

FINANCIAL REPORT

**CITY OF OXFORD**

Oxford, Mississippi

September 30, 2013

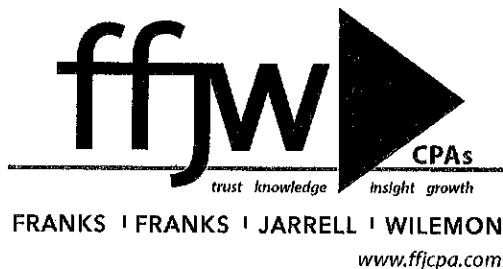
# CITY OF OXFORD, MISSISSIPPI

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen  
City of Oxford, Mississippi  
Oxford, Mississippi 38655

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxford, Mississippi, as of and for the year ended September 30, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents as required by accounting principles generally accepted in the United States of America.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Oxford Electric Department, which represent approximately 42 percent and 72 percent, respectively of the assets and revenues of the Proprietary Fund. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Oxford Electric Department, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Basis for Qualified Opinion**

Management has not presented a statement of cash flows for the Electric Fund. Accounting principles generally accepted in the United States of America require that the financial statements include presentation of a statement of cash flows for all proprietary funds of the City. Management did not adopt a budget for a major governmental fund of the City and, accordingly did not present a budget to actual statement of revenues and expenditures for one major fund of the City. Accounting principles generally accepted in the United States of America require presentation of a budget to actual statement of revenues and expenditures. Management did not ensure proper classification of expenses and revenues in the statement of revenues and expenditures or the statement of activities. Accounting principles generally accepted in the United States of America require presentation of revenue and expenditures by category and functional classification. Management has not adopted a methodology to accumulate the amount of liability related to customer meter deposits in the Water and Sewer fund of the City. Accounting principles generally accepted in the United States of America require presentation of all liabilities associated with each fund in the balance sheet and statement of net position. The liability for customer meter deposits would increase the liabilities and decrease the fund balance/net position and change the revenues in the Water and Sewer Fund and Business Type Activities of the City. Management has not adopted a methodology for accumulating the court fine receivable amount in the General Fund. Accounting principles generally accepted in the United States of America require that court fine receivables be presented, which could increase the assets and fund balance and change the revenues in the General Fund. The amount by which the departures would affect the assets, liabilities, fund balance/net position, revenues and expenses of the City's financial statements has not been determined.

## **Qualified Opinion**

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraph, 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, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

The City of Oxford - Electric Department's financial year ends on June 30, as required by regulatory bodies, and, therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

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 introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014 on our consideration of the City of Oxford, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oxford's internal control over financial reporting and compliance.

*Franks, Franks, Jarrell & Wilemon, P.A.*

FRANKS, FRANKS, JARRELL & WILEMON, P.A.  
June 30, 2014

# **CITY OF OXFORD, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Required Supplemental Information for the Year ended September 30, 2013**

This section of the City of Oxford's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2013. Please read it in conjunction with the City of Oxford financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$132,592,101. Of this amount, \$22,430,220 may be used to meet the City of Oxford ongoing obligations to citizens and creditors. This compares to the previous year when assets exceeded liabilities by \$140,185,263, of which \$24,218,044 was available to meet the City's ongoing obligations.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$46,056,462, a decrease of (\$1,738,151) in comparison to the prior year. Approximately 12% of the combined fund balances, \$5,617,436 is considered unassigned and is available for spending at the City of Oxford's discretion.
- The City's total net position increased by \$8,756,227. This increase is considered reasonable considering the budgeted and revenue and expenditure amounts for the fiscal year.
- The City of Oxford's total debt is \$52,120,763. New debt in the amount of \$2,860,000 was issued in the current fiscal year. Debt in the amount of \$8,610,233 was repaid during the current fiscal year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

*This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Oxford.*

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Oxford's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Oxford's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City has four Governmental Fund types: the General, Special Revenue, Capital Projects and Debt Service.

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric and Water & Sewer funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. In addition to these required elements, we

# CITY OF OXFORD, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

included combining statements that provide details about non-major governmental funds, each of which are added together and presented in single columns in the financial statements.

Figure A-1 summarizes the major features of the City of Oxford's financial statements, including the portion of the City of Oxford they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

#### Major Features of the City of Oxford's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: Electric Department and Water & Sewer.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

# **CITY OF OXFORD, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Government-wide Statements**

The government-wide statements report information about the City of Oxford as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The government-wide financial statements include not only the City itself (known as the primary government), but also one discretely presented component unit (Oxford Area Tourism Council).

The two government-wide statements report the City of Oxford's net position and how they have changed. Net position—the difference between the City of Oxford's assets and liabilities—is one way to measure the City of Oxford's financial health, or position.

- Over time, increases or decreases in the city of Oxford's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Oxford, the reader should consider additional non-financial factors such as changes in the City of Oxford's property tax base.
- *Governmental activities* –Most of the City of Oxford's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Oxford charges fees to customers to help it cover the costs of certain services it provides. The City of Oxford's water and sewer systems and electric department services are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City of Oxford's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Oxford exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.



## CITY OF OXFORD, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oxford has two types of funds:

- **Governmental funds**—most of the City of Oxford's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Oxford's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Oxford utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
- **Proprietary funds**—Services for which the City of Oxford charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City of Oxford's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Balance Sheet, Statement of Revenues, Expenses and Changes in Retained Earnings, and Statement of Cash Flows are all required statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Oxford's assets exceeded liabilities by \$132,592,101 at the close of the most recent fiscal year.

A large portion, 52 %, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted 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.

# CITY OF OXFORD, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

## City of Oxford's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 51,451,680	\$ 55,261,855	\$ 25,166,161	\$ 24,983,371	\$ 76,617,841	\$ 80,245,226
Capital Assets	60,832,806	64,965,996	60,223,884	67,729,813	121,056,690	132,695,809
Total Assets	112,284,486	120,227,851	85,390,045	92,713,184	197,674,531	212,941,035
Current and Other Liabilities	4,114,824	8,288,849	8,846,843	6,595,927	12,961,667	14,884,776
Long-Term Liabilities	24,084,437	25,810,528	28,036,326	32,060,468	52,120,763	57,870,996
Total Liabilities	28,199,261	34,099,377	36,883,169	38,656,395	65,082,430	72,755,772
Net Position:						
Invested in Capital Assets,						
Net of Related Debt	36,748,369	33,655,468	32,187,558	35,669,345	68,935,927	69,324,813
Restricted	40,110,666	42,809,901	1,115,288	383,2505	41,225,954	46,642,406
Unrestricted	7,226,190	9,663,105	15,204,030	14,554,939	22,430,220	24,218,044
Total Net Position	<u>\$ 84,085,225</u>	<u>\$ 86,128,474</u>	<u>\$ 48,506,876</u>	<u>\$ 54,056,789</u>	<u>\$ 132,592,101</u>	<u>\$ 140,185,263</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The \$7,226,190 of unrestricted net position provides excess funds to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net position of our business-type activities was \$15,204,030 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The City of Oxford generally can only use this net position to finance the continuing operations of the business type activities.

**Changes in net position.** Approximately 12 percent of the City of Oxford's revenue comes from property taxes, with 28 percent of all revenue coming from some type of tax. (See Table A-2.) Another 56 percent comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

# CITY OF OXFORD, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2

### Changes in The City of Oxford's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 5,894,830	\$ 6,532,008	\$ 30,933,342	\$ 31,293,921	\$ 36,828,172	\$ 37,825,929
Operating Grants & Contributions	2,548,413	1,615,625	0	0	2,548,413	1,615,625
Capital Grants & Contributions	3,533,428	2,947,219	23,009	0	3,556,437	2,947,219
General Revenues:						
Property Taxes	7,563,516	7,082,817	0	0	7,563,516	7,082,817
Other Taxes	2,911,212	2,862,948	0	0	2,911,212	2,862,948
Intergovernmental Revenues	8,944,980	7,969,279	0	0	8,944,980	7,969,279
Investment Income	2,253,638	796,435	44,322	88,208	2,297,960	884,643
Community Health Foundation	0	3,008,187	0	0	0	3,008,187
Other	429,160	0	274,305	0	703,465	0
<b>Total Revenues</b>	<b>34,079,177</b>	<b>32,814,518</b>	<b>31,274,978</b>	<b>31,293,921</b>	<b>65,354,155</b>	<b>64,196,647</b>
<b>Expenses</b>						
General Government	4,719,242	4,190,204	0	0	4,719,242	4,190,204
Public Safety	8,285,782	8,167,856	0	0	8,285,782	8,167,856
Public Works	7,167,426	4,942,428	0	0	7,167,426	4,942,428
Tourism	1,475,629	1,052,647	0	0	1,475,629	1,052,647
Culture & Recreation	3,635,436	3,734,956	0	0	3,635,436	3,734,956
Historic Preservation	5,000	0	0	0	5,000	0
Transit Operation	1,753,393	0	0	0	1,753,393	0
Other Functions	72,920	0	0	0	72,920	0
Debt Service	755,427	707,567	0	0	755,427	707,567
Water & Sewer	0	0	8,122,090	6,964,880	8,122,090	6,964,880
Electric	0	0	20,611,161	20,134,548	20,611,161	20,134,548
Capital Projects	21,668	0	0	0	21,668	0
Miscellaneous	0	2,570,476	0	0	0	2,570,476
<b>Total Expenses</b>	<b>27,891,923</b>	<b>25,366,134</b>	<b>28,733,251</b>	<b>27,099,428</b>	<b>56,625,174</b>	<b>52,465,562</b>
Excess of Revenue Over Expenses	6,187,254	7,448,384	2,541,727	4,282,701	8,728,981	11,731,085
Transfers	245,845	129,363	(218,599)	(129,363)	27,246	0
<b>Increase (Decrease) in Net Position</b>	<b>6,433,099</b>	<b>7,577,747</b>	<b>2,323,128</b>	<b>4,153,338</b>	<b>8,756,227</b>	<b>11,731,085</b>
<b>Net Position--Beginning, as previously stated</b>	<b>86,128,474</b>	<b>78,550,727</b>	<b>54,056,789</b>	<b>49,903,451</b>	<b>140,185,263</b>	<b>128,454,178</b>
<b>Prior Period Adjustment</b>	<b>(8,476,348)</b>	<b>0</b>	<b>(7,873,041)</b>	<b>0</b>	<b>(16,349,389)</b>	<b>0</b>
<b>Net Position--Beginning, as restated</b>	<b>77,652,126</b>	<b>0</b>	<b>46,183,748</b>	<b>0</b>	<b>123,835,874</b>	<b>0</b>
<b>Net Position--Ending</b>	<b>\$ 84,085,225</b>	<b>\$ 86,128,474</b>	<b>\$ 48,506,876</b>	<b>\$ 54,056,789</b>	<b>\$ 132,592,101</b>	<b>\$ 140,185,263</b>

# **CITY OF OXFORD, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Governmental Activities**

Governmental activities increased the City's net position by \$6,433,099, thereby accounting for 73.47 percent of the total increase in the net position of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are intergovernmental revenues (26%), property taxes (22%), and charges for services (17%).

The largest expense categories for the City's governmental activities are public safety (30%) and public works (26%).

### **Business-type Activities**

Business-type activities increased the City's net position by \$2,323,128 accounting for 26.53 percent of the increase in the City's net position.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$8,577,711 for water and \$22,355,631 for electric.

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

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

**Governmental funds**—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

**General Fund**—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,617,436. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. Total fund balance represents 25% of total fund expenditures. The fund balance of the City's general fund increased by \$485,078 during the current fiscal year.

**Debt Service Fund**—The debt service fund has a total fund deficit of \$144,773, all of which is committed for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$69,695.

**Special Revenue Fund**—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$2,832,809, which will be used for future expenditures.

**Capital Projects Fund**—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$317,587.

# CITY OF OXFORD, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Proprietary Funds**—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$48,506,876. Changes in net position, which totaled \$2,323,128, were as follows: the electric fund increased by \$1,744,470 and the water & sewer fund increased by \$578,658.

### Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2012 -13 general fund operating budget increased by approximately \$490,930 during the current fiscal year. This increase was primarily related to increases in expenditures that are directly related to capital grant projects. There was no change in the tax millage from 2012 to 2013.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets**—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounted to \$121,056,690, net of accumulated depreciation of \$64,526,661. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3  
City of Oxford's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 6,365,620	\$ 3,781,688	\$ 1,108,463	\$ 1,108,463	\$ 7,474,083	\$ 4,890,151
Plant, Buildings & Improvements	22,645,449	21,563,942	86,146,849	82,972,052	108,792,298	104,535,994
Machinery & Equipment	14,469,424	13,474,671	5,422,907	4,957,375	19,892,331	18,432,046
Infrastructure	44,089,089	44,051,473	0	0	44,089,089	44,051,473
Construction-in-progress	4,114,142	0	1,221,408	1,442,297	5,335,550	1,442,297
Accumulated Depreciation	(30,850,918)	(28,289,510)	(33,675,743)	(30,504,704)	(64,526,661)	(58,794,214)
Total	<u>\$ 60,832,806</u>	<u>\$ 54,582,264</u>	<u>\$ 60,223,884</u>	<u>\$ 59,975,483</u>	<u>\$ 121,056,690</u>	<u>\$ 114,557,747</u>

# CITY OF OXFORD, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt**—At year-end, the city had \$52,120,763 in bonds and notes outstanding. More detailed information about the city of Oxford's long-term liabilities is presented in the notes to the financial statements.

Table A-4  
City of Oxford's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Bonds	\$ 22,200,000	\$ 24,100,000	\$ 20,620,000	\$ 21,670,000	\$ 42,820,000	\$ 45,770,000
General Obligation Notes	405,000	0	0	0	405,000	0
Promissory Notes	1,479,437	1,710,528	7,416,326	10,390,468	8,895,763	12,100,996
<b>Total</b>	<b>\$ 24,084,437</b>	<b>\$ 25,810,528</b>	<b>\$ 28,036,326</b>	<b>\$ 32,060,468</b>	<b>\$ 52,120,763</b>	<b>\$ 57,870,996</b>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2014 budget. The total budgeted appropriations for the City operations in the governmental activities are \$23,380,534. This budget reflects an increase of approximately \$69,898. This increase is due primarily to an increase in capital outlay related to various economic development projects and grant programs.

### CONTACTING THE CITY OF OXFORD FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Oxford finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Oxford's Finance Department, 107 Courthouse Square, Oxford, MS 38655.

