

CITY OF OXFORD, NORTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016



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

**Hak Ung
Finance Director**

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

**CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2016**

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	20-22
Management's Discussion and Analysis	23-32

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit 1	Statement of Net Assets	35
Exhibit 2	Statement of Activities	36

FUND FINANCIAL STATEMENTS

Exhibit 3	Balance Sheet – Governmental Funds	38
Exhibit 3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	39
Exhibit 4	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	40
Exhibit 4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances – Annual Budget and Actual – General Fund	42-43
Exhibit 6	Statement of Fund Net Assets – Proprietary Funds	44
Exhibit 7	Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	45
Exhibit 8	Statement of Cash Flows-Proprietary Funds	46

CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2016

NOTES TO THE FINANCIAL STATEMENTS	48-90
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REQUIRED SUPPLEMENTAL FINANCIAL DATA

Exhibit A-1	Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance	92
Exhibit A-2	Schedule of Funding Progress for Other Postemployment Benefits	93
Exhibit A-3	Schedule of Employer Contributions- Other postemployment Benefits	94
Exhibit A-4	Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System	95
Exhibit A-5	Schedule of Contributions to Local Government Employees' Retirement System	96
Exhibit A-6	Schedule of Proportions Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan	97

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Major Governmental Funds

Exhibit B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund	100-107
Exhibit B-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Capital Projects Fund	108

Enterprise Funds

Exhibit C-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Water and Sewer Fund (Non-GAAP)	110-112
Exhibit C-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Stormwater Management Fund (Non-GAAP)	113
Exhibit C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Water and Sewer Capital Projects Fund (Non-GAAP)	114

CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2016

OTHER SCHEDULES

Exhibit D-1	Schedule of Ad Valorem Taxes Receivable-General Fund	116
Exhibit D-2	Analysis of Current Tax Levy-City Wide Levy	117

STATISTICAL SECTION

Table 1	Net Assets by Component	119
Table 2	Changes in Net Assets	120
Table 3	Governmental Activities Tax Revenues by Sources	121
Table 4	Fund Balances of Governmental Funds	122
Table 5	Changes in Fund Balances of Governmental Funds	123
Table 6	General Governmental Tax Revenues by Sources	124
Table 7	Assessed Value and Estimated Actual Value of Taxable Property	125
Table 8	Property Tax Rates	126
Table 9	Principal Property Taxpayers	127
Table 10	Property Tax Levies and Collections	128
Table 11	Ratios of Outstanding Debt by Type	129
Table 12	Direct and Overlapping Governmental Activities Debt	130
Table 13	Legal Debt Margin Information	131
Table 14	Demographic and Economic Statistics	132
Table 15	Principal Employers	133
Table 16	Full-time Equivalent City Government Employees by Function	134
Table 17	Operating Indicators by Function	135
Table 18	Capital Assets Statistics by Function	136

GRAPHS

Graph A	Net Assets by Component - Governmental Activities	138
Graph B	Net Assets by Component - Business-Type Activities	139
Graph C	Net Assets/Fund Balance	140
Graph D	General Fund – Fund Balance	141
Graph E	Tax Collection Percentage	142

**CITY OF OXFORD, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2016**

COMPLIANCE SECTION

Report on Compliance and on Internal Control Over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	144-145
Schedule of Findings and Questioned Costs	146
Corrective Action Plan	147
Schedule of Prior Year Audit Findings	148

INTRODUCTORY SECTION



FINANCE OFFICE

City Of Oxford

LETTER OF TRANSMITTAL

December 22, 2016

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, 2016.

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, 2016, 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 unmodified opinion that the city's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. This unmodified opinion is the highest designation and 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, clerk 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 full range of services that include public safety, parks & recreation, utilities, planning, public works, engineering and general administration. 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.

A city's 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 modest improvement in the overall economy has fortunately impacted Oxford's local area economy in a somewhat positive way. The unemployment rate for Granville County at the end of the fiscal year was 4.5%, which was slightly lower than both the State average of 5.2% and also last year's comparative figure of 5.4 % for Granville County.

Major Initiatives (and associated FY 2016-Expenditures)

- WWTP Equalization Project for \$3,047,000 (had expenditures of \$321,968)
- General Fund Investments in Other Fixed Assets & Equipment (had expenditures of \$609,292)
- Water & Sewer Fund Investments in Other Fixed Assets & Equipment (had expenditures of \$600,152)

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

General Long-Term Liabilities

The City of Oxford retired \$1,116,874 of debt associated with its previous Capital Leases & Installment Purchases, but added \$443,081 of debt for the WWTP Equalization Project and \$0 of debt for its investments in of Other Fixed Assets & Equipment. Governmental Activities associated with Compensated Absences, Other Post Retirement Benefits, Net Pension Liability and Net Pension Obligations increased 5.6% from \$2,029,571 on June 30, 2015 to \$2,143,320 on June 30, 2016. In comparison, the Proprietary Fund/Business Type Activities for these same General Long-Term Liabilities increased 30.98% from \$345,042 on June 30, 2015, to \$451,935 on June 30, 2015.

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, 2015. This was the thirteenth 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 P. 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.

Sincerely,

Hak Ung

Hak Ung
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, 2015

Executive Director/CEO

OXFORD CITY GOVERNMENT

ELECTED OFFICIALS

Jackie Sergent	Mayor	114 High Street Oxford, NC 27565
Calvin “CJ” Harris, Jr.	Mayor Pro Tem/ Commissioner	210 New College Street Oxford, NC 27565
James D. “Danny” Currin	Commissioner	100 Hunters Road Oxford, NC 27565
Alvin Woodlief	Commissioner	211 Grace Street Oxford, NC 27565
Ron Bullock	Commissioner	304 Tranquil 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	104 Jones Street Oxford, NC 27565

**CITY OF OXFORD, NORTH CAROLINA
APPOINTED AND ADMINISTRATIVE STAFF
JUNE 30, 2016**

Elke Doom *
City Manager

Amy Ratliff
City Engineer

Dud Frazier
Interim Public Works Director

J. Thomas Burnette *
City Attorney

Roger Elliott
Interim Street & Cemetery Superintendent

Alvin "Al" Coley
Chief of Police

Justin Ayscue
Human Resources Director

Kenny Manning
Facility Maintenance Supervisor

Hak Ung
Finance Director

Julia Overton
Downtown Oxford
Economic Director

Barb Rote*
City Clerk

Christine Usry
Parks/Recreation Director

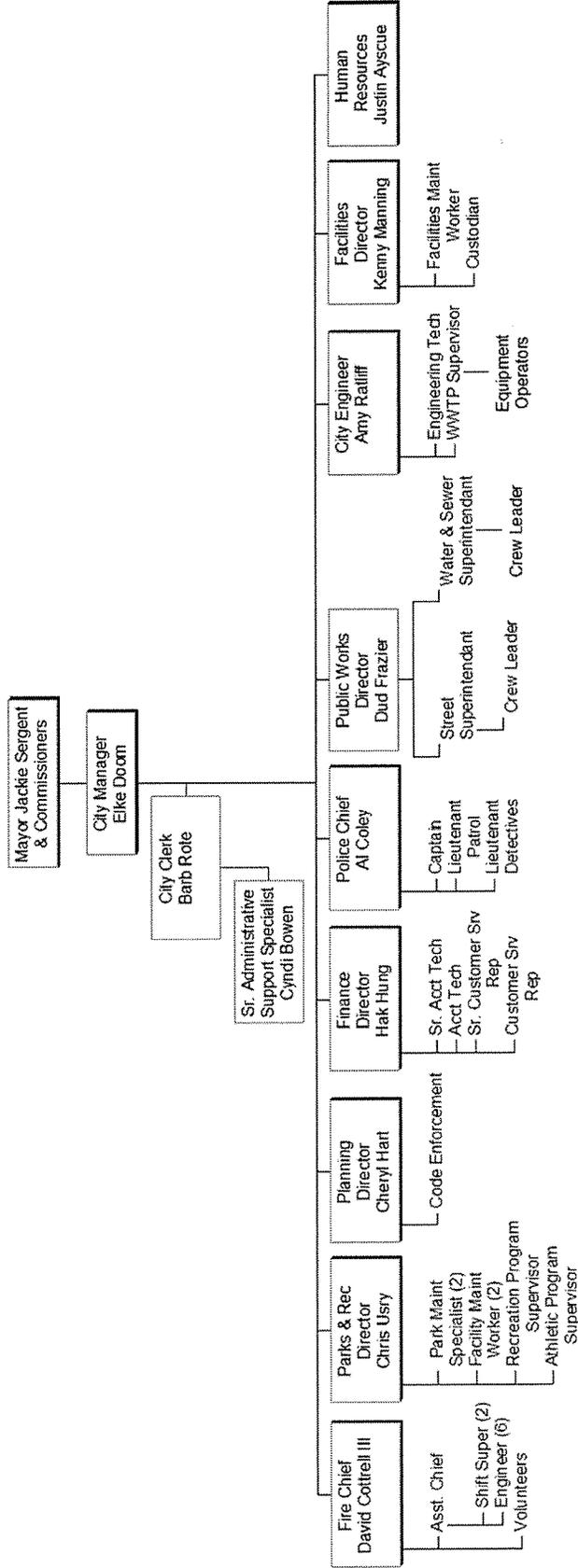
David Cottrell III
Fire Chief

Cheryl Hart
Planning & Zoning

Dennis Wilson
WWTP Superintendent

* Appointed by Board of Commissioners

City of Oxford
Organizational Chart
December 2016



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
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Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, 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, 2016, and the related notes to the financial statements, which collectively comprise the City'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

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the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 upon our audit, the financial statements referred to above present fairly, in all material respects, the 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, 2016, 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 conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 92-94, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 95 and 96, respectively, and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 97 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 basic financial statements of the City of Oxford. 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 financial 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2016 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

December 22, 2016

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, 2016. 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

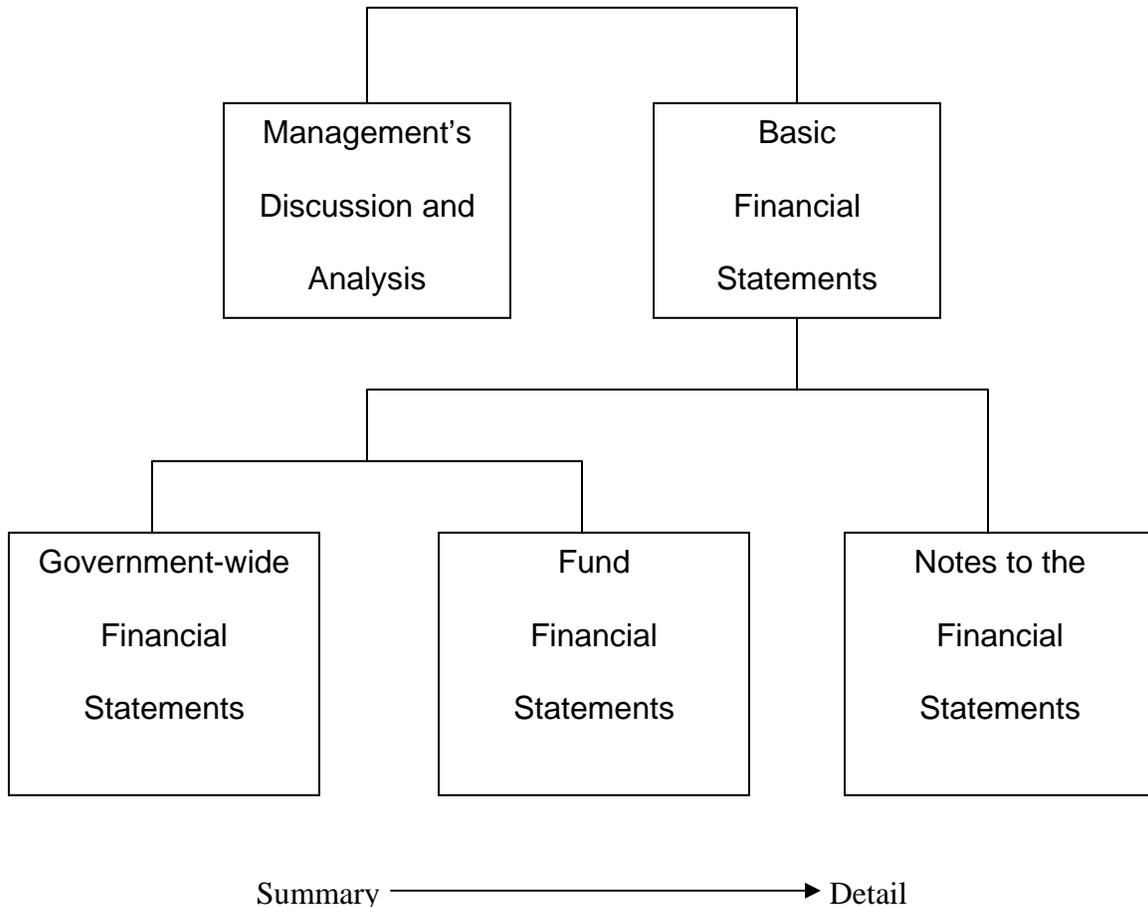
- The assets of the City of Oxford exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$29,195,719 (net position).
- The government's total net position increased by \$2,949,146 primarily due to increases in business-type activities net position.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$4,146,082, a decrease of \$27,337 in comparison with the prior year. Approximately 27.49 percent of this total amount or \$1,139,758 is unassigned.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$2,269,536 or 25.20 percent of total general fund expenditures for the fiscal year.
- The City of Oxford's total debt decreased by \$ 69,993 (.58%) during the current fiscal year. The key factor in this was the new loan proceeds from 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. Funding is provided by special tax districts for these defined areas.

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 48-90 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 91 of this report.

Government-Wide Financial Analysis

The City of Oxford's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 4,799,147	\$ 5,146,497	\$ 11,394,725	\$ 11,017,515	\$ 16,193,872	\$ 16,164,012
Capital assets	5,697,799	5,587,966	25,049,787	24,976,931	30,747,586	30,564,897
Deferred outflows of resources	229,504	240,727	43,649	42,250	273,153	282,977
Total assets	<u>10,726,450</u>	<u>10,975,190</u>	<u>36,488,161</u>	<u>36,036,696</u>	<u>47,214,611</u>	<u>47,011,886</u>
Long-term liabilities outstanding	\$ 2,771,068	\$ 2,543,718	\$ 11,942,105	\$ 13,702,497	14,713,173	16,246,215
Other liabilities	1,091,434	1,013,947	2,077,071	2,603,741	3,168,505	3,617,688
Deferred inflows of resources	125,103	816,278	12,111	143,372	137,214	959,650
Total liabilities	<u>3,987,605</u>	<u>4,373,943</u>	<u>14,031,287</u>	<u>16,449,610</u>	<u>18,018,892</u>	<u>20,823,553</u>
Net position:						
Net investment in capital assets	4,882,668	4,432,493	16,813,478	16,407,171	21,696,146	20,839,664
Restricted	2,270,485	810,729	-	-	2,270,485	810,729
Unrestricted	(414,308)	1,358,025	5,643,396	3,179,915	5,229,088	4,537,940
Total net position	<u>\$ 6,738,845</u>	<u>\$ 6,601,247</u>	<u>\$ 22,456,874</u>	<u>\$ 19,587,086</u>	<u>\$ 29,195,719</u>	<u>\$ 26,188,333</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 \$29,195,719 as of June 30, 2016. The City's net position increased by \$2,949,146 for the fiscal year ended June 30, 2016. However, the largest portion (74.31%) 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 (7.78%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 5,229,088 (17.91%) is unrestricted.

