

**CITY OF OXFORD, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2012**



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

**Stephen M. McNally  
Finance Director**

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

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## **INTRODUCTORY SECTION**



FINANCE OFFICE

# City Of Oxford

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## LETTER OF TRANSMITTAL

November 30, 2012

To The Members of the Board of Commissioners  
City of Oxford, North Carolina

To the City Manager, Members of the Board of Commissioners, and 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 for the fiscal year ended June 30, 2012.

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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the city's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

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

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

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

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

City management is responsible for the accounting system and for establishing and

maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with GAAP and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the City's audit, the independent auditor performed a review of the City's internal control structure. This review was not an audit and no opinion was issued on the internal control structure; however, the procedures performed by the independent auditor indicated material weaknesses in regards to segregation of duties and preparation of financial statements.

### **Factors Affecting Financial Condition**

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

#### Local Economic Condition and Outlook

The slow down in the overall economy has unfortunately impacted Oxford's local area economy, as well. The unemployment rate for Granville County currently is 10.1%; which is slightly higher than the State average of 9.9%.

#### Major Initiatives (and associated FY 2012 expenditures)

- DOT Sidewalk grant (\$156,000 project)
- Repaving of Peace Street (\$55,676)
- Cherry/Goshen Storm Water drain replacement – (an \$80,000 project - \$19,822 expended to date)
- Raleigh Street CDBG (a \$1,600,000 project - \$626,941 expended to date)
- Storm Water Management Trust Fund project (a \$300,000 project - \$32,909 expended to date)
- Rural Center Sewer Upgrade Grant #1 completed this year (total expenditures - \$903,577)
- Rural Center Sewer Upgrade Grant #2 (a \$675,000 project - \$80,422 expended to date)

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

#### Debt Administration

The City retired \$186,744 in debt and long-term obligations in its governmental operations and issued new debt and long term obligations of \$68,261. Including compensated absences, Other Post Retirement Benefits and the Net Pension Obligation, debt in the governmental operations decreased from \$2,648,706 at June 30, 2011 to \$2,528,532 at June 30, 2012. Proprietary Fund Debt (including compensated absences) decreased from \$8,022,778 at June 30, 2011 to \$7,493,788 at June 30, 2012.

#### **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, 2011. This was the tenth time that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,

*Stephen M McNally*

Stephen M McNally  
Finance Director

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emery*

Executive Director

**OXFORD CITY GOVERNMENT**

**ELECTED OFFICIALS**

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

**CITY OF OXFORD, NORTH CAROLINA  
APPOINTED AND ADMINISTRATIVE STAFF  
JUNE 30, 2012**

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Leonard Barefoot \*  
Interim City Manager

Larry Thomas, Jr.  
City Engineer & Public Works Director

Tommy Scholl  
Water and Sewer  
Superintendent

J. Thomas Burnette \*  
City Attorney

David Cottrell  
Street Superintendent

John M. Wolford  
Chief of Police  
Interim Fire Chief

Carol Dorsey  
Human Resources Director

Kenny Manning  
Buildings & Grounds Supervisor

Stephen M McNally  
Finance Officer

Julia Overton  
Interim Downtown Oxford  
Economic Director

Barb Rote\*  
City Clerk

Mary Caudle  
Parks/Recreation Director

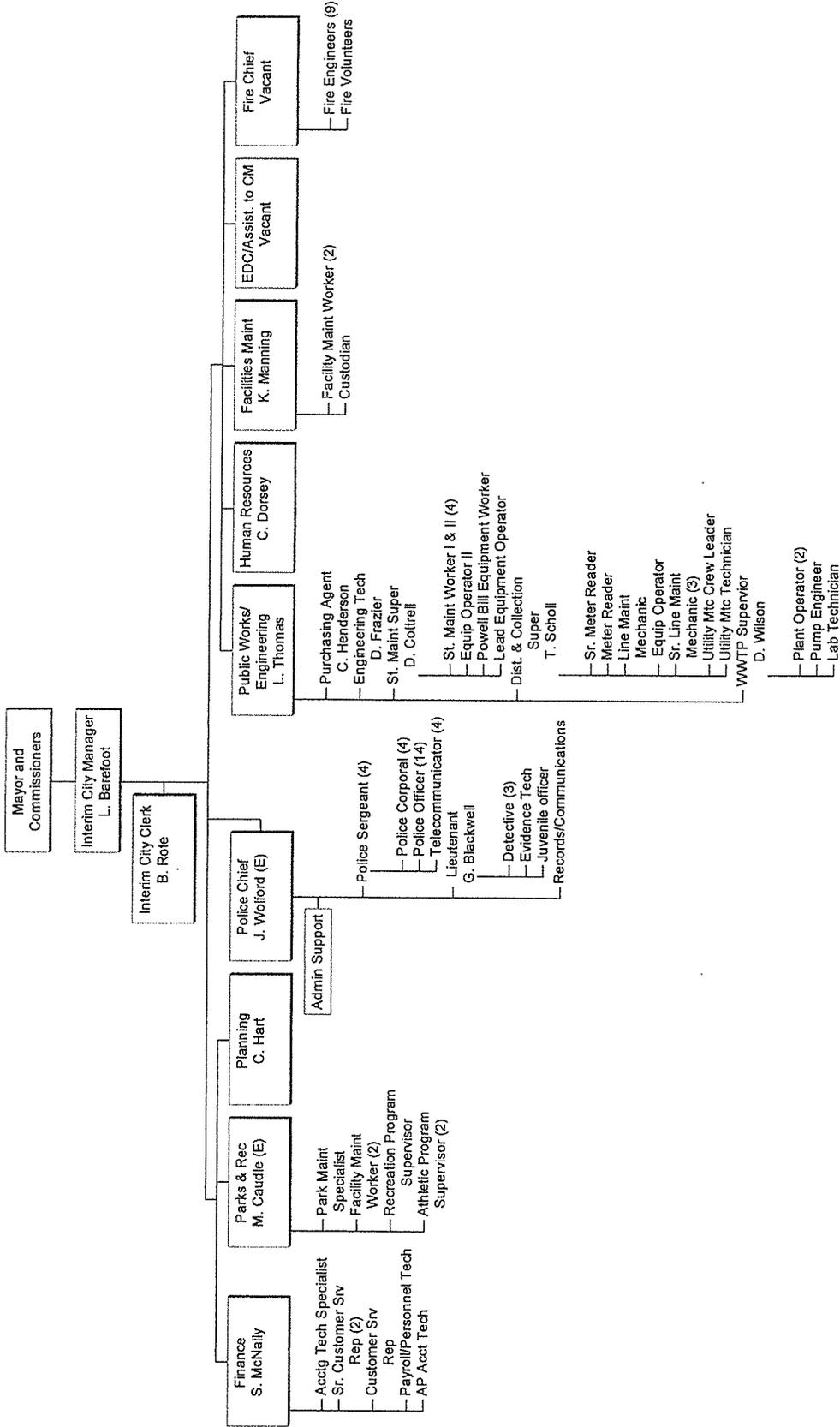
Christine Henderson  
Purchasing Officer

Cheryl Hart  
Planning & Zoning

Dennis Wilson  
WWTP Director

\* Appointed by Board of Commissioners

City of Oxford, NC



## HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

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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

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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

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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

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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

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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**

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### **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**

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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

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### 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**

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

### **PARKS AND RECREATION DEPARTMENT**

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

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

**FINANCIAL SECTION**

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

Certified Public Accountants



America Counts on CPAs

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

Jennifer T. Reese, CPA  
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Cathy E. McKinley, CPA  
Tara H. Roberson, CPA  
David B. Jernigan, CPA

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oxford's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregated remaining fund information of the City of Oxford, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with the accounting principles generally accepted in the United States of America and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 30, 2012 on our consideration of the City of Oxford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 and should be read in conjunction with this report in considering the results of our audit.

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Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 81 through 84 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information and comparing the information for consistency with management's responses to our inquiries, the basic financial 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxford's basic financial statements. The combining and individual fund financial statements, budgetary schedules and other schedules, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules have 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. In our opinion, 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 taken as a whole.

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

Certified Public Accountants  
November 30, 2012

## **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, 2012. 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**

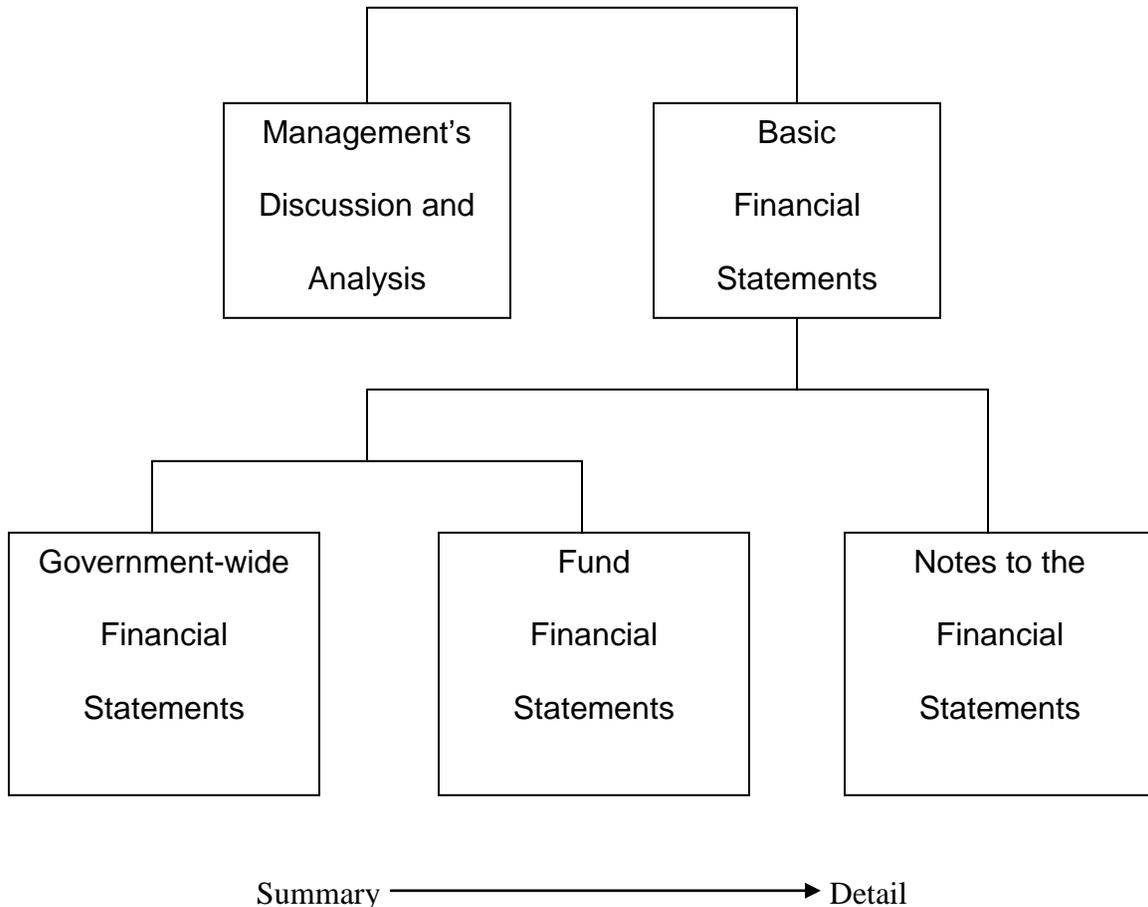
- The assets of the City of Oxford exceeded its liabilities at the close of the fiscal year by \$23,528,365 (net assets).
- The government's total net assets increased by \$932,994 primarily due to increases in business-type activities net assets.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$2,145,198, an increase of \$257,254 in comparison with the prior year. Approximately 4.4 percent of this total amount or \$483,151 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,614,302 or 21.9 percent of total general fund expenditures for the fiscal year.
- The City of Oxford's total debt decreased by \$ 649,164 (6.08) during the current fiscal year. The key factor in this was the continuing debt payment of the State Revolving Fund loan to finance the upgrade of the Waste Water Treatment Plant.

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

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets 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 Assets and the Statement of Activities.

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

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

## Government-Wide Financial Analysis

### The City of Oxford's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,852,845	\$ 2,741,275	\$ 3,479,829	\$ 2,938,185	\$ 6,332,674	\$ 5,679,460
Capital assets	6,243,706	6,585,966	21,811,776	21,931,655	28,055,482	28,517,621
Total assets	<u>9,096,551</u>	<u>9,327,241</u>	<u>25,291,605</u>	<u>24,869,840</u>	<u>34,388,156</u>	<u>34,197,081</u>
Long-term liabilities outstanding	\$ 2,132,496	\$ 2,281,470	\$ 7,016,361	\$ 7,535,607	9,148,857	9,817,077
Other liabilities	813,572	934,683	897,362	849,950	1,710,934	1,784,633
Total liabilities	<u>2,946,068</u>	<u>3,216,153</u>	<u>7,913,723</u>	<u>8,385,557</u>	<u>10,859,791</u>	<u>11,601,710</u>
Net assets:						
Invested in capital assets, net of related debt	5,154,718	5,378,495	14,528,674	14,112,889	19,683,392	19,491,384
Restricted	577,759	342,688	-	-	577,759	342,688
Unrestricted	418,006	389,905	2,849,208	2,371,394	3,267,214	2,761,299
Total net assets	<u>\$ 6,150,483</u>	<u>\$ 6,111,088</u>	<u>\$ 17,377,882</u>	<u>\$ 16,484,283</u>	<u>\$ 23,528,365</u>	<u>\$ 22,595,371</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$23,528,365 as of June 30, 2012. The City's net assets increased by \$932,994 for the fiscal year ended June 30, 2012. However, the largest portion (83.7%) 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 investment in its 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 assets (2.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 3,372,035 (14.3%) is unrestricted.

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

- Water and Sewer revenues up \$446,000 from the previous year due to a 5% increase in the water usage rate and increased water and sewer consumption.
- An increase in \$209,000 in Community Development Block Grants and Rural Center Grants from the previous year.
- Reduced operating expenses in the Water and Sewer Maintenance department from the previous year of \$80,000.
- Net income from the Storm Water fund of \$110,862.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,839,472	\$ 1,856,644	\$ 4,675,538	\$ 4,165,102	\$ 6,515,010	\$ 6,021,746
Operating grants and contributions	313,600	279,772	-	90,709	313,600	370,481
Capital grants and contributions	1,818	49,623	299,600	-	301,418	49,623
General revenues:						
Property taxes	3,094,027	3,069,853	-	-	3,094,027	3,069,853
Other taxes	2,159,169	2,103,684	-	-	2,159,169	2,103,684
Grants and contributions not restricted to specific programs						
	-	-	-	-	-	-
Other	151,468	230,077	11,547	6,290	163,015	236,367
<b>Total revenues</b>	<b>7,559,554</b>	<b>7,589,653</b>	<b>4,986,685</b>	<b>4,262,101</b>	<b>12,546,239</b>	<b>11,851,754</b>
<b>Expenses:</b>						
General government	1,168,874	1,343,583	-	-	1,168,874	1,343,583
Public safety	3,381,617	3,920,808	-	-	3,381,617	3,920,808
Highways/streets	1,052,579	1,339,282	-	-	1,052,579	1,339,282
Sanitation	1,023,588	1,061,703	-	-	1,023,588	1,061,703
Culture and recreation	842,919	839,570	-	-	842,919	839,570
Interest on long-term debt	50,582	36,714	-	-	50,582	36,714
Water and sewer	-	-	4,093,086	4,054,183	4,093,086	4,054,183
<b>Total expenses</b>	<b>7,520,159</b>	<b>8,541,660</b>	<b>4,093,086</b>	<b>4,054,183</b>	<b>11,613,245</b>	<b>12,595,843</b>
<b>Increase in net assets before transfers</b>	<b>39,395</b>	<b>(952,007)</b>	<b>893,599</b>	<b>207,918</b>	<b>932,994</b>	<b>(744,089)</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in net assets</b>	<b>39,395</b>	<b>(952,007)</b>	<b>893,599</b>	<b>207,918</b>	<b>932,994</b>	<b>(744,089)</b>
<b>Net assets, July 1</b>	<b>6,111,088</b>	<b>7,063,095</b>	<b>16,484,283</b>	<b>16,276,365</b>	<b>22,595,371</b>	<b>23,339,460</b>
<b>Net assets, June 30</b>	<b>\$ 6,150,483</b>	<b>\$ 6,111,088</b>	<b>\$ 17,377,882</b>	<b>\$ 16,484,283</b>	<b>\$ 23,528,365</b>	<b>\$ 22,595,371</b>

**Governmental activities.** Governmental activities increased the City's net assets by \$39,395 thereby accounting for 4.22% of the total increase in the net assets of the City of Oxford. Key elements of this increase are as follows:

- Reductions in payroll expenditures due to unfilled positions and a reduction of positions in the Police Department (\$163,438) and reduced operating expenses and lower payroll expenditures in the General Government departments (\$65,873).
- Reduced cost of contracted sanitation services (\$42,214).
- However reductions in expenditures mentioned above were offset by:
  - \$36,760 reduction in Sales and Use Tax below the FY 2011 level.
  - \$32,592 reduction in utility franchise tax, beer and wine and sales tax refund below the FY 2011 level.
  - Reductions in Powell Bill, FEMA/Fire Fighting Grant, Highway Safety Grant revenue of \$73,266.

