gain (loss) on sale of capital assets					(11,745)	29,755	18,010	-	-
Capital Contributions					-	163,782	163,782	-	-
Transfers					212,160	(212,160)	-	-	-
Total general revenues, special items, transfers					6,043,890	(16,155)	6,027,735	17,231	105,312
Change in net position					178,537	263,762	442,299	6,022	27,496
Net position - beginning					6,225,369	18,753,844	24,979,213	81,226	79,698
Net position - ending	\$ 6,403,906	\$ 19,017,606	\$ 25,421,512	\$ 87,248	\$ 107,194				

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, 2014

EXHIBIT 3

	<u>MAJOR</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>TOTAL NON- MAJOR FUNDS</u>	
ASSETS			
Cash and investments	\$ 3,054,433	\$ -	\$ 3,054,433
Restricted cash	124,460	-	124,460
Taxes receivable	193,489	-	193,489
Accounts receivable	477,199	-	477,199
Assessments receivable	3,928	-	3,928
Due from other funds	1,909	-	1,909
Inventories	8,147	-	8,147
Prepaid items	413	-	413
	<u>3,863,978</u>	<u>-</u>	<u>3,863,978</u>
Total assets	<u>\$ 3,863,978</u>	<u>\$ -</u>	<u>\$ 3,863,978</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 413,319	\$ -	\$ 413,319
Wages payable	187,219	-	187,219
Due to other funds	-	1,909	1,909
	<u>600,538</u>	<u>1,909</u>	<u>602,447</u>
Total liabilities	<u>600,538</u>	<u>1,909</u>	<u>602,447</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	193,489	-	193,489
Total deferred inflows of resources	<u>193,489</u>	<u>-</u>	<u>193,489</u>
Fund Balances:			
Non Spendable			
Inventories	8,147	-	8,147
Prepaid items	413	-	413
Restricted			
Stabilization by State Statute	483,036	-	483,036
Streets	124,460	-	124,460
Committed			
Bicentennial celebration	10,000	-	10,000
Workers compensation insurance	37,000	-	37,000
Software	80,000	-	80,000
Federal Forfeiture	13,500	-	13,500
Unassigned	2,313,395	(1,909)	2,311,486
	<u>3,069,951</u>	<u>(1,909)</u>	<u>3,068,042</u>
Total fund balances	<u>3,069,951</u>	<u>\$ (1,909)</u>	<u>3,068,042</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,863,978</u>	<u>\$ -</u>	<u>\$ 3,863,978</u>

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

**CITY OF OXFORD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

EXHIBIT 3

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

Total fund balance, Governmental Funds (Exhibit 4)	\$ 3,068,042
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,797,497
Other long-term assets (accrued interest receivable) are not available to pay for current-period expenditures and therefore are deferred.	49,916
Liabilities for earned revenues considered deferred inflows in fund statements	193,489
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>(2,705,038)</u>
Net position of governmental activities	<u>\$ 6,403,906</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, 2014

EXHIBIT 4

	MAJOR FUND GENERAL	TOTAL NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Ad valorem taxes	\$ 3,370,403	\$ -	\$ 3,370,403
Other taxes and licenses	1,632,781	-	1,632,781
Unrestricted intergovernmental revenues	634,860	-	634,860
Restricted intergovernmental revenues	310,421	-	310,421
Permits and fees	218,883	-	218,883
Sales and services	2,068,835	-	2,068,835
Investment earnings	3,650	16	3,666
Miscellaneous	52,241	-	52,241
Total revenues	8,292,074	16	8,292,090
EXPENDITURES			
Current:			
General government	1,295,764	-	1,295,764
Public safety	3,594,427	-	3,594,427
Transportation and utilities	1,032,107	-	1,032,107
Environmental protection	1,126,846	-	1,126,846
Cultural, recreation and parks	797,124	-	797,124
Debt service:			
Principal retirement	248,764	-	248,764
Interest and fees	28,592	-	28,592
Total expenditures	8,123,624	-	8,123,624
Excess of revenues over expenditures	168,450	16	168,466
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	212,160	-	212,160
Capital lease obligations issued	308,388	-	308,388
Total other financing sources (uses)	520,548	-	520,548
Net Change in fund balance	688,998	16	689,014
Fund balance, Beginning of year - July 1	2,380,953	(1,925)	2,379,028
Fund balance, End of year - June 30	<u>\$ 3,069,951</u>	<u>\$ (1,909)</u>	<u>\$ 3,068,042</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, 2014**

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)	\$	689,014
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.		(232,219)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins) to decrease net assets		(4,121)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(133,602)
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.		(59,624)
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.		(80,911)
		(270,477)
Net position of governmental activities	\$	178,537

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, 2014**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Ad valorem taxes	\$ 3,228,949	\$ 3,228,949	\$ 3,370,403	\$ 141,454
Other taxes and licenses	1,532,600	1,532,600	1,632,781	100,181
Unrestricted intergovernmental revenues	640,766	640,766	634,860	(5,906)
Restricted intergovernmental revenues	305,880	305,880	310,421	4,541
Permits and fees	183,240	183,240	218,883	35,643
Sales and services	2,007,780	2,007,780	2,068,835	61,055
Investment earnings	850	850	3,650	2,800
Miscellaneous	36,325	37,325	52,241	14,916
Total revenues	7,936,390	7,937,390	8,292,074	354,684
EXPENDITURES				
Current:				
General government	1,359,453	1,369,978	1,295,764	74,214
Public safety	3,589,924	3,618,324	3,594,427	23,897
Transportation and utilities	1,156,674	1,156,674	1,032,107	124,567
Environmental protection	1,123,670	1,123,670	1,126,846	(3,176)
Cultural, recreation and parks	782,066	818,016	797,124	20,892
Debt service:				
Principal retirement	248,764	248,764	248,764	-
Interest and fees	87,888	87,888	28,592	59,296
Total expenditures	8,348,439	8,423,314	8,123,624	299,690
REVENUES OVER (UNDER) EXPENDITURES	(412,049)	(485,924)	168,450	654,374
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	175,157	175,157	212,160	37,003
Capital lease obligations issued	298,050	298,050	308,388	10,338
Total other financing sources (uses)	\$ 473,207	\$ 473,207	\$ 520,548	\$ 47,341

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, 2014**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 61,158	\$ (12,717)	\$ 688,998	\$ 701,715
APPROPRIATED FUND BALANCE	(61,158)	12,717	-	(12,717)
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	688,998	<u>\$ 688,998</u>
Fund balance, Beginning of year - July 1			2,380,953	
Fund balance, End of year - June 30			<u>\$ 3,069,951</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, 2014

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	\$ 1,905,732	\$ 431,899	\$ 2,337,631
Accounts receivable	591,692	-	591,692
Loan receivable	96,728	-	96,728
Assessments receivable	33,769	-	33,769
Total current assets	<u>2,627,921</u>	<u>431,899</u>	<u>3,059,820</u>
CAPITAL ASSETS (NOTE 1)			
Land, non-depreciable improvements, and construction in progress	729,960	-	729,960
Other capital assets, net of depreciation	22,272,827	9,549	22,282,376
Capital assets (net)	<u>23,002,787</u>	<u>9,549</u>	<u>23,012,336</u>
Total noncurrent assets			
Total assets	<u>25,630,708</u>	<u>441,448</u>	<u>26,072,156</u>
LIABILITIES			
CURRENT LIABILITIES			
Salaries payable	30,669	-	30,669
Accounts payable and accrued liabilities	191,056	-	191,056
Current portion of accrued vacation pay	43,498	-	43,498
Current portion of long-term debt	598,469	-	598,469
Total current liabilities	<u>863,692</u>	<u>-</u>	<u>863,692</u>
NONCURRENT LIABILITIES			
Customer deposits	106,185	-	106,185
Other Postemployment Benefits	246,169	-	246,169
Noncurrent portion of long-term debt	5,814,591	-	5,814,591
Unearned revenues	23,913	-	23,913
Total noncurrent liabilities	<u>6,190,858</u>	<u>-</u>	<u>6,190,858</u>
Total liabilities	<u>7,054,550</u>	<u>-</u>	<u>7,054,550</u>
NET POSITION			
Net Investment in capital assets	16,589,727	9,549	16,599,276
Unrestricted	1,986,431	431,899	2,418,330
Total Net Position	<u>\$ 18,576,158</u>	<u>\$ 441,448</u>	<u>\$ 19,017,606</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, 2014**

EXHIBIT 7

	<u>MAJOR FUND</u> <u>WATER AND</u> <u>SEWER FUND</u>	<u>NONMAJOR FUND</u> <u>STORMWATER</u> <u>MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for services	\$ 4,441,129	\$ 162,389	\$ 4,603,518
Other operating revenues	185,744	-	185,744
Total operating revenues	<u>4,626,873</u>	<u>162,389</u>	<u>4,789,262</u>
OPERATING EXPENSES			
General operations	912,076	39,361	951,437
Meter service	117,459	-	117,459
Water supply, pumping, and filtering	935,049	-	935,049
Water and sewer line maintenance	606,601	-	606,601
Lift Station Master	136,817	-	136,817
Stovall water line	9,089	-	9,089
Industrial waste treatment	714,693	-	714,693
Depreciation	871,657	281	871,938
Total operating expenses	<u>4,303,441</u>	<u>39,642</u>	<u>4,343,083</u>
Operating income (loss)	<u>323,432</u>	<u>122,747</u>	<u>446,179</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of assets	29,755	-	29,755
Investment earnings	2,443	25	2,468
Interest on long-term debt	(166,262)	-	(166,262)
Total nonoperating revenue (expenses)	<u>(134,064)</u>	<u>25</u>	<u>(134,039)</u>
Income (loss) before contributions and transfers	189,368	122,772	312,140
Capital Contribution	163,782	-	163,782
Transfers to other funds	(212,160)	-	(212,160)
Change in net position	140,990	122,772	263,762
Total net position - beginning - July 1	18,435,168	318,676	18,753,844
Total net position - ending - June 30	<u>\$ 18,576,158</u>	<u>\$ 441,448</u>	<u>\$ 19,017,606</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, 2014**