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oxford Tourism Council
<b><u>ASSETS:</u></b>				
Cash on Deposit	\$ 13,072,479	\$ 14,415,984	\$ 27,488,463	\$ 455,226
Investments	33,259,306	3,825,173	37,084,479	-
Accounts Receivable, net	1,352,446	4,670,785	6,023,231	31,619
Other Receivables	(1,157)	-	(1,157)	-
Due From Other Funds	-	42,716	42,716	-
Due From Other Governments	3,605,949	13,699	3,619,648	-
Prepaid Expenses	-	105,387	105,387	3,253
Inventories	-	503,303	503,303	-
Restricted Assets:				
Debt Service Sinking Funds	-	1,115,288	1,115,288	-
Capital Assets:				
Land	6,365,620	1,108,463	7,474,083	-
Plant, Buildings and Improvements	22,645,449	86,146,849	108,792,298	-
Machinery and Equipment	14,469,424	5,422,907	19,892,331	413,248
Infrastructure	44,089,089	-	44,089,089	-
Construction in Progress	4,114,142	1,221,408	5,335,550	-
Accumulated Depreciation	(30,850,918)	(33,675,743)	(64,526,661)	(176,559)
<b>TOTAL ASSETS</b>	<b>\$ 112,121,829</b>	<b>\$ 84,916,219</b>	<b>\$ 197,038,048</b>	<b>\$ 726,787</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred Charge on Refunding of Bonds, Net of Accumulated Amortization of \$175,406	162,657	473,826	636,483	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 162,657</b>	<b>\$ 473,826</b>	<b>\$ 636,483</b>	<b>\$ -</b>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oxford Tourism Council
<b><u>LIABILITIES:</u></b>				
Checks Issued in Excess of Cash Deposits	\$ 1,381,560	\$ -	\$ 1,381,560	\$ -
Accounts Payable and Accrued Expenses	1,718,117	5,647,489	7,365,606	42,082
Due to Other Funds	-	-	-	-
Due to Other Governments	4,041	-	4,041	-
Long-Term Liabilities, due within one year				
Revenue Bonds & Notes Payable	2,198,026	1,636,558	3,834,584	-
Long-Term Liabilities, due in more than one year				
Revenue Bonds & Notes Payable	21,886,411	26,399,768	48,286,179	-
Customer Deposits	-	2,906,235	2,906,235	-
Accrued Compensated Absences	776,397	145,477	921,874	-
<b>TOTAL LIABILITIES</b>	<b>27,964,552</b>	<b>36,735,527</b>	<b>64,700,079</b>	<b>42,082</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred Charge on Refunding of Bonds, net				
Accumulated Amortization of \$87,878	234,709	147,642	382,351	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 234,709</b>	<b>\$ 147,642</b>	<b>\$ 382,351</b>	<b>\$ -</b>
<b><u>NET POSITION</u></b>				
Invested in Capital Assets, Net of Related Debt	36,748,369	32,187,558	68,935,927	236,689
Restricted for:				
Debt Service	(144,773)	1,115,288	970,515	-
Capital Projects	5,357,507	-	5,357,507	-
Special Revenue	34,897,932	-	34,897,932	54,686
Unrestricted	7,226,190	15,204,030	22,430,220	393,330
<b>TOTAL NET POSITION</b>	<b>\$ 84,085,225</b>	<b>\$ 48,506,876</b>	<b>\$ 132,592,101</b>	<b>\$ 684,705</b>

See accompanying notes to financial statements.



**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
September 30, 2013

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT
	Expenses	Charge for Services	Operating Grants and Contributions		PRIMARY GOVERNMENT		Total	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 4,719,242	\$ 858,341	\$ 65,000	\$ -	\$ 923,341	\$ (3,795,901)	\$ -	\$ (3,795,901)
Public Safety	8,285,782	644,823	1,514,555	-	2,159,178	(6,126,604)	-	(6,126,604)
Public Works	7,167,426	3,195,889	-	515,663	3,711,352	(3,456,074)	-	(3,456,074)
Culture and Recreation	3,635,436	1,131,192	70,389	-	1,201,581	(2,433,855)	-	(2,433,855)
Tourism Promotion	1,475,629	-	-	150,937	150,937	(1,324,692)	-	(1,324,692)
Historic Preservation	5,000	-	-	919,705	919,705	914,705	-	914,705
Transit Operation	1,753,393	64,965	879,652	-	944,637	(808,756)	-	(808,756)
Other Functions	72,920	-	18,817	-	18,817	(54,103)	-	(54,103)
Capital Projects	21,668	-	-	1,947,123	1,947,123	1,925,455	-	1,925,455
Debt Service	755,427	-	-	-	-	(755,427)	-	(755,427)
TOTAL GOVERNMENTAL ACTIVITIES	27,891,923	5,894,830	2,548,413	3,533,428	11,976,671	(15,915,252)	-	(15,915,252)
Business-Type Activities:								
Water and Sewer	8,122,090	8,577,711	-	23,009	8,600,720	-	478,630	478,630
Electric	20,611,161	22,355,631	-	-	22,355,631	-	1,744,470	1,744,470
TOTAL BUSINESS-TYPE ACTIVITIES	28,733,251	30,933,342	-	23,009	30,956,351	-	2,223,100	2,223,100
TOTAL PRIMARY GOVERNMENT	\$ 56,625,174	\$ 36,828,172	\$ 2,548,413	\$ 3,556,437	\$ 42,933,022	\$ (15,915,252)	\$ 2,223,100	\$ (13,692,152)
COMPONENT UNITS								
OXFORD TOURISM COUNCIL	\$ 1,395,980	\$ 705,211	\$ 811,738	\$ 205,000	\$ 1,721,949	\$ -	\$ -	\$ 325,969
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes					\$ 5,981,467	\$ -	\$ 5,981,467	-
Property Taxes, Levied for Debt Service					1,582,049	-	1,582,049	-
Sales Taxes					7,069,861	-	7,069,861	-
Special Taxes					2,358,328	-	2,358,328	-
County Pro Rata Taxes					552,884	-	552,884	-
Franchise Taxes					376,391	-	376,391	-
Local Matching Funds					1,081,720	-	1,081,720	-
In Lieu Taxes					207,873	-	207,873	-
Gasoline Taxes & Other Taxes					103,825	-	103,825	-
Homestead Reimbursement					95,877	-	95,877	-
Fire Protection Allocation					9,433	-	9,433	-
Grants and Contributions not Restricted to Specific Programs					2,253,638	44,322	2,297,960	190
Investment Earnings					83,204	-	83,204	-
Gain (Loss) on Asset Disposal					345,956	274,305	620,261	-
Miscellaneous					245,845	(218,599)	27,246	-
Transfers								
TOTAL GENERAL REVENUES AND TRANSFERS					22,348,351	100,028	22,448,379	190
CHANGE IN NET POSITION					6,433,099	2,323,128	8,756,227	326,159
NET POSITION-BEGINNING, as previously stated					86,128,474	54,056,789	140,185,263	358,546
PRIOR PERIOD ADJUSTMENT					(8,476,348)	(7,873,041)	(16,349,389)	-
NET POSITION-BEGINNING, as restated					77,652,126	46,183,748	123,835,874	358,546
NET POSITION-ENDING					\$ 84,085,225	\$ 48,506,876	\$ 132,592,101	\$ 684,705

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2013**

	Major Funds				
	General Fund	\$5.5 M Bond Issue 2012	Oxford Reserve & Trust Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS:</u></b>					
Cash on Deposit	\$ 4,633,677	\$ 5,386,239	\$ -	\$ 3,052,563	\$ 13,072,479
Investments	1,015,845	-	32,047,088	196,373	33,259,306
Other Receivables	(1,157)	-	-	-	(1,157)
Due From Other Funds	-	-	-	-	-
Due From Other Governments	2,037,798	-	-	1,568,151	3,605,949
<b>TOTAL ASSETS</b>	<b>\$ 7,686,163</b>	<b>\$ 5,386,239</b>	<b>\$ 32,047,088</b>	<b>\$ 4,817,087</b>	<b>\$ 49,936,577</b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>					
<b><u>LIABILITIES:</u></b>					
Checks Issued in Excess of Cash Deposits	\$ -	\$ -	\$ -	\$ 1,381,560	\$ 1,381,560
Accounts Payable and Accrued Expenses	830,625	457,588	-	429,904	1,718,117
Due to Other Funds	-	-	-	-	-
Due to Other Governments	4,041	-	-	-	4,041
Accrued Compensated Absences	776,397	-	-	-	776,397
<b>TOTAL LIABILITIES</b>	<b>1,611,063</b>	<b>457,588</b>	<b>-</b>	<b>1,811,464</b>	<b>3,880,115</b>
<b><u>FUND BALANCES:</u></b>					
Nonspendable	52,171	-	-	-	52,171
Committed					
Public Safety	20,943	-	-	-	20,943
Debt Service	-	-	-	(144,773)	(144,773)
Capital Projects	111,269	-	-	-	111,269
Restricted					
Capital Projects	-	4,928,651	-	317,587	5,246,238
Transit Operations	-	-	-	(207,516)	(207,516)
Tourism	-	-	-	2,069,417	2,069,417
Cultural and Recreational	-	-	-	6,829	6,829
Permanent Fund Principal	-	-	32,047,088	661,888	32,708,976
Public Safety	-	-	-	396,087	396,087
Economic Development	-	-	-	(93,896)	(93,896)
Grant Projects	18,035	-	-	-	18,035
Assigned					
Cemetery	209,312	-	-	-	209,312
London Bus	37,222	-	-	-	37,222
Oxford Endurance Weekend	8,712	-	-	-	8,712
Unassigned	5,617,436	-	-	-	5,617,436
<b>TOTAL FUND BALANCES</b>	<b>\$ 6,075,100</b>	<b>\$ 4,928,651</b>	<b>\$ 32,047,088</b>	<b>\$ 3,005,623</b>	<b>\$ 46,056,462</b>

See accompanying notes to financial statements.

CITY OF OXFORD, MISSISSIPPI  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
For the Year Ended September 30, 2013

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 46,056,462
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	60,832,806
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(24,084,437)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	273,045
Bond issuance costs are reported as expenditures on the Governmental Funds financial statements in the year incurred. However, in the Statement of Activities, the cost of issuing bonds is amortized over the life of the related bonds. This is the amount of unamortized issuance cost remaining. This is the amount of unamortized premium remaining.	162,657 (234,709)
Accrual of court fine revenues to qualify as financial resources.	<u>1,079,401</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 84,085,225</u>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2013**

	Major Funds				
	General Fund	\$5.5 M Bond Issue 2012	Oxford Reserve & Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
General Property Taxes	\$ 5,939,605	\$ -	\$ -	\$ 1,582,049	\$ 7,521,654
Sales and Use Taxes	7,069,861	-	-	-	7,069,861
Special Taxes	-	-	-	2,358,328	2,358,328
Licenses and Permits	692,223	-	-	-	692,223
Franchise Fees	552,884	-	-	-	552,884
In Lieu - Utility Department	765,000	-	-	-	765,000
Penalties and Interest	166,118	-	-	-	166,118
Intergovernmental Revenues	733,728	860,000	-	945,713	2,539,441
Grant Income	1,216,055	-	-	3,060,073	4,276,128
Local Matching Funds	-	-	-	376,391	376,391
Charges for Services	4,326,881	-	-	64,985	4,391,866
Fines and Forfeits	433,307	-	-	61,754	495,061
Interest Income	57,083	-	2,195,932	623	2,253,638
Sale of Land and Surplus Equipment	88,445	-	-	-	88,445
Cemetery	49,537	-	-	-	49,537
Miscellaneous Revenues	243,195	-	-	53,224	296,419
<b>TOTAL REVENUES</b>	<b>22,333,922</b>	<b>860,000</b>	<b>2,195,932</b>	<b>8,503,140</b>	<b>33,892,994</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	4,985,382	-	-	-	4,985,382
Public Safety	7,753,373	-	-	402,544	8,155,917
Public Works	5,939,077	-	-	512,801	6,451,878
Culture and Recreation	3,294,434	-	-	-	3,294,434
Tourism Promotion	-	-	-	1,459,572	1,459,572
Historic Preservation	-	-	-	1,256,721	1,256,721
Transit Operation	-	-	-	1,742,689	1,742,689
Other Functions	-	-	-	85,234	85,234
Capital Projects	-	1,371,690	-	4,588,762	5,960,452
Debt Service	358,666	-	-	2,626,045	2,984,711
<b>TOTAL EXPENDITURES</b>	<b>22,330,932</b>	<b>1,371,690</b>	<b>-</b>	<b>12,674,368</b>	<b>36,376,990</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,990</b>	<b>(511,690)</b>	<b>2,195,932</b>	<b>(4,171,228)</b>	<b>(2,483,996)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to Other Funds	-	(82,841)	(818,662)	(1,167,757)	(2,069,260)
Transfers from Other Funds	(17,912)	-	-	2,333,017	2,315,105
Proceeds from Issuance of Debt and Capital Leases	500,000	-	-	-	500,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>482,088</b>	<b>(82,841)</b>	<b>(818,662)</b>	<b>1,165,260</b>	<b>745,845</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>485,078</b>	<b>(594,531)</b>	<b>1,377,270</b>	<b>(3,005,968)</b>	<b>(1,738,151)</b>
<b>FUND BALANCES - Beginning, as previously stated</b>	<b>5,147,789</b>	<b>5,413,182</b>	<b>30,669,818</b>	<b>5,264,290</b>	<b>46,495,079</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>442,233</b>	<b>110,000</b>	<b>-</b>	<b>747,301</b>	<b>1,299,534</b>
<b>FUND BALANCES - Beginning, as restated</b>	<b>5,590,022</b>	<b>5,523,182</b>	<b>30,669,818</b>	<b>6,011,591</b>	<b>47,794,613</b>
<b>FUND BALANCES - Ending</b>	<b>\$ 6,075,100</b>	<b>\$ 4,928,651</b>	<b>\$ 32,047,088</b>	<b>\$ 3,005,623</b>	<b>\$ 46,056,462</b>

See accompanying notes to financial statements.