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

- Receipt of 1.37 million for the execution of the agreement with the County regarding Triangle North Industrial Park as well as the receipt of the annual payment of \$825,488

**City of Oxford Changes in Net Position
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 2,409,502	\$ 2,634,237	\$ 7,315,971	\$ 5,062,845	\$ 9,725,473	\$ 7,697,082
Operating grants and contributions	340,636	125,113	-	-	340,636	125,113
Capital grants and contributions	52,126	-	-	450,000	52,126	450,000
General revenues:						
Property taxes	3,372,913	3,349,639	-	-	3,372,913	3,349,639
Other taxes	2,382,991	2,522,108	-	-	2,382,991	2,522,108
Capital contributions	-	-	-	-	-	-
Other	193,205	169,601	181,846	2,654	375,051	172,255
Total revenues	<u>8,751,373</u>	<u>8,800,698</u>	<u>7,497,817</u>	<u>5,515,499</u>	<u>16,249,190</u>	<u>14,316,197</u>
Expenses:						
General government	1,627,050	1,378,973	-	-	1,627,050	1,378,973
Public safety	3,780,818	3,758,490	-	-	3,780,818	3,758,490
Highways/streets	1,322,795	1,187,232	-	-	1,322,795	1,187,232
Sanitation	1,037,643	1,015,021	-	-	1,037,643	1,015,021
Culture and recreation	948,224	999,298	-	-	948,224	999,298
Interest on long-term debt	30,645	23,238	-	-	30,645	23,238
Water and sewer	-	-	4,552,869	4,654,247	4,552,869	4,654,247
Total expenses	<u>8,747,175</u>	<u>8,362,252</u>	<u>4,552,869</u>	<u>4,654,247</u>	<u>13,300,044</u>	<u>13,016,499</u>
Increase in net position before transfers	<u>4,198</u>	<u>438,446</u>	<u>2,944,948</u>	<u>861,252</u>	<u>2,949,146</u>	<u>1,299,698</u>
Transfers	212,160	212,160	(212,160)	(212,160)	-	-
Increase in net position	<u>216,358</u>	<u>650,606</u>	<u>2,732,788</u>	<u>649,092</u>	<u>2,949,146</u>	<u>1,299,698</u>
Net position, July 1	6,601,547	6,403,906	19,587,086	19,017,606	26,188,633	25,421,512
Net position, July 1, restated	6,522,487	5,950,641	19,724,086	18,937,994	26,246,573	24,888,635
Net position, June 30	<u>\$ 6,738,845</u>	<u>\$ 6,601,247</u>	<u>\$ 22,456,874</u>	<u>\$ 19,587,086</u>	<u>\$ 29,195,719</u>	<u>\$ 26,188,333</u>

Governmental activities: Governmental activities increased the City's net position by \$216,358 thereby accounting for 7.19% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Proceeds from a loan for \$443,081
- Receipt of 200th anniversary sales and donations of \$54,400
- Receipt of tourism funds from the County of \$25,200
- School resource officer funding of \$26,762

Business-type activities: Business-type activities increased the City of Oxford's net position by \$2,949,146 thereby accounting for 92.81% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Receipt of 1.37 million for the execution of the agreement with the County regarding Triangle North Industrial Park as well as the receipt of the annual payment of \$825,488
- A reduction in operating expenses of \$110,758

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Oxford. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,147,500, while total fund balance reached \$4,153,824. The City currently has an available fund balance of 12.74% of general fund expenditures, while total fund balance represents 46.11% of the same amount.

At June 30, 2016, the governmental funds of City of Oxford reported a combined fund balance of \$ 4,146,082, a .66 percent decrease 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 \$5,037,263 and those for the Storm Water Management Fund amounted to \$606,133. The net position of the

Water and Sewer fund increased by \$2,656,384 whereas the Storm Water Fund increased by \$76,404, 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, 2016, totals \$ 30,747,586 (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 WWTP Equalization: \$321,968
- Purchase of accounting software: \$96,021
- Purchase of a Kenworth truck: \$128,400
- Waterline replacement: \$160,244
- GIS Utility conversion: \$115,743
- Purchase of a submersible pump: \$93,800
- Purchase of three Dodge Chargers: \$72,942
- Renovations at Hix gym: \$126,522

**City of Oxford's Capital Assets
Figure 4
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,454,429	\$ 1,454,429	\$ 217,472	\$ 253,173	\$ 1,671,901	\$ 1,707,602
Buildings and systems	1,098,789	1,211,775	23,907,984	21,360,404	25,006,773	22,572,179
Improvements other than buildings	2,032,564	1,943,260	63,351	-	2,095,915	1,943,260
Vehicles and motorized equipment	865,088	759,429	752,505	596,728	1,617,593	1,356,157
Infrastructure	176,748	219,073	-	-	176,748	219,073
Construction in progress	70,181	-	108,475	2,766,626	178,656	2,766,626
Total	\$ 5,697,799	\$ 5,587,966	\$25,049,787	\$ 24,976,931	\$ 30,747,586	\$ 30,564,897

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, 2016, the City had capital lease debt of \$690,131 related to governmental activities and an installment purchase balance of \$125,000 related to the construction of Oxford Athletic Park. Regarding business-type activities, the City has capital lease debt of \$247,533 and a balance of \$7,988,776 for installment purchase financing to upgrade the City's Waste Water Treatment Plant. The City's net debt decreased by \$ 69,993 or .58% 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 \$33,840,268.

Additional information regarding the City of Oxford's long-term debt can be found in note 11 beginning on page 83 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.

- The collection of the execution fee for the Triangle North Project spurred the increase of net position in the current year. The normal annual fee will be collected in the next fiscal year.
- The Downtown Master Plan is underway. A grant of \$15,000 was received in the current fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities:

Total budgeted revenue for FY 2017 is approximately 1% lower than FY 2016 actual budget.

Several revenue sources comprise this difference. Property taxes are budgeted to be slightly lower. The Powell bill funds will allow coverage of additional expenses associated with the CMAQ sidewalk project.

Budgeted FY 2017 expenditures include many increases that are mandated or unavoidable. A 401(K) will be created and is expected to have a 70% participation rate at a cost of \$69,000 annually.

Explanation of the remainder of the difference by functional area:

General Government \$68,000

Increases in bicentennial celebration of \$30,000, increase in equipment lease of \$8,000, in addition to Plumber Cheatham memorial park of \$7,000 and contributions to the Historical society of \$7,000 account for majority of the difference in the General Government department.

Public Safety \$65,000

The Police Department has budgeted for capital outlay of \$86,500. This with the addition of a consolidated 911 fee of \$109,000 accounts for the majority of the difference in that department.

In the Fire Department, budget increases for FY 2017 of \$38,000 is primarily due to anticipated payments to volunteer fire company of \$35,000.

Transportation \$176,000

The budgeted increase in transportation is primarily due to increase in salary expense as well as sidewalk replacement expenses.

Business – Type Activities:

The water fund budget is proposed at an increase of 25%. The City will receive another payment in the partnership with Granville County to provide water to the Triangle North Industrial Park. The City is considering an increase in the water and sewer rates.

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 Hak Ung Finance Director, City of Oxford, NC, P.O. Box 506, Oxford, North Carolina 27565; phone (919) 603-1125.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2016

EXHIBIT 1

	PRIMARY GOVERNMENT			Component Unit Oxford Parking Authority	Component Unit Downtown Oxford Economic Development Corporation
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 2,393,560	\$ 6,949,443	\$ 9,343,003	\$ 89,684	\$ 158,151
Restricted cash	404,395	-	404,395	-	-
Taxes receivable	99,381	-	99,381	29	442
Accrued interest receivable on taxes	33,730	-	33,730	19	63
Accounts receivable	593,380	692,296	1,285,676	943	5,975
Assessments receivable	3,928	33,769	37,697	-	-
Loan receivable	-	81,536	81,536	-	-
Note receivable	-	766,197	766,197	-	-
Internal Balances	1,263,371	(1,263,371)	-	-	-
Inventories	6,037	157,790	163,827	-	-
Prepaid items	1,365	-	1,365	-	1,809
Total current assets	<u>4,799,147</u>	<u>7,417,660</u>	<u>12,216,807</u>	<u>90,675</u>	<u>166,440</u>
NON-CURRENT ASSETS					
Note Receivable	-	3,977,065	3,977,065		
CAPITAL ASSETS (NOTE 1)					
Land, non-depreciable improvements, and construction in progress	1,524,610	325,947	1,850,557	-	-
Other capital assets, net of depreciation	4,173,189	24,723,840	28,897,029	-	-
Total capital assets	<u>5,697,799</u>	<u>25,049,787</u>	<u>30,747,586</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	5,697,799	29,026,852	34,724,651		
Total assets	<u>10,496,946</u>	<u>36,444,512</u>	<u>46,941,458</u>	<u>90,675</u>	<u>166,440</u>
DEFERRED OUTFLOWS OF RESOURCES					
Contributions to pension plan in current fiscal year	229,504	43,649	273,153	-	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	289,743	440,071	729,814	-	1,145
Wages payable	230,211	33,706	263,917	-	-
Accrued interest payable	939	-	939	-	-
Current portion of vacation pay	267,009	53,187	320,196	-	-
Current portion of long-term debt	303,532	783,910	1,087,442	-	-
Current portion of unearned revenue	-	766,197	766,197	-	-
Total current liabilities	<u>1,091,434</u>	<u>2,077,071</u>	<u>3,168,505</u>	<u>-</u>	<u>1,145</u>
LONG-TERM LIABILITIES					
Customer deposits	-	89,980	89,980	-	-
Other Postemployment Benefits	1,525,089	347,269	1,872,358	-	-
Noncurrent portion of vacation pay	80,153	-	80,153	-	-
Noncurrent portion of long-term debt	511,599	7,452,399	7,963,998	-	-
Net pension liability	271,069	51,479	322,548	-	-
Unearned revenues	-	4,000,978	4,000,978	-	-
Net Pension Obligation	383,158	-	383,158	-	-
Total long-term liabilities	<u>2,771,068</u>	<u>11,942,105</u>	<u>14,713,173</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,862,502</u>	<u>14,019,176</u>	<u>17,881,678</u>	<u>-</u>	<u>1,145</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	125,103	12,111	137,214	-	-
NET POSITION					
Net Investment in capital assets	4,882,668	16,813,478	21,696,146	-	-
Restricted for:					
Stabilization by State Statute	1,876,886	-	1,876,886	943	5,975
Streets	393,599	-	393,599	-	-
Unrestricted	<u>(414,308)</u>	<u>5,643,396</u>	<u>5,229,088</u>	<u>89,732</u>	<u>159,320</u>
Total net position	<u>\$ 6,738,845</u>	<u>\$ 22,456,874</u>	<u>\$ 29,195,719</u>	<u>\$ 90,675</u>	<u>\$ 165,295</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, 2016**

EXHIBIT 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit Oxford Parking Authority	Component Unit Downtown Economic
Primary government:									
Governmental Activities:									
General government	\$ 1,627,050	\$ 241,854	\$ 68,423	\$ 52,126	\$ (1,264,647)	\$ -	\$ (1,264,647)		
Public Safety	3,780,818	492,765	36,757	-	(3,251,296)	-	(3,251,296)		
Transportation	1,322,795	-	235,456	-	(1,087,339)	-	(1,087,339)		
Environmental protection	1,037,643	1,440,436	-	-	402,793	-	402,793		
Cultural and recreation	948,224	234,447	-	-	(713,777)	-	(713,777)		
Interest on long-term debt	30,645	-	-	-	(30,645)	-	(30,645)		
Total governmental activities	8,747,175	2,409,502	340,636	52,126	(5,944,911)	-	(5,944,911)		
Business-type activities:									
Water and sewer	4,496,460	7,152,344	-	-	-	2,655,884	2,655,884		
Stormwater Management	56,409	163,627	-	-	-	107,218	107,218		
	4,552,869	7,315,971	-	-	-	2,763,102	2,763,102		
Total primary government	13,300,044	9,725,473	340,636	52,126	(5,944,911)	2,763,102	(3,181,809)		
Component units:									
Oxford Parking Authority	11,305	-	-	-				11,305	-
Downtown Oxford EDC	78,586	-	-	-				-	78,586
Total component units	89,891	-	-	-				11,305	78,586
General revenues:									
Taxes:									
Property taxes, levied for general purpose					3,372,913	-	3,372,913	16,948	37,043
Sales tax					1,582,238	-	1,582,238	-	-
Alcoholic beverage tax					43,975	-	43,975	-	-
Privilege licenses					26,904	-	26,904	-	-
Utility franchise tax					687,749	-	687,749	-	-
Beer and wine tax					37,136	-	37,136	-	-
Sales tax refund					-	-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	43,000
Unrestricted investment earnings					4,989	72,824	77,813	68	30
Miscellaneous					193,205	-	193,205	-	18,335
Gain (loss) on sale of capital assets					-	109,022	109,022	-	-
Total general revenues not including transfers					5,949,109	181,846	6,130,955	17,016	98,408
Transfers					212,160	(212,160)	-	-	-
Change in net position					216,358	2,732,788	2,949,146	5,711	19,822
Net position - beginning, as restated					6,522,487	19,724,086	26,246,573	84,964	145,473
Net position - ending					\$ 6,738,845	\$ 22,456,874	\$ 29,195,719	\$ 90,675	\$ 165,295

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, 2016**

EXHIBIT 3

	<u>MAJOR</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>TOTAL NON- MAJOR FUNDS</u>	<u>GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and investments	\$ 2,377,047	16,513	\$ 2,393,560
Restricted cash	404,395	-	404,395
Taxes receivable	99,381	-	99,381
Accounts receivable	593,380	-	593,380
Assessments receivable	3,928	-	3,928
Due from other funds	1,279,578	-	1,279,578
Inventories	6,037	-	6,037
Prepaid items	1,365	-	1,365
	<u>4,765,111</u>	<u>16,513</u>	<u>4,781,624</u>
Total assets	<u>\$ 4,765,111</u>	<u>\$ 16,513</u>	<u>\$ 4,781,624</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 281,695	8,048	\$ 289,743
Wages payable	230,211	-	230,211
Due to other funds	-	16,207	16,207
	<u>511,906</u>	<u>24,255</u>	<u>536,161</u>
Total liabilities	<u>511,906</u>	<u>24,255</u>	<u>536,161</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	99,381	-	99,381
Total deferred inflows of resources	<u>99,381</u>	<u>-</u>	<u>99,381</u>
Fund Balances:			
Non Spendable			
Inventories	6,037	-	6,037
Prepaid items	1,365	-	1,365
Restricted			
Stabilization by State Statute	1,876,886	-	1,876,886
Streets	393,599	-	393,599
Committed			
Federal Forfeiture	17,792	-	17,792
Bicentennial celebration	10,000	-	10,000
Cultural, recreation and parks	45,000	-	45,000
Assigned			
Subsequent year's expenditures	655,645	-	655,645
Unassigned	1,147,500	(7,742)	1,139,758
	<u>4,153,824</u>	<u>(7,742)</u>	<u>4,146,082</u>
Total fund balances	<u>4,153,824</u>	<u>(7,742)</u>	<u>4,146,082</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,765,111</u>	<u>\$ 16,513</u>	<u>\$ 4,781,624</u>

