City of Oxford, Georgia

Financial Statements
For the Year Ended
June 30, 2015

City of Oxford, Georgia
Financial Report
June 30, 2015

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Financial Report
June 30, 2015

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Introductory Section

City of Oxford, Georgia
Principal Officials

Council Members
2015

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, 2015, 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 Audits 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2015, the City adopted new accounting guidance GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, and the Schedule of Changes in the Net Pension Liability and Related Ratios on pages 28 and 29, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 January 29, 2015, 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
January 29, 2015

Braswell, Daughi & Co

CITY OF OXFORD, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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, 2015. The intent of this discussion and analysis is to present 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 2015 are as follows:

- The City of Oxford's combined net position totaled **$14,803,997**. Of this amount, unrestricted net position of **$2,614,452** may be used to meet the city's ongoing obligations to citizens and creditors.
- Total net position increased by **$300,136** during the most recent fiscal year.
- At the close of Fiscal Year 2015, the city's governmental funds reported combined ending fund balances of **$3,597,091.** Of this amount **$589,378** or 16% is available for spending at the government's discretion (unassigned fund balance). The balance of **$3,007,713** or 84% 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 **$8,716,478**. Of this amount, **$2,211,787**, or 25% is unrestricted and available to meet the city's ongoing obligations to its customers and creditors.
- The City adopted GASB 68 and 71 in fiscal year 2015. These new standards from the Governmental Accounting Standards Board are designed to create greater transparency in regard to pension reporting. The adoption of the standards reduced unrestricted net position as of the beginning of the year for governmental and business-type activities by $225,597 and $190,402 respectively. At June 30, 2015, the City reflects a total net pension liability of $442,576.

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. 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 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 the major proprietary 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 including budgetary comparisons and pension information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2015 has been prepared according to the Governmental Accounting Standards Board (G.A.S.B.) Statement 34.

As noted earlier, net position serves as a useful indicator of a government's financial condition. In the case of the City of Oxford, assets exceeded liabilities by **$14,803,997** at the close of the most recent fiscal year.

The largest portion of the city's net position **$9,211,757** or 62% 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 is the restricted portion which is **$2,977,788** or 20%. Unrestricted net position, which may be used to meet the city's ongoing obligations to its citizens and creditors, is **$2,614,452** or 18%.

City of Oxford, Georgia
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Assets:						
Current and other assets	$ 3,631,204	$ 3,636,300	$ 1,808,618	$ 1,785,501	$ 5,439,822	$ 5,421,801
Restricted assets-non current	-	-	1,079,440	819,572	1,079,440	819,572
Capital assets-net	2,594,452	2,707,066	6,298,450	6,499,847	8,892,902	9,206,913
Total Assets	**6,225,656**	**6,343,366**	**9,186,508**	**9,104,920**	**15,412,164**	**15,448,286**
Deferred Outflows:						
Pension	-	45,044	-	38,017	-	83,061
Total Assets & Deferred Outlfows	6,225,656	6,388,410	9,186,508	9,142,937	15,412,164	15,531,347
Liabilities:						
Long-term liabilities Outstanding	12,746	257,443	3,801	207,459	16,547	464,902
Other liabilities	272,289	29,486	203,466	207,213	475,755	236,699
Total liabilities	**285,035**	**286,929**	**207,267**	**414,672**	**492,302**	**701,601**
Deferred Inflows:						
Pension	-	13,962	-	11,784	-	25,746
Total Liabilities & Deferred Inlfows	285,035	300,891	207,267	426,456	492,302	727,347
Net Position:						
Invested in capital assets	2,594,452	2,707,066	6,298,450	6,504,691	8,892,902	9,211,757
Restricted	2,729,388	2,977,788	-	-	2,729,388	2,977,788
Unrestricted	616,781	402,665	2,680,791	2,211,787	3,297,572	2,614,452
Total net position	**$ 5,940,621**	**$ 6,087,519**	**$ 8,979,241**	**$ 8,716,478**	**$ 14,919,862**	**$ 14,803,997**

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

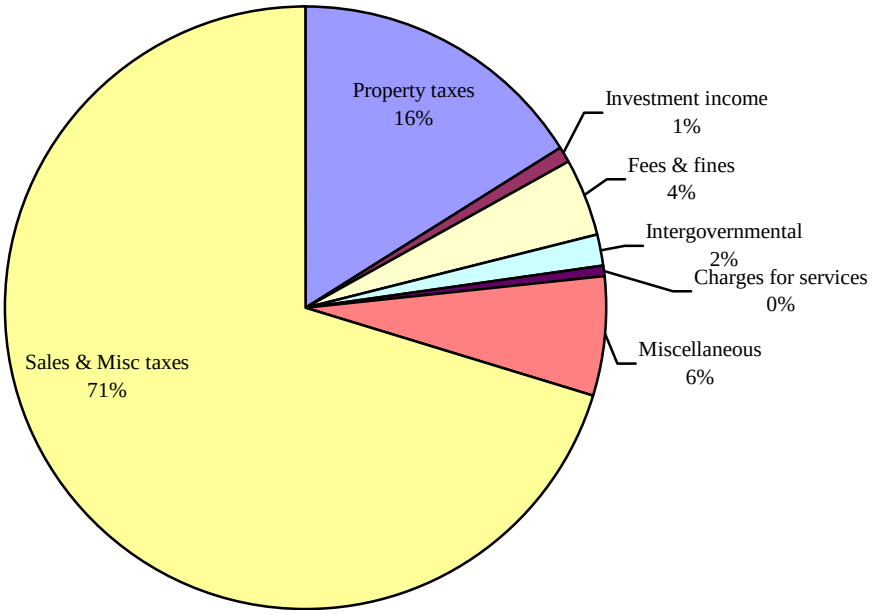
	Governmental Activities		Business-type Activities		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
Revenues						
Program revenues:						
Charges for services	$ 92,434	$ 111,547	$ 2,974,858	$ 3,076,424	$ 3,067,292	$ 3,187,971
Operating grants	17,613	18,280	-	-	17,613	18,280
Capital grants	224,910	251,796	-	-	224,910	251,796
General revenues:						
Property taxes	177,595	172,607	-	-	177,595	172,607
Other taxes	484,986	496,590	-	-	484,986	496,590
Investment earnings	8,128	8,685	13,067	7,778	21,195	16,463
Miscellaneous	25,280	2,167	-	-	25,280	2,167
Gain on sale of asset	25,448	1,400	(25,188)	-	260	1,400
Total revenue	**1,056,394**	**1,063,072**	**2,962,737**	**3,084,202**	**4,019,131**	**4,147,274**
Expenses:						
General government	685,768	706,662	-	-	685,768	706,662
Judicial	9,844	10,653	-	-	9,844	10,653
Public Safety	280,005	371,654	-	-	280,005	371,654
Public Works	265,252	330,581	-	-	265,252	330,581
Culture and recreation	2,708	836	-	-	2,708	836
Water and Sewer	-	-	538,858	543,752	538,858	543,752
Electric	-	-	1,687,999	1,809,707	1,687,999	1,809,707
Solid Waste	-	-	72,855	73,293	72,855	73,293
Total Expenses	**1,243,577**	**1,420,386**	**2,299,712**	**2,426,752**	**3,543,289**	**3,847,138**
Increase (decrease) in net position before transfers	**(187,183)**	**(357,314)**	**663,025**	**657,450**	**475,842**	**300,136**
Transfers	(21,808)	729,809	21,808	(729,809)	-	-
Increase (decrease) in net position	**(208,991)**	**372,495**	**684,833**	**(72,359)**	**475,842**	**300,136**
Net position-beginning	**6,149,612**	**5,940,621**	**8,294,408**	**8,979,241**	**14,444,020**	**14,919,862**
Prior Period Adjustment		**(225,597)**	**-**	**(190,404)**	**-**	**(416,001)**
Net position-ending	**$ 5,940,621**	**$ 6,087,519**	**$ 8,979,241**	**$ 8,716,478**	**$ 14,919,862**	**$ 14,803,997**