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	\$ 4,322,635	\$ 162,389	\$ 4,485,024
Cash paid for goods and services	(2,337,669)	(40,399)	(2,378,068)
Cash paid to employees	(962,413)	-	(962,413)
Customer deposits received	11,870	-	11,870
Net Cash Provided (Used) By Operating Activities	<u>1,034,423</u>	<u>121,990</u>	<u>1,156,413</u>
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	(215,853)	-	(215,853)
Transfers to other funds	-	-	-
Total cash flows from noncapital financing activities	<u>(215,853)</u>	<u>-</u>	<u>(215,853)</u>
Cash Flow from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(861,239)	-	(861,239)
Proceeds from debt	255,392	-	255,392
Principal paid on debt	(589,669)	-	(589,669)
State grants	163,782	-	163,782
Proceeds from sale of asset	29,755	-	29,755
Principal received on loan	7,596	-	7,596
Interest paid on debt	(166,262)	-	(166,262)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,160,645)</u>	<u>-</u>	<u>(1,416,037)</u>
Cash Flows from Investing Activities			
Interest on investments	2,443	25	2,468
Net Cash Flows from Investing Activities	<u>2,443</u>	<u>25</u>	<u>2,468</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(339,632)	122,015	(217,617)
Cash and Cash Equivalents - Beginning of the Year	2,245,364	309,884	2,555,248
Cash and Cash Equivalents - End of the Year	<u>\$ 1,905,732</u>	<u>\$ 431,899</u>	<u>\$ 2,337,631</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 323,432	\$ 122,747	\$ 446,179
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation	871,657	281	871,938
Change in assets and liabilities:			
Accounts receivable	(118,494)	-	(118,494)
Salaries payable	25,832	-	25,832
Accounts payable	(117,479)	(1,038)	(118,517)
Customer deposits	11,870	-	11,870
Accrued vacation payable	892	-	892
Other Postemployment Benefits	36,713	-	36,713
Total Adjustments	<u>710,991</u>	<u>(757)</u>	<u>710,234</u>
Net Cash Provided By Operating Activities	<u>\$ 1,034,423</u>	<u>\$ 121,990</u>	<u>\$ 1,156,413</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, 2014**

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, 2014**

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.

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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
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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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as 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, 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

**CITY OF OXFORD, NORTH CAROLINA
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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 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.

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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, 2014, 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.

City of Oxford Restricted Cash

Governmental Activities General Fund Streets	\$ 124,460
Total Restricted Cash	\$ 124,460

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, 2013. As allowed by State

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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.

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
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<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.

**CITY OF OXFORD, NORTH CAROLINA
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Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

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 resolution of City of Oxford’s Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purpose requires resolution by the Board of Commissioners.

Committed for Bicentennial celebration – portion of fund balance committed by the Board for the City’s Bicentennial celebration.

Committed for Workers Compensation Insurance – portion of fund balance committed by the Board for workers compensation insurance.

Committed for Software – portion of fund balance committed by the Board for the purchase of accounting software.

Committed for Federal Forfeiture – portion of fund balance committed by the Board for Equitable Sharing Agreement for Federal Forfeiture.

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.

**CITY OF OXFORD, NORTH CAROLINA
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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 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 \$3,335,864 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)	\$14,601,050
Less Accumulated Depreciation	<u>(8,803,553)</u>
Net capital assets	\$ 5,797,497
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	49,916

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	193,489
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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:

Bonds, leases, and installment financing	(968,421)	
Compensated absences	(272,445)	
Net Pension Obligation	(337,071)	
Other Post Employment Benefits	(1,126,276)	
Accrued interest payable	<u>(825)</u>	
 Liability adjustment		 <u>(2,705,038)</u>
 Total adjustment		 <u>\$3,335,864</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 (\$510,477) 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	266,773
 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	 (498,992)

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The net effect of various transactions involving capital assets (i.e. sales, trade-ins) is to decrease net assets (4,121)

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

Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources (68,184)

Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources (12,842)

Other Postemployment Benefits are accrued in the government wide statements but not in the fund statements because they do not use current resources (92,174)

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 position. This amount is the net effect of these differences in the treatment of long-term debt an related items

**CITY OF OXFORD, NORTH CAROLINA
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New long-term debt issued	(308,388)	
Principal payments on long-term debt	248,764	
Decrease in accrued interest payable	<u>115</u>	(59,509)
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 7-1-13		(232,161)
Recording of tax receipts deferred in the fund statements as of 6-30-14		193,489
Decrease in accrued taxes receivable for the year ended 6-30-14		(1,800)
Decrease in accrued interest receivable for the year ended 6-30-14		<u>(956)</u>
Total adjustment		<u>(\$ 510,477)</u>

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2014, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for Environmental Protection by \$3,176. This over-expenditure occurred because of increased gas prices. Management and the Board will more closely review the budget reports to ensure compliance in future years.

For the fiscal year ended June 30, 2014, the expenditures made in the City's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for water and sewer administration by \$222,957; meter service by \$2,256; and lift station master by \$19,817. These over-expenditures occurred because of higher than expected repair costs and

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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professional fees. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTE III. 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, 2014, the City's deposits had a carrying amount of \$2,019,390 and a bank balance of \$2,008,380. Of the bank balance, \$250,000 was covered by

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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 \$38,669 and the bank balance was \$38,669. The carrying amount of deposits for Downtown Oxford Economic Development Corporation was \$87,137 and the bank balance was \$91,404. 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, 2014, the City's petty cash fund totaled \$2,450.

2. Investments

At June 30, 2014, the City of Oxford had \$3,494,684 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, 2014, the Oxford Parking Authority had \$31,186 and the Downtown Economic Development Corporation had \$13,893 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, 2014, were as follows:

General Fund:		
Taxes Receivable	\$ 193,489	
Accrued interest receivable	49,916	
Accounts Receivable	477,199	
Assessments Receivable	<u>3,928</u>	
Total General Funds		\$ 724,532
Enterprise Funds:		
Service Receivable	\$ 591,692	
Assessments Receivable	33,769	
Loan to the Town of Stovall	<u>96,728</u>	
		<u>722,189</u>
Total		<u>\$ 1,446,721</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2014 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	\$ -	-	-	\$ -
Land	<u>1,447,329</u>	<u>7,100</u>	<u>-</u>	<u>1,454,429</u>
Assets not being Depreciated	1,447,329	7,100	-	1,454,429
 Capital Assets being depreciated:				
Buildings	4,747,005	41,131	-	4,788,136
Other improvements	2,991,938	27,402	-	3,019,340
Equipment and vehicles	4,715,605	191,140	159,294	4,747,451
Infrastructure	<u>591,694</u>	<u>-</u>	<u>-</u>	<u>591,694</u>
Total capital assets being depreciated	13,046,242	259,673	159,294	13,146,621
 Less accumulated depreciation for:				
Buildings	3,351,235	112,140	-	3,463,375
Other improvements	946,336	74,727	-	1,021,063
Equipment and vehicles	3,894,271	259,323	155,173	3,998,421
Infrastructure	<u>267,892</u>	<u>52,802</u>	<u>-</u>	<u>320,694</u>
Total accumulated depreciation	<u>8,459,734</u>	<u>498,992</u>	<u>155,173</u>	<u>8,803,553</u>
Total capital assets being depreciated, net	<u>4,586,508</u>			<u>4,343,068</u>
Government activity capital assets, net	<u>\$6,033,837</u>			<u>\$ 5,797,497</u>

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

General government	\$ 109,237
Public safety	210,804
Transportation	67,962
Recreational and parks	<u>110,989</u>
Total depreciation expense	<u>\$ 498,992</u>

**CITY OF OXFORD, NORTH CAROLINA
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	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	224,945		\$ 253,173
Construction in progress	<u>1,002,436</u>	<u>548,974</u>	<u>1,074,623</u>	<u>476,787</u>
Total capital assets not being depreciated	1,030,664	773,919	1,074,623	729,960
Capital Assets being depreciated:				
Plant & distribution system	31,157,430	1,074,623		32,232,053
Furniture and equipment	<u>2,202,926</u>	<u>87,320</u>	-	<u>2,290,246</u>
Total capital assets being depreciated	<u>33,360,356</u>	<u>1,161,943</u>	-	<u>34,522,299</u>
Less accumulated depreciation for:				
Plant & distribution system	9,665,671	785,332		10,451,003
Furniture & equipment	<u>1,702,314</u>	<u>86,606</u>	-	<u>1,788,920</u>
Total accumulated depreciation	<u>11,367,985</u>	<u>871,938</u>	-	<u>12,239,923</u>
Total capital assets being depreciated, net	<u>21,992,371</u>			<u>22,282,376</u>
Enterprise Fund capital assets, net	<u>\$ 23,023,035</u>			<u>\$23,012,336</u>

Construction commitments

The government has active construction projects as of June 30, 2014. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water & Sewer Capital Projects	\$ 359,046	\$ 4,435,314

Discretely presented component units

Activity for the Oxford Parking Authority for the year ended June 30, 2014 was as follows:

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	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
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, 2014.

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.

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, 2014, 2013, and 2012, were \$ 273,090, \$251,243, and \$272,194, respectively. The

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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, 2013, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>31</u>
Total	<u>35</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.

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

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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, 2013 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, 2013, was 17 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	\$ 66,607
Interest on net pension obligation	16,211
Adjustment to annual required contribution	<u>(26,416)</u>
Annual pension cost	56,402
Contributions made	<u>(43,560)</u>
Increase (decrease) in net pension obligation	12,842
Net pension obligation beginning of year	<u>324,229</u>
Net pension obligation end of year	<u>\$ 337,071</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>
6/30/12	65,565	80.72%	306,962
6/30/13	65,702	73.72%	324,229
6/30/14	56,402	77.23%	337,071

Funded Status and Funding Progress

As of December 31, 2013, 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 \$598,385. The covered payroll (annual payroll of active employees covered by the plan) was \$1,285,378 and

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the ratio of the UAAL to the covered payroll was 46.55%.

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, 2014 were \$138,765, which consisted of \$67,208 from the City and \$71,557 from the law enforcement officers.

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

Plan Description. The State of North Carolina contributes, on behalf of the City of Oxford, to the Firefighter'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 Firefighter'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 Firefighter's and Rescue Squad Workers' Pension Fund. 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 \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through

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appropriations. The City does not contribute to the Fund. The State's on behalf contribution to the plan was \$3,430 for the fiscal year. 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. The City pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the City's group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare.