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

**CITY OF OXFORD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

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)	\$	4,146,082
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,697,799
Pension related adjustments		
Pension Related Deferral		(125,103)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Position		229,504
Other long-term assets (accrued interest receivable) are not available to pay for current-period expenditures and therefore are deferred.		33,730
Liabilities for earned revenues considered deferred inflows in fund statements		99,381
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>(3,342,548)</u>
Net position of governmental activities	<u>\$</u>	<u>6,738,845</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, 2016

EXHIBIT 4

	MAJOR FUND GENERAL	TOTAL NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Ad valorem taxes	\$ 3,420,538	\$ -	\$ 3,420,538
Other taxes and licenses	1,653,117	-	1,653,117
Unrestricted intergovernmental revenues	724,885	-	724,885
Restricted intergovernmental revenues	340,164	52,126	392,290
Permits and fees	147,783	-	147,783
Sales and services	2,390,707	-	2,390,707
Investment earnings	4,682	308	4,990
Miscellaneous	81,980	-	81,980
Total revenues	8,763,856	52,434	8,816,290
EXPENDITURES			
Current:			
General government	1,634,339	-	1,634,339
Public safety	3,671,528	-	3,671,528
Transportation and utilities	1,295,547	70,181	1,365,728
Environmental protection	1,037,643	-	1,037,643
Cultural, recreation and parks	997,502	-	997,502
Debt service:			
Principal retirement	340,342	-	340,342
Interest and fees	30,765	-	30,765
Total expenditures	9,007,666	70,181	9,077,847
Excess of revenues over expenditures	(243,810)	(17,747)	(261,557)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	212,160	11,891	224,051
Transfer to other funds	(11,891)	-	(11,891)
Sale of capital assets	22,060	-	22,060
Capital lease obligations issued	-	-	-
Total other financing sources (uses)	222,329	11,891	234,220
Net Change in fund balance	(21,481)	(5,856)	(27,337)
Fund balance, Beginning of year - July 1 as restated	4,175,305	(1,886)	4,173,419
Fund balance, End of year - June 30	\$ 4,153,824	\$ (7,742)	\$ 4,146,082

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, 2016**

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)	\$	(27,337)
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.		127,596
Cost of capital asset disposed of during the year, not recognized on modified accrual basis		(17,763)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		229,504
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(378,895)
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.		340,342
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.		(57,089)
 Total changes in net position of governmental activities	 \$	 <u>216,358</u>

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Ad valorem taxes	\$ 3,447,500	\$ 3,383,500	\$ 3,420,538	\$ 37,038
Other taxes and licenses	1,581,100	1,581,100	1,653,117	72,017
Unrestricted intergovernmental revenues	635,300	637,150	724,885	87,735
Restricted intergovernmental revenues	282,112	307,787	340,164	32,377
Permits and fees	432,820	432,820	147,783	(285,037)
Sales and services	2,308,001	2,327,922	2,390,707	62,785
Investment earnings	130	130	4,682	4,552
Miscellaneous	16,010	44,331	81,980	37,649
Total revenues	8,702,973	8,714,740	8,763,856	49,116
EXPENDITURES				
Current:				
General government	1,804,596	1,788,336	1,634,339	153,996
Public safety	3,862,699	3,848,414	3,671,528	176,886
Transportation and utilities	1,445,343	1,625,638	1,295,547	330,091
Environmental protection	1,059,980	1,059,980	1,037,643	22,337
Cultural, recreation and parks	864,687	1,012,554	997,502	15,051
Debt service:				
Principal retirement	340,342	340,342	340,342	-
Interest and fees	125,551	125,551	30,765	94,786
Total expenditures	9,503,198	9,800,815	9,007,666	793,148
REVENUES OVER (UNDER) EXPENDITURES	(800,225)	(1,086,075)	(243,810)	842,265
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	212,160	212,160	212,160	-
Transfers to other funds	-	(36,000)	(11,891)	24,109
Sale of capital assets	5,000	5,000	22,060	17,060
Capital lease obligations issued	427,334	555,734	-	(555,734)
Total other financing sources (uses)	\$ 644,494	\$ 736,894	\$ 222,329	\$ (514,565)

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, 2016**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (155,731)	\$ (349,181)	\$ (21,481)	\$ 327,700
APPROPRIATED FUND BALANCE	<u>155,731</u>	<u>349,181</u>	<u>-</u>	<u>(349,181)</u>
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	(21,481)	<u>\$ (21,481)</u>
Fund balance, Beginning of year - July 1, as restated			<u>4,175,305</u>	
Fund balance, End of year - June 30			<u>\$ 4,153,824</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, 2016

EXHIBIT 6

	MAJOR FUND	NONMAJOR FUND	TOTAL
	WATER AND SEWER	STORMWATER MANAGEMENT	
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 6,331,453	\$ 617,990	\$ 6,949,443
Inventory	157,790	-	157,790
Accounts receivable	685,401	6,895	692,296
Loan receivable	81,536	-	81,536
Note receivable	766,197	-	766,197
Assessments receivable	33,769	-	33,769
Total current assets	<u>8,056,146</u>	<u>624,885</u>	<u>8,681,031</u>
NONCURRENT ASSETS			
Note Receivable	3,977,065	-	3,977,065
CAPITAL ASSETS (NOTE 1)			
Land, non-depreciable improvements, and construction in progress	294,747	31,200	325,947
Other capital assets, net of depreciation	24,714,853	8,987	24,723,840
Capital assets (net)	<u>25,009,600</u>	<u>40,187</u>	<u>25,049,787</u>
Total noncurrent assets	<u>28,986,665</u>	<u>40,187</u>	<u>29,026,852</u>
Total assets	<u>37,042,811</u>	<u>665,072</u>	<u>37,707,883</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	43,649	-	43,649
LIABILITIES			
CURRENT LIABILITIES			
Salaries payable	33,706	-	33,706
Accounts payable and accrued liabilities	429,640	10,431	440,071
Due to other funds	1,255,050	8,321	1,263,371
Current portion of accrued vacation pay	53,187	-	53,187
Current portion of long-term debt	783,910	-	783,910
Current portion of unearned revenue	766,197	-	766,197
Total current liabilities	<u>3,321,690</u>	<u>18,752</u>	<u>3,340,442</u>
NONCURRENT LIABILITIES			
Customer deposits	89,980	-	89,980
Other Postemployment Benefits	347,269	-	347,269
Noncurrent portion of long-term debt	7,452,399	-	7,452,399
Net Pension Liability	51,479	-	51,479
Unearned revenues	4,000,978	-	4,000,978
Total noncurrent liabilities	<u>11,942,105</u>	<u>-</u>	<u>11,942,105</u>
Total liabilities	<u>15,263,795</u>	<u>18,752</u>	<u>15,282,547</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	12,111	-	12,111
NET POSITION			
Net Investment in capital assets	16,773,291	40,187	16,813,478
Unrestricted	5,037,263	606,133	5,643,396
Total Net Position	<u>\$ 21,810,554</u>	<u>\$ 646,320</u>	<u>\$ 22,456,874</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, 2016**

EXHIBIT 7

	<u>MAJOR FUND WATER AND SEWER FUND</u>	<u>NONMAJOR FUND STORMWATER MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for services	\$ 4,847,750	\$ 163,627	\$ 5,011,377
Other operating revenues	2,304,594	-	2,304,594
Total operating revenues	7,152,344	163,627	7,315,971
OPERATING EXPENSES			
General operations	685,334	56,128	741,462
Meter service	139,341	-	139,341
Water supply, pumping, and filtering	1,158,174	-	1,158,174
Water and sewer line maintenance	590,004	-	590,004
Lift Station Master	107,206	-	107,206
Stovall water line	16,641	-	16,641
Industrial waste treatment	724,850	-	724,850
Depreciation	930,050	281	930,331
Total operating expenses	4,351,600	56,409	4,408,009
Operating income (loss)	2,800,744	107,218	2,907,962
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of assets	109,022	-	109,022
Investment earnings	72,306	518	72,824
Interest on long-term debt	(144,860)	-	(144,860)
Total nonoperating revenue (expenses)	36,468	518	36,986
Income (loss) before contributions and transfers	2,837,212	107,736	2,944,948
Transfers from other funds	31,332	-	31,332
Transfers to other funds	(212,160)	(31,332)	(243,492)
Change in net position	2,656,384	76,404	2,732,788
Total net position - beginning - July 1 as restated	19,154,170	569,916	19,724,086
Total net position - ending - June 30	\$ 21,810,554	\$ 646,320	\$ 22,456,874

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, 2016**

EXHIBIT 8

	<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>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 4,778,436	\$ 163,627	\$ 4,942,063
Cash paid for goods and services	(2,516,963)	(46,278)	(2,563,241)
Cash paid to employees	(644,755)	-	(644,755)
Customer deposits received	(13,160)	-	(13,160)
Net Cash Provided (Used) By Operating Activities	<u>1,603,558</u>	<u>117,349</u>	<u>1,720,907</u>
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	(180,828)	(31,332)	(212,160)
Increase in Due to other funds	1,255,050	8,321	1,263,371
Total cash flows from noncapital financing activities	<u>1,074,222</u>	<u>(23,011)</u>	<u>1,051,211</u>
Cash Flow from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,007,688)	(31,200)	(1,038,888)
Proceeds from debt	443,081	-	443,081
Principal paid on debt	(776,532)	-	(776,532)
Proceeds from sale of asset	144,723	-	144,723
Principal received on loan	2,134,334	-	2,134,334
Interest paid on debt	(144,860)	-	(144,860)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>793,058</u>	<u>(31,200)</u>	<u>318,777</u>
Cash Flows from Investing Activities			
Interest on investments	72,306	518	72,824
Net Cash Flows from Investing Activities	<u>72,306</u>	<u>518</u>	<u>72,824</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,543,144	63,656	3,606,800
Cash and Cash Equivalents - Beginning of the Year	2,788,309	554,334	3,342,643
Cash and Cash Equivalents - End of the Year	<u>\$ 6,331,453</u>	<u>\$ 617,990</u>	<u>\$ 6,949,443</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 2,800,744	\$ 107,218	\$ 2,907,962
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation	930,050	281	930,331
Change in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	(69,314)	(581)	(69,895)
(Increase) decrease in net pension asset	59,570	-	59,570
(Increase) decrease in inventory	(20,790)	-	(20,790)
(Increase) in deferred outflows of resources-pensions	(1,399)	-	(1,399)
Increase in net pension liability	51,479	-	51,479
Increase (decrease) in deferred inflows of resources-pension	(131,261)	-	(131,261)
Increase (decrease) in Salaries payable	(2,261)	-	(2,261)
Increase (decrease) in Accounts payable	71,224	10,431	81,655
Increase (decrease) in Customer deposits	(13,160)	-	(13,160)
Increase (decrease) in unearned revenue	(2,126,738)	-	(2,126,738)
Increase (decrease) in Accrued vacation payable	(1,556)	-	(1,556)
Increase (decrease) in Other Postemployment Benefits	56,970	-	56,970
Total Adjustments	<u>(1,197,186)</u>	<u>10,131</u>	<u>(1,187,055)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,603,558</u>	<u>\$ 117,349</u>	<u>\$ 1,720,907</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, 2016**

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, 2016**

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. Sales taxes are considered a shared revenue for the City of Oxford because the tax is levied by Granville County and then remitted to and distributed by the State. Most 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.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

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

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

1. Deposits and Investments

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

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of Water and Sewer Fund serial bonds issued by the City are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. At June 30, 2016, 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	
Employee Flexible Spending Account	\$10,796
Streets	<u>\$ 393,599</u>
Total Restricted Cash	\$ 404,395

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

are based on the assessed values as of January 1, 2015. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

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 received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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 and deferrals of pension expense that result from the implementation of GASB Statement 68.

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

Committed for Cultural, recreation and parks – portion of fund balance committed by the board for recreation and parks.

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

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 \$2,592,763 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)	\$15,426,901
Less Accumulated Depreciation	<u>(9,729,102)</u>
Net capital assets	\$ 5,697,799
 Pension related deferral	 (125,103)
 Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Position	 229,504
 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	 33,730

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide 99,381

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	(815,131)	
Compensated absences	(347,162)	
Net Pension Obligation (LEO)	(383,158)	
Net Pension Obligation (LGERS)	(271,069)	
Other Post Employment Benefits	(1,525,089)	
Accrued interest payable	<u>(939)</u>	
 Liability adjustment		 <u>(3,342,548)</u>
 Total adjustment		 <u>\$2,592,763</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 \$243,695 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	679,473

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	(551,877)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins) is to decrease net assets	(17,763)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	229,504
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	(33,664)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(23,545)
Pension (expense) income (LGERS)	(162,640)
Other Postemployment Benefits are accrued in the government wide statements but not in the fund statements because they do not use current resources	(168,629)

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 and related items

Principal payments on long-term debt	340,342	
Decrease in accrued interest payable	<u>120</u>	
		340,462
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 7-1-15		(137,314)
Recording of tax receipts deferred in the fund statements as of 6-30-16		99,381
Decrease in accrued taxes receivable for the year ended 6-30-16		(9,692)
Decrease in accrued interest receivable for the year ended 6-30-16		<u>(1)</u>
Total adjustment		<u>\$ 243,695</u>

13. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

member contributions are recognized in the period in which the contributions are due. The City of Oxford's employer contributions are recognized when due and the City of Oxford has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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, 2016, the expenditures made in the City's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for water supply by \$3,767; Stovall water line by \$1,441; and capital outlay by \$247,102. These over-expenditures occurred because of higher than expected regional water purchases, waterline replacement expenditures and GIS utility conversion expenditures. 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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 under-collateralization, 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, 2016, the City's deposits had a carrying amount of \$4,979,868 and a bank balance of \$4,954,887. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Oxford Parking Authority was \$58,424 and the bank balance was \$58,424. The carrying amount of deposits for Downtown Oxford Economic Development Corporation was \$144,225 and the bank balance was \$147,278. 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, 2016, the City's petty cash fund totaled \$2,750.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2. Investments

At June 30, 2016, the City's investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/16	Maturity	Rating
NC Capital Management Trust Fund-Cash Portfolio	Amortized Cost	\$4,764,780	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk: The City has no formal investment policy regarding interest rate risk.

