City of Oxford, Georgia
Financial Statements
For the Year Ended
June 30, 2012

City of Oxford, Georgia
Financial Report
For the Year Ended June 30, 2012

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Introductory Section

City of Oxford, Georgia
Principal Officials

Council Members
2012

Jerry D. Roseberry	Mayor
James H. Windham	Council member
Frank J. Davis	Council member
David Eady	Council member/ Mayor Pro-Tem
George R. Holt	Council member
Lyn Pace	Council member
Terry A. Smith	Council member

City Manager
Clark Miller

City Clerk
Lauran Willis

Financial Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

1031 Park Drive, Suite #1
Watkinsville, GA 30677

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Oxford, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxford, Georgia, 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, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the City of Oxford, Georgia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the City of Oxford, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Retirement Plan-Schedule of Funding Progress on page 28 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxford, Georgia's basic financial statements. The introductory section, combining nonmajor fund financial statements, other supplementary information and the schedule of projects constructed with special sales tax proceeds, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Madison, Georgia
December 14, 2012

Mauldin, Taylor & Co

Basic Financial Statements

City of Oxford, Georgia
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,159,998	$ 600,502	$ 3,760,500
Investments	-	1,063,102	1,063,102
Receivables	6,425	378,946	385,371
Due from other governments	205,221	64	205,285
Inventories	-	37,554	37,554
Restricted assets-noncurrent	-	1,571,659	1,571,659
Other assets	26,486	19,052	45,538
Capital assets			
Capital assets, not being depreciated	507,299	-	507,299
Capital assets, net of accumulated depreciation	2,037,360	5,630,985	7,668,345
Total capital assets	2,544,659	5,630,985	8,175,644
Total assets	5,942,789	9,301,864	15,244,653
LIABILITIES			
Accounts payable and accrued expenses	16,512	173,841	190,353
Internal balances	8,875	(8,875)	-
Due from other governmental agencies	-	6,309	6,309
Long-term liabilities			
Portion due or payable within one year:			
Bonds, capital leases and contracts	54,712	105,922	160,634
Compensated absences	1,285	783	2,068
Portion due or payable after one year:			
Bonds, capital leases and contracts	418,246	388,528	806,774
Compensated absences	7,394	7,050	14,444
Total liabilities	507,024	673,558	1,180,582
NET ASSETS			
Invested in capital assets, net of related debt	2,071,702	5,136,535	7,208,237
Restricted for:			
Capital projects	2,761,265	-	2,761,265
Unrestricted	602,798	3,491,771	4,094,569
Total net assets	$ 5,435,765	$ 8,628,306	$ 14,064,071

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

EXHIBIT 2

City of Oxford, Georgia
Statement of Activities
For the Year Ended June 30, 2012

Activities:	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental:							
General government	$ 444,818	$ 36,605	$ -	$ -	$ (408,213)	$ -	$ (408,213)
Judicial	10,661	-	-	-	(10,661)	-	(10,661)
Public safety	318,796	44,475	-	-	(274,321)	-	(274,321)
Public works	179,681	-	-	-	(179,681)	-	(179,681)
Culture and recreation	835	-	-	-	(835)	-	(835)
Interest and fiscal charges	21,316	-	-	-	(21,316)		(21,316)
Total governmental activities	976,107	81,080	-	-	(895,027)	-	(895,027)
Business-type activities:							
Water & Sewer Fund	548,915	706,630	-	-	-	157,715	157,715
Electric Fund	1,613,114	1,950,469	-	66,703	-	404,058	404,058
Solid Waste Fund	182,611	138,007	-	-	-	(44,604)	(44,604)
Total business-type activities	2,344,640	2,795,106	-	66,703	-	517,169	517,169
Total primary government	3,320,747	2,876,186	-	66,703	(895,027)	517,169	(377,858)
General revenues:							
Taxes							
Property taxes, levied for general purposes					152,457	-	152,457
Sales tax					600,302	-	600,302
Franchise fees					157,071	-	157,071
Investment earnings					3,343	25,838	29,181
Miscellaneous					3,503	-	3,503
Transfers					2,590,614	(2,590,614)	-
Total general revenues & transfers					3,507,290	(2,564,776)	942,514
Change in net assets					2,612,263	(2,047,607)	564,656
Net assets - beginning					2,823,502	10,675,913	13,499,415
Net assets - ending					$ 5,435,765	$ 8,628,306	$ 14,064,071

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

City of Oxford, Georgia
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	SPLOST 2011 Capital Project Fund	Capital Project Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 537,510	$ 212,609	$ 2,409,879	$ -	$ 3,159,998
Taxes receivable, net	6,425	-	-	-	6,425
Due from other governments	57,567	59,993	-	87,661	205,221
Prepaid	26,486	-	-	-	26,486
Total assets	$ 627,988	$ 272,602	$ 2,409,879	$ 87,661	$ 3,398,130
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 12,260	$ -	$ -	$ 2	$ 12,262
Due to other funds	-	-	-	8,875	8,875
Deferred revenue	5,212	-	-	-	5,212
Other accrued expenses	5,539	-	-	-	5,539
Total liabilities	23,011	-	-	8,877	31,888
Fund balances:					
Nonspendable:					
Prepaid items	26,486	-	-	-	26,486
Restricted:					
Capital outlay	-	272,602	-	78,784	351,386
Committed:					
Capital outlay	-	-	2,409,879	-	2,409,879
Unassigned	578,491	-	-	-	578,491
Total fund balances	604,977	272,602	2,409,879	78,784	3,366,242
Total liabilities and fund balances	$ 627,988	$ 272,602	$ 2,409,879	$ 87,661	$ 3,398,130
	-	-	-	-	-

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

City of Oxford, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total *fund* balances for governmental funds (Exhibit 3)	$ 3,366,242
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities Statement of Net Assets.	2,544,659
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	(480,348)
Some of the City's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	5,212
Total net assets of governmental activities (Exhibit 2)	$ 5,435,765

