

CITY OF OXFORD, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2004  
WITH INDEPENDENT AUDITOR'S REPORT

## TABLE OF CONTENTS

	PAGE
List of Principal Officers	5
Independent Auditor's Report	6
Management's Discussion and Analysis	8
Government-Wide Financial Statements	
Governmental-Wide Statement of Net Assets	16
Governmental-Wide Statement of Activities	18
Fund Financial Statements	
Balance Sheet-Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	22
Statement of Revenues, Expenditures and Changes in Fund Equity-Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	25
Combining Statement of Net Assets-Proprietary Funds	26
Statement of Net Assets-Proprietary Fund-Water and Sewer	27
Statement of Net Assets-Proprietary Fund-Electric	28
Combining Statement of Revenues, Expenditures and Changes in Net Assets-Proprietary Funds	29
Statement of Revenues, Expenditures and Changes in Net Assets-Proprietary Fund-Water and Sewer	30
Statement of Revenues, Expenditures and Changes in Net Assets-Proprietary Fund-Electric	31

TABLE OF CONTENTS  
- Continued -

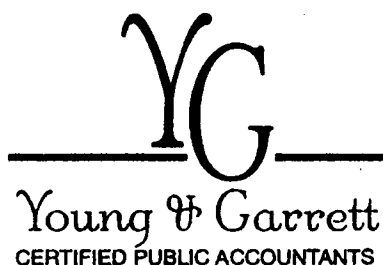
	PAGE
Combining Statement of Cash Flows-Proprietary Funds	32
Statement of Cash Flows-Proprietary Fund-Water and Sewer	34
Statement of Cash Flows-Proprietary Fund-Electric	36
Notes to Financial Statements	38
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	63
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-2% Food and Beverage Tax	65
Notes to the Required Supplementary Information	66
Supplementary Information	
Combining Balance Sheet-Other Governmental Funds (Non-Major Funds)	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Other Governmental Funds (Non-Major Funds)	69
Combining Balance Sheet-Capital Projects Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Capital Projects Funds	71
Combining Balance Sheet-Fiduciary Funds	72
Combining Balance Sheet-Expendable Trust Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Expendable Trust Funds	74
Combining Balance Sheet-Agency Funds	75
Combining Balance Sheet-Special Revenue Funds	76

TABLE OF CONTENTS  
- Continued -

	PAGE
Combining Statement of Revenues, Expenditures and Changes in Fund Equity-Special Revenue Funds	77
Combining Balance Sheet-Debt Service Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Equity-Debt Service Funds	79
Combining Balance Sheet-Special Assessment Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Equity-Special Assessment Funds	81
Schedule of Investments	82
Schedule of Surety Bonds	83
Schedule of Long-Term Debt	84
Schedule of Federal Awards	87
Compliance and Internal Control Reports	
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit Performed in Accordance with Government Auditing Standards	89
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	91
Independent Auditor's Report on Compliance with State Laws and Regulations	93
Schedule of Findings and Questioned Costs	94

CITY OF OXFORD, MISSISSIPPI  
LIST OF PRINCIPAL OFFICERS  
September 30, 2004

<u>TITLE</u>	<u>NAME</u>
Mayor	Richard Howorth
Mayor Pro Tempore	Ulysses Howell
Aldersperson	George Patterson
Aldersperson	Ernest Oliver
Aldersperson	Janice Antonow
Aldersperson	Preston E. Taylor
Aldersperson	Richard Devoe
Aldersperson	Dr. William C. Baker
City Clerk and Tax Collector	Lisa D. Carwyle



606 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

### INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen  
City of Oxford, Mississippi

We have audited the accompanying financial statements of the governmental activities, business-type activities and remaining fund information of the City of Oxford, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and remaining fund information for the City of Oxford, Mississippi, as of September 30, 2004, and the changes in financial position including cash flows, of those activities, units, and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Oxford, Mississippi, as of September 30, 2004, and the changes in financial position, including cash flows, of those funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report, dated September 16, 2005, on our consideration of the City of Oxford, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and Budgetary Comparisons on pages 8 through 14 and pages 63 through 66 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxford's basic financial statements. The accompanying supplementary information, combining and individual non-major fund financial statements, and schedules of investments, surety bonds and long-term debt are presented for the purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Young & Jarrett

September 16, 2005

CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2004

As management of the City of Oxford, Mississippi ("City"), we offer readers of the City of Oxford, Mississippi's financial statements this narrative overview and analysis of the financial activities of the City of Oxford, Mississippi, for the fiscal year ended September 30, 2004. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the City finances. It is also intended to provide readers with an analysis of the City's short-term and long-term activities of the City based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements,
3. Notes to the financial statements, and
4. Required supplementary information, which is in addition to the basic financial statements themselves.



CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
- Continued -

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

A. The statement of net assets presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening.

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

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into Governmental Activities that are principally supported by taxes and intergovernmental revenues, and Business-Type Activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City reports assets of \$83,750,706, of which \$62,391,438 are capital assets. The assets exceed the City's liabilities of \$32,068,522, \$23,669,029 of which are long term, at the close of the most recent fiscal year by \$51,682,184. Of this amount, \$9,511,556 are unrestricted net assets. The City's net assets are comprised of \$26,729,152 from Governmental Activities and \$24,953,032 from Business-Type Activities.

CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
- Continued -

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, City infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, please note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF OXFORD, MISSISSIPPI  
NET ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and Other Assets	\$ 7,809,528	\$ 9,777,356	\$13,549,740	\$ 6,620,200	\$21,359,268	\$16,397,556
Capital Assets (Net)	<u>34,733,455</u>	<u>25,824,184</u>	<u>27,657,983</u>	<u>27,741,173</u>	<u>62,391,438</u>	<u>53,565,357</u>
Total Assets	<u>42,542,983</u>	<u>35,601,540</u>	<u>41,207,723</u>	<u>34,361,373</u>	<u>83,750,706</u>	<u>69,962,913</u>
Current and Other Liabilities	1,378,710	1,266,397	7,020,783	3,302,604	8,399,493	4,569,001
Long-Term Liabilities	<u>14,435,121</u>	<u>12,761,782</u>	<u>9,233,908</u>	<u>8,770,485</u>	<u>23,669,029</u>	<u>21,532,267</u>
Total Liabilities	<u>15,813,831</u>	<u>14,028,179</u>	<u>16,254,691</u>	<u>12,073,089</u>	<u>32,068,522</u>	<u>26,101,268</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	19,300,674	12,229,046	17,147,493	18,496,209	36,448,167	30,725,255
Restricted	<u>4,610,319</u>	<u>2,598,335</u>	<u>1,112,142</u>	<u>599,445</u>	<u>5,722,461</u>	<u>3,197,780</u>
Unrestricted	<u>2,818,159</u>	<u>6,745,980</u>	<u>6,693,397</u>	<u>3,192,630</u>	<u>9,511,556</u>	<u>9,938,610</u>
Total Net Assets	<u>\$26,729,152</u>	<u>\$21,573,361</u>	<u>\$24,953,032</u>	<u>\$22,288,284</u>	<u>\$51,682,184</u>	<u>\$43,861,645</u>

CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
- Continued -

GOVERNMENTAL ACTIVITIES

The Governmental Activities of the City include General Government, Public Safety, Public Works, Cemetery, Culture and Recreation, Community Development and Miscellaneous Programs. Sales taxes, property taxes and franchise taxes, as well as occupational licenses and fines, fund most of these governmental activities.

Here we show the City of Oxford, Mississippi's changes in net assets. In the chart below, General Government includes the following departments: Legislative (Board of Alderpersons) Judicial, Executive, Financial, Building, and other General Administration. Public Safety encompasses the Police, Fire, Engineering, and Inspection departments. Public Works is made up of the Street and Sanitation departments. Culture and Recreation contain the City's parks as well as Senior Citizens Center activities.

CITY OF OXFORD, MISSISSIPPI CHANGES IN NET ASSETS						
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
REVENUE:						
Program Revenues:						
Charges for Services	\$ 6,236,795	\$ 9,881,124	\$20,758,723	\$18,373,926	\$26,995,518	\$28,255,050
Operating Grants and Contributions	2,428,788	1,139,321	-	-	2,428,788	1,139,321
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	3,519,559	3,322,176	-	-	3,519,559	3,322,176
Other Taxes	5,591,333	1,354,789	-	-	5,591,333	1,354,789
Special Assessments	1,262	1,561	-	-	1,262	1,561
Unrestricted Interest Earned	124,167	92,589	-	-	124,167	92,589
Transfers	711,807	-	(711,807)	-	-	-
TOTAL REVENUE	<u>18,613,711</u>	<u>15,791,560</u>	<u>20,046,916</u>	<u>18,373,926</u>	<u>38,660,627</u>	<u>34,165,486</u>
EXPENSES:						
General Government	3,166,070	2,147,828	-	-	3,166,070	2,147,828
Public Safety	4,971,180	4,454,420	-	-	4,971,180	4,454,420
Public Works	2,709,033	1,505,045	-	-	2,709,033	1,505,045
Tourism	550,224	-	-	-	550,224	-
Health, Welfare & Sanitation	-	1,437,568	-	-	-	1,437,568
Culture and Recreation	943,187	1,964,768	-	-	943,187	1,964,768
Miscellaneous	535,175	74,994	-	-	535,175	74,994
Economic Development	-	1,071,830	-	-	-	1,071,830
Interest on Long-Term Debt	583,051	445,906	-	-	583,051	445,906
Depreciation-All Functions	-	561,904	-	-	-	561,904
Water and Sewer Service	-	-	4,113,986	3,672,862	4,113,986	3,672,862
Electric Service	-	-	13,268,182	12,278,913	13,268,182	12,278,913
TOTAL EXPENSES	<u>\$13,457,920</u>	<u>\$13,664,263</u>	<u>\$17,382,168</u>	<u>\$15,951,775</u>	<u>\$30,840,088</u>	<u>\$29,616,038</u>

CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
- Continued -

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Change in Net Assets	\$ 5,155,791	\$ 2,127,297	\$ 2,664,748	\$ 2,422,151	\$ 7,820,539	\$ 4,549,448
Net Assets - Beginning	<u>21,573,361</u>	<u>19,446,064</u>	<u>22,288,284</u>	<u>19,866,133</u>	<u>43,861,645</u>	<u>39,312,197</u>
Net Assets - Ending	<u>\$26,729,152</u>	<u>\$21,573,361</u>	<u>\$24,953,032</u>	<u>\$22,288,284</u>	<u>\$51,682,184</u>	<u>\$43,861,645</u>

Property Taxes Assessed

	<u>2003-04</u>		<u>2002-03</u>	
	<u>Mills</u>	<u>Amount</u>	<u>Mills</u>	<u>Amount</u>
General Fund	15.25	\$ 2,014,109	14.75	\$ 1,778,453
Bond and Interest	6.70	830,815	7.20	1,064,274
Parks and Recreation	3.50	433,701	3.50	420,172
School Bond and Maintenance	<u>46.85</u>	<u>8,634,918</u>	<u>44.05</u>	<u>7,686,162</u>
	<u>72.30</u>	<u>\$ 11,913,543</u>	<u>69.50</u>	<u>10,949,061</u>

Taxes assessed for the School Bond and Maintenance are remitted to the Separate School District and are not considered revenue for this report.

**BUSINESS-TYPE ACTIVITIES**

The Business-Type Activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer and electric departments are reported here.

**Business-Type Activities**

	<u>Operating Revenues</u>
Fiscal Year ended September 30, 2004	\$ 20,046,916
Fiscal Year ended September 30, 2003	<u>18,373,926</u>
Increase between Fiscal Years	<u>\$ 1,672,990</u>
	<u>Operating Expenses</u>
Fiscal Year ended September 30, 2004	\$ 17,382,168
Fiscal Year ended September 30, 2003	<u>15,951,775</u>
Increase between Fiscal Years	<u>\$ 1,430,393</u>

**2. 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, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
- Continued -

A. Governmental Funds - Governmental funds are used to account for most of the City's basic services, reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, compare the information presented for government 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. These reconciliations are found later in this report.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Special Assessment Funds and the Fiduciary Funds, all of which are considered to be significant funds. See the separate statements on these funds.

B. Proprietary Funds - Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its Water and Sewer and Electric departments. 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 for the Water and Sewer and Electric departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found later in this report.

C. Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds

CITY OF OXFORD, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
- Continued -

are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's other programs. The basis of accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found later in this report.

3. NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

4. REQUIRED SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplemental information includes a presentation of performance results against the adopted budget. The City adopts an annual budget in accordance with Mississippi State Law. Both the original and final budgets are presented and compared to the budgetary basic financial statements. Cash basis is required under Mississippi State Law, therefore adjustments from the cash basis to the GAAP basis of reporting are also presented.