Governmental Activities. Governmental activities increased the city's net position by **$372,495**.

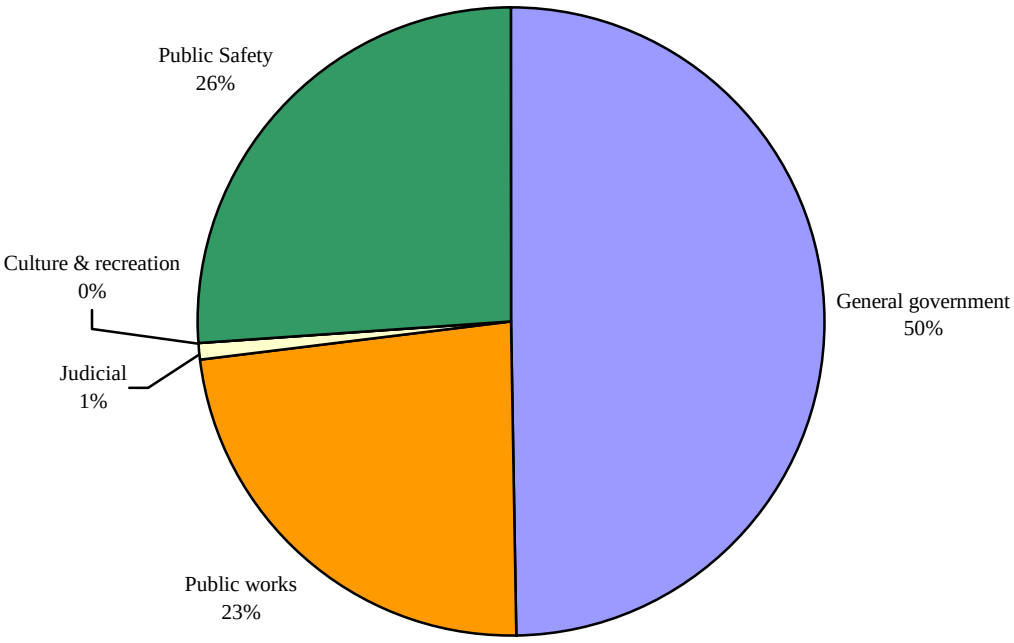
Revenues. $669,197, collected in general tax revenues, made up approximately 64% of the city's total general governmental revenues. The city received **$251,796** in special purpose sales tax monies which are reflected as capital contributions. During the current fiscal year, Governmental Activities transfers in totaled **$729,809**.

Expenses. The total expenses for governmental activities were **$1,420,386**. The largest single expenditure activity is in general government which totaled **$706,662** or 50%. Public Safety accounted for **$371,654** or 26% of all expense in governmental activities. Public Safety consists of the police department. Public works accounts for **$330,581** or 23% of all expense in governmental activities.

Governmental Activities Revenues



Governmental Activities Expenditures



Business-Type Activities. Business-type activities decreased the City of Oxford's net position by **$72,359**. The Electric Department, the largest of the city's three business-type activities, accounted for 75% of the expenses and 72% of the revenues among business-type activities.

Revenues.
Water and sewer revenues were **$724,261**. Electric revenues were **$2,216,297**. Solid Waste revenues were **$135,866**. 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. Solid waste revenue is derived from the provision of solid waste services to the citizens.

Expenses.
Water and Sewer expenses were **$543,752**. Electric expenses were **$1,809,707**. Solid waste expenses were **$73,293.** Business–Type Activities transfers out totaled **$729,809**.

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 **$3,597,091.** Of this amount **$589,378** constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance **$3,007,713** 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 **$589,378**. 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 **$619,303.** Total Expenditures are **$1,152,228.** Unassigned fund balance represents approximately 54% 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, 2015 amounted to **$580,530**; those of the Electric Fund amounted to **$1,538,184**; and those of the Solid Waste Fund amounted to **$93,073.** The total decrease in Water and Sewer net position was **$85,294**; the decrease in Electric net position was **$49,638**; and the increase in Solid Waste net position was **$62,573**.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended to increase public safety from **$303,187** to **$327,187** and to decrease general government from **$715,313** to **$691,313**. The City spent **$92,272** less than the total budgeted expenditures.

Actual revenues exceeded budgeted revenues by **$9,502**.

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, 2015 amounts to **$9,206,915** (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, furniture and vehicles, and construction in progress.

The City continues of receive monies from the 2011 special purpose sales tax referendum. These funds are maintained, as required by Georgia law, in a separate 2011 SPLOST capital projects fund. As of June 30, 2015, the City has expended **$1,233,050** of these tax monies for water and sewer improvements.

The City maintains a long-term strategic capital assets plan and, in addition to the special purpose sales tax fund, uses a separate capital projects fund to pay for acquisitions and improvements. Use of such a capital asset plan and the capital projects fund aids the City in developing its infrastructure while lessening the need to borrow funds in the future.