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

City of Oxford, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	SPLOST 2011 Capital Project Fund	Capital Project Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 152,457	$ -	$ -	$ -	$ 152,457
Sales and miscellaneous taxes	475,284	-	-	-	475,284
Fines and forfeitures	44,475	-	-	-	44,475
Licenses and permits	9,487	-	-	-	9,487
Intergovernmental	-	272,602	-	-	272,602
Charges for services	3,355	-	-	-	3,355
Investment income	3,341	-	-	-	3,341
Miscellaneous	36,753	-	-	-	36,753
Total revenues	725,152	272,602	-	-	997,754
Expenditures					
Current:					
General government	389,254	-	-	-	389,254
Judicial	10,661	-	-	-	10,661
Public safety	305,808	-	-	634	306,442
Public works	166,687	-	-	-	166,687
Capital outlay	-	-	-	47,173	47,173
Debt service	73,755	-	-	-	73,755
Total expenditures	946,165	-	-	47,807	993,972
Deficiency of revenues under expenditures	(221,013)	272,602	-	(47,807)	3,782
Other financing sources (uses):					
Transfers in	748,923	-	2,409,879	-	3,158,802
Transfers (out)	(568,188)	-	-	-	(568,188)
Total other financing sources (uses)	180,735	-	2,409,879	-	2,590,614
Net changes in fund balance	(40,278)	272,602	2,409,879	(47,807)	2,594,396
Fund balance - beginning	645,255	-	-	126,591	771,846
Fund balance - ending	$ 604,977	$ 272,602	$ 2,409,879	$ 78,784	$ 3,366,242

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

City of Oxford, Georgia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Net Activities
For the Year Ended June 30, 2012

Net change in *fund* balances - total governmental funds (Exhibit 4)	$	2,594,396
The change in *net assets* reported for governmental activities in the statement of activities is different because:		
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 outlay ($47,172) was behind depreciation ($81,747) in the current period.		(34,575)
Debt payments are reported as expenditures in the governmental funds, but reduces the liability in the statement of net assets.		52,442
Change in net assets of governmental activities (Exhibit 2)	$	2,612,263

City of Oxford, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ 146,000	$ 146,000	$ 152,457	$ 6,457
Sales and miscellaneous taxes	452,950	452,950	475,284	22,334
Fees and fines	75,000	75,000	44,475	(30,525)
Licenses and permits	5,000	5,000	9,487	4,487
Charges for services	7,260	7,260	3,355	(3,905)
Investment income	1,200	1,200	3,341	2,141
Miscellaneous	3,600	3,600	36,753	33,153
Total revenues	691,010	691,010	725,152	34,142
Expenditures				
Current:				
General government	536,669	536,919	389,254	147,665
Judicial	12,100	11,850	10,661	1,189
Public safety	344,370	356,270	305,808	50,462
Public works	266,310	254,410	166,687	87,723
Debt service	73,756	73,756	73,755	1
Total expenditures	1,233,205	1,233,205	946,165	287,040
Deficiency of revenues under expenditures	(542,195)	(542,195)	(221,013)	(252,898)
Other financing sources:				
Transfers in (out)	-	-	180,735	180,735
Total other financing sources	-	-	180,735	180,735
Net changes in fund balance	$ (542,195)	$ (542,195)	(40,278)	$ (72,163)
Fund balance - beginning			645,255	
Fund balance - ending			$ 604,977	

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

City of Oxford, Georgia
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities			
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 397,840	$ 202,662	$ -	$ 600,502
Investments	-	1,063,102	-	1,063,102
Accounts receivable, net	96,046	266,634	14,336	377,016
Due from other funds	51,332	-	-	51,332
Due from other governments	-	64	-	64
Other receivables	-	1,930	-	1,930
Inventories	-	37,554	-	37,554
Prepaid expenses	2,275	13,310	3,467	19,052
Total current assets	547,493	1,585,256	17,803	2,150,552
Non-current assets:				
Restricted assets:				
Cash	-	134,544	-	134,544
Investments	-	1,437,115	-	1,437,115
Capital Assets:				
Infrastructure	5,908,309	1,206,042	-	7,114,351
Buildings	-	1,122,394	-	1,122,394
Equipment and furniture	20,843	192,290	239,781	452,914
Less Accumulated depreciation	(1,934,137)	(923,615)	(200,922)	(3,058,674)
Total non-current assets	3,995,015	3,168,770	38,859	7,202,644
Total assets	4,542,508	4,754,026	56,662	9,353,196
LIABILITIES				
Current liabilities:				
Accounts payable	32,299	6,181	2,446	40,926
Utility deposits payable from restricted	42,457	90,458	-	132,915
Due to other funds	-	42,457	-	42,457
Due to other governments	-	6,309	-	6,309
Compensated absences	174	376	233	783
Bonds, notes and loans payable	30,000	75,922	-	105,922
Total current liabilities	104,930	221,703	2,679	329,312
Non-current liabilities:				
Compensated absences	1,570	3,387	2,093	7,050
Bonds, notes and loans payable	160,000	228,528	-	388,528
Total non-current liabilities	161,570	231,915	2,093	395,578
Total liabilities	266,500	453,618	4,772	724,890
NET ASSETS				
Invested in capital assets, net of related debt	3,805,015	1,292,661	38,859	5,136,535
Unrestricted	470,993	3,007,747	13,031	3,491,771
Total net assets	$ 4,276,008	$ 4,300,408	$ 51,890	$ 8,628,306

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

City of Oxford, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities			
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	Total
REVENUES				
Charges for services	$ 666,649	$ 1,945,392	$ 131,247	$ 2,743,288
Tap fees	37,714	-	-	37,714
Miscellaneous	724	-	6,760	7,484
Total operating revenues	705,087	1,945,392	138,007	2,788,486
OPERATING EXPENSES				
Cost of sales and services	264,205	1,268,660	-	1,532,865
Personal services	57,570	119,129	100,360	277,059
Contractual services	25,984	44,307	45,777	116,068
Repairs and maintenance	16,946	15,702	2,646	35,294
Other supplies and expenses	26,874	37,808	13,197	77,879
Insurance claims and expenses	1,350	16,691	7,025	25,066
Depreciation	148,043	87,621	13,606	249,270
Total operating expenses	540,972	1,589,918	182,611	2,313,501
Operating income (loss)	164,115	355,474	(44,604)	474,985
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	2,520	23,298	-	25,818
Miscellaneous revenue	1,543	5,077	-	6,620
Gain (loss) on sale of asset	-	20	-	20
Interest expense	(7,943)	(23,196)	-	(31,139)
Total non-operating revenue (expenses)	(3,880)	5,199	-	1,319
Income (loss) before transfers	160,235	360,673	(44,604)	476,304
Transfers in	397,169	106,374	32,276	535,819
Transfers (out)	(858,786)	(2,267,647)	-	(3,126,433)
Contributed capital	-	66,703	-	66,703
Change in net assets	(301,382)	(1,733,897)	(12,328)	(2,047,607)
Total net assets - beginning	4,577,390	6,034,305	64,218	10,675,913
Total net assets - ending	$4,276,008	$ 4,300,408	$ 51,890	$ 8,628,306