<u>Age at retirement</u>	<u>Years of full-time service</u>	<u>Eligibility</u>
65 or older	20 or more	Full coverage
62 or older	22 or more	Full coverage
55 or older	25 or more	Full coverage
Any	30 or more	Full coverage

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

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
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.

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The current ARC rate is 11.07% of annual covered payroll. For the current year, the City contributed \$194,571 or 5.08% 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 3.3% and 1.78% of covered payroll, respectively. The City's contributions totaled \$ 194,571 in fiscal year 2014. The City's obligation to contribute to HCB 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)	<u>323,457</u>
Contributions made	<u>(194,571)</u>
Increase (decrease) in net OPEB obligation	128,887
Net OPEB obligation, beginning of year	<u>1,243,558</u>
Net OPEB obligation, end of year	<u><u>1,372,445</u></u>

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, 2014 were as follows:

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For Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
6/30/12	323,457	40.76	1,087,402
6/30/13	323,457	51.72	1,243,558
6/30/14	323,457	61.55	1,372,445

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 (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

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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-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, 2014, 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)	\$193,489

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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 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, 2014 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, 2014 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.

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10. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2014, 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.

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 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.
3. 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.
4. 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.
5. An agreement was entered into on June 14, 2013 for the purchase of various equipment. The lease requires 60 monthly payments of \$9,745.42 including interest at 1.448% per annum.

The following is an analysis of the assets recorded under capital leases at June 30, 2014:

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<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$887,945	\$ 358,459	\$ 529,486
Vehicles	781,463	531,943	249,520
Improvements	<u>21,728</u>	<u>1,630</u>	<u>20,098</u>
Total	<u>\$1,691,136</u>	<u>\$ 892,032</u>	<u>\$ 799,104</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	213,976	108,935
2016	213,976	107,767
2017	144,683	100,656
2018	124,540	95,074
2019	66,288	45,345
2020-2022	<u>16,958</u>	<u>129,032</u>
Total minimum lease payments	\$ 780,421	\$ 586,809
Less: amount representing interest	<u>(37,000)</u>	<u>(48,149)</u>
Present value of minimum lease payments	<u>\$ 743,421</u>	<u>\$ 538,660</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, 2014 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, 2014 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.

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Annual debt service payments of the installment purchase as of June 30, 2014, including \$973,616 of interest are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Governmental</u> <u>Type Activities</u>		<u>Business</u> <u>Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	50,000	7,416	489,534	151,881
2016	50,000	5,581	489,534	140,198
2017	50,000	3,746	489,534	128,515
2018	50,000	1,911	489,534	116,831
2019	25,000	268	489,534	105,149
2020-2024	-	-	2,447,666	292,079
2025-2027	-	-	979,064	20,041
Total	\$225,000	\$18,922	\$ 5,874,400	\$954,694

c. Changes in General Long-Term Liabilities

	<u>Balance</u> <u>7-1-13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6-30-14</u>	<u>Current</u> <u>Portion</u> <u>of</u> <u>Balance</u>
<i>Governmental activities:</i>					
Capitalized Leases	\$ 633,797	\$ 308,388	\$ 198,764	\$ 743,421	\$213,976
Installment Purchases	275,000	-	50,000	225,000	50,000
Compensated absences	204,261	364,549	296,365	272,445	272,445
Other Post Employment Benefits	1,034,102	92,174	-	1,126,276	-
Net Pension Obligation	<u>324,229</u>	<u>12,842</u>	<u>-</u>	<u>337,071</u>	<u>-</u>
Total governmental activities	\$2,471,389	\$777,953	\$ 545,129	\$2,704,213	\$536,421
<i>Business-type activities:</i>					
Capitalized Leases	\$383,403	\$ 255,392	\$ 100,135	\$538,660	\$108,935
Installment Purchases	6,363,934	-	489,534	5,874,400	489,534
Compensated absences	42,606	71,520	70,628	43,498	43,498
Other Post Employment Benefits	209,456	36,713	-	246,169	-
Total business-type activities	\$6,999,399	\$363,625	\$ 660,297	\$6,702,727	\$641,967

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For the governmental activities, claims and judgments, the net pension obligation, other post-employment benefits and compensated absences are generally liquidated by the general fund.

d. Interfund Balances and Activity

Balances Due to/from Other Funds

Balances due to/from other funds at June 30, 2014, consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Due From/To			
Other Funds:			
General	General Capital Projects	\$ 1,909	Payments made during the year out of the general fund for the capital project fund.

Transfers to/from other funds at June 30, 2014 consist of the following:

Transfer from the Water and Sewer fund to the General Fund \$212,160

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

11. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 5,797,497	\$ 23,012,336
Less: Current portion of Debt	263,976	598,469
Less: Long term Debt	<u>704,445</u>	<u>5,814,591</u>
Net investment in capital asset	\$ 4,829,076	\$ 16,599,276

12. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

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Total fund balance-General Fund	\$3,069,951
Less:	
Inventories	8,147
Prepaid items	413
Stabilization by State Statute	483,036
Streets - Powell Bill	124,460
Bicentennial celebration	10,000
Workers Compensation insurance	37,000
Software	80,000
Federal Forfeiture	13,500
Remaining Fund Balance	2,313,395

NOTE IV. 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 \$4,060 to the Council during the fiscal year ended June 30, 2014.

NOTE V. 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, 2014. 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, 2014. 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 lightning 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 Fund for the on-behalf of payments for salaries and fringe benefits made to members

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2014 the City reported revenues and expenditures for the payments of \$3,430 made through the Firemen's Relief Fund. 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, 2014. 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 VI. 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 VII. 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 VIII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The City of Oxford entered into an agreement in October 2014 with Granville County whereby Oxford will provide potable water to all customers in Triangle North Granville area. In consideration of the reservation of water, Granville County will pay a water allocation reservation fee of \$6,900,000 to Oxford. There will be an initial payment of \$1,400,000 to Oxford by January 31, 2015. The remainder may be paid in a lump sum on January 31, 2015, or the fee may be financed by Oxford over a period not to exceed 7 years at 1.25%.

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%
12/31/2013	\$0	\$ 598,385	\$ 598,385	0.00%	\$ 1,285,378	46.55%

**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%
2014	\$66,607	65.40%

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	12/31/13
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	17 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%
12/31/2013	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	51.72%
2014	318,539	60.15%

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Ad valorem taxes				
Taxes	\$ 3,223,949	\$ 3,350,144	\$ 126,195	\$ 3,134,130
Interest	5,000	20,259	15,259	27,389
Total	3,228,949	3,370,403	141,454	3,161,519
Other taxes and licenses:				
Local option sales taxes	1,304,600	1,385,544	80,944	1,332,610
Local ABC revenues	24,500	40,648	16,148	31,719
Privilege licenses	203,500	206,589	3,089	359,588
Total	1,532,600	1,632,781	100,181	1,723,917
Unrestricted intergovernmental				
Utility franchise tax	569,988	566,829	(3,159)	561,041
Beer and wine tax	38,778	37,103	(1,675)	34,367
Sales tax refund	32,000	30,928	(1,072)	32,465
Total	640,766	634,860	(5,906)	627,873
Restricted intergovernmental				
"State Street Aid" grant	232,784	237,477	4,693	235,650
JAG grant	-	255	255	6,750
FEMA/Fire Fighter Grant	40,589	39,423	(1,166)	2,000
Police Cadet Program	-	371	371	469
Solid Waste Disposal Tax	5,745	779	(4,966)	5,355
Firefighters relief fund	-	3,430	3,430	-
Pedestrian Planning Grant	-	6,686	6,686	17,314
School Resource Officer funding	26,762	-	(26,762)	26,762
Tourism Contribution	-	22,000	22,000	22,000
Total	305,880	310,421	4,541	316,300
Permits and fees				
Special use permits	31,200	30,266	(934)	30,536
Auto tags	152,040	188,617	36,577	113,328
Total	\$ 183,240	\$ 218,883	\$ 35,643	\$ 143,864

**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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Sales and Services				
Recreation	\$ 93,500	\$ 90,470	\$ (3,030)	\$ 96,195
Refuge collections	1,254,165	1,280,125	25,960	1,196,321
Mowing charges	160	2,380	2,220	1,322
Cemetery interment	12,550	13,050	500	17,125
Fire protection	59,255	67,402	8,147	63,793
Special fire protection	311,000	341,080	30,080	396,021
Sidewalks	1,000	45	(955)	-
Police undercover fund	3,500	11,600	8,100	3,586
Recreation Granville Co.	67,000	67,651	651	67,613
Rental income	167,650	159,202	(8,448)	156,315
Police Fees - Housing Authority	38,000	35,830	(2,170)	8,569
Total	<u>2,007,780</u>	<u>2,068,835</u>	<u>61,055</u>	<u>2,006,860</u>
Investment earnings				
General Fund	650	3,631	2,981	465
Powell Bill	200	19	(181)	83
Total	<u>850</u>	<u>3,650</u>	<u>2,800</u>	<u>548</u>
Miscellaneous				
Court fees and charges	5,460	5,334	(127)	3,988
DOEDC contribution	-	-	-	-
Miscellaneous	23,865	35,162	11,297	17,839
Sales of surplus property	8,000	11,745	3,745	1,786
Total	<u>37,325</u>	<u>52,241</u>	<u>14,916</u>	<u>23,613</u>
Total revenues	<u>\$ 7,937,390</u>	<u>\$ 8,292,074</u>	<u>\$ 354,684</u>	<u>\$ 8,004,494</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
EXPENDITURES				
General Government				
Governing Body				
Salaries and employee				
benefits	\$ 61,857	\$ 67,918	\$ (6,061)	\$ 60,471
Membership dues	14,800	14,491	309	26,197
Other operating				
expenditures	463,633	411,629	52,004	327,601
Capital Outlay	11,150	-	11,150	10,607
Reimbursements -				
Enterprise Fund	(310,000)	(310,008)	8	(331,302)
Total	241,440	184,030	57,410	93,574
Administration				
Salaries and employee				
benefits	271,475	272,145	(670)	311,219
Other operating				
expenditures	126,617	119,279	7,338	122,901
Total	398,092	391,424	6,668	434,120
Finance				
Salaries and employee				
benefits	248,115	222,018	26,097	232,710
Capital outlay	-	-	-	-
Other operating				
expenditures	84,751	102,974	(18,223)	93,712
Total	332,866	324,992	7,874	326,422
Planning and Zoning				
Salaries and employee				
benefits	96,159	94,156	2,003	88,214
Other operating				
expenditures	18,550	17,807	743	26,319
Total	\$ 114,709	\$ 111,963	\$ 2,746	\$ 114,533