5. OTHER INFORMATION

Combining statements for each fund and comparisons to the prior year for each classification of funds (e.g., special revenue, proprietary, etc.) are not required, but are presented as other information to enhance the level of detail.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Oxford, Mississippi's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk's office, 107 Courthouse Square, Oxford, Mississippi 38655.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF OXFORD, MISSISSIPPI  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
September 30, 2004

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 6,285,652	\$ 8,424,045	\$14,709,697
Receivables:			
Customer	-	2,043,816	2,043,816
Other	729,216	83,911	813,127
Internal Balances	154,754	534,554	689,308
Inventories	-	375,468	375,468
Debt Service Funds	464,076	1,112,142	1,576,218
Prepaid Expenses	<u>175,830</u>	<u>975,804</u>	<u>1,151,634</u>
 Total Non-Capital Assets	 <u>7,809,528</u>	 <u>13,549,740</u>	 <u>21,359,268</u>
Capital Assets:			
Land	1,359,237	118,304	1,477,541
Improvements Other than			
Buildings	876,000	-	876,000
Infrastructure	17,496,516	-	17,496,516
Buildings & Utility			
Systems	5,457,332	36,560,750	42,018,082
Equipment & Furniture	3,276,346	2,435,954	5,712,300
Construction in Progress	11,733,402	3,658,277	15,391,679
Less-Accumulated			
Depreciation	<u>(5,465,378)</u>	<u>(15,115,302)</u>	<u>(20,580,680)</u>
 Total Capital Assets	 <u>34,733,455</u>	 <u>27,657,983</u>	 <u>62,391,438</u>
 Total Assets	 <u>\$ 42,542,983</u>	 <u>\$41,207,723</u>	 <u>\$83,750,706</u>
 <u>LIABILITIES</u>			
Accounts Payable &			
Accrued Expenses	\$ 381,050	\$ 4,436,112	\$ 4,817,162
Customer Deposits	-	1,308,089	1,308,089
Long-term Debt Due			
Within One Year:			
Bonds	995,000	385,000	1,380,000
Notes	2,660	891,582	894,242
Due in More than			
One Year:			
Bonds	14,435,000	7,635,000	22,070,000
Notes	<u>121</u>	<u>1,598,908</u>	<u>1,599,029</u>
 Total Liabilities	 <u>\$ 15,813,831</u>	 <u>\$16,254,691</u>	 <u>\$32,068,522</u>



CITY OF OXFORD, MISSISSIPPI  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
- Continued -

<u>NET ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Invested in Capital Assets-			
Net of Related Debt	\$ 19,300,674	\$17,147,493	\$36,448,167
Reserved for:			
Unemployment	52,171	-	52,171
Tourism	1,250,865	-	1,250,865
Debt Service	464,076	1,112,142	1,576,218
Cemetery	40,820	-	40,820
Capital Projects	2,802,387	-	2,802,387
Unrestricted	<u>2,818,159</u>	<u>6,693,397</u>	<u>9,511,556</u>
Total Net Assets	\$ <u>26,729,152</u>	\$ <u>24,953,032</u>	\$ <u>51,682,184</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year Ended September 30, 2004

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	EXPENSES	PROGRAM REVENUE	OPERATING	NET(EXPENSE) REVENUES AND		TOTAL
		CHARGES FOR	GRANTS &	CHANGES IN NET ASSETS		
		SERVICES	CONTRIBUTIONS	GOVERNMENTAL	BUSINESS-TYPE	
				ACTIVITIES	ACTIVITIES	
<u>GOVERNMENTAL ACTIVITIES</u>						
General Government	\$ 3,166,070	\$ 1,061,010	\$ -	\$ (2,105,060)	\$ -	\$ (2,105,060)
Public Safety	4,971,180	1,201,404	161,545	(3,608,231)	-	(3,608,231)
Public Works	2,709,033	1,788,857	-	(920,176)	-	(920,176)
Tourism	550,224	963,604	-	413,380	-	413,380
Culture & Recreation	943,187	13,268	-	(929,919)	-	(929,919)
Miscellaneous	535,175	1,208,652	2,267,243	2,940,720	-	2,940,720
Interest on Long-term Debt	<u>583,051</u>	<u>-</u>	<u>-</u>	<u>(583,051)</u>	<u>-</u>	<u>(583,051)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>13,457,920</u>	<u>6,236,795</u>	<u>2,428,788</u>	<u>(4,792,337)</u>	<u>-</u>	<u>(4,792,337)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>						
Water & Sewer Service	4,113,986	5,847,219	-	-	1,733,233	1,733,233
Electric Service	<u>13,268,182</u>	<u>14,911,504</u>	<u>-</u>	<u>-</u>	<u>1,643,322</u>	<u>1,643,322</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>17,382,168</u>	<u>20,758,723</u>	<u>-</u>	<u>-</u>	<u>3,376,555</u>	<u>3,376,555</u>
TOTAL PRIMARY GOVERNMENT	<u>\$30,840,088</u>	<u>\$26,995,518</u>	<u>\$ 2,428,788</u>	<u>(4,792,337)</u>	<u>3,376,555</u>	<u>(1,415,782)</u>

CITY OF OXFORD, MISSISSIPPI  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
- Continued -

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	PROGRAM REVENUE		NET(EXPENSE) REVENUES AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>GENERAL REVENUES</u>						
Property Taxes				\$ 3,519,559	\$ -	\$ 3,519,559
Other Taxes				5,591,333	-	5,591,333
Special Assessments				1,262	-	1,262
Unrestricted Interest Earned				124,167	-	124,167
Transfers				<u>711,807</u>	<u>(711,807)</u>	<u>-</u>
TOTAL GENERAL REVENUES				<u>9,948,128</u>	<u>(711,807)</u>	<u>9,236,321</u>
Change in Net Assets				5,155,791	2,664,748	7,820,539
Net Assets - Beginning				<u>21,573,361</u>	<u>22,288,284</u>	<u>43,861,645</u>
Net Assets - Ending				<u>\$ 26,729,152</u>	<u>\$ 24,953,032</u>	<u>\$ 51,682,184</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

FUND FINANCIAL STATEMENTS

CITY OF OXFORD, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2004

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND	2% FOOD TAX FUND	CONFERENCE CENTER FUND	2004 G.O. BONDS FUND	OTHER GOVERNMENTAL FUNDS	2004	2003
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,606,591	\$ 1,250,865	\$ 25,156	\$ 2,071,191	\$ 1,418,064	\$ 7,371,867	\$ 9,468,194
Due from Other Governments	-	-	-	-	729,216	729,216	-
Due from Other Funds	154,754	-	-	-	-	154,754	134,092
Prepayments	-	-	-	-	175,830	175,830	175,070
<b>TOTAL ASSETS</b>	<b>\$ 2,761,345</b>	<b>\$ 1,250,865</b>	<b>\$ 25,156</b>	<b>\$ 2,071,191</b>	<b>\$ 2,323,110</b>	<b>\$ 8,431,667</b>	<b>\$ 9,777,356</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ 622,138	\$ 622,138	\$ -
Accounts Payable	-	-	-	-	25,000	25,000	25,000
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647,138</b>	<b>647,138</b>	<b>25,000</b>
<b>Fund Balances:</b>							
Reserved for:							
Unemployment	-	-	-	-	52,171	52,171	52,171
Cemetery	-	-	-	-	40,820	40,820	46,117
Debt Service	-	-	-	-	462,838	462,838	401,853
Tourism	-	1,250,865	-	-	-	1,250,865	2,098,184
Capital Projects	-	-	25,156	2,071,191	706,040	2,802,387	4,419,957
Unreserved	2,761,345	-	-	-	414,103	3,175,448	2,734,074
<b>TOTAL FUND BALANCES</b>	<b>2,761,345</b>	<b>1,250,865</b>	<b>25,156</b>	<b>2,071,191</b>	<b>1,675,972</b>	<b>7,784,529</b>	<b>9,752,356</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 2,761,345</b>	<b>\$ 1,250,865</b>	<b>\$ 25,156</b>	<b>\$ 2,071,191</b>	<b>\$ 2,323,110</b>	<b>\$ 8,431,667</b>	<b>\$ 9,777,356</b>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
September 30, 2004

Total Fund Balance-Governmental Funds \$ 7,784,529

Amounts reported for Net Assets in the  
Statement of Net Assets are different because:

Capital Assets are used in Governmental Activities  
are not financial resources and therefore are  
not reported in the funds:

Capital Assets net of accumulated depreciation as of 10-1-03	25,824,184	
Plus capital outlay expenditures made during year	9,607,488	
Less depreciation expense recorded during year	<u>(698,217)</u>	34,733,455

Long-term liabilities are not due and payable  
in the current period and therefore are not  
recorded in the funds, as follows:

Long-term debt as of 10-1-03	(13,595,138)	
Issuances during year	(3,000,000)	
Less payments during year	<u>1,162,357</u>	
	(15,432,781)	
Add interest accrued for year	<u>(356,051)</u>	(15,788,832)

Total Net Assets-Governmental-Wide Statement \$ 26,729,152

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND EQUITY  
GOVERNMENTAL FUNDS  
September 30, 2004

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND	2% FOOD TAX FUND	CONFERENCE CENTER FUND	2004 G.O. BONDS FUND	OTHER GOVERNMENTAL FUNDS	2004	2003
<b>REVENUES</b>							
Ad Valorem Taxes	\$ 2,462,607	\$ -	\$ -	\$ -	\$ 1,056,952	\$ 3,519,559	\$ 3,322,176
Other Taxes	216,014	963,379	-	-	-	1,179,393	1,354,789
Special Assessments	-	-	-	-	1,262	1,262	1,561
Licenses and Permits	658,018	-	-	-	-	658,018	648,899
Intergovernmental	5,131,444	-	-	-	-	5,131,444	4,264,451
Charges for Services	1,807,655	-	-	-	-	1,807,655	1,657,889
Fines and Forfeits	98,958	-	-	-	108,065	207,023	443,970
Miscellaneous	168,565	225	-	-	159,308	328,098	407,517
Reimbursements	892,426	-	-	-	49,473	941,899	1,401,937
Interest	35,020	17,146	49,499	6,014	16,488	124,167	92,589
Local Contributions	-	-	-	-	57,000	57,000	57,000
Tax Equivalent	540,453	-	-	-	-	540,453	540,451
Federal Awards	17,339	-	-	-	2,629,450	2,646,789	1,139,321
Grants	-	-	-	-	729,216	729,216	-
Sale of Cemetery Lots	-	-	-	-	29,928	29,928	29,955
<b>TOTAL REVENUES</b>	<b>12,028,499</b>	<b>980,750</b>	<b>49,499</b>	<b>6,014</b>	<b>4,837,142</b>	<b>17,901,904</b>	<b>15,362,505</b>
<b>EXPENDITURES</b>							
Legislative	65,363	-	-	-	-	65,363	64,868
Judicial	132,570	-	-	-	-	132,570	126,507
Executive	54,103	-	-	-	-	54,103	54,411
Financial Administration	268,942	-	-	-	-	268,942	297,808
Law	53,438	-	-	-	-	53,438	121,290
Planning and Zoning	258,416	-	-	-	-	258,416	209,657
General Government	1,609,233	-	-	-	-	1,609,233	1,273,287
Community Promotions	37,355	-	-	-	-	37,355	37,250
Police Department	2,442,792	-	-	-	-	2,442,792	2,264,359
Fire Department	2,458,537	-	-	-	-	2,458,537	2,190,061
Street Administration	204,300	-	-	-	-	204,300	229,289
Street Maintenance	963,746	-	-	-	-	963,746	850,083
Sanitation Administration	61,573	-	-	-	-	61,573	58,386
Street Cleaning	70,509	-	-	-	-	70,509	68,993
Waste Collection	689,400	-	-	-	-	689,400	664,945
Waste Disposal	513,472	-	-	-	-	513,472	526,798

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND EQUITY  
GOVERNMENTAL FUNDS  
- Continued -

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND	2% FOOD TAX FUND	CONFERENCE CENTER FUND	2004 G.O. BONDS FUND	OTHER GOVERNMENTAL FUNDS	2004	2003
EXPENDITURES - Continued							
Weed & Grass Control	\$ 158,185	\$ -	\$ -	\$ -	\$ -	\$ 158,185	\$ 157,195
Cemetery Maintenance	103,237	-	-	-	-	103,237	88,630
Parks & Recreation	711,573	-	-	-	-	711,573	704,523
Tourism Promotion	-	516,257	-	-	-	516,257	958,289
Swimming Pool	60,975	-	-	-	-	60,975	58,169
RSVP	64,669	-	-	-	-	64,669	63,708
Library	192,214	-	-	-	-	192,214	180,079
City Garage	698,753	-	-	-	-	698,753	696,460
Miscellaneous	199,466	-	-	-	134,719	334,185	312,765
Drug and Traffic Enforcement	-	-	-	-	293,738	293,738	246,044
Airport	15,000	-	-	-	-	15,000	15,000
Debt Service:							
Principal Retirement	25,829	170,000	-	358,868	607,660	1,162,357	614,866
Interest and Fiscal Charges	10,492	229,705	-	1,482	393,363	635,042	483,991
Capital Outlay	-	828,575	2,757,094	939,473	4,226,462	8,751,604	5,071,284
TOTAL EXPENDITURES	12,124,142	1,744,537	2,757,094	1,299,823	5,655,942	23,581,538	18,688,995
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(95,643)	(763,787)	(2,707,595)	(1,293,809)	(818,800)	(5,679,634)	(3,326,490)
OTHER FINANCING SOURCES (USES)							
Bond and Loan Proceeds	-	-	-	3,000,000	-	3,000,000	-
Operating Transfers In	451,807	-	-	365,000	-	816,807	429,055
Operating Transfers Out	-	(70,000)	-	-	(35,000)	(105,000)	(137,599)
TOTAL OTHER FINANCING SOURCES (USES)	451,807	(70,000)	-	3,365,000	(35,000)	3,711,807	291,456
NET CHANGES IN FUND BALANCES	356,164	(833,787)	(2,707,595)	2,071,191	(853,800)	(1,967,827)	(3,035,034)
FUND EQUITY							
Beginning of Year	2,405,181	2,084,652	2,732,751	-	2,529,772	9,752,356	12,787,390
End of Year	\$ 2,761,345	\$ 1,250,865	\$ 25,156	\$ 2,071,191	\$ 1,675,972	\$ 7,784,529	\$ 9,752,356

