City of Oxford, Georgia
Financial Statements
For the Year Ended
June 30, 2014

City of Oxford, Georgia
Financial Report
June 30, 2014

TABLE OF CONTENTS

	Exhibit No.	Page No.
INTRODUCTORY SECTION		
Principal Officials		
FINANCIAL SECTION		
Independent Auditor's Report		
Management's Discussion and Analysis		i-viii
Basic Financial Statements:		
Statement of Net Position	1	1
Statement of Activities	2	2
Balance Sheet - Governmental Funds	3	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3.1	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities	4.1	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	5	7
Statement of Net Position - Proprietary Funds	6	8
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	7	9
Statement of Cash Flows - Proprietary Funds	8	10
Notes to the Financial Statements		11-25
Required Supplementary Information:		
Retirement Plan - Schedule of Funding Progress		26
Major Funds		
Governmental Funds - Capital Projects Fund		
Balance Sheet and Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - SPLOST 2011	A	27

City of Oxford, Georgia
Financial Report
June 30, 2014

TABLE OF CONTENTS

	Exhibit No.	Page No.
Balance Sheet and Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	B	28

Supplemental Schedules:	Schedule No.	Page No.
General Fund - Schedule of Revenues - Budget and Actual	1	29
General Fund - Schedule of Operating Expenditures - Budget and Actual	2	30

	Page No.
COMPLIANCE SECTION	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	31-32
Schedule of Findings and Responses	33
Schedule of Projects Constructed with Special Purpose Sales Tax	34

Introductory Section

City of Oxford, Georgia
Principal Officials

Council Members
2014

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

City Manager
Bob Schwartz

City Clerk
Lauran Willis

Financial Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership
157 West Jefferson Street
Madison, Georgia 30650
Ph: 706-342-1040
Fax: 706-342-1041

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of City of Oxford, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

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

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

Opinions

In our opinion, 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 fund information of the City of Oxford, Georgia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-viii and the Retirement Plan-Schedule of Funding Progress on page 26 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

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 and individual 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 purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other supplementary information and the schedule of projects constructed with special sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other supplementary information, and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Oxford, Georgia's internal control over financial reporting and compliance.

Madison, Georgia
December 23, 2014



CITY OF OXFORD, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Oxford, Georgia our discussion and analysis of the financial performance provides an overview of the city's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the city's financial performance as a whole. This information should be read and considered in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2014 are as follows:

- The City of Oxford's combined net position totaled **$14,919,862.** Of this amount, unrestricted net position of **$3,297,572** may be used to meet the city's ongoing obligations to citizens and creditors.

- Total net position increased by **$475,842** during the most recent fiscal year.

- At the close of Fiscal Year 2014, the city's governmental funds reported combined ending fund balances of **$3,352,389.** Of this amount **$593,277** or 18% is available for spending at the government's discretion (General unassigned fund balance). The balance of **$2,759,112** or 82% is available for spending according to the guidelines of the source of the funds.

- At the close of the fiscal year, the City of Oxford's assets in its major business-type activities, Electric, Water/Sewer, and Sanitation exceeded its liabilities by **$8,797,241**. Of this amount, **$2,680,791**, or 30% is unrestricted and available to meet the city's ongoing obligations to its customers and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Oxford's basic financial statements. The city's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide the readers with an overview of the city's finances in a manner similar to commercial enterprises (private-sector business).

The statement of net position presents information on all of the city's assets and liabilities, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The statement of activities presents information showing how the city's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government, judicial, public safety, public works, and culture and recreation. The business-type activities of the city include water and sewer, electric utilities and solid waste management.

Fund Financial Statements. 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 other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the city's funds can be divided into governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Oxford maintains three individual major governmental funds, and possibly an aggregate nonmajor fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the SPLOST 2011 Capital Project Fund, and the Capital Project Fund, which are considered major funds. The data from the other governmental funds is located in the combining statements elsewhere in this report.

The City of Oxford adopts an annual appropriated budget for its general fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

Proprietary Funds. The City of Oxford maintains one type of proprietary fund: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its solid waste management operations, water and sewer system operations and its electric utility system operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
The proprietary fund financial statements provide separate information on the Water and Sewer Fund, the Electric Utility Fund, and the Solid Waste Fund. These three funds are considered to be major funds of the city.

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 provide information about the city's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Oxford's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2014 has been prepared according to the Governmental Accounting Standards Board (G.A.S.B.) Statement 34.

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the City of Oxford, assets exceeded liabilities by **$14,919,862** at the close of the most recent fiscal year.

The largest portion of the city's net position **$8,892,902** or 59% reflects its investment in capital assets such as land, buildings, equipment and infrastructure (utility lines, water lines, sewer lines, streets) less any related debt used to acquire those assets that are still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The second largest component of net position, which may be used to meet the city’s ongoing obligations to its citizens and creditors, is unrestricted assets in the amount of **$3,297,572** or 22%.

City of Oxford, Georgia
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Assets:						
Current and other assets	$ 3,631,204	$ 3,591,780	$ 1,808,618	$ 1,744,554	$ 5,439,822	$ 5,336,334
Restricted assets-non current	-	-	1,079,440	1,342,057	1,079,440	1,342,057
Capital assets-net	2,594,452	2,598,619	6,298,450	5,438,384	8,892,902	8,037,003
Total asset	**6,225,656**	**6,190,399**	**9,186,508**	**8,524,995**	**15,412,164**	**14,715,394**
Liabilities:						
Long-term liabilities						
Outstanding	12,746	13,391	3,801	7,878	16,547	21,269
Other liabilities	272,289	27,396	203,466	222,709	475,755	250,105
Total liabilities	**285,035**	**40,787**	**207,267**	**230,587**	**492,302**	**271,374**
Net Position:						
Invested in capital assets	2,594,452	2,598,619	6,298,450	5,438,384	8,892,902	8,037,003
Restricted	2,729,388	2,919,813	-	-	2,729,388	2,919,813
Unrestricted	616,781	631,180	2,680,791	2,856,024	3,297,572	3,487,204
Total net position	**$ 5,940,621**	**$ 6,149,612**	**$ 8,979,241**	**$ 8,294,408**	**$ 14,919,862**	**$ 14,444,020**

At the end of the current fiscal year, the city reported positive balances in all three categories of net position, both the government as a whole, and the separate governmental and business-type activities.