Major capital asset events during the current fiscal year include the following:

- The City spent **$309,893** for Emory Street and Ashbury Street water system improvements. This project was completed during fiscal year 2015 and was moved from construction in progress to capital assets.
- The City spent **$40,465** on its master plan. **$32,450** of the **$40,465** was for purchase of land on Emory Street.
- The City purchased a police car and related equipment for **$32,072**.
- The City purchased police department equipment costing **$35,695**.
- The City spent **$160,189** for street resurfacing.
- The City spent **$22,100** related to the ongoing project to connect unserved homes to the existing sewer lines.
- The City spent **$118,107** to upgrade its electric system.
- The City spent **$20,752** to purchase a utility department vehicle.
- The City spent **$110,748** for city park land acquisitions.

In fiscal year 2015, the City recognized **$105,663** in depreciation for the governmental activities and **$248,701** in depreciation for the business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	$ 460,127	$ 585,826	$ -	$ -	$ 460,127	$ 585,826
Construction in progress	7,798	15,043	934,247	-	942,045	15,043
Land improvements	54,411	38,455	-	-	54,411	38,455
Infrastructure	-	-	4,707,133	5,901,538	4,707,133	5,901,538
Building	1,959,038	1,913,453	652,428	596,308	2,611,466	2,509,761
Equipment	41,454	51,249	1,605	482	43,059	51,731
Vehicles	71,625	103,041	3,036	1,520	74,661	104,561
Total	**$ 2,594,453**	**$ 2,707,067**	**$ 6,298,450**	**$ 6,499,848**	**$ 8,892,902**	**$ 9,206,915**

Long-Term Debt. At the end of the current fiscal year, the city had no total outstanding loans. Compensated absences in Governmental activities and Business-type activities totaled **$22,326**.

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	2015	2014	2015	2014	2015
Compensated	$ 12,746	$ 17,434	4,223	$ 4,893	$ 16,969	$ 22,326
Total	**$ 12,746**	**$ 17,434**	**$ 4,223**	**$ 4,893**	**$ 16,969**	**$ 22,326**

ECONOMIC FACTORS FY2015

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. Since privatization, the solid waste program has had operating income for fiscal years 2014 and 2015 of **$71,029** and **$62,573** respectively.

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. The College completed the construction of Fleming Hall, a new student dorm, in August 2014. Construction of the new science building with a value of about $29 million started in May, 2014. The new science building was completed in December, 2015 and occupied in January, 2016.

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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,492,976	$ 828,484	$ 4,321,460
Investments	-	505,287	505,287
Receivables	41,307	401,297	442,604
Due from other governments	72,092	74	72,166
Inventories	-	37,554	37,554
Restricted assets-noncurrent	-	819,572	819,572
Other assets	29,925	12,802	42,727
Capital assets			
Capital assets, not being depreciated	600,868	-	600,868
Capital assets, net of accumulated depreciation	2,106,198	6,499,847	8,606,045
Total capital assets	2,707,066	6,499,847	9,206,913
Total assets	6,343,366	9,104,917	15,448,283
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	45,044	38,017	83,061
Total assets and deferred outflows	6,388,410	9,142,934	15,531,344
LIABILITIES			
Accounts payable and accrued expenses	29,486	199,493	228,979
Due from other governmental agencies	-	7,720	7,720
Long-term liabilities			
Portion due or payable within one year:			
Compensated absences	1,743	489	2,232
Portion due or payable after one year:			
Compensated absences	15,691	4,403	20,094
Net pension liability	240,009	202,567	442,576
Total liabilities	286,929	414,672	701,601
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	13,962	11,784	25,746
Total liabilities and deferred inflows	300,891	426,456	727,347
NET POSITION			
Invested in capital assets	2,707,066	6,504,691	9,211,757
Restricted for:			
Capital projects	2,977,788	-	2,977,788
Unrestricted	402,665	2,211,787	2,614,452
Total net position	$ 6,087,519	$ 8,716,478	$ 14,803,997

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

EXHIBIT 2

City of Oxford, Georgia
Statement of Activities
For the Year Ended June 30, 2015

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	$ 706,662	$ 65,981	$ -	$ -	$ (640,681)	$ -	$ (640,681)
Judicial	10,653	-	-	-	(10,653)	-	(10,653)
Public safety	371,654	45,566	-	-	(326,088)	-	(326,088)
Public works	330,581	-	18,280	251,796	(60,505)	-	(60,505)
Culture and recreation	836	-	-	-	(836)	-	(836)
Total governmental activities	1,420,386	111,547	18,280	251,796	(1,038,763)	-	(1,038,763)
Business-type activities:							
Water & Sewer Fund	543,752	724,261	-	-	-	180,509	180,509
Electric Fund	1,809,707	2,216,297	-	-	-	406,590	406,590
Solid Waste Fund	73,293	135,866	-	-	-	62,573	62,573
Total business-type activities	2,426,752	3,076,424	-	-	-	649,672	649,672
Total primary government	3,847,138	3,187,971	18,280	251,796	(1,038,763)	649,672	(389,091)
General revenues:							
Taxes							
Property taxes, levied for general purposes					172,607	-	172,607
Sales tax					327,138	-	327,138
Franchise and business taxes					169,452	-	169,452
Investment earnings					8,685	7,778	16,463
Miscellaneous					2,167	-	2,167
Gain on the sale of capital assets					1,400	-	1,400
Transfers					729,809	(729,809)	-
Total general revenues & transfers					1,411,258	(722,031)	689,227
Change in net position					372,495	(72,359)	300,136
Net position - beginning					5,940,621	8,979,241	14,919,862
Prior period adjustment, (Note 15)					(225,597)	(190,404)	(416,001)
Net position - beginning, restated					5,715,024	8,788,837	14,503,861
Net position - ending					$ 6,087,519	$ 8,716,478	$ 14,803,997

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

City of Oxford, Georgia
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	SPLOST 2011 Capital Project Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash	$ 551,619	$ 68,104	$ 2,873,253	$ 3,492,976
Taxes receivable, net	8,656	-	-	8,656
Due from other governments	33,571	38,521	-	72,092
Due from others	32,651			32,651
Prepaid	29,925	-	-	29,925
Total assets	$ 656,422	$ 106,625	$ 2,873,253	$ 3,636,300
LIABILITIES				
Accounts payable	$ 21,292	$ -	$ 2,090	$ 23,382
Total liabilities	29,140	-	2,090	31,230
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	7,979	-	-	7,979
Total deferred inflows	7,979	-	-	7,979
FUND BALANCES				
Nonspendable:				
Prepaid items	29,925	-	-	29,925
Restricted:				
Capital outlay	-	106,625	-	106,625
Committed:				
Capital outlay	-	-	2,871,163	2,871,163
Unassigned	589,378	-	-	589,378
Total fund balances	619,303	106,625	2,871,163	3,597,091
Total liabilities, deferred inflows and fund balances	$ 656,422	$ 106,625	$ 2,873,253	$ 3,636,300