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT





CITY OF OXFORD, MISSISSIPPI  
COMBINING STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
September 30, 2004

	<u>WATER AND SEWER</u>	<u>ELECTRIC FUND</u>	<u>TOTAL PROPRIETARY FUNDS</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,158,540	\$ 3,265,505	\$ 8,424,045
Debt Service Sinking Funds	516,125	596,017	1,112,142
Receivables:			
Consumer	-	2,043,816	2,043,816
Other	83,911	-	83,911
Utility Plant	22,566,953	20,206,332	42,773,285
Accumulated Depreciation	(10,665,769)	(4,449,533)	(15,115,302)
Inventory	15,000	360,468	375,468
Due from Other Funds	534,554	-	534,554
Prepayments	-	71,757	71,757
Deferred Debits	<u>82,124</u>	<u>821,923</u>	<u>904,047</u>
 TOTAL ASSETS	 <u>\$ 18,291,438</u>	 <u>\$ 22,916,285</u>	 <u>\$ 41,207,723</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Vouchers Payable	\$ -	\$ 4,206,540	\$ 4,206,540
Bonds Payable	2,780,000	5,240,000	8,020,000
Notes Payable	1,780,490	710,000	2,490,490
Customer Deposits	-	1,308,089	1,308,089
Other	-	216,013	216,013
Deferred Credits	<u>-</u>	<u>13,559</u>	<u>13,559</u>
 TOTAL LIABILITIES	 <u>4,560,490</u>	 <u>11,694,201</u>	 <u>16,254,691</u>
 <u>NET ASSETS</u>			
Investment of Municipality	1,631,198	-	1,631,198
Reserved for Debt Service	-	596,017	596,017
Grants in Aid of			
Construction	3,809,321	-	3,809,321
Fund Equity-Unrestricted	<u>8,290,429</u>	<u>10,626,067</u>	<u>18,916,496</u>
 TOTAL NET ASSETS	 <u>\$ 13,730,948</u>	 <u>\$ 11,222,084</u>	 <u>\$ 24,953,032</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND-WATER AND SEWER  
September 30, 2004

	WATER AND SEWER FUND <u>CURRENT YEAR</u>	WATER AND SEWER FUND <u>PRIOR YEAR</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 5,158,540	\$ 2,151,253
Debt Service Sinking Funds	516,125	516,125
Other Receivables	83,911	83,911
Utility Plant	22,566,953	22,303,379
Accumulated Depreciation	(10,665,769)	(10,025,350)
Inventory	15,000	15,000
Due from Other Funds	534,554	500,893
Deferred Debits	<u>82,124</u>	<u>47,468</u>
 TOTAL ASSETS	 \$ <u>18,291,438</u>	 \$ <u>15,592,679</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Bonds Payable	\$ 2,780,000	\$ 975,000
Notes Payable	<u>1,780,490</u>	<u>1,954,964</u>
 TOTAL LIABILITIES	 <u>4,560,490</u>	 <u>2,929,964</u>
 <u>NET ASSETS</u>		
Reserved for Debt Service	516,125	516,125
Investment of Municipality	1,631,198	1,631,198
Grants in Aid of Construction	3,809,321	3,809,321
Fund Equity-Unrestricted	<u>7,774,304</u>	<u>6,706,071</u>
 TOTAL NET ASSETS	 \$ <u>13,730,948</u>	 \$ <u>12,662,715</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND-ELECTRIC  
September 30, 2004

	ELECTRIC FUND CURRENT YEAR	ELECTRIC FUND PRIOR YEAR
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,265,505	\$ 759,004
Debt Service Sinking Funds	596,017	599,445
Consumer Receivables	2,043,816	1,452,609
Utility Plant	20,206,332	19,675,833
Accumulated Depreciation	(4,449,533)	(4,212,689)
Inventory	360,468	270,180
Prepayments	71,757	47,391
Deferred Debits	821,923	124,645
Due from Other Funds	<u>-</u>	<u>52,276</u>
TOTAL ASSETS	\$ <u>22,916,285</u>	\$ <u>18,768,694</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Vouchers Payable	\$ 4,206,540	\$ 1,483,893
Bonds Payable	5,240,000	5,445,000
Notes Payable	710,000	870,000
Customer Deposits	1,308,089	1,139,858
Other	216,013	192,786
Deferred Credits	<u>13,559</u>	<u>11,588</u>
TOTAL LIABILITIES	<u>11,694,201</u>	<u>9,143,125</u>
<u>NET ASSETS</u>		
Reserved for Debt Service	596,017	599,445
Fund Equity-Unrestricted	<u>10,626,067</u>	<u>9,026,124</u>
TOTAL NET ASSETS	\$ <u>11,222,084</u>	\$ <u>9,625,569</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended September 30, 2004

	WATER AND SEWER	ELECTRIC FUND	TOTAL ENTERPRISE FUNDS
<u>REVENUES</u>			
Charges for Services	\$ 5,808,717	\$ 14,071,839	\$ 19,880,556
Other	<u>38,502</u>	<u>839,665</u>	<u>878,167</u>
TOTAL REVENUES	<u>5,847,219</u>	<u>14,911,504</u>	<u>20,758,723</u>
<u>EXPENDITURES</u>			
Purchased Power	-	10,900,969	10,900,969
Admin, General & Sales	572,636	307,161	879,797
Financial and Customer Account Expense	284,413	297,557	581,970
Transmission & Distribution	729,148	514,546	1,243,694
Treatment & Purification	707,140	-	707,140
Source of Supply	391,625	-	391,625
Water-Waste Collection	655,704	-	655,704
Other:			
Depreciation & Amortization	643,254	356,338	999,592
Interest	130,066	326,930	456,996
Taxes	<u>-</u>	<u>564,681</u>	<u>564,681</u>
TOTAL EXPENDITURES	<u>4,113,986</u>	<u>13,268,182</u>	<u>17,382,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,733,233</u>	<u>1,643,322</u>	<u>3,376,555</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out	<u>(665,000)</u>	<u>(46,807)</u>	<u>(711,807)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(665,000)</u>	<u>(46,807)</u>	<u>(711,807)</u>
NET CHANGE IN NET ASSETS	1,068,233	1,596,515	2,664,748
<u>NET ASSETS</u>			
Beginning of Year	<u>12,662,715</u>	<u>9,625,569</u>	<u>22,288,284</u>
End of Year	\$ <u>13,730,948</u>	\$ <u>11,222,084</u>	\$ <u>24,953,032</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND-WATER AND SEWER  
September 30, 2004

	WATER AND SEWER FUND <u>CURRENT YEAR</u>	WATER AND SEWER FUND <u>PRIOR YEAR</u>
<u>REVENUES</u>		
Charges for Services	\$ 5,808,717	\$ 5,139,724
Other	<u>38,502</u>	<u>38,684</u>
TOTAL REVENUES	<u>5,847,219</u>	<u>5,178,408</u>
<u>EXPENDITURES</u>		
Administration, General and Sales	572,636	455,697
Financial and Customer Account	284,413	353,804
Transmission and Distribution	729,148	506,702
Treatment and Purification	707,140	614,348
Source of Supply	391,625	320,133
Water-Waste Collection	655,704	321,834
Depreciation and Amortization	643,254	738,448
Interest	<u>130,066</u>	<u>86,896</u>
TOTAL EXPENDITURES	<u>4,113,986</u>	<u>3,672,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,733,233</u>	<u>1,780,546</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers Out	<u>(665,000)</u>	<u>(275,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(665,000)</u>	<u>(275,000)</u>
NET CHANGE IN NET ASSETS	1,068,233	1,505,546
<u>NET ASSETS</u>		
Beginning of Year	<u>12,662,715</u>	<u>11,157,169</u>
End of Year	\$ <u>13,730,948</u>	\$ <u>12,662,715</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND-ELECTRIC  
September 30, 2004

	ELECTRIC FUND CURRENT YEAR	ELECTRIC FUND PRIOR YEAR
<u>REVENUES</u>		
Charges for Services	\$ 14,071,839	\$ 13,061,368
Other	<u>839,665</u>	<u>134,150</u>
TOTAL REVENUES	<u>14,911,504</u>	<u>13,195,518</u>
<u>EXPENDITURES</u>		
Purchased Power	10,900,969	10,036,810
Administration, General and Sales	307,161	268,345
Financial and Customer Account	297,557	269,775
Transmission and Distribution	514,546	482,366
Depreciation and Amortization	356,338	322,116
Interest	326,930	337,689
Taxes	<u>564,681</u>	<u>561,812</u>
TOTAL EXPENDITURES	<u>13,268,182</u>	<u>12,278,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,643,322</u>	<u>916,605</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers Out	<u>(46,807)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(46,807)</u>	<u>-</u>
NET CHANGE IN NET ASSETS	1,596,515	916,605
<u>NET ASSETS</u>		
Beginning of Year	<u>9,625,569</u>	<u>8,708,964</u>
End of Year	\$ <u>11,222,084</u>	\$ <u>9,625,569</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended September 30, 2004

	<u>WATER AND SEWER</u>	<u>ELECTRIC FUND</u>	<u>TOTAL PROPRIETARY FUNDS</u>
<u>OPERATING ACTIVITIES</u>			
Received from Customers	\$ 5,775,056	\$ 13,782,228	\$ 19,557,284
Purchased of Power	-	(7,725,407)	(7,725,407)
Paid for Operating Expenses	-	(1,438,873)	(4,779,539)
Taxes and Tax Equivalents	<u>(3,340,666)</u>	<u>(694,747)</u>	<u>(694,747)</u>
NET CASH PROVIDED	<u>2,434,390</u>	<u>3,923,201</u>	<u>6,357,591</u>
<u>NON-CAPITAL FINANCING</u>			
Transfer to Other Funds	<u>(665,000)</u>	<u>(46,807)</u>	<u>(711,807)</u>
NET CASH USED	<u>(665,000)</u>	<u>(46,807)</u>	<u>(711,807)</u>
<u>CAPITAL AND RELATING FINANCING</u>			
Interest Paid on Principal Debt	(130,066)	(319,609)	(449,675)
Principal Paid on Notes	(174,474)	(162,879)	(337,353)
Principal Paid on Bonds	(95,000)	(205,000)	(300,000)
Bonds Issued	1,900,000	-	1,900,000
Purchase of Capital Assets	(263,574)	(728,636)	(992,210)
Payment of Bond Costs	<u>(37,491)</u>	<u>-</u>	<u>(37,491)</u>
NET CASH PROVIDED (USED)	<u>1,199,395</u>	<u>(1,416,124)</u>	<u>(216,729)</u>
<u>INVESTING ACTIVITIES</u>			
Interest Earned	<u>38,502</u>	<u>46,231</u>	<u>84,733</u>
NET CASH PROVIDED	<u>38,502</u>	<u>46,231</u>	<u>84,733</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,007,287	2,506,501	5,513,788
<u>CASH AND CASH EQUIVALENTS</u>			
Beginning of Year	<u>2,151,253</u>	<u>759,004</u>	<u>2,910,257</u>
End of Year	\$ <u><u>5,158,540</u></u>	\$ <u><u>3,265,505</u></u>	\$ <u><u>8,424,045</u></u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.