City of Oxford, Georgia
Changes in Net Assets

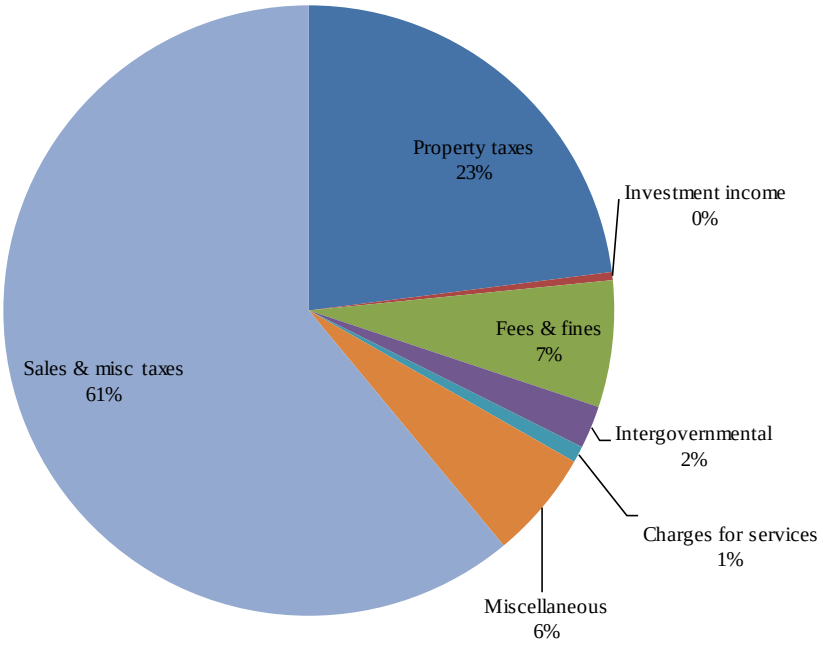
	Governmental Activities		Business-type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenues						
Program revenues:						
Charges for services	$ 92,434	$ 101,443	$ 2,974,858	$ 3,069,579	$ 3,067,292	$ 3,171,022
Operating grants	17,613	15,065	-	-	17,613	15,065
Capital grants	224,910	-	-	-	224,910	-
General revenues:						
Property taxes	177,595	151,594	-	-	177,595	151,594
Other taxes	484,986	676,670	-	-	484,986	676,670
Other	-	-	-	-	-	-
Investment earnings	8,128	5,601	13,067	648	21,195	6,249
Miscellaneous	25,280	3,561	-	82	25,280	3,643
Gain on sale of asset	25,448	-	(25,188)	-	260	-
Total revenue	**1,056,394**	**953,934**	**2,962,737**	**3,070,309**	**4,019,131**	**4,024,243**
Expenses:						
General government	685,768	570,951	-	-	685,768	570,951
Judicial	9,844	10,110	-	-	9,844	10,110
Public Safety	280,005	350,346	-	-	280,005	350,346
Public Works	265,252	230,250	-	-	265,252	230,250
Health & Welfare	-	-	-	-	-	-
Culture and recreation	2,708	835	-	-	2,708	835
Water and Sewer	-	-	538,858	621,909	538,858	621,909
Electric	-	-	1,687,999	1,704,938	1,687,999	1,704,938
Solid Waste	-	-	72,855	154,955	72,855	154,955
Total Expenses	**1,243,577**	**1,162,492**	**2,299,712**	**2,481,802**	**3,543,289**	**3,644,294**
Increase (decrease) in net position before transfers	**(187,183)**	**(208,558)**	**663,025**	**588,507**	**475,842**	**379,949**
Transfers	(21,808)	922,405	21,808	(922,405)	-	-
Increase (decrease) in net assets	**(208,991)**	**713,847**	**684,833**	**(333,898)**	**475,842**	**379,949**
Net assets-beginning	**6,149,612**	**5,435,765**	**8,294,408**	**8,628,306**	**14,444,020**	**14,064,071**
Net assets-ending	**$ 5,940,621**	**$ 6,149,612**	**$ 8,979,241**	**$ 8,294,408**	**$ 14,919,862**	**$ 14,444,020**

Governmental Activities. Governmental activities decreased the city's net position by **$208,991**.

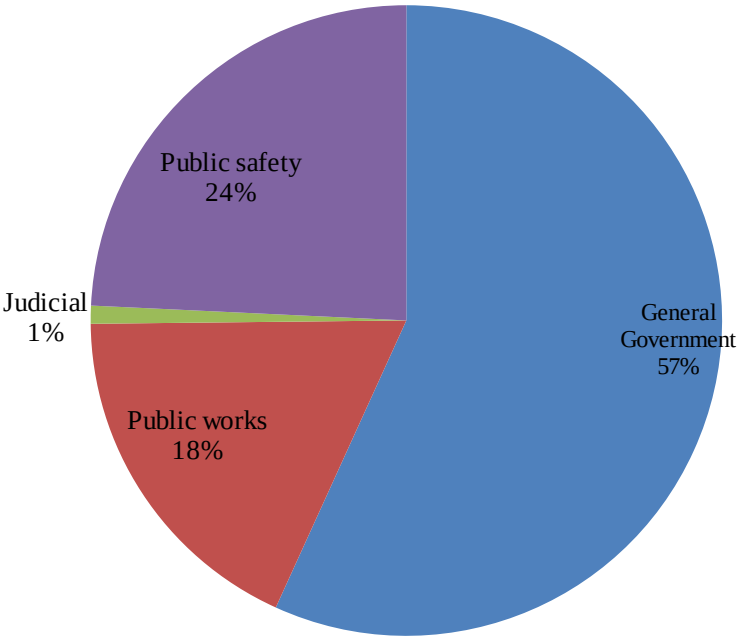
Revenues. $662,581, collected in tax revenues, made up approximately 63% of the city's total general governmental revenues. The city received capital grants for governmental activities of **$224,910**.