CITY OF OXFORD, MISSISSIPPI  
 RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES TO THE  
 STATEMENT OF ACTIVITIES  
 For the Year Ended September 30, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,738,151)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities and Changes in Net Position the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	8,864,352
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(2,608,569)
Proceeds from the disposition of capital assets is reported as income in the Governmental Funds. The gain or loss on the sale of the capital assets and not the gross proceeds are reported as income in the Government-Wide Statement of Activities and Changes in Net Position.	(5,241)
Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.	41,862
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	149,562
Bond issuance costs are reported as expenditures on the Governmental Funds financial statements in the year incurred. However, in the Statement of Activities, the cost of issuing bonds is amortized over the life of the related bonds, This is the amount of the current amortization of issuance costs. This is the amount of the current amortization of premium.	(18,001) 21,194
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents bond proceeds and premiums.	(500,000)
This amount represents long-term debt repayments and issuance costs.	<u>2,226,091</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>6,433,099</u>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL -**  
**BUDGETARY BASIS**  
**For the year ended September 30, 2013**

	Budget			Variance with
	Original	Final	Actual	Final Budget Over (Under)
<b>REVENUES:</b>				
General Property Taxes	\$ 5,872,048	\$ 5,917,048	\$ 5,939,605	\$ 22,557
Sales and Use Taxes	6,689,145	6,874,080	7,002,374	128,294
Licenses and Permits	369,700	519,700	692,223	172,523
Franchise Fees	610,000	610,000	584,621	(25,379)
In Lieu - Utility Department	-	-	765,000	
Penalties and Interest	185,000	185,000	166,118	(18,882)
Intergovernmental Revenues	653,000	653,000	732,628	79,628
Grant Income	1,034,806	1,093,006	1,120,814	27,808
Charges for Services	3,832,146	3,832,146	4,319,608	487,462
Fines and Forfeits	515,000	515,000	433,307	(81,693)
Interest Income	30,000	30,000	57,083	27,083
Sale of Land and Surplus Equipment	-	-	88,445	88,445
Cemetery	-	-	49,537	49,537
Miscellaneous Revenues	478,927	233,927	243,195	9,268
<b>TOTAL REVENUES</b>	<b>20,269,772</b>	<b>20,462,907</b>	<b>22,194,558</b>	<b>966,651</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	5,212,111	5,364,971	4,985,382	379,589
Public Safety	8,264,374	8,415,994	7,753,373	662,621
Public Works	6,379,271	6,479,271	5,939,077	540,194
Culture and Recreation	2,805,694	2,892,144	3,294,434	(402,290)
Debt Service	158,256	158,256	358,666	(200,410)
<b>TOTAL EXPENDITURES</b>	<b>22,819,706</b>	<b>23,310,636</b>	<b>22,330,932</b>	<b>979,704</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,549,934)</b>	<b>(2,847,729)</b>	<b>(136,374)</b>	<b>1,946,355</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (to) from Other Funds	1,481,670	1,481,670	(17,912)	(1,499,582)
Proceeds from Issuance of Debt	-	-	500,000	500,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,481,670</b>	<b>1,481,670</b>	<b>482,088</b>	<b>(999,582)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES</b>	<b>\$ (1,068,264)</b>	<b>\$ (1,366,059)</b>	<b>\$ 345,714</b>	<b>\$ 946,773</b>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUND TYPES**  
**September 30, 2013**

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND		
	ELECTRIC FUND	WATER & SEWER FUND	TOTAL
<b>ASSETS:</b>			
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 7,665,589	\$ 6,750,395	\$ 14,415,984
Investments	360,336	3,464,837	3,825,173
Receivables, net	2,953,671	1,717,114	4,670,785
Due from Other Funds	42,716	-	42,716
Due from Other Governments	-	13,699	13,699
Inventories	488,303	15,000	503,303
Prepaid Expenses	152,689	(47,302)	105,387
Total Current Assets	11,663,304	11,913,743	23,577,047
<u>Noncurrent Assets:</u>			
Restricted Assets			
Debt Service Sinking Funds	346,733	768,555	1,115,288
Capital Assets:			
Land	908,953	199,510	1,108,463
Plants, Buildings & Improvements	27,773,885	58,372,964	86,146,849
Machinery & Equipment	2,604,020	2,818,887	5,422,907
Accumulated Depreciation	(8,873,433)	(24,802,310)	(33,675,743)
Construction Work In Progress	940,946	280,462	1,221,408
Total Noncurrent Assets	23,701,104	37,638,068	61,339,172
<b>TOTAL ASSETS</b>	<b>35,364,408</b>	<b>49,551,811</b>	<b>84,916,219</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding of Bonds, Net of			
Accumulated Amortization of \$99,602	65,440	408,386	473,826
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 65,440</b>	<b>\$ 408,386</b>	<b>\$ 473,826</b>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUND TYPES**  
**September 30, 2013**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS		
	ELECTRIC FUND	WATER & SEWER FUND	TOTAL
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities:</u></b>			
Accounts Payable and			
Accrued Expenses	\$ 5,348,563	\$ 298,926	\$ 5,647,489
Compensated Absences	-	145,477	145,477
Due to Other Funds	-	-	-
Current Portion of Long-Term Debt	370,000	1,266,558	1,636,558
Customer Deposits	2,906,235	-	2,906,235
Total Current Liabilities	8,624,798	1,710,961	10,335,759
<b><u>Long-Term Liabilities:</u></b>			
Bonds, Notes, and Loans Payable, net	2,010,000	24,389,768	26,399,768
Total Long-Term Liabilities	2,010,000	24,389,768	26,399,768
Total Liabilities	10,634,798	26,100,729	36,735,527
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Credits	54,674	92,968	147,642
TOTAL DEFERRED INFLOWS OF RESOURCES	54,674	92,968	147,642
<b><u>NET POSITION</u></b>			
Invested in Capital Assets, Net of			
Related Debt	20,974,371	11,213,187	32,187,558
Reserved for Debt Service	346,733	768,555	1,115,288
Unrestricted	3,419,272	11,784,758	15,204,030
TOTAL NET POSITION	\$ 24,740,376	\$ 23,766,500	\$ 48,506,876

See accompanying notes to financial statements.



**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION-**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND		
	ELECTRIC FUND	WATER & SEWER FUND	TOTALS
<b><u>OPERATING REVENUE:</u></b>			
Charges For Services	\$ 22,355,571	\$ 8,577,711	\$ 30,933,282
Other	60	-	60
Total Operating Revenue	<u>22,355,631</u>	<u>8,577,711</u>	<u>30,933,342</u>
<b><u>OPERATING EXPENSES:</u></b>			
Operations	18,466,440	4,436,768	22,903,208
Maintenance	404,518	-	404,518
Depreciation	835,868	2,620,848	3,456,716
Taxes	691,440	-	691,440
Total Operating Expenses	<u>20,398,266</u>	<u>7,057,616</u>	<u>27,455,882</u>
Net Operating Income (Loss)	<u>1,957,365</u>	<u>1,520,095</u>	<u>3,477,460</u>
<b><u>NON-OPERATING INCOME (EXPENSES):</u></b>			
Interest Income	-	44,322	44,322
Grant Income/ Capital Contributions	-	23,009	23,009
Gain (Loss) on Equipment Sale	-	-	-
Miscellaneous Income (Expense)	(39,915)	274,305	234,390
Interest Expense	<u>(172,980)</u>	<u>(1,064,474)</u>	<u>(1,237,454)</u>
Total Non-Operating Income (Loss)	<u>(212,895)</u>	<u>(722,838)</u>	<u>(935,733)</u>
Income before Operating Transfers	1,744,470	797,257	2,541,727
<b><u>OPERATING TRANSFERS IN (OUT):</u></b>	<u>-</u>	<u>(218,599)</u>	<u>(218,599)</u>
Change in Net Position	<u>1,744,470</u>	<u>578,658</u>	<u>2,323,128</u>
Total Net Position - Beginning, as previously stated	22,995,906	31,060,883	54,056,789
Prior Period Adjustment	-	<u>(7,873,041)</u>	<u>(7,873,041)</u>
Total Net Position - Beginning, as restated	<u>22,995,906</u>	<u>23,187,842</u>	<u>46,183,748</u>
Total Net Position - Ending	<u>\$ 24,740,376</u>	<u>\$ 23,766,500</u>	<u>\$ 48,506,876</u>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended September 30, 2013**

	WATER & SEWER FUND	TOTALS
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$ 8,620,776	\$ 8,620,776
Payments to Suppliers	(847,708)	(847,708)
Payments to Employees	(2,208,577)	(2,208,577)
Payments for Other Services and Charges	(1,103,084)	(1,103,084)
Other Receipts (Payments)	-	-
Net Cash Provided (Used) in Operating Activities	<u>4,461,407</u>	<u>4,461,407</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers In (Out)	<u>(218,599)</u>	<u>(218,599)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(218,599)</u>	<u>(218,599)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds From Capital Debt	2,360,000	2,360,000
Purchases of Capital Assets	(2,677,192)	(2,677,192)
Proceeds From Sale of Capital Assets	-	-
Principal Paid on Capital Debt	(3,524,142)	(3,524,142)
Interest Paid on Capital Debt	(1,064,474)	(1,064,474)
Other Receipts (Payments)	<u>274,305</u>	<u>274,305</u>
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(4,631,503)</u>	<u>(4,631,503)</u>
<b>Cash Flows from Investing Activities:</b>		
Cash Received from Grants	23,009	23,009
Interest and Dividends	44,322	44,322
Other Receipts (Payments)	-	-
Net Cash Provided By (Used In) Investing Activities	<u>67,331</u>	<u>67,331</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(321,364)	(321,364)
Cash and Cash Equivalents--Beginning	<u>10,536,596</u>	<u>10,536,596</u>
Cash and Cash Equivalents--Ending	<u>\$ 10,215,232</u>	<u>\$ 10,215,232</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:</b>		
Operating Income (Loss)	\$ 1,520,095	\$ 1,520,095
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) In Operating Activities:		
Depreciation Expense	2,620,848	2,620,848
(Increase) Decrease in Accounts Receivable	43,065	43,065
(Increase) Decrease in Deferred Credits	(170,519)	(170,519)
(Increase) Decrease in Prepaid Items	86,023	86,023
(Increase) Decrease in Deferred Charges	-	-
(Increase) Decrease in Inventory	-	-
(Increase) Decrease in Compensated Absences	145,477	145,477
Increase (Decrease) in Accounts Payable	216,418	216,418
Increase (Decrease) in Accrued Liabilities	-	-
Increase (Decrease) in Customer Deposits	-	-
Total Adjustments	<u>2,941,312</u>	<u>2,941,312</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ 4,461,407</u>	<u>\$ 4,461,407</u>

See accompanying notes to financial statements.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES**

The City of Oxford, Mississippi operates under a Mayor - Alderman form of government and provides the following services: public safety (police & fire), public works (street and waste collection), recreation, building and ground improvements, utilities (electricity and water & sewer), community services, urban redevelopment and housing, public improvements and general administrative services.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accounting policies of the City of Oxford conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION**

**Government-Wide and Fund Financial Statements**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information on all non-fiduciary activities of the primary government and its component units. The statement distinguishes between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. Nonmajor funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Types

Governmental Funds

*General Fund* – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

*Debt Service Fund* – The Debt Service Fund was established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. This is a non-major governmental fund.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

*Special Revenue Fund* – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a non-major governmental fund.

*Capital Projects Funds* – Capital Projects Funds are used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. These are non-major governmental funds except for the \$5.5 M Bond Issue-2012 Fund.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

*The Electric Fund* – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Oxford.

*Combined Water and Sewer Fund* – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Oxford.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Reporting Entity**

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government; other component units are discretely presented.

Blended Component Units

Oxford Park Commission – Created by a 1950 ordinance of the City. The Commission is composed of five commissioner appointed by the City's mayor and board of aldermen. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its primary purpose is to provide recreation activities on behalf of the City.

Discretely Presented Component Units

The Oxford Tourism Council – Established by the Legislature of the State of Mississippi in August 1998 for the promotion of tourism within the City. The Council is composed of five board members appointed by the City's mayor and board of aldermen with one of the five board members being a current alderman of the City.

Governmental accounting standards require reasonable separation between the Primary Government (including its blended components units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

Payments Between The City And Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions—that is, as revenues and expenses. Resource flows between the primary government and blended component units are classified as interfund transactions in the financial statements.

Budgets and Budgetary Accounting

The Mayor and Board of Aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor and Board of Aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a municipal newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Budgetary data for the Capital Projects Fund has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the City does not employ an encumbrance system.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less when acquired are considered to be cash equivalents.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

Receivables

Receivables at September 30, 2013, consisted primarily of property and other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments.

The accrual amount of court fine receivables on the Statement of Net Assets – Government-Wide has been reduced by \$303,621 to reflect the provision for uncollectible fines as determined by management's estimate.

Business Information

The City of Oxford, Mississippi provides electric, water and sewer services to customers located within the city limits of Oxford, Mississippi as well as a limited number of customers outside the city limits. Credit is extended to all of these customers for services.

Inventories

Inventories for proprietary fund types are valued at cost. The City does not maintain inventory records for any other fund types.

Prepaid Items

Prepaid items, such as prepaid insurance, are not reported for governmental fund types. This is permitted by generally accepted accounting principles.

Compensated Absences

The City's policy allows employees to accumulate unused vacation leave up to 30 days. Upon termination, any accumulated vacation will be paid to the employee. Sick leave will be paid only upon illness while an employee of the City.

Cash and Investments

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

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 entities 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 FDIC.



**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

Investments - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, 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, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds.

For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

**Fund Balance Classification**

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has an obligation to maintain unemployment comp funds intact in lieu of periodic contributions to the state unemployment insurance program. The City has classified all funds associated with the unemployment comp fund as nonspendable. The City has \$52,171 of nonspendable fund balance as of September 30, 2013.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified the Forestry Grant and Volunteer Grant funds in the General Fund as restricted. The City has classified all special revenue grant funds as restricted to the appropriate expenditure category. The City has classified the \$5.5 M Bond Issue-2012 Fund as restricted for capital projects. The City also considers the balance in the Oxford Municipal Reserve & Trust Fund as restricted due to a state senate bill.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has classified the Crime Prevention/OPD Mounted Unit fund and the Fire Truck/Bull Dozer fund in the General Fund, as being committed because they were set aside for specific purposes by the Board of Aldermen. The City considers the balance in the debt service fund as committed based on Board authorization.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City's management through the budgetary process. This classification also includes the

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)**

remaining positive fund balance for all governmental funds except for the General Fund. The City has classified the Cemetery Fund, London Bus Fund, and Oxford Endurance Weekend Fund balances as assigned. The City has \$255,246 of assigned fund balance as of September 30, 2013.

- Unassigned: This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - PROPERTY TAXES**

Property taxes, except motor vehicles, attach as an enforceable lien on property as of January 1st. The City bills and collects its own property taxes, except motor vehicle taxes, and also collects taxes for the Separate School District. Motor vehicle taxes are collected by the County Tax Collector and remitted to the City. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

The millage was allocated as follows:

	<u>2013</u>		<u>2012</u>	
	<u>City</u>	<u>School District</u>	<u>City</u>	<u>School District</u>
General Fund	18.31	0.00	18.31	0.00
Park & Recreation	2.00	0.00	2.00	0.00
Library	1.02	0.00	1.02	0.00
City Debt Service				
2012 GO Bonds	0.56	0.00	0.00	0.00
2010 GO Bonds	1.37	0.00	1.40	0.00
2004 GO Bonds	1.08	0.00	1.06	0.00
2005 GO Bonds	0.67	0.00	0.67	0.00
2007 GO Bonds	1.07	0.00	1.08	0.00
2009 GO Bonds	1.17	0.00	1.10	0.00
2002 GO Bonds	0.00	0.00	0.61	0.00
School Bond & Interest	0.00	11.19	0.00	11.74
School Votec Center	0.00	0.70	0.00	0.70
School Maintenance Fund	<u>0.00</u>	<u>42.59</u>	<u>0.00</u>	<u>42.04</u>
Total	<u>27.25</u>	<u>54.48</u>	<u>27.25</u>	<u>54.48</u>

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 3 - 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 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 9% of their annual covered salary and the City of Oxford, Mississippi is required to contribute at an actuarially determined rate. The current rate is 15.75% 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, Mississippi's contributions to PERS for the years ending September 30, 2013, 2012 and 2011 were \$1,740,500 \$1,493,378, and \$1,329,198 respectively, equal to the required contributions for each year.

**NOTE 4 - CONTINGENT LIABILITIES**

Litigation

From time to time, the City is a defendant in various litigations arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City's insured limits. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

Federally Assisted Programs – Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be material.