CITY OF OXFORD, MISSISSIPPI  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
- Continued -

	WATER AND SEWER	ELECTRIC FUND	TOTAL PROPRIETARY FUNDS
<u>RECONCILIATION OF OPERATING</u>			
<u>INCOME TO NET CASH PROVIDED</u>			
<u>(USED) BY OPERATING ACTIVITIES</u>			
Operating Profit	\$ <u>1,824,797</u>	\$ <u>2,024,135</u>	\$ <u>3,848,932</u>
Adjustments to Reconcile			
Operating Income to Net			
Cash Provided (Used) by			
Operating Activities:			
Depreciation and Amortization	643,254	356,338	999,592
(Increase) Decrease in Due			
from Other Funds	(33,661)	-	(33,661)
(Increase) Decrease in			
Accounts Receivable	-	(538,932)	(538,932)
(Increase) Decrease in			
Inventory	-	(90,288)	(90,288)
(Increase) Decrease in			
Prepayments and Other			
Current Assets	-	(51,218)	(51,218)
(Increase) Decrease in			
Deferred Charges	-	(695,789)	(695,789)
Increase (Decrease) in			
Accounts Payable	-	2,679,166	2,679,166
Increase (Decrease) in			
Consumer Deposits	-	168,231	168,231
Increase (Decrease) in			
Taxes Accrued	-	(457)	(457)
Increase (Decrease) in Other			
Accrued Liabilities	-	70,044	70,044
Increase (Decrease) in			
Deferred Credits	<u>-</u>	<u>1,971</u>	<u>1,971</u>
TOTAL ADJUSTMENTS	<u>609,593</u>	<u>1,899,066</u>	<u>2,508,659</u>
NET CASH PROVIDED BY			
OPERATING ACTIVITIES	\$ <u><u>2,434,390</u></u>	\$ <u><u>3,923,201</u></u>	\$ <u><u>6,357,591</u></u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND-WATER AND SEWER  
Year Ended September 30, 2004

	WATER AND SEWER FUND CURRENT YEAR	WATER AND SEWER FUND PRIOR YEAR
<u>OPERATING ACTIVITIES</u>		
Received from Customers	\$ 5,775,056	\$ 5,019,674
Paid for Operating Expenses	<u>(3,340,666)</u>	<u>(2,572,518)</u>
NET CASH PROVIDED	<u>2,434,390</u>	<u>2,447,156</u>
<u>NON-CAPITAL FINANCING</u>		
Transfer to Other Funds	<u>(665,000)</u>	<u>(275,000)</u>
NET CASH USED	<u>(665,000)</u>	<u>(275,000)</u>
<u>CAPITAL AND RELATING FINANCING</u>		
Interest Paid on Principal Debt	(130,066)	(86,896)
Principal Paid on Notes	(174,474)	(167,644)
Principal Paid on Bonds	(95,000)	(90,000)
Bonds Issued	1,900,000	-
Purchase of Capital Assets	(263,574)	(1,166,293)
Paymenet of Bond Costs	<u>(37,491)</u>	<u>-</u>
NET CASH PROVIDED (USED)	<u>1,199,395</u>	<u>(1,510,833)</u>
<u>INVESTING ACTIVITIES</u>		
Interest Earned	<u>38,502</u>	<u>38,684</u>
NET CASH PROVIDED	<u>38,502</u>	<u>38,684</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,007,287	700,007
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of Year	<u>2,151,253</u>	<u>1,451,246</u>
End of Year	\$ <u>5,158,540</u>	\$ <u>2,151,253</u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND-WATER AND SEWER  
Year Ended September 30, 2004

	<u>WATER AND SEWER FUND CURRENT YEAR</u>	<u>WATER AND SEWER FUND PRIOR YEAR</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Profit	\$ <u>1,824,797</u>	\$ <u>1,828,758</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	643,254	738,448
(Increase) Decrease in Due from Other Funds	<u>(33,661)</u>	<u>(120,050)</u>
TOTAL ADJUSTMENTS	<u>609,593</u>	<u>618,398</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>2,434,390</u></u>	\$ <u><u>2,447,156</u></u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND-ELECTRIC  
Year Ended September 30, 2004

	ELECTRIC FUND <u>CURRENT YEAR</u>	ELECTRIC FUND <u>PRIOR YEAR</u>
<u>OPERATING ACTIVITIES</u>		
Received from Customers	\$ 13,782,228	\$ 13,402,095
Purchase of Power	(7,725,407)	(9,991,404)
Paid for Operating Expenses	(1,438,873)	(994,064)
Taxes and Tax Equivalents	<u>(694,747)</u>	<u>(561,812)</u>
NET CASH PROVIDED	<u>3,923,201</u>	<u>1,854,815</u>
<u>NON-CAPITAL FINANCING</u>		
Transfer to Other Funds	<u>(46,807)</u>	<u>(44,898)</u>
NET CASH USED	<u>(46,807)</u>	<u>(44,898)</u>
<u>CAPITAL AND RELATING FINANCING</u>		
Interest Paid on Principal Debt	(319,609)	(330,368)
Principal Paid on Notes	(162,879)	(100,000)
Principal Paid on Bonds	(205,000)	(195,000)
Purchase of Capital Assets	<u>(728,636)</u>	<u>(1,193,839)</u>
NET CASH USED	<u>(1,416,124)</u>	<u>(1,819,207)</u>
<u>INVESTING ACTIVITIES</u>		
Interest Earned	<u>46,231</u>	<u>13,466</u>
NET CASH PROVIDED	<u>46,231</u>	<u>13,466</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,506,501	4,176
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of Year	<u>759,004</u>	<u>754,828</u>
End of Year	\$ <u><u>3,265,505</u></u>	\$ <u><u>759,004</u></u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND-ELECTRIC  
Year Ended September 30, 2004

	ELECTRIC FUND <u>CURRENT YEAR</u>	ELECTRIC FUND <u>PRIOR YEAR</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Profit	\$ <u>2,024,135</u>	\$ <u>1,299,192</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	356,338	322,116
(Increase) Decrease in Restricted Bond Funds	-	67,539
(Increase) Decrease in Accounts Receivable	(538,932)	220,043
(Increase) Decrease in Inventory	(90,288)	(15,158)
(Increase) Decrease in Prepayments and Other Current Assets	(51,218)	11,483
(Increase) Decrease in Deferred Charges	(695,789)	(15,995)
Increase (Decrease) in Accounts Payable	2,679,166	(120,589)
Increase (Decrease) in Consumer Deposits	168,231	123,979
Increase (Decrease) in Taxes Accrued	(457)	277
Increase (Decrease) in Other Accrued Liabilities	70,044	(40,521)
Increase (Decrease) in Deferred Credits	<u>1,971</u>	<u>2,449</u>
TOTAL ADJUSTMENTS	<u>1,899,066</u>	<u>555,623</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>3,923,201</u></u>	\$ <u><u>1,854,815</u></u>

SEE THE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City operates under a Mayor-Alderpersion form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Oxford conform to Generally Accepted Accounting Principles as applicable to governments, except as otherwise noted. For the fiscal year ended September 30, 2003, the City of Oxford, Mississippi implemented the new financial reporting requirements of GASB Statements No. 34. As a result, an entirely new financial presentation format has been implemented. The following is a summary of the more significant policies:

**A. Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. No component units are reported in the City's financial statements.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. The basic tenets of the Standards are as follows:

**Management's Discussion and Analysis** - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

**Government-Wide Financial Statements** - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

**Schedule of Net Assets** - The Schedule of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its directly presented component units. Governments will report all capital assets, including infrastructure, in the government-wide Schedule of Net Assets and will report depreciation expense-the cost of "using up" capital assets-in the Schedule of Activities. The net assets of a government will be broken down into three categories-(1)invested in capital, net of related debt; (2)restricted; and (3)unrestricted.

**Schedule of Activities** - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**Budgetary Comparison Schedules** - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

**B. Government-wide and fund financial statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund types (the total of all funds of a particular type). In the new reporting model, the focus is on either the City as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally 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. The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales, and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and



CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation. The City's fiduciary funds are presented in the fund financial statements, by type (private purpose or agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The focus of the revised model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities, or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary fund category includes trust funds, investment trust funds, private-purpose trust funds, and agency funds. The funds should be used to report resources held in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that resources are held.

As part of the new reporting model, the emphasis for the fund financial statements is on major funds within the governmental and propriety fund types. The general fund is always to be reported as a major fund. Other major funds are determined annually based on the following criteria:

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

- 1) Total assets, liabilities, revenues, or expenditures (expenses) of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and,
- 2) Total assets, liabilities, revenues or expenditures (expenses) of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. They apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**C. Fixed Assets and Long-Term Liabilities**

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds, and as assets in the government-wide financial statements, to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Depreciation is recorded on general fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Of the \$17,124,670 in retroactive infrastructure capitalized at September 30, 2003, the entire amount was estimated using current replacement cost for a similar asset and deflating this cost through the use of price indices to the acquisition year. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require that the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net of current assets) is considered a measure

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

Buildings	33 1/3-60 years
Other Furniture and equipment	3-10 years
Mobile equipment	3-10 years
Improvements other than buildings	8 years
Utility systems	10-50 years
Streets and other infrastructure	80 years

**D. Basis of Accounting**

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales tax are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenues at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, charges for services and federal programs on which the revenue is recognized when the expenditure has been incurred. Fines and permits are not susceptible to accrual because generally they are not recognized until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on general long-term debt which is recognized when due.

All enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**E. Budgets and Budgetary Accounting**

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

1. Prior to September 1, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. The budget, as submitted, is reviewed by the Mayor and Board of Aldermen and necessary revisions are made to the budget. Then the budget is approved prior to September 15.
4. The budget is formally revised during July of each year or anytime a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year. The budget and actual comparisons are formally presented to the Mayor and Board of Aldermen throughout the year.
6. The budgets adopted are on a modified cash (Non GAAP) basis. Revenues are recognized when receipted (cash basis) from October 1 through September 30. Expenditures are recognized when legally budgeted and disbursed throughout the fiscal year or within 30 days thereafter. However, expenditures for uncompleted improvements in progress of construction may be charged to the budget at any time.

All annual appropriations lapse at fiscal year end.

**F. Encumbrance System**

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**G. Cash and Investments**

The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes.

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Cash

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC), or any successors to such insurance corporations, must be collateralized in an amount equal to 105% of the uninsured amount.

Investments

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds.

Investments are stated at cost of which \$1,112,142 are restricted for debt service reserves in the Enterprise Funds.

For the purpose of the statement of cash flows, the City considers all cash accounts (including certificates of deposit) to be cash.

**H. Advances To/From Other Funds**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payments are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "Advances to other funds" or "Advances from other funds." Amounts due from and to other funds will not offset because the Electric Department reports on a different fiscal year.



CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**I. Prepaid Expenses**

Payments made for services that will benefit periods beyond September 30, 2004, are recorded as prepaid expenses in the Enterprise Fund.

**J. Inventory**

Inventories of the Enterprise Fund are valued at average cost.

**K. Compensated Absences**

Employees of the City accumulate annual and sick leave as designated in the personnel policies adopted by the City. The City is responsible for up to thirty days of accumulated annual leave for each employee. The City does not provide for the payment of accumulated sick leave. Vested or accumulated annual leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated annual leave of the Enterprise Fund is recorded as an expense and liability of those funds as the benefits accrue to employees. Unused personal leave in excess of thirty days and unused sick leave may be counted as creditable service for the purpose of the retirement system.

**L. Fund Equity**

Government-Wide Statements

In accordance with GASB Statement No. 34, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

2. Restricted net assets-Consists of net assets with constraints placed on the use either by:

(a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or

(b) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets-All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. Following are the classifications of reserves used by the City:

Reserved-Restricted for a particular future use.

Reserved for debt service-An account that represents the fund balance for the debt service resources which are legally restricted for the payment of General Long-Term Debt principal and interest amounts maturing in future years.

Reserved for unemployment benefits-An account that represents the fund balance of the unemployment compensation revolving fund which is legally restricted for the payment of unemployment benefits.

Reserved for cemetery maintenance-An account that represents the fund balance of the cemetery maintenance fund which is legally restricted for the payment of cemetery maintenance.

Reserved for tourism-An account that represents the fund balance of the 2% tourism tax fund which is legally restricted for the payment of tourism promotion for the City.

Reserved for capital projects-An account that represents the fund balance that are legally restricted for the payment of capital projects.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**M. Comparative Data**

Comparative total data for the prior year have been presented in the accompanying combining financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because of their inclusion would make certain statements unduly complex and difficult to understand.

**N. Concentration of Credit Risk**

All accounts receivable of the City are deemed collectible. However, financial instruments which potentially subject the Enterprise Fund to concentrations of credit risk consist of billed accounts receivable and unbilled costs. Billed accounts receivable and unbilled amounts due on services result primarily from customer services provided for water sales, sewer charges and garbage collection. Customer services are disconnected and their consumer deposit surrendered once two months of non-payment occurs to limit the Enterprise Fund's credit risk to a minimal level. Historically, neither the City nor the Enterprise Fund has incurred any significant credit related losses.

**NOTE 2 - CASH, OTHER DEPOSITS, AND INVESTMENTS**

**Cash and Other Deposits**

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying value of the City's deposits with financial institutions was \$16,285,915, and the bank balance was \$15,832,740.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

Investments

Investments made by the City that are included on the balance sheet are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the categories described below:

Category 1 - Insured or registered, or securities held by the City (Enterprise Fund or Component Unit) or its agent in the City's (Enterprise Fund or Component Unit's) name.

Category 2 - Uninsured and unregistered, with securities held by the broker or dealer's trust department or agent in the City's (Enterprise Fund or Component Unit's) name.

Category 3 - Uninsured and unregistered, with securities held by the broker or dealer, or by its trust department or agent but not in the City's (Enterprise Fund or Component Unit's) name.