**Business-type activities:** Business-type activities increased the City of Oxford's net assets by \$893,599. Key elements of this increase are as follows:

- Water and Sewer revenues up \$446,000 from the previous year due to a 5% increase in the water usage rate and increased water and sewer consumption.
- \$30,000 in reimbursement from the State for repairs of the I-85 lift station.
- Net income from the Storm Water fund of \$110,862.
- Reduced electricity and repair expense on lift stations from the previous year of \$30,000.
- Reduced operating expenses in the Water and Sewer Maintenance department from the previous year of \$80,000.
- An increase of \$209,000 in Community Development Block Grants and Rural Center Grants from the previous year.

### **Financial Analysis of the City's Funds**

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

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

The general fund is the chief operating fund of the City of Oxford. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,614,302, while total fund balance reached \$2,147,189. The City currently has an available fund balance of 21.9% of general fund expenditures, while total fund balance represents 29.1% of the same amount.

At June 30, 2012, the governmental funds of City of Oxford reported a combined fund balance of \$ 2,145,198, a 13.6 percent increase over last year.

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

General Fund revenues were less than budgeted primarily due to lower than anticipated sales tax and less than anticipated growth in Ad Valorem taxes, due to a weakened economy.

General Fund actual expenditures were less than budgeted due to less than anticipated expenses in supplies, software, computer maintenance, training, demolitions, fixed asset purchases, electricity and natural gas, building and equipment maintenance and debt service.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,662,664 and those for the Storm Water Management Fund amounted to \$186,544. The net assets of the Water and Sewer fund increased by \$782,736 whereas the Storm Water Fund increased by \$110,862, 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, 2012, totals \$ 28,055,482 (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 additions:

- Construction in progress in the Raleigh Street CDBG project: \$606,437
- Repaving of Peace Street: \$55,676
- Purchase of Dodge Charger Vehicle: \$27,039

**City of Oxford's Capital Assets**  
Figure 4

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,447,329	\$ 1,447,329	\$ 28,228	\$ 28,228	\$ 1,475,557	\$ 1,475,557
Buildings and systems	1,507,727	1,619,685	20,625,754	20,456,964	\$ 22,133,481	\$ 22,076,649
Improvements other than buildings	2,086,395	2,146,049	-	-	2,086,395	2,146,049
Vehicles and motorized equipment	915,107	1,102,047	397,700	459,963	1,312,807	1,562,010
Infrastructure	285,148	268,856	-	-	285,148	268,856
Construction in progress	2,000	2,000	760,094	986,501	762,094	988,501
<b>Total</b>	<b>\$ 6,243,706</b>	<b>\$ 6,585,966</b>	<b>\$21,811,776</b>	<b>\$ 21,931,656</b>	<b>\$ 28,055,482</b>	<b>\$ 28,517,622</b>

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, 2012, the City had capital lease debt of \$763,988 related to governmental activities and an installment purchase balance of \$325,000 related to the construction of Oxford Athletic Park. Regarding business-type activities, the City has capital lease debt of \$429,635 and a balance of \$6,853,467 for installment purchase financing to upgrade the City's Waste Water Treatment Plant. The City's net debt decreased by \$ 649,164 or 6.08 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 \$41,605,840.

Additional information regarding the City of Oxford's long-term debt can be found in note 10 beginning on page 74 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.

- Due to a still slow national economy, sales tax revenues are down 1.7% from the previous year. However, actual sales tax revenues were not as low as budgeted. (Actual sales tax collected was 10% higher than budget.)
- The economy also adversely impacted the growth in Ad Valorem taxes.
- Also due to a slow economy, the Granville Industrial Hub has not yet landed its first tenant.

## **Budget Highlights for the Fiscal Year Ending June 30, 2013**

### **Governmental Activities:**

Total budgeted revenue for FY 2013 is approximately \$570,000 greater than FY 2012 actual results.

Budgeted FY 2013 revenue from operations exceeds actual 2012 revenues by \$285,000. Several revenue sources comprise this difference. Property taxes are budgeted to be slightly higher (\$26,000) based on a small increase in the tax base. Likewise, sales tax revenue is projected to increase from FY 2012 by \$93,000 based on forecasted improvement of sales, especially in the retail sector. A 58 percent (\$92,000) increase is anticipated for business privilege license revenue due to the increase in internet sweepstakes business license fees, as well as the additional of sweepstakes businesses within the City. Furthermore, budgeted FY 2013 outside fire protection is greater than FY 2012 actual results because Revlon's \$96,000 fire protection fee was not paid in FY 2012 as anticipated. (It was paid after June 30, 2012; therefore, will be booked in FY 2013.)

Regarding budgeted revenue for loan proceeds, operating leases of capital asset purchases are \$285,443 greater than FY 2012 because of increases in capital outlays.

Budgeted FY 2013 expenditures in the General Fund exceed FY 2012 actual expenditures by approximately \$861,000. \$104,258 of this is attributed to increased capital outlays for FY 2013. Budgeted increases in debt service account for \$39,171 and higher employee health insurance costs account for \$29,760.

Explanation of the remainder of the difference by functional area:

### General Government \$153,000

Increases in retiree health insurance (\$44,500) and property insurance \$10,000 account for majority of the \$100,000 difference in the Governing Body department. Less than budgeted program expenditures in FY2012 and increases in budget for supervisory training and recruiting account for the \$26,100 increase in the Executive and Human Resource departments. Lower than anticipated computer support fees in 2012 and increased budgeted contract labor for 2013 account for \$14,800 of the difference in the Finance Department. Increases in the Building Maintenance department operating budget account for \$5,000 of the difference. Other differences are accounted for throughout the other General Government departments.

### Public Safety \$343,000

The Police Department has had two positions vacant since March 2012 and budgeted for FY 2013 which (when including fringes and employer expenses) account for \$184,000 of difference. Also, \$55,000 of grant expenditures budgeted for FY 2013 had no actual expenditures in FY 2012. Altogether, the Police Department had accounted for \$236,000 of the difference.

In the Fire Department, budget increases for FY 2013 in salaries, temporary wages and overtime pay account for \$51,200 of the difference, as do less than anticipated FY 2012 expenditures in career development and call back pay. FY 2013 budget increases in non-payroll related expenditures such as equipment purchases, equipment maintenance and staff training account for an additional \$47,000, as well as lower than budgeted operating costs in 2012.

### Transportation \$142,000

Increases in budgeted contract labor (\$47,000), street resurfacing (\$56,000) and funding for DOT sidewalk improvement project (\$31,582) account for the increase in budget from 2012.

### Environmental \$55,000

Less than anticipated expenditures in contracted sanitation services and gas and electricity account for the difference. No budget increase is planned for FY 2013.

### Culture and Recreation (\$5,700)

Parks and Recreation expenditure budgets are below 2012 actual expenditures due to reduced operating expenditures.

**Business – type Activities:**

For Fiscal Year 2013, total budgeted Water Fund revenues from operations are slightly less than FY 2012 revenues (\$2,505). This is primarily due to non-recurring 2012 revenue of \$30,000 for reimbursement from the State for repairs of the I-85 lift station. That, other miscellaneous revenues, and higher than anticipated sewer revenue more than offset the budgeted five % increase in water usage rates for FY 2013. Sales volume of water and sewer is budgeted to remain the same as 2012.

The FY 2013 Water Fund budgeted loan proceeds of \$309,000 will provide funding for 100% of capital assets purchases. In FY 2012, no capital asset purchases were funding externally.

Water fund operating budgeted expenditures for FY2013 are \$268,469 greater than 2012 actual expenditures and budgeted capital outlays are \$272,380 greater than those of 2012; however; these increases are offset by a \$525,000 decrease in budgeted funding for Water Capital projects, with a net difference of \$15,849 (0.3% of budget).

Storm Water 2012 budgeted revenue (\$152,083) is slightly lower than current year revenue (\$157,836). Budgeted expenditures (\$161,000) are significantly above 2012 actual expenditures (\$46,978). This is due primarily to budgeted funding of the Cherry/Goshen storm water project (\$80,000), which was also budgeted in FY 2012 but incurred no expenditures.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF OXFORD, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

**EXHIBIT 1**

	PRIMARY GOVERNMENT			Component Unit Oxford Parking Authority	Component Unit Downtown Oxford Economic Development Corporation
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL		
	ACTIVITIES	ACTIVITIES			
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 1,977,011	\$ 2,875,897	\$ 4,852,908	\$ 65,675	\$ 46,956
Restricted cash	113,504	-	113,504		
Taxes receivable	235,742	-	235,742	228	4,761
Accrued interest receivable on taxes	55,459	-	55,459	83	113
Accounts receivable	458,336	456,895	915,231	8,224	231
Assessments receivable	3,928	33,769	37,697	-	-
Loan receivable	-	111,920	111,920	-	-
Internal balances	(1,348)	1,348	-	-	-
Inventories	4,349	-	4,349	-	-
Prepaid items	5,864	-	5,864	-	1,355
Total current assets	<u>2,852,845</u>	<u>3,479,829</u>	<u>6,332,674</u>	<u>74,210</u>	<u>53,416</u>
<b>CAPITAL ASSETS (NOTE 1)</b>					
Land, non-depreciable improvements, and construction in progress	1,449,329	788,322	2,237,651	-	-
Other capital assets, net of depreciation	4,794,377	21,023,454	25,817,831	-	-
Total capital assets	<u>6,243,706</u>	<u>21,811,776</u>	<u>28,055,482</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,096,551</u>	<u>\$ 25,291,605</u>	<u>\$ 34,388,156</u>	<u>\$ 74,210</u>	<u>\$ 53,416</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 336,624	\$ 309,074	\$ 645,698	\$ -	\$ 1,190
Wages payable	79,822	12,503	92,325	-	-
Unearned revenue	-	-	-	-	7,900
Accrued interest payable	1,090	-	1,090	-	-
Current portion of vacation pay	215,849	40,017	255,866	-	-
Current portion of long-term debt	180,187	535,768	715,955	-	-
Total current liabilities	<u>813,572</u>	<u>897,362</u>	<u>1,710,934</u>	<u>-</u>	<u>9,090</u>
<b>NONCURRENT LIABILITIES</b>					
Accrued vacation pay	-	-	-	-	-
Customer deposits	-	74,445	74,445	-	-
Other Postemployment Benefits	916,733	170,669	1,087,402	-	-
Noncurrent portion of long-term debt	908,801	6,747,334	7,656,135	-	-
Unearned revenues	-	23,913	23,913	-	-
Net Pension Obligation	306,962	-	306,962	-	-
Total liabilities	<u>\$ 2,946,068</u>	<u>\$ 7,913,723</u>	<u>\$ 10,859,791</u>	<u>\$ -</u>	<u>\$ 9,090</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,154,718	14,528,674	19,683,392	-	-
Restricted for:					
Stabilization by State Statute	464,255	-	464,255	8,224	4,761
Streets	113,504	-	113,504	-	-
Unrestricted	418,006	2,849,208	3,267,214	65,986	39,565
Total net assets	<u>\$ 6,150,483</u>	<u>\$ 17,377,882</u>	<u>\$ 23,528,365</u>	<u>\$ 74,210</u>	<u>\$ 44,326</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, 2012**

**EXHIBIT 2**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Oxford Parking Authority	Unit Downtown Economic Development
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental Activities:									
General government	\$ 1,168,874	\$ 189,614	\$ 41,854	\$ -	\$ (937,406)	\$ -	\$ (937,406)		
Public Safety	3,381,617	346,735	4,534	-	(3,030,348)	-	(3,030,348)		
Transportation	1,052,579	-	230,742	1,818	(820,019)	-	(820,019)		
Environmental protection	1,023,588	1,154,924	3,017	-	134,353	-	134,353		
Cultural and recreation	842,919	148,199	-	-	(694,720)	-	(694,720)		
Education	-	-	33,453	-	33,453	-	33,453		
Interest on long-term debt	50,582	-	-	-	(50,582)	-	(50,582)		
Total governmental activities	7,520,159	1,839,472	313,600	1,818	(5,365,269)	-	(5,365,269)		
Business-type activities:									
Water and sewer	4,046,107	4,517,702	-	299,600	-	771,195	771,195		
Stormwater Management	46,979	157,836	-	-	-	110,857	110,857		
	4,093,086	4,675,538	-	299,600	-	882,052	882,052		
Total primary government	11,613,245	6,515,010	313,600	301,418	(5,365,269)	882,052	(4,483,217)		
Component units:									
Oxford Parking Authority	10,191	-	-	-				(10,191)	-
Downtown Oxford EDC	99,486	-	-	-				-	(99,486)
Total component units	109,677	-	-	-				(10,191)	(99,486)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					3,094,027	-	3,094,027	16,832	33,301
Sales tax					1,299,179	-	1,299,179	-	-
Alcoholic beverage tax					83,193	-	83,193	-	-
Privilege licenses					158,342	-	158,342	-	-
Utility franchise tax					556,118	-	556,118	-	-
Beer and wine tax					36,910	-	36,910	-	-
Sales tax refund					25,427	-	25,427	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	24,900
Unrestricted investment earnings					5,280	3,308	8,588	17	19
Miscellaneous					146,188	8,239	154,427	-	24,540
Transfers					-	-	-	-	-
Total general revenues, special items, transfers					5,404,664	11,547	5,416,211	16,849	82,760
Change in net assets					39,395	893,599	932,994	6,658	(16,726)
Net assets - beginning					6,111,088	16,484,283	22,595,371	67,552	61,052
Net assets - ending					\$ 6,150,483	\$ 17,377,882	\$ 23,528,365	\$ 74,210	\$ 44,326

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, 2012**

**EXHIBIT 3**

	<u>MAJOR</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>TOTAL NON- MAJOR FUNDS</u>	
<b>ASSETS</b>			
Cash and investments	\$ 1,977,011	\$ -	\$ 1,977,011
Restricted cash	113,504	-	113,504
Taxes receivable	235,742	-	235,742
Accounts receivable	458,336	-	458,336
Assessments receivable	3,928	-	3,928
Due from other funds	1,991	-	1,991
Inventories	4,349	-	4,349
Prepaid items	5,864	-	5,864
	<u>2,800,725</u>	<u>-</u>	<u>2,800,725</u>
Total assets	<u>\$ 2,800,725</u>	<u>\$ -</u>	<u>\$ 2,800,725</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 336,624	\$ -	\$ 336,624
Wages payable	79,822	-	79,822
Due to other funds	1,348	1,991	1,348
Deferred taxes	235,742	-	235,742
	<u>653,536</u>	<u>1,991</u>	<u>653,536</u>
Total liabilities	<u>653,536</u>	<u>1,991</u>	<u>653,536</u>
<b>Fund Balances:</b>			
<b>Non Spendable</b>			
Inventories	4,349	-	4,349
Prepaid items	5,864	-	5,864
<b>Restricted</b>			
Stabilization by State Statute	464,255	-	464,255
Streets	113,504	-	113,504
<b>Committed</b>			
Cultural, recreation and parks	25,000	-	25,000
<b>Assigned</b>			
Subsequent year's expenditures	24,736	-	24,736
Unassigned	1,509,481	(1,991)	1,507,490
	<u>2,147,189</u>	<u>(1,991)</u>	<u>2,145,198</u>
Total fund balances	<u>2,147,189</u>	<u>\$ (1,991)</u>	<u>2,145,198</u>
Total liabilities and fund balances	<u>\$ 2,800,725</u>	<u>\$ -</u>	<u>\$ 2,800,725</u>