Expenses. The total expenses for governmental activities were **$1,243,577**. The largest single expenditure activity is in general government which totaled **$685,768** or 57%. Public Safety accounted for **$280,005** or 24% of all expense in governmental activities. Public Safety consists of the police department. A net transfer of $21,808 from the governmental funds was made to the enterprise funds.

Governmental Activities Revenues



Governmental Activities Expenditures



Business-Type Activities. Business-type activities increased the City of Oxford's net position by **$684,833**. The Electric Department, the largest of the city's three business-type activities, accounted for 73% of the expenses and 69% of the revenues among business-type activities.

In FY2013 the rate structures for water and sewer services and the power cost adjustment part of the rate for electric services were increased.

Revenues.
Water and sewer revenues were **$771,951**. Electric revenues were **$2,059,023**. Solid Waste revenues were $143,884. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the city and tap fees. Electric revenue is derived from the sale of electricity to the citizens of the city by means of user fees. During the current fiscal year, Governmental Activities transfers totaled ($21,808). Business–type Activities transfers totaled $21,808.

Expenses.
Water and Sewer expenses were **$538,858**. Electric expenses were **$1,687,999**. Solid waste expenses were **$72,855.**

FINANCIAL ANALYSIS OF CITY FUNDS

As noted earlier, the City of Oxford employs 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 spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of **$3,352,389.** Of this amount **$593,277** constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance **$2,759,112** is set aside which may only be used within the guidelines of each fund.

The General Fund is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance in the General Fund was **$593,277**. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total Fund Balance was **$623,002.** Total Expenditures are **$1,062,593.** Unassigned fund balance represents approximately 56% of total General Fund expenditures.

Proprietary Funds. The city's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at June 30, 2014 amounted to **$831,658**; those of the Electric Fund amounted to **$1,818,633**; and those of the Solid Waste Fund amounted to **$30,500.** The total change in Water and Sewer net position was **$1,252,137**; the change in Electric net position was (**$563,081)**; and the change in Solid Waste net position was (**$4,223)**.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budgeted expenditures and the final amended budgeted expenditures required no changes during the year.

During the year budgeted revenues exceeded actual revenues by **$4,716.** Expenditures were less than budgetary estimates by **$138,882.**

In March, 2014, City Council adopted revised and updated *Financial Policies* to better guide the city’s financial affairs.

Capital Assets and Debt Administration

Capital Assets. The City of Oxford's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to **$8,854,924** (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, furniture and vehicles, and construction in progress.
Major capital asset events during the current fiscal year include the following:

- The city paid $917,760 to the contractor as part of a contract for $938,867 to replace the water mains along a portion of Emory Street (SR81) and Asbury Street. The contract will be completed in FY2015.

- The city continued to use a capital projects fund to allocate funds for future capital projects. Accumulations from previous fiscal years in addition to FY2014 resulted in a balance of $2,774,665 in the capital projects fund at the end of FY2014.

- The city participated in a water line construction project with the Newton County Water and Sewer Authority to extend and interconnect with a 12" water main along Cook Road. The project was substantially completed during FY2013, but city was billed its full amount of $201,284 during FY2014.

- The city received an LMIG grant from the state DOT of $17,613 in FY2014. This was used to resurface West Soule Street as part of a project that was started in FY2014 but was completed and paid for in FY2015.

- The city replaced the chipper used for limb and brush collection for $29,866.

- The city replaced one police patrol vehicle for $31,000 and purchased a hybrid vehicle for the city manager for $21,477.

Other notable non capital expenses:

- Having paid off its three outstanding loans in FY2013, the city remained debt-free in FY2014.

- The city paid $5,000 to the Newton County Center for a special project to evaluate and summarize several previous planning studies.

City of Oxford, Georgia
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 460,127	$ 460,127	$ -	$ -	$ 460,127	$ 460,127
Construction in progress	7,798	2,198	934,247	-	942,045	2,198
Land improvements	54,411	51,077	-	-	54,411	51,077
Infrastructure	-	-	4,707,133	4,651,133	4,707,133	4,651,133
Building	1,959,038	2,014,695	652,428	731,608	2,611,466	2,746,303
Equipment	41,454	30,654	1,605	7,758	43,059	38,412
Vehicles	71,625	39,869	3,036	31,399	74,661	71,268
Total	**$ 2,594,453**	**$ 2,598,620**	**$6,298,450**	**$ 5,421,898**	**$ 8,892,902**	**$ 8,020,518**

Long-Term Debt. At the end of the current fiscal year, the city had no (-0-) total outstanding loans. Compensated absences in Governmental activities and Business-type activities totaled $16,969.

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

City of Oxford, Georgia
Outstanding Debt
Compensated Absences

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Compensated	$ 12,746	$ 13,391	4,223	$ 7,878	$ 16,969	$ 21,269
Total	**$ 12,746**	**$ 13,391**	**$ 4,223**	**$ 7,878**	**$ 16,969**	**$ 21,269**

ECONOMIC FACTORS FY2014

City of Oxford management, responding to citizen wishes, has elected to keep property taxes low and to utilize proprietary funds to supplement its General Fund.

The city is a member of the Municipal Electric Authority of Georgia (MEAG) and earnings from the electric utility fund are used to supplement the general fund. Long range planning has assured the city of an adequate supply of electric power for the foreseeable future.

The city's water and sewer fund also contributes to the city's general fund. City management has secured contracts for future water and sewer capacity that will serve the city's needs for many years into the future. Utilizing SPLOST funds, the city has upgraded much of its water system, including replacement of two major water lines. Approximately two thirds of the city's residents are on the city sewer system and the city has implemented a program to increase that number each year.

Prior to privatizing its solid waste operations the city was reporting a net loss in that fund. For FY2014 the solid waste program had a positive cash flow and made a transfer of funds to the city's general fund.

The largest industry and employer in Oxford is Oxford College of Emory University. It is significant to note that the college is in the middle of a ten year building and remodeling program with a total value of about $80 million. Construction of Fleming Hall, a new student dorm, started in May, 2013 was completed in August, 2014. Construction of the new science building with a value of about $29 million started in May, 2014.