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, 2015

Total *fund* balances for governmental funds (Exhibit 3)	$ 3,597,091
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.	2,707,066
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term 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.	(15,691)
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.	7,979
Deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumptions changes and contributions.	31,082
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net positon.	
Net pension liability	(240,009)
Total net position of governmental activities (Exhibit 2)	$ 6,087,519

City of Oxford, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	SPLOST 2011 Capital Project Fund	Capital Project Fund	Total Governmental Funds
Revenues				
Property taxes	$ 171,154	$ -	$ -	$ 171,154
Sales and miscellaneous taxes	485,110	-	-	485,110
Fines and forfeitures	45,566	-	-	45,566
Licenses and permits	11,480	-	-	11,480
Intergovernmental	18,280	251,796	-	270,076
Charges for services	4,781	-	-	4,781
Investment income	3,264	-	5,418	8,682
Miscellaneous	63,367	-	-	63,367
Total revenues	803,002	251,796	5,418	1,060,216
Expenditures				
Current:				
General government	650,349	-	-	650,349
Judicial	10,653	-	-	10,653
Public safety	314,130	-	-	314,130
Public works	177,096	-	120,285	297,381
Capital outlay	-	-	274,211	274,211
Total expenditures	1,152,228	-	394,496	1,546,724
Excess (deficiency) of revenues under expenditures	(349,226)	251,796	(389,078)	(486,508)
Other financing sources (uses):				
Transfers in	350,114	210,000	835,783	1,395,897
Transfers (out)	(5,987)	(309,893)	(350,207)	(666,087)
Sale of general capital assets	1,400	-	-	1,400
Total other financing sources (uses)	345,527	(99,893)	485,576	731,210
Net changes in fund balance	(3,699)	151,903	96,498	244,702
Fund balance - beginning	623,002	(45,278)	2,774,665	3,352,389
Fund balance - ending	$ 619,303	$ 106,625	$ 2,871,163	$ 3,597,091

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, 2015

Net change in *fund* balances - total governmental funds (Exhibit 4)	$	244,702
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 exceeded depreciation in the current period.		138,665
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.		1,400
Pension expenditures represent contributions to the pension plan made during the fiscal year and are reported in the funds. Pension expense represents the change in the pension liability and any amortization of differences in projected and actual earnings, changes in assumptions, changes in the benefits or differences between expected and actual experience. The statement of activities reports pension expense. These figures differ by:		(16,670)
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 ($7,979) is behind the prior year deferral ($6,526).		1,453
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.		2,945
Change in net position of governmental activities (Exhibit 2)	$	372,495

City of Oxford, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities			
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 522,880	$ 219,160	$ 86,444	$ 828,484
Investments	-	505,287	-	505,287
Accounts receivable, net	87,866	300,773	12,658	401,297
Due from other funds	42,457	-	-	42,457
Due from other governments	10	64	-	74
Inventories	-	37,554	-	37,554
Prepaid expenses	2,690	10,112	-	12,802
Total current assets	655,903	1,072,950	99,102	1,827,955
Non-current assets:				
Restricted assets:				
Cash	-	156,206	-	156,206
Investments	-	663,366	-	663,366
Capital Assets:				
Infrastructure	7,375,835	1,373,273	-	8,749,108
Buildings	-	1,122,394	-	1,122,394
Equipment and furniture	20,843	192,290	-	213,133
Less Accumulated depreciation	(2,405,607)	(1,179,181)	-	(3,584,788)
Total non-current assets	4,991,071	2,328,348	-	7,319,419
Total assets	5,646,974	3,401,298	99,102	9,147,374
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	38,017	-	38,017
Total assets and deferred outflows	5,646,974	3,439,315	99,102	9,185,391
LIABILITIES				
Current liabilities:				
Accounts payable	31,862	6,751	6,029	44,642
Utility deposits payable from restricted	42,457	112,394	-	154,851
Due to other funds	-	42,457	-	42,457
Due to other governments	-	7,720	-	7,720
Compensated absences	105	384	-	489
Total current liabilities	74,424	169,706	6,029	250,159
Non-current liabilities:				
Compensated absences	949	3,454	-	4,403
Net pension liability	-	202,567	-	202,567
Total non-current liabilities	949	206,021	-	206,970
Total liabilities	75,373	375,727	6,029	457,129
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	11,784	-	11,784
Total liabilities and deferred inflows	75,373	387,511	6,029	468,913
NET POSITION				
Invested in capital assets	4,991,071	1,513,620	-	6,504,691
Unrestricted	580,530	1,538,184	93,073	2,211,787
Total net position	$ 5,571,601	$ 3,051,804	$ 93,073	$ 8,716,478

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, 2015

	Business-Type Activities			
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	Total
REVENUES				
Charges for services	$ 655,958	$ 2,216,297	$ 135,517	$ 3,007,772
Tap fees	67,930	-	-	67,930
Miscellaneous	373	-	349	722
Total operating revenues	724,261	2,216,297	135,866	3,076,424
OPERATING EXPENSES				
Cost of sales and services	262,003	1,487,710	-	1,749,713
Personal services	31,156	145,760	-	176,916
Contractual services	45,675	53,483	70,473	169,631
Other supplies and expenses	38,759	40,210	2,820	81,789
Depreciation	166,159	82,544	-	248,703
Total operating expenses	543,752	1,809,707	73,293	2,426,752
Operating income (loss)	180,509	406,590	62,573	649,672
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	-	7,778	-	7,778
Total non-operating revenue (expenses)	-	7,778	-	7,778
Income (loss) before transfers	180,509	414,368	62,573	657,450
Transfers in	334,197	121,711	-	455,908
Transfers (out)	(600,000)	(585,717)	-	(1,185,717)
Change in net position	(85,294)	(49,638)	62,573	(72,359)
Total net position - beginning	5,656,895	3,291,846	30,500	8,979,241
Prior period adjustment, (Note 15)	-	(190,404)	-	(190,404)
Total net position - beginning restated	5,656,895	3,101,442	30,500	8,788,837
Total net position - ending	$ 5,571,601	$ 3,051,804	$ 93,073	$ 8,716,478