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

City of Oxford, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Major		Nonmajor	
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Totals
Cash flows from operating activities:				
Cash received from customers	$ 696,757	$ 1,954,965	$ 137,559	$ 2,789,281
Cash payments to employees for services	(56,940)	(115,970)	(100,360)	(273,270)
Cash payments to suppliers	(329,420)	(1,371,686)	(69,479)	(1,770,585)
Net cash provided (used) by operating activities	310,397	467,309	(32,280)	745,426
Cash flows from noncapital financing activities:				
Transfer (to) from other funds	(461,617)	(2,161,273)	32,280	(2,590,610)
Loan (to) from other funds	(8,875)	5,097	-	(3,778)
Net cash provided (used) by noncapital financing activities	(470,492)	(2,156,176)	32,280	(2,594,388)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	1	(304,096)	-	(304,095)
Principal paid on notes payable	(25,000)	(73,081)	-	(98,081)
Interest paid on notes payable	(7,941)	(23,195)	-	(31,136)
Grants	1,543	-	-	1,543
Net cash used by capital and related financing activities	(31,397)	(400,372)	-	(431,769)
Cash flows from investing activities				
Proceeds from sale of investments	162,227	514,034	-	676,261
Net investment income	2,520	23,304	-	25,824
Net cash provided by investing activities	164,747	537,338	-	702,085
Net increase (decrease) in cash and cash equivalents	(26,745)	(1,551,901)	-	(1,578,646)
Cash and cash equivalents - beginning	424,585	1,889,107	-	2,313,692
Cash and cash equivalents - ending	$ 397,840	$ 337,206	$ -	$ 735,046
Unrestricted cash	$ 397,840	$ 202,662	$ -	$ 600,502
Restricted cash	-	134,544	-	134,544
Total cash	$ 397,840	$ 337,206	$ -	$ 735,046
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 164,115	$ 355,474	$ (44,604)	$ 474,985
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	148,043	87,621	13,606	249,270
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,277)	22,624	709	22,056
Increase (decrease) in compensated absences	630	3,159	-	3,789
Increase (decrease) in accounts payable	(1,114)	125	(1,991)	(2,980)
Increase (decrease) in intergovernmental payable	-	(1,694)	-	(1,694)
Net cash provided (used) by operating activities	$ 310,397	$ 467,309	$ (32,280)	$ 745,426

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

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Oxford was incorporated under the laws of the State of Georgia on December 23, 1839 and operates under a mayor-council form of government. The Mayor and a six-member council govern the City and are elected for four-year terms. The Mayor and the Council all serve on a part-time basis. The Mayor and Council appoint a City Manager who is responsible for the daily operations of the City.

The financial statements of City of Oxford, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of City of Oxford (the primary government) and its component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Discretely Presented Component Units –Based on the GASB criteria, the City has no entities that qualify as discretely presented component units.

Blended Component Units - Based on the GASB criteria, the City has no entities that qualify as blended component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) 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. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Fiduciary funds nor component units that are fiduciary in nature are included in the government-wide statements.

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, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The City first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

Note 1: Summary of Significant Accounting Policies, continued

B. Basis of Presentation, Basis of Accounting, continued

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 and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. Nonoperating expenses include, but are not limited to, interest payments and transfers.

The City reports the following major governmental funds:

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

SPLOST 2011 Fund – The city cooperates with the County in a Special Purpose Local Option Sales Tax. This fund is used to acquire or construct the projects to be completed under the SPLOST referendum.

Capital Project Fund – The city has chosen to create a fund that will provide funds for future capital investments.

The City reports the following non-major governmental fund:

Confiscated Assets Fund – This fund accounts for the funds and costs acquired with confiscated monies.

SPLOST 2005 Fund – The city cooperates with the County in a Special Purpose Local Option Sales Tax. This fund is used to acquire or construct the projects to be completed under the SPLOST referendum.

The City reports the following major enterprise funds:

Electric Fund – This fund accounts for the operation, maintenance and development of the City's electrical system.

Water and Sewer Fund – This fund accounts for the operation, maintenance and development of the City's water and sewer system.

The City reports the following non-major enterprise funds:

Solid Waste Fund – This fund accounts for the operation and maintenance of the City's sanitation system.

Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all tax revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, insurance premium tax, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments

Note 1: Summary of Significant Accounting Policies, continued

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.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

C. Budgets and Budgetary Accounting

The City follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to July 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing July 1.

2. The City Manager and Council Budget & Finance Committee submit the proposed budget to the Mayor and Council.

3. Public hearings are held to obtain taxpayers' comments.

4. The budget is legally enacted through the passage of a resolution.

5. All revisions to the budget must be submitted to the City Council for approval.

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and Special Revenue Funds, of which the legal level of budgetary control is the department level. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.

7. Budgetary appropriations lapse at the end of the fiscal year.

D. Encumbrances

The City does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

E. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. In lieu of a surety bond, a depository of public funds may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of the State of Georgia;
- Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the counties or municipalities of the State of Georgia;
- Bonds of any public authority created by Georgia law, if the statute authorizes such use of the bonds and they have been duly validated and there has been no default in the payment of either principal or interest
- Industrial revenue bonds or bonds of development authorities, created by Georgia law that have been duly validated and for which there has been no default in the payment of either principal or interest; or

Note 1: Summary of Significant Accounting Policies, continued

- Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the U.S. government that are fully guaranteed by the U.S. government both as to principal and interest; and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments consist of certificates of deposit and are recorded at cost, which approximates market value.

Restricted assets consist of cash and/or investments that are only internally restricted for future use.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. City property tax revenues are recognized when levied to the extent that they result in current receivables. The County bills and collects property taxes for the City.

Property taxes are levied by July 15 of each year. The assessed values are an approximation of market value as determined by the Newton County Tax Commissioner. Tax bills are mailed and are due in two equal payments, October 20 and December 20. All payments are delinquent and subject to collection efforts pursuant to the O.C.G.A. on December 21.

Taxes receivable at June 30, 2012 amounted to $6,425 while deferred property tax revenue totaled $5,212.

H. Inventory and Prepaid Items

Inventory is valued at cost. Inventory in the electric fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment, except for infrastructure, with individual costs that equal or exceed $5,000 are recorded as capital assets. Infrastructure with an individual cost that is equal to or exceeds $100,000 is recorded as a capital asset. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Note 1: Summary of Significant Accounting Policies, continued

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives	Asset Class	Estimated Useful Lives
Infrastructure	15-99	Heavy machinery & vehicles	3-15
Building and improvements	20-50	Equip, furniture & fixtures	5-10
Water & sewer distribution	20-50	Computer equipment	5-7

Pursuant to GASB Statement No. 34, Phase 3 governments are not required to report major general infrastructure assets retroactively. As a result, the governmental activities column in the government-wide financial statements does not reflect those infrastructure asset projects completed before December 31, 2003. However, they do reflect those assets that were either completed during the fiscal year or considered construction in progress at year end.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and compensated time accrued. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. It is the City's policy to permit employees to accumulate vacation benefits of 160 hours to be used the next calendar year.