Overall the city is well managed by a dedicated staff and a mayor and council committed to sound fiscal policy, cooperative intergovernmental planning, and transparency in all its actions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Oxford's finances for all those with an interest in our government's finances. Questions concerning this report or requests for additional information may be addressed to:

The Office of the City Manager
City of Oxford
110 West Clark Street
Oxford, GA 30054

Basic Financial Statements

City of Oxford, Georgia
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,492,007	$ 833,454	$ 4,325,461
Investments	-	504,121	504,121
Receivables	38,019	417,976	455,995
Due from other governments	71,453	74	71,527
Inventories	-	37,554	37,554
Restricted assets-noncurrent	-	1,079,440	1,079,440
Other assets	29,725	15,439	45,164
Capital assets			
Capital assets, not being depreciated	467,924	934,248	1,402,172
Capital assets, net of accumulated depreciation	2,126,528	5,364,202	7,490,730
Total capital assets	2,594,452	6,298,450	8,892,902
Total assets	6,225,656	9,186,508	15,412,164
LIABILITIES			
Accounts payable and accrued expenses	272,289	194,476	466,765
Due from other governmental agencies	-	8,568	8,568
Long-term liabilities			
Portion due or payable within one year:			
Compensated absences	-	422	422
Portion due or payable after one year:			
Compensated absences	12,746	3,801	16,547
Total liabilities	285,035	207,267	492,302
NET POSITION			
Invested in capital assets	2,594,452	6,298,450	8,892,902
Restricted for:			
Capital projects	-	-	-
Unrestricted	3,346,169	2,680,791	6,026,960
Total net position	$ 5,940,621	$ 8,979,241	$ 14,919,862

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

City of Oxford, Georgia
Statement of Activities
For the Year Ended June 30, 2014

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 Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental:							
General government	$ 685,768	$ 40,323	$ 17,613	$ -	$ (627,832)	$ -	$ (627,832)
Judicial	9,844	-	-	-	(9,844)	-	(9,844)
Public safety	280,005	52,111	-	-	(227,894)	-	(227,894)
Public works	265,252	-	-	224,910	(40,342)	-	(40,342)
Culture and recreation	2,708	-	-	-	(2,708)	-	(2,708)
Total governmental activities	1,243,577	92,434	17,613	224,910	(908,620)	-	(908,620)
Business-type activities:							
Water & Sewer Fund	538,858	771,951	-	-	-	233,093	233,093
Electric Fund	1,687,999	2,059,023	-	-	-	371,024	371,024
Solid Waste Fund	72,855	143,884	-	-	-	71,029	71,029
Total business-type activities	2,299,712	2,974,858	-	-	-	675,146	675,146
Total primary government	3,543,289	3,067,292	17,613	224,910	(908,620)	675,146	(233,474)
General revenues:							
Taxes							
Property taxes, levied for general purposes					177,595	-	177,595
Sales tax					317,784	-	317,784
Franchise and business taxes					167,202	-	167,202
Investment earnings					8,128	13,067	21,195
Miscellaneous					25,280	-	25,280
Gain on the sale of capital assets					25,448	(25,188)	260
Transfers					(21,808)	21,808	-
Total general revenues & transfers					699,629	9,687	709,316
Change in net position					(208,991)	684,833	475,842
Net position - beginning					6,149,612	8,294,408	14,444,020
Net position - ending					$ 5,940,621	$ 8,979,241	$ 14,919,862

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

City of Oxford, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	SPLOST 2011 Capital Project Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash	$ 580,080	$ 90,419	$ 2,821,508	$ 3,492,007
Taxes receivable, net	7,035	-	-	7,035
Due from other governments	33,454	37,999	-	71,453
Due from others	30,984			30,984
Prepaid	29,725	-	-	29,725
Total assets	$ 681,278	$ 128,418	$ 2,821,508	$ 3,631,204
LIABILITIES				
Accounts payable	$ 41,051	$ 173,696	$ 46,843	$ 261,590
Other accrued expenses	10,699	-	-	10,699
Total liabilities	51,750	173,696	46,843	272,289
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	6,526	-	-	6,526
Total deferred inflows	6,526	-	-	6,526
FUND BALANCES				
Nonspendable:				
Prepaid items	29,725	-	-	29,725
Restricted:				
Capital outlay	-	-	-	-
Committed:				
Capital outlay	-	-	2,774,665	2,774,665
Unassigned	593,277	(45,278)	-	547,999
Total fund balances	623,002	(45,278)	2,774,665	3,352,389
Total liabilities, deferred inflows and fund balances	$ 681,278	$ 128,418	$ 2,821,508	$ 3,631,204

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 Position
June 30, 2014

Total *fund* balances for governmental funds (Exhibit 3)	$ 3,352,389
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	2,594,452
Some liabilities, (such as Compensated Absences), 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 Position.	(12,745)
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.	6,525
Total net position of governmental activities (Exhibit 2)	$ 5,940,621

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, 2014

	General Fund	SPLOST 2011 Capital Project Fund	Capital Project Fund	Total Governmental Funds
Revenues				
Property taxes	$ 178,565	$ -	$ -	$ 178,565
Sales and miscellaneous taxes	474,046	-	-	474,046
Fines and forfeitures	52,111	-	-	52,111
Licenses and permits	10,940	-	-	10,940
Intergovernmental	17,613	224,910	-	242,523
Charges for services	6,673	-	-	6,673
Investment income	3,333	-	4,795	8,128
Miscellaneous	33,678	-	-	33,678
Total revenues	776,959	224,910	4,795	1,006,664
Expenditures				
Current:				
General government	603,403	-	-	603,403
Judicial	9,844	-	-	9,844
Public safety	257,589	-	-	257,589
Public works	191,757	-	-	191,757
Capital outlay	-	-	150,871	150,871
Debt service	-	-	-	-
Total expenditures	1,062,593	-	150,871	1,213,464
Excess (deficiency) of revenues under expenditures	(285,634)	224,910	(146,076)	(206,800)
Other financing sources (uses):				
Transfers in	450,000	200,000	859,689	1,509,689
Transfers (out)	(202,550)	(917,760)	(411,188)	(1,531,498)
Sale of general capital assets	25,448	-	-	25,448
Total other financing sources (uses)	272,898	(717,760)	448,501	3,639
Net changes in fund balance	(12,736)	(492,850)	302,425	(203,161)
Fund balance - beginning	635,738	447,572	2,472,240	3,555,550
Fund balance - ending	$ 623,002	$ (45,278)	$ 2,774,665	$ 3,352,389