At June 30, 2016, the Oxford Parking Authority had \$31,260 and the Downtown Economic Development Corporation had \$13,926 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, 2016, were as follows:

General Fund:			
Taxes Receivable	\$ 99,381		
Accrued interest receivable	33,730		
Accounts Receivable	593,380		
Assessments Receivable	<u>3,928</u>		
Total General Funds			\$730,419
Enterprise Funds:			
Service Receivable	\$ 692,296		
Assessments Receivable	33,769		
Note Receivable-Granville Co	4,743,262		
Loan to the Town of Stovall	<u>81,536</u>		
			<u>5,550,863</u>
Total			<u>\$ 6,281,282</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2016 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	\$ -	70,181	-	\$ 70,181
Land	<u>1,454,429</u>	<u>-</u>	<u>-</u>	<u>1,454,429</u>
Assets not being Depreciated	1,454,429	70,181	-	1,524,610
Capital Assets being depreciated:				
Buildings	4,788,136	-	-	4,788,136
Other improvements	3,043,240	167,072	-	3,210,312
Equipment and vehicles	5,045,793	442,220	175,864	5,312,149
Infrastructure	<u>591,694</u>	<u>-</u>	<u>-</u>	<u>591,694</u>
Total capital assets being depreciated	13,468,863	609,292	175,864	13,902,291
Less accumulated depreciation for:				
Buildings	3,576,361	112,986	-	3,689,347
Other improvements	1,099,980	77,768	-	1,177,748
Equipment and vehicles	4,286,364	318,798	158,101	4,447,061
Infrastructure	<u>372,621</u>	<u>42,325</u>	<u>-</u>	<u>414,946</u>
Total accumulated depreciation	<u>9,335,326</u>	<u>551,877</u>	<u>158,101</u>	<u>9,729,102</u>
Total capital assets being depreciated, net	4,133,537			4,173,189
Government activity capital assets, net	<u>\$ 5,587,966</u>			<u>\$ 5,697,799</u>

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

General government	\$ 115,027
Public safety	204,924
Transportation	127,558
Recreational and parks	<u>104,368</u>
Total depreciation expense	<u>\$ 551,877</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Business-type activities</u>					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	\$ 253,173	-	35,701	-	\$ 217,472
Construction in progress	2,766,626	438,736	-	(3,096,887)	108,475
Total capital assets not being depreciated	3,019,799	438,736	35,701	(3,096,887)	325,947
Capital Assets being depreciated:					
Plant & distribution system	32,587,279	254,044	-	3,096,887	35,938,210
Improvements	-	63,351	-	-	63,351
Furniture and equipment	2,493,504	282,757	2,774	-	2,773,487
Total capital assets being depreciated	35,080,783	600,152	2,774	3,096,887	38,775,048
Less accumulated depreciation for:					
Plant & distribution system	11,226,875	806,125	2,774	-	12,030,226
Improvements	-	-	-	-	-
Furniture & equipment	1,896,776	124,206	-	-	2,020,982
Total accumulated depreciation	13,123,651	930,331	2,774	-	14,051,208
Total capital assets being depreciated, net	21,957,132				24,723,840
Enterprise Fund capital assets, net	<u>\$24,976,931</u>				<u>\$25,049,787</u>

Construction commitments

The government has active construction projects as of June 30, 2016. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water & Sewer Capital Projects	\$ 77,275	\$ 2,880,101
Stormwater Capital Projects	31,200	506,800
General Capital Projects	70,181	229,819

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Discretely presented component units

Activity for the Oxford Parking Authority for the year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending 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, 2016.

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description: The City is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2016, was 6.8% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

during the year. Contributions to the pension plan from the City were \$273,153 for the year ended June 30, 2016.

Refunds of Contributions – The City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2016, the City reported a liability of \$322,548 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City’s proportion of the net pension asset was based on a projection of The City’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, The City’s proportion was (7.0%), which was the same as its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$181,820. At June 30, 2016, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	\$75,817
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	91,828
Changes in proportion and differences between the City contributions and proportionate share of contributions	30,431	-
The City contributions subsequent to the measurement date	<u>273,153</u>	<u>-</u>
Total	<u>\$303,584</u>	<u>\$ 167,645</u>

\$273,153 reported as deferred outflows of resources related to pensions resulting from The City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2017	(98,368)
2018	(98,368)
2019	(98,283)
2020	157,805
2021	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies; return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.5%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	<u>6.0%</u>	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

nominal rates of return underlying the real rates are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension asset to changes in the discount rate. The following presents the City’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
The City’s proportionate share of the net pension liability (asset)	2,249,172	322,548	(1,300,590)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

2. Law Enforcement Officers Special Separation Allowance

a. Plan Description

The City of Oxford administers a public employee retirement system (the

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

“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, 2015, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>31</u>
Total	<u>34</u>

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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

c. Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.5 – 7.35% 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, 2015, was 15 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	\$ 86,536
Interest on net pension obligation	17,981
Adjustment to annual required contribution	<u>(31,601)</u>
Annual pension cost	72,916
Contributions made	<u>(49,371)</u>
Increase (decrease) in net pension obligation	23,545
Net pension obligation beginning of year	<u>359,613</u>
Net pension obligation end of year	<u>\$ 383,158</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>
6/30/14	56,402	77.23%	337,071
6/30/15	65,950	65.82%	359,613
6/30/16	72,916	67.71%	383,158

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Funded Status and Funding Progress

As of December 31, 2015, 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 \$932,001. The covered payroll (annual payroll of active employees covered by the plan) was \$1,555,259 and the ratio of the UAAL to the covered payroll was 59.93%.

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

3. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to six percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$184,993, which consisted of \$71,358 from the City and \$113,635 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

serve as ex-officio members. 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 or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2016, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$3,744. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30,

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2015 and at June 30, 2014 was 0%.

For the year ended June 30, 2016, the City recognized pension expense of \$3,744 and revenue of \$3,744 for support provided by the State. At June 30, 2016, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return investment	7.25 percent, net of pension plan expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2014, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	20	5
Active Plan Members	63	30
Total	83	35

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

The current ARC rate is 10.84% of annual covered payroll. For the current year, the City contributed \$238,636 or 6.05% 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

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

enforcement and for law enforcement officers represented 3.86% and 2.19% of covered payroll, respectively. The City's contributions totaled \$ 238,636 in fiscal year 2015. 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	461,781
Interest on net OPEB obligation	54,898
Adjustment to annual required contribution	(52,444)
Annual OPEB cost (expense)	464,235
Contributions made	(238,636)
Increase (decrease) in net OPEB obligation	225,599
Net OPEB obligation, beginning of year	1,646,759
Net OPEB obligation, end of year	1,872,358

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, 2016 were as follows:

For Year Ended	Annual OPEB	Percentage of	Net OPEB
<u>June 30</u>	<u>Cost</u>	<u>Annual OPEB</u>	<u>Net OPEB</u>
		<u>Cost Contributed</u>	<u>Obligation</u>
6/30/14	323,457	61.55	1,372,445
6/30/15	464,235	47.30	1,646,759
6/30/16	464,235	51.40	1,872,358

Funding Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

liability for the benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,953,189. The covered payroll (annual payroll of active employees covered by the plan) was \$4,013,235 and the ratio of the UAAL to the covered payroll was 148.34%. 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, 2014 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 7.5% to 5.00% annually and a post-medicare cost trend increase of 5.5% to 5.0% annually. The investment rate included a 3.0% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016, 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
Unavailable Revenue	\$ 4,743,262

The unavailable revenue results from a note receivable from Granville County due to a settlement regarding the supply of water and sewer to the Triangle North Granville Industrial Park.

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)	\$ 99,381
Pension deferrals	\$137,214

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016 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, 2016 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.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

10. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2016, 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 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.
2. 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. This agreement was paid in full in the fiscal year June 30, 2016.
3. 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.
4. 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.
5. An agreement was entered into on June 9, 2015 for the purchase of various vehicles and equipment. The lease requires 48 monthly payments of \$13,333 including interest at 1.58% per annum.

The following is an analysis of the assets recorded under capital leases at June 30, 2016:

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$261,427	\$ 101,078	\$ 160,349
Vehicles	1,083,883	854,333	229,550
Improvements	<u>45,629</u>	<u>6,556</u>	<u>39,073</u>
Total	<u>\$1,390,939</u>	<u>\$ 961,967</u>	<u>\$ 428,972</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017	264,887	104,909
2018	242,183	100,578
2019	178,692	47,602
2020	22,573	-
2021	-	-
2022	<u>-</u>	<u>-</u>
Total minimum lease payments	\$ 708,335	\$ 253,089
Less: amount representing interest	<u>(18,204)</u>	<u>(5,556)</u>
Present value of minimum lease payments	<u>\$ 690,131</u>	<u>\$ 247,533</u>

b. Installment Purchases

On April 9, 2002 the City entered into a purchase contract for the financing of the Foundry Branch II Outfall Project. The total contract authorization was \$813,514. This contract requires 20 annual payments of \$40,675 plus semi-annual payments of interest at the rate of 2.87% per annum.

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, 2016 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, 2016 the City had drawn down a total of \$8,269,309.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

During the June 30, 2010 fiscal year, the City entered into an installment purchase contract with Branch Banking & Trust to finance the construction of Oxford Athletic Park. The total contract was \$500,000 and requires monthly payments of \$4,166, including interest at a rate of 3.67% per annum.

During the June 30, 2016 fiscal year, the City entered into an installment purchase contract to finance the waste water treatment plant equalization. This contract requires annual payments of \$152,383.75 with an interest rate of 0%. The contract authorization is \$3,047,675, and as of June 30, 2016 the City had drawn down a total of \$3,001,772.

Annual debt service payments of the installment purchase as of June 30, 2016, including \$673,013 of interest are as follows:

	Governmental Type Activities		Business Type Activities	
<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>				
2017	50,000	3,746	682,594	123,835
2018	50,000	1,911	682,593	110,986
2019	25,000	268	682,593	98,135
2020	-	-	682,593	85,284
2021	-	-	682,593	72,434
2022-2026	-	-	3,250,262	176,414
2027-2031	-	-	761,920	-
2032-2035	-	-	563,628	-
Total	\$125,000	\$ 5,925	\$ 7,688,766	\$667,088

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

c. Changes in General Long-Term Liabilities

	Balance <u>7-1-15</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6-30-16</u>	Current Portion of <u>Balance</u>
<i>Governmental activities:</i>					
Capitalized Leases Installment Purchases	\$ 980,473	\$ -	\$ 290,342	\$ 690,131	\$253,532
Compensated absences	175,000	-	50,000	125,000	50,000
Other Post Employment Benefits	313,498	300,673	267,009	347,162	267,009
Net Pension liability (LGERS)	1,356,460	168,629	-	1,525,089	-
Net Pension Obligation (LEO)	-	271,069	-	271,069	-
Total governmental activities	<u>\$3,185,044</u>	<u>\$763,916</u>	<u>\$ 607,351</u>	<u>\$3,341,609</u>	<u>\$570,541</u>
<i>Business-type activities:</i>					
Capitalized Leases Installment Purchases	\$341,472	\$ -	\$ 93,939	\$247,533	\$101,316
Compensated absences	8,228,288	443,081	682,593	7,988,776	682,594
Net pension liability (LGERS)	54,743	71,069	72,625	53,187	53,187
Other Post Employment Benefits	-	51,479	-	51,479	-
Total business-type activities	<u>\$8,914,802</u>	<u>\$622,599</u>	<u>\$ 849,157</u>	<u>\$8,688,244</u>	<u>\$837,097</u>

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, 2016, consist of the following:

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Due From/To Other Funds:			
General	General Capital Projects	\$ 16,207	Payments made during the year out of the general fund for the capital project fund.
General	Water	1,255,050	Payments made during the year out of the general fund for the water fund.
General	Stormwater	8,321	Payments made during the year out of the general fund for the stormwater fund.

Transfers to/from other funds at June 30, 2016 consist of the following:

Transfer from the Water and Sewer fund to the General Fund	\$212,160
Transfer from Stormwater fund to the Water fund	31,332

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	\$ 5,697,799	\$25,049,787
Less: Current portion of Debt	303,532	783,910
Less: Long term Debt	<u>511,599</u>	<u>7,452,399</u>
Net investment in capital asset	\$ 4,882,668	\$ 16,813,478

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

12. Fund Balance

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

Total fund balance-General Fund	\$4,153,824
Less:	
Inventories	6,037
Prepaid items	1,365
Stabilization by State Statute	1,876,886
Streets - Powell Bill	393,599
Federal Forfeiture	17,792
Bicentennial celebration	10,000
Cultural, recreation and parks	45,000
Subsequent year's expenditures	655,645
Remaining Fund Balance	1,147,500

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 \$4,992 to the Council during the fiscal year ended June 30, 2016.

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, 2016. 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, 2016. 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

**CITY OF OXFORD, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2016 the City reported revenues and expenditures for the payments of \$3,744 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, 2016. 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. RESTATEMENT

In the general fund in the prior year, there were only eleven months of payments for regional water purchases. Therefore it was deemed necessary to restate fund balance in order to record the twelfth payment in the prior year.

In the water fund, inventory had never been recorded in the past. In the current fiscal year an inventory was taken and the amounts were deemed material. Therefore it was deemed necessary to restate fund balance in order to record the prior year ending inventory.

	Fund Balance as originally reported <u>June 30, 2015</u>	<u>Restatement</u>	Fund Balance as restated June 30, <u>2015</u>
General Fund	4,256,925	(81,620)	4,175,305
Water and Sewer Fund	19,017,170	137,000	19,154,170

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE VIII. 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 IX. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The City has evaluated events and transactions that occurred between June 30, 2016 and December 22, 2016, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

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 Funding Progress for Other Postemployment Benefits
- Schedule of Employer Contributions for Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan

**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%
12/31/2014	\$0	\$ 640,086	\$ 640,086	0.00%	\$ 1,365,515	46.88%
12/31/2015	\$0	\$ 932,001	\$ 932,001	0.00%	\$ 1,555,259	59.93%

**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%
12/31/2014	0	5,953,189	5,953,189	0	4,013,235	148.34%
12/31/2015	0	5,953,189	5,953,189	0	4,013,235	148.34%

**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%
2015	461,781	41.13%
2016	461,781	51.68%

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	12/31/2014
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	7.5% - 5.0%
Post-Medicare trend rate	5.5% - 5.0%
Year of ultimate trend rate	2020
Includes inflation at	3.00%

**CITY OF OXFORD, NORTH CAROLINA
CITY OF OXFORD'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS ***

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Oxford's proportion of the net pension liability (asset) (%)	7.00%	-7.00%	7.00%
Oxford's proportion of the net pension liability (asset) (\$)	322,548	(398,729)	806,402
Oxford's covered-employee payroll	4,244,857	4,124,276	3,932,648
Oxford's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.60%	-9.67%	19.55%
Plan fiduciary net position as a percentage of the total pension liability **	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**This will be the same percentage ofr all participant employers in the LGERS plan.