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5 - FIXED ASSETS**

The following is a summary of capital asset activity as of September 30, 2013:

Primary Government:

	Restated Balance 10/1/2012	Additions	Disposals	Balance 9/30/2013
Capital Assets, not being depreciated:				
Land	\$ 3,781,688	\$ 2,583,932	\$ 0	\$ 6,365,620
Construction in Progress	0	5,119,372	(1,005,230)	4,114,142
Total Capital Assets, not being depreciated	3,781,688	7,703,304	(1,005,230)	10,479,762
Capital Assets being depreciated				
Plant, Buildings & Improvements	21,563,942	76,277	1,005,230	22,645,449
Infrastructure	44,051,473	37,616	0	44,089,089
Machinery & Equipment	13,474,671	1,047,155	(52,402)	14,469,424
Total Capital Assets being depreciated	79,090,086	1,161,048	952,828	81,203,962
Less: Accumulated Depreciation for:				
Plant, Buildings & Improvements	(4,407,921)	(535,826)	0	(4,943,747)
Infrastructure	(16,541,657)	(942,438)	0	(17,484,095)
Machinery & Equipment	(7,339,932)	(1,130,305)	47,161	(8,423,076)
Total Accumulated Depreciation	(28,289,510)	(2,608,569)	47,161	(30,850,918)
Total Capital Assets, depreciated, net	50,800,576	(1,447,521)	999,989	50,353,044
Primary Government Capital Assets, net	\$ 54,582,264	\$ 6,255,783	\$ (5,241)	\$ 60,832,806

The City has adopted a capitalization threshold of \$1,000 for general fixed assets and a threshold of \$5,000 for infrastructure assets. The City has retroactively applied these thresholds to all general fixed assets in service. The City also retroactively capitalized infrastructure assets in service. The beginning accumulated depreciation balances have been adjusted to reflect the City's new capitalization policy.

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5 - FIXED ASSETS (continued)**

A summary of business-type capital asset activity at September 30, 2013 follows:

	Restated Balance 10/1/2012	Additions	Disposals	Balance 9/30/2013
Capital Assets, not being depreciated:				
Land	\$ 1,108,463	\$ 0	\$ 0	\$ 1,108,463
Construction in Progress	<u>1,442,297</u>	<u>2,364,135</u>	<u>(2,585,024)</u>	<u>1,221,408</u>
Total Capital Assets, not being depreciated	2,550,760	2,364,135	(2,585,024)	2,329,871
Capital Assets being depreciated				
Plant, Buildings & Improvements	82,972,052	688,358	2,486,439	86,146,849
Machinery & Equipment	<u>4,957,376</u>	<u>565,224</u>	<u>(99,693)</u>	<u>5,422,907</u>
Total Capital Assets being depreciated	87,929,428	1,253,582	2,386,746	91,569,756
Less: Accumulated Depreciation for:				
Plant, Buildings & Improvements	(26,598,987)	(3,124,324)	270,147	(29,453,164)
Machinery & Equipment	<u>(3,905,718)</u>	<u>(412,706)</u>	<u>95,845</u>	<u>(4,222,579)</u>
Total Accumulated Depreciation	(30,504,705)	(3,537,030)	365,992	(33,675,743)
Total Capital Assets, depreciated, net	<u>57,424,723</u>	<u>(2,283,448)</u>	<u>2,752,738</u>	<u>57,894,013</u>
Primary Government Capital Assets, net	\$ 59,975,483	\$ 80,687	\$ 167,714	\$ 60,223,884

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

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

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

Governmental Activities:	
General Government	\$ 191,136
Public Safety	402,956
Public Works	1,319,591
Culture & Recreation	549,493
Tourism Promotion	16,057
Other Functions	<u>129,336</u>
Total Depreciation Expense – Governmental Activities	\$ <u>2,608,569</u>

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5 - FIXED ASSETS (continued)**

Business-type Activities:

Electric Department	\$ 916,182
Water and Sewer	<u>2,620,848</u>

Total Depreciation Expense – Business-type Activities	\$ <u>3,537,030</u>
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**NOTE 6 - LONG-TERM DEBT**

General obligation bonds issued for governmental activity purposes are liquidated by the debt service fund, whereas, general obligation bonds issued for component unit purposes are liquidated by the component unit. Revenue bonds and promissory notes issued for business-type activities or by component units are repaid from those activities or component units.

The annual requirements to amortize all general obligation bonds, revenue bonds and notes outstanding as of September 30, 2013 are as follows:

Fiscal Year Ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 2,198,026	\$ 684,779	\$ 1,636,558	\$ 1,014,027	\$ 5,533,390
2015	2,130,099	633,879	1,692,184	916,075	5,372,237
2016	2,022,725	577,945	1,748,106	812,414	5,161,190
2017	2,085,404	521,531	1,809,332	757,250	5,173,517
2018	2,158,138	464,947	1,870,871	698,431	5,192,387
2019-2023	9,045,683	1,472,349	8,849,005	2,622,141	21,989,178
2024-2028	4,444,362	315,205	8,329,676	1,127,396	14,216,639
2029-2033	<u>0</u>	<u>0</u>	<u>2,100,594</u>	<u>139,576</u>	<u>2,240,170</u>
Total	\$ <u>24,084,437</u>	\$ <u>4,670,635</u>	\$ <u>28,036,326</u>	\$ <u>8,087,310</u>	\$ <u>64,878,708</u>

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6 - LONG-TERM DEBT (continued)**

A summary of general long-term debt is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>10/01/12</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>09/30/13</u>	<u>Current</u> <u>Maturity</u>
General Obligation Bonds & Notes:					
General Obligation Bond Series 2004, \$3,000,000 with interest at 3.0% to 3.8% maturing in 2019	\$ 1,325,000	\$ 0	\$ 250,000	\$ 1,075,000	\$ 265,000
General Obligation Bond Series 2005, \$1,500,000 with interest at 3.375% to 4.8% maturing in 2015	515,000	0	165,000	350,000	170,000
General Obligation Bond Series 2007, \$9,000,000 with interest at 4.0% to 5.0% maturing in 2027	7,445,000	0	360,000	7,085,000	370,000
General Obligation Refunding Bond Series 2010, \$7,085,000 with interest at 2.0% to 3.0% maturing in 2021	6,085,000	0	610,000	5,475,000	625,000
General Obligation Bond Series 2009, \$3,800,000 with interest at 3.0% to 3.75% maturing in 2024	3,230,000	0	210,000	3,020,000	220,000
General Obligation Bond Series 2009, \$5,500,000 with interest at 1.625% to 2.25% maturing in 2027	5,500,000	0	305,000	5,195,000	315,000
General Obligation Note Series 2012, \$500,000 with interest at 1.43% maturing in 2017	0	500,000	95,000	405,000	0
Total General Obligation Bonds & Notes	\$ 24,100,000	\$ 500,000	\$ 1,995,000	\$ 22,605,000	\$ 1,965,000
Other Notes Payable:					
State of Mississippi - CAP Loan \$533,477 with interest at 2.0% maturing 2019	388,732	0	55,656	333,076	52,725

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6 - LONG-TERM DEBT (continued)**

State of Mississippi - CAP  
 Loan \$1,000,000 with interest  
 at 2.0% maturing 2028

\$	819,591	\$	0	\$	41,040	\$	778,551	\$	45,551
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State of Mississippi - CAP  
 Loan \$310,000 with interest  
 at 2.0% maturing 2021

291,205	0	28,895	262,310	29,250
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Note Payable – Regions  
 Bank, \$211,000 with interest  
 at 0% maturing 2014

211,000	0	105,500	105,500	105,500
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Total Other Notes Payable

1,710,528	0	231,091	1,479,437	233,026
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Total Governmental Activities

\$	25,810,528	\$	500,000	\$	2,226,091	\$	24,084,437	\$	2,198,026
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<u>Business-Type Activities</u>	<u>Balance 10/01/12</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 09/30/13</u>	<u>Current Maturity</u>
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Revenue Bonds:

Water & Sewer Revenue  
 Bonds Series 2003-  
 \$1,900,000 original issue  
 with interest at 4.0% to  
 5.0%, maturing 2023-  
 Refunded by 2012 Issue

\$	1,310,000	\$	0	\$	1,220,000	\$	90,000	\$	90,000
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Water & Sewer Revenue  
 Bonds Series 2004-  
 \$1,800,000 original issue  
 with interest at 3.25% to  
 4.5%, maturing 2024-  
 Refunded by 2012 Issue

1,355,000	0	1,190,000	165,000	80,000
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Water & Sewer Revenue  
 Bonds Series 2006-  
 \$3,400,000 original issue  
 with interest at 4.0% to  
 5.625%, maturing 2026

2,695,000	0	135,000	2,560,000	145,000
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Water & Sewer Revenue  
 Bonds Series 2007-  
 \$2,800,000 original issue  
 with interest at 4.5% to  
 6.0%, maturing 2027

2,325,000	0	110,000	2,215,000	115,000
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**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6 - LONG-TERM DEBT (continued)**

Water & Sewer Revenue Bonds Series 2008- \$3,450,000 original issue with interest at 3.625% to 4.5%, maturing 2028	\$	3,000,000	\$	0	\$	125,000	\$	2,875,000	\$	140,000
Water & Sewer Revenue Bonds Series 2011- \$8,500,000 original issue with interest at 3.0% to 4.3%, maturing 2031		8,245,000		0		270,000		7,975,000		285,000
Water & Sewer Refunding Bonds Series 2012- \$2,360,000 original issue with interest at 1.0% to 2.625%, maturing 2022		0		2,360,000		0		2,360,000		30,000
Electric System Revenue Bonds Series 2011- \$3,335,000 original issue with interest at 2.25% to 3.125%, maturing 2019		<u>2,740,000</u>		<u>0</u>		<u>360,000</u>		<u>2,380,000</u>		<u>370,000</u>
Total Revenue Bonds	\$	<u>21,670,000</u>	\$	<u>2,360,000</u>	\$	<u>3,410,000</u>	\$	<u>20,620,000</u>	\$	<u>1,255,000</u>
Other Notes Payable:										
State of Mississippi – DEQ RLF \$3,374,439 with interest at 4.0% maturing 2013	\$	102,922	\$	0	\$	102,922	\$	0	\$	0
State of Mississippi – DEQ RLF \$8,813,809 with interest at 2.75% maturing 2029		7,787,546		0		371,220		7,416,326		381,558
Tennessee Valley Authority - \$2,500,000		<u>2,500,000</u>		<u>0</u>		<u>2,500,000</u>		<u>0</u>		<u>0</u>
Total Other Notes Payable		<u>10,390,468</u>		<u>0</u>		<u>2,974,142</u>		<u>7,416,326</u>		<u>381,558</u>
Total Business-Type Activities	\$	<u>32,060,468</u>	\$	<u>2,360,000</u>	\$	<u>6,384,142</u>	\$	<u>28,036,326</u>	\$	<u>1,636,558</u>

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6 - LONG-TERM DEBT (continued)**

Defeased Debt

Certain outstanding revenue bonds of the City have been defeased by placing the proceeds of refunding bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the City's financial statements. The defeased bonds outstanding at September 30, 2013 considered extinguished are as follows:

Water & Sewer Series 2003	\$ 1,225,000
Water & Sewer Series 2004	1,280,000

**NOTE 7 - TVA HOME INSULATION PROGRAM - ELECTRIC FUND**

Other Assets of the Electric Fund include \$23,207 receivable from customers for energy conservation loans and represents unbilled amounts due from customers as a result of their participation in an energy conservation program sponsored by TVA in which customers install energy conservation measures approved by a TVA energy advisor. The installation charges are paid by the Electric Department and billed to the customer over a period of time on the customer's monthly utility bill. TVA reimburses the Electric Department for amounts paid out under the program. Repayments are made to TVA by the Electric Department as collections are made from the customers. Advances from TVA for energy conservation loans represent the amounts advanced by TVA, net of repayments, under this program.

**NOTE 8 - RISK MANAGEMENT**

The City of Oxford is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverage for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 8 - RISK MANAGEMENT (continued)**

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2013, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

**NOTE 9 - COMMITMENTS**

The electric systems has a power contract with the Tennessee Valley Authority (TVA) whereby the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging or otherwise diverting electric system funds, revenues or property to other operations of the city and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

**NOTE 10 – THE CITY OF OXFORD MUNICIPAL RESERVE AND TRUST FUND**

This fund was established by Senate Bill Number 3128 for a period of twenty years. All proceeds received by the City from the sale of the Oxford-Lafayette Medical Center shall be deposited into this fund. The fund is to be administered, managed, invested and governed by a board of trustees. The board is to consist of nine members: the mayor; the mayor pro tem; an alderman; and six non aldermen with terms of one year, two years, three years, four years, five years, and six years. The alderman will serve for two years. The trustees shall establish a comprehensive investment plan for the purpose of this act. The comprehensive investment plan shall specify the policies to be utilized by the board of trustees in its administration of the fund. The board of trustees shall invest the fund in any of the investments authorized for the Mississippi Prepaid Affordable College Tuition Program under Section 37-155-9, Mississippi Code of 1972, and those investments shall be subject to the limitations prescribed in Section 37-155-9, except the fund shall be restricted from investment in the covered call and put options allowed in Section 37-155-9(v) (xi) or in the pooled or commingled real estate funds or real estate securities as outlined in Section 37-155-9(v) (xiii).

The fund shall be divided into two components, the corpus component and the earnings component. The corpus component shall consist of the initial deposit of \$30,000,000 and subsequent deposits from the annual income earned. Except, as otherwise provided in the trust agreement, the corpus shall be inviolate and maintained and used to generate income and shall not be invaded or used by the Board of Trustees or the Governing Authorities.

The earnings component shall be considered an amount equal to three percent (3%) of the amount of the full fund balance whether or not the corpus component has generated any income in that fiscal year. All remaining portions of the accrued income earned shall remain in the fund as part of the corpus component. Funds comprising the earnings component shall be transferred from the fund to the general fund of the City at the direction of the Clerk and shall be available for appropriation and spending by the Governing Authorities.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 10 – THE CITY OF OXFORD MUNICIPAL RESERVE AND TRUST FUND (continued)**

The corpus component can be used upon a three-fourths majority vote of the board of aldermen and with approval by the mayor, the governing authorities are authorized to withdraw monies from the corpus component and have the monies disbursed to the City for appropriation and spending, in the event of the following:

- (a) A state of emergency or local emergency has been declared under federal, state, or local law; or
- (b) Overall budgeted collections of the city are more than five percent (5%) below that fiscal year's budgeted estimates for at least three (3) consecutive calendar months. In this instance, corpus monies may be withdrawn by the city to meet up to ninety-eight percent (98%) of projected budget shortfalls.

In the event of withdrawal of any portion of the corpus component by the City, annual disbursements by the trustees of the earnings components shall cease and all income shall be retained by the trustees and repaid to the corpus until such time as the corpus component equals its full pre withdrawal amount, at which time, disbursement of earning components may continue.