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, 2014

Net change in *fund* balances - total governmental funds (Exhibit 4)	$	(203,161)
The change in *net position* 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 ($97,805) was behind depreciation ($108,194) in the current period.		(10,387)
In governmental funds, capital assets are not recorded in the fund. Thus, a disposal of an asset has no effect in the governmental fund, other than recording the proceeds, if any, from the sale. However, the statement of activities recognizes a gain or loss related to the disposal of the asset. This is the amount of gain or loss related to the disposal of capital assets in the statement of net activities, along with the addition of contributed assets.		6,223
Governmental funds defer all tax revenues not collected within 60 days of year end. However, the statement of activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the amount by which the current year deferral ($6,526) is behind the prior year deferral ($7,494).		(967)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account.		(693)
Change in net position of governmental activities (Exhibit 2)	$	(208,991)

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

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ 153,800	$ 153,800	$ 178,565	$ 24,765
Sales and miscellaneous taxes	500,025	500,025	474,046	(25,979)
Fees and fines	60,000	60,000	52,111	(7,889)
Licenses and permits	12,000	12,000	10,940	(1,060)
Intergovernmental	14,000	14,000	17,613	3,613
Charges for services	6,650	6,650	6,673	23
Investment income	1,200	1,200	3,333	2,133
Miscellaneous	34,000	34,000	33,678	(322)
Total revenues	781,675	781,675	776,959	(4,716)
Expenditures				
Current:				
General government	637,734	637,234	603,403	33,831
Judicial	12,150	12,150	9,844	2,306
Public safety	317,263	317,263	257,589	59,674
Public works	234,828	234,828	191,757	43,071
Total expenditures	1,201,975	1,201,475	1,062,593	138,882
Deficiency of revenues under expenditures	(420,300)	(419,800)	(285,634)	(143,598)
Other financing sources:				
Transfers in (out)	420,000	420,000	247,450	(172,550)
Sale of capital assets	300	300	25,448	25,148
Total other financing sources	420,000	420,000	272,898	(147,402)
Net changes in fund balance	$ (300)	$ 200	(12,736)	$ (291,000)
Fund balance - beginning			635,738	
Fund balance - ending			$ 623,002	

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

City of Oxford, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities			
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 756,443	$ 59,605	$ 17,406	$ 833,454
Investments	-	504,121	-	504,121
Accounts receivable, net	108,639	290,160	19,177	417,976
Due from other funds	42,457	-	-	42,457
Due from other governments	10	64	-	74
Inventories	-	37,554	-	37,554
Prepaid expenses	2,550	12,889	-	15,439
Total current assets	910,099	904,393	36,583	1,851,075
Non-current assets:				
Restricted assets:				
Cash	-	148,173	-	148,173
Investments	-	931,267	-	931,267
Capital Assets:				
Construction in progress	934,248	-	-	934,248
Infrastructure	6,109,594	1,255,166	-	7,364,760
Buildings	-	1,122,394	-	1,122,394
Equipment and furniture	20,843	192,290	-	213,133
Less Accumulated depreciation	(2,239,448)	(1,096,637)	-	(3,336,085)
Total non-current assets	4,825,237	2,552,653	-	7,377,890
Total assets	5,735,336	3,457,046	36,583	9,228,965
LIABILITIES				
Current liabilities:				
Accounts payable	35,012	5,530	6,083	46,625
Utility deposits payable from restricted	42,457	105,394	-	147,851
Due to other funds	-	42,457	-	42,457
Due to other governments	-	8,568	-	8,568
Compensated absences	97	325	-	422
Total current liabilities	77,566	162,274	6,083	245,923
Non-current liabilities:				
Compensated absences	875	2,926	-	3,801
Total non-current liabilities	875	2,926	-	3,801
Total liabilities	78,441	165,200	6,083	249,724
NET POSITION				
Invested in capital assets	4,825,237	1,473,213	-	6,298,450
Unrestricted	831,658	1,818,633	30,500	2,680,791
Total net position	$ 5,656,895	$ 3,291,846	$ 30,500	$ 8,979,241

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

City of Oxford, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities			
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	Total
REVENUES				
Charges for services	$ 710,663	$ 2,059,023	$ 143,884	$ 2,913,570
Tap fees	58,420	-	-	58,420
Miscellaneous	2,868	-	-	2,868
Total operating revenues	771,951	2,059,023	143,884	2,974,858
OPERATING EXPENSES				
Cost of sales and services	289,578	1,407,624	-	1,697,202
Personal services	29,890	150,970	3,614	184,474
Contractual services	35,925	16,068	68,561	120,554
Other supplies and expenses	26,198	26,973	680	53,851
Depreciation	157,267	86,364	-	243,631
Total operating expenses	538,858	1,687,999	72,855	2,299,712
Operating income (loss)	233,093	371,024	71,029	675,146
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	-	13,047	-	13,047
Gain (loss) on sale of asset	-	84	(25,252)	(25,168)
Total non-operating revenue (expenses)	-	13,131	(25,252)	(12,121)
Income (loss) before transfers	233,093	384,155	45,777	663,025
Transfers in	1,119,044	9,903	-	1,128,947
Transfers (out)	(100,000)	(957,139)	(50,000)	(1,107,139)
Income (loss) before special items	1,252,137	(563,081)	(4,223)	684,833
Change in net position	1,252,137	(563,081)	(4,223)	684,833
Total net position - beginning	4,404,758	3,854,927	34,723	8,294,408
Total net position - ending	$ 5,656,895	$ 3,291,846	$ 30,500	$ 8,979,241