**CITY OF OXFORD, NORTH CAROLINA
CITY OF OXFORD'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 273,153	\$ 282,704	\$ 273,090
Contributions in relation to the contractually required contribution	<u>273,153</u>	<u>282,704</u>	<u>273,090</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Oxford's covered-employee payroll	 3,943,494	 3,936,416	 3,827,115
Contributions as a percentage of covered-employee payroll	6.93%	7.18%	7.14%

**CITY OF OXFORD, NORTH CAROLINA
CITY OF OXFORD'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS ***

Firefighters' and Rescue Squad Workers' Pension

	<u>2016</u>	<u>2015</u>
Oxford's proportionate share of the net pension liability (%)	0.00%	0.00%
Oxford's proportionate share of the net pension liability (\$)	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Oxord	<u>3,744</u>	<u>4,947</u>
Total	<u>\$ 3,744</u>	<u>\$ 4,947</u>
Oxford's covered-employee payroll	\$ 488,206	\$ 445,406
Oxford's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.77%	1.11%
Plan fiduciary net position as a percentage of the total pension liability	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

**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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Ad valorem taxes				
Taxes	\$ 3,380,000	\$ 3,394,805	\$ 14,805	\$ 3,391,985
Interest	3,500	25,733	22,233	20,299
Total	3,383,500	3,420,538	37,038	3,412,284
Other taxes and licenses:				
Local option sales taxes	1,539,100	1,582,238	43,138	1,512,634
Local ABC revenues	41,000	43,975	2,975	40,532
Privilege licenses	1,000	26,904	25,904	221,499
Total	1,581,100	1,653,117	72,017	1,774,665
Unrestricted intergovernmental				
Utility franchise tax	567,000	687,749	120,749	668,878
Beer and wine tax	37,000	37,136	136	40,511
Sales tax refund	33,150	-	(33,150)	38,054
Total	637,150	724,885	87,735	747,443
Restricted intergovernmental				
"State Street Aid" grant	240,000	235,456	(4,544)	237,535
JAG grant	350	-	(350)	4,923
Tennis Court Grant	475	-	(475)	-
FEMA Grant	-	-	-	116,384
Police Cadet Program	-	405	405	-
Solid Waste Disposal Tax	-	5,374	5,374	-
Firefighters relief fund	-	3,744	3,744	3,806
ULRC Downtown Master Plan Grant	15,000	15,000	-	-
Tourism Funds Granville County	25,200	25,200	-	-
School Resource Officer funding	26,762	26,762	-	-
200th Anniversary Donations	-	28,223	-	-
Total	307,787	340,164	32,377	362,648
Permits and fees				
Special use permits	31,800	40,467	8,667	33,868
Auto tags	401,020	107,316	(293,704)	141,625
Total	\$ 432,820	\$ 147,783	\$ (285,037)	\$ 175,493

**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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
Sales and Services				
Recreation	\$ 163,000	\$ 152,839	\$ (10,161)	\$ 222,367
Concessions	-	34,687	34,687	-
Refuge collections	1,470,000	1,419,241	(50,759)	1,425,738
Mowing charges	1,200	4,295	3,095	1,053
Cemetery interment	14,050	16,900	2,850	12,825
Fire protection	66,200	69,878	3,678	68,498
Special fire protection	347,000	377,301	30,301	376,807
Police Masonic home fees	-	5,672	5,672	-
Police undercover fund	971	4,870	3,899	1,207
Recreation Granville Co.	46,921	46,921	-	46,921
200th Anniversary sales	-	26,177	-	-
Rental income	182,580	201,387	18,807	175,857
Police Fees - Housing Authority	36,000	30,539	(5,461)	27,137
Total	2,327,922	2,390,707	62,785	2,358,410
Investment earnings				
General Fund	100	3,695	3,595	533
Powell Bill	30	987	957	49
Total	130	4,682	4,552	582
Miscellaneous				
Court fees and charges	3,810	4,505	695	4,424
Miscellaneous	12,201	34,560	22,359	24,426
Sale of surplus property	-	-	-	1,484
Insurance proceeds	28,320	42,915	14,595	-
Total	44,331	81,980	37,649	30,334
Total revenues	\$ 8,714,740	\$ 8,763,856	\$ 49,116	\$ 8,861,859

**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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
EXPENDITURES				
General Government				
Governing Body				
Salaries and employee				
benefits	\$ 89,988	\$ 71,071	\$ 18,917	\$ 58,136
Membership dues	17,930	14,864	3,066	17,121
Other operating				
expenditures	503,383	446,110	57,273	346,359
Capital Outlay	-	-	-	-
Reimbursements -				
Enterprise Fund	(310,000)	(310,001)	1	(310,008)
Total	<u>301,301</u>	<u>222,044</u>	<u>79,257</u>	<u>111,608</u>
Administration				
Salaries and employee				
benefits	354,527	317,115	37,412	317,787
Other operating				
expenditures	121,759	137,176	(15,417)	71,772
Total	<u>476,286</u>	<u>454,290</u>	<u>21,996</u>	<u>389,559</u>
Finance				
Salaries and employee				
benefits	269,627	258,389	11,238	237,997
Capital outlay	32,950	58,366	(25,416)	35,318
Other operating				
expenditures	124,867	123,764	1,103	100,154
Total	<u>427,444</u>	<u>440,519</u>	<u>(13,075)</u>	<u>373,469</u>
Planning and Zoning				
Salaries and employee				
benefits	123,612	103,456	20,156	95,857
Other operating				
expenditures	54,600	36,098	18,502	30,872
Total	<u>\$ 178,212</u>	<u>\$ 139,554</u>	<u>\$ 38,658</u>	<u>\$ 126,729</u>
Legal fees				

**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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Contracted services	\$ 30,000	\$ 29,457	\$ 543	\$ 46,978
Other operating expenditures	4,000	3,850	150	5,408
Total	34,000	33,307	693	52,386
Public Buildings				
Salaries and employee benefits	114,267	113,652	\$ 615	101,886
Capital Outlay	12,500	12,432	68	-
Other operating expenditures	65,325	61,721	3,604	62,130
Total	192,092	187,805	4,287	164,016
Landscape & Beautification				
Salaries and employee benefits	78,251	79,059	(808)	-
Other operating expenses	20,900	19,915	985	-
	99,151	98,974	177	-
Public Works Administration				
Salaries and employee benefits	-	-	-	40,602
Capital outlay	50,200	37,444	12,756	-
Other operating expenditures	29,650	20,403	9,247	22,669
Total	79,850	57,846	22,004	63,271
Total General Government	1,788,336	1,634,339	153,996	1,281,038
Public Safety				
Police				
Salaries and employee benefits	2,422,618	2,285,384	137,234	2,353,934
Vehicle maintenance	20,000	39,373	(19,373)	44,283
Other operating expenditures	366,702	374,193	(7,491)	277,463
Capital outlay	148,625	96,135	52,491	83,212
Total	\$ 2,957,945	\$ 2,795,084	\$ 162,861	\$ 2,758,892
Fire				

**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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Salaries and employee benefits	\$ 697,652	\$ 688,643	\$ 9,009	\$ 650,719
Vehicle maintenance	20,500	23,294	(2,794)	25,387
Capital outlay	55,508	42,120	13,388	40,413
Other operating expenditures	116,809	122,388	(5,579)	139,031
Total	890,469	876,444	14,025	855,551
Total public safety	3,848,414	3,671,528	176,886	3,614,443
Transportation:				
Streets and highways:				
Salaries and employee benefits	530,502	463,551	66,951	444,004
Vehicle maintenance	11,000	16,694	(5,694)	33,919
Asphalt and gravel	8,000	2,862	5,138	10,786
Street lights	-	-	-	95,176
Other operating expenditures	556,751	309,082	247,669	274,266
Capital outlay	198,400	195,723	2,677	124,443
Sidewalks	15,000	6,198	8,802	25,453
Total	1,319,653	994,110	325,543	1,008,047
Airport				
Donation to VGHO Airport	28,750	28,750	-	28,750
Total	28,750	28,750	-	28,750
City Garage				
Salaries and employee benefits	52,501	46,774	5,727	-
Other operating expenditures	29,740	33,829	(4,089)	5,366
Total	\$ 82,241	\$ 80,603	\$ 1,638	\$ 5,366

**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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
Engineering				
Salaries and employee benefits	\$ 171,194	\$ 174,308	\$ (3,114)	\$ 161,133
Capital outlay	-	-	-	14,956
Other operating expenditures	23,800	17,775	6,025	18,771
Total	<u>194,994</u>	<u>192,084</u>	<u>2,910</u>	<u>194,860</u>
Total transportation & utilities	<u>1,625,638</u>	<u>1,295,547</u>	<u>330,091</u>	<u>1,237,023</u>
Environmental Protection				
Sanitation				
Contracted services	955,580	973,508	(17,928)	934,328
Other operating expenditures	66,400	32,135	34,265	55,168
Total	<u>1,021,980</u>	<u>1,005,643</u>	<u>16,337</u>	<u>989,496</u>
Cemetery				
Other operating expenditures	38,000	32,000	6,000	25,525
Total	<u>38,000</u>	<u>32,000</u>	<u>6,000</u>	<u>25,525</u>
Total environmental protection	<u>1,059,980</u>	<u>1,037,643</u>	<u>22,337</u>	<u>1,015,021</u>
Culture and recreation:				
Parks and recreation:				
Salaries and employee benefits	551,026	548,039	2,987	521,273
Other operating expenditures	171,642	155,623	16,019	221,002
Capital outlay	166,910	167,072	(162)	23,900
Total	<u>\$ 889,578</u>	<u>\$ 870,734</u>	<u>\$ 18,844</u>	<u>\$ 766,175</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Swimming Pool				
Salaries and employee benefits	\$ 21,630	\$ 22,621	\$ (991)	\$ 20,140
Other operating expenditures	15,363	16,470	(1,107)	12,445
Total	<u>36,994</u>	<u>39,091</u>	<u>(2,097)</u>	<u>32,585</u>
Lake Devin Facilities				
Salaries and employee benefits	7,558	7,978	(420)	2,618
Other operating expenditures	6,689	5,168	1,522	5,429
Utilities	2,500	2,801	(301)	3,207
Total	<u>16,747</u>	<u>15,947</u>	<u>800</u>	<u>11,254</u>
Parks				
Salaries and employee benefits	-	-	-	73,782
Capital outlay	-	-	-	-
Other operating expenditures	-	-	-	17,273
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,054</u>
Oxford Athletic Park Operations				
Other operating expenditures	64,235	66,729	(2,494)	-
Total	<u>64,235</u>	<u>66,729</u>	<u>(2,494)</u>	<u>-</u>
Cultural				
Contribution-Granville County Museum	5,000	5,000	-	2,500
Total	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>2,500</u>
Total culture and recreation	<u>\$ 1,012,554</u>	<u>\$ 997,502</u>	<u>\$ 15,052</u>	<u>\$ 903,568</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
Debt service:				
Principal retirement	\$ 340,342	\$ 340,342	\$ -	\$ 248,389
Interest and other charges	125,551	30,765	94,786	23,004
Total debt service	<u>465,893</u>	<u>371,107</u>	<u>94,786</u>	<u>271,393</u>
Total expenditures	<u>9,800,815</u>	<u>9,007,666</u>	<u>793,149</u>	<u>8,322,486</u>
Revenues over (under) expenditures	<u>(1,086,075)</u>	<u>(243,810)</u>	<u>842,265</u>	<u>539,373</u>
Other Financing Sources (uses)				
Transfers from other funds				
Water and Sewer	212,160	212,160	-	212,160
Transfer to Capital Projects	(36,000)	(11,891)	24,109	-
Sale of capital assets	5,000	22,060	17,060	-
Proceeds of Capital lease	555,734	-	(555,734)	435,441
Total other financing sources (uses)	<u>736,894</u>	<u>222,329</u>	<u>(514,565)</u>	<u>647,601</u>
APPROPRIATED FUND BALANCE	349,181	-	(349,181)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>(21,481)</u>	<u>\$ (21,481)</u>	<u>\$ 1,186,974</u>
FUND BALANCES:				
Beginning of year - July 1				
as restated		4,175,305		
End of year - June 30		<u>\$ 4,153,824</u>		

**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, 2016**

	<u>PROJECT AUTHORIZATION</u>	<u>PRIOR YEARS</u>	<u>ACTUAL CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
Revenues					
DOT Sidewalk-State grant	\$ 240,000	\$ -	28,726	\$ 28,726	\$ (211,274)
DOT Sidewalk-County grant	23,000	-	23,400	23,400	400
Investment earnings	-	114	308	422	422
	<u>263,000</u>	<u>114</u>	<u>52,434</u>	<u>52,548</u>	<u>(210,452)</u>
Expenditures					
DOT Sidewalk	<u>300,000</u>	<u>2,000</u>	<u>70,181</u>	<u>72,181</u>	<u>227,819</u>
Revenues over (under) expenditures	(37,000)	(1,886)	(17,747)	(19,633)	17,367
Other Financing Sources (uses)					
Transfer from General Fund	<u>37,000</u>	<u>-</u>	<u>11,891</u>	<u>11,891</u>	<u>(25,109)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,886)</u>	<u>\$ (5,856)</u>	<u>\$ (7,742)</u>	<u>\$ (7,742)</u>
Fund Balances:					
Beginning of year - July 1			<u>(1,886)</u>		
End of year - June 30			<u>\$ (7,742)</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Water Sales	\$ 1,990,000	\$ 2,135,408	\$ 145,408	\$ 2,066,861
Sewer charges	2,719,000	2,636,982	(82,018)	2,541,510
Hydrants and sprinklers	59,000	54,096	(4,904)	49,325
Water and sewer taps	9,500	21,264	11,764	16,418
Total	<u>4,777,500</u>	<u>4,847,750</u>	<u>70,250</u>	<u>4,674,114</u>
Triangle North Allocation fee	2,089,238	2,089,238	-	-
Other operating revenues	<u>227,700</u>	<u>215,356</u>	<u>(12,344)</u>	<u>220,700</u>
Total operating revenues	<u>7,094,438</u>	<u>7,152,344</u>	<u>57,906</u>	<u>4,894,814</u>
Nonoperating revenues				
Interest on investments	68,850	72,306	3,456	1,150
Total nonoperating revenues	<u>68,850</u>	<u>72,306</u>	<u>3,456</u>	<u>1,150</u>
Total revenues	<u>7,163,288</u>	<u>7,224,650</u>	<u>61,362</u>	<u>4,895,964</u>
EXPENDITURES				
Water and sewer administration:				
Salaries and employee benefits	144,977	155,678	(10,701)	120,301
Retiree Health Insurance	13,859	11,873	1,986	21,403
Rent	36,000	36,000	-	36,000
Other operating expenditures	517,377	485,145	32,232	711,994
Total water and sewer administration	<u>712,213</u>	<u>688,696</u>	<u>23,517</u>	<u>889,698</u>
Meter Service				
Salaries and employee benefits	89,167	87,629	1,538	89,590
Other operating expenditures	59,050	53,554	5,496	34,414
Total	<u>148,217</u>	<u>141,183</u>	<u>7,034</u>	<u>124,004</u>
Water Supply, Pumping and				
Water Purchases	1,100,000	1,116,283	(16,283)	961,284
Contracted services	15,500	5,865	9,635	6,430
Other operating expenditures	38,907	36,026	2,881	39,499
Total	<u>\$ 1,154,407</u>	<u>\$ 1,158,174</u>	<u>\$ (3,767)</u>	<u>\$ 1,007,213</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
Water and Sewer Line				
Salaries and employee benefits	\$ 406,624	\$ 415,503	\$ (8,879)	\$ 384,412
Supplies	75,000	54,009	20,991	70,601
Utilities	3,800	4,874	(1,074)	4,320
Contracted services	19,417	8,711	10,706	24,216
Other operating expenditures	376,300	115,891	260,409	210,811
Total	<u>881,141</u>	<u>598,988</u>	<u>282,153</u>	<u>694,360</u>
Lift Station Master				
Contracted services	17,000	15,488	1,512	16,403
Chemicals	-	-	-	3,630
Utilities	46,000	56,974	(10,974)	49,572
Repairs and maintenance	40,000	17,202	22,798	15,373
Lift Station other operating	15,500	17,542	(2,042)	-
Total	<u>118,500</u>	<u>107,206</u>	<u>11,294</u>	<u>84,978</u>
Stovall Water Line				
Other operating expenses	500	505	(5)	-
Chemicals	-	-	-	327
Repairs and maintenance	7,500	5,735	1,765	13,459
Utilities	7,200	10,401	(3,201)	10,020
Total	<u>15,200</u>	<u>16,641</u>	<u>(1,441)</u>	<u>23,806</u>
Industrial Waste Treatment				
Salaries and employee benefits	316,131	334,692	(18,561)	316,926
Contracted services	50,000	35,753	14,247	44,722
Utilities	155,000	170,269	(15,269)	175,369
Land application sludge	125,000	71,385	53,615	100,854
Repairs and maintenance	65,750	58,891	6,859	75,173
Other operating expenditures	76,900	61,283	15,617	55,969
Total	<u>788,781</u>	<u>732,273</u>	<u>56,508</u>	<u>769,013</u>
Debt service:				
Interest and other charges	155,317	144,860	10,457	166,262
Principal retirement	776,532	776,532	-	589,669
Total debt service	<u>931,849</u>	<u>921,392</u>	<u>10,457</u>	<u>738,666</u>
Capital Outlay				
Miscellaneous water	<u>353,050</u>	<u>600,152</u>	<u>(247,102)</u>	<u>225,208</u>
Total expenditures	<u>\$ 5,103,358</u>	<u>\$ 4,964,705</u>	<u>\$ 138,653</u>	<u>\$ 4,556,946</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
Other financing sources (uses):				
Transfer to other fund:				
General fund	(212,160)	(212,160)	\$ -	\$ (212,160)
Transfer from stormwater	-	31,332	31,332	-
Water Capital Projects	(855,000)	-	855,000	-
Proceeds of sale of equipment	2,000	144,723	142,723	1,471
Proceeds from financing	51,600	-	(51,600)	184,382
Fund Balance Appropriated	(1,046,370)	-	1,046,370	-
Total other financing sources (uses)	(2,059,930)	(36,105)	2,023,825	(26,307)
Revenues and other sources over expenditures and other uses	\$ -	2,223,840	\$ 2,223,840	\$ 312,712
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Principal retirement		776,532		
Capital outlay		976,356		
Book value of assets sold		(35,701)		
Water & Sewer capital projects fund revenues over (under) expenditures		(376,204)		
Decrease in net pension asset		(59,570)		
Increase in deferred outflows of resources - pensions		1,399		
Increase in net pension liability		(51,479)		
Decrease in deferred inflows of resources - pensions		131,261		
Proceeds of capital lease		-		
Depreciation		(930,050)		
Change in net position		\$ 2,656,384		