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, 2015

	Major		Nonmajor	
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Totals
Cash flows from operating activities:				
Cash received from customers	$ 735,677	$ 2,199,130	$ 140,945	$ 3,075,752
Cash payments to employees for services	(31,074)	(159,244)	-	(190,318)
Cash payments to suppliers	(340,370)	(1,564,700)	(71,907)	(1,976,977)
Net cash provided (used) by operating activities	364,233	475,186	69,038	908,457
Cash flows from noncapital financing activities:				
Transfer (to) from other funds	(265,803)	(585,717)	-	(851,520)
Net cash provided (used) by noncapital financing activities	(265,803)	(585,717)	-	(851,520)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(331,993)	(118,107)	-	(450,100)
Contributed/transfers other funds	-	121,711	-	121,711
Net cash used by capital and related financing activities	(331,993)	3,604	-	(328,389)
Cash flows from investing activities				
Proceeds from sale of investments	-	266,737	-	266,737
Net investment income	-	7,778	-	7,778
Net cash provided by investing activities	-	274,515	-	274,515
Net increase (decrease) in cash and cash equivalents	(233,563)	167,588	69,038	3,063
Cash and cash equivalents - beginning	756,443	207,778	17,406	981,627
Cash and cash equivalents - ending	$ 522,880	$ 375,366	$ 86,444	$ 984,690
Unrestricted cash	522,880	219,160	86,444	$ 828,484
Restricted cash	-	156,206	-	156,206
Total cash	$ 522,880	$ 375,366	$ 86,444	$ 984,690
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 180,509	$ 406,590	$ 62,573	$ 649,672
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	166,159	82,544	-	248,703
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	20,773	(10,613)	6,519	16,679
(Increase) decrease in prepaid expenses	(140)	2,777	-	2,637
Increase (decrease) in compensated absences	82	587	-	669
Increase (decrease) in accounts payable	(3,152)	8,223	(54)	5,017
Increase (decrease) in intergovernmental payable	-	(848)	-	(848)
Increase (decrease) in net pension liability	-	(18,922)	-	(18,922)
Net cash provided (used) by operating activities	$ 364,231	$ 470,338	$ 69,038	$ 903,607

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, 2015 amounted to $8,656 while unavailable property tax revenue totaled $7,979.

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:

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has deferred inflows of resources related to pensions.

Note 1: Summary of Significant Accounting Policies, continued

L. Fund Equity

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

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

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

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

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

Unassigned – all other spendable amounts.

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

All funds of the City reported positive fund balances at June 30, 2015.

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.

Note 3: Deposits and Investments, continued

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

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

Discretionary funds from the Participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C. as an investment company. The City of Oxford, Georgia has recorded investments in the Trust as investments in the Electric Fund at fair market value, which consisted of unrestricted investments of $309,005 and restricted investments of $663,366 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, 2015, 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, 2015, 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	$ 32,651	$ -	$ 320,105	$ 95,661	$ 14,379	$ 462,796
Taxes	8,656	-	-	-	-	8,656
Intergovernmental	33,571	38,521	-	-	-	72,092
Other	-	-	-	-	-	-
Gross receivables	74,878	38,521	320,105	95,661	14,379	543,544
Less: allowance for uncollectibles	-	-	(19,332)	(7,795)	(1,721)	(28,848)
Net total receivables	$ 74,878	$ 38,521	$ 300,773	$ 87,866	$ 12,658	$ 514,696

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities:	Beginning	Increases	Decreases	Ending
Capital assets not being depreciated:				
Construction in progress	$ 7,798	$ 7,245	$ -	$ 15,043
Land	460,127	125,699	-	585,826
Total capital assets not being depreciated	467,925	132,944	-	600,869
Capital assets being depreciated:				
Site improvements	109,098	-	-	109,098
Buildings	2,281,733	-	-	2,281,733
Equipment	342,345	30,667	-	373,012
Vehicles	218,047	54,666	26,308	246,405
Total capital assets being depreciated	2,951,223	85,333	26,308	3,010,248
Less accumulated depreciation for:				
Site improvements	64,549	6,094	-	70,643
Buildings	312,833	55,447	-	368,280
Equipment	300,891	20,872	-	321,763
Vehicles	146,422	23,250	26,308	143,364
Total accumulated depreciation	824,695	105,663	26,308	904,050
Total capital assets being depreciated, net	2,126,528	(20,330)	-	2,106,198
Governmental activities capital assets, net	$ 2,594,453	$ 112,614	$ -	$ 2,707,066

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

General government	$ 58,942
Public safety	21,678
Public works	24,207
Culture & recreation	836
Total government activities depreciation expense	$ 105,663

Note 5: Capital Assets, continued

Business type Activities:	**Beginning**	**Increases**	**Decreases**	**Ending**
Electric Fund:				
Capital assets being depreciated:				
Infrastructure	$ 1,255,166	$ 118,107	$ -	$ 1,373,273
Buildings	1,122,395	-	-	1,122,395
Equipment	41,424	-	-	41,424
Vehicles	150,866	-	-	150,866
Total capital assets being depreciated	2,569,851	118,107	-	2,687,958
Less accumulated depreciation for:				
Infrastructure	436,937	24,826	-	461,763
Buildings	469,967	56,120	-	526,087
Equipment	39,819	1,123	-	40,942
Vehicles	149,914	475	-	150,389
Total accumulated depreciation	1,096,637	82,544	-	1,179,181
Total electric assets being depreciated, net	$ 1,473,214	$ 35,563	$ -	$ 1,508,777

Water & Sewer Fund:	**Beginning**	**Increases**	**Decreases**	**Ending**
Capital assets not being depreciated:				
Construction in progress	$ 934,247	$ 309,893	$ 1,244,140	$ -
Total capital assets not being depreciated	934,247	309,893	1,244,140	-
Capital assets being depreciated:				
Infrastructure	6,109,594	1,266,240	-	7,375,834
Vehicles	20,843	-	-	20,843
Total capital assets being depreciated	6,130,437	1,266,240	-	7,396,677
Less accumulated depreciation for:				
Infrastructure	2,220,690	165,116	-	2,385,806
Vehicles	18,759	1,041	-	19,800
Total accumulated depreciation	2,239,449	166,157	-	2,405,606
Total water/sewer assets being depreciated, net	3,890,988	1,100,083	-	4,991,071
Total water/sewer capital assets, net	$ 4,825,235	$ 1,409,976	$ 1,244,140	$ 4,991,071

Total Business type activities capital assets, net	$ 6,298,449	$ 1,445,539	$ 1,244,140	$ 6,499,848

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	$ -	$ 180	$ 2,203	$ 3,604	$ -	$ 5,987
Capital Projects	-	-	22,100	118,107	210,000	350,207
SPLOST 2011	-	-	309,893	-	-	309,893
Water Fund	200,000	400,000	-	-	-	600,000
Electric Fund	150,114	435,603	-	-	-	585,717
Solid Waste Fund	-	-	-	-	-	-
	$ 350,114	$ 835,783	$ 334,196	$ 121,711	$ 210,000	$ 1,851,804

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 upfront fund and 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, 2015.