**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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Legal fees				
Contracted services	\$ 31,575	\$ 33,103	\$ (1,528)	\$ 27,216
Other operating expenditures	3,350	4,237	(887)	3,700
Total	<u>34,925</u>	<u>37,340</u>	<u>(2,415)</u>	<u>30,916</u>
Public Buildings				
Salaries and employee benefits	102,523	104,713	\$ (2,190)	97,156
Capital Outlay	-	-	-	-
Other operating expenditures	51,775	47,792	3,983	52,175
Total	<u>154,298</u>	<u>152,505</u>	<u>1,793</u>	<u>149,331</u>
Public Works Administration				
Salaries and employee benefits	46,538	46,906	(368)	43,766
Capital outlay	30,000	21,475	8,525	-
Other operating expenditures	17,110	25,129	(8,019)	16,797
Total	<u>93,648</u>	<u>93,510</u>	<u>138</u>	<u>60,563</u>
Total General Government	<u>1,369,978</u>	<u>1,295,764</u>	<u>74,214</u>	<u>1,209,459</u>
Public Safety				
Police				
Salaries and employee benefits	2,330,014	2,400,416	(70,402)	2,245,749
Vehicle maintenance	42,400	36,069	6,331	41,586
Other operating expenditures	365,794	271,387	94,407	318,161
Capital outlay	35,000	37,274	(2,274)	84,145
Total	<u>\$ 2,773,208</u>	<u>\$ 2,745,146</u>	<u>\$ 28,062</u>	<u>\$ 2,689,641</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Fire				
Salaries and employee benefits	\$ 641,631	\$ 649,199	\$ (7,568)	\$ 558,257
Vehicle maintenance	19,500	18,984	516	17,356
Capital outlay	42,725	36,576	6,149	7,200
Other operating expenditures	141,260	144,522	(3,262)	146,246
Total	845,116	849,281	(4,165)	729,059
Total public safety	3,618,324	3,594,427	23,897	3,418,700
Transportation:				
Streets and highways:				
Salaries and employee benefits	406,326	391,108	15,218	349,973
Vehicle maintenance	16,100	15,975	125	14,902
Asphalt and gravel	8,000	1,804	6,196	4,165
Street lights	108,000	92,345	15,655	99,695
Other operating expenditures	227,800	189,882	37,918	209,342
Capital outlay	152,000	133,065	18,935	101,404
Sidewalks	15,000	487	14,513	26,096
Total	933,226	824,666	108,560	805,577
Airport				
Donation to VGHO Airport	28,750	28,750	-	28,750
Total	28,750	28,750	-	28,750
City Garage				
Other operating expenditures	4,900	3,860	1,040	3,889
Total	\$ 4,900	\$ 3,860	\$ 1,040	\$ 3,889

**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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Engineering				
Salaries and employee benefits	\$ 168,698	\$ 157,217	\$ 11,481	\$ 159,047
Capital outlay	-	-	-	-
Other operating expenditures	21,100	17,614	3,486	7,202
Total	<u>189,798</u>	<u>174,831</u>	<u>14,967</u>	<u>166,249</u>
Elderly Transportation				
Donation to elderly transportation	-	-	-	3,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total transportation & utilities	<u>1,156,674</u>	<u>1,032,107</u>	<u>124,568</u>	<u>1,007,465</u>
Environmental Protection				
Sanitation				
Contracted services	1,013,270	1,009,456	3,814	969,867
Other operating expenditures	75,400	85,390	(9,990)	78,679
Total	<u>1,088,670</u>	<u>1,094,846</u>	<u>(6,176)</u>	<u>1,048,546</u>
Cemetery				
Other operating expenditures	35,000	32,000	3,000	31,998
Total	<u>35,000</u>	<u>32,000</u>	<u>3,000</u>	<u>31,998</u>
Total environmental protection	<u>1,123,670</u>	<u>1,126,846</u>	<u>(3,176)</u>	<u>1,080,544</u>
Culture and recreation:				
Parks and recreation:				
Salaries and employee benefits	478,924	488,726	(9,802)	466,491
Other operating expenditures	157,701	130,875	26,826	145,510
Capital outlay	42,200	38,383	3,817	107,587
Total	<u>\$ 678,825</u>	<u>\$ 657,984</u>	<u>\$ 20,841</u>	<u>\$ 719,588</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Swimming Pool				
Salaries and employee benefits	\$ 21,629	\$ 21,298	\$ 331	\$ 15,240
Other operating expenditures	12,300	11,524	776	9,507
Total	<u>33,929</u>	<u>32,822</u>	<u>1,107</u>	<u>24,747</u>
Lake Devin Facilities				
Other operating expenditures	2,350	3,194	(844)	2,037
Utilities	1,800	1,426	374	1,385
Total	<u>4,150</u>	<u>4,620</u>	<u>(470)</u>	<u>3,422</u>
Parks				
Salaries and employee benefits	72,867	74,596	(1,729)	69,030
Capital outlay	-	-	-	-
Other operating expenditures	18,369	17,226	1,143	16,805
Total	<u>91,236</u>	<u>91,822</u>	<u>(586)</u>	<u>85,835</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>818,016</u>	<u>797,124</u>	<u>20,892</u>	<u>843,468</u>
Debt service:				
Principal retirement	248,764	248,764	-	180,191
Interest and other charges	87,888	28,592	59,296	30,903
Total debt service	<u>336,652</u>	<u>277,356</u>	<u>59,296</u>	<u>211,094</u>
Total expenditures	<u>8,423,314</u>	<u>8,123,624</u>	<u>299,690</u>	<u>7,770,730</u>
Revenues over (under) expenditures	<u>\$ (485,924)</u>	<u>\$ 168,450</u>	<u>\$ 654,374</u>	<u>\$ 233,764</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Other Financing Sources (uses)				
Transfers from other funds				
Water and Sewer	\$ 212,157	\$ 212,160	\$ 3	\$ -
Capital Projects	(37,000)	-	37,000	-
Proceeds of Capital lease	298,050	308,388	10,338	-
Total other financing sources (uses)	473,207	520,548	47,341	-
APPROPRIATED FUND BALANCE	12,717	-	(12,717)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	688,998	\$ 688,998	\$ 233,764
FUND BALANCES:				
Beginning of year - July 1		2,380,953		
End of year - June 30		\$ 3,069,951		

**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, 2014**

	PROJECT AUTHORIZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues					
DOT Sidewalk-State grant	\$ 240,000	\$ -	\$ -	\$ -	\$ (240,000)
DOT Sidewalk-County grant	23,000	-	-		(23,000)
Investment earnings	-	75	16	91	91
	<u>263,000</u>	<u>75</u>	<u>16</u>	<u>91</u>	<u>(262,909)</u>
Expenditures					
DOT Sidewalk	<u>300,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>298,000</u>
Revenues over (under) expenditures	(37,000)	(1,925)	16	(1,909)	35,091
Other Financing Sources (uses)					
Transfer from General Fund	<u>37,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,925)</u>	<u>\$ 16</u>	<u>\$ (1,909)</u>	<u>\$ (1,909)</u>
Fund Balances:					
Beginning of year - July 1			<u>(1,925)</u>		
End of year - June 30			<u>\$ (1,909)</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Water Sales	\$ 1,690,000	\$ 1,755,673	\$ 65,673	\$ 1,626,530
Sewer charges	2,594,300	2,615,710	21,410	2,611,212
Hydrants and sprinklers	50,000	53,641	3,641	53,137
Water and sewer taps	8,500	16,105	7,605	8,785
Total	<u>4,342,800</u>	<u>4,441,129</u>	<u>98,329</u>	<u>4,299,664</u>
Other operating revenues	<u>170,140</u>	<u>185,744</u>	<u>15,604</u>	<u>168,477</u>
Total operating revenues	<u>4,512,940</u>	<u>4,626,873</u>	<u>113,933</u>	<u>4,468,141</u>
Nonoperating revenues				
Interest on investments	<u>1,800</u>	<u>2,443</u>	<u>643</u>	<u>1,617</u>
Total nonoperating revenues	<u>1,800</u>	<u>2,443</u>	<u>643</u>	<u>1,617</u>
Total revenues	<u>4,514,740</u>	<u>4,629,316</u>	<u>114,576</u>	<u>4,469,758</u>
EXPENDITURES				
Water and sewer administration:				
Salaries and employee benefits	141,954	147,254	(5,300)	139,897
Retiree Health Insurance	13,439	13,448	(9)	12,191
Rent	36,000	36,000	-	36,000
Other operating expenditures	497,726	715,374	(217,648)	556,463
Total water and sewer administration	<u>689,119</u>	<u>912,076</u>	<u>(222,957)</u>	<u>744,551</u>
Meter Service				
Salaries and employee benefits	82,703	86,946	(4,243)	80,214
Other operating expenditures	<u>32,500</u>	<u>30,513</u>	<u>1,987</u>	<u>20,409</u>
Total	<u>115,203</u>	<u>117,459</u>	<u>(2,256)</u>	<u>100,623</u>
Water Supply, Pumping and				
Water Purchases	980,000	893,944	86,056	883,551
Contracted services	18,000	11,045	6,955	9,450
Other operating expenditures	<u>33,200</u>	<u>30,060</u>	<u>3,140</u>	<u>26,889</u>
Total	<u>\$ 1,031,200</u>	<u>\$ 935,049</u>	<u>\$ 96,151</u>	<u>\$ 919,890</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Water and Sewer Line				
Salaries and employee benefits	\$ 418,587	\$ 417,208	\$ 1,379	\$ 411,245
Supplies	75,000	69,373	5,627	66,412
Utilities	6,700	4,068	2,632	4,104
Contracted services	12,000	6,444	5,556	2,343
Other operating expenditures	137,200	109,508	27,692	128,727
Total	649,487	606,601	42,886	612,831
Lift Station Master				
Contracted services	31,000	9,197	21,803	6,855
Chemicals	8,000	7,061	939	4,947
Utilities	44,000	43,971	29	45,872
Repairs and maintenance	34,000	76,588	(42,588)	26,347
Total	117,000	136,817	(19,817)	84,021
Stovall Water Line				
Chemicals	500	350	150	354
Repairs and maintenance	5,000	3,434	1,566	1,770
Utilites	4,400	5,305	(905)	5,264
Total	9,900	9,089	811	7,388
Industrial Waste Treatment				
Salaries and employee benefits	302,332	311,005	(8,673)	298,070
Contracted services	54,000	51,730	2,270	42,802
Utilities	142,500	136,906	5,594	150,670
Land application sludge	155,000	86,346	68,654	124,771
Repairs and maintenance	87,049	66,290	20,759	78,449
Other operating expenditures	63,600	62,416	1,184	58,343
Total	804,481	714,693	89,788	753,105
Debt service:				
Interest and other charges	187,749	166,262	21,487	175,626
Principal retirement	589,669	589,669	-	535,765
Total debt service	777,418	755,931	21,487	711,391
Capital Outlay				
Miscellaneous water	337,945	861,239	(523,294)	220,170
Total expenditures	\$ 4,531,753	\$ 5,048,954	\$ (517,201)	\$ 4,153,970