K. Fund Equity

As of June 30, 2011, the City adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. As a result of the implementation, the governmental funds now report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through resolution, the City Council has authorized the City manager to assign fund balances.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 35-50% of the actual GAAP basis expenditures and other financing sources and uses.

Note 2: Stewardship, Compliance and Accountability

A. Excess of expenditures over appropriations in individual departments:

All departments of the City maintained adequate appropriations to cover all expenditures.

B. Deficit fund balance

There were no funds that reported a deficit fund balance at June 30, 2012.

Note 3: Deposits and Investments

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All the City's deposits are covered by a combination of federal depository insurance and securities pledged by the financial institution as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for its deposits. The City does not have a deposit policy for custodial credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk on investments. The risk factors for the Municipal Competitive Trust and the Flexible Trust Account are discussed below.

Municipal Competitive Trust – MEAG Power formed a trust known as the "Municipal Competitive Trust" for the benefit of its Participants (which includes the City of Oxford, Georgia along with 46 other cities and counties) and has funded the Competitive Trust with certain monies which had been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves which were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves to preserve the security of the Funds in the bondholders, thus allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and reinvested, and will be available to reduce future power supply costs of the Participants to meet retail competition.

Discretionary funds from the Participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C. as an investment company. The City of Oxford, Georgia has recorded investments in the Trust as investments in the Electric Fund at fair market value, which consisted of unrestricted investments of $306,812 and restricted investments of $1,437,115 at the balance sheet date. Fair market value is determined based on the fair value of the underlying portfolio calculated daily with earnings distributed monthly. The fair value of the position in the external investment pool is the daily value of the pool shares. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies if guaranteed by the United States Government, direct and general obligations of states, certain Federal Agency discount notes and repurchase agreements collateralized by securities which would otherwise be permissible under the laws of the State of Georgia.

Under the above parameters, investments are made in mortgage and derivative securities. These securities principally include agency-issued mortgages, collateralized mortgage obligations, principal-only strips and interest only securities that are required to repay 100% of their principal investment at maturity. The yield on derivative securities is based on cash flows received as determined by a specified formula or index, and/or cash flows from principal repayments on underlying mortgages. Therefore, the rate of return and market value of these securities may be sensitive to changes in their respective index or formula and /or in prepayment on mortgages, which may result from changing interest rates. At June 30, 2012, the average remaining terms of the investments in collateralized mortgage obligations is approximately three years.

Note 3: Deposits and Investments, continued

MEAG Power and therefore the City of Oxford, Georgia to the extent of its portion of the Trust Accounts, is exposed to credit and market risk relating to its investments. Credit risk arises when an entity is unable to recover its investments either by an inability to withdraw the funds through nonperformance of a counterparty or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines. As of June 30, 2012, MEAG Power and the City of Oxford, Georgia were not exposed to any known economic losses due to these risks, nor were these investments rated.

Derivative Financial Instruments. Derivative financial instruments are used principally in the management of interest rate exposure and include interest rate swap transactions. Derivative financial instruments are not held or issued for trading purposes. The counterparties to derivative transactions are major financial institutions with either high investment grade credit ratings or agreements to collateralize their note position.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value based on the estimated amount that would be received or paid to terminate the options at the reporting date based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Trust Accounts will be exposed to less variable rate exposure if the counterparty to the swap transaction defaults or if the swap is terminated. Any termination of the swap agreements may also result in MEAG Power through the appropriate trust account making or receiving a settlement payment.

Note 4: Receivables

Receivables as of year end for the government's individual major funds and the nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	**General Fund**	**2011 SPLOST Fund**	**2005 SPLOST Fund**	**Electric Fund**	**Water & Sewer Fund**	**Nonmajor Solid Waste Fund**	**Total**
Accounts	$ -	$ -	$ -	$ 319,654	$ 116,359	$ 18,147	$ 454,160
Taxes	6,425	-	-	-	-	-	6,425
Intergovernmental	57,567	59,993	87,661	64	-	-	205,285
Other	-	-	-	1,930	-	-	1,930
Gross receivables	63,992	59,993	87,661	321,648	116,359	18,147	667,800
Less: allowance for uncollectibles	-	-	-	(53,020)	(20,313)	(3,811)	(77,144)
Net total receivables	$ 63,992	$ 59,993	$ 87,661	$ 268,628	$ 96,046	$ 14,336	$ 590,656

Note 5: Capital Assets

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

Governmental Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets not being depreciated:				
Construction in progress	$ -	$ 47,173	$ -	$ 47,173
Land	460,127		-	460,127
Total capital assets not being depreciated	460,127	47,173	-	507,300
Capital assets being depreciated:				
Site improvements	109,098	-	-	109,098
Buildings	2,109,027	-	-	2,109,027
Equipment	330,488	-	-	330,488
Vehicles	96,482	-	-	96,482
Total capital assets being depreciated	2,645,095	-	-	2,645,095
Less accumulated depreciation for:				
Site improvements	44,191	6,930	-	51,121
Buildings	167,413	44,662	-	212,075
Equipment	243,255	20,406	-	263,661
Vehicles	71,129	9,749	-	80,878
Total accumulated depreciation	525,988	81,747	-	607,735
Total capital assets being depreciated, net	2,119,107	(81,747)	-	2,037,360
Governmental activities capital assets, net	$ 2,579,234	$ (34,574)	$ -	$ 2,544,660

Depreciation expense for governmental activities was charged to functions as follows:

General government	$ 55,564
Public safety	12,354
Public works	12,994
Culture & recreation	836
Total government activities depreciation expense	$ 81,748

Note 5: Capital Assets, continued

Business type Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Electric Fund:				
Capital assets being depreciated:				
Infrastructure	$ 901,946	$ 304,096	$ -	$ 1,206,042
Buildings	1,122,395	-	-	1,122,395
Equipment	41,424	-	-	41,424
Vehicles	150,866	-	-	150,866
Total capital assets being depreciated	2,216,631	304,096	-	2,520,727
Less accumulated depreciation for:				
Infrastructure	396,909	18,073	-	414,982
Buildings	278,547	56,120	-	334,667
Equipment	35,651	1,390	-	37,041
Vehicles	124,890	12,037	-	136,927
Total accumulated depreciation	835,997	87,620	-	923,617
Total electric assets being depreciated, net	$ 1,380,634	$ 216,476	$ -	$ 1,597,110