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 $6,488,653 at June 30, 2015.

Note 8: Long-term Obligations

Long-term Obligation Activity
Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	Beginning 7/1/2014	Increases	Decreases	Ending 6/30/2015	Due within one year
Governmental activities:					
Compensated absences	$ 12,746	$ 23,315	$ 18,627	$ 17,434	$ 1,743
	$ 12,746	$ 23,315	$ 18,627	$ 17,434	$ 1,743
Business-type activities:					
Water & sewer fund:					
Compensated absences	$ 972	$ 1,410	$ 1,327	$ 1,055	$ 105
	$ 972	$ 1,410	$ 1,327	$ 1,055	$ 105
Electric Fund:					
Compensated absences	$ 3,251	$ 5,133	$ 4,546	$ 3,838	$ 384
	$ 3,251	$ 5,133	$ 4,546	$ 3,838	$ 384

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, 2015. 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.

Note 9: Retirement Benefits – Pension Plans, continued

The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Pryor Street, SW, Atlanta, GA 30303, or calling (404) 688-0472. The total payroll for employees participating in the Plan as of January 1, 2015 (the most recent actuarial valuation date) was $193,484.

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 beneficiaries	21
Covered compensation for active participants	$ 193,484

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 $ 42,862, which is 22.15% 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 and actual contribution of $71,356, which is 36.29% of covered payroll, meets the guidelines for calculating an annual required contribution. 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

Net Pension Liability

The City's total pension liability was determined based on an actuarial valuation as of January 1, 2015 and the net pension liability was measured as of the same date. The January 1, 2015 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

Actuarial Methods and Assumptions

Investment return	7.75%	
Salary increases	3.25%	plus service based merit increases
No cost-of-living adjustments are included in the plan or the valuation		
Mortality:		RP-2000, Combined Healthy Mortality Table with sex-distinct rates set forward two years for males and one year for females
Mortality for disabled participants:		RP-2000 Disabled Mortality Table with sex-distinct rates

Discount Rate

The discount rate total pension liability and the expected rate of return on plan assets was determined using a building-block method in which expected arithmetic rates of future return for each asset class are weighted based on the expected asset allocation and then totaled to determine an expected real rate or return. The expected inflation is then added to the expected real rate of return to determine the discount rate. The asset allocation, estimate of arithmetic rates of return, weighted averages and the expected inflation rate follow:

Asset Class	Allocation	Long-term Expected Real Return	Long-term Expected Nominal Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%	0.00%	0.00%
	100%		
Weighted average expected return		4.71%	7.96%
Inflation expectation		3.25%	
Total expected return		7.96%	
Discount rate		**7.75%**	

The above calculated discount rate was used to calculate both the beginning and ending total pension liability. The projected plan assets are sufficient to pay all projected benefits promised to current plan participants. Because projected plan assets are sufficient to pay all projected promised benefits, the expected long-term rate of return was used to discount all projected benefit payments.

Note 9: Retirement Benefits – Pension Plans, continued

Because of the sensitivity of the calculation of the total pension liability to relatively small changes in the discount rate, the total pension liability calculated using discount rates one percentage point higher and lower than the discount rates actually used to calculate the total pension liability follows:

	Discount Rate Senstivity Analysis	
	6.75%	8.75%
Total Pension Liability	$ 1,382,647	$ 1,134,123
Fiduciary Net Position	805,580	805,580
Net Pension Liability	$ 577,067	$ 328,543

Summary of Changes in Total Pension Liability, Fiduciary Net Position and Net Pension Liability

The changes in the total pension liability from the beginning to the ending of the year are as follows:

Summary of Changes	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of year	$ 1,236,987	$ 738,409	$ 498,578
Service cost	9,328	-	9,328
Interest on total pension liability	92,223	-	92,223
Employer contributions	-	82,579	(82,579)
Net investment income	-	83,720	(83,720)
Assumption change	(6,057)	-	(6,057)
Benefit payments	(94,013)	(94,013)	-
Administrative expenses	-	(5,115)	5,115
Experience gain / loss	9,687	-	9,687
End of year	$ 1,248,155	$ 805,580	$ 442,575

The beginning and ending net pension liability is calculated as follows:

Calculation of Net Pension Liability

	Beginning	Ending
Total Pension Liability	$ 1,236,987	$ 1,248,155
Fiduciary Net Position	738,409	805,580
Net Pension Liability	$ 498,578	$ 442,575

Note 9: Retirement Benefits – Pension Plans, continued

Pension Expense, Deferred Outflows Related to Pension Items and Deferred Inflows Related to Pension Items

The following schedule reconciles the pension contributions to the total pension expense reported by the City in the government-wide statements:

Pension contributions	$ 82,579
Change in net pension liability	(56,003)
Deferred inflow related to investment results	27,135
Deferred inflow related to assumption changes	6,057
Deferred outflow resulting from experience losses	(9,687)
Amortization of deferred outflows and inflows	(4,217)
Pension expense	$ 45,864

The unamortized deferred outflows and inflows related to pension items are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions paid after the measurement date and before year-end	$ 76,603	$ -
Differences between expected and actual experience	6,458	-
Change of assumptions	-	4,038
Net difference between projected and actual earnings on Plan investments	-	21,708
	$ 83,061	$ 25,746

The pension contributions paid after the measurement date will be recognized as a part of pension expense next year. The City amortizes the differences between expected and actual experience, the changes of assumptions and the differences between projected and actual investment returns into pension expense equally over a closed five year amortization period. The effect of amortizing deferred outflows of resources will be to increase pension expense and the effect of amortizing deferred inflows of resources will be to decrease pension expense in future years. The expected amortization of the City's current deferred outflows and inflows over the next five years is:

Year ended June 30,	Experience Difference	Assumption Change	Investment Results Difference
2016	$ 3,229	$ 2,019	$ 5,427
2017	3,229	2,019	5,427
2018	-	-	5,427
2019	-	-	5,427
2020	-	-	-
	$ 6,458	$ 4,038	$ 21,708

Note 9: Retirement Benefits – Pension Plans, continued

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.

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 $10,818 to the Plan and members made voluntary contributions of $10,798 .

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

Note 10: Risk Management

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

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

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

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

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

Note 11: Joint Ventures

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

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

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

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

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

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

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

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

The balance of the account on June 30, 2015 is $ 309,005.