**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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
Other financing sources (uses):				
Transfer to other fund:				
General fund	\$ (212,157)	\$ (212,160)	\$ (3)	\$ -
Water Capital Projects	(210,000)	-	210,000	-
Proceeds of sale of equipme	3,000	29,755	26,755	1,344
Proceeds of Capital Lease	126,630	255,392	128,762	-
Fund Balance Appropriated	<u>309,540</u>	<u>-</u>	<u>(309,540)</u>	<u>-</u>
Total other financing sources (uses)	<u>17,013</u>	<u>72,987</u>	<u>55,974</u>	<u>1,344</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(346,651)</u>	<u>\$ (346,651)</u>	<u>\$ 317,132</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Principal retirement		589,669		
Capital outlay		1,410,214		
Water & Sewer capital projects fund revenues over (under) expenditures		(385,193)		
Proceeds of capital lease		(255,392)		
Depreciation		<u>(871,657)</u>		
Change in net position		<u>\$ 140,990</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		VARIANCE POSITIVE (NEGATIVE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Operating Revenues				
Charges for Services	\$ 151,000	\$ 162,389	\$ 11,389	\$ 164,222
Nonoperating Revenues				
Interest earnings	-	25	25	75
Total Revenues	151,000	162,414	11,414	\$ 164,297
EXPENDITURES				
General Operations	69,500	39,361	30,139	41,995
Depreciation	-	281	(281)	281
Total Expenditures	69,500	39,642	29,858	42,276
Revenues over (under) expenditures	81,500	122,772	41,272	122,021
Other Financing Sources (Uses)				
Transfer to Water/Sewer Capital Projects	(170,000)	-	170,000	-
Fund Balance Appropriated	88,500	-	(88,500)	-
Total Other Financing Sources (Uses)	(81,500)	-	81,500	-
EXCESS OF REVENUES, OTHER SOURCES AND FUND BALANCE OVER EXPENDITURES AND OTHER USES	\$ -	122,772	\$ 122,772	\$ 122,021
FUND BALANCES:				
Beginning of year - July 1		318,676		
End of year - June 30		\$ 441,448		

**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, 2014**

	PROJECT AUTHORIZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues - Water Project:					
Restricted Intergovernmental:					
Community Development					
Block Grant	\$ 900,000	\$ 1,000,000	-	\$ 1,000,000	\$ 100,000
State Revolving Loan	3,838,252	-	-	-	(3,838,252)
Rural Center Project Grant #2	450,000	-	-	-	(450,000)
CWMTF	210,000	-	163,782	163,782	(46,218)
Total Revenues - Water Project	5,398,252	1,000,000	163,782	1,163,782	(4,234,470)
Expenditures - Water Project:					
Rural Center Grant #2	750,000	679,099	157,967	837,066	(87,066)
Stormwater Management Trust Fund	300,000	216,533	21,023	237,556	62,444
Cherry/Goshen stormwater	80,000	19,822	-	19,822	60,178
Raleigh Street CDBG	900,000	1,559,156	-	1,559,156	(659,156)
Maluli Drive Improvements	-	-	25,000	25,000	(25,000)
Additional Water Storage	250,831	-	6,110	6,110	244,721
Highway 15S Waterline	-	-	111,631	111,631	(111,631)
Coon Creek Stormwater Improvement	1,397,427	51,074	85,765	136,839	1,260,588
WWTP Equalization	2,440,825	35,906	141,479	177,385	2,263,440
Total expenditures - water project	6,119,083	2,561,590	548,975	3,110,565	3,008,518
Revenues over (under) expenditures	(720,831)	(1,561,590)	(385,193)	(1,946,783)	(1,225,952)
Other Financing Sources (uses)					
Transfer from Stormwater Management	80,000	195,851	-	195,851	115,851
Transfer from Water Fund	640,831	8,659,666	-	8,659,666	8,018,835
Total Other Financing Sources(uses)	720,831	8,855,517	-	8,855,517	8,134,686
Revenues and other sources over(under) expenditure	\$ -	\$ 7,293,927	(385,193)	\$ 6,908,734	\$ 6,908,734

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, 2014**

FISCAL YEAR	UNCOLLECTED BALANCE JUNE 30, 2013	ADDITIONS	COLLECTIONS AND CREDITS	UNCOLLECTED BALANCE JUNE 30, 2014
2013-2014	\$ -	\$ 3,335,573	\$ 3,254,693	\$ 80,880
2012-2013	130,161		93,210	36,951
2011-2012	22,600		10,551	12,049
2010-2011	14,243		2,684	11,559
2009-2010	9,785		1,483	8,302
2008-2009	10,333		987	9,346
2007-2008	10,290		667	9,623
2006-2007	9,642		526	9,116
2005-2006	8,315		267	8,048
2004-2005	8,339		724	7,615
2003-2004	8,453		8,453	-
	<u>\$ 232,161</u>	<u>\$ 3,335,573</u>	<u>\$ 3,374,245</u>	<u>\$ 193,489</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 3,370,403
Reconciling items:	
Interest collected	(20,259)
Discounts allowed	15,648
Taxes written off	8,453
Subtotal	<u>3,842</u>
Total collections and credits	<u>\$ 3,374,245</u>

**CITY OF OXFORD, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30,2014**

	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	\$ 466,377,864	0.62	\$ 2,891,543	\$ 2,891,543	\$ -
Registered motor vehicles taxed at prior year's rate	16,583,190	0.60	99,499	-	99,499
Registered motor vehicles taxed at current year's rate	<u>43,095,178</u>	0.62	<u>267,190</u>	<u>-</u>	<u>267,190</u>
Total	526,056,232		3,258,232	2,891,543	366,689
Discoveries:					
Current year taxes	14,527,419	0.62	90,070	90,070	-
Abatements	<u>(2,053,065)</u>		<u>(12,729)</u>	<u>(12,729)</u>	<u>-</u>
Total Property Valuation	<u>\$ 538,530,586</u>				
Net levy			3,335,573	2,968,884	366,689
Uncollected at June 30, 2014			<u>(80,880)</u>	<u>(80,634)</u>	<u>(246)</u>
Current year taxes collected			<u>\$ 3,254,693</u>	<u>\$ 2,888,250</u>	<u>\$ 366,443</u>
Current levy collection percentage			<u>97.58%</u>	<u>97.28%</u>	<u>99.93%</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

	<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>	<u>2014</u>
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 4,829,076
Restricted	258,099	184,761	158,158	212,879	376,716	279,366	342,688	472,938	488,932	607,496
Unrestricted	2,013,061	1,969,447	2,145,057	1,570,304	1,665,187	1,298,241	389,905	522,827	611,397	967,334
Total governmental activities net position	<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>	<u>\$ 6,403,906</u>
Business-type activities										
Net Investment in capital assets	\$ 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	\$ 16,599,276
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	2,418,330
Total business-type activities net position	<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>	<u>\$ 19,017,606</u>
Primary government										
Net Investment in capital assets	\$ 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	\$ 21,428,352
Restricted	258,099	184,761	158,158	212,879	376,716	279,366	342,688	472,938	488,932	607,496
Unrestricted	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	3,385,664
Total primary government net position	<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>	<u>\$ 25,421,512</u>