Water & Sewer Fund:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Infrastructure	5,908,309	-		5,908,309
Vehicles	20,843	-	-	20,843
Total capital assets being depreciated	5,929,152	-	-	5,929,152
Less accumulated depreciation for:				
Infrastructure	1,773,589	145,958	-	1,919,547
Vehicles	12,504	2,084	-	14,588
Total accumulated depreciation	1,786,093	148,042	-	1,934,135
Total water/sewer assets being depreciated, net	4,143,059	(148,042)	-	3,995,017
Total water/sewer capital assets, net	$ 4,143,059	$ (148,042)	$ -	$ 3,995,017

Solid Waste Fund:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets being depreciated:				
Equipment	$ 76,407	$ -	$ -	$ 76,407
Vehicles	163,374		-	163,374
Total capital assets being depreciated	239,781	-	-	239,781
Less accumulated depreciation for:				
Equipment	69,403	2,241	-	71,644
Vehicles	117,914	11,365	-	129,279
Total accumulated depreciation	187,317	13,606	-	200,923
Total Solid Waste being depreciated, net	52,464	(13,606)	-	38,858
Total Business type activities capital assets, net	$ 5,576,157	$ 54,828	$ -	$ 5,630,985

Note 6: Interfund Balances and Activity

Due to/from Other Funds

	Due From	
Due To	Water Fund	Total
SPLOST Fund	8,875	8,875
Electric Fund	$ 42,457	$ 42,457
	$ 51,332	$ 51,332

Transfers to/from Other Funds

	Transfers In					
Transfers Out	General Fund	Capital Projects Fund	Water Fund	Electric Fund	Solid Waste Fund	Total
General Fund	$ -	$ 57,746	$ 397,169	$ 106,374	$ 6,899	$ 568,188
Water Fund	1,580	850,318		-	6,888	858,786
Electric Fund	747,343	1,501,815	$ -	-	18,489	2,267,647
	$ 748,923	$ 2,409,879	$ 397,169	$ 106,374	$ 32,276	$ 3,694,621

The City had interfund payables and transfers between funds (excluding SPLOST funds), that resulted from the creation of a new Capital Projects fund to fund future capital purchases. The SPLOST fund owes back the Water fund for an amount erroneously paid by Water for a SPLOST project.

Note 7: Claims, Judgments and Other Commitments

Grants: The City receives grant funds for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of City officials, no material refunds will be required as a result of expenditures disallowed by the grantors.

Litigation: Based on the advice of the City attorney, there were no material claims outstanding against the City at June 30, 2012.

Commitments: Municipal Electrical Authority of Georgia-The City of Oxford, Georgia is one of approximately 50 participants who have entered into Power Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participants, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if, at any time, (i) a project is terminated prior to completion, or (ii) a project is declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to as an "Obligation share", of the Authority's costs attributable to such projects. In case of default by a participant under its Contracts relating to any of the various projects, such participant would remain liable to pay the greater of its obligation share of the Authority's costs attributable to such project of the amount determined to be due under the rates and charges established by the Authority.

Note 7: Claims, Judgments and Other Commitments, continued

Payments under the Power Sales Contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

City of Oxford's guarantee varies by individual projects undertaken by the Authority and approximates $6,946,153 at June 30, 2012.

Note 8: Long-term Obligations

Notes Payable
The General Fund is obligated to BB&T Bank under a note in the original amount of $600,000 for additional funding of the new city hall/community center. The note bears interest at 4.25% and is payable in 120 monthly installments of $6,146 beginning January 2010 and ending December 2019.

The Water and Sewer Fund is obligated to Newton County Water and Sewerage Authority under an agreement for increased sewer capacity. This 3.9% note, in the amount of $375,000 for a period of 13 years with principal due annually and interest due bi-annually, requires varying payments ranging from $26,532 to $36,365, beginning May 2005 and ending November 2017.

The Electric Fund is obligated to BB&T Trust under a note in the original amount of $704,661 for construction of a maintenance facility. The note bears interest at 4.73% and is payable in 120 monthly installments of $7,406.

Long-term Obligation Activity
Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Beginning 7/1/2011	Increases	Decreases	Ending 6/30/2012	Due within one year
Governmental activities:					
Notes payable	$ 525,397	$ -	$ 52,439	$ 472,958	$ 54,712
Compensated absences	8,122	5,723	5,166	8,679	1,285
	$ 533,519	$ 5,723	$ 57,605	$ 481,637	$ 55,997
Business-type activities:					
Water & sewer fund:					
Notes payable-NCWSA	$ 215,000	$ -	$ 25,000	$ 190,000	$ 30,000
Compensated absences	1,114	717	87	1,744	174
	$ 216,114	$ 717	$ 25,087	$ 191,744	$ 30,174
Electric Fund:					
Notes payable	$ 377,530	-	73,079	304,450	75,922
Compensated absences	604	3,205	46	3,763	376
	$ 378,134	$ 3,205	$ 73,125	$ 308,213	$ 76,298
Solid Waste Fund:					
Compensated absences	$ 2,326	$ -	$ -	$ 2,326	$ 233

Compensated absences have typically been liquidated in prior years by the fund reporting such balance, General Fund, Water & Sewer Fund or Electric Fund. The total interest incurred for the year ended June 30, 2012 was $ 52,455, none of which was capitalized.

Note 8: Long-term Obligations, continued

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2012 are as follows:

	Governmental Funds		Enterprise Funds			
			Water Fund		Electric Fund	
			Newton County			
Year Ending	BB&T		Water & Sewer Authority		BB&T	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 54,712	$ 19,043	$ 30,000	$ 6,825	$ 75,922	$ 12,950
2014	57,083	16,672	30,000	5,655	79,644	9,227
2015	59,557	14,198	30,000	4,485	83,548	5,623
2016	62,138	11,617	30,000	3,315	65,336	1,318
2017	64,831	8,924	35,000	2,048	-	-
2018-2020	174,637	9,751	35,000	682	-	-
	$ 472,958	$ 80,205	$ 190,000	$ 23,010	$ 304,450	$ 29,118

Note 9: Retirement Benefits – Pension Plans

Defined Benefit Pension Plan

The City established defined benefit pension plan for full-time employees employed at least one year. The City's defined benefit pension plan, the City of Oxford Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries. The plan is reported on a year ending January 1, 2012. Since the prior valuation, the valuation date was changed from July 1 to January 1. In addition, there have been changes in actuarial methods or assumptions since the last valuation. This plan was frozen to new participants and nonvested employees as of October 1, 2011

Plan Description

The City contributes to the City of Oxford Retirement Plan, which is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employer plan. O.C.G.A. Section 47-5-1 et. Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities. For the City of Oxford Retirement Plan, that authority rests with the City of Oxford, Georgia. It is the responsibility of GMEBS to function as the investment and administrative agent for the City of Oxford, Georgia with respect to the pension plan. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Pryor Street, SW, Atlanta, GA 30303, or calling (404) 688-0472. The total payroll for employees participating in the Plan as of January 1, 2012 (the most recent actuarial valuation date) was $ 257,171.