**CITY OF OXFORD, NORTH CAROLINA
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016		VARIANCE POSITIVE (NEGATIVE)	2015
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Operating Revenues				
Charges for Services	161,600	\$ 163,627	\$ 2,027	\$ 168,031
Nonoperating Revenues				
Interest earnings	30	518	488	33
Total Revenues	161,630	164,145	2,515	\$ 168,064
EXPENDITURES				
General Operations	67,000	56,128	10,872	39,596
Capital Outlay	538,000	62,532	475,468	
Total Expenditures	605,000	118,660	486,340	39,596
Revenues over (under) expenditures	(443,370)	45,485	488,855	128,468
Other Financing Sources (Uses)				
Transfer to Water/Sewer Capital Projects	-	-	-	-
Transfer to Water Fund	-	(31,332)	(31,332)	-
Fund Balance Appropriated	443,370	-	(443,370)	-
Total Other Financing Sources (Uses)	443,370	(31,332)	(474,702)	-
EXCESS OF REVENUES, OTHER SOURCES AND FUND BALANCE OVER EXPENDITURES AND OTHER USES				
	\$ -	14,153	\$ 14,153	\$ 128,468
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Depreciation		(281)		
Capital outlay		62,532		
Change in net position		\$ 76,404		

**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, 2016**

	PROJECT AUTHORIZATION	ACTUAL		TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR		
Expenditures - Water Project:					
Additional Water Storage	2,100,000	23,040	22,276	45,316	2,054,684
15" Water Main on Outer Loop Road	855,000	-	31,960	31,960	823,040
WWTP Equalization	3,193,825	2,743,586	321,968	3,065,554	128,271
Total expenditures - water project	<u>6,148,825</u>	<u>2,766,626</u>	<u>376,204</u>	<u>3,142,830</u>	<u>3,005,995</u>
Revenues over (under) expenditures	<u>(6,148,825)</u>	<u>(2,766,626)</u>	<u>(376,204)</u>	<u>(3,142,830)</u>	<u>3,005,995</u>
Other Financing Sources (uses)					
Proceeds from financing	5,293,825	2,558,691	443,081	3,001,772	(2,292,053)
Transfer from Stormwater Management	-	195,851	-	195,851	195,851
Transfer from Water Fund	855,000	8,659,666	-	8,659,666	7,804,666
Total Other Financing Sources(uses)	<u>6,148,825</u>	<u>11,414,208</u>	<u>443,081</u>	<u>11,857,289</u>	<u>5,708,464</u>
Revenues and other sources over(under) expenditure	<u>\$ -</u>	<u>\$ 8,647,582</u>	<u>\$ 66,877</u>	<u>\$ 8,714,459</u>	<u>\$ 8,714,459</u>

OTHER SCHEDULES

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

CITY OF OXFORD, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2016

FISCAL YEAR	UNCOLLECTED BALANCE JUNE 30, 2015	ADDITIONS	COLLECTIONS AND CREDITS	UNCOLLECTED BALANCE JUNE 30, 2016
2015-2016	\$ -	\$ 3,387,805	\$ 3,354,823	\$ 32,982
2014-2015	45,254	-	36,995	8,259
2013-2014	16,176	-	7,953	8,223
2012-2013	16,967	-	5,293	11,674
2011-2012	9,594	-	3,068	6,526
2010-2011	9,910	-	3,498	6,412
2009-2010	7,114	-	1,994	5,120
2008-2009	8,459	-	1,860	6,599
2007-2008	8,359	-	2,021	6,338
2006-2007	8,519	-	1,271	7,248
2005-2006	6,962	-	6,962	-
	<u>\$ 137,314</u>	<u>\$ 3,387,805</u>	<u>\$ 3,425,738</u>	<u>\$ 99,381</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 3,420,538
Reconciling items:	
Interest collected	(25,733)
Discounts allowed	23,971
Taxes written off	6,962
Subtotal	<u>5,200</u>
Total collections and credits	<u>\$ 3,425,738</u>

**CITY OF OXFORD, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2016**

	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	\$ 466,690,000	0.64	\$ 2,986,816	\$ 2,986,816	\$ -
Registered motor vehicles taxed at current year's rate	<u>50,102,969</u>	0.64	<u>320,659</u>	<u>-</u>	<u>320,659</u>
Total	516,792,969		3,307,475	2,986,816	320,659
Discoveries:					
Current year taxes	12,919,844	0.64	82,687	82,687	-
Abatements	<u>(368,281)</u>	0.64	<u>(2,357)</u>	<u>(2,357)</u>	<u>-</u>
Total Property Valuation	<u>\$ 529,344,532</u>				
Net levy			3,387,805	3,067,146	320,659
Uncollected at June 30, 2016			<u>(32,982)</u>	<u>(32,072)</u>	<u>(910)</u>
Current year taxes collected			<u>\$ 3,354,823</u>	<u>\$ 3,035,074</u>	<u>\$ 319,749</u>
Current levy collection percentage			<u>99.03%</u>	<u>98.95%</u>	<u>99.72%</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net Investment in capital assets	\$ 4,065,916	\$ 5,345,176	\$ 5,647,688	\$ 5,635,059	\$ 5,378,495	\$ 5,154,718	\$ 5,125,040	\$ 4,829,076	\$ 4,432,493	\$ 4,883,668
Restricted	158,158	212,879	376,716	279,366	342,688	472,938	488,932	607,496	810,729	2,270,485
Unrestricted	2,145,057	1,570,304	1,665,187	1,298,241	389,905	522,827	611,397	967,334	1,358,025	(414,308)
Total governmental activities net position	<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>	<u>\$ 6,601,247</u>	<u>\$ 6,739,845</u>
Business-type activities										
Net Investment in capital assets	\$ 14,733,985	\$ 12,809,306	\$ 13,015,314	\$ 13,311,838	\$ 14,112,889	\$ 14,528,674	\$ 16,275,698	\$ 16,599,276	\$ 16,407,171	\$ 16,813,478
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,888,740	3,344,041	3,331,500	2,987,707	2,371,394	2,849,208	2,478,146	2,418,330	3,179,915	5,643,396
Total business-type activities net position	<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>	<u>\$ 19,587,086</u>	<u>\$ 22,456,874</u>
Primary government										
Net Investment in capital assets	\$ 18,799,901	\$ 18,154,482	\$ 18,663,002	\$ 18,946,897	\$ 19,491,384	\$ 19,683,392	\$ 21,400,738	\$ 21,428,352	\$ 20,839,664	\$ 21,696,146
Restricted	158,158	212,879	376,716	279,366	342,688	472,938	488,932	607,496	810,729	2,270,485
Unrestricted	5,183,797	4,914,345	4,996,687	4,285,948	2,761,299	3,372,035	3,089,543	3,385,664	4,537,940	5,229,088
Total primary government net position	<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>	<u>\$ 26,188,333</u>	<u>\$ 29,195,719</u>

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

TABLE 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 1,211,741	\$ 1,175,091	\$ 1,450,598	\$ 1,342,581	\$ 1,343,583	\$ 1,168,874	\$ 1,323,461	\$ 1,397,199	\$ 1,378,973	\$ 1,627,050
Public safety	2,954,018	3,103,699	3,078,002	3,545,023	3,920,808	3,381,617	3,634,090	3,861,636	3,758,490	3,780,818
Transportation	1,008,230	1,112,007	920,254	1,200,761	1,339,282	1,052,579	986,646	979,736	1,187,232	1,322,795
Environmental protection	1,002,311	1,018,353	1,039,311	1,028,876	1,061,703	1,023,588	1,080,544	1,126,846	1,015,021	1,037,643
Cultural and recreation	480,304	512,689	664,132	765,651	839,570	842,919	852,346	886,270	999,298	948,224
Interest on long-term debt	9,184	11,537	17,570	35,483	36,714	50,582	30,753	28,477	23,238	30,645
Total governmental activities expenses	6,665,788	6,933,376	7,169,867	7,918,375	8,541,660	7,520,159	7,907,840	\$ 8,280,164	\$ 8,362,252	\$ 8,747,175
Business-type activities										
Water and Sewer	3,660,609	3,810,495	3,838,837	3,977,471	3,997,158	4,046,107	4,208,161	4,469,703	4,614,651	4,496,460
Stormwater Management	-	-	-	157,653	57,025	46,979	42,276	39,642	39,596	56,409
Total business-type activities expenses	3,660,609	3,810,495	3,838,837	4,135,124	4,054,183	4,093,086	4,250,437	4,509,345	4,654,247	4,552,869
Total primary government expenses	\$ 10,326,397	\$ 10,743,871	\$ 11,008,704	\$ 12,053,499	\$ 12,595,843	\$ 11,613,245	\$ 12,158,277	\$ 12,789,509	\$ 13,016,499	\$ 13,300,044
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 120,608	\$ 131,923	\$ 147,953	\$ 167,733	\$ 153,000	\$ 189,614	\$ 186,851	\$ 189,468	\$ 209,725	\$ 241,854
Public Safety	397,418	442,754	431,355	408,017	427,593	346,735	475,957	461,246	478,073	492,765
Transportation	4,656	3,644	-	1,353	-	-	-	-	237,535	-
Environmental protection	1,031,549	1,039,964	1,080,567	1,089,952	1,131,863	1,154,924	1,213,446	1,295,555	1,439,616	1,440,436
Culture and recreation	134,690	130,195	145,674	130,780	144,188	148,199	163,808	158,121	269,288	234,447
Operating grants and contributions	851,756	1,070,209	1,016,357	500,945	279,772	313,600	316,300	303,735	125,113	340,636
Capital grants and contributions	-	-	-	-	49,623	1,818	1,322	6,686	-	52,126
Total governmental activities program revenues	2,540,677	2,818,689	2,821,906	2,298,780	2,186,039	2,154,890	2,357,684	\$ 2,414,811	\$ 2,759,350	\$ 2,802,264
Business-type activities										
Charges for services:										
Water and Sewer	3,857,238	4,110,334	3,916,152	3,729,632	4,013,980	4,517,702	4,468,141	4,626,873	4,894,814	7,152,344
Stormwater Management	-	-	-	152,136	151,122	157,836	164,222	162,389	168,031	163,627
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Water and Sewer	-	-	51,403	193,597	90,709	-	-	-	-	-
Stormwater Management	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	299,600	991,000	163,782	450,000	-
Total business-type activities program revenues	3,857,238	4,110,334	3,916,152	3,881,768	4,255,811	4,975,138	5,623,363	4,953,044	5,512,845	7,315,971
Total primary government program revenues	\$ 6,397,915	\$ 6,929,023	\$ 6,738,058	\$ 6,180,548	\$ 6,441,850	\$ 7,130,028	\$ 7,981,047	\$ 7,367,855	\$ 8,272,195	\$ 10,118,235
Net (expenses)/revenue										
Governmental activities	\$ (4,125,111)	\$ (4,114,687)	\$ (4,347,961)	\$ (5,619,595)	\$ (6,355,621)	\$ (5,365,269)	\$ (5,550,156)	\$ (5,865,353)	\$ (5,602,902)	\$ (5,944,911)
Business-type activities	196,629	299,839	77,315	(253,356)	201,628	882,052	1,372,926	443,699	858,598	2,763,102
Total primary government net expenses	\$ (3,928,482)	\$ (3,814,848)	\$ (4,270,646)	\$ (5,872,951)	\$ (6,153,993)	\$ (4,483,217)	\$ (4,177,230)	\$ (5,421,654)	\$ (4,744,304)	\$ (3,181,809)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,442,147	\$ 2,520,817	\$ 2,538,432	\$ 2,773,479	\$ 3,069,853	\$ 3,094,027	\$ 3,154,864	\$ 3,329,931	\$ 3,349,639	\$ 3,372,913
Other taxes	142,361	147,870	154,176	182,086	191,767	278,445	458,139	315,268	340,596	108,015
Franchise taxes	340,692	453,942	574,040	631,618	575,978	556,118	561,041	566,829	668,878	687,749
Sales taxes	1,616,977	1,550,670	1,452,555	1,385,292	1,335,939	1,299,179	1,332,610	1,385,544	1,512,634	1,582,238
Unrestricted grants and contributions										
Investment earnings	129,551	119,991	51,945	8,385	7,353	5,280	901	2,710	582	4,989
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	-	(11,745)	-	-
Miscellaneous	137,267	41,000	138,045	161,810	222,724	171,615	117,487	243,193	169,019	193,205
Transfers	-	39,625	-	-	-	-	-	212,160	212,160	212,160
Total governmental activities	4,808,995	4,873,915	4,909,193	5,142,670	5,403,614	5,404,664	5,625,042	\$ 6,043,890	\$ 6,253,508	\$ 6,161,269
Business-type activities:										
Investment earnings	99,446	103,458	64,749	12,490	6,290	3,308	1,692	2,468	1,183	72,824
Miscellaneous	700	-	-	-	-	8,239	1,344	-	-	-
Gain (Loss) on sale of capital assets	(4,841)	(1,983,050)	-	-	-	-	-	29,755	1,471	109,022
Transfers	-	(39,625)	-	-	-	-	-	(212,160)	(212,160)	(212,160)
Total business-type activities	95,305	(1,919,217)	64,749	12,490	6,290	11,547	3,036	(179,937)	(209,506)	(30,314)
Total primary government	\$ 4,904,300	\$ 2,954,698	\$ 4,973,942	\$ 5,155,160	\$ 5,409,904	\$ 5,416,211	\$ 5,628,078	\$ 5,863,953	\$ 6,044,002	\$ 6,130,955
Changes in Net Position										
Governmental activities	\$ 683,884	\$ 759,228	\$ 561,232	\$ (476,925)	\$ (952,007)	\$ 39,395	\$ 74,886	\$ 178,537	\$ 650,606	\$ 216,358
Business-type activities	291,934	(1,619,378)	142,064	(240,866)	207,918	893,599	1,375,962	263,762	649,092	2,732,788
Total primary government	\$ 975,818	\$ (860,150)	\$ 703,296	\$ (717,791)	\$ (744,089)	\$ 932,994	\$ 1,450,848	\$ 442,299	\$ 1,299,698	\$ 2,949,146

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
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
2015	3,349,639	1,512,634	668,878	-	40,532	5,571,683
2016	3,372,913	1,582,238	687,749	-	43,975	5,686,875

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

TABLE 4

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Non Spendable	10,213	10,799	8,560	7,592	7,402
Restricted	472,938	488,932	607,496	810,729	2,270,485
Committed	25,000	25,000	140,500	17,792	72,792
Assigned	24,736	-	-	190,827	655,645
Unassigned	1,612,311	1,856,222	2,313,395	3,228,099	1,147,500
Total general fund	<u>\$ 2,145,198</u>	<u>\$ 2,380,953</u>	<u>\$ 3,069,951</u>	<u>\$ 4,255,039</u>	<u>\$ 4,153,824</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund					
Reserved	\$ 656,020	\$ 799,965	\$ 975,900	\$ 756,138	\$ -
Unreserved	1,937,313	1,357,855	1,365,140	1,487,993	-
Non Spendable	-	-	-	-	11,545
Restricted	-	-	-	-	342,688
Committed	-	-	-	-	25,000
Assigned	-	-	-	-	32,501
Unassigned	-	-	-	-	1,476,210
Total general fund	<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>

Fiscal years 2006 through 2010 are presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2011 through 2015 presented showing the GASB 54 format.