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

TABLE 2

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 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	\$ 1,397,199
Public safety	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	3,861,636
Transportation	994,383	1,139,567	1,008,230	1,112,007	920,254	1,200,761	1,339,282	1,052,579	986,646	979,736
Environmental protection	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	1,126,846
Cultural and recreation	429,396	492,154	480,304	512,689	664,132	765,651	839,570	842,919	852,346	886,270
Interest on long-term debt	8,554	11,544	9,184	11,537	17,570	35,483	36,714	50,582	30,753	28,477
Total governmental activities expenses	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	8,280,164
Business-type activities										
Water and Sewer	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	4,469,703
Stormwater Management	-	-	-	-	-	157,653	57,025	46,979	42,276	39,642
Total business-type activities expenses	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	4,509,345
Total primary government expenses	\$ 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	\$ 12,789,509
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 65,338	\$ 85,721	\$ 120,608	\$ 131,923	\$ 147,953	\$ 167,733	\$ 153,000	\$ 189,614	\$ 186,851	\$ 189,468
Public Safety	367,510	376,968	397,418	442,754	431,355	408,017	427,593	346,735	475,957	461,246
Transportation	5,165	4,688	4,656	3,644	-	1,353	-	-	-	-
Environmental protection	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	1,295,555
Culture and recreation	115,774	131,500	134,690	130,195	145,674	130,780	144,188	148,199	163,808	158,121
Operating grants and contributions	342,363	284,290	851,756	1,070,209	1,016,357	500,945	279,772	313,600	316,300	303,735
Capital grants and contributions	-	-	-	-	-	-	49,623	1,818	1,322	6,686
Total governmental activities program revenues	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	2,414,811
Business-type activities										
Charges for services:										
Water and Sewer	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	4,626,873
Stormwater Management	-	-	-	-	-	152,136	151,122	157,836	164,222	162,389
Operating grants and contributions	-	-	-	-	51,403	193,597	90,709	-	-	0
Water and Sewer	332,500	-	-	-	-	-	-	-	-	0
Stormwater Management	-	-	-	-	-	-	-	-	-	0
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Water and Sewer	-	-	-	-	-	-	299,600	991,000	1,637,821	1,637,821
Total business-type activities program revenues	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	4,953,044
Total primary government program revenues	\$ 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	\$ 7,367,855
Net (expenses)/revenue										
Governmental activities	\$ (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)	\$ (5,865,353)
Business-type activities	789,182	663,618	196,629	299,839	77,315	(253,356)	201,628	882,052	1,372,926	443,699
Total primary government net expenses	\$ (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)	\$ (5,421,654)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 3,329,931
Other taxes	135,080	135,402	142,361	147,870	154,176	182,086	191,767	278,445	458,139	315,268
Franchise taxes	266,598	286,492	340,692	453,942	574,040	631,618	575,978	556,118	561,041	566,829
Sales taxes	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	1,385,544
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	48,991	92,610	129,551	119,991	51,945	8,385	7,353	5,280	901	2,710
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(11,745)
Miscellaneous	158,361	120,138	137,267	41,000	138,045	161,810	222,724	171,615	117,487	243,193
Transfers	-	-	-	39,625	-	-	-	-	-	212,160
Total governmental activities	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	6,043,890
Business-type activities:										
Investment earnings	61,685	85,196	99,446	103,458	64,749	12,490	6,290	3,308	1,692	2468
Miscellaneous	2,530	-	700	-	-	-	-	8,239	1,344	0
Gain (Loss) on sale of capital assets	-	-	(4,841)	(1,983,050)	-	-	-	-	-	29755
Transfers	-	-	-	(39,625)	-	-	-	-	-	(212,160)
Total business-type activities	64,215	85,196	95,305	(1,919,217)	64,749	12,490	6,290	11,547	3,036	(179,937)
Total primary government	\$ 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	\$ 5,863,953
Changes in Net Position										
Governmental activities	\$ 18,477	\$ (205,195)	\$ 683,884	\$ 759,228	\$ 561,232	\$ (476,925)	\$ (952,007)	\$ 39,395	\$ 74,886	\$ 178,537
Business-type activities	853,397	748,814	291,934	(1,619,378)	142,064	(240,866)	207,918	893,599	1,375,962	263,762
Total primary government	\$ 871,874	\$ 543,619	\$ 975,818	\$ (860,150)	\$ 703,296	\$ (717,791)	\$ (744,089)	\$ 932,994	\$ 1,450,848	\$ 442,299

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
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
2014	3,329,931	1,385,544	566,829	-	40,648	5,322,952

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

TABLE 4

	<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>	<u>2014</u>
General fund										
Reserved	\$ 657,846	\$ 634,537	\$ 656,020	\$ 799,965	\$ 975,900	\$ 756,138	\$ -	\$ -	\$ -	\$ -
Unreserved	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	8,560
Restricted	-	-	-	-	-	-	342,688	472,938	488,932	607,496
Committed	-	-	-	-	-	-	25,000	25,000	25,000	140,500
Assigned	-	-	-	-	-	-	32,501	24,736	-	-
Unassigned	-	-	-	-	-	-	1,476,210	1,612,311	1,856,222	2,313,395
Total general fund	<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>	<u>\$ 3,069,951</u>

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

TABLE 5

	<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>	<u>2014</u>
Revenues										
Ad valorem Taxes	\$ 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	\$ 3,370,403
Other taxes and licenses	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	1,632,781
Unrestricted intergovernmental	328,068	348,269	406,087	523,306	645,763	674,571	651,048	618,455	627,873	634,860
Restricted intergovernmental	289,542	283,579	360,383	773,303	1,014,722	491,179	326,422	293,746	316,300	310,421
Permits and fees	139,685	139,775	132,204	79,549	109,256	143,019	156,461	144,329	143,864	218,883
Sales and services	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	2,068,835
Investment earnings	44,979	87,198	135,693	121,469	50,593	7,205	7,088	7,328	614	3,666
Miscellaneous	46,588	14,122	34,544	42,490	49,745	64,083	99,411	59,842	23,613	52,241
Total Revenues	<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>	<u>\$ 8,292,090</u>
Expenditures										
General government	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	1,274,289
Public safety	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	3,520,577
Transportation	945,808	1,084,343	929,309	894,654	841,614	1,085,022	1,218,767	921,851	906,061	899,042
Environmental protection	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	1,126,846
Cultural, recreation and parks	409,995	467,153	451,256	479,165	621,034	673,672	716,171	729,500	735,881	758,741
Capital outlay	414,520	214,598	539,571	1,301,147	1,131,511	758,290	361,829	168,684	310,943	266,773
Debt service										
Principal	166,702	141,726	113,075	151,982	149,738	210,206	200,689	186,744	180,191	248,764
Interest	8,025	12,141	9,242	11,718	17,230	34,580	36,984	50,711	30,903	28,592
Total expenditures	<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>	<u>8,123,624</u>
Excess of revenues over (under) expenditures	(178,849)	(227,981)	(12,928)	(513,617)	(427,764)	(644,181)	(536,973)	188,993	233,830	168,466
Other financing sources (uses)										
Transfers	-	-	-	39,625	-	-	-	-	-	212,160
Capital leases	179,491	84,280	230,180	38,479	610,984	547,272	330,357	68,261	-	308,388
Net change in fund balances	<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>	<u>\$ 689,014</u>
Debt service as a percentage of noncapital expenditures	2.96%	2.43%	2.09%	2.45%	2.37%	3.35%	3.05%	3.30%	2.83%	3.53%

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
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
2014	3,370,403	1,385,544	566,829	-	40,648	5,363,424

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						
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%	
2014	not available	not available	478,852,218	59,678,368	-	(6,619,076)	538,530,586	0.62	633,565,395	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
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	1.615
2014	0.62	0.795	0.10	0.10	

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.

The City does not break down the direct rate between rate for operations and the rate for debt service.

TABLE 9

City of Oxford
Principal Property Taxpayers
December 31, 2014
Current year and nine years ago
(unaudited)

Taxpayer	2014			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart Real Estate Business Trust	9,494,235	1	1.76%			
Focused Granville Corners LLC	7,015,713	2	1.30%			
BMA Oxford Apartments LLC	6,565,956	3	1.22%			
The Links at Thorndale LLC	5,432,355	4	1.01%			
Progress Energy Carolina	40,266,866	5	7.48%			
Oxford Retail Investment LLC	4,578,618	6	0.85%			
Walmart Stores East LP	4,130,601	7	0.77%			
Carolina Telephone	11,949,295	8	2.22%	8,719,011	4	2.22%
301 Lewis Street LLC	3,856,867	9	0.07%	5,032,148	6	1.28%
Universal Properties	2,970,309	10	0.55%			
Parham Company LLC				2,724,255	10	0.69%
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	\$ 96,260,815		17.23%	\$ 90,493,630		23.01%

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
2005	2,231,929	2,132,116	95.5%	65,040	2,197,156	98.4%
2006	2,321,052	2,191,367	94.4%	89,129	2,280,496	98.3%
2007	2,429,974	2,310,893	95.10%	90,137	2,401,030	98.81%
2008	2,511,105	2,405,387	95.79%	83,188	2,488,575	99.10%
2009	2,549,623	2,438,127	95.63%	85,159	2,523,286	98.97%
2010	2,781,029	2,653,535	95.42%	104,628	2,758,163	99.18%
2011	3,082,993	2,973,335	96.44%	88,077	3,061,412	99.30%
2012	3,120,438	2,994,823	95.97%	113,566	3,108,389	99.61%
2013	3,157,938	3,027,777	95.88%	93,210	3,120,987	98.83%
2014	3,335,573	3,254,693	97.58%	-	3,254,693	97.58%

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			
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
2014	-	225,000	743,421	-	5,874,400	538,660	7,381,481	unavailable	849

City of Oxford
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(unaudited)

<u>Governmental Unit</u>					
Debt repaid with property taxes Granville County	-			N/A	-
Other debt					
Granville County					
General Obligation bonds	35,675,000	8,695	58,275	14.92%	5,322,937
Financing Agreements	6,337,174	8,695	58,275	14.92%	945,547
Installment Purchases	27,451,269	8,695	58,275	14.92%	4,095,904
Certificates of Participation	14,530,000	8,695	58,275	14.92%	2,167,968
					<u>12,532,355</u>
City of Oxford direct debt					<u>7,381,481</u>
Total direct and overlapping debt					19,913,836

Sources: Population used to estimate applicable percentages provided by the U S Census Bureau. Debt outstanding provided by the County

Note: Overlapping governments are those that coincide, at least in part with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Oxford. This process recognizes that, when considering the City's ability to issue and repay long term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

The percentage of overlapping debt applicable is estimated using population figures. Applicable percentages were estimated by determining the City's population and dividing it by the County's population.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 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	\$ 43,082,447
Total net debt applicable to limit	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	7,381,481
Legal debt margin	<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>	<u>\$ 35,700,966</u>
Total net debt applicable to the limit as a percentage of debt limit	10.73%	26.45%	30.92%	27.79%	26.63%	25.45%	21.96%	20.12%	18.18%	17.13%
Legal Debt Margin Calculation for Fiscal Year 2012										
Assessed value										\$ 538,530,586
Add back: exempt real property										<u>6,619,076</u>
Total assessed value										\$ 545,149,662
Debt limit (8% of total assessed value)										43,611,973
Debt applicable to limit:										
General obligation bonds										-
Lease Financing Agreements-Governmental Activities										743,421
Lease Financing Agreements-Business-Type Activities										538,660
Installment purchases-Governmental Activities										225,000
Installment purchases-Business-Type Activities										5,874,400
Less: Amount set aside for repayment of general obligation debt										<u>-</u>
Total net debt applicable to limit										<u>7,381,481</u>
Legal debt margin										<u>\$ 36,230,492</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
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%
2014	8,695	21,670	2	8,037	6.80%

Data sources:

Quickfacts.census.gov

North Carolina Employment Security System

Publicschools12.com

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

Employer	2006			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Granville County Schools	525	1	Unknown	926	1	Unknown
Granville Medical Center	443	2	Unknown	637	2	Unknown
County of Granville	362	3	Unknown	272	3	Unknown
Wal-Mart	144	4	Unknown	185	4	Unknown
Food Lion	110	5	Unknown	123	5	Unknown
City of Oxford	109	6	Unknown	93	6	Unknown
Masonic Home for Children	75	9	Unknown	67	7	Unknown
Waste Industries	45	10	Unknown	56	8	Unknown
Just Save (formerly Lowes Food)	80	8	Unknown	35	9	Unknown
Omnicare (Best Care)	106	7	Unknown	12	10	Unknown
Total	<u>1,999</u>			<u>2,406</u>		