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, 2014

	Major		Nonmajor	
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Totals
Cash flows from operating activities:				
Cash received from customers	$ 747,011	$ 2,101,469	$ 137,239	$ 2,985,719
Cash payments to employees for services	(31,008)	(151,971)	(5,150)	(188,129)
Cash payments to suppliers	(348,221)	(1,510,097)	(68,627)	(1,926,945)
Net cash provided (used) by operating activities	367,782	439,401	63,462	870,645
Cash flows from noncapital financing activities:				
Transfer (to) from other funds	(100,000)	(947,236)	(50,000)	(1,097,236)
Loan (to) from other governments	16,444	-	-	16,444
Net cash provided (used) by noncapital financing activities	(83,556)	(947,236)	(50,000)	(1,080,792)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,119,046)	(9,903)	25,252	(1,103,697)
Proceeds from sale of assets	-	-	(25,252)	(25,252)
Contributed/transfers other funds	1,119,046	-	-	1,119,046
Net cash used by capital and related financing activities	-	(9,903)	-	(9,903)
Cash flows from investing activities				
Proceeds from sale of investments	-	274,044	-	274,044
Net investment income	-	13,131	-	13,131
Net cash provided by investing activities	-	287,175	-	287,175
Net increase (decrease) in cash and cash equivalents	284,226	(230,563)	13,462	67,125
Cash and cash equivalents - beginning	472,217	438,341	3,944	914,502
Cash and cash equivalents - ending	$ 756,443	$ 207,778	$ 17,406	$ 981,627
Unrestricted cash	756,443	59,605	17,406	$ 833,454
Restricted cash	-	148,173	-	148,173
Total cash	$ 756,443	$ 207,778	$ 17,406	$ 981,627
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 233,093	$ 371,024	$ 71,029	$ 675,146
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	157,267	86,364	-	243,631
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(26,329)	7,682	(7,345)	(25,992)
(Increase) decrease in prepaid expenses	(275)	421	1,033	1,179
Increase (decrease) in compensated absences	(1,118)	(1,001)	(1,536)	(3,655)
Increase (decrease) in accounts payable	5,144	(25,058)	281	(19,633)
Increase (decrease) in intergovernmental payable	-	(31)	-	(31)
Net cash provided (used) by operating activities	$ 367,782	$ 439,401	$ 63,462	$ 870,645

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 (as amended), *The Financial Reporting Entity*, the financial statements of the reporting entity include those of City of Oxford (the primary government) and its component units.

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 position 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.

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.

Note 1: Summary of Significant Accounting Policies, continued

B. Basis of Presentation, Basis of Accounting, continued

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 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 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.

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.

Note 1: Summary of Significant Accounting Policies, continued

C. Budgets and Budgetary Accounting, continued

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. The Capital Project Funds operate under a project-length budget.

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 securities as enumerated in OCGA 50-17-59.

Investments - Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

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, 2014 amounted to $7,035 while unavailable property tax revenue totaled $6,526.

Note 1: Summary of Significant Accounting Policies, continued

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.

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

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.

Note 1: Summary of Significant Accounting Policies, continued

K. Fund Equity, continued

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.

Under a net flow assumption, 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. Under a fund balance flow assumption, 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

The SPLOST 2011 fund reported a deficit fund balance of $45,278 at June 30, 2014.

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

Note 3: Deposits and Investments, continued

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 $308,071 and restricted investments of $931,267 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, 2014, the average remaining terms of the investments in collateralized mortgage obligations is approximately three years.

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, 2014, 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	Electric Fund	Water & Sewer Fund	Nonmajor Solid Waste Fund	Total
Accounts	$ 30,984	$ -	$ 302,613	$ 112,459	$ 19,886	$ 465,942
Taxes	7,035	-	-	-	-	7,035
Intergovernmental	33,454	37,999	-	-	-	71,453
Other	-	-	-	-	-	-
Gross receivables	71,473	37,999	302,613	112,459	19,886	544,430
Less: allowance for uncollectibles	-	-	(12,453)	(3,820)	(709)	(16,982)
Net total receivables	$ 71,473	$ 37,999	$ 290,160	$ 108,639	$ 19,177	$ 527,448

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities:	Beginning	Increases	Decreases	Ending
Capital assets not being depreciated:				
Construction in progress	$ 2,198	$ 5,600	$ -	$ 7,798
Land	460,127	-	-	460,127
Total capital assets not being depreciated	462,325	5,600	-	467,925
Capital assets being depreciated:				
Site improvements	109,098	9,862	-	118,960
Buildings	2,271,871	-	-	2,271,871
Equipment	283,345	99,698	40,698	342,345
Vehicles	131,840	215,851	129,644	218,047
Total capital assets being depreciated	2,796,154	325,411	170,342	2,951,223
Less accumulated depreciation for:				
Site improvements	58,021	6,528	-	64,549
Buildings	257,176	55,657	-	312,833
Equipment	252,691	88,898	40,698	300,891
Vehicles	91,971	165,065	110,614	146,422
Total accumulated depreciation	659,859	316,148	151,312	824,695
Total capital assets being depreciated, net	2,136,295	9,263	19,030	2,126,528
Governmental activities capital assets, net	$ 2,598,620	$ 14,863	$ 19,030	$ 2,594,453

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

General government	$ 62,918
Public safety	22,161
Public works	20,407
Culture & recreation	2,708
Total government activities depreciation expense	$ 108,194

Note 5: Capital Assets, continued

Business type Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Electric Fund:				
Capital assets being depreciated:				
Infrastructure	$ 1,245,263	$ 9,903	$ -	$ 1,255,166
Buildings	1,122,395	-	-	1,122,395
Equipment	41,424	-	-	41,424
Vehicles	150,866	-	-	150,866
Total capital assets being depreciated	2,559,948	9,903	-	2,569,851
Less accumulated depreciation for:				
Infrastructure	436,937	-	-	436,937
Buildings	390,787	79,180	-	469,967
Equipment	38,429	1,390	-	39,819
Vehicles	144,120	5,794	-	149,914
Total accumulated depreciation	1,010,273	86,364	-	1,096,637
Total electric assets being depreciated, net	$ 1,549,675	$ (76,461)	$ -	$ 1,473,214