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

TABLE 5

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Ad valorem Taxes	\$ 2,439,313	\$ 2,557,635	\$ 2,545,791	\$ 2,754,903	\$ 3,094,707	\$ 3,087,881	\$ 3,161,519	\$ 3,370,403	\$ 3,412,284	\$ 3,420,538
Other taxes and licenses	1,693,944	1,629,176	1,535,008	1,524,425	1,452,636	1,540,714	1,723,917	1,632,781	1,774,665	1,653,117
Unrestricted intergovernmental	406,087	523,306	645,763	674,571	651,048	618,455	627,873	634,860	747,443	724,885
Restricted intergovernmental	360,383	773,303	1,014,722	491,179	326,422	293,746	316,300	310,421	362,648	392,290
Permits and fees	132,204	79,549	109,256	143,019	156,461	144,329	143,864	218,883	175,493	147,783
Sales and services	1,668,157	1,734,458	1,786,228	1,762,309	1,826,469	1,803,161	2,006,860	2,068,835	2,358,410	2,390,707
Investment earnings	135,693	121,469	50,593	7,205	7,088	7,328	614	3,666	605	4,990
Miscellaneous	34,544	42,490	49,745	64,083	99,411	59,842	23,613	52,241	30,334	81,980
Total Revenues	<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>	<u>8,861,882</u>	<u>8,816,290</u>
Expenditures										
General government	1,093,364	1,198,365	1,337,301	1,155,696	1,154,487	1,105,025	1,198,852	1,274,289	1,245,720	1,526,097
Public safety	2,745,830	2,919,398	3,027,505	3,118,746	3,400,585	3,180,360	3,327,355	3,520,577	3,490,818	3,533,273
Transportation	929,309	894,654	841,614	1,085,022	1,218,767	921,851	906,061	899,042	1,097,624	1,170,005
Environmental protection	1,001,606	1,018,574	1,038,937	1,029,663	1,061,703	1,023,588	1,080,544	1,126,846	1,015,021	1,037,643
Cultural, recreation and parks	451,256	479,165	621,034	673,672	716,171	729,500	735,881	758,741	879,668	830,430
Capital outlay	539,571	1,301,147	1,131,511	758,290	361,829	168,684	310,943	266,773	322,242	609,292
Debt service										
Principal	113,075	151,982	149,738	210,206	200,689	186,744	180,191	248,764	248,389	340,342
Interest	9,242	11,718	17,230	34,580	36,984	50,711	30,903	28,592	23,004	30,765
Total expenditures	<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>	<u>8,322,486</u>	<u>9,077,847</u>
Excess of revenues over (under) expenditures	(12,928)	(513,617)	(427,764)	(644,181)	(536,973)	188,993	233,830	168,466	539,396	(261,557)
Other financing sources (uses)										
Transfers	-	39,625	-	-	-	-	-	212,160	212,160	212,160
Sale of capital assets	-	-	-	-	-	-	-	-	-	22,060
Capital leases	230,180	38,479	610,984	547,272	330,357	68,261	-	308,388	435,441	-
Net change in fund balances	<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>	<u>\$ 1,186,997</u>	<u>\$ (27,337)</u>
Debt service as a percentage of noncapital expenditures	2.09%	2.45%	2.37%	3.35%	3.05%	3.30%	2.83%	3.53%	3.39%	4.38%

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
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
2015	3,412,284	1,512,634	668,878	-	40,532	5,634,328
2016	3,420,538	1,582,238	687,749	-	43,975	5,734,500

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						
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	485,471,294	59,678,368	-	(6,619,076)	538,530,586	0.62	633,565,395	85%	
2015	not available	not available	484,864,209	47,080,000	-	(6,634,209)	525,310,000	0.64	618,011,765	85%	
2016	not available	not available	486,043,375	50,102,969	-	(6,801,812)	529,344,532	0.64	622,758,273	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
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	1.615
2015	0.64	0.830	0.10	0.10	1.670
2016	0.64	0.830	0.10	0.10	1.670

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.

City of Oxford
Principal Property Taxpayers
December 31, 2016
Current year and ten years ago
(unaudited)

Taxpayer	2016			2006		
	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	2	1.81%			
Focused Granville Corners LLC			0.00%	\$ 7,112,515	1	16.90%
BMA Oxford Apartments LLC	6,565,956	5	1.25%			
301 Lewis Street LLC	3,833,474	8	0.73%	4,980,588	2	11.80%
Masonic Home for Children	11,313,945	1	2.15%			
Granville Health Systems	9,478,348	3	1.80%			
City of Oxford (85 Hwy & Bldgs)	6,938,889	4	1.32%			
Tower Lexington LLC	4,265,987	6	0.81%			
WRS Centers LLC	3,947,726	7	0.75%			
City of Oxford (City Hall)	3,647,481	9	0.69%			
Oxford Housing Authority	3,384,156	10	0.64%			
Parham Company LLC				2,710,377	6	6.40%
Santa Fe Natural Tobacco Co				4,358,223	3	10.30%
Thorndale Townhomes, LLC				3,811,194	4	9.00%
B C Patel				2,908,128	5	6.90%
Newton Instrument				2,654,698	7	6.30%
Watkins & Cheatham				1,862,462	10	4.40%
Carewell Hotel				2,631,347	8	6.20%
Hilltop Village Shopping Center				1,918,557	9	4.50%
Totals	\$ 62,870,197		11.97%	\$ 34,948,089		82.70%

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
2007	2,429,974	2,310,893	95.10%	90,734	2,401,627	98.83%
2008	2,511,105	2,405,387	95.79%	84,452	2,489,839	99.15%
2009	2,549,623	2,438,127	95.63%	86,046	2,524,173	99.00%
2010	2,781,029	2,653,535	95.42%	105,816	2,759,351	99.22%
2011	3,082,993	2,973,335	96.44%	89,726	3,063,061	99.35%
2012	3,120,438	2,994,823	95.97%	116,021	3,110,844	99.69%
2013	3,157,938	3,027,777	95.88%	113,194	3,140,971	99.46%
2014	3,335,573	3,254,693	97.58%	64,704	3,319,397	99.52%
2015	3,361,984	3,316,730	98.65%	36,995	3,353,725	99.75%
2016	3,387,805	3,354,823	99.03%		3,354,823	99.03%

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			
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
2015	-	175,000	980,473	-	7,943,558	626,202	9,725,233	unavailable	1,116
2016	-	125,000	690,131	-	7,744,722	491,587	9,051,440	unavailable	1,035

City of Oxford
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(unaudited)

Governmental Unit

	General Bonded Debt	City Population	County Population	Percentage of County Debt Applicable To City	City's Share of Overlapping Debt
Debt repaid with property taxes Granville County				N/A	
Other debt Granville County					
General Obligation bonds	29,494,000	8,742	58,674	14.90%	4,394,392
Financing Agreements	4,743,262	8,742	58,674	14.90%	706,712
Installment Purchases	35,686,398	8,742	58,674	14.90%	5,317,014
Certificates of Participation	13,550,000	8,742	58,674	14.90%	2,018,852
					<u>12,436,969</u>
City of Oxford direct debt					<u>815,131</u>
Total direct and overlapping debt					<u>13,252,100</u>

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 35,345,072	\$ 36,525,161	\$ 37,085,425	\$ 37,181,794	\$ 41,106,569	\$ 41,605,840	\$ 42,105,840	\$ 43,082,447	\$ 42,024,800	\$ 42,347,563
Total net debt applicable to limit	10,929,411	10,149,971	9,874,840	9,463,473	9,026,237	8,372,090	7,656,134	7,381,481	626,202	9,051,440
Legal debt margin	<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>\$ 50,463,928</u>	<u>\$ 41,398,598</u>	<u>\$ 33,296,123</u>
Total net debt applicable to the limit as a percentage of debt limit	30.92%	27.79%	26.63%	25.45%	21.96%	20.12%	18.18%	17.13%	1.49%	21.37%
Legal Debt Margin Calculation for Fiscal Year 2012										
Assessed value										\$ 529,344,532
Add back: exempt real property										<u>6,801,812</u>
Total assessed value										\$ 536,146,344
Debt limit (8% of total assessed value)										42,891,708
Debt applicable to limit:										
General obligation bonds										-
Lease Financing Agreements-Governmental Activities										690,131
Lease Financing Agreements-Business-Type Activities										491,587
Installment purchases-Governmental Activities										125,000
Installment purchases-Business-Type Activities										7,744,722
Less: Amount set aside for repayment of general obligation debt										<u>-</u>
Total net debt applicable to limit										<u>9,051,440</u>
Legal debt margin										<u>\$ 33,840,268</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
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%
2015	8,713	21,306	2	7,964	5.80%
2016	8,742	21,991	3	7,949	4.9%

Data sources:

Quickfacts.census.gov

North Carolina Employment Security System

Publicschools12.com

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

Employer	2006			2016			
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
Granville County Schools	525	1	Unknown	388	2	Unknown	
Granville Medical Center	443	2	Unknown	420	1	Unknown	
County of Granville	362	3	Unknown	335	3	Unknown	
Wal-Mart	144	4	Unknown	190	4	Unknown	
Food Lion - (Hilltop Village)	110	5	Unknown	71	7	Unknown	
Food Lion - (Roxboro Road)	-		Unknown	55	9	Unknown	
City of Oxford	109	6	Unknown	121	5	Unknown	
Waste Industries	45	10	Unknown	117	6	Unknown	
Masonic Home for Children	75	9	Unknown	66	8	Unknown	
Just Save (formerly Lowes Food)	80	8	Unknown	40	10	Unknown	
Omnicare (Best Care)	106	7	Unknown	-	-	Unknown	Out of Business
Total	<u>1,999</u>			<u>1,803</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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	22	22	22	21	22	22	17	17	18	20
Public Safety										
Police Department	38	39	39	39	37	38	38	38	35	34
Fire	10	10	9	9	10	10	9	10	10	10
Highways and Streets										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	12	12	11	10	10	9	10	10	8	10
Environmental Protection	2	2	1	0	0	0	0	0	0	0
Culture and recreation	8	7	7	7	7	7	7	7	7	7
Water	12	11	12	13	13	13	13	9	8	8
Sewer	5	5	5	5	5	5	5	5	5	5
Total	111	110	108	106	106	106	101	98	93	96

Source: Payroll Department of the City

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Violent Crime	121	123	109	119	95	106	62	83	76	80
Property Crime	805	878	869	840	869	849	651	727	645	715
Arrests	1,345	1,580	2,095	1,481	1,222	1,221	921	965	1,016	966
Calls	12,815	13,112	14,350	13,701	12,048	11,826	11,841	13,076	16,883	20,528
Fire										
Number of calls answered	376	334	340	303	346	291	321	392	410	385
Inspections	155	162	160	104	124	276	165	154	159	73
Highways and streets										
Street resurfacing (miles)	0.99	0.64	1.68	1.09	0.4	0.33	0.74	0.336	0.336	0.336
Miles of city streets	37.19	37.7	38.15	38.15	38.31	38.31	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)	10.50	19.20	17.94	19.21	20.60	19.70	16.90	19.70	21.77	22.59
Culture and recreation										
Number of sports participants	1,320	1,689	2,116	1,825		1,922	1,950	880	444	500
Number of Cultural Participants	-	-	-	-	-	-	-	-	5,087	903
Water										
New Connections	1,013	911	839	998	664	776	686	762	778	769
Water main breaks	33	37	14	21	36	25	30	10	30	15
Average daily consumption (thousands of gallons)	1,024	1,349	1,168	1,168	1,194	1,146	1,368	1,400	1,500	1,164
Wastewater										
Average daily treated (thousands of gallons)	916	1,237	1,160	1,080	1,166	1,156	1,161	2,000	2,300	1,528
Education										
Public school enrollment	8,629	8,718	8,698	8,520	8,496	8,484	8,479	8,037	7,964	7,949
Community Services										
Number of building permits issued	86	18	59	89	76	59	86	62	68	95

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)

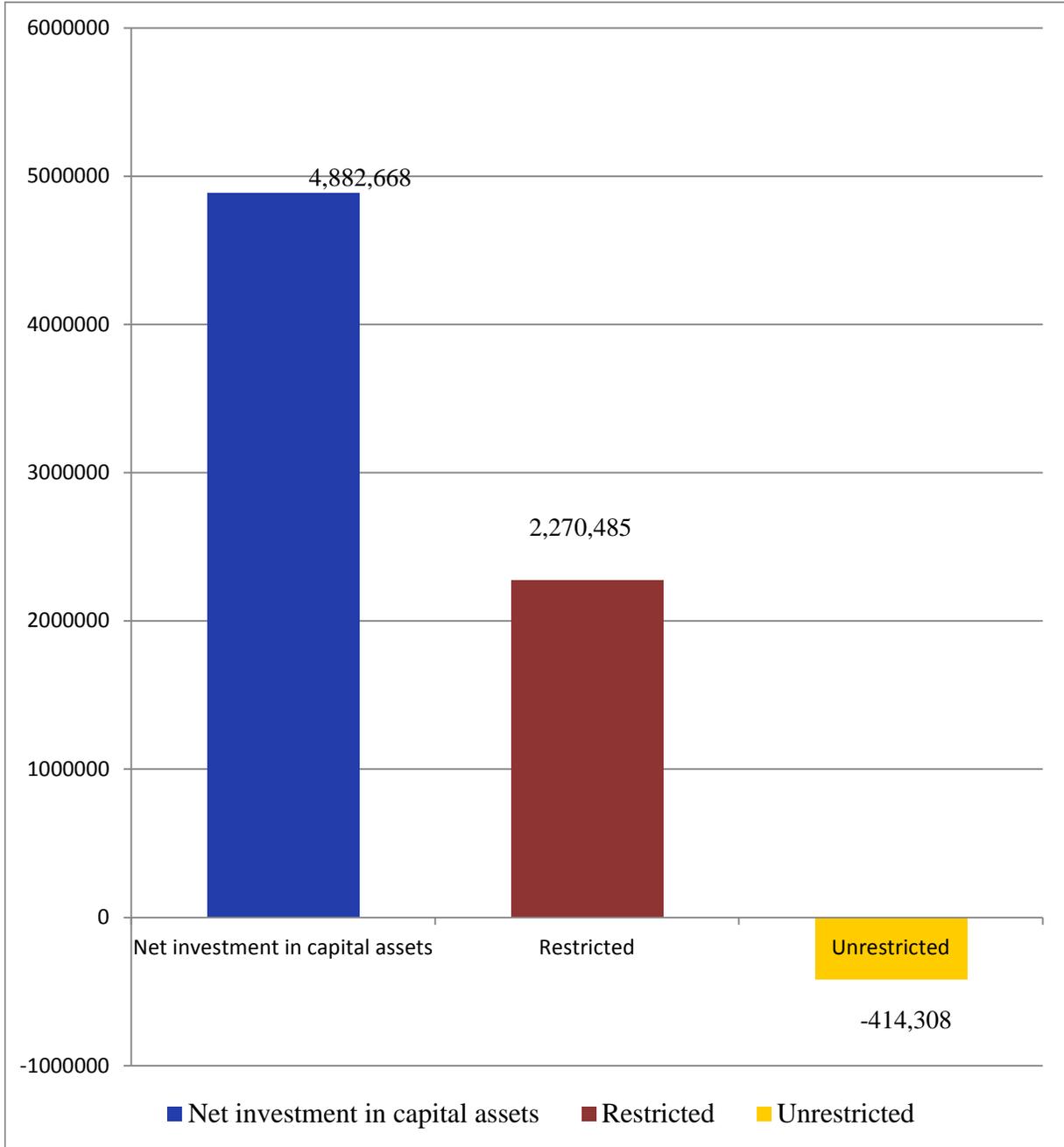
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	37.19	37.7	38.15	38.15	38.31	38.31	38.31	38.68	38.68	38.68
Culture and recreation										
Parks	6	6	6	7	7	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	49	50	50	50	50	50	50	50	50
Fire hydrants	760	764	764	764	764	764	764	766	766	766
Maximum daily capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	10,685	10,685	10,685
Sewer										
Sanitary sewers (miles)	66	67	68	68	68	68	68	68	68	68
Maximum daily treatment capacity (thousands of gallons)	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500