All employees who work twenty hours or more per week are eligible to participate after one year of service. Elected officials are not eligible to participate. The pension benefits are fully vested after 5 years in the plan. Participants become eligible to retire at age 65 with 5 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount 1.0 to 1.75% of his final average earnings in excess of a breakpoint that is determined based on age. An employee may elect early retirement at age 55 provided that he has a minimum of 10 years total credited service. Participants who have completed 5 years of credited service are eligible to designate a beneficiary to receive death benefits.

City employees are not permitted to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Plan Asset Matter and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Investments in securities are valued at current market prices. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the City or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	8
Terminated plan members entitled to, but not receiving benefits	5
Active plan members	8
Total	21

Note 9: Retirement Benefits – Pension Plans, continued

Contributions

The plan is subject to the minimum funding standards of the Public Retirement System Standards Law (O.C.G.A. Section 47-20-10). The estimated minimum annual contribution under those standards is $ 46,102, which is 17.93% of covered payroll. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuation in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The GMEBS funding policy is to contribute an amount equal to the recommended contribution each year. The recommended contribution of $74,010, which is 28.29% of covered payroll, meets the guidelines for calculating an annual required contribution as set forth in GASB 27. Administrative expenses are based on the total covered payroll of plan members and are added to the annual funding requirement.

Annual Pension Cost

The City's required and actual employer contribution was $74,010 for the plan year ended January 1, 2012.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2012. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Remaining amortization period	11 years
Asset valuation method	Market value adjusted
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4-6% with inflation at 3.50% per year
Cost of living adjustments	N/A

Net Pension Obligation

During the 1997 Plan Year, the City implemented GASB Statements 25 and 27. The pension liability was determined at the time of transition to these new standards in accordance with Statement No. 27. Historically, the City has always made the actuarially determined employer contribution, so that the City had no pension liability or asset.

Three Year Trend Information

Fiscal Year Beginning	Annual Pension Cost	Net of APC Contributed	Net Pension Obligation
1/1/2012	$ 74,010	100%	-
7/1/2011	87,737	100%	-
7/1/2010	84,595	100%	-

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date		(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
1/1/2012	***	$ 824,499	$ 1,193,712	$ 369,213	69.1%	$ 257,171	143.6%

Note 9: Retirement Benefits – Pension Plans, continued

The schedule of funding progress, presented as RSI 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 liability for benefits.

Defined Contribution Pension Plan

Beginning October 1, 2011, the City froze the Defined Benefit Plan to new employees, and instead offered retirement benefits through a deferred compensation, defined contributions plan. The Plan was created under the Internal Revenue Code Sections 457 and 401(a). The Plan is administered by the Georgia Municipal Association (GMA), an independent third party. All employees who work at least 40 hours per week are eligible to participate in the Plan. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

Under the terms of the plan, employees may defer a portion of their salary through voluntary contributions to the Plan. The City will contribute a matching amount equal to 50% of the employee's contributions to the 457 Deferred Compensation Plan for the first 2% of compensation, then a nonmatching 4% of base salary contribution. Employee contributions are vested 100% at the time of contribution. Employer contributions are fully vested after five (5) years of service. Amounts held in the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency.

During the fiscal year, the City contributed $1,851 to the Plan and members made voluntary contributions of $1,688.

The City has no fiduciary relationship with the Plans, and Plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the plans.

Note 10: Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these various risks with a deductible of $1,000.

The city participates in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for Workers' Compensation Self-Insurance Fund (WCSIF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association operates both risk pools.

As a part of this risk pool, the city is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in any investigation, settlement discussions and all levels of litigation arising out of any claim made against the city within the scope of protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverage.

Note 11: Joint Ventures

Northeast Georgia Regional Commission: The City of Oxford, Georgia, in conjunction with cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the Chief elected official (or a designated government official) of each county, the chief elected official (or a designated government official) of each municipality, one elected or appointed municipal government official from each county (or a designee of the municipalities of the county), not less than 10 or more than 20 nonpublic members, and shall include a minority representation, the percentage of which is at least equal to the minority population of the geographic region served by the Board. Financial statements can be obtained from the Northeast Georgia Regional Commission, 305 Research Drive, Athens, GA 30601.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RCs as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (OCGA 50-8-39.1)

Note 12: Municipal Electric Authority of Georgia (MEAG) Trust

On May 3, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust").

The Trust was created by MEAG in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electric systems of political subdivisions, which are wholesale power customers of MEAG, such as City of Oxford. MEAG expects that after such legislation is effective, market rates for power will result which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to deposit funds to be invested at the best prudent rates of return and be applied, in accordance with the provisions of the Trust, to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Oxford, and within the account creates the following three subaccounts in which the City of Oxford participates:

1. Flexible Operating Trust Account – This type of subaccount may be funded from contributions by the City, from the City's Discretionary Reserve Fund with MEAG, or from other available funds.

According to Trust provisions, the City has the following withdrawal rights with respect to this fund:
The City has, at any time, the right to withdraw part or all funds from the Flexible Operating Trust Account.

The balance of the account on June 30, 2012 is $ 306,812.

2. Credit Support Operating Trust Account – This type of subaccount may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds. The City also has the right to borrow, if certain conditions are met, part or all of the funds in the Credit Support Operating Trust Account for the purpose of paying the cost of a capital expenditure, provided that the City executes and delivers to the Trustee a promissory note and such other documents reasonably satisfactory to MEAG in which the City agrees to repay the withdrawn amount to the Trustee.

The balance of the account on June 30, 2012 is $ 1,075,324.

3. Reserve Funded Debt Trust – This type of subaccount may be funded from contributions by MEAG from any funds it has available for such purposes.

The balance of the account on June 30, 2012 is $ 361,791.

Note 12: Municipal Electric Authority of Georgia (MEAG) Trust, continued

According to the original Trust provisions, the City had no right to withdraw amounts from the Reserve Funded Debt Trust Account unless MEAG consented in writing thereto, and in the event MEAG should consent to a withdrawal, the withdrawn funds must be applied to the outstanding balance of the City's current monthly billing on account of its entitlement or obligation share(s) under its Power Sales Contract(s) of MEAG's Annual Project Generation Fixed Charges. Prior to the anticipated actual deregulation date, the City shall have the right to cause the Trustee to use funds from the Credit Support Operating Trust Account to reduce, or as credit against, its monthly billings (i) to mitigate wholesale rate increases which have an impact of greater than 20% on the City's wholesale cost in any year (ii) to mitigate the adverse impact of any wholesale cost increase which results from the phase-out of special rates in any year, and (iii) to mitigate the impact of wholesale costs which exceed the system average wholesale cost by more than 20% in any year, all as set forth in a certificate of the City and MEAG.