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

**CITY OF OXFORD, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

**EXHIBIT 3**

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

Total equity and other credits (Exhibit 4)	\$ 2,145,198
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,243,706
Other long-term assets (accrued interest receivable) are not available to pay for current-period expenditures and therefore are deferred.	55,459
Liabilities for earned but deferred revenues in fund statements.	235,742
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund statements.	<u>(2,529,622)</u>
Net assets of governmental activities (Exhibit 1)	<u>\$ 6,150,483</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, 2012**

**EXHIBIT 4**

	MAJOR FUND GENERAL	TOTAL NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Ad valorem taxes	\$ 3,087,881	\$ -	\$ 3,087,881
Other taxes and licenses	1,540,714	-	1,540,714
Unrestricted intergovernmental revenues	618,455	-	618,455
Restricted intergovernmental revenues	293,746	-	293,746
Permits and fees	144,329	-	144,329
Sales and services	1,803,161	-	1,803,161
Investment earnings	7,319	9	7,328
Miscellaneous	59,842	-	59,842
<b>Total revenues</b>	<b>7,555,447</b>	<b>9</b>	<b>7,555,456</b>
<b>EXPENDITURES</b>			
Current:			
General government	1,105,025	-	1,105,025
Public safety	3,269,561	-	3,269,561
Transportation and utilities	977,527	-	977,527
Environmental protection	1,023,588	-	1,023,588
Cultural, recreation and parks	753,307	-	753,307
Debt service:			
Principal retirement	186,744	-	186,744
Interest and fees	50,711	-	50,711
<b>Total expenditures</b>	<b>7,366,463</b>	<b>-</b>	<b>7,366,463</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>188,984</b>	<b>9</b>	<b>188,993</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease obligations issued	68,261	-	68,261
<b>Net change in fund balance</b>	<b>257,245</b>	<b>9</b>	<b>257,254</b>
Fund balance, Beginning of year - July 1	1,889,944	(2,000)	1,887,944
<b>Fund balance, End of year - June 30</b>	<b>\$ 2,147,189</b>	<b>\$ (1,991)</b>	<b>\$ 2,145,198</b>

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, 2012**

**EXHIBIT 4**

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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	257,254
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.		(342,260)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(155,001)
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.		118,483
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.		160,919
		160,919
Total changes in net assets of governmental activities	\$	39,395

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, 2012**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,096,374	\$ 3,096,374	\$ 3,087,881	\$ (8,493)
Other taxes and licenses	1,445,200	1,445,200	1,540,714	95,514
Unrestricted intergovernmental revenues	668,000	668,000	618,455	(49,545)
Restricted intergovernmental revenues	295,614	302,426	293,746	(8,680)
Permits and fees	157,650	157,650	144,329	(13,321)
Sales and services	1,928,791	1,936,668	1,803,161	(133,507)
Investment earnings	7,750	7,750	7,319	(431)
Miscellaneous	51,600	54,300	59,842	5,542
<b>Total revenues</b>	<b>7,650,979</b>	<b>7,668,368</b>	<b>7,555,447</b>	<b>(112,921)</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,190,754	1,181,745	1,105,025	76,720
Public safety	3,406,929	3,444,046	3,269,561	174,485
Transportation and utilities	1,018,247	1,022,378	977,527	44,851
Environmental protection	1,080,300	1,080,300	1,023,588	56,712
Cultural, recreation and parks	733,862	791,258	753,307	37,951
Debt service:				
Principal retirement	186,744	186,744	186,744	-
Interest and fees	91,262	69,262	50,711	18,551
<b>Total expenditures</b>	<b>7,708,098</b>	<b>7,775,733</b>	<b>7,366,463</b>	<b>409,270</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(57,119)</b>	<b>(107,365)</b>	<b>188,984</b>	<b>296,349</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(31,582)	(31,582)	-	31,582
Capital lease obligations issued	56,200	56,200	68,261	12,061
<b>Total other financing sources (uses)</b>	<b>\$ 24,618</b>	<b>\$ 24,618</b>	<b>\$ 68,261</b>	<b>\$ 43,643</b>

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, 2012**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(32,501)	(82,747)	257,245	339,992
APPROPRIATED FUND BALANCE	32,501	82,747	-	(82,747)
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ -	257,245	\$ 257,245
Fund balance, Beginning of year - July 1, as restated			1,889,944	
Fund balance, End of year - June 30			<u>\$ 2,147,189</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, 2012**

**EXHIBIT 6**

	MAJOR FUND	NONMAJOR FUND	TOTAL
	WATER AND SEWER	STORMWATER MANAGEMENT	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 2,688,833	\$ 187,064	\$ 2,875,897
Accounts receivable	456,895	-	456,895
Loan receivable	111,920	-	111,920
Assessments receivable	33,769	-	33,769
Due from other funds	1,298	50	1,348
Total current assets	<u>3,292,715</u>	<u>187,114</u>	<u>3,479,829</u>
<b>CAPITAL ASSETS (NOTE 1)</b>			
Land, non-depreciable improvements, and construction in progress	788,322	-	788,322
Other capital assets, net of depreciation	21,013,343	10,111	21,023,454
Capital assets (net)	<u>21,801,665</u>	<u>10,111</u>	<u>21,811,776</u>
Total noncurrent assets			
Total assets	<u>25,094,380</u>	<u>197,225</u>	<u>25,291,605</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Salaries payable	12,503	-	12,503
Accounts payable and accrued liabilities	308,504	570	309,074
Current portion of accrued vacation pay	40,017	-	40,017
Current portion of long-term debt	535,768	-	535,768
Due to other funds			-
Total current liabilities	<u>896,792</u>	<u>570</u>	<u>897,362</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued vacation pay	-	-	-
Customer deposits	74,445	-	74,445
Other Postemployment Benefits	170,669	-	170,669
Noncurrent portion of long-term debt	6,747,334	-	6,747,334
Deferred revenues	23,913	-	23,913
Total noncurrent liabilities	<u>7,016,361</u>	<u>-</u>	<u>7,016,361</u>
Total liabilities	<u>7,913,153</u>	<u>570</u>	<u>7,913,723</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	14,518,563	10,111	14,528,674
Unrestricted Net Assets	2,662,664	186,544	2,849,208
Total net assets	<u>\$ 17,181,227</u>	<u>\$ 196,655</u>	<u>\$ 17,377,882</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 ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**EXHIBIT 7**

	MAJOR FUND WATER AND SEWER FUND	NONMAJOR FUND STORMWATER MANAGEMENT	TOTAL
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,296,493	\$ 157,836	\$ 4,454,329
Other operating revenues	221,209	-	221,209
Total operating revenues	4,517,702	157,836	4,675,538
<b>OPERATING EXPENSES</b>			
General operations	686,118	46,698	732,816
Meter service	102,162	-	102,162
Water supply, pumping, and filtering	918,694	-	918,694
Water and sewer line maintenance	583,645	-	583,645
Lift Station Master	25,824	-	25,824
Coon Creek lift station	20,180	-	20,180
Certaineed lift station	2,744	-	2,744
Rolling Wood lift station	1,959	-	1,959
Stovall water line	5,102	-	5,102
Kingsbury St. lift station	1,848	-	1,848
Knott's Grove lift station	2,716	-	2,716
Willow Apts lift station	1,012	-	1,012
I-85 lift station	8,156	-	8,156
Clover Lane lift station	1,899	-	1,899
Industrial waste treatment	690,081	-	690,081
Depreciation	805,389	281	805,670
Total operating expenses	3,857,529	46,979	3,904,508
Operating income (loss)	660,173	110,857	771,030
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain (loss) on disposal of assets	8,239	-	8,239
Investment earnings	3,303	5	3,308
Interest on assessments	-	-	-
Interest on long-term debt	(188,578)	-	(188,578)
Total nonoperating revenue (expenses)	(177,036)	5	(177,031)
Income (loss) before transfers	483,137	110,862	593,999
Capital Contribution	299,600	-	299,600
Transfer from water capital projects	-	-	-
Change in net assets	782,737	110,862	893,599
Total net assets - beginning - July 1	16,398,490	85,793	16,484,283
Total net assets - ending - June 30	\$ 17,181,227	\$ 196,655	\$ 17,377,882

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, 2012**

**EXHIBIT 8**

	<u>MAJOR FUND WATER AND SEWER FUND</u>	<u>NONMAJOR FUND STORMWATER MANAGEMENT</u>	<u>TOTAL</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 3,694,782	\$ 157,836	\$ 3,852,618
Cash paid for goods and services	(1,292,225)	(47,707)	(1,339,932)
Cash paid to employees	(934,615)	-	(934,615)
Customer deposits received	11,585	-	11,585
Net Cash Provided (Used) By Operating Activities	<u>1,479,527</u>	<u>110,129</u>	<u>1,589,656</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers from other funds	5,021	-	5,021
Transfers to other funds	-	(50)	(50)
Total cash flows from noncapital financing activities	<u>5,021</u>	<u>(50)</u>	<u>4,971</u>
<b>Cash Flow from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(685,791)	-	(685,791)
Proceeds from capital debt	-	-	-
Principal paid on debt	(535,664)	-	(535,664)
State grants	299,600	-	299,600
Proceeds from sale of asset	8,239	-	8,239
Principal received on loan	7,596	-	7,596
Interest on assessments	-	-	-
Interest paid on debt	(188,578)	-	(188,578)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,094,598)</u>	<u>-</u>	<u>(1,094,598)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on investments	3,303	5	3,308
Net Cash Flows from Investing Activities	<u>3,303</u>	<u>5</u>	<u>3,308</u>
Net Increase (Decrease) in Cash and Cash Equivalents	393,253	110,084	503,337
Cash and Cash Equivalents - Beginning of the Year	2,295,580	76,980	2,372,560
Cash and Cash Equivalents - End of the Year	<u>\$ 2,688,833</u>	<u>\$ 187,064</u>	<u>\$ 2,875,897</u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</b>			
Operating Income	\$ 660,173	\$ 110,857	\$ 771,030
<b>Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:</b>			
Depreciation	805,389	281	805,670
<b>Change in assets and liabilities:</b>			
Accounts receivable	(50,874)	-	(50,874)
Assessments receivable	-	-	-
Salaries payable	(11,992)	-	(11,992)
Accounts payable	58,572	(1,009)	57,563
Customer deposits	11,585	-	11,585
Accrued vacation payable	(25,853)	-	(25,853)
Other Postemployment Benefits	32,527	-	32,527
Deferred revenue	-	-	-
Total Adjustments	<u>819,354</u>	<u>(728)</u>	<u>818,626</u>
Net Cash Provided By Operating Activities	<u>\$ 1,479,527</u>	<u>\$ 110,129</u>	<u>\$ 1,589,656</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, 2012**

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**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  
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B. Basis of Presentation

*Government-wide Statements:* The statement of net assets 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  
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The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating

**CITY OF OXFORD, NORTH CAROLINA  
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revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Granville County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Oxford. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Granville County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown a receivable in these financial statements and are offset by deferred revenues.

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

**CITY OF OXFORD, NORTH CAROLINA  
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certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

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, 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

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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authority; obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The city's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

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, 2012, there were no unexpended bond proceeds. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

4. Ad Valorem Taxes Receivables

In accordance with State law (G.S. 105-347 and G.S. 159- 13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2011. As allowed by State

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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

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

7. Capital Assets

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

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

**CITY OF OXFORD, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
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<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Infrastructure	30
Buildings	40
Improvements	10
Vehicles	7
Furniture and equipment	10
Computer software	5
Computer equipment	7

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

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

8. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related debt.

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

9. 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

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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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.

#### 10. Net Assets/Fund Balances

##### Net Assets

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

##### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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.

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

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

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

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

Assigned fund balance – portion of fund balance that City of Oxford intends to use for specific purposes.

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

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

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

11. 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

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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of net assets. The net adjustment of \$4,005,285 consists of several elements as follows:

<u>Description</u>		<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$14,213,483	
Less Accumulated Depreciation	<u>(7,969,777)</u>	
Net capital assets		\$ 6,243,706
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		55,459
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide		235,742
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	(1,088,988)	
Compensated absences	(215,849)	
Net Pension Obligation	(306,962)	
Other Post Employment Benefits	(916,733)	
Accrued interest payable	<u>(1,090)</u>	
Liability adjustment		<u>(2,529,622)</u>
Total adjustment		<u>\$4,005,285</u>

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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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 (\$217,859) 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	168,684
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	(510,944)
New debt issued during the year is recorded as a source of funds on the fund statements, it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(68,261)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	186,744
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	

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Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	129
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	173,431
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(12,641)
Other Postemployment Benefits are accrued in the government wide statements but not in the fund statements because they do not use current resources	(159,099)
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 7-1-11	(226,616)
Recording of tax receipts deferred in the fund statements as of 6-30-12	235,742
Increase in accrued taxes receivable for the year ended 6-30-12	(2,980)
Increase in accrued interest receivable for the year ended 6-30-12	<u>(2,048)</u>
Total adjustment	<u>(\$ 217,859)</u>

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE II. DETAIL NOTES ON ALL FUNDS**

A. Assets

1. Deposits

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

At June 30, 2012, the City's deposits had a carrying amount of \$2,075,414 and a bank balance of \$2,242,198. 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

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Parking Authority was \$34,507 and the bank balance was \$34,507. The carrying amount of deposits for Downtown Oxford Economic Development Corporation was \$13,073 and the bank balance was \$24,274. 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, 2012, the City's petty cash fund totaled \$2,375.

2. Investments

At June 30, 2012, the City of Oxford had \$2,888,623 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

At June 30, 2012, the Oxford Parking Authority had \$31,168 and the Downtown Economic Development Corporation had \$33,883 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, 2011, were as follows:

General Fund:		
Taxes Receivable	\$ 235,742	
Accrued interest receivable	55,459	
Accounts Receivable	458,336	
Assessments Receivable	<u>3,928</u>	
Total General Funds		\$ 753,465
Enterprise Funds:		
Service Receivable	\$ 456,895	
Assessments Receivable	33,769	
Loan to the Town of Stovall	<u>111,920</u>	
		<u>602,584</u>
Total		<u>\$ 1,356,049</u>

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

Capital asset activity for the Primary Government for the year ended June 30, 2012 was as follows:

	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending Balances
<b><u>Governmental activities</u></b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ 2,000	-		\$2,000
Land	<u>1,447,329</u>	-	-	<u>\$ 1,447,329</u>
Assets not being Depreciated	1,449,329	-	0	1,449,329
 <b>Capital Assets being depreciated:</b>				
Buildings	4,747,005			4,747,005
Other improvements	2,946,730	12,500		2,959,230
Equipment and vehicles	4,459,046	100,508	10,186	4,549,368
Infrastructure	<u>452,875</u>	<u>55,676</u>	-	<u>508,551</u>
Total capital assets being depreciated	12,605,656	168,684	10,186	12,764,154
 <b>Less accumulated depreciation for:</b>				
Buildings	3,127,320	111,958		3,239,278
Other improvements	800,681	72,154		872,835
Equipment and vehicles	3,356,999	287,448	10,186	3,634,261
Infrastructure	<u>184,019</u>	<u>39,384</u>	-	<u>223,403</u>
Total accumulated depreciation	<u>7,469,019</u>	<u>510,944</u>	<u>10,186</u>	<u>7,969,777</u>
Total capital assets being depreciated, net	<u>5,136,637</u>			<u>4,794,377</u>
<b>Government activity capital assets, net</b>	<u>\$6,585,966</u>			<u>\$ 6,243,706</u>

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

General government	\$ 102,917
Public safety	229,694
Transportation	74,603
Recreational and parks	<u>103,730</u>
Total depreciation expense	<u>\$ 510,944</u>

	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending Balances
<b><u>Business-type activities</u></b>				
<b>Water and Sewer Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 28,228			\$ 28,228
Construction in progress	<u>986,501</u>	<u>677,170</u>	<u>903,577</u>	<u>760,094</u>
Total capital assets not being depreciated	1,014,729	677,170	903,577	788,322
<b>Capital Assets being depreciated:</b>				
Plant & distribution system	28,649,083	903,577		29,552,660
Furniture and equipment	<u>2,054,359</u>	<u>8,620</u>	<u>34,607</u>	<u>2,028,372</u>
Total capital assets being depreciated	<u>30,703,442</u>	<u>912,197</u>	<u>34,607</u>	<u>31,581,032</u>
<b>Less accumulated depreciation for:</b>				
Plant & distribution system	8,192,119	734,787		8,926,906
Furniture & equipment	<u>1,594,396</u>	<u>70,883</u>	<u>34,607</u>	<u>1,630,672</u>
Total accumulated depreciation	<u>9,786,515</u>	<u>805,670</u>	<u>34,607</u>	<u>10,557,578</u>
Total capital assets being depreciated, net	<u>20,916,927</u>			<u>21,023,454</u>
<b>Enterprise Fund capital assets, net</b>	<u>\$ 21,931,656</u>			<u>\$21,811,776</u>

Construction commitments

The government has active construction projects as of June 30, 2012. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water & Sewer Capital Projects	\$ 762,094	\$ 2,220,800

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Discretely presented component units

Activity for the Oxford Parking Authority for the year ended June 30, 2012 was as follows:

	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<b>Capital Assets being depreciated:</b>				
Other improvements	\$ 10,635	-	-	\$ 10,635
<b>Less accumulated depreciation for:</b>				
Other improvements	<u>10,635</u>	<u>-</u>	<u>-</u>	<u>\$ 10,635</u>
<b>Oxford Parking Authority capital assets, net</b>	<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, 2012.