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, 2015 is $ 295,809.

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, 2015 is $ 367,557.

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

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

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

Note 13: Major Customer

Oxford College of Emory University accounts for 38%, 17%, 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 $106,625

Note 15: Implementation of GASB Statement No. 68 and GASB Statement No. 71

The City implemented the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* as of July 1, 2014. The implementation of these new standards affected the governmental activities of the government-wide level statements and the City's proprietary funds, but had no effect on the governmental funds.

The new standards require that the City's net position as of the beginning of the year be restated by reporting the pension contributions made after the prior measurement date of September 30, 2013 but before June 30, 2014 as a deferred outflow of resources and recording the entirety of the City's net pension liability as of June 30, 2014 as a liability. The City did not report any net pension benefit or obligation under the pension accounting provisions of GASB Statement No. 27 on its June 30, 2014 financial statements, so no adjustment for this was required. The following schedule summarizes the changes in the County's beginning net position related to the implementation of GASB 68 and GASB 71:

	Governmental Activities	Electric Fund
Beginning net pension liability	$ (270,380)	$ (228,198)
Deferred outflow	44,783	37,796
Change in beginning net position	$ (225,597)	$ (190,402)

Note 15: Implementation of GASB Statement No. 68 and GASB Statement No. 71, continued

The City's pension contribution for 2015 matched the actuarially required contribution, so pension expense for 2015 would have matched the City's contribution had the new accounting principle not been implemented. The new accounting principle required that pension contributions reported in the funds be reduced by the change in the net pension liability, unamortized deferred outflows related to changes in assumptions and unamortized deferred inflows related to differences between expected and actual investments results. These difference between pension contributions and pension expense is:

	Governmental Activities	Electric Fund
Pension contributions	$ 41,542	$ 35,061
Differences between contribution and pension expense	(16,670)	(14,069)
Pension expense	$ 24,872	$ 20,992

Changes in the concepts used in the accounting principle preclude the City from determining what the pension expense for the 2015 fiscal year would have been had the new principle not been effective. Pro forma amounts for pension expense that would have been reported had the standard been implemented for the fiscal year 2014 financial statements are not readily determinable.

Required Supplemental Information

City of Oxford, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ 181,850	$ 181,850	$ 171,154	$ (10,696)
Sales and miscellaneous taxes	460,100	460,100	485,110	25,010
Fees and fines	55,000	55,000	45,566	(9,434)
Licenses and permits	12,000	12,000	11,480	(520)
Intergovernmental	18,000	18,000	18,280	280
Charges for services	6,150	6,150	4,781	(1,369)
Investment income	3,400	3,400	3,264	(136)
Miscellaneous	57,000	57,000	63,367	6,367
	793,500	793,500	803,002	9,502
Expenditures				
Current:				
General government	715,313	691,313	650,349	40,964
Judicial	12,000	12,000	10,653	1,347
Public safety	303,187	327,187	314,130	13,057
Public works	214,000	214,000	177,096	36,904
Total expenditures	1,244,500	1,244,500	1,152,228	92,272
Deficiency of revenues under expenditures	(451,000)	(451,000)	(349,226)	(82,770)
Other financing sources:				
Transfers in (out)	450,000	450,000	344,127	(105,873)
Sale of capital assets	1,000	1,000	1,400	400
Total other financing sources	451,000	451,000	345,527	(105,473)
Net changes in fund balance	$ -	$ -	(3,699)	$ (188,243)
Fund balance - beginning			623,002	
Fund balance - ending			$ 619,303	

City of Oxford, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios

Changes in Total Pension Liability	**Year Ended June 30, 2015**
Total Pension Liability - beginning of year	$ 1,236,987
Service cost	9,328
Interest on total pension liability	92,223
Change of benefit terms	-
Assumption change	(6,057)
Benefit payments	(94,013)
Experience gain / loss	9,687
Total Pension Liability - end of year	1,248,155
Changes in Fiduciary Net Position	
Fiduciary Net Position - beginning of year	738,409
Employer contributions	82,579
Net investment income	83,720
Benefit payments	(94,013)
Administrative expense	(5,115)
Fiduciary Net Position - end of year	805,580
Net Pension Liability	$ 442,575
Plan Fiduciary Net Position as a % of Total Pension Liability	64.54%
Covered payroll	$ 193,484
Net Pension Liability as % of Covered Payroll	228.74%

City of Oxford, Georgia
Required Supplementary Information
Schedule of Contributions

Year Ending June 30,	**Actuarially Determined Contribution**	**Contributions in Relation to Actuarially Determined Contribution**	**Contribution Deficiency (Excess)**	**Covered Employee Payroll**	**Contributions as Percentage of Covered Employee Payroll**

2015 information will be determined during the 2016 fiscal year and will be presented in that report.
Additional years will be presented as the information becomes available

City of Oxford, Georgia
Notes to Required Supplementary Information
June 30, 2015

Note A: Basis of Presentation

The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

Related to the Pension Data

Note B: Valuation Date

The actuarially determined contribution rates are calculated as of January 1 of each year presented. The contributions are recorded during that year by the pension plan and the City and are paid using current financial resources directly following that year.

Note C: Methods and Assumptions Used To Determine Contribution Rates

Actuarial cost method	Projected Unit Credit
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at then end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Amortization method	Closed level dollar for remaining unfunded liability
Future payroll growth	3.25% plus service based merit increases
Cost of Living Adjustments	3.25%
Investment rate of return	7.75%

Note D: Changes In Assumptions

As a result of the benefit change discussed in the next note, the eligibility assumption has been changed from one year to immediate. As the result of an actuarial experience study covering the period from January 1, 2010 to June 30, 2014, the following assumption changes were made:

1. The mortality table for disabled participants was changed to remove the two year set forward for males and one year set forward for females.

2. The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover after age 55. Select period rates now have a floor of the ultimate rate.

3. Retirement rates where normal retirement is only available after age 65 were changed from the prior assumption of 100% at age 65 to 60% at ages 65 to 69 and 100% at age 70. Retirement rates where normal retirement is available prior to age 65 were changed from 100% at the earliest unreduced age, but not below age 60, to 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69 and 100% at age 70.