Water & Sewer Fund:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets not being depreciated:				
Construction in progress	$ 16,487	$ 917,760	$ -	$ 934,247
Total capital assets not being depreciated	16,487	917,760	-	934,247
Capital assets being depreciated:				
Infrastructure	5,908,309	201,285	-	6,109,594
Vehicles	20,843	-	-	20,843
Total capital assets being depreciated	5,929,152	201,285	-	6,130,437
Less accumulated depreciation for:				
Infrastructure	2,065,506	155,184	-	2,220,690
Vehicles	16,675	2,084	-	18,759
Total accumulated depreciation	2,082,181	157,268	-	2,239,449
Total water/sewer assets being depreciated, net	3,846,971	44,016	-	3,890,987
Total water/sewer capital assets, net	$ 3,863,458	$ 961,777	$ -	$ 4,825,235

Solid Waste Fund:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets being depreciated:				
Equipment	$ 69,832	$ -	$ 69,832	$ -
Vehicles	163,374		163,374	-
Total capital assets being depreciated	233,206	-	233,206	-
Less accumulated depreciation for:				
Equipment	65,069	-	65,069	-
Vehicles	142,885	-	142,885	-
Total accumulated depreciation	207,954	-	207,954	-
Total Solid Waste being depreciated, net	25,252	-	25,252	-
Total Business type activities capital assets, net	$ 5,438,385	$ 885,316	$ 25,252	$ 6,298,449

Note 6: Interfund Balances and Activity

Due to/from Other Funds

	Due From	
Due To	Electric Fund	Total
Water Fund	$ 42,457	$ 42,457
	$ 42,457	$ 42,457

Transfers to/from Other Funds

	Transfers In					
Transfers Out	General Fund	Capital Projects Fund	Water Fund	Electric Fund	2011 SPLOST	Total
General Fund	$ -	$ 202,550	$ -	$ -	$ -	$ 202,550
Capital Projects	-	-	201,285	9,903	200,000	411,188
SPLOST 2011	-	-	917,760	-	-	917,760
Water Fund	100,000	-	-	-	-	100,000
Electric Fund	300,000	657,139	-	-	-	957,139
Solid Waste Fund	50,000	-	-	-	-	50,000
	$ 450,000	$ 859,689	$ 1,119,045	$ 9,903	$ 200,000	$ 2,638,637

The City had interfund payables and transfers between funds (excluding SPLOST funds), that resulted from the funding and balancing of the Capital Projects fund to fund capital purchases. Enterprise funds have payables between funds due to common accounting of deposits, and transfers as part of regular budgeted amounts. The 2011 SPLOST fund received transfers to complete funding of enterprise projects.

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, 2014.

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

Note 7: Claims, Judgments and Other Commitments, continued

Authority's costs attributable to such project of the amount determined to be due under the rates and charges established by the Authority.

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 $6,792,693 at June 30, 2014.

Note 8: Long-term Obligations

Long-term Obligation Activity
Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	Beginning 7/1/2013	Increases	Decreases	Ending 6/30/2014	Due within one year
Governmental activities:					
Compensated absences	$ 13,391	$ 398	$ 1,043	$ 12,746	$ -
	$ 13,391	$ 398	$ 1,043	$ 12,746	$ -
Business-type activities:					
Water & sewer fund:					
Compensated absences	$ 2,090	$ 219	$ 1,337	$ 972	$ 97
	$ 2,090	$ 219	$ 1,337	$ 972	$ 97
Electric Fund:					
Compensated absences	$ 4,252	$ 368	$ 1,369	$ 3,251	$ 325
	$ 4,252	$ 368	$ 1,369	$ 3,251	$ 325
Solid Waste Fund:					
Compensated absences	$ 1,536	$ -	$ 1,536	$ -	$ -

Compensated absences have typically been liquidated in prior years by the fund reporting such balance, General Fund, Water & Sewer Fund or Electric Fund.

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, 2014. 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

Note 9: Retirement Benefits – Pension Plans, continued

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, 2014 (the most recent actuarial valuation date) was $195,521.

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	7
Terminated plan members entitled to, but not receiving benefits	9
Active plan members	5
Total	21

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 $ 44,354, which is 22.69% 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 $76,603, which is 38.51% 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.

Note 9: Retirement Benefits – Pension Plans, continued

Annual Pension Cost

The City's required and actual employer contribution was $76,603 for the plan year ended January 1, 2014.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2014. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Remaining amortization period	Net effective period of 10 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
1/1/2014	$ 76,603	100%	-
1/1/2013	76,114	100%	-
1/1/2012	74,010	100%	-

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014, 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
1/1/2014	$ 786,155	$ 1,158,009	$ 371,854	67.9%	$ 195,521	190.2%

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, and 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, with mayor and council as governing authority approving all provisions and amendments. 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.

Note 9: Retirement Benefits – Pension Plans, continued

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 $11,158 to the Plan and members made voluntary contributions of $10,888 .

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.

Note 11: Joint Ventures, continued

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, 2014 is $ 308,071.

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, 2014 is $ 567,181.

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, 2014 is $ 364,086.

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 37%, 18%, and 4% of the revenues of the electric, water and solid waste funds respectively.

Note 14: Net Position Restricted by Enabling Legislation

In 2011, referendums were passed providing for a 1% sales tax to be used by the City for water improvements projects. These funds have restrictions on the use of the remaining fund balance of ($45,278).