**B. Liabilities**

**1. Pension Plan Obligations**

**Local Governmental Employees' Retirement System**

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

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in

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law enforcement and for law enforcement officers is 6.99% and 7.05%, respectively, of annual covered payroll.

The contribution requirements of members and of the City of Oxford are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$272,194, \$261,021, and \$192,231, respectively. The contributions made by the City equaled the required contributions for each year.

2. Law Enforcement Officers Special Separation Allowance

a. Plan Description

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>30</u>
Total	<u>35</u>

A separate report was not issued by the plan.

b. Summary of Significant Accounting Policies:

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

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

c. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The 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, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases.

*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	\$ 68,407
Interest on net pension obligation	14,716
Adjustment to annual required contribution	<u>(17,558)</u>
Annual pension cost	65,565
Contributions made	<u>(52,924)</u>
Increase (decrease) in net pension obligation	12,641
Net pension obligation beginning of year	<u>294,321</u>
Net pension obligation end of year	<u>\$ 306,962</u>
3-Year Trend Information	

			Net
<u>Fiscal</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Pension</u>
<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6/30/10	56,735	70.15%	268,159
6/30/11	68,331	61.71%	294,321
6/30/12	65,565	80.72%	306,962

*Funded Status and Funding Progress*

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$637,826. The covered payroll (annual payroll of active employees covered by the plan) was \$1,306,865 and

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the ratio of the UAAL to the covered payroll was 48.81%.

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, 2012 were \$153,837, which consisted of \$63,002 from the City and \$90,835 from the law enforcement officers.

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

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Oxford, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers the have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statement and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through

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appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

5. Other Post-employment Benefits

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

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

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

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

The current ARC rate is 11.07% of annual covered payroll. For the current year, the City contributed \$131,831 or 3.36% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.27% and 1.09% of covered payroll, respectively. The City's obligation to contribute to HCB Plan is established and may be amended by the City's Board of Commissioners.

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

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

Annual required contribution	318,539
Interest on net OPEB obligation	35,831
Adjustment to annual required contribution	(30,913)
Annual OPEB cost (expense)	323,457
Contributions made	(131,831)
Increase (decrease) in net OPEB obligation	191,626
Net OPEB obligation, beginning of year	895,776
Net OPEB obligation, end of year	1,087,402

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, 2011 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>
6/30/10	572,108	21.5%	449,288
6/30/11	572,108	22%	895,776
6/30/12	318,539	40.8	1,087,402

*Funding Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for the benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,759,139. The covered payroll (annual payroll of active employees covered by the plan) was \$3,932,648 and the ratio of the UAAL to the covered payroll was 146.45%. Actuarial valuations of an ongoing plan

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involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-medicare cost trend increase of 9.5% to 5.00% annually and a post-medicare cost trend increase of 7.0% to 5.0% annually. The investment rate included a 3.0% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 29 years.

6. Other Employment Benefits

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing

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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, 2012, the City made contributions to the State for death benefits of \$ 4,273. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .11% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

7. Unearned Revenues

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

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

8. 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.

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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, 2012 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, 2012 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.

9. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2012, 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.

10. Long-Term Obligations

a. Capital Leases

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

1. An agreement was entered into on April 9, 2002 for the financing of the

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Foundry Branch II Outfall Project. This lease requires 20 annual payments of \$40,675 plus semi-annual payments of interest at the rate of 2.87% per annum.

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

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

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

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

The following is an analysis of the assets recorded under capital leases at June 30, 2012:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$848,660	\$ 276,382	\$ 572,278
Vehicles	810,318	94,890	715,428
Improvements	<u>21,728</u>	<u>543</u>	<u>21,185</u>
Total	<u>\$1,680,706</u>	<u>\$371,815</u>	<u>\$1,308,891</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	<u>General Long-Term Debt</u>	<u>Enterprise Funds</u>
2013	150,007	58,293
2014	150,007	57,126
2015	150,007	55,959
2016	150,011	54,788
2017	80,713	47,680
2018-2022	<u>149,148</u>	<u>220,889</u>
Total minimum lease payments	\$ 829,893	\$ 494,735
Less: amount representing interest	<u>( 65,905)</u>	<u>( 65,100)</u>
Present value of minimum lease payments	<u>\$ 763,988</u>	<u>\$ 429,635</u>

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b. Installment Purchases

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

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

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

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

Annual debt service payments of the installment purchase as of June 30, 2012, including \$1,265,990 of interest are as follows:

<u>Year ending</u> <u>June 30</u>	Governmental Type Activities		Business Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	50,000	11,086	489,533	163,564
2014	50,000	9,251	489,534	151,881
2015	50,000	7,416	489,534	140,198
2016	50,000	5,581	489,534	128,515
2017	50,000	3,746	489,534	116,831
2018-2022	75,000	2,179	2,447,666	408,910
2023-2027	0	0	1,958,132	116,832
Total	<u>\$325,000</u>	<u>\$39,259</u>	<u>\$ 6,853,467</u>	<u>\$1,226,731</u>

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c. Changes in General Long-Term Liabilities

	Balance <u>7-1-11</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6-30-12</u>	Current Portion of <u>Balance</u>
<i>Governmental activities:</i>					
Capitalized Leases	\$ 832,471	\$ 68,261	\$ 136,744	\$ 763,988	\$130,187
Installment Purchases	375,000	-	50,000	325,000	50,000
Compensated absences	389,280	92,399	265,830	215,849	215,849
Other Post Employment Benefits	757,634	159,099	-	916,733	-
Net Pension Obligation	<u>294,321</u>	<u>12,641</u>	<u>-</u>	<u>306,962</u>	<u>-</u>
Total governmental activities	<u>\$2,648,706</u>	<u>\$332,400</u>	<u>\$ 452,574</u>	<u>\$ 2,528,532</u>	<u>\$396,036</u>
<i>Business-type activities:</i>					
Capitalized Leases	\$475,766	\$ -	\$ 46,131	\$429,635	\$46,235
Installment Purchases	7,343,000	-	489,533	6,853,467	489,533
Compensated absences	65,870	50,807	76,660	40,017	40,017
Other Post Employment Benefits	<u>138,142</u>	<u>32,527</u>	<u>-</u>	<u>170,669</u>	<u>-</u>
Total business-type activities	<u>\$8,022,778</u>	<u>\$83,334</u>	<u>\$ 612,324</u>	<u>\$7,493,788</u>	<u>\$575,785</u>

d. Interfund Balances and Activity

Balances Due to/from Other Funds

Balances due to/from other funds at June 30, 2012, consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Due From/To Other Funds:			
General Capital Projects	General	\$1,991	To assist in funding general fund capital projects

**CITY OF OXFORD, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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General	Enterprise	\$ 1,348	Payments made during the year out of the general fund for the water fund.
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Transfers to/from other funds at June 30, 2012 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Water/Sewer	Water/Sewer Capital Projects	\$915,000	To assist in funding water and sewer projects

Capitalized leases, installment purchases, compensated absences, and the net OPEB obligation have been liquidated in the general fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**NOTE III. JOINTLY GOVERNED ORGANIZATION**

The City, in conjunction with five counties and fifteen other municipalities, established the Kerr-Tar Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$2,729 to the Council during the fiscal year ended June 30, 2012.

**NOTE IV. JOINT VENTURES**

The City, in conjunction with Granville and Vance County, and the City of Henderson, participates in a regional airport. Each participating government appoints one member to the four-member board. The Airport is a joint venture and improves the quality of life for its citizens. The City has an ongoing financial responsibility for the Airport because it and the other governmental entities are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The City contributed \$26,022 to the Airport during the fiscal year ended June 30, 2012. 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, 2012. 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

**CITY OF OXFORD, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2012. The Firemen's Relief Fund does not issue separate audited financial statements. Instead the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

**NOTE V. RELATED ORGANIZATION**

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

**NOTE VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

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

**NOTE VII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The City has evaluated events and transactions that occurred between June 30, 2012 and November 30, 2012, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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

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

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

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

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

Notes to the required schedules:

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

Additional information as for the latest actuarial valuation follows:

Valuation date	12/31/11
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 7.85%
Cost of living adjustments	N/A

\*Includes inflation at 3.00%

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

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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%

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

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<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%

Notes to Required Supplemental Schedules

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

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

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

## **MAJOR GOVERNMENTAL FUNDS**

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

**CITY OF OXFORD, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES</b>				
Ad valorem taxes				
Taxes	\$ 3,073,374	\$ 3,067,054	\$ (6,320)	\$ 3,070,530
Interest	23,000	20,827	(2,173)	24,177
Total	3,096,374	3,087,881	(8,493)	3,094,707
Other taxes and licenses:				
Local option sales taxes	1,181,000	1,299,179	118,179	1,335,939
Local ABC revenues	60,000	83,193	23,193	49,185
Privilege licenses	204,200	158,342	(45,858)	67,512
Total	1,445,200	1,540,714	95,514	1,452,636
Unrestricted intergovernmental				
Utility franchise tax	600,000	556,118	(43,882)	575,978
Beer and wine tax	36,000	36,910	910	41,795
Sales tax refund	32,000	25,427	(6,573)	33,275
Total	668,000	618,455	(49,545)	651,048
Restricted intergovernmental				
"State Street Aid" grant	225,127	230,742	5,615	244,353
JAG grant	21,779	4,534	(17,245)	5,403
N C Department of Insurance Grant	3,596	0	(3,596)	0
Recovery Act Grant	7,162	-	(7,162)	-
FEMA/Fire Fighter Grant	16,000	-	(16,000)	47,500
Police Cadet Program	-	0	-	1,139
Oxford Athletic Park Donations	-	0	-	7,500
Solid Waste Disposal Tax	2,000	3,017	1,017	1,680
School Resource Officer funding	26,762	33,453	6,691	6,691
Highway Safety Grant	-	-	-	12,156
Traffic Safety Unit Grant	-	-	-	0
Tourism Contribution	-	22,000	22,000	-
Total	302,426	293,746	(8,680)	326,422
Permits and fees				
Cable T.V. Franchise	13,900	-	(13,900)	13,975
Special use permits	27,700	33,246	5,546	27,378
Auto tags	116,050	111,083	(4,967)	115,108
Total	\$ 157,650	\$ 144,329	\$ (13,321)	\$ 156,461

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Sales and Services				
Recreation	\$ 75,845	\$ 80,586	\$ 4,741	\$ 76,575
Refuge collections	1,147,000	1,145,494	(1,506)	1,120,853
Mowing charges	1,500	1,818	318	2,123
Cemetery interment	10,600	9,430	(1,170)	11,010
Fire protection	56,600	64,842	8,242	56,663
Special fire protection	340,000	204,890	(135,110)	304,532
Sidewalks	1,200	-	(1,200)	350
Police undercover fund	43,173	34,679	(8,494)	16,445
Recreation Granville Co.	67,000	67,613	613	67,613
Soft Body Armor	3,500	-	(3,500)	500
Rental income	151,250	156,368	5,118	125,622
Police Fees - Housing Authority	39,000	37,441	(1,559)	44,183
Total	1,936,668	1,803,161	(133,507)	1,826,469
Investment earnings				
General Fund	7,550	7,312	(238)	6,894
Powell Bill	200	7	(193)	194
Total	7,750	7,319	(431)	7,088
Miscellaneous				
Court fees and charges	7,400	4,883	(2,517)	5,770
DOEDC contribution	8,000	19,854	11,854	0
Miscellaneous	38,900	28,426	(10,474)	14,666
Sales of surplus property	-	6,679	6,679	78,975
Total	54,300	59,842	5,542	99,411
Total revenues	\$ 7,668,368	\$ 7,555,447	\$ (112,921)	\$ 7,614,242

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES</b>				
General Government				
Governing Body				
Salaries and employee				
benefits	\$ 63,755	\$ 60,457	\$ 3,298	\$ 61,446
Membership dues	15,497	14,253	1,244	14,757
Other operating				
expenditures	323,702	272,865	50,837	303,265
Capital Outlay	-	-	-	-
Reimbursements -				
Enterprise Fund	(310,000)	(310,008)	8	(310,008)
Total	92,954	37,567	55,387	69,460
Administration				
Salaries and employee				
benefits	350,533	339,825	10,708	352,760
Other operating				
expenditures	57,137	48,586	8,551	68,308
Total	407,670	388,411	19,259	421,068
Finance				
Salaries and employee				
benefits	243,801	239,742	4,059	237,120
Capital outlay	-	-	-	16,411
Other operating				
expenditures	81,276	71,659	9,617	79,502
Total	325,077	311,401	13,676	333,033
Planning and Zoning				
Salaries and employee				
benefits	89,559	87,964	1,595	83,832
Other operating				
expenditures	25,900	40,987	(15,087)	21,173
Total	\$ 115,459	\$ 128,951	\$ (13,492)	\$ 105,005

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Legal fees				
Contracted services	\$ 26,000	\$ 32,058	\$ (6,058)	\$ 25,363
Other operating expenditures	5,000	3,411	1,589	4,752
Total	31,000	35,469	(4,469)	30,115
Public Buildings				
Salaries and employee benefits	97,765	96,307	\$ 1,458	95,602
Capital Outlay	-	-	-	-
Other operating expenditures	52,325	45,917	6,408	57,803
Total	150,090	142,224	7,866	153,405
Public Works Administration				
Salaries and employee benefits	44,205	43,077	1,128	43,446
Other operating expenditures	15,290	17,925	(2,635)	15,366
Total	59,495	61,002	(1,507)	58,812
Donation To Granville County Economic Development Commission	-	-	-	-
Total General Government	\$ 1,181,745	\$ 1,105,025	\$ 76,720	\$ 1,170,898