Amendments were passed as of January 1, 2009, that allowed subsequent limited access to the Credit Support and Reserve Funded accounts.

Note 13: Major Customer

Oxford College of Emory University accounts for 42%, 22%, and 4% of the revenues of the electric, water and solid waste funds respectively.

Note 14: Net Assets Restricted by Enabling Legislation

In 2005, referendums were passed providing for a 1% sales tax to be used by the City for various construction utility projects. Again in 2011, the taxpayers voted to continue the 1% sales tax for City water improvements. Additionally, the City maintains a special revenue fund to account for activities in accordance with Georgia law. These funds have restrictions on the use of the remaining fund balance in the funds as follows: SPLOST 2005 Capital Projects $78,784, SPLOST 2011 Capital Projects $272,602 and Public Safety $-0-.

Required Supplemental Information

City of Oxford, Georgia
Required Supplementary Information
June 30, 2012

RETIREMENT PLAN
Schedule of Funding Progress

Actuarial Valuation Date		(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
1/1/2012	***	$ 824,499	$ 1,193,712	$ 369,213	69.1%	$ 257,171	143.6%
7/1/2011		$ 823,829	$ 1,220,651	$ 396,822	67.5%	$ 377,947	105.0%
7/1/2010	**	$ 753,874	$ 984,247	$ 230,373	76.6%	$ 544,021	42.3%
10/1/2009	*	683,224	934,941	251,717	73.1%	509,284	49.4%
11/1/2008		665,654	870,597	204,943	76.5%	456,873	44.9%
11/1/2007		609,378	831,986	222,608	73.2%	510,444	43.6%
11/1/2006		550,137	772,804	222,667	71.2%	467,055	47.7%
11/1/2005		507,245	731,358	224,113	69.4%	463,397	48.4%
11/1/2004		457,689	640,452	182,763	71.5%	435,883	41.9%
11/1/2003		385,909	564,728	178,819	68.3%	337,556	53.0%

* Per the City of Oxford Retirement Plan Valuation Report prepared by Georgia Municipal Association, the valuation date changed from November 1 in all previous years to October 1 in current fiscal year.

**Per the City of Oxford Retirement Plan Valuation Report prepared by Georgia Municipal Association, the valuation date changed from October 1 in the immediate past year to July 1 in the current fiscal year.

***Per the City of Oxford Retirement Plan Valuation Report prepared by Georgia Municipal Association, the valuation date changed from July 1 in the immediate past year to January 1 in the current fiscal year.

Combining and Individual Fund Statements and Schedules

Major Funds

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

SPLOST 2011 Fund - This fund is to account for monies the City intends to allocate for the acquisition or construction of capital assets from proceeds from SPLOST 2011.

Capital Projects Fund - This fund is to account for monies the City intends to allocate for the acquisition or construction of various capital projects in the future.

City of Oxford, Georgia
Balance Sheet
Capital Projects Fund
June 30, 2012

	SPLOST 2011 Fund
ASSETS	
Receivable from other governments	$ 59,993
Restricted cash	212,609
Total assets	$ 272,602
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
Restricted	272,602
Total fund balances	272,602
Total liabilities and fund balances	$ 272,602

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2012

	SPLOST 2011 Fund			
	Project Budget	**Prior Year**	**Current Actual**	**Total to Date**
REVENUES				
Intergovernmental	$ 1,233,050	$ -	$ 272,602	$ 272,602
Taxes	-	-	-	-
Total Revenues	1,233,050	-	272,602	272,602
EXPENDITURES				
General Government	-	-	-	-
Public Works	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,233,050	-	272,602	272,602
Net change in fund balance	$ 1,233,050	$ -	272,602	$ 272,602
Fund balance - beginning			-	
Fund balance -ending			$ 272,602	

City of Oxford, Georgia
Balance Sheet
Capital Projects Fund
June 30, 2012

	Capital Project Fund
ASSETS	
Receivable from other governments	$ -
Restricted cash	2,409,879
Total assets	$ 2,409,879
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
Committed	2,409,879
Total fund balances	2,409,879
Total liabilities and fund balances	$ 2,409,879

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2012

	Capital Project Fund			
	Original Budget	**Final Budget**	**Actual**	**Variance with Final Budget**
REVENUES				
OTHER FINANCING SOURCES				
Transfers in	$ -	$ -	$ 2,409,879	$ 2,409,879
Total other financing sources	-	-	2,409,879	2,409,879
Net change in fund balance	$ -	$ -	2,409,879	$ 2,409,879
Fund balance - beginning			-	
Fund balance -ending			$ 2,409,879	

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government.

Confiscated Assets Fund - This fund accounts for funds that have been confiscated by law enforcement. The monies is this fund are used for law enforcement purposes.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

SPLOST 05 Fund - This fund is to account for monies the City intends to allocate for the acquisition of capital assets from proceeds from SPLOST 2005.

City of Oxford, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Total Special Revenue Funds	Total Capital Project Fund	Total Governmental Funds
ASSETS			
Cash	$ -	$ -	$ -
Receivable from other governments	-	87,661	87,661
Total assets	$ -	$ 87,661	$ 87,661
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 2	$ 2
Due to other funds	-	8,875	8,875
Total liabilities	-	8,877	8,877
Fund balances:			
Restricted:			
Capital Projects	-	78,784	78,784
Total fund balances	-	78,784	78,784
Total liabilities and fund balances	$ -	$ 87,661	$ 87,661

City of Oxford, Georgia
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Total Special Revenue Fund	Total Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	$ -	$ -	$ -
Total revenues	-	-	-
EXPENDITURES			
General Government	-	47,173	47,173
Public Safety	634	-	634
Total Expenditures	634	47,173	47,807
Excess (deficiency) of revenues over (under) expenditures	(634)	(47,173)	(47,807)
Net change in fund balance	(634)	(47,173)	(47,807)
Fund balance - beginning	634	125,957	126,591
Fund balance - ending	$ -	$ 78,784	$ 78,784

EXHIBIT E

City of Oxford, Georgia
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Confiscated Assets
ASSETS	
Cash and cash equivalents	$ -
Total assets	$ -
LIABILITIES AND FUND BALANCES	
Fund balances:	
Nonspendable - Public Safety	$ -
Total fund balances	-
Total liabilities and fund balances	$ -

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2012

	Confiscated Assets
REVENUES	
Investment earnings	$ -
Total Revenues	-
EXPENDITURES	
Public Safety	634
Total Expenditures	634
Excess (deficiency) of revenues over expenditures	(634)
Net change in fund balance	(634)
Fund balance - beginning	634
Fund balance - ending	$ -