In addition, upon a unanimous vote of the board of aldermen and with approval by the mayor, the governing authorities are authorized to withdraw monies from the corpus component and have them disbursed to the City for appropriation and spending. The withdrawal by the governing authorities shall be limited in the following manner:

- (a) No such vote or withdrawal may occur without the governing authorities first conducting a full public, open municipal hearing on consideration of the matter for which such appropriation and spending would be made;
- (b) Withdrawal pursuant to this subsection may occur only one time during each four-year term of the then board of aldermen and mayor;
- (c) Withdrawal shall not exceed ten percent (10%) of the corpus component of the fund, as determined by the trustees; and
- (d) The withdrawal must be repaid to the fund before a withdrawal under this subsection could be authorized within a subsequent four-year term.

**Custodial Credit Risk:**

The investments are held by the Glenmede Trust Company. The Company has presented a certificate of Liability Insurance for Errors and Omissions of \$50,000,000.00 and a Fidelity Bond of \$30,000,000. The balance of the City of Oxford Municipal Reserve and Trust Fund at September 30, 2013, was \$32,047,088.

**CITY OF OXFORD, MS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 10 – THE CITY OF OXFORD MUNICIPAL RESERVE AND TRUST FUND (continued)**

Concentration of Credit Risk:

The following investments represent five percent or more of the total:

	<u>Amount</u>	<u>Percent</u>
Glenmede Intermediate Government Credit-Bond Funds	\$ <u>18,763,169</u>	<u>58.55</u>
Glenmede Strategic Growth-Stock Funds	\$ <u>2,694,839</u>	<u>8.41</u>

The investments are reported at fair value. The Oxford Municipal Reserve and Trust Fund does not participate in an external investment pool. Investments consisted of the following at September 30, 2013:

Investments:	<u>Cost</u>	<u>Market value (Level 1)</u>
Bond funds	\$ 19,101,155	\$ 18,763,169
Stock funds	11,015,287	12,532,800
Accrued income	0	176,263
Short-term investments	574,856	574,856
Total investments	<u>\$ 30,691,298</u>	<u>\$ 32,047,088</u>

Level 1: Common stocks, bond funds, stock funds, and short-term investments are valued at the closing price reported in the active market on which the individual securities or funds are traded.

**NOTE 11 - CONSTRUCTION AND OTHER COMMITMENTS**

The City of Oxford and its component units have entered in the following commitments:

<u>To Be Paid By</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Expended through September 30, 2013</u>	<u>Remaining Commitment at September 30, 2013</u>
General City	Bus Maintenance Facility	\$ 1,300,000	\$ 1,251,720	\$ 48,280
General City	Pathways Phase II	2,700,000	1,320,832	1,379,168
General City	Central Fire Station/Emergency Operations Center	3,500,000	171,599	3,328,401
General City	Hitting Facility at FNC	300,000	199,075	100,925
General City	Tennis Complex	1,589,250	758,068	831,182

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 11 – CONSTRUCTION AND OTHER COMMITMENTS (continued)**

<u>To Be Paid By</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Expended through September 30, 2013</u>	<u>Remaining Commitment at September 30, 2013</u>
General City	Practice Fields at FNC	\$ 314,313	\$ 268,030	\$ 46,283
General City	Soccer Field Lighting	203,500	134,788	68,712
Water and Sewer	Old Taylor Road Utility	3,000,000	17,504	2,982,496
Water and Sewer	South Water Plant	1,800,000	59,345	1,740,655
Water and Sewer	Jackson Avenue Utility	10,000,000	10,616	9,989,384
Water and Sewer	Bio-Solids Land Ap	650,000	190,343	459,657
		<u>\$ 25,192,750</u>	<u>\$ 4,381,920</u>	<u>\$ 20,928,860</u>

**NOTE 12 – DEFICIT FUND BALANCES**

The following funds have a deficit fund balance at September 30, 2013:

<u>FUND NAME</u>	<u>AMOUNT</u>
Powerhouse Comm. Arts Center	\$ 628
BMH Community Health Funds	8,304
Avent/N 16 <sup>th</sup> St Drainage Project	133,467
O.U.T.-Oxford Transit Grant	218,088
Multi-Modal Grant Funds (MDOT)	119,050
Farmer's Market Grant	17,611
2004 Series GO Bonds	27,425
2007 GO Bonds	27,319
2010 REFI. 2000 GO Bonds	118,343
2012 GO Bonds	<u>8,410</u>
<b>TOTAL</b>	<b>\$ <u>678,645</u></b>

**NOTE 13 – PRIOR PERIOD ADJUSTMENTS**

The beginning balances of certain accounts have been restated to correct previous errors. Subsequent to issuing the financial statements for the year ended September 30, 2013, management discovered errors in accrued compensated absences, accumulated depreciation, due from other governments, and accounts receivable.

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 13- PRIOR PERIOD ADJUSTMENTS (continued)**

Due from other governments was understated by \$285,000 in capital projects funds. The beginning due from other governments and fund balance in capital projects funds has been restated by \$285,000 to correct this error.

Due from other governments was understated by \$462,301 in special revenue funds. The beginning due from other governments and fund balance in special revenue funds has been restated by \$462,301 to correct this error.

Accounts receivable was understated by \$110,000 in the major capital project fund, \$5.5 M Bond Issue 2012 fund. The beginning accounts receivable and fund balance in this fund has been restated to correct this error.

The prior year financial statements did not have an accrual for compensated absences. The result of this error was a \$714,301 understatement of accrued compensated absences liability in the governmental activities and a \$132,711 understatement of accrued compensated absences liability in the business-type activities. The beginning liability and fund balance has been restated in the governmental and business-type activities to correct these errors.

The prior year financial statements did not have an accrual for court fines receivable. The result of this error was a \$929,839 understatement of court fines receivable. The beginning asset and fund balance has been restated in the governmental activities to correct this error.

The prior year financial statements did not have an accrual for property taxes receivable. The result of this error was a \$231,183 understatement of property taxes receivable. The beginning asset and fund balance has been restated in the governmental activities to correct this error.

The prior year financial statements had an error in the calculation of accumulated depreciation. The result of this error was a \$10,383,732 understatement of accumulated depreciation and \$10,383,732 overstatement of capital assets in the governmental activities. The result of this error was also a \$7,754,329 understatement of accumulated depreciation and \$7,754,329 overstatement of capital assets in the business-type activities. The beginning asset and fund balance has been restated in the governmental activities and business-type activities to correct these errors.

The prior year financial statements had an error in the ending fund balance. Fund balance was understated by \$13,999 in the business-type activities. The beginning fund balance has been restated in the business-type activities to correct this error.

**NOTE 14- DUE FROM/TO AND INTERFUND TRANSFERS**

Due from other funds and due to other funds do not equal because the statements included herein for the Electric Fund are for the fiscal year ended June 30, 2013. The difference is \$42,716 due from other funds in the electric fund. Interfund transfers do not equal because the statements included \$27,246 of transfers in from the electric department.

**CITY OF OXFORD, MS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 30, 2014, the date on which the financial statements were available to be issued. On April 15, 2014, the City issued a special assessment bond in the amount of \$1,600,000 with First Tennessee Bank at 2.1479 % interest and also issued a general obligation note in the amount of \$500,000 with Regions Bank at 1.6641 % interest.



**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2013**

	Non-Major Debt Service	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<b><u>ASSETS:</u></b>				
Cash	\$ 36,724	\$ 2,561,861	\$ 453,978	\$ 3,052,563
Investments	-	196,373	-	196,373
Due From Other Funds	-	-	-	-
Due From Other Government Units	-	1,562,143	6,008	1,568,151
<b>TOTAL ASSETS</b>	<b>\$ 36,724</b>	<b>\$ 4,320,377</b>	<b>\$ 459,986</b>	<b>\$ 4,817,087</b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>				
<b><u>Liabilities:</u></b>				
Checks Issued in Excess of Deposits	\$ 181,497	\$ 1,099,159	\$ 100,904	\$ 1,381,560
Accounts Payable	-	388,409	41,495	429,904
<b>TOTAL LIABILITIES</b>	<b>181,497</b>	<b>1,487,568</b>	<b>142,399</b>	<b>1,811,464</b>
<b><u>FUND BALANCES:</u></b>				
Committed	(144,773)	-	-	(144,773)
Restricted				
Capital Projects	-	-	317,587	317,587
Transit Operations	-	(207,516)	-	(207,516)
Tourism	-	2,069,417	-	2,069,417
Cultural and Recreational	-	6,829	-	6,829
Permanent Fund Principal	-	661,888	-	661,888
Public Safety	-	396,087	-	396,087
Economic Development	-	(93,896)	-	(93,896)
<b>TOTAL FUND BALANCES</b>	<b>(144,773)</b>	<b>2,832,809</b>	<b>317,587</b>	<b>3,005,623</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 36,724</b>	<b>\$ 4,320,377</b>	<b>\$ 459,986</b>	<b>\$ 4,817,087</b>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2013**

	Non-Major Debt Service	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 1,582,049	\$ -	\$ -	\$ 1,582,049
Special Tax	-	2,358,328	-	2,358,328
Intergovernmental Revenues	-	945,713	-	945,713
Federal & State Grants	-	1,972,950	1,087,123	3,060,073
Local Matching Funds	-	376,391	-	376,391
Charges for Services	-	64,985	-	64,985
Fines & Forfeitures	-	61,754	-	61,754
Interest	89	534	-	623
Miscellaneous	-	18,717	34,507	53,224
<b>TOTAL REVENUES</b>	<u>1,582,138</u>	<u>5,799,372</u>	<u>1,121,630</u>	<u>8,503,140</u>
<b>EXPENDITURES:</b>				
Current:				
Tourism Promotion	-	1,459,572	-	1,459,572
Public Safety	-	402,544	-	402,544
Public Works	-	512,801	-	512,801
RSVP County Transit	-	44,274	-	44,274
Farmers Market	-	40,960	-	40,960
Historic Preservation	-	1,256,721	-	1,256,721
Transit Operation	-	1,742,689	-	1,742,689
Capital Projects	-	-	4,588,762	4,588,762
Debt Service	2,626,045	-	-	2,626,045
<b>TOTAL EXPENDITURES</b>	<u>2,626,045</u>	<u>5,459,561</u>	<u>4,588,762</u>	<u>12,674,368</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,043,907)</u>	<u>339,811</u>	<u>(3,467,132)</u>	<u>(4,171,228)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds	-	(963,767)	(203,990)	(1,167,757)
Transfers from Other Funds	968,829	1,243,679	120,509	2,333,017
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>968,829</u>	<u>279,912</u>	<u>(83,481)</u>	<u>1,165,260</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(75,078)</u>	<u>619,723</u>	<u>(3,550,613)</u>	<u>(3,005,968)</u>
<b>FUND BALANCES - Beginning as previously stated</b>	(69,695)	1,750,785	3,583,200	5,264,290
<b>PRIOR PERIOD ADJUSTMENT</b>	-	462,301	285,000	747,301
<b>FUND BALANCES - Beginning as restated</b>	<u>(69,695)</u>	<u>2,213,086</u>	<u>3,868,200</u>	<u>6,011,591</u>
<b>FUND BALANCES - Ending</b>	<u>\$ (144,773)</u>	<u>\$ 2,832,809</u>	<u>\$ 317,587</u>	<u>\$ 3,005,623</u>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI  
BALANCE SHEET - GENERAL FUND  
September 30, 2013**

		<u>TOTALS</u>
		2013
<u>ASSETS:</u>		
Cash	\$	4,633,677
Investments		1,015,845
Due From Other Governments		2,037,798
Due From Other Funds		-
Other Receivables		<u>(1,157)</u>
Total Assets	\$	<u><u>7,686,163</u></u>
<u>LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$	830,625
Accrued Compensated Absences		776,397
Due to Other Funds		-
Due to Other Governments		<u>4,041</u>
Total Liabilities		<u>1,611,063</u>
<u>FUND BALANCE:</u>		
Nonspendable		52,171
Committed		
Public Safety		20,943
Capital Projects		111,269
Restricted		18,035
Assigned		
Cemetery		209,312
London Bus		37,222
Oxford Endurance Weekend		8,712
Unassigned		<u>5,617,436</u>
Total Fund Balance		<u>6,075,100</u>
Total Liabilities and Fund Balance	\$	<u><u>7,686,163</u></u>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>TOTALS</u>
	2013
<u>REVENUES:</u>	
Ad Valorem Taxes:	
Real & Personal	\$ 5,939,605
Penalties and Interest	166,118
Licenses and Permits	692,223
State of Mississippi:	
Sales Tax	7,069,861
Municipal Aid	9,433
Fire Protection	95,877
Utility Tax	70,723
Homestead Reimbursement	103,825
In Lieu of Taxes	316,720
Lafayette County:	
Pro Rata Tax	-
In Lieu - Other:	
Utility Department	765,000
State and Federal Grants	1,216,055
ABC Licenses	137,150
Recreation Fee	1,116,192
Fines and Forfeitures	433,307
FNC Parking Lease	15,000
Interest	57,083
Service Income	3,195,689
Franchise Fee	552,884
Donations/Contributions	-
Sale of Land & Equipment	88,445
Cemetery	49,537
Sundry	243,195
	<u>243,195</u>
Total Revenues	\$ <u>22,333,922</u>
<u>EXPENDITURES:</u>	
General Government:	
Legislative:	
Personal Services	\$ 112,065
Supplies	-
Other Services and Charges	7,248
Capital Outlay	-
	<u>-</u>
Total	<u>119,313</u>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>TOTALS</u>
	2013
Judicial:	
Personal Services	\$ 218,705
Supplies	8,349
Other Services and Charges	1,045
Capital Outlay	<u>-</u>
Total	<u>228,099</u>
Executive:	
Personal Services	88,867
Supplies	-
Other Services and Charges	1,319
Capital Outlay	<u>738</u>
Total	<u>90,924</u>
Department of Planning:	
Personal Services	169,026
Supplies	3,280
Other Services and Charges	209,793
Capital Outlay	<u>-</u>
Total	<u>382,099</u>
Elections:	
Personal Services	-
Supplies	19,031
Other Services and Charges	<u>-</u>
Total	<u>19,031</u>
Finance:	
Personal Services	235,702
Supplies	7,849
Other Services and Charges	18,722
Capital Outlay	<u>6,798</u>
Total	<u>269,071</u>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>TOTALS</u>
	<u>2013</u>
Human Resources:	
Personal Services	\$ 178,640
Supplies	17,761
Other Services and Charges	27,360
Capital Outlay	<u>1,425</u>
Total	<u>225,186</u>
Law:	
Personal Services	41,037
Supplies	-
Other Services and Charges	<u>281,015</u>
Total	<u>322,052</u>
Building and Grounds:	
Personal Services	447,726
Supplies	113,016
Other Services and Charges	27,219
Capital Outlay	<u>10,961</u>
Total	<u>598,922</u>
Building and Code Enforcement:	
Personal Services	189,272
Supplies	10,759
Other Services and Charges	5,217
Capital Outlay	<u>975</u>
Total	<u>206,223</u>
General Government:	
Personal Services	1,439,183
Supplies	10,272
Other Services and Charges	572,967
Capital Outlay	<u>436,379</u>
Total	<u>2,458,801</u>
Community Promotions	
Other Services and Charges	<u>65,661</u>
Total	<u>65,661</u>
Total General Government	<u>4,985,382</u>