INVESTMENT TYPE	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Enterprise Fund:					
Certificate of Deposit	\$ <u>1,112,142</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,112,142</u>	\$ <u>1,112,142</u>
Total Investments	\$ <u>1,112,142</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,112,142</u>	\$ <u>1,112,142</u>

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**NOTE 3 - GENERAL AND PROPRIETARY FUND CAPITAL ASSETS**

Following is a summary of changes in capital assets for governmental activities:

	BALANCE <u>10-1-03</u>	<u>ADDITIONS</u>	BALANCE <u>9-30-04</u>
<u>Non-depreciable Assets</u>			
Land	\$ 1,359,237	\$ -	\$ 1,359,237
Construction in Progress	<u>4,274,080</u>	<u>7,459,322</u>	<u>11,733,402</u>
Total	<u>5,633,317</u>	<u>7,459,322</u>	<u>13,092,639</u>
<u>Depreciable Assets</u>			
Improvements Other Than Buildings	876,000	-	876,000
Buildings	4,889,637	567,695	5,457,332
Equipment and Furniture	2,067,721	1,208,625	3,276,346
Infrastructure	<u>17,124,670</u>	<u>371,846</u>	<u>17,496,516</u>
Total	<u>24,958,028</u>	<u>2,148,166</u>	<u>27,106,194</u>
Total Capital Assets	<u>30,591,345</u>	<u>9,607,488</u>	<u>40,198,833</u>
<u>Accumulated Depreciation</u>			
Improvements Other Than Buildings	801,000	18,750	819,750
Buildings	663,236	88,926	752,162
Equipment and Furniture	907,653	371,837	1,279,490
Infrastructure	<u>2,395,272</u>	<u>218,704</u>	<u>2,613,976</u>
Total	<u>4,767,161</u>	<u>698,217</u>	<u>5,465,378</u>
Governmental Activities Capital Assets- Net	\$ <u>25,824,184</u>	\$ <u>8,909,271</u>	\$ <u>34,733,455</u>

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

Depreciation expense of \$698,217 was charged to the governmental activities expense accounts as follows:

General Government	\$ 11,407
Public Safety	136,733
Public Works	375,302
Tourism	33,967
Miscellaneous	133,970
Culture and Recreation	<u>6,838</u>
Total	<u>\$ 698,217</u>

Following is a summary of changes in capital assets for business-type activities:

	BALANCE 10-1-03	ADDITIONS	DELETIONS	BALANCE 9-30-04
<u>Non-depreciable Assets</u>				
Land	\$ 118,304	\$ -	\$ -	\$ 118,304
Construction in Progress	<u>6,432,389</u>	<u>-</u>	<u>2,774,112</u>	<u>3,658,277</u>
Total	<u>6,550,693</u>	<u>-</u>	<u>2,774,112</u>	<u>3,776,581</u>
<u>Depreciable Assets</u>				
Electric Plant	13,243,444	1,419,780	-	14,663,224
Sewer System	13,834,334	1,732,901	-	15,567,235
Water System	5,925,587	220,400	-	6,145,987
Equipment and Furniture	<u>2,425,154</u>	<u>195,104</u>	<u>-</u>	<u>2,620,258</u>
Total	<u>35,428,519</u>	<u>3,568,185</u>	<u>-</u>	<u>38,996,704</u>
Total Capital Assets	<u>41,979,212</u>	<u>3,568,185</u>	<u>2,774,112</u>	<u>42,773,285</u>
<u>Accumulated Depreciation</u>				
Electric Plant	4,212,689	356,338	122,299	4,446,728
Sewer System	6,484,054	348,218	-	6,832,272
Water System	2,506,337	196,534	-	2,702,871
Equipment and Furniture	<u>1,034,959</u>	<u>98,472</u>	<u>-</u>	<u>1,133,431</u>
Total	<u>14,238,039</u>	<u>999,562</u>	<u>122,299</u>	<u>15,115,302</u>
Non-Business Activities				
Capital Assets-Net	<u>\$ 27,741,173</u>	<u>\$ 2,568,623</u>	<u>\$ 2,651,813</u>	<u>\$ 27,657,983</u>

Depreciation expense of \$999,562 was charged to business activities.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**NOTE 4 - GENERAL PROPERTY TAXES**

General property taxes, other than motor vehicles, attach as an enforceable lien on property as of January 1, for the previous calendar year and are due by February 1, based on the levy set by the Board of Aldermen the previous September or October. Taxes on motor vehicles attach as an enforceable lien at various dates throughout the year based on when the property was acquired by the owner and are due in the month of the acquisition and annually thereafter based on the annual levy in effect at that time. The City billed and collected its own property taxes, except for taxes on motor vehicles, and also collected taxes for the Separate School District. Taxes on motor vehicles and mobile homes were billed and collected by the County and remitted to the City monthly.

The assessed value of the taxable property within the City for which current payment was due during the fiscal year ended September 30, 2004, is as follows:

Real Property	\$ 98,927,946
Personal Property	11,437,223
Public Utilities	3,628,002
Motor Vehicles and Mobile Homes	<u>20,840,325</u>
	<u>\$ 134,833,496</u>

The City levied a tax millage of 72.30 mills on the assessed values. The millage was allocated as follows:

Library	1.50
General Fund (General Account)	15.25
City Bond and Interest Fund	6.70
Parks and Recreation Fund	2.00
School Bond and Interest Fund	6.70
School Maintenance Fund	38.85
Vo-Tec Center	<u>1.30</u>
	<u>72.30</u>

Collections for the School Maintenance Fund and the Minimum Education Program Funds are remitted by the City to the Separate School District.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**NOTE 5 - LONG-TERM DEBT**

BOND INDEBTEDNESS

The following is a summary of bond transactions of the City for the year ended September 30, 2004:

	<u>OBLIGATION</u>	<u>REVENUE</u>	<u>TOTAL</u>
Bonds Payable at			
October 1, 2003	\$12,370,000	\$ 7,255,000	\$ 19,625,000
Bonds Issued	3,000,000	1,900,000	4,900,000
Bonds Retired	<u>620,000</u>	<u>455,000</u>	<u>1,075,000</u>
Bonds Payable at			
September 30, 2004	<u>\$14,750,000</u>	<u>\$ 8,700,000</u>	<u>\$ 23,450,000</u>

General obligation bonds include General City Bonds, Special Street Improvements Bonds, and School Bonds.

Retirement and payment of the Series 1993 revenue bonds issued is secured by an irrevocable pledge and dedication of a portion of the proceeds, in the amount of \$200,000 annually, of a special sales tax of 2% on the gross receipts of certain establishments. These bonds constitute a borrowing solely upon the credit of such sales tax revenues and does not constitute an indebtedness or pledge of the general credit of the municipality. Management anticipates that collections of the special sales tax levy will produce revenues sufficient to retire the issue in its entirety.

The General Obligation Bonds, Series 1995 and 2004 were issued for the purpose of street improvement.

The combined Water and Sewer revenue bonds were issued in fiscal 1996 and 2003 for the purpose of installing new systems in certain parts of the City.

The Electric System Revenue Bonds, Series 1999, were issued for the purpose of constructing a new warehouse, offices and other improvements for the Electric Department and are callable after November 1, 2007. These bonds do not constitute indebtedness of the City of Oxford within the meaning of any constitutional, statutory or charter limitation of indebtedness. The taxing power of the City is not pledged to the payment thereof, either as to principal or interest.



CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

The General Obligation Bonds, Series 2001, 2002 and 2004, were issued for the purpose of street and bridge improvements.

The debt service requirements of the City of Oxford for the total bonded debt for the next five years are as follows:

<u>FISCAL YEAR</u> <u>ENDED</u>	<u>MATURITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2005	\$ 1,565,000	\$ 1,286,436
2006	1,540,000	1,208,619
2007	1,715,000	1,117,412
2008	1,810,000	1,136,620
2009	1,710,000	932,241
2010-2014	7,910,000	3,981,198
2015-2019	4,120,000	1,934,238
2020-2023	<u>3,080,000</u>	<u>262,860</u>
TOTAL	<u>\$23,450,000</u>	<u>\$11,859,624</u>

NOTES AND GRANTS PAYABLE

A summary of long-term notes payable transactions of the City for the year ended September 30, 2004, is as follows:

	<u>TOTALS</u>
Balance at	
October 1, 2003	\$ 3,215,102
New Notes Issued	-
Notes Retired	<u>721,831</u>
Balance at	
Sept. 30, 2004	\$ <u>2,493,271</u>

The Electric Department negotiated a \$1,000,000 loan from the Tennessee Valley Authority. Interest at a variable rate of approximately 2.4% is payable monthly. The principal balance of \$710,000 matures in 2005.

Certain Urban Renewal Notes, having balances of approximately \$2,200,000 at September 30, 2004, were issued in 1995 for the purpose of renovating a low-rent housing project. The Oxford Housing Authority is managing the property and retires the notes from rental proceeds; consequently, these notes are not reflected as liabilities in the accompanying financial statement nor in the maturities reflected herein.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

The debt service requirements of the City of Oxford for Notes Payable, exclusive of the Urban Renewal Notes, for the next five years are approximately as follows:

FISCAL YEAR <u>ENDED</u>	<u>MATURITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2005	\$ 894,242	\$ 90,353
2006	189,102	60,517
2007	196,679	52,817
2008	204,693	44,804
2009	213,032	36,465
2010-2014	795,523	56,921
TOTAL	<u>\$ 2,493,271</u>	<u>\$ 341,877</u>

**NOTE 6 - TVA HOME INSULATION PROGRAM - ELECTRIC FUND**

Other assets of the Electric Fund include \$ 22,018 receivable from customers of a home insulation program sponsored by TVA. This program is an agreement for installation of TVA approved insulation, to be paid for by the Electric Fund and repaid by the customer by monthly additions to their electric bill. TVA makes advances to the Electric Fund as disbursements are made under the program. Repayments are made to TVA as amounts are collected from customers.

**NOTE 7 - CONTINGENT LIABILITIES**

The City receives financial assistance from certain federal, state and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect the overall financial position of the City at September 30, 2004.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

Pursuant to a decision on October 7, 2002, by the judge of the Circuit Court of Lafayette County, Mississippi, the City has been assessed the sum of \$1,759,810 in damages related to an action by an employee of three co-defendant contractors. A post-trial motion has been filed on the City's behalf asking the court to reconsider several aspects of the ruling; which motion is presently pending before the court.

Claims have been asserted by various sub-contractors, related to unpaid construction costs, totaling approximately \$125,000.

In the opinion of the City's management, liability in excess of insurance coverage on the above will not have a material adverse effect on the City's financial statements.

**NOTE 8 - COMMITMENTS**

Commitments for operating leases of equipment at September 30, 2004, are as follows:

<u>FISCAL YEAR ENDING</u>	
September 30, 2005	\$ 74,376
September 30, 2006	65,043
September 30, 2007	<u>46,376</u>
	<u>\$ 185,795</u>

Lease payments are recorded as expenditures of the general fund.

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

Plan Description. The City of Oxford contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the City of Oxford is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Oxford's contributions to PERS for the years ending 2004, 2003, and 2002 were \$811,133, \$756,086 and \$711,799, respectively, equal to the required contributions for each year.

**NOTE 10 - OXFORD-LAFAYETTE MEDICAL CENTER**

The medical center is jointly owned by the City of Oxford and Lafayette County. Operations of the medical center were transferred to Baptist Memorial Hospital in fiscal year 1989, pursuant to a 30 year lease. The City and County have agreed to extend the lease up to 45 years pending extensive new construction by the Hospital.

**NOTE 11 - FLEXIBLE BENEFIT (CAFETERIA) PLAN**

Effective May 1, 1993, the City adopted such a Plan, under Section 125 of the Internal Revenue Code, for the benefit of all full-time employees. The Plan permits participants to pay the costs of the following benefits on the salary reduction basis:

Major Medical	Disability
Cancer	Dental
Intensive Care	Term Life
Medical Supplement	Sickness Income
Accident	

During fiscal 2004, no costs accrued to the employer under the Plan.