4. Inflation and cost of living adjustment assumptions decreased from 3.50% to 3.25%.

Note D: Changes In Assumptions, continued

5. Salary increases assumptions were changed from depending first on years of service and then age to a new assumption based on service-related rates. Salary increase rate assumptions were between 4% and 11% with an inflation assumption of 3.50%. Now salary increase rate assumptions range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Note E: Historical Data

The adoption on GASB Statement No. 68 resulted in a number of new definitions and concepts regarding measuring pension liabilities. Statement 68 introduced the concept of a total pension liability and a fiduciary net position. While the City has historical data that might be similar to these two amounts, the calculation of the amounts that the City has differ enough that presenting this information might be misleading. Accordingly, the City has not presented historical information about the changes in the total pension liability or the fiduciary net position. This information will be presented as the information becomes available over time.

Statement 68 also requires the City to present historical contribution data of its pension plan if the plan has calculated an "actuarially determined contribution". The City does not have the historical information required by Statement 68, so the required historical information is not presented. The City will present the historical information in future years as the information becomes available.

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.

EXHIBIT A

City of Oxford, Georgia
Balance Sheet
Capital Projects Fund
June 30, 2015

	SPLOST 2011 Fund
ASSETS	
Receivable from other governments	$ 38,521
Restricted cash	68,104
Total assets	$ 106,625
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
	106,625
Total fund balances	106,625
	$ 106,625

EXHIBIT F

City of Oxford, Georgia

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2015

	SPLOST 2011 Fund			
	Project Budget	**Prior Year**	**Current Actual**	**Total to Date**
REVENUES				
Intergovernmental	$ 1,233,050	$ 736,661	$ 251,796	$ 988,457
Total Revenues	1,233,050	736,661	251,796	988,457
OTHER FINANCING SOURCES				
Transfers in	-	-	210,000	210,000
Transfers (out)	(1,233,050)	(934,247)	(309,893)	(1,244,140)
Total other financing sources	(1,233,050)	(934,247)	(99,893)	(1,034,140)
Net change in fund balance	$ -	$ (197,586)	151,903	$ (45,683)
Fund balance - beginning			(45,278)	
Fund balance -ending			$ 106,625	

City of Oxford, Georgia
Balance Sheet
Capital Projects Fund
June 30, 2015

	Capital Project Fund
ASSETS	
Receivable from other governments	$ -
Restricted cash	2,873,253
Total assets	$ 2,873,253
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 2,090
Due to other funds	-
Total liabilities	2,090
Fund balances:	
	2,871,163
Total fund balances	2,871,163
	$ 2,873,253

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Projects Fund
June 30, 2015

	Actual
REVENUES	
Intergovernmental	$ -
Investment earnings	5,418
Total Revenues	5,418
EXPENDITURES	
Current:	
Public Works	120,285
Capital Outlay	274,211
Total Expenditures	394,496
Excess (deficiency) of revenues over (under) expenditures	(389,078)
OTHER FINANCING SOURCES	
Transfers in	835,783
Transfers (out)	(350,207)
Total other financing sources	485,576
Net change in fund balance	96,498
Fund balance - beginning	2,774,665
Fund balance -ending	$ 2,871,163

Supplemental Schedules

City of Oxford, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2015

Revenues:	Original Budget	Final Budget	Actual	Variance with Final Budget
Taxes:				
Property taxes	$ 181,700	$ 181,700	$ 172,879	$ (8,821)
Local option sales tax	310,000	310,000	327,138	17,138
Insurance premium tax	112,000	112,000	115,097	3,097
Franchise tax	37,500	37,500	40,616	3,116
Pen & int on delinquent tax	750	750	534	(216)
Total	641,950	641,950	656,264	14,314
Licenses and permits:				
Business licenses	12,000	12,000	11,480	(520)
Total	12,000	12,000	11,480	(520)
Fines and forfeitures	55,000	55,000	45,566	(9,434)
Charges for services:				
Cemetery lot sales	4,500	4,500	3,584	(916)
Election qualifying fees	300	300	-	(300)
Other	1,350	1,350	1,197	(153)
Total	6,150	6,150	4,781	(1,369)
Intergovernmental revenues:				
State grants	18,000	18,000	18,280	280
Total	18,000	18,000	18,280	280
Interest income:				
Investments	3,400	3,400	3,264	(136)
Miscellaneous revenues:	57,000	57,000	63,367	6,367
Gain/Loss on Sale of Asset	1,000	1,000	1,400	400
Total Revenues	$ 794,500	$ 794,500	$ 804,402	$ 9,902

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
Executive Administration				
Personal services	$ 38,100	$ 38,100	$ 37,462	$ 638
Purchased/contracted services	22,000	22,000	17,284	4,716
Total executive administration	60,100	60,100	54,746	5,354
Elections				
Personal services	500	500	-	500
Total elections	500	500	-	500
General Administration				
Personal services	302,635	302,635	302,983	(348)
Purchased/contracted services	254,100	254,100	252,162	1,938
Supplies	49,500	49,500	40,369	9,131
Other costs	48,478	24,478	89	24,389
Total general administration	654,713	630,713	595,603	35,110
Total General Government	715,313	691,313	650,349	40,964
JUDICIAL				
Municipal Court				
Personal services	12,000	12,000	10,653	1,347
Total probate court	12,000	12,000	10,653	1,347
Total Judicial	12,000	12,000	10,653	1,347
PUBLIC SAFETY				
Police				
Personal services	201,481	201,481	206,061	(4,580)
Purchased/contracted services	35,100	35,100	26,586	8,514
Supplies	36,700	36,700	30,936	5,764
Other costs	14,906	14,906	12,389	2,517
Total police	288,187	288,187	275,972	12,215
Emergency services				
Other costs	15,000	39,000	38,158	842
Total Emergency services	15,000	39,000	38,158	842
Total Public Safety	$ 303,187	$ 327,187	$ 314,130	$ 13,057

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC WORKS				
Highways and Streets				
Personal services	$ 54,750	$ 54,750	$ 54,190	$ 560
Purchased/contracted services	87,750	87,750	64,093	23,657
Supplies	71,500	71,500	58,813	12,687
Total highways and streets	214,000	214,000	177,096	36,904
Total Public Works	214,000	214,000	177,096	36,904
Total Expenditures	$ 1,244,500	$ 1,244,500	$ 1,152,228	$ 92,272

Compliance 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

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, 2015, 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 January 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, 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. 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.

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*.

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.

Madison, Georgia
January 29, 2016

Supplemental Information

City of Oxford, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended June 30, 2015

Project	Total Estimated Project Costs	Other Funding Sources	Expenditures		Total
			Prior Years	Current Year	
2011 SPLOST					
Water & Sewer Improvements	$ 1,233,050	$ -	$ 934,247	$ 298,803	$ 1,233,050
Add: Amounts paid for SPLOST projects to repay early funding costs				11,090	