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Public Safety				
Police				
Salaries and employee benefits	\$ 2,258,314	\$ 2,162,130	\$ 96,184	\$ 2,325,568
Vehicle maintenance	40,000	46,056	(6,056)	41,365
Other operating expenditures	300,434	260,067	40,367	278,267
Capital outlay	72,408	67,561	4,847	184,873
Total	<u>2,671,156</u>	<u>2,535,814</u>	<u>135,342</u>	<u>2,830,073</u>
Fire				
Salaries and employee benefits	614,494	590,496	23,998	640,598
Vehicle maintenance	14,500	14,464	36	9,713
Capital outlay	22,320	21,640	680	76,506
Other operating expenditures	121,576	107,147	14,429	105,074
Total	<u>772,890</u>	<u>733,747</u>	<u>39,143</u>	<u>831,891</u>
Total public safety	<u>3,444,046</u>	<u>3,269,561</u>	<u>174,485</u>	<u>3,661,964</u>
Transportation:				
Streets and highways:				
Salaries and employee benefits	417,628	405,207	12,421	440,636
Vehicle maintenance	16,200	16,387	(187)	14,350
Asphalt and gravel	15,000	7,665	7,335	7,768
Street lights	107,253	101,338	5,915	102,922
Other operating expenditures	234,451	169,222	65,229	418,831
Capital outlay	-	55,676	(55,676)	49,743
Sidewalks	25,000	23,822	1,178	30,499
Total	<u>815,532</u>	<u>779,317</u>	<u>36,215</u>	<u>1,064,749</u>
Airport				
Donation to VGHO Airport	26,022	26,022	-	26,022
Total	<u>\$ 26,022</u>	<u>\$ 26,022</u>	<u>\$ -</u>	<u>\$ 26,022</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
City Garage				
Salaries and employee benefits	\$ -	\$ -	\$ -	\$ -
Other operating expenditures	4,800	4,027	773	6,679
Total	<u>4,800</u>	<u>4,027</u>	<u>773</u>	<u>6,679</u>
Engineering				
Salaries and employee benefits	160,424	158,046	2,378	157,984
Capital outlay	-	-	-	12,998
Other operating expenditures	12,600	7,115	5,485	7,076
Total	<u>173,024</u>	<u>165,161</u>	<u>7,863</u>	<u>178,058</u>
Elderly Transportation				
Donation to elderly transportation	3,000	3,000	-	4,000
Total	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>4,000</u>
Total transportation & utilities	<u>1,022,378</u>	<u>977,527</u>	<u>44,851</u>	<u>1,279,508</u>
Environmental Protection				
Sanitation				
Contracted services	965,000	921,486	43,514	963,700
Other operating expenditures	80,300	68,170	12,130	64,638
Total	<u>1,045,300</u>	<u>989,656</u>	<u>55,644</u>	<u>1,028,338</u>
Cemetery				
Salaries and employee benefits	-	-	-	-
Other operating expenditures	35,000	33,932	1,068	33,365
Total	<u>35,000</u>	<u>33,932</u>	<u>1,068</u>	<u>33,365</u>
Total environmental protection	<u>\$ 1,080,300</u>	<u>\$ 1,023,588</u>	<u>\$ 56,712</u>	<u>\$ 1,061,703</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Culture and recreation:				
Parks and recreation:				
Salaries and employee benefits	\$ 447,420	\$ 450,251	\$ (2,831)	\$ 462,387
Other operating expenditures	149,470	160,353	(10,883)	117,051
Capital outlay	42,858	12,500	30,358	28,406
Total	<u>639,748</u>	<u>623,104</u>	<u>16,644</u>	<u>607,845</u>
Swimming Pool				
Salaries and employee benefits	20,415	13,548	6,867	20,935
Other operating expenditures	15,200	7,462	7,738	12,303
Total	<u>35,615</u>	<u>21,010</u>	<u>14,605</u>	<u>33,238</u>
Lake Devin Facilities				
Salaries and employee benefits	-	-	-	-
Other operating expenditures	6,450	850	5,600	3,387
Utilities	2,720	1,466	1,254	1,105
Total	<u>9,170</u>	<u>2,316</u>	<u>6,854</u>	<u>4,492</u>
Parks				
Salaries and employee benefits	69,763	67,968	1,795	30,309
Capital outlay	12,061	11,307	754	-
Other operating expenditures	15,025	17,726	(2,701)	47,584
Total	<u>96,849</u>	<u>97,001</u>	<u>(152)</u>	<u>77,894</u>
Cultural				
Contribution-Granville County Museum	9,876	9,876	-	14,000
Total	<u>9,876</u>	<u>9,876</u>	<u>-</u>	<u>14,000</u>
Total culture and recreation	<u>\$ 791,258</u>	<u>\$ 753,307</u>	<u>\$ 37,951</u>	<u>\$ 737,469</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Debt service:				
Principal retirement	\$ 186,744	\$ 186,744	\$ -	\$ 200,689
Interest and other charges	69,262	50,711	18,551	36,984
Total debt service	256,006	237,455	18,551	237,673
Total expenditures	7,775,733	7,366,463	409,270	8,149,215
Revenues over (under) expenditures	(107,365)	188,984	296,349	(534,973)
Other Financing Sources (uses)				
Transfers from other funds				
Water	-	-	-	-
Capital Projects	(31,582)	-	31,582	-
Proceeds of Capital lease	56,200	68,261	12,061	330,357
Total other financing sources (uses)	24,618	68,261	43,643	330,357
APPROPRIATED FUND BALANCE	82,747	-	(82,747)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	257,245	\$ 257,245	\$ (204,616)
FUND BALANCES:				
Beginning of year - July 1		1,889,944		
End of year - June 30		\$ 2,147,189		

**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, 2012**

	PROJECT AUTHORIZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues					
DOT Sidewalk	\$ 126,324	\$ -	\$ -	\$ -	\$ (126,324)
Investment earnings	-	-	9	9	9
	<u>126,324</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>(126,315)</u>
Expenditures					
DOT Sidewalk	<u>157,905</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>155,905</u>
Revenues over (under) expenditures	(31,581)	(2,000)	9	(2,000)	29,581
Other Financing Sources (uses)					
Transfer from General Fund	<u>31,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,581)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,000)</u>	<u>\$ 9</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>
Fund Balances:					
Beginning of year - July 1			<u>(2,000)</u>		
End of year - June 30			<u>\$ (1,991)</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES</b>				
Water Sales	\$ 1,590,000	\$ 1,660,651	\$ 70,651	\$ 1,509,043
Sewer charges	2,559,300	2,574,062	14,762	2,259,393
Hydrants and sprinklers	49,000	49,540	540	48,476
Water and sewer taps	11,000	12,240	1,240	11,728
Assessments	-	-	-	-
Total	4,209,300	4,296,493	87,193	3,828,640
Other operating revenues	201,600	221,209	19,609	185,340
Total operating revenues	4,410,900	4,517,702	106,802	4,013,980
Nonoperating revenues				
Interest on investments	7,000	3,303	(3,697)	5,837
Interest on assessments	100	-	(100)	453
Miscellaneous revenues	-	-	-	-
Rent income	-	-	-	-
Total nonoperating revenues	7,100	3,303	(3,797)	6,290
Total revenues	4,418,000	4,521,005	103,005	4,020,270
<b>EXPENDITURES</b>				
Water and sewer administration:				
Salaries and employee benefits	135,169	127,619	7,550	142,065
Insurance	20,000	16,234	3,766	17,342
Rent	36,000	36,000	-	18,000
Other operating expenditures	531,700	506,265	25,435	448,958
Total water and sewer administration	722,869	686,118	36,751	626,365
Meter Service				
Salaries and employee benefits	80,811	75,814	4,997	58,621
Other operating expenditures	37,900	26,348	11,552	31,339
Total	\$ 118,711	\$ 102,162	\$ 16,549	\$ 89,960

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
<b>Water Supply, Pumping and</b>				
Water Purchases	\$ 845,000	\$ 876,137	\$ (31,137)	\$ 796,726
Contracted services	18,200	15,946	2,254	9,589
Other operating expenditures	34,100	26,611	7,489	22,690
<b>Total</b>	<b>897,300</b>	<b>918,694</b>	<b>(21,394)</b>	<b>829,005</b>
<b>Water and Sewer Line</b>				
Salaries and employee benefits	395,110	390,120	4,990	430,002
Supplies	70,000	67,501	2,499	67,390
Utilities	7,500	5,274	2,226	6,611
Contracted services	15,000	9,967	5,033	7,500
Other operating expenditures	124,100	110,543	13,557	157,994
Chemicals	1,000	240	760	198
<b>Total</b>	<b>612,710</b>	<b>583,645</b>	<b>29,065</b>	<b>669,695</b>
<b>Lift Station Master</b>				
Contracted services	7,000	3,592	3,408	-
Chemicals	8,000	6,015	1,985	-
Repairs and maintenance	50,000	16,217	33,783	-
<b>Total</b>	<b>65,000</b>	<b>25,824</b>	<b>39,176</b>	<b>-</b>
<b>Coon Creek Lift Station</b>				
Contracted services	-	-	-	635
Chemicals	-	-	-	-
Repairs and maintenance	-	753	(753)	12,852
Utilities	22,300	19,427	2,873	21,256
<b>Total</b>	<b>22,300</b>	<b>20,180</b>	<b>2,120</b>	<b>34,743</b>
<b>Certainteed Lift Station</b>				
Chemicals	-	-	-	-
Contracted services	-	-	-	-
Repairs and maintenance	-	-	-	1,830
Utililites	2,400	2,744	(344)	2,279
<b>Total</b>	<b>\$ 2,400</b>	<b>\$ 2,744</b>	<b>\$ (344)</b>	<b>\$ 4,109</b>

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Rolling Wood Lift Station				
Chemicals	\$ -	\$ -	\$ -	\$ 478
Contracted services	-	-	-	-
Repairs and maintenance	-	-	-	1,838
Utillites	2,100	1,959	141	1,716
Total	2,100	1,959	141	4,032
Stovall Water Line				
Chemicals	1,000	166	834	428
Repairs and maintenance	5,000	-	5,000	1,991
Utillites	4,500	4,936	(436)	5,266
Total	10,500	5,102	5,398	7,685
Kingsbury Street Lift Station				
Contracted services	-	-	-	213
Chemicals	-	-	-	-
Repairs and maintenance	-	-	-	3,857
Utillites	2,000	1,848	152	1,822
Total	2,000	1,848	152	5,892
Knott's Grove Lift Station				
Contracted services	-	-	-	-
Chemicals	-	-	-	-
Equipment maintenance	-	-	-	1,717
Utilities	2,500	2,716	(216)	2,685
Total	2,500	2,716	(216)	4,402
Willow Apts Lift Station				
Contracted services	-	-	-	-
Chemicals	-	-	-	-
Utilities	1,200	991	209	1,104
Repairs and Maintenance	-	21	(21)	3,102
Total	1,200	1,012	188	4,206
I-85 Lift Station				
Chemicals	-	-	-	1,797
Utilities	8,000	7,954	46	6,406
Contracted services	-	-	-	13,296
Equipment maintenance	-	202	(202)	8,889
Total	\$ 8,000	\$ 8,156	\$ (156)	\$ 30,388

**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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Clover Lane Lift Station				
Contracted services	\$ -	\$ -	\$ -	\$ 75
Chemicals	-	-	-	-
Utilities	2,400	1,899	501	2,008
Equipment maintenance	-	-	-	3,022
Total	<u>2,400</u>	<u>1,899</u>	<u>501</u>	<u>5,105</u>
Industrial Waste Treatment				
Salaries and employee benefits	286,064	290,357	(4,293)	303,927
Contracted services	63,000	43,994	19,006	51,016
Utilities	166,700	156,886	9,814	155,147
Land application sludge	160,000	83,722	76,278	59,277
Repairs and maintenance	96,800	71,356	25,444	81,803
Other operating expenditures	58,700	43,766	14,934	40,965
Total	<u>831,264</u>	<u>690,081</u>	<u>141,183</u>	<u>692,135</u>
Debt service:				
Interest and other charges	188,866	188,578	288	201,598
Principal retirement	535,664	535,664	-	595,237
Total debt service	<u>724,530</u>	<u>724,242</u>	<u>288</u>	<u>796,835</u>
Capital Outlay				
Miscellaneous water	-	8,620	(8,620)	130,132
Total expenditures	<u>\$ 4,025,784</u>	<u>\$ 3,785,002</u>	<u>\$ 240,782</u>	<u>\$ 3,934,689</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
Other financing sources (uses):				
Transfer to other fund:				
General fund	\$ -	\$ -	\$ -	\$ -
Water Capital Projects	(754,021)	(915,000)	(160,979)	(500,004)
Proceeds of sale of equipment	-	8,239	8,239	648
Proceeds of Capital Lease	-	-	-	28,333
Fund Balance Appropriated	361,805	-	(361,805)	-
Total other financing sources (uses)	<u>(392,216)</u>	<u>(906,761)</u>	<u>(514,545)</u>	<u>(471,023)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(170,758)</u>	<u>\$ (170,758)</u>	<u>\$ (385,442)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Principal retirement		535,664		
Proceeds of capital lease		-		
Capital outlay		685,790		
Book value of assets disposed of		-		
Water & Sewer capital projects fund revenues over (under) expenditures		(377,570)		
Transfer in from Stormwater management to water and sewer capital projects		-		
Transfer in from Water Fund to water and sewer capital projects		915,000		
Depreciation		<u>(805,389)</u>		
Net Income - Exhibit 7		<u>\$ 782,737</u>		

**CITY OF OXFORD, NORTH CAROLINA  
STORMWATER MANAGEMENT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	2012		VARIANCE POSITIVE (NEGATIVE)	2011
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES</b>				
Operating Revenues				
Charges for Services	\$ 151,259	\$ 157,836	\$ 6,577	\$ 151,122
Nonoperating Revenues				
Interest earnings	-	5	\$ 5	\$ -
Total Revenues	151,259	157,841	6,582	\$ 151,122
<b>EXPENDITURES</b>				
General Operations	81,000	46,698	34,302	56,744
Depreciation	-	281	(281)	281
Total Expenditures	81,000	46,979	34,021	57,025
Revenues over (under) expenditures	70,259	110,862	40,603	94,097
<b>Other Financing Sources (Uses)</b>				
Transfer to Water/Sewer Capital Projects	(80,000)	-	80,000	-
Fund Balance Appropriated	9,741	-	(9,741)	-
Total Other Financing Sources (Uses)	(70,259)	-	70,259	-
<b>EXCESS OF REVENUES, OTHER SOURCES AND FUND BALANCE OVER EXPENDITURES AND OTHER USES</b>				
	<u>\$ -</u>	<u>110,862</u>	<u>\$ 110,862</u>	<u>\$ 94,097</u>
<b>FUND BALANCES:</b>				
Beginning of year - July 1		<u>85,793</u>		
End of year - June 30		<u>\$ 196,655</u>		

**CITY OF OXFORD, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	PROJECT AUTHORIZATION	ACTUAL		TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR		
Revenues - Water Project:					
Restricted Intergovernmental:					
Community Development					
Block Grant	1,000,000	\$ -	\$ 9,000	\$ 9,000	\$ (991,000)
Rural Center Project Grant#1	-	95,709	290,600	386,309	386,309
Rural Center Project Grant #2	450,000	-	-	-	(450,000)
CWMTF	210,000	-	-	-	(210,000)
Total Revenues - Water Project	1,660,000	95,709	299,600	395,309	(604,691)
Expenditures - Water Project:					
Rural Center Grant #1	-	881,968	21,609	903,577	(903,577)
Rural Center Grant #2	675,000	64,208	16,214	80,422	594,578
Stormwater Management Trust Fund	300,000	-	32,909	32,909	267,091
Cherry/Goshen stormwater	80,000	19,822	-	19,822	60,178
Raleigh Street CDBG	1,600,000	20,503	606,438	626,941	973,059
Total expenditures - water project	2,655,000	986,501	677,170	1,663,671	991,329
Revenues over (under) expenditures	(995,000)	(890,792)	(377,570)	(1,268,362)	(273,362)
Other Financing Sources (uses)					
Transfer from Stormwater Management	80,000	195,851	-	195,851	115,851
Transfer from Water Fund	915,000	7,744,666	915,000	8,659,666	7,744,666
Total Other Financing Sources(uses)	995,000	7,940,517	915,000	8,855,517	7,860,517
Revenues and other sources over(under) expenditure	\$ -	\$ 7,049,725	537,430	\$ 7,587,155	\$ 7,587,155

## **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, 2012**

FISCAL YEAR	UNCOLLECTED BALANCE JUNE 30, 2011	ADDITIONS	COLLECTIONS AND CREDITS	UNCOLLECTED BALANCE JUNE 30, 2012
2011-2012	\$ -	\$ 3,120,438	\$ 2,994,823	\$ 125,615
2010-2011	109,658	-	85,393	24,265
2009-2010	24,349		10,695	13,654
2008-2009	17,388		4,410	12,978
2007-2008	13,983		1,931	12,052
2006-2007	11,806		663	11,143
2005-2006	9,940		618	9,322
2004-2005	9,378		287	9,091
2003-2004	9,149		159	8,990
2002-2003	8,732		100	8,632
2001-2002	12,233		12,233	-
	<u>\$ 226,616</u>	<u>\$ 3,120,438</u>	<u>\$ 3,111,312</u>	<u>\$ 235,742</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 3,085,292
Reconciling items:	
Interest collected	20,827
Penalties	0
Discounts allowed	(18,238)
Releases	11,248
Taxes written off	12,233
Subtotal	<u>26,070</u>
Total collections and credits	<u>\$ 3,111,362</u>

CITY OF OXFORD, NORTH CAROLINA  
 SUPPLEMENTARY INFORMATION  
 ANALYSIS OF CURRENT TAX LEVY  
 FOR THE YEAR ENDED JUNE 30,2012