Required Supplemental Information

City of Oxford, Georgia
Required Supplementary Information
June 30, 2014

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
1/1/2014		$ 786,155	$ 1,158,009	$ 371,854	67.9%	$ 195,521	190.2%
1/1/2013		768,719	1,141,373	372,654	67.4%	248,195	150.1%
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%

* 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, 2014

	SPLOST 2011 Fund
ASSETS	
Receivable from other governments	$ 37,999
Restricted cash	90,419
Total assets	$ 128,418
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 173,696
Due to other funds	-
Total liabilities	173,696
Fund balances:	
Restricted	(45,278)
Total fund balances	(45,278)
Total liabilities and fund balances	$ 128,418

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2014

	SPLOST 2011 Fund			
	Project Budget	**Prior Year**	**Current Actual**	**Total to Date**
REVENUES				
Intergovernmental	$ 1,233,050	$ 736,661	$ 224,910	$ 961,571
Taxes	-	-	-	-
Total Revenues	1,233,050	736,661	224,910	961,571
OTHER FINANCING SOURCES				
Transfers in	-	-	200,000	200,000
Transfers (out)	(1,233,050)	(16,487)	(917,760)	(934,247)
Total other financing sources	(1,233,050)	(16,487)	(717,760)	(734,247)
Net change in fund balance	$ -	$ 720,174	(492,850)	$ 227,324
Fund balance - beginning			447,572	
Fund balance -ending			$ (45,278)	

City of Oxford, Georgia
Balance Sheet
Capital Projects Fund
June 30, 2014

	Capital Project Fund
ASSETS	
Receivable from other governments	$ -
Restricted cash	2,821,508
Total assets	$ 2,821,508
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 46,843
Due to other funds	-
Total liabilities	46,843
Fund balances:	
Committed	2,774,665
Total fund balances	2,774,665
Total liabilities and fund balances	$ 2,821,508

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2014

	Actual
REVENUES	
Intergovernmental	$ -
Investment earnings	4,795
Total Revenues	4,795
EXPENDITURES	
Capital Outlay	150,871
Total Expenditures	150,871
Excess (deficiency) of revenues over (under) expenditures	(146,076)
OTHER FINANCING SOURCES	
Transfers in	859,689
Transfers (out)	(411,188)
Total other financing sources	448,501
Net change in fund balance	302,425
Fund balance - beginning	2,472,240
Fund balance -ending	$ 2,774,665

Supplemental Schedules

City of Oxford, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2014

Revenues:	Original Budget	Final Budget	Actual	Variance with Final Budget
Taxes:				
Property taxes	$ 152,750	$ 152,750	$ 178,605	$ 25,855
Local option sales tax	355,950	355,950	317,784	(38,166)
Insurance premium tax	108,000	108,000	110,080	2,080
Franchise tax	33,225	35,775	45,471	9,696
Pen & int on delinquent tax	750	750	671	(79)
Total	650,675	653,225	652,611	(614)
Licenses and permits:				
Business licenses	12,000	12,000	10,940	(1,060)
Total	12,000	12,000	10,940	(1,060)
Fines and forfeitures	60,000	60,000	52,111	(7,889)
Charges for services:				
Cemetery lot sales	5,000	5,000	5,109	109
Election qualifying fees	300	300	225	(75)
Other	1,350	1,350	1,339	(11)
Total	6,650	6,650	6,673	23
Intergovernmental revenues:				
State grants	-	-	17,613	17,613
Total	-	-	17,613	17,613
Interest income:				
Investments	1,200	1,200	3,333	2,133
Miscellaneous revenues:	34,000	34,000	33,678	(322)
Gain/Loss on Sale of Asset	300	300	25,448	25,148
Total Revenues	$ 764,825	$ 767,375	$ 802,407	$ 35,032

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
Executive Administration				
Personal services	$ 37,500	$ 37,500	$ 37,810	$ (310)
Purchased/contracted services	19,500	19,500	15,312	4,188
Total executive administration	57,000	57,000	53,122	3,878
Elections				
Personal services	500	500	-	500
Total elections	500	500	-	500
General Administration				
Personal services	292,556	292,556	278,661	13,895
Purchased/contracted services	250,000	250,000	244,647	5,353
Supplies	31,000	31,000	26,981	4,019
Other costs	6,678	6,678	(8)	6,686
Total general administration	580,234	580,234	550,281	29,953
Total General Government	637,734	637,734	603,403	34,331
JUDICIAL				
Probate Court				
Personal services	12,150	12,150	9,844	2,306
Total probate court	12,150	12,150	9,844	2,306
Total Judicial	12,150	12,150	9,844	2,306
PUBLIC SAFETY				
Police				
Personal services	204,663	204,663	181,583	23,080
Purchased/contracted services	38,600	38,600	31,259	7,341
Supplies	40,000	40,000	32,682	7,318
Other costs	14,000	14,000	12,065	1,935
Total police	297,263	297,263	257,589	39,674
Total Public Safety	297,263	297,263	257,589	39,674
PUBLIC WORKS				
Highways and Streets				
Personal services	54,428	54,428	50,636	$ 3,792
Purchased/contracted services	103,800	103,800	86,141	17,659
Supplies	76,600	76,600	54,980	21,620
Total highways and streets	234,828	234,828	191,757	43,071
Total Public Works	234,828	234,828	191,757	43,071
Total Expenditures	$ 1,181,975	$ 1,181,975	$ 1,062,593	$ 119,382

Compliance Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership
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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Oxford, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Oxford, Georgia's basic financial statements and have issued our report thereon dated December 23, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies. 2014-1.

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 23, 2014.

City of Oxford, Georgia's Response to Findings

City of Oxford, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Oxford, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Treadwell, Tamplin & Co.

Madison, Georgia
December 23, 2014

City of Oxford, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Significant Deficiency:

2014-1

Criteria: In the General, Water and Electric funds, there were adjusting entries required to correct various account balances at year end, mainly connected with transfers and bad debts.

Condition: Management is responsible for the proper recording of all items that could have a material effect on the financial statements and the decision making by management of the City. There were material adjustments necessary related to correcting transfers among various funds, especially Capital Project Fund, as well as entries for correcting write offs of old accounts receivable.

Cause: Adequate accounting knowledge and controls were not in place to capture or properly recognize incorrect entries affecting transfers and bad debt write offs.

Effect: A control deficiency exists when the City does not have controls and accounting knowledge over the proper government accounting principles that lead to the preparation of the financial statements used for management decisions.

Management Response: Management will investigate possible further training opportunities.

Supplemental Information

City of Oxford, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended June 30, 2014

Project	Total Estimated Project Costs	Other Funding Sources	Expenditures		Total
			Prior Years	Current Year	
2011 SPLOST					
Water & Sewer Improvements	$ 1,233,050	$ -	$ 16,487	$ 917,760	$ 934,247