CITY OF OXFORD, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
For the Year Ended September 30, 2013

	TOTALS
	2013
Public Safety:	
Police Department:	
Personal Services	\$ 3,562,535
Supplies	332,605
Other Services and Charges	180,218
Capital Outlay	<u>173,979</u>
Total	<u>4,249,337</u>
Emergency Management:	
Personal Services	58,871
Supplies	11,831
Other Services and Charges	7,067
Capital Outlay	<u>50,237</u>
Total	<u>128,006</u>
Fire Department:	
Personal Services	3,136,801
Supplies	108,919
Other Services and Charges	90,334
Capital Outlay	<u>39,976</u>
Total	<u>3,376,030</u>
Other Protection Department:	
Other Services and Charges	<u>-</u>
Total	<u>-</u>
Total Public Safety	<u>7,753,373</u>
Public Works:	
Highway and Street Maintenance:	
Personal Services	359,197
Supplies	147,413
Other Services and Charges	1,754,259
Capital Outlay	<u>39,772</u>
Total	<u>2,300,641</u>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>TOTALS</u>
	<u>2013</u>
Sanitation Administration:	
Personal Services	\$ 131,560
Supplies	14,574
Other Services and Charges	15,942
Capital Outlay	<u>3,378</u>
Total	<u>165,454</u>
Street Cleaning	
Personal Services	89,022
Supplies	513
Other Services and Charges	-
Capital Outlay	<u>-</u>
Total	<u>89,535</u>
Waste Collection	
Personal Services	404,877
Supplies	98,824
Other Services and Charges	66,182
Capital Outlay	<u>28,168</u>
Total	<u>598,051</u>
Waste Disposal	
Personal Services	62,451
Supplies	42,704
Other Services and Charges	468,249
Capital Outlay	<u>1,583</u>
Total	<u>574,987</u>
City Garage Department	
Personal Services	386,743
Supplies	351,519
Other Services and Charges	11,266
Capital Outlay	<u>312</u>
Total	<u>749,840</u>
Airport	
Other Services and Charges	<u>30,000</u>
Total	<u>30,000</u>



**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>TOTALS</u>
	<u>2013</u>
Rubbish Collection	
Personal Services	\$ 433,586
Supplies	97,390
Other Services and Charges	50
Capital Outlay	<u>-</u>
Total	<u>531,026</u>
Weed & Grass Control	
Personal Services	214,178
Supplies	2,721
Other Services and Charges	-
Capital Outlay	<u>1,925</u>
Total	<u>218,824</u>
Cemetary Maintenance	
Personal Services	113,605
Supplies	1,386
Other Services and Charges	944
Capital Outlay	<u>1,908</u>
Total	<u>117,843</u>
Family Crisis Services	
Other Services and Charges	<u>7,200</u>
Total	<u>7,200</u>
Recycling Grant	
Personal Services	258,639
Supplies	76,503
Other Services and Charges	44,420
Capital Outlay	<u>14,196</u>
Total	<u>393,758</u>
Human Society	
Other Services and Charges	<u>128,837</u>
Total	<u>128,837</u>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	TOTALS
	2013
London Bus	
Personal Services	\$ 4,121
Other Services and Charges	28,960
Total	33,081
Total Public Works	5,939,077
Culture & Recreation:	
Parks and Recreation:	
Personal Services	818,144
Supplies	267,688
Other Services and Charges	566,044
Capital Outlay	135,710
Total	1,787,586
Swimming Pools - Parks	
Personal Services	40,575
Supplies	26,814
Other Services and Charges	15,884
Capital Outlay	15,624
Total	98,897
Library	
Personal Services	-
Supplies	-
Other Services and Charges	269,535
Capital Outlay	-
Total	269,535
RSVP - Park/Recreation	
Personal Services	120,035
Supplies	12,466
Other Services and Charges	18,584
Capital Outlay	1,134
Total	152,219

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Year Ended September 30, 2013**

	<u>TOTALS</u>
	2013
FNC Park	
Personal Services	\$ 400,147
Supplies	264,319
Other Services and Charges	279,657
Capital Outlay	<u>42,074</u>
Total	<u>986,197</u>
Total Culture and Recreation	<u>3,294,434</u>
Debt Service	
Principal Retirement	326,091
Interest and Fiscal Charges	<u>32,575</u>
Total	<u>358,666</u>
Total Expenditures	<u>22,330,932</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,990</u>
Other Financing Sources (Uses):	
Proceeds from Capital Leases	-
Proceeds from Issuance of Debt	500,000
Transfers (to) from Other Funds	<u>(17,912)</u>
Total Other Financing Sources (Uses)	<u>482,088</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>485,078</u>
Fund Balance:	
October 1, as previously stated	5,147,789
Prior Period Adjustment	<u>442,233</u>
October 1, as restated	<u>5,590,022</u>
September 30,	<u>\$ 6,075,100</u>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>RECEIPTS:</b>			
Ad Valorem Taxes:			
Real & Personal	\$ 5,917,048	\$ 5,939,605	\$ 22,557
Penalties and Interest	185,000	166,118	(18,882)
Licenses and Permits	1,129,700	692,223	(437,477)
State of Mississippi:			
Sales Tax	6,874,080	7,002,374	128,294
Municipal Aid	20,000	9,433	(10,567)
Fire Protection	98,000	95,877	(2,123)
Utility Tax	80,000	70,723	(9,277)
Homestead Reimbursement	95,000	103,825	8,825
In Lieu of Taxes	333,000	316,720	(16,280)
Lafayette County:			
Pro Rate Tax	-	-	-
In Lieu - Other:			
Utility Department	-	765,000	765,000
State & Federal Grants	995,006	1,120,814	125,808
ABC Licenses	125,000	136,050	11,050
Recreation Fee	645,000	1,116,192	471,192
Fines and Forfeitures	515,000	433,307	(81,693)
FNC Parking Lease	15,000	15,000	-
Interest	30,000	57,083	27,083
Service Income	3,172,146	3,188,416	16,270
Franchise Fee	-	584,621	584,621
Sale of Land and Equipment	-	88,445	88,445
Cemetary	-	49,537	49,537
Sundry	233,927	243,195	9,268
Total Receipts	\$ 20,462,907	\$ 22,194,558	\$ 1,731,651
<b>EXPENDITURES:</b>			
General Government:			
Legislative:			
Personal Services	\$ 119,472	\$ 112,065	\$ 7,407
Supplies	-	-	-
Other Services and Charges	7,925	7,248	677
Capital Outlay	-	-	-
Total	127,397	119,313	8,084
Judicial:			
Personal Services	213,980	218,705	(4,725)
Supplies	10,950	8,349	2,601
Other Services and Charges	3,150	1,045	2,105
Capital Outlay	1,000	-	1,000
Total	229,080	228,099	981

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Executive:			
Personal Services	\$ 88,750	\$ 88,867	\$ (117)
Supplies	-	-	-
Other Services and Charges	4,750	1,819	3,431
Capital Outlay	1,500	738	762
Total	95,000	90,924	4,076
Department of Planning:			
Personal Services	170,639	169,026	1,613
Supplies	7,500	3,280	4,220
Other Services and Charges	599,183	209,793	389,390
Capital Outlay	216,375	-	216,375
Total	993,697	382,099	611,598
Elections:			
Personal Services	-	-	-
Supplies	12,000	19,031	(7,031)
Other Services and Charges	-	-	-
Total	12,000	19,031	(7,031)
Finance:			
Personal Services	232,073	235,702	(3,629)
Supplies	9,500	7,849	1,651
Other Services and Charges	18,300	18,722	(422)
Capital Outlay	7,000	6,798	202
Total	266,873	269,071	(2,198)
Human Resources:			
Personal Services	178,413	178,640	(227)
Supplies	18,300	17,761	539
Other Services and Charges	34,900	27,360	7,540
Capital Outlay	10,000	1,425	8,575
Total	241,613	225,186	16,427
Law:			
Personal Services	40,912	41,037	(125)
Supplies	500	-	500
Other Services and Charges	301,500	281,015	20,485
Total	342,912	322,052	20,860

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Building and Grounds:</b>			
Personal Services	\$ 445,133	\$ 447,726	\$ (2,593)
Supplies	95,570	113,016	(17,446)
Other Services and Charges	11,210	27,219	(16,009)
Capital Outlay	33,000	10,961	22,039
<b>Total</b>	<b>584,913</b>	<b>598,922</b>	<b>(14,009)</b>
<b>Building and Code Enforcement:</b>			
Personal Services	190,851	189,272	1,579
Supplies	11,500	10,759	741
Other Services and Charges	6,950	5,217	1,733
Capital Outlay	1,500	975	525
<b>Total</b>	<b>210,801</b>	<b>206,223</b>	<b>4,578</b>
<b>General Government:</b>			
Personal Services	1,597,885	1,439,183	158,702
Supplies	13,800	10,272	3,528
Other Services and Charges	540,000	572,967	(32,967)
Capital Outlay	44,000	436,379	(392,379)
<b>Total</b>	<b>2,195,685</b>	<b>2,458,801</b>	<b>(263,116)</b>
<b>Community Promotions</b>			
Other Services and Charges	65,000	65,661	(661)
<b>Total</b>	<b>65,000</b>	<b>65,661</b>	<b>(661)</b>
<b>Total General Government</b>	<b>5,364,971</b>	<b>4,985,382</b>	<b>379,589</b>
<b>Public Safety:</b>			
<b>Police Department:</b>			
Personal Services	3,973,935	3,562,535	411,400
Supplies	383,600	332,605	50,995
Other Services and Charges	258,533	180,218	78,315
Capital Outlay	165,552	173,979	(8,427)
<b>Total</b>	<b>4,781,620</b>	<b>4,249,337</b>	<b>532,283</b>
<b>Emergency Management:</b>			
Personal Services	59,058	58,871	187
Supplies	23,520	11,831	11,689
Other Services and Charges	25,300	7,067	18,233
Capital Outlay	36,500	50,237	(13,737)
<b>Total</b>	<b>144,378</b>	<b>128,006</b>	<b>16,372</b>

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Fire Department:</b>			
Personal Services	\$ 3,188,596	\$ 3,136,801	\$ 51,795
Supplies	99,900	108,919	(9,019)
Other Services and Charges	107,500	90,334	17,166
Capital Outlay	94,000	39,976	54,024
Total	3,489,996	3,376,030	113,966
<b>Other Protection Department:</b>			
Other Services and Charges	-	-	-
Total	-	-	-
Total Public Safety	8,415,994	7,753,373	662,621
<b>Public Works:</b>			
Highway and Street Maintenance:			
Personal Services	372,564	359,197	13,367
Supplies	132,000	147,413	(15,413)
Other Services and Charges	1,010,600	1,754,259	(743,659)
Capital Outlay	891,000	39,772	851,228
Total	2,406,164	2,300,641	105,523
Sanitation Administration:			
Personal Services	131,439	131,560	(121)
Supplies	19,272	14,574	4,698
Other Services and Charges	17,605	15,942	1,663
Capital Outlay	-	3,378	(3,378)
Total	168,316	165,454	2,862
Street Cleaning			
Personal Services	94,312	89,022	5,290
Supplies	1,480	513	967
Other Services and Charges	800	-	800
Capital Outlay	-	-	-
Total	96,592	89,535	7,057
Waste Collection			
Personal Services	392,590	404,877	(12,287)
Supplies	94,100	98,824	(4,724)
Other Services and Charges	171,000	66,182	104,818
Capital Outlay	194,000	28,168	165,832
Total	851,690	598,051	253,639

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Waste Disposal			
Personal Services	\$ 89,312	\$ 62,451	\$ 26,861
Supplies	31,100	42,704	(11,604)
Other Services and Charges	442,800	468,249	(25,449)
Capital Outlay	13,224	1,583	11,641
Total	576,436	574,987	1,449
City Garage Department			
Personal Services	421,523	386,743	34,780
Supplies	407,000	351,519	55,481
Other Services and Charges	13,500	11,266	2,234
Capital Outlay	6,000	312	5,688
Total	848,023	749,840	98,183
Airport			
Other Services and Charges	30,000	30,000	-
Total	30,000	30,000	-
Rubbish Collection			
Personal Services	440,283	433,586	6,697
Supplies	102,260	97,390	4,870
Other Services and Charges	500	50	450
Capital Outlay	3,500	-	3,500
Total	546,543	531,026	15,517
Weed & Grass Control			
Personal Services	247,921	214,178	33,743
Supplies	2,820	2,721	99
Other Services and Charges	-	-	-
Capital Outlay	2,000	1,925	75
Total	252,741	218,824	33,917
Cemetery Maintenance			
Personal Services	122,483	113,605	8,878
Supplies	1,876	1,386	490
Other Services and Charges	1,000	944	56
Capital Outlay	2,000	1,908	92
Total	127,359	117,843	9,516
Family Crisis Services			
Other Services and Charges	7,200	7,200	-
Total	7,200	7,200	-



**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Recycling Grant			
Personal Services	\$ 269,970	\$ 258,639	\$ 11,331
Supplies	68,000	76,503	(8,503)
Other Services and Charges	41,400	44,420	(3,020)
Capital Outlay	60,000	14,196	45,804
Total	439,370	393,758	45,612
Human Society			
Other Services and Charges	128,837	128,837	-
Total	128,837	128,837	-
London Bus			
Personal Services	-	4,121	(4,121)
Other Services and Charges	-	28,960	(28,960)
Total	-	33,081	(33,081)
Total Public Works	6,479,271	5,939,077	540,194
Culture & Recreation:			
Parks and Recreation:			
Personal Services	809,126	818,144	(9,018)
Supplies	134,562	267,688	(133,126)
Other Services and Charges	136,188	566,044	(429,856)
Capital Outlay	266,800	135,710	131,090
Total	1,346,676	1,787,586	(440,910)
Swimming Pools - Parks			
Personal Services	39,917	40,575	(658)
Supplies	25,000	26,814	(1,814)
Other Services and Charges	22,000	15,884	6,116
Capital Outlay	17,000	15,624	1,376
Total	103,917	98,897	5,020
Library			
Personal Services	-	-	-
Supplies	-	-	-
Other Services and Charges	278,410	269,535	8,875
Capital Outlay	-	-	-
Total	278,410	269,535	8,875

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RSVP - Park/Recreation			
Personal Services	\$ 125,421	\$ 120,035	\$ 5,386
Supplies	14,500	12,466	2,034
Other Services and Charges	18,880	18,584	296
Capital Outlay	1,200	1,134	66
Total	160,001	152,219	7,782
FNC Park			
Personal Services	406,140	400,147	5,993
Supplies	258,250	264,319	(6,069)
Other Services and Charges	256,750	279,657	(22,907)
Capital Outlay	82,000	42,074	39,926
Total	1,003,140	986,197	16,943
Total Culture and Recreation	2,892,144	3,294,434	(402,290)
Debt Service			
Principal Retirement	158,256	326,091	(167,835)
Interest and Fiscal Charges	-	32,575	(32,575)
Total	158,256	358,666	(200,410)
Total Expenditures	23,310,636	22,330,932	979,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,847,729)	(136,374)	751,947