	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	\$ 467,427,547	0.60	\$ 2,804,565	\$ 2,804,565	\$ -
Registered motor vehicles taxed at current year's rate	42,571,620	0.60	255,430		255,430
Total	<u>509,999,167</u>		<u>3,059,995</u>	<u>2,804,565</u>	<u>255,430</u>
Discoveries:					
Current year taxes	11,883,500	0.60	71,301	71,301	-
Abatements	<u>(1,809,667)</u>		<u>(10,858)</u>	<u>(10,858)</u>	<u>-</u>
Total Property Valuation	<u>\$ 520,073,000</u>				
Net levy			3,120,438	2,865,008	255,430
Uncollected at June 30, 2012			<u>(125,615)</u>	<u>(49,582)</u>	<u>(76,033)</u>
Current year taxes collected			<u>\$ 2,994,823</u>	<u>\$ 2,815,426</u>	<u>\$ 179,397</u>
Current levy collection percentage			<u>95.97%</u>	<u>98.27%</u>	<u>70.23%</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 Assets by Component**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**  
(unaudited)

**TABLE 1**

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

Prior to June 30, 2004, information is not available

**City of Oxford**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**  
**(accrual basis of accounting)**  
(unaudited)

TABLE 2

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

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

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

Prior to June 30, 2004, information is not available

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

**TABLE 4**

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

Prior to June 30, 2004, information is not available

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

**TABLE 5**

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

Prior to June 30, 2004, information is not available

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

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

Prior to June 30, 2004, information is not available

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

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

Prior to June 30, 2004, information is not available

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

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Fiscal Year	City of Oxford	Oxford Parking Authority	Downtown Oxford Economic Development Corporation	Total City	Granville County	Total County	Total District & Overlapping Rates
2004	0.55	0.10	0.10	0.75	0.635	0.635	1.485
2005	0.55	0.10	0.10	0.75	0.635	0.635	1.485
2006	0.55	0.10	0.10	0.75	0.700	0.700	1.550
2007	0.55	0.10	0.10	0.75	0.700	0.700	1.550
2008	0.55	0.10	0.10	0.75	0.755	0.755	1.605
2009	0.55	0.10	0.10	0.75	0.755	0.755	1.605
2010	0.60	0.10	0.10	0.80	0.825	0.825	1.725
2011	0.60	0.10	0.10	0.80	0.795	0.795	1.695
2012	0.60	0.10	0.10	0.80	0.795	0.795	1.695

Prior to June 30, 2004, information is not available

**City of Oxford**  
**Principal Property Taxpayers**  
**December 31, 2012**  
**Current year and eight years ago**  
(unaudited)

Taxpayer	2012			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart Real Estate Business Trust	9,494,235	1	1.83%			
Focused Granville Corners LLC	6,928,686	2	1.34%			
BMA Oxford Apartments LLC	6,565,956	3	1.27%			
The Links at Thorndale LLC	5,426,744	4	1.05%			
Progress Energy Carolina	4,822,932	5	93.00%			
Carolina Telephone	4,568,804	6	88.00%	8,719,011	4	2.22%
Oxford Retail Investment LLC	4,030,595	7	0.78%			
301 Lewis Street LLC	3,373,810	8	65.00%	5,032,148	6	1.28%
Parham Company LLC	2,987,761	9	58.00%	2,724,255	10	0.69%
Santa Fe Natural Tobacco Co	2,866,907	10	56.00%	8,770,162	3	2.23%
B C Patel				4,419,133	8	1.12%
Newton Instrument				25,247,690	1	6.42%
Carolina Power & Light				19,233,787	2	4.89%
Excel Realty Trust Inc				8,168,095	5	2.08%
Watkins & Cheatham				4,981,047	7	1.27%
Branch Banking & Trust Co				3,198,302	9	0.81%
Totals	<u>\$ 51,066,430</u>		<u>366.27%</u>	<u>\$ 90,493,630</u>		<u>23.01%</u>

Prior to June 30, 2004, information not available

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

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

Prior to June 30, 2004, information not available

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

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

Prior to June 30, 2004, information not available

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

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

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

Source: U S Census Bureau, Granville County

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 32,327,675	\$ 32,464,421	\$ 33,760,753	\$ 35,345,072	\$ 36,525,161	\$ 37,085,425	\$ 37,181,794	\$ 41,106,569	\$ 41,605,840
Total net debt applicable to limit	2,212,161	3,482,541	8,930,931	10,929,411	10,149,971	9,874,840	9,463,473	9,026,237	8,372,090
Legal debt margin	<u>\$ 34,539,836</u>	<u>\$ 28,981,880</u>	<u>\$ 24,829,822</u>	<u>\$ 24,415,661</u>	<u>\$ 26,375,190</u>	<u>\$ 27,210,585</u>	<u>\$ 27,718,321</u>	<u>\$ 32,080,332</u>	<u>\$ 33,233,750</u>
Total net debt applicable to the limit as a percentage of debt limit	6.84%	10.73%	26.45%	30.92%	27.79%	26.63%	25.45%	21.96%	20.12%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 520,073,000
Add back: exempt real property	6,762,591
Total assessed value	<u>\$ 526,835,591</u>
Debt limit (8% of total assessed value)	42,146,847
Debt applicable to limit:	
General obligation bonds	0
Lease Financing Agreements-Governmental Activities	763,988
Lease Financing Agreements-Business-Type Activities	429,635
Installment purchases-Governmental Activities	325,000
Installment purchases-Business-Type Activities	6,853,467
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	<u>8,372,090</u>
Legal debt margin	<u>\$ 33,774,757</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 Nine Fiscal Years**  
(unaudited)

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

Data sources:

North Carolina Department of Revenue

North Carolina Employment Security System

Thrive in North Carolina

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

Employer	2006			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Granville County Schools	525	1	Unknown	1,256	1	Unknown
Granville Medical Center	443	2	Unknown	424	2	Unknown
County of Granville	362	3	Unknown	335	3	Unknown
Wal-Mart	144	4	Unknown	206	4	Unknown
City of Oxford	109	6	Unknown	117	5	Unknown
Food Lion	110	5	Unknown	113	6	Unknown
Masonic Home for Children	75	9	Unknown	67	7	Unknown
Waste Industries	45	10	Unknown	55	8	Unknown
Lowes Food	80	8	Unknown	40	9	Unknown
Best Care	106	7	Unknown	34	10	Unknown
Total	<u>1,999</u>			<u>2,647</u>		

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

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

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

Source: Payroll Department of the City

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

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

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 Nine Fiscal Years**  
(Unaudited)

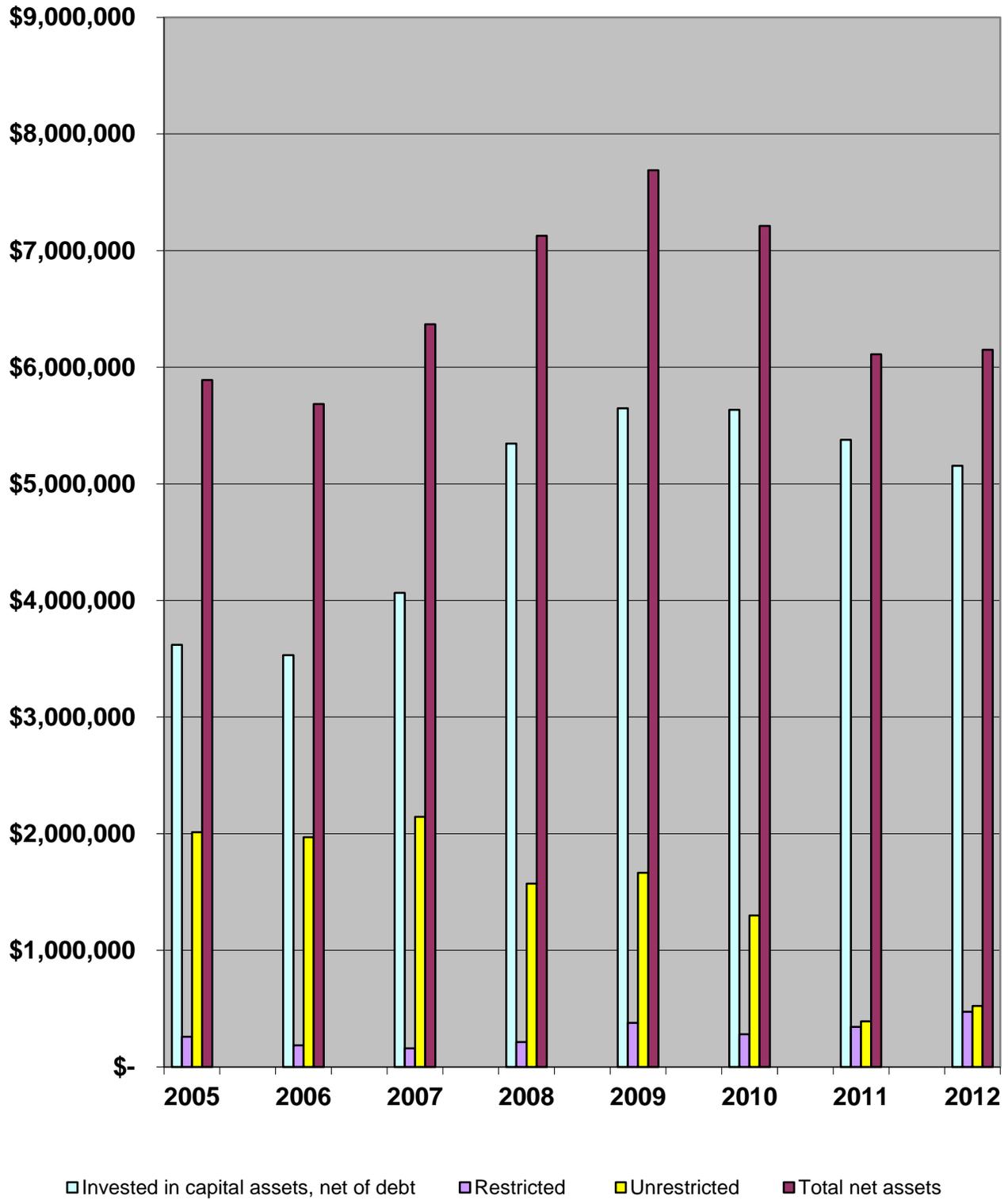
Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function									
Public Safety									
Police:									
Stations	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1
Highways and streets									
Streets (miles)	35.14	35.14	37.19	37.19	37.7	38.15	38.15	38.31	38.31
Culture and recreation								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

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

## **GRAPHS**

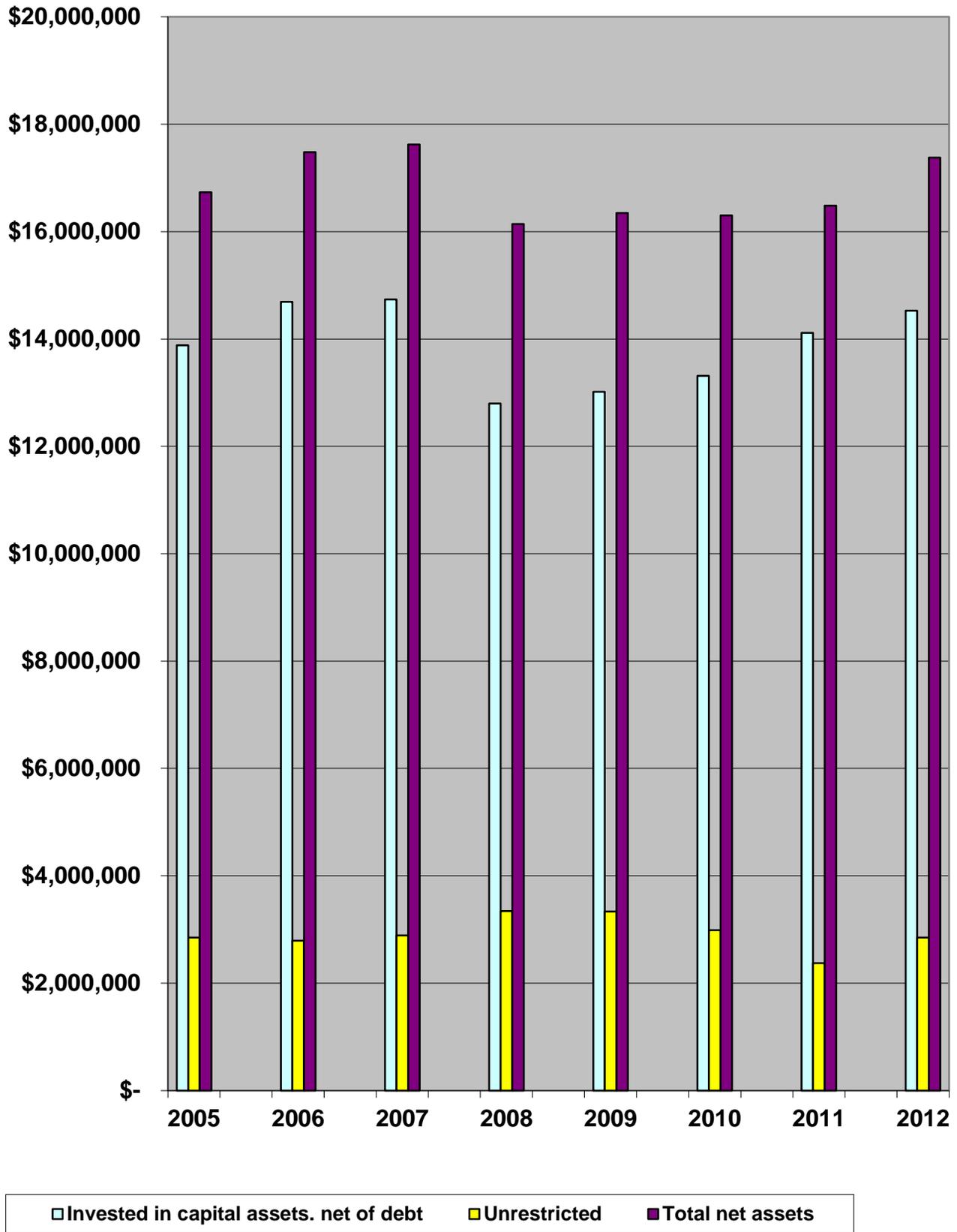
**City of Oxford, North Carolina  
Net Assets by Component  
Governmental Activities**

**GRAPH A**



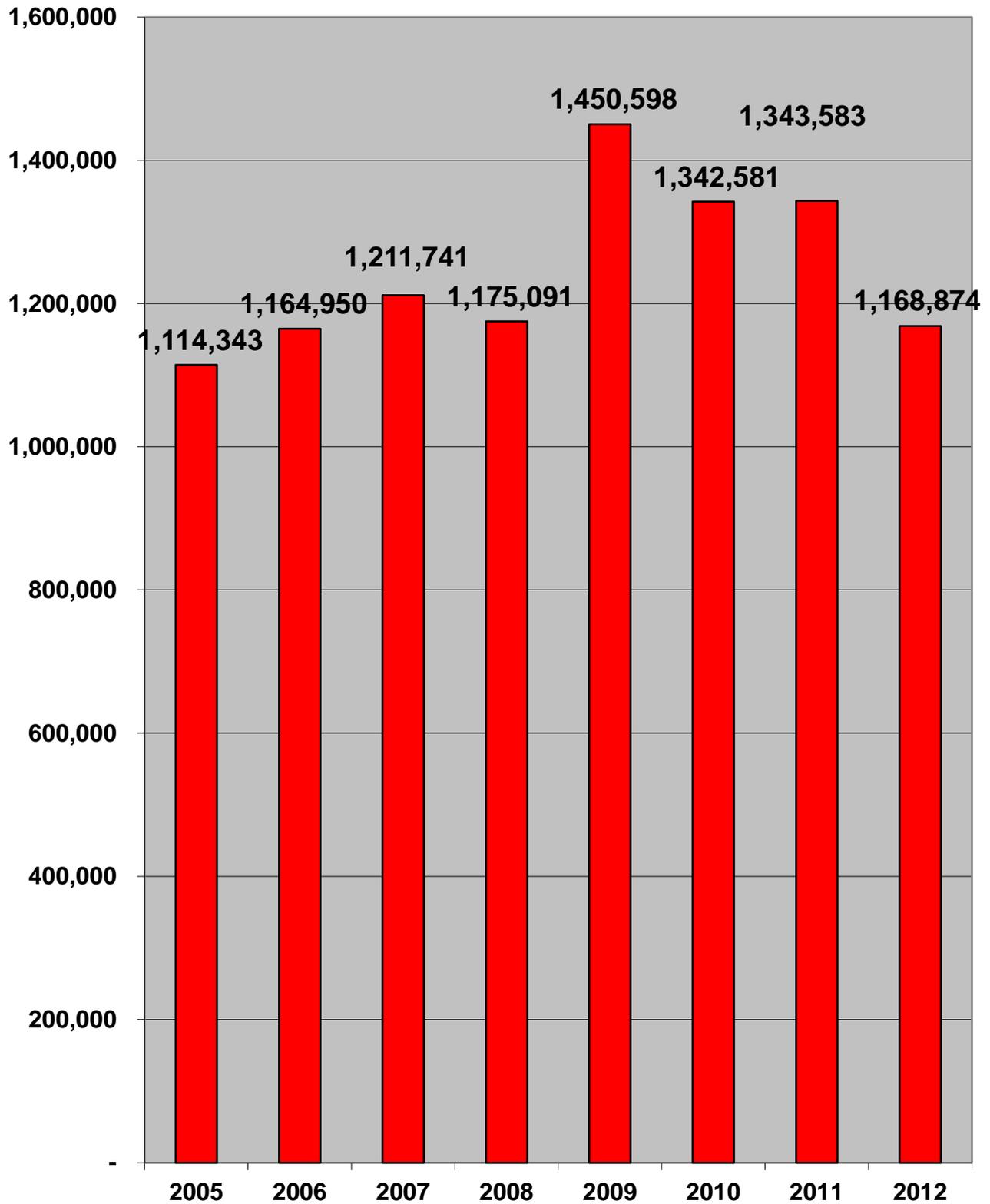
**City of Oxford, North Carolina  
Net Assets by Component  
Business-Type Activities**