CITY OF OXFORD, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
- Continued -

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 13 - ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 14 - INTERFUND TRANSACTIONS**

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
TRANSFERS IN/OUT		
Major Funds:		
General Fund	\$ 451,807	\$ -
2% Food Tax Fund	-	70,000
2004 G.O. Bonds Fund	365,000	-
Water and Sewer Fund	-	665,000
Electric Fund	-	46,807
Non-Major Funds:		
Cemetery Trust Fund	-	35,000
TOTALS	<u>\$ 816,807</u>	<u>\$ 816,807</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GOVERNMENTAL FUND TYPE  
GENERAL FUND  
Year Ended September 30, 2004

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET- FAVORABLE (UNFAVORABLE)
REVENUE				
Ad Valorem Tax	\$ 1,884,802	\$ 1,712,730	\$ 1,889,109	\$ 176,379
Park Comm Tax Levy	235,059	240,093	256,284	16,191
Library Tax Levy	185,000	180,079	192,214	12,135
Over 65 Reimb	55,000	55,055	64,473	9,418
In Lieu of Taxes	100,000	137,978	163,292	25,314
Penalties and Interest	75,000	87,409	98,958	11,549
Utility Tax	85,000	83,326	73,673	(9,653)
Privilege License	33,000	28,357	24,114	(4,243)
Franchise Charges	240,000	254,507	292,662	38,155
Building and Zoning	155,000	225,053	183,368	(41,685)
Plumbing	100,000	140,987	157,873	16,886
Taxi Permits	15	5	1	(4)
Municipal Aid	20,000	19,557	19,490	(67)
Reimb-Transfer Station	57,500	57,500	64,248	6,748
Police Training	10,000	10,000	12,900	2,900
Sales Tax	4,047,283	4,047,283	4,408,428	361,145
ABC Licenses	65,000	65,000	78,750	13,750
Fire Protection	53,000	53,000	50,229	(2,771)
MEMA Grant Funds	5,000	15,233	17,339	2,106
County Ad Valorem Tax	380,000	380,000	216,014	(163,986)
Univ of Miss Fire Protect	354,070	354,070	354,000	(70)
Oxford Housing Authority	75,000	75,000	71,681	(3,319)
County Share-Emer Mgmt	5,000	5,000	-	(5,000)
Hospital Funds	75,000	75,000	75,000	-
School Resource Officer Reimb	118,000	118,000	125,581	7,581
Sanitation Charges	1,475,000	1,475,000	1,411,046	(63,954)
Waste Disposal	50,000	50,000	310,983	260,983
Income from RSVP Bus	-	-	978	978
Income from Police Dept Fees	6,000	6,000	4,552	(1,448)
Income from Swim Pool	15,000	15,000	13,268	(1,732)
Income from Recycling	22,000	39,000	40,492	1,492
Income from Dumpsters	12,000	12,000	26,336	14,336
School Collections	125,000	125,000	125,000	-
Court Fines and Forfeits	400,000	465,000	495,919	30,919
State Fines T&A	5,000	5,000	4,955	(45)
Miscellaneous	51,000	50,000	93,565	43,565
Interest Earned	30,000	30,000	35,020	5,020
Transfer-Cemetery T/A	35,000	35,000	35,000	-
Transfer-Water/Sewer-General	300,000	300,000	300,000	-
Transfer-Reimb Electric	36,250	36,250	46,807	10,557
Transfers	70,000	70,000	70,000	-
Tax Equivalent-E/D	540,000	540,000	540,453	453
Transfer-RSVP	28,087	28,087	36,251	8,164
TOTAL REVENUES	11,613,066	11,701,559	12,480,306	778,747

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GOVERNMENTAL FUND TYPE  
GENERAL FUND  
- Continued -

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET- FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Legislative	\$ 71,635	\$ 71,635	\$ 65,363	\$ 6,272
Judicial	143,891	148,272	132,570	15,702
Executive	56,080	56,081	54,103	1,978
Elections	3,000	3,000	-	3,000
Financial Administration	318,142	282,764	268,942	13,822
Law	120,036	40,036	53,438	(13,402)
Planning	264,560	267,489	258,416	9,073
Buildings and Grounds	239,033	246,496	204,300	42,196
General Government	1,474,364	1,633,038	1,609,233	23,805
Community Promotions	38,000	30,060	37,355	(7,295)
Police Department	2,561,047	2,547,838	2,442,792	105,046
Fire Department	2,482,924	2,526,993	2,494,858	32,135
Emergency Mgmt	31,846	31,846	28,844	3,002
Highway and Street	1,102,100	1,020,940	963,746	57,194
Sanitation Administration	61,721	63,421	61,573	1,848
Street Cleaning	71,410	71,411	70,509	902
Waste Collection	661,480	693,413	689,400	4,013
Waste Disposal	510,630	530,630	513,472	17,158
Weed and Grass Control	162,625	164,076	158,185	5,891
Cemetery Fund	116,970	119,646	103,237	16,409
Rape Crisis	3,600	3,600	3,600	-
Youth Vision	3,600	3,600	3,600	-
Exchange Club Family	1,800	1,800	1,800	-
Park and Recreation	738,502	738,502	711,573	26,929
Swimming Pool	64,394	64,394	60,975	3,419
RSVP	75,199	75,199	64,669	10,530
Library	185,000	185,000	192,214	(7,214)
City Garage	711,111	711,111	698,753	12,358
Airport	15,000	15,000	15,000	-
Humane Society	92,000	92,000	92,000	-
Domestic Violence	1,800	1,800	1,800	-
Recycling	<u>79,328</u>	<u>79,328</u>	<u>67,822</u>	<u>11,506</u>
TOTAL EXPENDITURES	<u>12,462,828</u>	<u>12,520,419</u>	<u>12,124,142</u>	<u>396,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(849,762)	(818,860)	356,164	1,175,024
FUND BALANCE - BEGINNING	<u>2,405,181</u>	<u>2,405,181</u>	<u>2,405,181</u>	-
FUND BALANCE - ENDING	<u>\$ 1,555,419</u>	<u>\$ 1,586,321</u>	<u>\$ 2,761,345</u>	<u>\$ 1,175,024</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT



CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GOVERNMENTAL FUND TYPE  
2% FOOD AND BEVERAGE TAX  
Year Ended September 30, 2004

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET- FAVORABLE (UNFAVORABLE)
<b>REVENUE</b>				
2% Food and Beverage Tax	\$ 1,050,000	\$ 1,050,000	\$ 963,379	\$ (86,621)
Interest Income	40,000	40,000	17,146	(22,854)
Miscellaneous	-	-	225	225
Payment from University	50,000	50,000	-	(50,000)
<b>TOTAL REVENUE</b>	<b>1,140,000</b>	<b>1,140,000</b>	<b>980,750</b>	<b>(159,250)</b>
<b>EXPENDITURES</b>				
<b>TOURISM RELATED:</b>				
Balance to Finish Multi Purpose	661,517	661,517	237,148	424,369
Hancock Bank	398,515	398,515	399,705	(1,190)
Capital Assets Multi Purpose	367,300	367,300	386,552	(19,252)
Stadium Bond Payment	200,000	200,000	200,000	-
Pay OED Powerhouse	100,000	100,000	100,000	-
Skate Park	30,000	30,000	-	30,000
Patricia C. Lamar Park	25,000	25,000	14,628	10,372
Flowers and Related Expenses	15,500	15,500	16,998	(1,498)
<b>TOTAL TOURISM</b>	<b>1,797,832</b>	<b>1,797,832</b>	<b>1,355,031</b>	<b>442,801</b>
<b>OPERATIONAL AND PROMOTIONAL:</b>				
Tourism Council Request	160,000	160,000	160,000	-
Operations of Conference Ctr.	142,176	142,176	142,024	152
Transfer to General Fund	70,000	70,000	70,000	-
Arts Council	30,000	30,000	30,000	-
Double Decker	25,000	25,000	25,000	-
MS AL Basketball	12,000	12,000	15,057	(3,057)
Faulkner Conference	10,000	10,000	10,000	-
Cedar Oaks Insurance	5,700	5,700	5,700	-
Twin City Hospitality	1,500	1,500	1,725	(225)
<b>TOTAL OPER. &amp; PROMOTION</b>	<b>456,376</b>	<b>456,376</b>	<b>459,506</b>	<b>(3,130)</b>
<b>TOTAL EXPENDITURES</b>	<b>2,254,208</b>	<b>2,254,208</b>	<b>1,814,537</b>	<b>439,671</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,114,208)</b>	<b>(1,114,208)</b>	<b>(833,787)</b>	<b>280,421</b>
<b>FUND BALANCE - BEGINNING</b>	<b>2,084,652</b>	<b>2,084,652</b>	<b>2,084,652</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 970,444</b>	<b>\$ 970,444</b>	<b>\$ 1,250,865</b>	<b>\$ 280,421</b>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

CITY OF OXFORD, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
Year ended September 30, 2004

BUDGETARY COMPARISON SCHEDULE

- 1) Basis of Presentation. The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis and variances between the final budget and the actual data.
- 2) The budget is adopted by the Board of Alderman. Amendments can be made of the approval of the Board. A budgetary comparison is presented for the major governmental funds consistent with accounting principles generally accepted in the United States of America.
- 3) Section 21-35-15, Mississippi Code (Ann. 1972) explains that expenditures shall be kept within the budget "except for capital outlay." Because Capital Projects funds do not have legally binding budgets, two of the major governmental funds budgetary comparisons are not presented.

SUPPLEMENTARY INFORMATION

CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS (NON-MAJOR FUNDS)  
September 30, 2004

	CAPITAL PROJECTS FUNDS	FIDUCIARY FUNDS	AGENCY FUNDS	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	SPECIAL ASSESSMENT FUNDS	TOTALS
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 592,130	\$ 40,820	\$ 141,133	\$ 325,141	\$ 313,246	\$ 5,594	\$ 1,418,064
Due from Other Governments	729,216	-	-	-	-	-	729,216
Prepayments	-	-	-	-	175,830	-	175,830
<b>TOTAL ASSETS</b>	<b>\$ 1,321,346</b>	<b>\$ 40,820</b>	<b>\$ 141,133</b>	<b>\$ 325,141</b>	<b>\$ 489,076</b>	<b>\$ 5,594</b>	<b>\$ 2,323,110</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Bank Overdraft	615,306	-	-	-	-	6,832	622,138
<b>TOTAL LIABILITIES</b>	<b>615,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>6,832</b>	<b>647,138</b>
<b>Fund Balances:</b>							
Reserved For:							
Unemployment	-	-	-	52,171	-	-	52,171
Cemetery	-	40,820	-	-	-	-	40,820
Debt Service	-	-	-	-	464,076	(1,238)	462,838
Capital Projects	706,040	-	-	-	-	-	706,040
Unreserved	-	-	141,133	272,970	-	-	414,103
<b>TOTAL FUND BALANCES</b>	<b>706,040</b>	<b>40,820</b>	<b>141,133</b>	<b>325,141</b>	<b>464,076</b>	<b>(1,238)</b>	<b>1,675,972</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,321,346</b>	<b>\$ 40,820</b>	<b>\$ 141,133</b>	<b>\$ 325,141</b>	<b>\$ 489,076</b>	<b>\$ 5,594</b>	<b>\$ 2,323,110</b>

CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS (NON-MAJOR FUNDS)  
 September 30, 2004

	CAPITAL PROJECTS FUNDS	FIDUCIARY FUNDS	AGENCY FUNDS	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	SPECIAL ASSESSMENT FUNDS	TOTALS
<b>REVENUES</b>							
Ad Valorem	\$ -	\$ -	\$ -	\$ -	\$ 1,056,952	\$ -	\$ 1,056,952
Interest Income	12,992	-	-	145	3,351	-	16,488
Federal Awards	2,421,129	-	-	208,321	-	-	2,629,450
Grants	729,216	-	-	-	-	-	729,216
Reimbursements	49,473	-	-	-	-	-	49,473
Sale of Cemetery Lots	-	29,928	-	-	-	-	29,928
Local Matching Funds	-	-	-	57,000	-	-	57,000
Fines and Seizures	-	-	-	108,065	-	-	108,065
Special Assessments	-	-	-	-	-	1,262	1,262
Miscellaneous	-	-	-	159,308	-	-	159,308
<b>TOTAL REVENUES</b>	<b><u>3,212,810</u></b>	<b><u>29,928</u></b>	<b><u>-</u></b>	<b><u>532,839</u></b>	<b><u>1,060,303</u></b>	<b><u>1,262</u></b>	<b><u>4,837,142</u></b>
<b>EXPENDITURES</b>							
Capital Projects	4,193,975	-	-	32,487	-	-	4,226,462
Survey	-	225	-	-	-	-	225
Drug and Traffice Enforcement	-	-	-	293,738	-	-	293,738
Miscellaneous	-	-	-	134,494	-	-	134,494
Bond Maturities	-	-	-	-	605,000	2,660	607,660
Interest Paid and Agent Fees	-	-	-	-	393,080	283	393,363
<b>TOTAL EXPENDITURES</b>	<b><u>4,193,975</u></b>	<b><u>225</u></b>	<b><u>-</u></b>	<b><u>460,719</u></b>	<b><u>998,080</u></b>	<b><u>2,943</u></b>	<b><u>5,655,942</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>(981,165)</u></b>	<b><u>29,703</u></b>	<b><u>-</u></b>	<b><u>72,120</u></b>	<b><u>62,223</u></b>	<b><u>(1,681)</u></b>	<b><u>(818,800)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating Transfers Out	-	(35,000)	-	-	-	-	(35,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>-</u></b>	<b><u>(35,000)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(35,000)</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(981,165)</b>	<b>(5,297)</b>	<b>-</b>	<b>72,120</b>	<b>62,223</b>	<b>(1,681)</b>	<b>(853,800)</b>
<b>FUND EQUITY</b>							
Beginning of Year	<u>1,687,205</u>	<u>46,117</u>	<u>141,133</u>	<u>253,021</u>	<u>401,853</u>	<u>443</u>	<u>2,529,772</u>
End of Year	<u>\$ 706,040</u>	<u>\$ 40,820</u>	<u>\$ 141,133</u>	<u>\$ 325,141</u>	<u>\$ 464,076</u>	<u>\$ (1,238)</u>	<u>\$ 1,675,972</u>

CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
September 30, 2004

	JACKSON AVENUE PROJECT	SKATE PARK PROJECT	\$5,000,000 BOND FUND	\$1,300,000 BOND FUND	UNIVERSITY- ITS PROJECT	BUSINESS INCUBATOR PHASE II	MDOT JACKSON AVENUE	TOTALS
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 241,388	\$ 49,473	\$ 153,428	\$ 88,577	\$ 1	\$ -	\$ 59,263	\$ 592,130
Due from Other Governments	-	-	-	-	-	729,216	-	729,216
<b>TOTAL ASSETS</b>	<u>\$ 241,388</u>	<u>\$ 49,473</u>	<u>\$ 153,428</u>	<u>\$ 88,577</u>	<u>\$ 1</u>	<u>\$ 729,216</u>	<u>\$ 59,263</u>	<u>\$ 1,321,346</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 615,306	\$ -	\$ 615,306
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>615,306</u>	<u>-</u>	<u>615,306</u>
<b>Fund Balances:</b>								
Reserved for Capital Projects	241,388	49,473	153,428	88,577	1	113,910	59,263	706,040
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 241,388</u>	<u>\$ 49,473</u>	<u>\$ 153,428</u>	<u>\$ 88,577</u>	<u>\$ 1</u>	<u>\$ 729,216</u>	<u>\$ 59,263</u>	<u>\$ 1,321,346</u>

CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL FUND PROJECTS  
 September 30, 2004

	JACKSON AVENUE PROJECT	SKATE PARK PROJECT	\$5,000,000 BOND FUND	\$1,300,000 BOND FUND	UNIVERSITY- ITS PROJECT	BUSINESS INCUBATOR PHASE II	MDOT JACKSON AVENUE	TOTALS
<b>REVENUES</b>								
Interest Income	\$ -	\$ -	\$ 8,362	\$ 4,630	\$ -	\$ -	\$ -	\$ 12,992
Federal Awards	-	-	-	-	339,359	220,461	1,861,309	2,421,129
Grants	-	-	-	-	-	729,216	-	729,216
Reimbursements	-	<u>49,473</u>	-	-	-	-	-	<u>49,473</u>
TOTAL REVENUES	<u>-</u>	<u>49,473</u>	<u>8,362</u>	<u>4,630</u>	<u>339,359</u>	<u>949,677</u>	<u>1,861,309</u>	<u>3,212,810</u>
<b>EXPENDITURES</b>								
Capital Projects	-	-	<u>946,683</u>	<u>129,256</u>	<u>339,359</u>	<u>835,767</u>	<u>1,942,910</u>	<u>4,193,975</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>946,683</u>	<u>129,256</u>	<u>339,359</u>	<u>835,767</u>	<u>1,942,910</u>	<u>4,193,975</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>49,473</u>	<u>(938,321)</u>	<u>(124,626)</u>	<u>-</u>	<u>113,910</u>	<u>(81,601)</u>	<u>(981,165)</u>
<b>FUND EQUITY</b>								
Beginning of Year	<u>241,388</u>	<u>-</u>	<u>1,091,749</u>	<u>213,203</u>	<u>1</u>	<u>-</u>	<u>140,864</u>	<u>1,687,205</u>
End of Year	<u>\$ 241,388</u>	<u>\$ 49,473</u>	<u>\$ 153,428</u>	<u>\$ 88,577</u>	<u>\$ 1</u>	<u>\$ 113,910</u>	<u>\$ 59,263</u>	<u>\$ 706,040</u>

CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
FIDUCIARY FUNDS  
September 30, 2004

	EXPENDABLE TRUST FUNDS	AGENCY FUNDS	TOTAL
<u>ASSETS</u>			
Cash	\$ <u>40,820</u>	\$ <u>141,133</u>	\$ <u>181,953</u>
TOTAL ASSETS	\$ <u>40,820</u>	\$ <u>141,133</u>	\$ <u>181,953</u>
<u>RESERVED FOR</u>			
Cemetery Maintenance	\$ 40,820	\$ -	\$ 40,820
Unreserved	<u>-</u>	<u>141,133</u>	<u>141,133</u>
TOTAL FUND EQUITY	<u>40,820</u>	<u>141,133</u>	<u>181,953</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>40,820</u>	\$ <u>141,133</u>	\$ <u>181,953</u>



CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
EXPENDABLE TRUST FUNDS  
September 30, 2004

	CEMETERY TRUST FUND
<u>ASSETS</u>	
Cash	\$ <u>40,820</u>
TOTAL ASSETS	\$ <u>40,820</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Fund Balance:	
Reserved for Cemetery Maintenance	\$ <u>40,820</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>40,820</u>

CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND EQUITY  
 EXPENDABLE TRUST FUNDS  
 Year Ended September 30, 2004

	<u>CEMETERY TRUST FUND</u>
<u>REVENUES</u>	
Interest Income	\$ -
Sales of Cemetery Lots	<u>29,928</u>
TOTAL REVENUES	<u>29,928</u>
 <u>EXPENDITURES</u>	
Survey	<u>225</u>
TOTAL EXPENDITURES	<u>225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>29,703</u>
 <u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers Out	<u>(35,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,000)</u>
NET CHANGE IN FUND BALANCE	(5,297)
 <u>FUND EQUITY</u>	
Beginning of Year	<u>46,117</u>
End of Year	\$ <u>40,820</u>

CITY OF OXFORD, MISSISSIPPI  
 COMBINING BALANCE SHEET  
 AGENCY FUNDS  
 September 30, 2004

	<u>FIRE PROTECTION</u>	<u>BAND SHELTER</u>	<u>OTHER</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ <u>13,333</u>	\$ <u>14,066</u>	\$ <u>113,734</u>	\$ <u>141,133</u>
TOTAL ASSETS	\$ <u>13,333</u>	\$ <u>14,066</u>	\$ <u>113,734</u>	\$ <u>141,133</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Fund Balance:				
Unreserved	\$ <u>13,333</u>	\$ <u>14,066</u>	\$ <u>113,734</u>	\$ <u>141,133</u>
	\$ <u>13,333</u>	\$ <u>14,066</u>	\$ <u>113,734</u>	\$ <u>141,133</u>

CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
September 30, 2004

	<u>FEDERAL ASSISTANCE</u>			<u>UNEMPLOYMENT</u>		
	<u>DRUG AND</u>	<u>SEWER</u>	<u>CRIME</u>	<u>COMPENSATION</u>	<u>OTHER</u>	<u>TOTAL</u>
	<u>ENFORCEMENT</u>	<u>GRANTS</u>	<u>PREVENTION</u>	<u>FUND</u>		
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ <u>107,304</u>	\$ <u>29,279</u>	\$ <u>64,528</u>	\$ <u>52,171</u>	\$ <u>71,859</u>	\$ <u>325,141</u>
 TOTAL ASSETS	 \$ <u>107,304</u>	 \$ <u>29,279</u>	 \$ <u>64,528</u>	 \$ <u>52,171</u>	 \$ <u>71,859</u>	 \$ <u>325,141</u>
 <u>LIABILITIES AND FUND EQUITY</u>						
Fund Balance:						
Reserved for:						
Unemployment Benefits	\$ -	\$ -	\$ -	\$ 52,171	\$ -	\$ 52,171
Unreserved	<u>107,304</u>	<u>29,279</u>	<u>64,528</u>	<u>-</u>	<u>71,859</u>	<u>272,970</u>
 TOTAL LIABILITIES AND FUND EQUITY	 \$ <u>107,304</u>	 \$ <u>29,279</u>	 \$ <u>64,528</u>	 \$ <u>52,171</u>	 \$ <u>71,859</u>	 \$ <u>325,141</u>

CITY OF OXFORD, MISSISSIPPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND EQUITY  
SPECIAL REVENUE FUNDS  
Year Ended September 30, 2004

	<u>FEDERAL ASSISTANCE</u>			<u>UNEMPLOYMENT</u>		
	<u>DRUG AND</u>	<u>SEWER</u>	<u>CRIME</u>	<u>COMPENSATION</u>	<u>OTHER</u>	<u>TOTAL</u>
<u>REVENUES</u>	<u>ENFORCEMENT</u>	<u>GRANTS</u>	<u>PREVENTION</u>	<u>FUND</u>		
2% Tourism Tax Collect	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Awards	137,308	64,115	6,898	-	-	208,321
Local Matching Funds	57,000	-	-	-	-	57,000
Interest on Investments	145	-	-	-	-	145
Fines and Seizures	108,065	-	-	-	-	108,065
Miscellaneous	<u>13,229</u>	<u>-</u>	<u>44,704</u>	<u>-</u>	<u>62,779</u>	<u>120,712</u>
TOTAL REVENUES	<u>315,747</u>	<u>64,115</u>	<u>51,602</u>	<u>-</u>	<u>62,779</u>	<u>494,243</u>
 <u>EXPENDITURES</u>						
Capital Outlay	-	32,487	-	-	-	32,487
Tourism Promotion	-	-	-	-	-	-
Drug and Traffic Enforcement	293,738	-	-	-	-	293,738
Miscellaneous	<u>-</u>	<u>-</u>	<u>53,996</u>	<u>-</u>	<u>80,498</u>	<u>134,494</u>
TOTAL EXPENDITURES	<u>293,738</u>	<u>32,487</u>	<u>53,996</u>	<u>-</u>	<u>80,498</u>	<u>460,719</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,009	31,628	(2,394)	-	(17,719)	33,524
 <u>FUND EQUITY</u>						
Beginning of Year	85,295	(2,349)	66,922	52,171	89,578	291,617
End of Year	<u>\$ 107,304</u>	<u>\$ 29,279</u>	<u>\$ 64,528</u>	<u>\$ 52,171</u>	<u>\$ 71,859</u>	<u>\$ 325,141</u>

CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
September 30, 2004

	1984 <u>P.S.C.</u>	1993 <u>REFUNDING</u>	1995 <u>G.O.</u>	2001 <u>G.O.</u>	SEPARATE SCHOOL <u>DISTRICT</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>						
Cash	\$ 39,846	\$ 23,613	\$ 99,778	\$ 128,329	\$ 21,680	\$ 313,246
Prepayments	<u>-</u>	<u>175,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,830</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>39,846</u></b>	<b>\$ <u>199,443</u></b>	<b>\$ <u>99,778</u></b>	<b>\$ <u>128,329</u></b>	<b>\$ <u>21,680</u></b>	<b>\$ <u>489,076</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
Accounts Payable	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Fund Equity-Restricted	<u>14,846</u>	<u>199,443</u>	<u>99,778</u>	<u>128,329</u>	<u>21,680</u>	<u>464,076</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ <u>39,846</u></b>	<b>\$ <u>199,443</u></b>	<b>\$ <u>99,778</u></b>	<b>\$ <u>128,329</u></b>	<b>\$ <u>21,680</u></b>	<b>\$ <u>489,076</u></b>

CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND EQUITY  
 DEBT SERVICE FUNDS  
 Year Ended September 30, 2004

	1984 P.S.C.	1993 REFUNDING	1995 G.O.	2001 G.O.	SEPARATE SCHOOL DISTRICT	TOTAL
<u>REVENUES</u>						
Ad Valorem and Other Taxes	\$ -	\$ 200,000	\$ 256,687	\$ 600,265	\$ -	\$ 1,056,952
Investment Income	-	771	166	2,414	-	3,351
TOTAL REVENUES	-	200,771	256,853	602,679	-	1,060,303
<u>EXPENDITURES</u>						
Bond Principal Maturities	-	155,000	180,000	270,000	-	605,000
Interest Paid	-	40,000	77,760	269,888	-	387,648
Agent Fees	-	1,482	888	3,062	-	5,432
TOTAL EXPENDITURES	-	196,482	258,648	542,950	-	998,080
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	4,289	(1,795)	59,729	-	62,223
<u>FUND EQUITY</u>						
Beginning of Year	14,846	195,154	101,573	68,600	21,680	401,853
End of Year	\$ 14,846	\$ 199,443	\$ 99,778	\$ 128,329	\$ 21,680	\$ 464,076

CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
SPECIAL ASSESSMENT FUNDS  
September 30, 2004

	WEST OXFORD LOOP	1989 SPECIAL STREET	TOTAL SPECIAL ASSESSMENT FUNDS
<u>ASSETS</u>			
Cash	\$ <u>-</u>	\$ <u>5,594</u>	\$ <u>5,594</u>
TOTAL ASSETS	\$ <u>-</u>	\$ <u>5,594</u>	\$ <u>5,594</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Bank Overdraft	\$ <u>6,832</u>	\$ <u>-</u>	\$ <u>6,832</u>
TOTAL LIABILITIES	<u>6,832</u>	<u>-</u>	<u>6,832</u>
Fund Balances:			
Reserved for Debt Service	<u>(6,832)</u>	<u>5,594</u>	<u>(1,238)</u>
TOTAL FUND BALANCES	<u>(6,832)</u>	<u>5,594</u>	<u>(1,238)</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>-</u>	\$ <u>5,594</u>	\$ <u>5,594</u>



CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND EQUITY  
 SPECIAL ASSESSMENT FUNDS  
 Year Ended September 30, 2004

	WEST OXFORD LOOP	1989 SPECIAL STREET	TOTAL
<u>REVENUES</u>			
Special Improvement Collections	\$ <u>1,262</u>	\$ <u>-</u>	\$ <u>1,262</u>
TOTAL REVENUES	<u>1,262</u>	<u>-</u>	<u>1,262</u>
<u>EXPENDITURES</u>			
Note Principal Maturities	2,660	-	2,660
Interest	<u>283</u>	<u>-</u>	<u>283</u>
TOTAL EXPENDITURES	<u>2,943</u>	<u>-</u>	<u>2,943</u>
EXCESS OF EXPENDITURES OVER (UNDER) REVENUES	(1,681)	-	(1,681)
<u>FUND EQUITY</u>			
Beginning of Year (Deficit)	<u>(5,151)</u>	<u>5,594</u>	<u>443</u>
End of Year (Deficit)	\$ <u><u>(6,832)</u></u>	\$ <u><u>5,594</u></u>	\$ <u><u>(1,238)</u></u>

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF INVESTMENTS  
September 30, 2004

	<u>COST AND MARKET VALUE</u>
<u>ENTERPRISE FUNDS</u>	
Certificates of Deposit:	
First National Bank	\$ 596,017
Regions Bank	<u>516,125</u>
Total Enterprise Funds	<u>1,112,142</u>
TOTAL INVESTMENTS	\$ <u>1,112,142</u>

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF SURETY BONDS  
September 30, 2004

<u>POLICY NO.</u>	<u>INS. CO.</u>	<u>COVERAGE</u>	<u>DESCRIPTION</u>
CCP43230	F & D	\$ 10,000	Blanket Continuation Bond Covering All City Employees
CCP43230	F & D Crime Policy	125,000	Indemnity Bond For Mayor
BD2232050	Brierfield	100,000	Continuation Bond, City Clerk
BD0231907	Brierfield	50,000	Chief of Police
BD223146-52	Brierfield	100,000	Each Alderperson

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
September 30, 2004

<u>DEFINITION AND PURPOSE</u>	<u>INTEREST RATE</u>	<u>BALANCE OCTOBER 1, 2003</u>	<u>ADDITIONS</u>	<u>REDEMPTIONS</u>	<u>BALANCE SEPTEMBER 30, 2004</u>
<u>REVENUE BONDS</u>					
1993 Revenue Refunding	3-6.1%	\$ 835,000	\$ -	\$ 155,000	\$ 680,000
1996 Combination Water & Sewer	6.5%	975,000	-	95,000	880,000
1999 Electric System Revenue	4.6-6.25%	5,445,000	-	205,000	5,240,000
2003 Combination Water & Sewer	3.8-4.5%	-	1,900,000	-	1,900,000
<u>GENERAL OBLIGATION BONDS</u>					
1995 General Obligation	4.9-7.0%	1,470,000	-	180,000	1,290,000
2001 General Obligation - Jackson Avenue	4.375-6.25%	4,705,000	-	160,000	4,545,000
2001 Special Obligation - Conference Center	4.6%	5,000,000	-	170,000	4,830,000
2002 General Obligation - Police Dept. Equipment	3.875-5.5%	1,195,000	-	110,000	1,085,000
2004 General Obligation	3-3.8%	-	3,000,000	-	3,000,000
<u>NOTES PAYABLE</u>					
TVA	VAR	870,000	-	160,000	710,000
State Revolving Fund	4.0%	1,954,964	-	174,474	1,780,490
MS Development Authority	4.65%	384,697	-	384,697	-
Regions Bank	5.25%	5,441	-	2,660	2,781
TOTAL		\$ <u>22,840,102</u>	\$ <u>4,900,000</u>	\$ <u>1,796,831</u>	\$ <u>25,943,271</u>

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
- Continued -

YEAR	1993 REVENUE REFUNDING		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 197,625	\$ 155,000	\$ 42,625
2006	201,300	165,000	36,300
2007	204,975	175,000	29,975
2008	<u>208,650</u>	<u>185,000</u>	<u>23,650</u>
	<u>\$ 812,550</u>	<u>\$ 680,000</u>	<u>\$ 132,550</u>

YEAR	1999 ELECTRIC SYSTEM REVENUE		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 480,634	\$ 215,000	\$ 265,634
2006	476,884	225,000	251,884
2007	479,332	240,000	239,332
2008	477,937	250,000	227,937
2009	480,700	265,000	215,700
2010-2014	2,414,995	1,555,000	859,995
2015-2019	2,419,261	2,020,000	399,261
2020-2024	<u>482,238</u>	<u>470,000</u>	<u>12,238</u>
	<u>\$ 7,711,981</u>	<u>\$ 5,240,000</u>	<u>\$ 2,471,981</u>

YEAR	1995 GENERAL OBLIGATION		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 258,760	\$ 190,000	\$ 68,760
2006	259,260	200,000	59,260
2007	258,860	210,000	48,860
2008	257,730	220,000	37,730
2009	255,850	230,000	25,850
2010-2014	<u>253,200</u>	<u>240,000</u>	<u>13,200</u>
	<u>\$ 1,543,660</u>	<u>\$ 1,290,000</u>	<u>\$ 253,660</u>

YEAR	1996 COMBINATION WATER & SEWER		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 149,175	\$ 105,000	\$ 44,175
2006	149,135	110,000	39,135
2007	148,750	115,000	33,750
2008	153,110	125,000	28,110
2009	156,860	135,000	21,860
2010-2014	<u>312,775</u>	<u>290,000</u>	<u>22,775</u>
	<u>\$ 1,069,805</u>	<u>\$ 880,000</u>	<u>\$ 189,805</u>

YEAR	2003 COMBINATION WATER & SEWER		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 160,000	\$ 65,000	\$ 95,000
2006	144,650	65,000	79,650
2007	138,000	70,000	68,000
2008	135,200	70,000	65,200
2009	137,200	75,000	62,200
2010-2014	682,660	420,000	262,660
2015-2019	675,060	510,000	165,060
2020-2024	<u>685,590</u>	<u>625,000</u>	<u>60,590</u>
	<u>\$ 2,758,360</u>	<u>\$ 1,900,000</u>	<u>\$ 858,360</u>

YEAR	2001 GENERAL OBLIGATION		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 386,300	\$ 170,000	\$ 216,300
2006	395,675	180,000	215,675
2007	379,425	185,000	194,425
2008	381,862	200,000	181,862
2009	380,367	210,000	170,367
2010-2014	1,910,998	1,225,000	685,998
2015-2019	1,991,747	1,605,000	386,747
2020-2024	<u>820,967</u>	<u>770,000</u>	<u>50,967</u>
	<u>\$ 6,647,341</u>	<u>\$ 4,545,000</u>	<u>\$ 2,102,341</u>

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF LONG-TERM DEBT  
- Continued -

YEAR	2001 SPECIAL OBLIGATION-CONFERENCE CNTR		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 400,127	\$ 180,000	\$ 220,127
2006	397,690	185,000	212,690
2007	399,933	195,000	204,933
2008	401,858	205,000	196,858
2009	403,369	215,000	188,369
2010-2014	2,027,116	1,225,000	802,116
2015-2019	2,055,501	1,530,000	525,501
2020-2024	1,240,890	1,095,000	145,890
	<u>\$ 7,326,484</u>	<u>\$ 4,830,000</u>	<u>\$ 2,496,484</u>

YEAR	2004 GENERAL OBLIGATION		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 275,000	\$ 185,000	\$ 90,000
2006	274,450	190,000	84,450
2007	270,470	195,000	75,470
2008	268,970	205,000	63,970
2009	267,930	210,000	57,930
2010-2014	1,401,930	1,205,000	196,930
2015-2019	877,520	810,000	67,520
	<u>\$ 3,636,270</u>	<u>\$ 3,000,000</u>	<u>\$ 636,270</u>

YEAR	STATE REVOLVING FUND NOTE		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 249,497	\$ 181,582	\$ 67,915
2006	249,497	188,981	60,516
2007	249,497	196,679	52,818
2008	249,497	204,693	44,804
2009	249,497	213,032	36,465
2010-2014	852,444	795,523	56,921
	<u>\$ 2,099,929</u>	<u>\$ 1,780,490</u>	<u>\$ 319,439</u>

YEAR	2002 GENERAL OBLIGATION		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 160,562	\$ 115,000	\$ 45,562
2006	159,337	120,000	39,337
2007	157,937	125,000	32,937
2008	158,093	130,000	28,093
2009	162,056	140,000	22,056
2010-2014	490,843	455,000	35,843
	<u>\$ 1,288,828</u>	<u>\$ 1,085,000</u>	<u>\$ 203,828</u>

YEAR	TVA NOTE		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 732,300	\$ 710,000	\$ 22,300
	<u>\$ 732,300</u>	<u>\$ 710,000</u>	<u>\$ 22,300</u>

YEAR	REGIONS BANK - WEST OXFORD LOOP		
	TOTAL	PRINCIPAL	INTEREST
2005	\$ 2,798	\$ 2,660	\$ 138
2006	121	121	-
	<u>\$ 2,919</u>	<u>\$ 2,781</u>	<u>\$ 138</u>

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF FEDERAL AWARDS  
September 30, 2004

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	RECEIPTS/ REVENUES	EXPENDITURES
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Passed through the Governor's Office of Federal-State Programs:					
Multi-Jurisdictional Drug Enforcement	16.519	7NM-2251	\$ 137,308	\$ 137,308	\$ 137,308
Local Law Enforcement Liason Grant	16.577	2-IN-225-1-157	39,900 <u>177,208</u>	6,898 <u>144,206</u>	1,140 <u>138,448</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Passed through the Mississippi Department of Transportation:					
Urban Project	20.205	STP-9423(3)	1,941,577	1,941,577	1,941,577
ITS Grant	20.500	CS-095	853,057 <u>2,794,634</u>	259,051 <u>2,200,628</u>	259,051 <u>2,200,628</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Passed through the Mississippi Development Authority:					
Urban Sewer	14.218	1118-01-286-ED-1F-01	288,500	2,500	4,500
	14.218	1119-02-286-ED-01	564,213 <u>852,713</u>	64,115 <u>66,615</u>	27,987 <u>32,487</u>
<u>U.S. FEDERAL EMERGENCY AGENCY</u>					
Passed through the Mississippi Emergency Management Agency:					
Disaster Assistance	83.554	1443	17,339	17,339	17,339
<u>U.S. DEPARTMENT OF TREASURY</u>					
A.T.F. G.R.E.A.T. Program	21.052	NONE	30,488	-	-
TOTAL AWARDS			\$ <u>3,872,382</u>	\$ <u>2,428,788</u>	\$ <u>2,388,902</u>

COMPLIANCE AND INTERNAL CONTROL REPORTS





606 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Aldermen  
City of Oxford  
Oxford, Mississippi

We have audited the general purpose financial statements and the combining and individual fund and account group statements of the City of Oxford as of and for the year ended September 30, 2004, and have issued our report dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance whether the City of Oxford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 non-compliance that are required to be reported under "Government Auditing Standards".

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City of Oxford's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components

does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the Mayor and Board of Aldermen, the Tennessee Valley Authority and federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

*Young & Ganett*

September 16, 2005



606 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Board of Aldermen  
City of Oxford  
Oxford, Mississippi

Compliance

We have audited the compliance of the City of Oxford with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2004. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Oxford complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

### Internal Control Over Compliance

The management of the City of Oxford is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the mayor, board of aldermen; management; entities with accreditation overview; and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Young & Garrett*

September 16, 2005



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen  
City of Oxford  
Oxford, Mississippi

We have audited the basic financial statements of the City of Oxford, Mississippi, as of and for the year ended September 30, 2004, and have issued our report dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the basic financial statements disclosed no material instances on noncompliance with state laws and regulations.

This report is intended solely for the information and use of management, others within the organization, the Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

*Young & Garrett*

September 16, 2005

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

1. Unqualified opinion was issued on the financial statements of the City of Oxford, Mississippi.
2. The audit of the financial statements did not disclose any material weaknesses in internal control.
3. The audit did not disclose any noncompliance which is material to the general purpose financial statements.
4. The audit did not disclose any material weaknesses in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit did not disclose any audit findings which are required to be reported under section \_\_\_\_\_.510(a) of OMB Circular A-133.
7. The following program was selected as major programs:  
20.205 Urban Project \$1,941,577
8. The dollar threshold used to distinguish between the type A and the type B programs was \$300,000.
9. The auditee qualified as a high-risk auditee.

Section 2: Findings Relating to the Financial Statements

No findings were noted.

Section 3: Findings and Questioned Costs for Federal Awards

No findings were noted.