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

GRAPHS

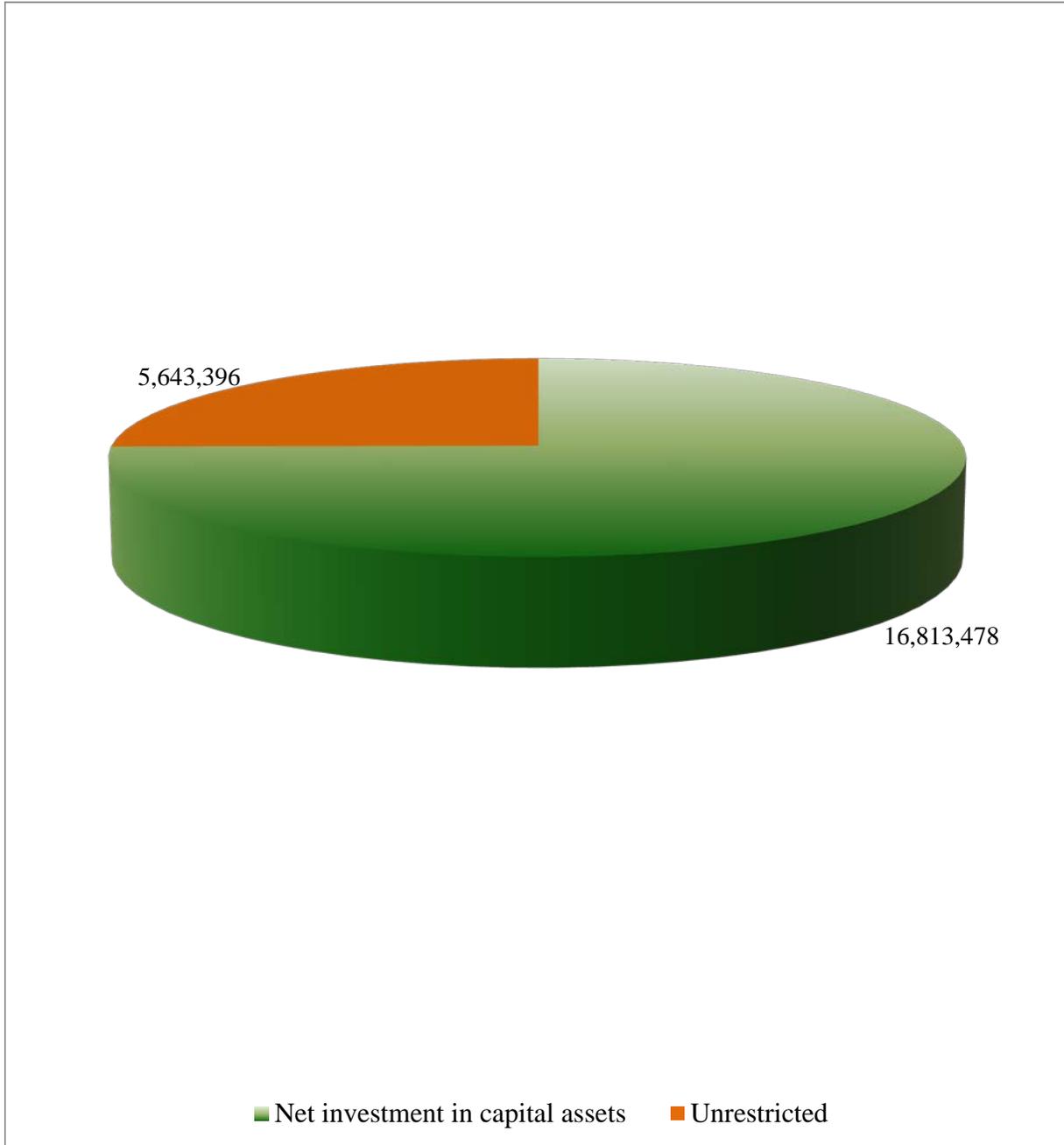
**City of Oxford, North Carolina
Net Position by Component
Governmental Activities**

Graph A



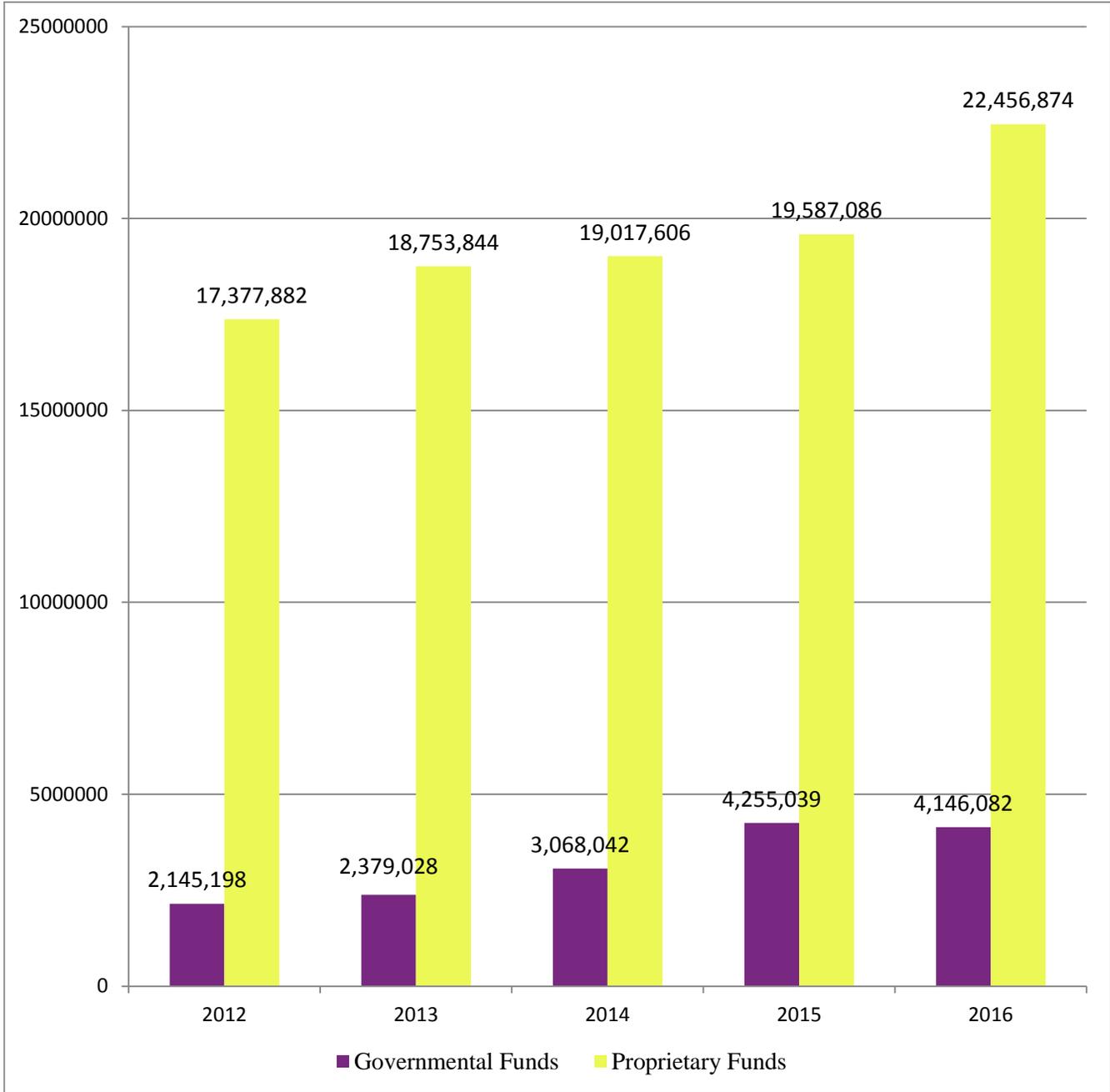
**City of Oxford, North Carolina
Net Position by Component
Business-Type Activities**

Graph B



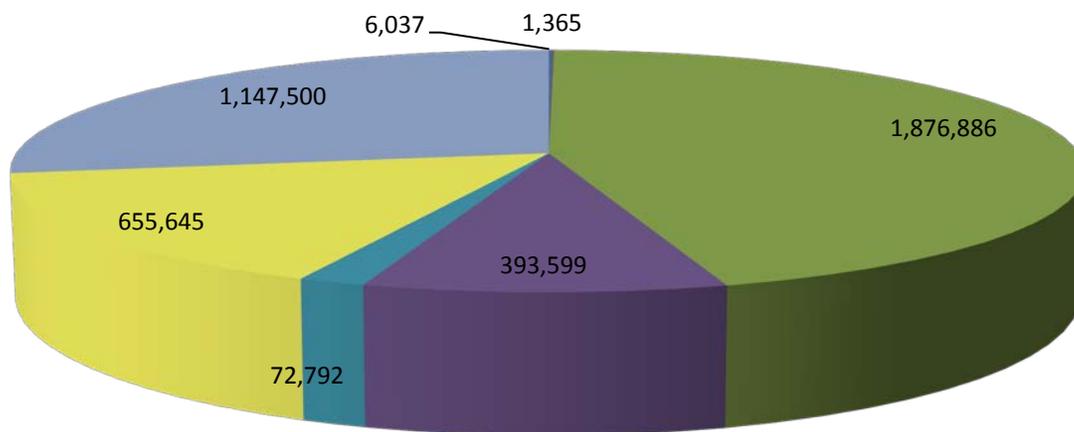
City of Oxford, North Carolina
Net Position/Fund Balance

Graph C



City of Oxford, North Carolina
General Fund - Fund Balance

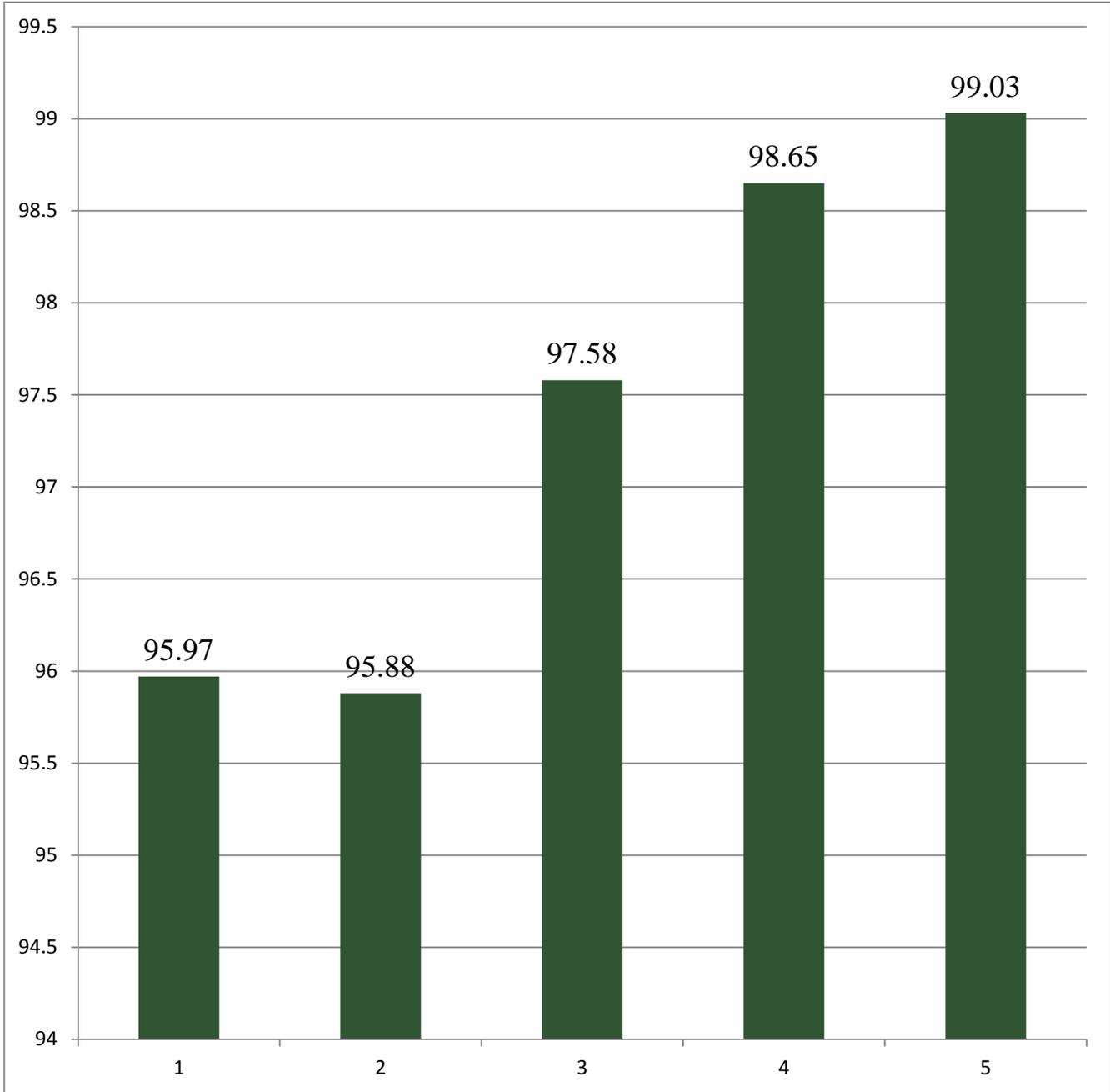
Graph D



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

**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
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Cathy E. McKinley, CPA
Tara H. Roberson, 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, 2016 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 December 22, 2016. 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 significant 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

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that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any 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
December 22, 2016

**CITY OF OXFORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

Section II - Financial Statement Findings

None reported

**CITY OF OXFORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Prior Year Audit Findings:

Financial Statement Findings

None reported

Federal Award Findings

None reported