**GRAPH B**



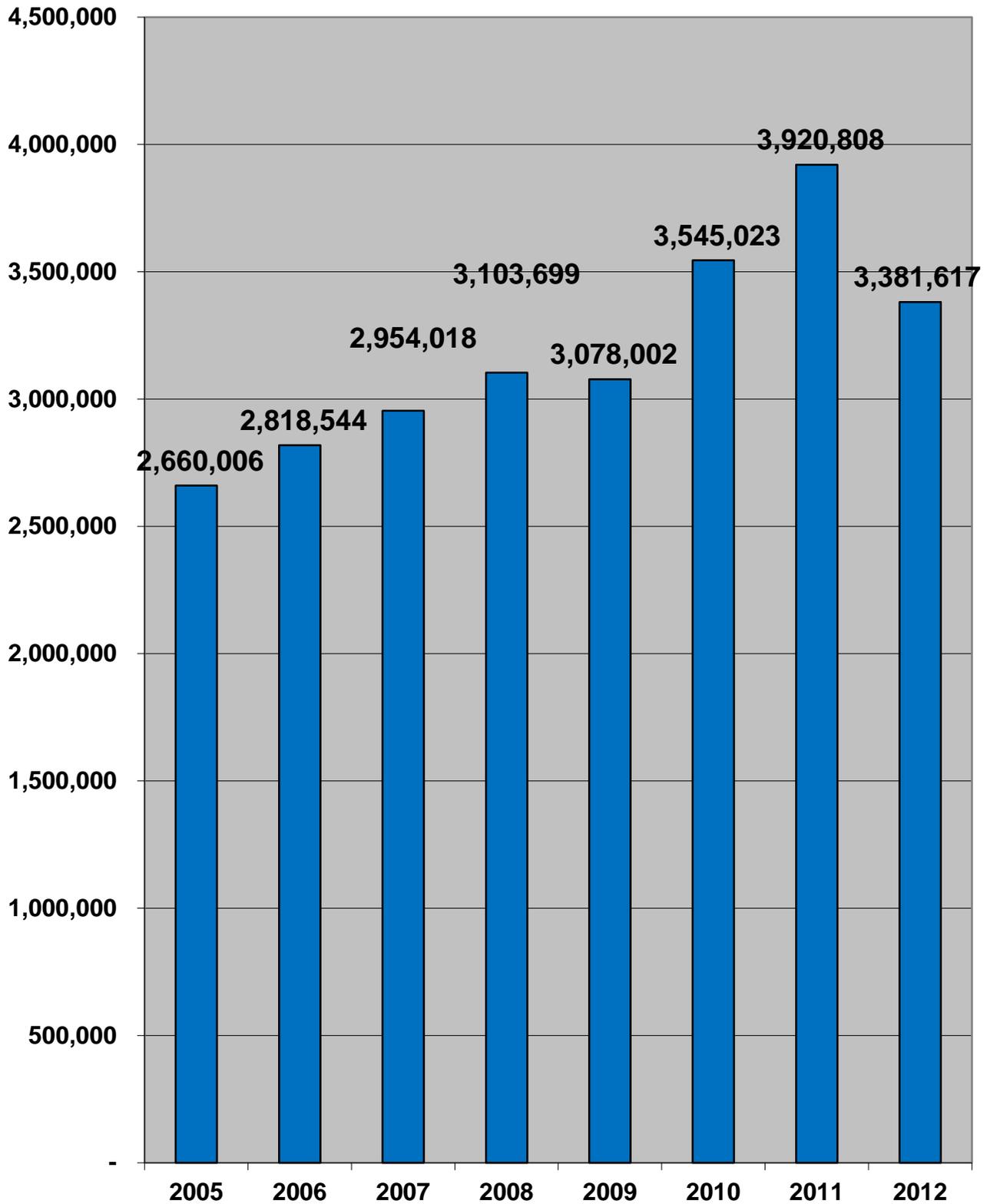
City of Oxford, North Carolina  
General Government Expenditures

GRAPH C



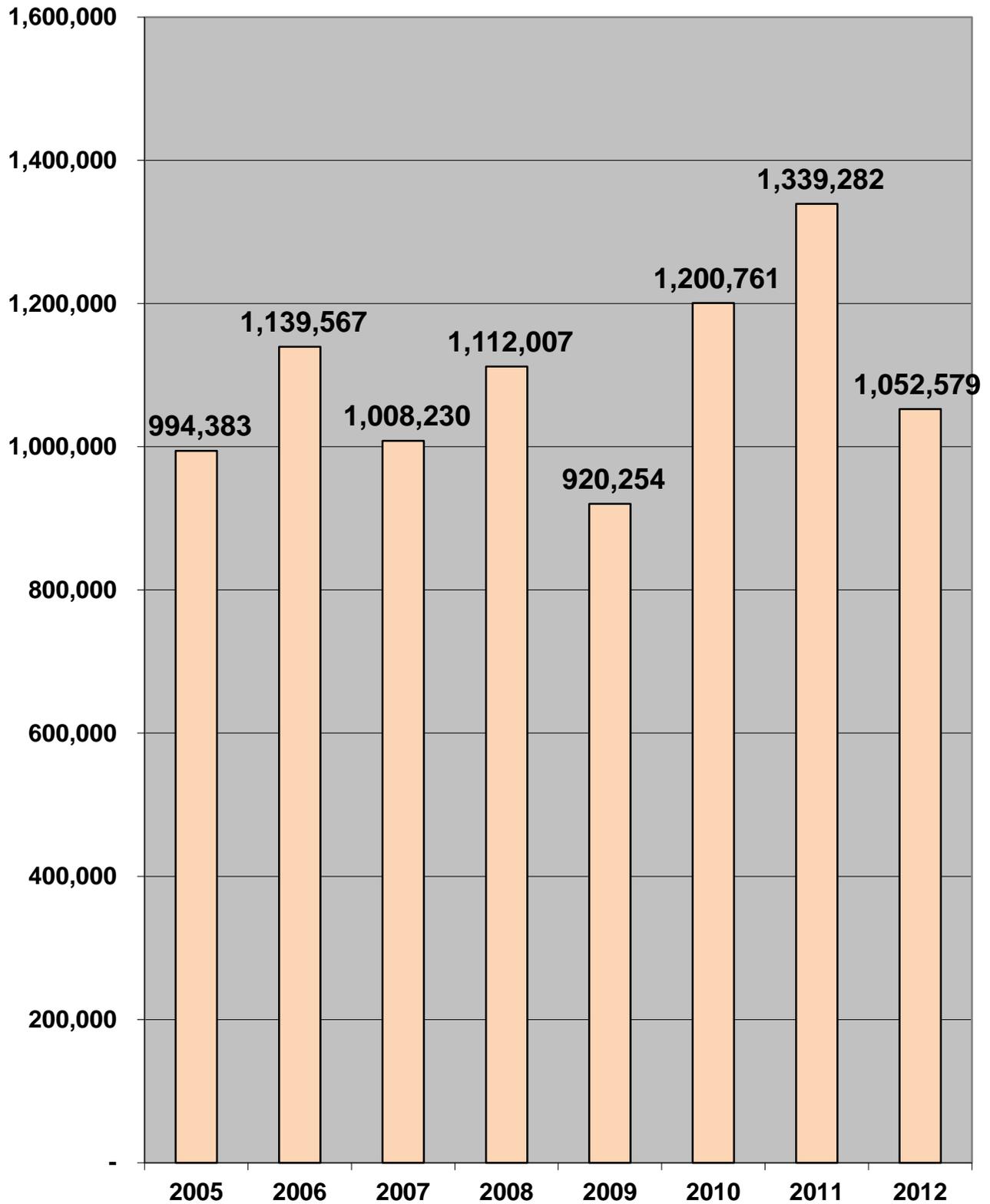
City of Oxford, North Carolina  
Public Safety Expenditures

GRAPH D



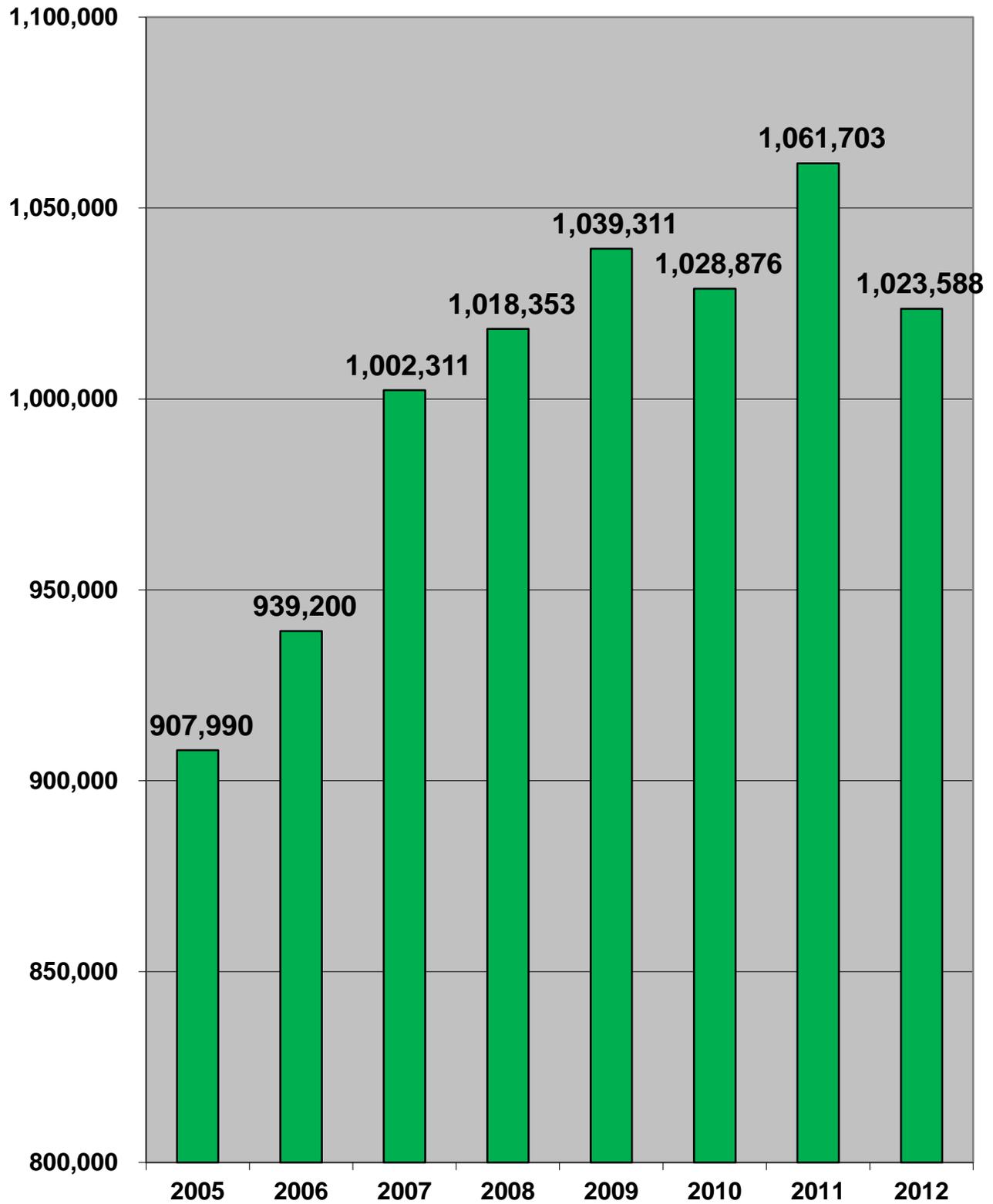
**City of Oxford, North Carolina  
Transportation Expenditures**

**GRAPH E**



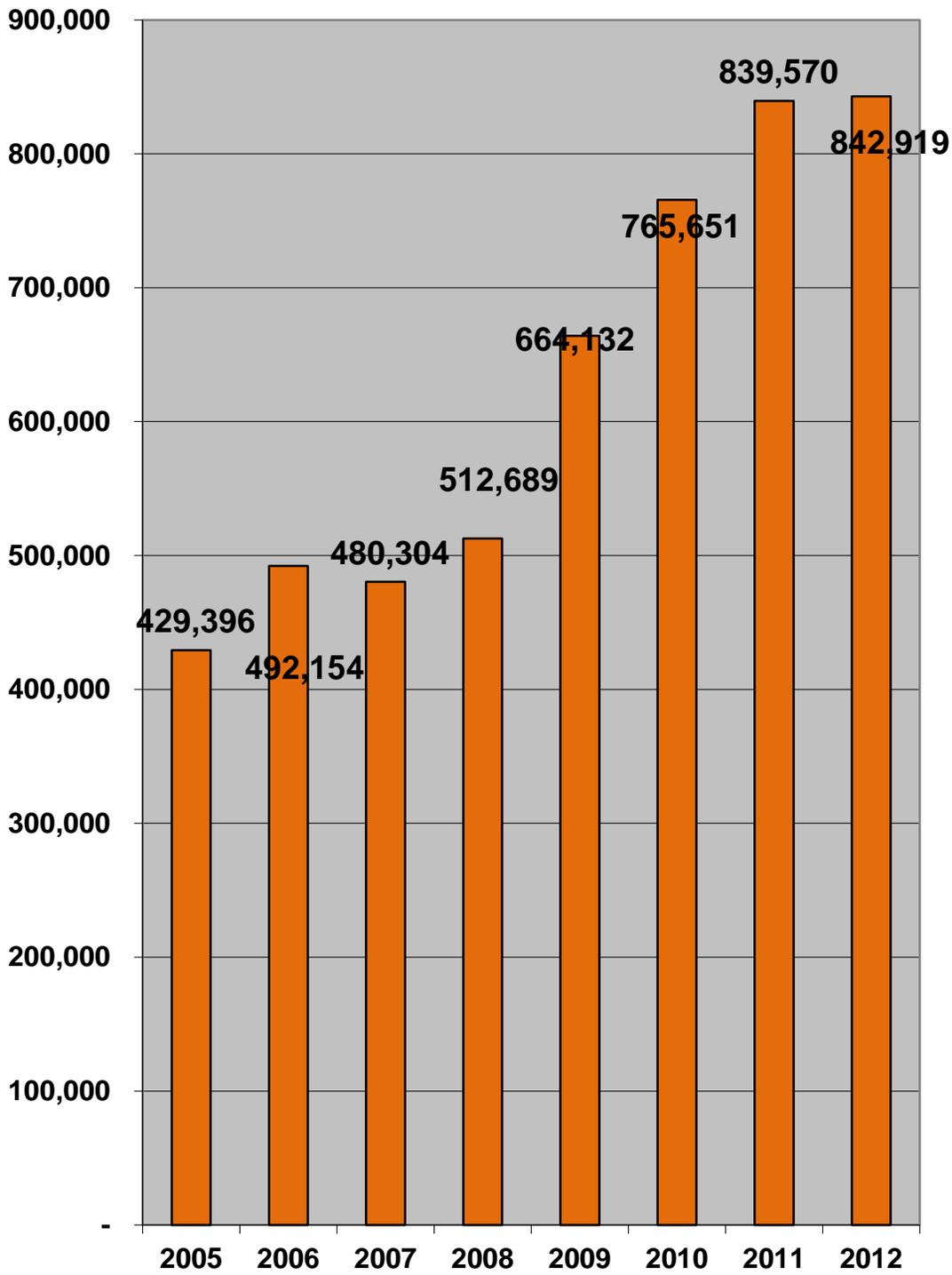
City of Oxford, North Carolina  
Environmental Protection Expenditures