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

Information prior to June 30, 2006 is not available

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	23	23	22	22	22	21	22	22	17	17
Public Safety										
Police Department	38	38	38	39	39	39	37	38	38	38
Fire	12	10	10	10	9	9	10	10	9	10
Highways and Streets										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	12	11	12	12	11	10	10	9	10	10
Environmental Protection	2	2	2	2	1	0	0	0	0	0
Culture and recreation	6	6	8	7	7	7	7	7	7	7
Water	13	12	12	11	12	13	13	13	13	9
Sewer	5	5	5	5	5	5	5	5	5	5
Total	113	109	111	110	108	106	106	106	101	98

Source: Payroll Department of the City

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Violent Crime	94	103	121	123	109	119	95	106	62	83
Property Crime	745	838	805	878	869	840	869	849	651	727
Arrests	1719	1675	1345	1580	2095	1,481	1222	1221	921	965
Calls	11487	11896	12815	13112	14350	13,701	12048	11826	11841	13,076
Fire										
Number of calls answered	272	294	376	334	340	303	346	291	321	392
Inspections	106	115	155	162	160	104	124	276	165	154
Highways and streets										
Street resurfacing (miles)	0.78	0.70	0.99	0.64	1.68	1.09	0.4	0.33	0.74	0.336
Miles of city streets	35.14	37.19	37.19	37.7	38.15	38.15	38.31	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	10.64	10.5	19.2	17.94	19.21	20.6	19.7	16.9	19.70
Culture and recreation										
Number of sports participants	1508	1436	1320	1689	2116	1,825		1922	1950	880
Water										
New Connections	872	842	1013	911	839	998	664	776	686	762
Water main breaks	70	44	33	37	14	21	36	25	30	10
Average daily consumption (thousands of gallons)	1002	1121	1024	1349	1168	1,168	1194	1146	1368	1,400
Wastewater										
Average daily consumption (thousands of gallons)	900	1002	916	1237	1160	1,080	1166	1156	1161	2,000
Education										
Public school enrollment	8493	8599	8629	8718	8698	8,520	8496	8484	8479	8,037
Community Services										
Number of building permits issued	113	150	86	18	59	89	76	59	86	62

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)

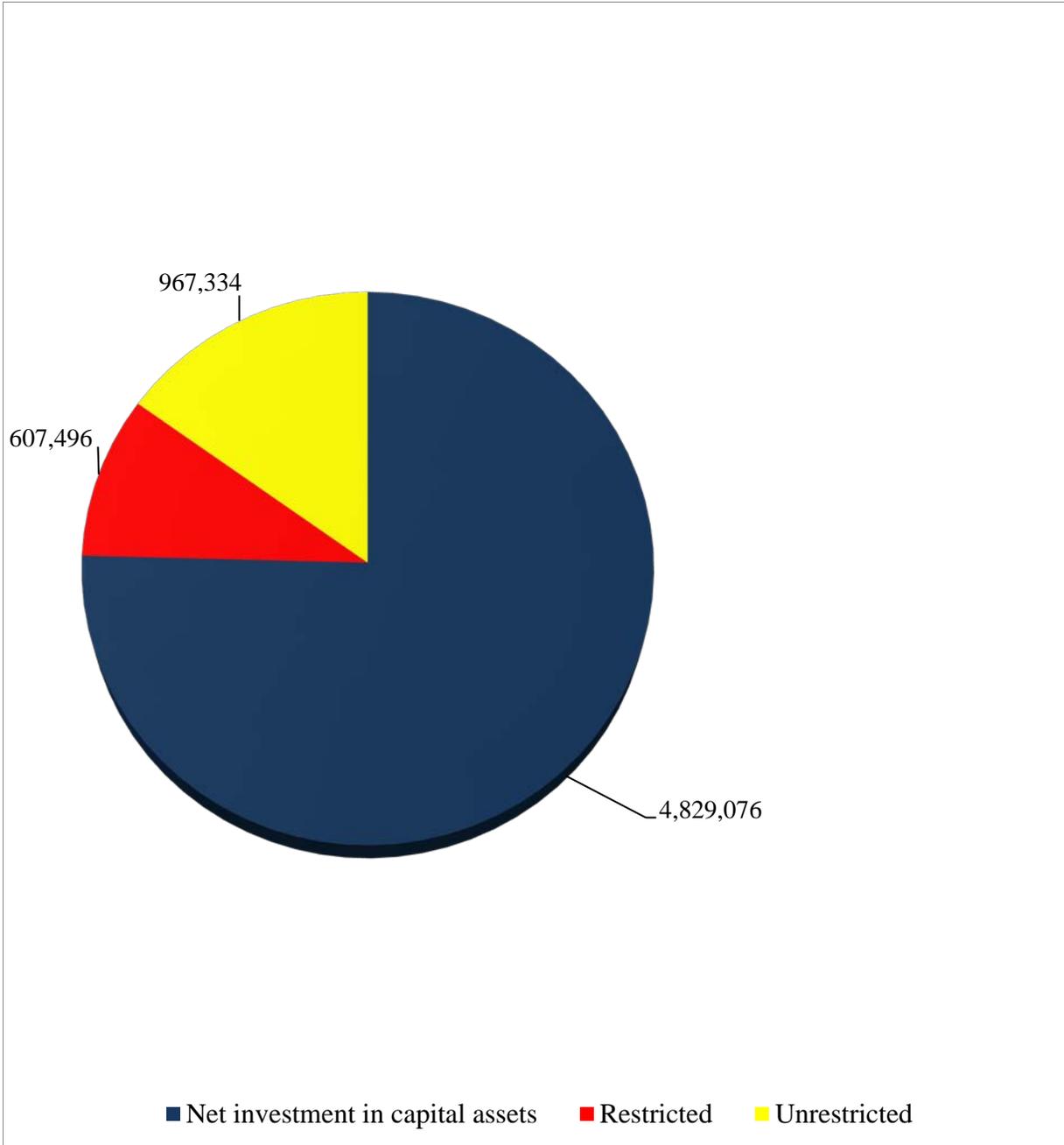
Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	35.14	37.19	37.19	37.7	38.15	38.15	38.31	38.31	38.31	38.31
Culture and recreation										
Parks	6	6	6	6	6	7	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)	48	48	48	49	50	50	50	50	50	50
Fire hydrants	695	760	760	764	764	764	764	764	764	766
Maximum daily capacity (thousands of gallons)	2,000	2,000	2000	2000	2000	2000	2000	2000	2000	6000
Sewer										
Sanitary sewers (miles)	56.5	56.5	66	67	68	68	68	68	68	68
Maximum daily treatment capacity (thousands of gallons)	2,170	2,170	3500	3500	3500	3500	3500	3500	3500	3500

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

GRAPHS

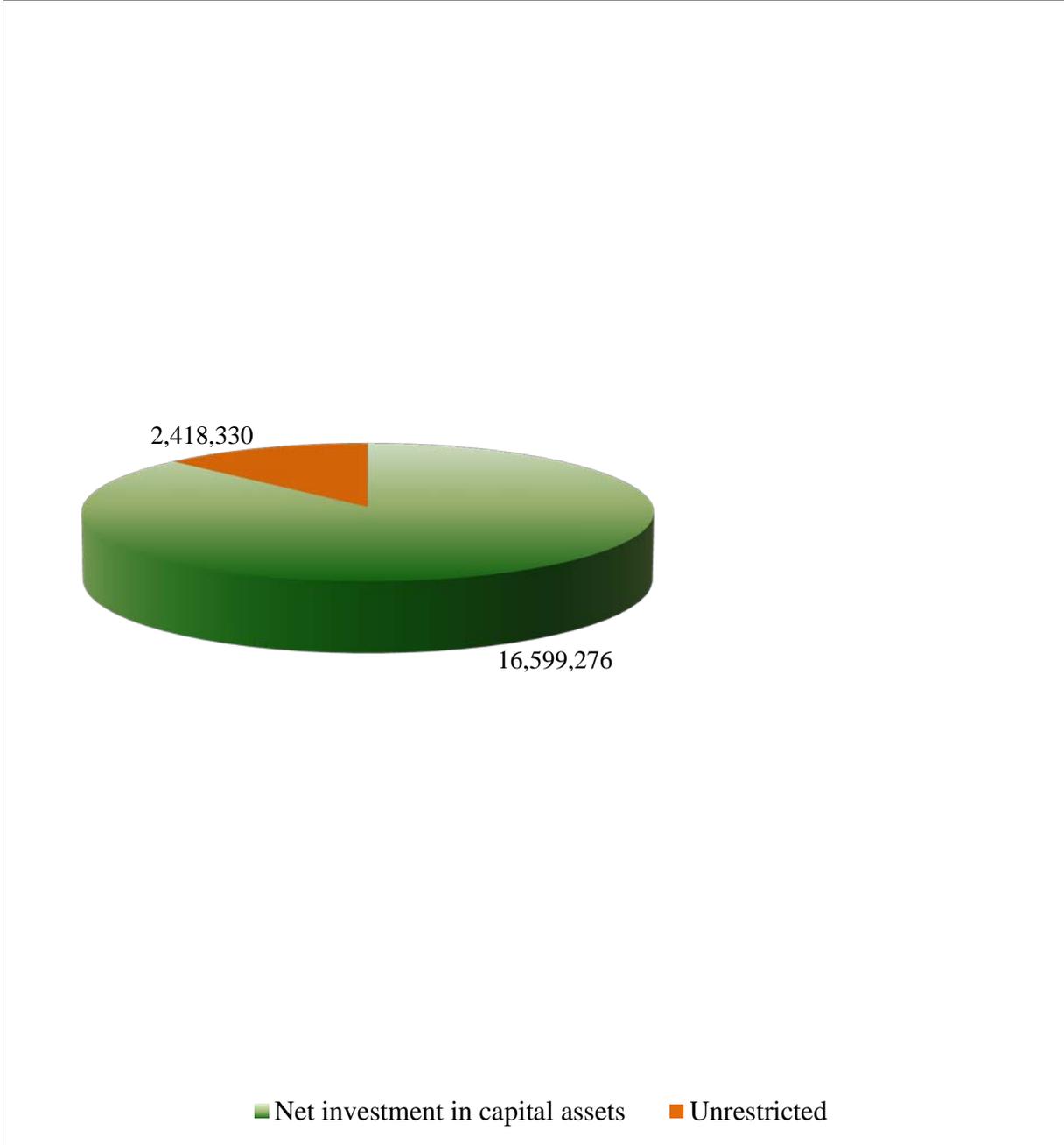
**City of Oxford, North Carolina
Net Position by Component
Governmental Activities**