City of Oxford, Georgia
Balance Sheet
Capital Projects Fund
June 30, 2012

	SPLOST 05 Fund
ASSETS	
Due from other governments	$ 87,661
Total assets	$ 87,661
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 2
Due to other funds	8,875
Total liabilities	8,877
Fund balances:	
Restricted	78,784
Total fund balances	78,784
Total liabilities and fund balances	$ 87,661

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2012

	SPLOST 05 Fund			
	Project Budget	**Prior Year**	**Current Actual**	**Total to Date**
REVENUES				
Intergovernmental	$ 605,168	$ 521,977	$ -	$ 521,977
Total Revenues	605,168	521,977	-	521,977
EXPENDITURES				
General Government	230,000	95,166	47,173	142,339
Public Works	344,910	344,910	-	344,910
Total Expenditures	574,910	440,076	47,173	487,249
Excess (deficiency) of revenues over (under) expenditures	30,258	81,901	(47,173)	34,728
OTHER FINANCING SOURCES				
Transfers out	30,258	30,258	-	30,258
Total other financing sources	30,258	30,258	-	30,258
Net change in fund balance	$ 60,516	$ 112,159	(47,173)	$ 64,986
Fund balance - beginning			125,957	
Fund balance -ending			$ 78,784	

Supplemental Schedules

City of Oxford, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
With Comparative Actual Totals for the Year Ended June 30, 2012

Revenues:	Original Budget	Final Budget	Actual	Variance with Final Budget
Taxes:				
Property taxes	$ 145,000	$ 145,000	$ 150,549	$ 5,549
Local option sales tax	304,000	304,000	327,700	23,700
Insurance premium tax	103,000	103,000	100,094	(2,906)
Franchise tax	45,950	45,950	47,490	1,540
Pen & int on delinquent tax	1,000	1,000	1,908	908
Total	598,950	598,950	627,741	27,883
Licenses and permits:				
Business licenses	5,000	5,000	9,487	4,487
Total	5,000	5,000	9,487	4,487
Fines and forfeitures	75,000	75,000	44,475	(30,525)
Charges for services:				
Cemetery lot sales	3,500	3,500	1,480	(2,020)
Election qualifying fees	660	660	330	(330)
Other	3,100	3,100	1,545	(1,555)
Total	7,260	7,260	3,355	(3,905)
Intergovernmental revenues:				
State grants	-	-	-	-
Total	-	-	-	-
Interest income:				
Investments	1,200	1,200	3,341	2,141
Miscellaneous revenues:	3,600	3,600	36,753	33,153
Total Revenues	$ 691,010	$ 691,010	$ 725,152	$ 33,234

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
Executive Administration				
Personal services	$ 29,175	$ 29,875	$ 28,689	$ 1,186
Purchased/contracted services	22,000	13,500	6,677	6,823
Total executive administration	51,175	43,375	35,366	8,009
Elections				
Personal services	450	450	370	80
Total elections	450	450	370	80
General Administration				
Personal services	165,544	171,844	144,832	27,012
Purchased/contracted services	280,000	280,950	186,382	94,568
Supplies	29,000	29,450	22,006	7,444
Capital outlay	10,500	10,500	-	10,500
Other costs	73,756	74,106	74,053	53
Total general administration	558,800	566,850	427,273	139,577
Total General Government	610,425	610,675	463,009	147,666
JUDICIAL				
Probate Court				
Personal services	12,100	11,850	10,661	1,189
Total probate court	12,100	11,850	10,661	1,189
Total Judicial	12,100	11,850	10,661	1,189
PUBLIC SAFETY				
Police				
Personal services	198,670	232,670	221,194	11,476
Purchased/contracted services	52,700	59,000	38,628	20,372
Supplies	45,000	37,700	23,381	14,319
Other costs	26,000	13,000	11,478	1,522
Total police	322,370	342,370	294,681	47,689
Emergency services				
Purchased/contracted services	22,000	13,900	11,127	2,773
Total Emergency services	22,000	13,900	11,127	2,773
Total Public Safety	$ 344,370	$ 356,270	$ 305,808	$ 50,462

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC WORKS				
Highways and Streets				
Personal services	$ 54,380	$ 66,630	$ 44,022	$ 22,608
Purchased/contracted services	69,700	94,700	78,398	16,302
Supplies	63,600	59,450	44,267	15,183
Capital outlay	78,630	33,630	-	33,630
Total highways and streets	266,310	254,410	166,687	87,723
Total Public Works	266,310	254,410	166,687	87,723
Total Expenditures	$ 1,233,205	$ 1,233,205	$ 946,165	$ 287,040

Compliance Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

1031 Park Drive, Suite #1
Watkinsville, GA 30677

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Oxford, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxford, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the City of Oxford, Georgia's basic financial statements and have issued our report thereon dated December 14, 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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2010-1 and 2009-2. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Oxford, Georgia, in a separate letter dated December 14, 2012.

City of Oxford, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Oxford, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Madison, Georgia
December 14, 2012

Greenwood, Daniel & Co

City of Oxford, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2012

Significant Deficiency:

2010-1

Criteria: In the General, SPLOST, and Enterprise funds, there were adjusting entries required to correct revenue and expenditure balances at year end, mainly connected with debt and unique transactions.

Condition: Management is responsible for the proper recording of all items that could have a material effect on the financial statements of the City.

Cause: Controls were not in place to capture or properly record all necessary year end adjustments.

Effect: A control deficiency exists when the City does not have controls over the preparation of the financial statements that could detect a misstatement in the financial statements.

Management Response: Management will investigate possible further training opportunities.

2009-2

Criteria: All software modules that are not integrated into the general ledger should be properly reviewed and recorded in accounting system.

Condition: Separate module for utility billings in generating reports that are only partially being reconciled to general ledger.

Cause: Incomplete understanding of the billing module in relation to general ledger system.

Effect: Improper reporting of sales and receivables.

Management Response: Management has and will gain a better understanding of the utility module for proper reporting in the general ledger.

Supplemental Information

City of Oxford, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended June 30, 2012

Project	Total Estimated Project Costs	Other Funding Sources	Expenditures		Total
			Prior Years	Current Year	
2005 SPLOST					
Maintenance Facility	$ 344,910	$ -	$ 316,850	$ -	$ 316,850
City Hall Annex	140,000	1,616,334	1,878,990	-	1,878,990
Fire Station	90,000	-	-	47,173	47,173
Water System Update	30,258	-	25,719	-	25,719
2011 SPLOST					
Water & Sewer Improvements	1,233,050	-	-	-	-