GRAPH F



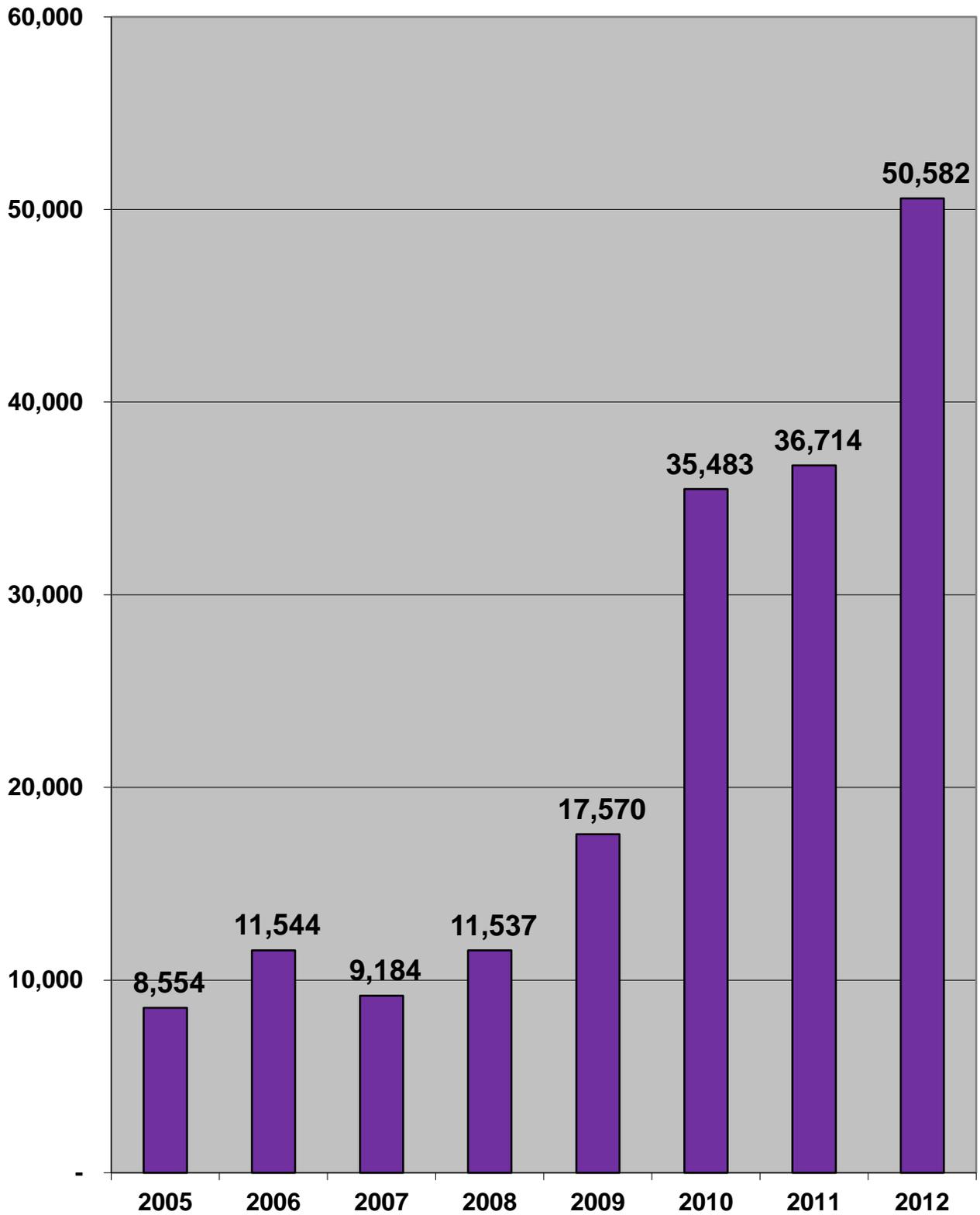
City of Oxford, North Carolina  
Cultural and Recreational Expenditures

GRAPH G



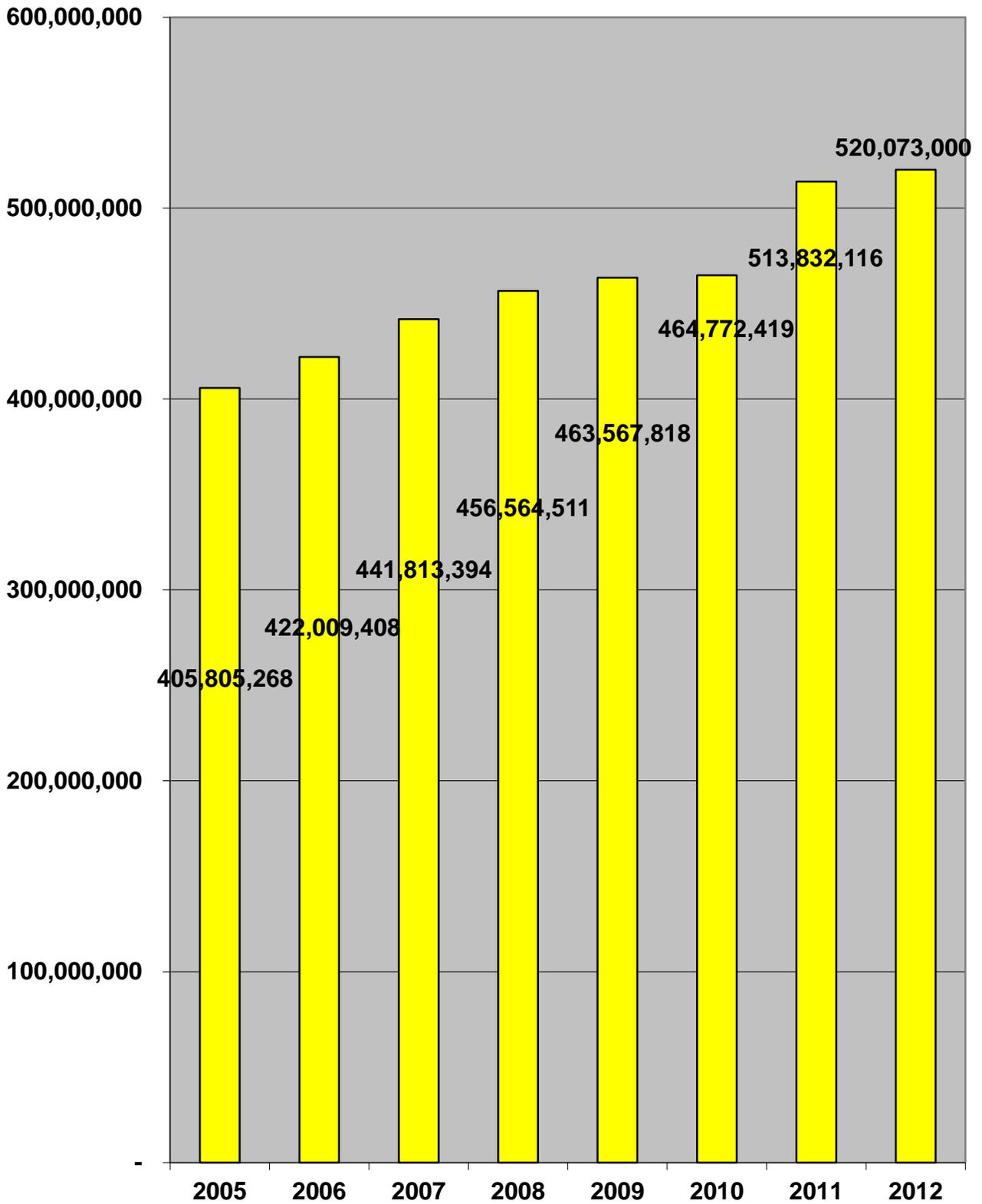
City of Oxford, North Carolina  
Interest on Long-Term Debt

GRAPH H



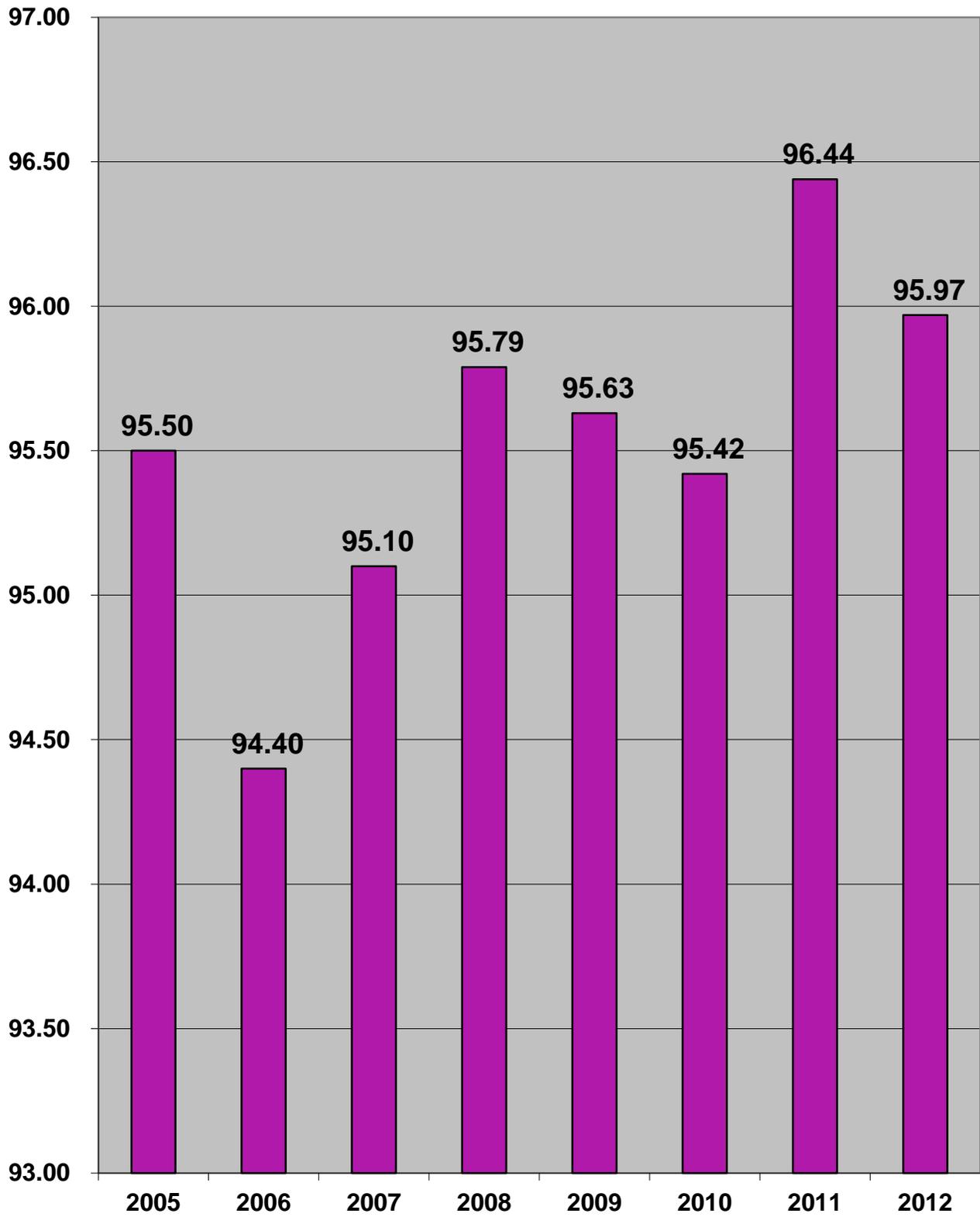
**City of Oxford, North Carolina  
Assessed Property Valuation**

**GRAPH I**



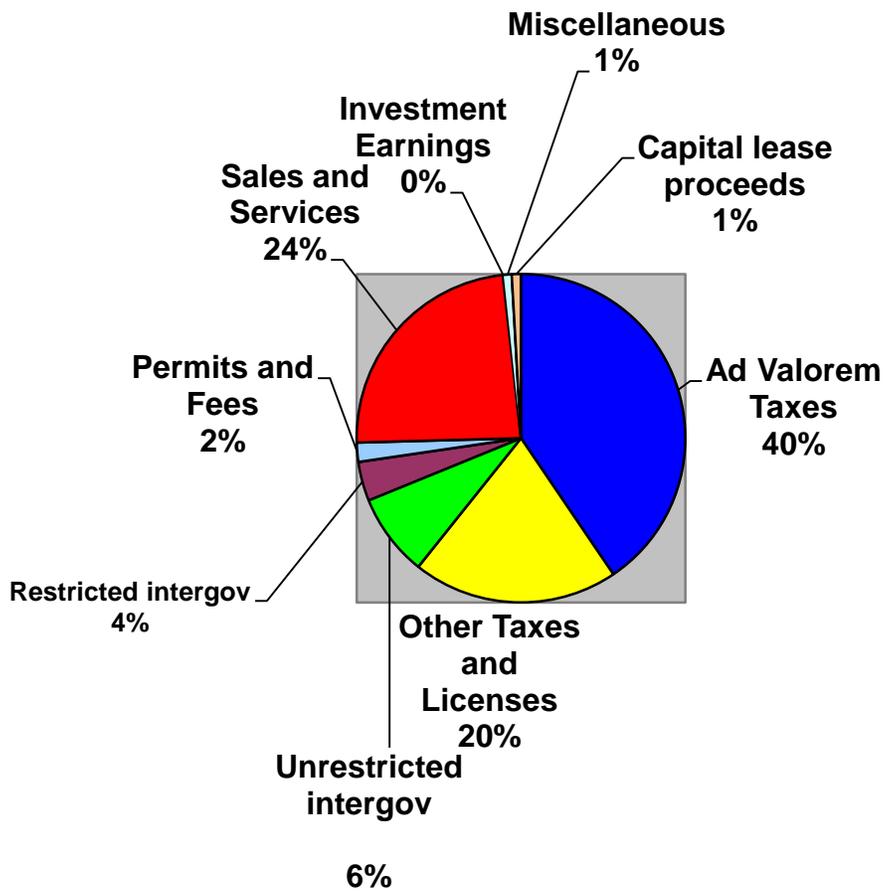
**City of Oxford, North Carolina  
Tax Collection Percentages**

**GRAPH J**



**City of Oxford, North Carolina  
Governmental Revenues by Source**

**GRAPH K**



## **COMPLIANCE SECTION**

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

Certified Public Accountants



America Counts on CPAs

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

Jennifer T. Reese, CPA  
Curtis G. Van Horne, CPA  
Cathy E. McKinley, CPA  
Tara H. Roberson, CPA  
David B. Jernigan, CPA

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## Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards

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

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, 2012, which collectively comprises the City of Oxford's basic financial statements, and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oxford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Oxford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies. We noted other matters involving internal control over financial reporting, which we have reported to management of the City of Oxford in a separate letter dated December 2, 2011.

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 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 by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weakness (12-1).

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### Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the City of Oxford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Certified Public Accountants  
November 30, 2012



**CITY OF OXFORD, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2012**

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**Section II - Financial Statement Findings**

MATERIAL WEAKNESS

12-1 Segregation of Duties

Name of contact person: Stephen McNally, Finance Director

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date: The Board will implement the above procedure immediately.

**CITY OF OXFORD, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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Finding: 11-1

Status: The City continues to try to keep duties separated among personnel as much as possible.

Alternative controls are being implemented to compensate for lack of separation.