Graph A



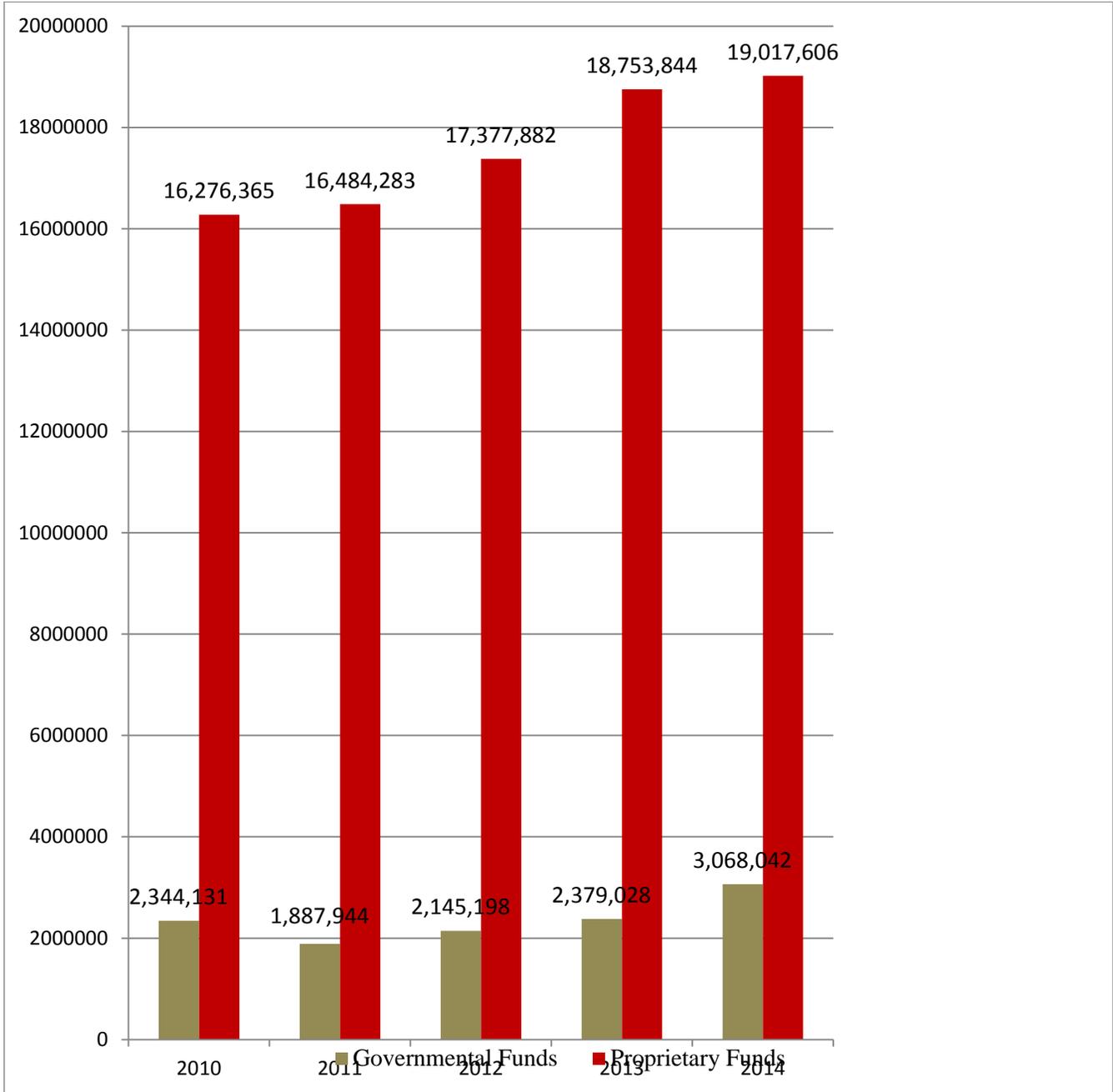
**City of Oxford, North Carolina
Net Position by Component
Business-Type Activities**

Graph B



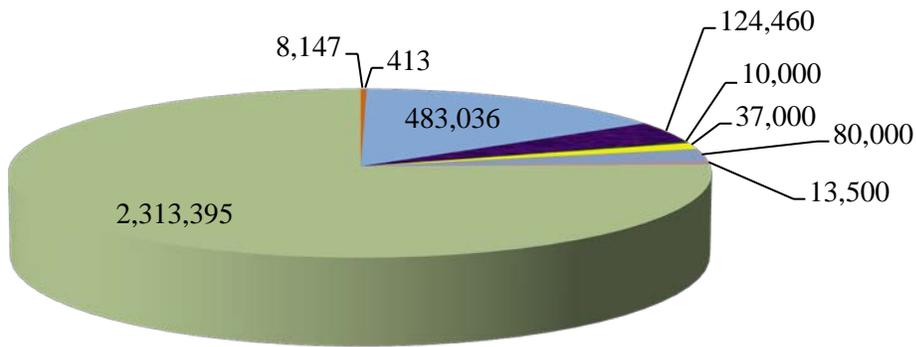
City of Oxford, North Carolina
Net Position/Fund Balance

Graph C



City of Oxford, North Carolina
General Fund - Fund Balance

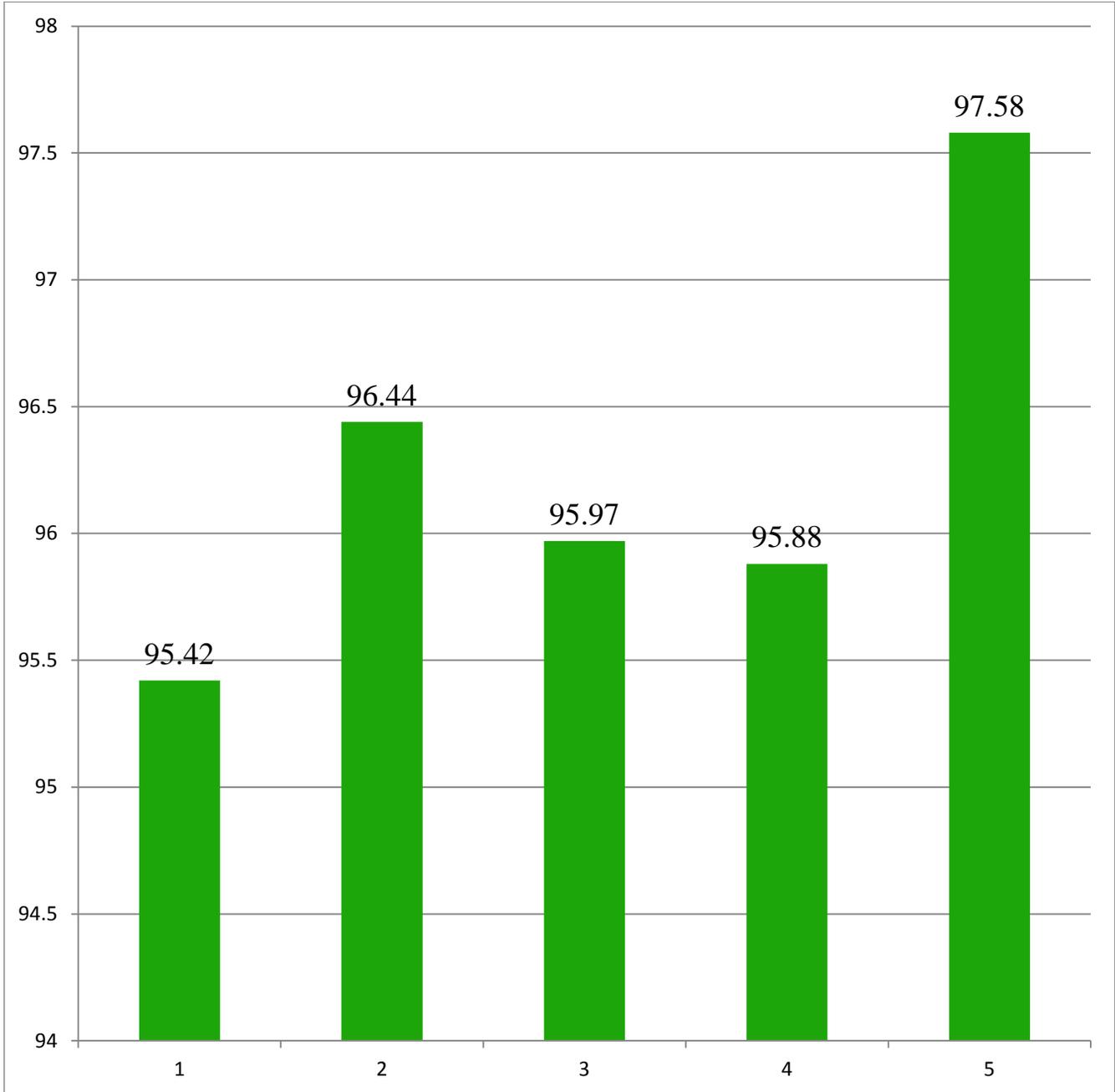
Graph D



- Non Spendable-Inventories
- Non Spendable-Prepaid items
- Restricted-Stabilization by State Statute
- Restricted-Streets
- Committed-Bicentennial
- Committed-Workers comp insurance
- Committed-Software
- Committed-Federal Forfeiture

**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 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, 2014 and the related notes to the financial statements, which collectively comprises the City of Oxford's basic financial statements, and have issued our report thereon dated November 26, 2014. 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 opinions 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

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weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any 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 26, 2014

**CITY OF OXFORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2014**

B - Financial Statement Findings

None reported

**CITY OF OXFORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Prior Year Audit Findings:

B - Financial Statement Findings

None reported