**CITY OF OXFORD, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**Year Ended September 30, 2013**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Other Financing Sources (Uses):			
Proceeds from Capital Leases	\$ -	\$ -	\$ -
Proceeds from Issuance of Debt	-	500,000	(500,000)
Transfers (to) from Other Funds	1,481,670	(17,912)	1,499,582
Lease Payments	-	-	-
Total Other Financing Sources (Uses)	<u>1,481,670</u>	<u>482,088</u>	<u>999,582</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,366,059)</u>	<u>345,714</u>	<u>(1,711,773)</u>
Fund Balance:			
October 1, as previously stated	5,147,789	5,147,789	-
Prior Period Adjustment	<u>442,233</u>	<u>442,233</u>	<u>442,233</u>
October 1, as restated	<u>5,590,022</u>	<u>5,590,022</u>	<u>442,233</u>
(Non-GAAP Budgetary Basis) September 30,	<u>\$ 4,223,963</u>	<u>5,935,736</u>	<u>\$ (1,269,540)</u>
Adjustments to GAAP Basis:			
Accrued Revenue		<u>139,364</u>	
Fund Balance (GAAP) September 30,		<u>\$ 6,075,100</u>	

**CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
September 30, 2013**

	2% FOOD & BEVERAGE TAX	HOTEL/ MOTEL TAX	OXFORD TRANSIT FUND	MDJ UNIT FUND	VARIOUS GRANT FUNDS	VARIOUS NON-GRANT FUNDS	TOTALS 2013
<b>ASSETS:</b>							
Cash	\$ 1,514,859	\$ -	200	\$ 305,785	\$ 37,258	\$ 703,759	\$ 2,561,861
Investments	196,373	-	-	-	-	-	196,373
Due From Other Governments	359,324	45,435	285,607	44,842	826,935	-	1,562,143
Due From Other Funds	-	-	-	-	-	-	-
Total Assets	<u>2,070,556</u>	<u>45,435</u>	<u>285,807</u>	<u>350,627</u>	<u>864,193</u>	<u>703,759</u>	<u>4,320,377</u>
<b>LIABILITIES:</b>							
Checks Issued in Excess of Deposits	-	-	423,931	-	675,228	-	1,099,159
Accounts Payable	46,574	-	79,964	2,128	259,743	-	388,409
Total Liabilities	<u>46,574</u>	<u>-</u>	<u>503,895</u>	<u>2,128</u>	<u>934,971</u>	<u>-</u>	<u>1,487,568</u>
<b>FUND BALANCE:</b>							
Restricted	<u>2,023,982</u>	<u>45,435</u>	<u>(218,088)</u>	<u>348,499</u>	<u>(70,778)</u>	<u>703,759</u>	<u>2,832,809</u>
Total Liabilities and Fund Balance	<u>\$ 2,070,556</u>	<u>\$ 45,435</u>	<u>\$ 285,807</u>	<u>\$ 350,627</u>	<u>\$ 864,193</u>	<u>\$ 703,759</u>	<u>\$ 4,320,377</u>

**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**For the Year Ended September 30, 2013**

	2% FOOD & BEVERAGE TAX	HOTEL/ MOTEL TAX	OXFORD TRANSIT FUND	MDJ UNIT FUND	VARIOUS GRANT FUNDS	VARIOUS NON-GRANT FUNDS	TOTALS 2013
<b>REVENUES:</b>							
Special Tax	\$ 2,091,112	\$ 267,216	\$ -	\$ -	\$ -	\$ -	\$ 2,358,328
Intergovernmental	150,000	-	-	200,000	595,713	-	945,713
Federal & State Grants	937	-	833,413	173,462	960,616	4,522	1,972,950
Local Matching Funds	-	-	376,391	-	-	-	376,391
Charges for Services	-	-	64,985	-	-	-	64,985
Fines & Forfeitures	-	-	-	61,754	-	-	61,754
Interest	-	-	-	534	-	-	534
Other	3,185	-	-	-	15,532	-	18,717
<b>Total Revenues</b>	<b>2,245,234</b>	<b>267,216</b>	<b>1,274,789</b>	<b>435,750</b>	<b>1,571,861</b>	<b>4,522</b>	<b>5,799,372</b>
<b>EXPENDITURES:</b>							
Tourism Promotion:							
Other Services and Charges	1,237,791	221,781	-	-	-	-	1,459,572
Public Safety:							
Personal Services	-	-	-	300,419	14,662	-	315,081
Supplies	-	-	-	44,852	21,235	-	66,087
Other Services and Charges	-	-	-	12,477	-	-	12,477
Capital Outlay	-	-	-	1,375	7,524	-	8,899
Public Works:							
Capital Outlay	-	-	-	-	512,801	-	512,801
RSVP County Transit:							
Personal Services	-	-	-	-	42,627	-	42,627
Other Services and Charges	-	-	-	-	1,647	-	1,647
Farmers Market:							
Personal Services	-	-	-	-	13,812	-	13,812
Supplies	-	-	-	-	9,563	-	9,563
Other Services and Charges	-	-	-	-	5,271	-	5,271
Capital Outlay	-	-	-	-	12,314	-	12,314
Historic Preservation:							
Other Services and Charges	-	-	-	-	5,000	-	5,000
Capital Outlay	-	-	-	-	1,251,721	-	1,251,721
Transit Operation:							
Other Services and Charges	-	-	1,624,057	-	-	-	1,624,057
Capital Outlay	44,254	-	74,378	-	-	-	118,632
<b>Total Expenditures</b>	<b>1,282,045</b>	<b>221,781</b>	<b>1,698,435</b>	<b>359,123</b>	<b>1,898,177</b>	<b>-</b>	<b>5,459,561</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	963,189	45,435	(423,646)	76,627	(326,316)	4,522	339,811
OTHER SOURCES (USES):							
Transfers from (to) Other Funds	(963,767)	-	293,728	100,000	188,063	661,888	279,912
<b>Total Other Sources (Uses)</b>	<b>(963,767)</b>	<b>-</b>	<b>293,728</b>	<b>100,000</b>	<b>188,063</b>	<b>661,888</b>	<b>279,912</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	(578)	45,435	(129,918)	176,627	(138,253)	666,410	619,723
Fund Balance - October 1, as previously stated	1,663,773	-	(88,170)	171,872	(34,039)	37,349	1,750,785
Prior Period Adjustment	360,787	-	-	-	101,514	-	462,301
Fund Balance - October 1, as restated	2,024,560	-	(88,170)	171,872	67,475	37,349	2,213,086
Fund Balance - September 30,	\$ 2,023,982	\$ 45,435	\$ (218,088)	\$ 348,499	\$ (70,778)	\$ 703,759	\$ 2,832,809

CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPES  
 September 30, 2013

	BUSINESS-TYPE ACTIVITIES- PROPRIETARY FUND		
	ELECTRIC FUND	WATER & SEWER FUND	TOTAL
<b>ASSETS</b>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 7,665,589	\$ 6,750,395	\$ 14,415,984
Investments	360,336	3,464,837	3,825,173
Accounts Receivable, Net of Provision for Bad Debts	2,953,671	1,717,114	4,670,785
Due from Other Funds	42,716	-	42,716
Due from Other Governments	-	13,699	13,699
Inventories	488,303	15,000	503,303
Prepaid Expenses	152,689	(47,302)	105,387
Total Current Assets	11,663,304	11,913,743	23,577,047
<u>Noncurrent Assets</u>			
Restricted Assets			
Debt Service Sinking Funds	346,733	768,555	1,115,288
Land	908,953	199,510	1,108,463
Plant, Buildings & Improvements	27,773,885	58,372,964	86,146,849
Machinery & Equipment	2,604,020	2,818,887	5,422,907
Accumulated Depreciation	(8,873,433)	(24,802,310)	(33,675,743)
Construction Work In Progress	940,946	280,462	1,221,408
Net Noncurrent Assets	23,701,104	37,638,068	61,339,172
TOTAL ASSETS	35,364,408	49,551,811	84,916,219
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding of Bonds, Net of Accumulated Amortization of \$99,602	65,440	408,386	473,826
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 65,440	\$ 408,386	\$ 473,826

See accompanying notes to financial statements.

CITY OF OXFORD, MISSISSIPPI  
 COMBINING STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPES  
 September 30, 2013

	ELECTRIC FUND	WATER & SEWER FUND	TOTAL
<b>LIABILITIES</b>			
<u>Current Liabilities</u>			
Accounts Payable and			
Accrued Expenses	\$ 5,348,563	\$ 298,926	\$ 5,647,489
Compensated Absences	-	145,477	145,477
Due to Other Funds	-	-	-
Current Portion of Long-Term Debt	370,000	1,266,558	1,636,558
Customer Deposits	2,906,235	-	2,906,235
Total Current Liabilities	<u>8,624,798</u>	<u>1,710,961</u>	<u>10,335,759</u>
<u>Noncurrent Liabilities</u>			
Bonds, Notes, and Loans Payable	2,010,000	24,389,768	26,399,768
Total Noncurrent Liabilities	<u>2,010,000</u>	<u>24,389,768</u>	<u>26,399,768</u>
TOTAL LIABILITIES	<u>10,634,798</u>	<u>26,100,729</u>	<u>36,735,527</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Credits	54,674	92,968	147,642
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>54,674</u>	<u>92,968</u>	<u>147,642</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of			
Related Debt	20,974,371	11,213,187	32,187,558
Reserved for Debt Service	346,733	768,555	1,115,288
Unrestricted	3,419,272	11,784,758	15,204,030
TOTAL NET POSITION	<u>\$ 24,740,376</u>	<u>\$ 23,766,500</u>	<u>\$ 48,506,876</u>

See accompanying notes to financial statements.

**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For The Year Ended September 30, 2013**

	ELECTRIC FUND	WATER & SEWER FUND	TOTALS
<b><u>OPERATING REVENUE:</u></b>			
Charges For Services	\$ 22,355,571	\$ 8,577,711	\$ 30,933,282
Other	60	-	60
Total Operating Revenue	<u>22,355,631</u>	<u>8,577,711</u>	<u>30,933,342</u>
<b><u>OPERATING EXPENSES:</u></b>			
Operations	18,466,440	4,436,768	22,903,208
Maintenance	404,518	-	404,518
Depreciation	835,868	2,620,848	3,456,716
Taxes	<u>691,440</u>	<u>-</u>	<u>691,440</u>
Total Operating Expenses	<u>20,398,266</u>	<u>7,057,616</u>	<u>27,455,882</u>
Net Operating Income (Loss)	<u>1,957,365</u>	<u>1,520,095</u>	<u>3,477,460</u>
<b><u>NON-OPERATING INCOME (EXPENSES):</u></b>			
Interest Income	-	44,322	44,322
Gain (Loss) on Equipment Sale	-	-	-
Grant Income/ Capital Contributions	-	23,009	23,009
Miscellaneous Income (Expense)	(39,915)	274,305	234,390
Interest Expense	<u>(172,980)</u>	<u>(1,064,474)</u>	<u>(1,237,454)</u>
Total Non-Operating Income (Loss)	<u>(212,895)</u>	<u>(722,838)</u>	<u>(935,733)</u>
<b><u>INCOME BEFORE OPERATING TRANSFERS:</u></b>			
Operating Transfers In (Out)	<u>1,744,470</u>	<u>797,257</u>	<u>2,541,727</u>
	<u>-</u>	<u>(218,599)</u>	<u>(218,599)</u>
Change in Net Position	<u>1,744,470</u>	<u>578,658</u>	<u>2,323,128</u>
Total Net Position - Beginning, as previously stated	\$ 22,995,906	\$ 31,060,883	\$ 54,056,789
Prior Period Adjustment	<u>-</u>	<u>(7,873,041)</u>	<u>(7,873,041)</u>
Total Net Position - Beginning, as restated	<u>22,995,906</u>	<u>23,187,842</u>	<u>46,183,748</u>
Total Net Position - Ending	<u>\$ 24,740,376</u>	<u>\$ 23,766,500</u>	<u>\$ 48,506,876</u>



**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended September 30, 2013**

	WATER & SEWER FUND	TOTALS
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$ 8,620,776	\$ 8,620,776
Payments to Suppliers	(847,708)	(847,708)
Payments to Employees	(2,208,577)	(2,208,577)
Payments for Other Services and Charges	(1,103,084)	(1,103,084)
Other Receipts (Payments)	-	-
Net Cash Provided (Used) In Operating Activities	<u>4,461,407</u>	<u>4,461,407</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers In	<u>(218,599)</u>	<u>(218,599)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(218,599)</u>	<u>(218,599)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds From Capital Debt	2,360,000	2,360,000
Purchases of Capital Assets	(2,677,192)	(2,677,192)
Proceeds From Sale of Capital Assets	-	-
Principal Paid on Capital Debt	(3,524,142)	(3,524,142)
Interest Paid on Capital Debt	(1,064,474)	(1,064,474)
Other Receipts (Payments)	<u>274,305</u>	<u>274,305</u>
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(4,631,503)</u>	<u>(4,631,503)</u>
<b>Cash Flows from Investing Activities:</b>		
Cash received from grants	23,009	23,009
Interest and Dividends	44,322	44,322
Other Receipts (Payments)	-	-
Net Cash Provided By (Used In) Investing Activities	<u>67,331</u>	<u>67,331</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(321,364)</u>	<u>(321,364)</u>
Cash and Cash Equivalents--Beginning	<u>10,536,596</u>	<u>10,536,596</u>
Cash and Cash Equivalents--Ending	<u>\$ 10,215,232</u>	<u>\$ 10,215,232</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:</b>		
Operating Income (Loss)	\$ 1,520,095	\$ 1,520,095
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) In Operating Activities:		
Depreciation Expense	2,620,848	2,620,848
(Increase) Decrease in Accounts Receivable	43,065	43,065
(Increase) Decrease in Deferred Credits	(170,519)	(170,519)
(Increase) Decrease in Prepaid Items	86,023	86,023
(Increase) Decrease in Deferred Charges	-	-
(Increase) Decrease in Inventory	-	-
(Increase) Decrease in Compensated Absences	145,477	145,477
Increase (Decrease) in Accounts Payable	216,418	216,418
Increase (Decrease) in Accrued Liabilities	-	-
Increase (Decrease) in Customer Deposits	-	-
Total Adjustments	<u>2,941,312</u>	<u>2,941,312</u>
Net Cash Provided (Used) In Operating Activities	<u>\$ 4,461,407</u>	<u>\$ 4,461,407</u>

**CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
September 30, 2013**

	PATHWAYS GRANT FUND	\$3.8 M GO BOND ISSUE 2009	JACKSON AVENUE PROPERTY	SISK AVE PROJECT	AVENUE 16TH ST DRAINAGE PROJECT	SAFE ROUTES TO SCHOOL GRANT	\$9 M GO BOND ISSUE 2007	POWERHOUSE COMMUNITY ARTS CENTER	BMH COMMUNITY HEALTH FUNDS	TOTALS 2013
Cash	\$ 53,891	\$ 281,745	\$ 110,801	\$ -	\$ -	\$ 7,541	\$ -	\$ -	\$ -	\$ 453,978
Investments	-	-	-	-	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-	-	-	-	-
Other Receivable	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-
Due From Other Governments	6,008	-	-	-	-	-	-	-	-	6,008
<b>Total Assets</b>	<b>59,899</b>	<b>281,745</b>	<b>110,801</b>	<b>-</b>	<b>-</b>	<b>7,541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459,986</b>
<b>LIABILITIES:</b>										
Checks Issued in Excess of Deposits	-	-	-	-	91,972	-	-	628	8,304	100,904
Accounts Payable	-	-	-	-	41,495	-	-	-	-	41,495
Due to Other Funds	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,467</b>	<b>-</b>	<b>-</b>	<b>628</b>	<b>8,304</b>	<b>142,399</b>
<b>FUND BALANCE:</b>										
Restricted	59,899	281,745	110,801	-	(133,467)	7,541	-	(628)	(8,304)	317,587
<b>Total Liabilities and Fund Balance</b>	<b>\$ 59,899</b>	<b>\$ 281,745</b>	<b>\$ 110,801</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,541</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 459,986</b>

**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**CAPITAL PROJECTS FUNDS**  
**For the Year Ended September 30, 2013**

	PATHWAYS GRANT FUND	\$3.8 M GO BOND ISSUE 2009	JACKSON AVENUE PROPERTY	SISK AVE PROJECT	AVENUE 16TH ST DRAINAGE PROJECT	SAFE ROUTES TO SCHOOL GRANT	\$9 M GO BOND ISSUE 2007	POWERHOUSE COMMUNITY ARTS CENTER	BMH COMMUNITY HEALTH FUNDS	TOTALS 2013
<b>REVENUES:</b>										
Intergovernmental	\$ 1,063,062	\$ -	\$ -	\$ 7,217	\$ 10,887	\$ 5,957	\$ -	\$ -	\$ -	\$ 1,087,123
Interest	-	-	-	-	-	-	-	-	-	-
Other	-	20,203	-	-	-	-	9,378	4,926	-	34,507
Total Revenues	1,063,062	20,203	-	7,217	10,887	5,957	9,378	4,926	-	1,121,630
<b>EXPENDITURES:</b>										
Capital Projects:										
Supplies	-	-	-	-	-	-	-	-	-	-
Other Services and Charges	-	-	-	-	-	-	-	14,313	-	14,313
Capital Outlay	1,320,832	-	-	28,800	177,354	-	-	-	3,047,463	4,574,449
Total Expenditures	1,320,832	-	-	28,800	177,354	-	-	14,313	3,047,463	4,588,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257,770)	20,203	-	(21,583)	(166,467)	5,957	9,378	(9,387)	(3,047,463)	(3,467,132)
<b>OTHER SOURCES (USES):</b>										
Transfers from (to) Other Funds	-	(203,990)	-	47,589	33,000	-	-	-	39,920	(83,481)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	(257,770)	(183,787)	-	26,006	(133,467)	5,957	9,378	(9,387)	(3,007,543)	(3,550,613)
Fund Balance - October 1, as previously stated	317,669	465,532	110,801	(26,006)	-	1,584	(9,378)	(276,241)	2,999,239	3,583,200
Prior Period Adjustment	-	-	-	-	-	-	-	285,000	-	285,000
Fund Balance - October 1, as restated	317,669	465,532	110,801	(26,006)	-	1,584	(9,378)	8,759	2,999,239	3,868,200
Fund Balance - September 30,	59,899	281,745	110,801	-	(133,467)	7,541	-	(628)	(8,304)	317,587

**CITY OF OXFORD, MISSISSIPPI  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
September 30, 2013**

	GO BOND ISSUE 2002	\$3 M GO BOND ISSUE 2004	\$1.5 M GO BOND ISSUE 2005	\$9 M GO BOND ISSUE 2007	\$3.8 M GO BOND ISSUE 2009	\$7.085 M GO BOND ISSUE 2010	\$5.5 M GO BOND ISSUE 2012	TOTALS 2013
Cash	\$ 5,810	\$ -	\$ 9,348	\$ -	\$ 21,566	\$ -	\$ -	\$ 36,724
Due From Other Funds	-	-	-	-	-	-	-	-
Total Assets	5,810	-	9,348	-	21,566	-	-	36,724
<u>LIABILITIES:</u>								
Checks Issued in Excess of Deposits	-	27,425	-	27,319	-	118,343	8,410	181,497
Total Liabilities	-	27,425	-	27,319	-	118,343	8,410	181,497
<u>FUND BALANCE:</u>								
Restricted	5,810	(27,425)	9,348	(27,319)	21,566	(118,343)	(8,410)	(144,773)
Total Liabilities and Fund Balance	\$ 5,810	\$ -	\$ 9,348	\$ -	\$ 21,566	\$ -	\$ -	\$ 36,724

**CITY OF OXFORD, MISSISSIPPI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUNDS**  
**For the Year Ended September 30, 2013**

	GO BOND ISSUE 2002	\$3 M GO BOND ISSUE 2004	\$1.5 M GO BOND ISSUE 2005	\$9 M GO BOND ISSUE 2007	\$3.8 M GO BOND ISSUE 2009	\$7,085 M GO BOND ISSUE 2010	\$5.5 M GO BOND ISSUE 2012	TOTALS 2013
<b>REVENUES:</b>								
Ad Valorem Interest	\$ 8	\$ 288,593 70	\$ 179,037	\$ 285,935 11	\$ 312,610	\$ 366,924	\$ 148,950	\$ 1,582,049 89
Total Revenues	8	288,663	179,037	285,946	312,610	366,924	148,950	1,582,138
<b>EXPENDITURES:</b>								
Fees	-	2,587	496	1,051	2,646	3,000	-	9,780
Payments - Principal	-	250,000	165,000	360,000	210,000	610,000	305,000	1,900,000
Payments - Interest	-	42,685	14,597	300,525	107,500	141,865	109,093	716,265
Total Expenditures	-	295,272	180,093	661,576	320,146	754,865	414,093	2,626,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	8	(6,609)	(1,056)	(375,630)	(7,536)	(387,941)	(265,143)	(1,043,907)
<b>OTHER SOURCES (USES):</b>								
Transfers from (to) Other Funds	-	-	-	370,175	-	341,921	256,733	968,829
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	8	(6,609)	(1,056)	(5,455)	(7,536)	(46,020)	(8,410)	(75,078)
Fund Balance - October 1, as previously stated	5,802	(20,816)	10,404	(21,864)	29,102	(72,323)	-	(69,695)
Prior Period Adjustment	-	-	-	-	-	-	-	-
Fund Balance - October 1, as restated	5,802	(20,816)	10,404	(21,864)	29,102	(72,323)	-	(69,695)
Fund Balance - September 30,	\$ 5,810	\$ (27,425)	\$ 9,348	\$ (27,319)	\$ 21,566	\$ (118,343)	\$ (8,410)	\$ (144,773)

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
September 30, 2013

NAME	POSITION	COMPANY	BOND AMOUNT
George G. Patterson	Mayor	FCCI Insurance Group	100,000
J.P. Hughes	Alderman-Ward 1	FCCI Insurance Group	100,000
Robyn Tannehill	Alderman-Ward 2	FCCI Insurance Group	100,000
Janice Ann Antonow	Alderman-Ward 3	FCCI Insurance Group	100,000
Ulysses L. Howell	Alderman-Ward 4	FCCI Insurance Group	100,000
Preston Edward Taylor	Alderman-Ward 5	FCCI Insurance Group	100,000
Jason Bailey	Alderman-Ward 6	FCCI Insurance Group	100,000
John Morgan	Alderman-At Large	FCCI Insurance Group	100,000
Lisa D. Carwyle	City Clerk	FCCI Insurance Group	100,000
Ashley Atkinson	Deputy Clerk	Brierfield Insurance Company	50,000
Lesia Chandler	Deputy City Clerk	Brierfield Insurance Company	50,000
Joey East	Police Chief	FCCI Insurance Group	50,000

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the Year Ended September 30, 2013**

	INTEREST RATE	BALANCE 9-30-12	DEBT ISSUED	DEBT RETIRED	BALANCE 9-30-13	CURRENT MATURITIES
<b><u>LONG-TERM DEBT:</u></b>						
<b><u>Governmental Activities</u></b>						
General Obligation Bonds:						
General Obligation-Series 2004	3-3.8 %	\$ 1,325,000	\$ -	\$ 250,000	\$ 1,075,000	\$ 265,000
General Obligation-Series 2005	3.375-4.8 %	515,000	-	165,000	350,000	170,000
General Obligation-Series 2007	4-5 %	7,445,000	-	360,000	7,085,000	370,000
General Obligation-Series 2010 (Refunding)	2-3 %	6,085,000	-	610,000	5,475,000	625,000
General Obligation-Series 2009	3-3.75 %	3,230,000	-	210,000	3,020,000	220,000
General Obligation-Series 2012	1.625-2.25 %	5,500,000	-	305,000	5,195,000	315,000
G.O. Note Series 2012-BancorpSouth	1.43%	-	500,000	95,000	405,000	-
Total General Obligation Bonds and Notes:		24,100,000	500,000	1,995,000	22,605,000	1,965,000
Notes Payable:						
CAP Loan - State of Mississippi	2%	388,732	-	55,656	333,076	52,725
CAP Loan - State of Mississippi	2%	819,591	-	41,040	778,551	45,551
CAP Loan - State of Mississippi	2%	291,205	-	28,895	262,310	29,250
Note Payable-Regions Bank	0%	211,000	-	105,500	105,500	105,500
Total Notes Payable:		1,710,528	-	231,091	1,479,437	233,026
Total Governmental Activities		25,810,528	500,000	2,226,091	24,084,437	2,198,026
<b><u>Business-Type Activities</u></b>						
Revenue Bonds:						
2003 Combination Water & Sewer	4-5%	1,310,000	-	1,220,000	90,000	90,000
2004 Water & Sewer Revenue Bond	3.25-4.5%	1,355,000	-	1,190,000	165,000	80,000
2006 Water & Sewer Revenue Bond	4-5.625%	2,695,000	-	135,000	2,560,000	145,000
2007 Water & Sewer Revenue Bond	4.5-6%	2,325,000	-	110,000	2,215,000	115,000
2008 Water & Sewer Revenue Bond	3.625-4.5%	3,000,000	-	125,000	2,875,000	140,000
2011 Water & Sewer Revenue Bond	3-4.3%	8,245,000	-	270,000	7,975,000	285,000
2012 Water & Sewer Revenue Bond	1-2.625%	-	2,360,000	-	2,360,000	30,000
Electric Department						
2011 Electric System Revenue	2.25-3.125%	2,740,000	-	360,000	2,380,000	370,000
Total Revenue Bonds:		21,670,000	2,360,000	3,410,000	20,620,000	1,255,000
Notes Payable:						
State Revolving Fund-Water & Sewer	4%	102,922	-	102,922	-	-
State Revolving Fund-Water & Sewer	2.75%	7,787,546	-	371,220	7,416,326	381,558
Electric Department						
TVA Loan A-9001		2,500,000	-	2,500,000	-	-
Total Notes Payable:		10,390,468	-	2,974,142	7,416,326	381,558
Total Business-Type Activities		32,060,468	2,360,000	6,384,142	28,036,326	1,636,558
Total Long-Term Debt		\$ 57,870,996	\$ 2,860,000	\$ 8,610,233	\$ 52,120,763	\$ 3,834,584

**CITY OF OXFORD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2013**

Federal Grantor/ Pass Through Grantor/ Program Title	Grantor Agency Id Number	Federal CFDA Number	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>			
<b>U. S. Department of Housing and Urban Development</b>			
*   Appalachia Economic Development Initiative	B-10-SP-MS-0127	14.251	\$     430,959
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$     430,959</b>
<b>U. S. Department of Justice</b>			
Passed through Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	12NM2251	16.738	\$     139,438
State and Community Highway Safety		20.600	137
Direct			
Bulletproof Vest Partnership Grant		16.607	5,082
<b>Total U.S. Department of Justice</b>			<b>\$     144,657</b>
<b>U. S. Department of Transportation</b>			
Passed through Mississippi Department of Transportation			
Alcohol Impaired Driving Countermeasures Incentive Grants I		20.601	\$     88,657
*   Highway Planning and Construction		20.205	1,057,054
*   Formula Grants for Rural Areas		20.509	774,785
*   ARRA-Formula Grants for Rural Areas		20.509	154,211
<b>Total U.S. Department of Transportation</b>			<b>\$   2,074,707</b>
<b>U.S. Department of Agriculture</b>			
Cooperative Forestry Assistance		10.664	\$     15,931
Farmer's Market and Local Food Promotion Program		10.168	18,817
<b>Total U.S. Department of Agriculture</b>			<b>\$     34,748</b>
<b>U. S. Department of Homeland Security</b>			
Passed through Mississippi Emergency Management Agency			
Hazard Mitigation Grant		97.039	\$     112,500
<b>Total U. S. Department of Homeland Security</b>			<b>\$     112,500</b>
<b>U.S. Department of Health and Human Services</b>			
Medical Reserve Corps Small Grant Program		93.008	\$     21,833
<b>Total Environmental Protection Agency</b>			<b>\$     21,833</b>
<b>Corporation for National and Community Service</b>			
Volunteer Generation Fund		94.021	\$     58,928
<b>Total Corporation for National and Community Service</b>			<b>\$     58,928</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$   2,878,332</b>

**SIGNIFICANT ACCOUNTING POLICIES:**

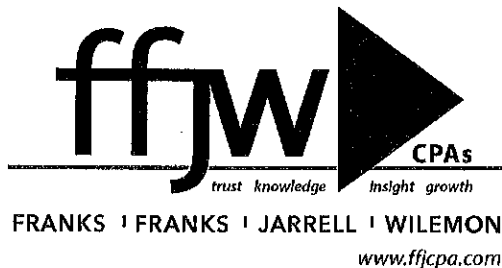
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Oxford, Mississippi and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

\* - Major Program



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

To the Mayor and Board of Aldermen  
City of Oxford, Mississippi  
Oxford, Mississippi 38655

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Oxford, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Oxford's basic financial statements and have issued our report thereon dated June 30, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned responses as 1, 2, 4, 5, 6, 7, 9, 10, 11 and 12 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned responses as 1, 2, 4, 5, 6, 7, 9, 10, 11 and 12 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Oxford's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such a opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We consider the deficiencies described in the accompanying schedule of findings and questioned responses as 1, 2, 3, 4, 5, 8, 9, 10 and 12 to be instances of noncompliance.

#### **City of Oxford's Response to Findings**

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

#### **Purpose of this Report**

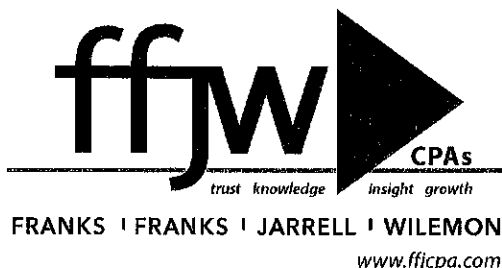
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

*Franks, Franks, Jarrell + Wilemon, P.A.*

FRANKS, FRANKS, JARRELL & WILEMON, P.A.  
June 30, 2014

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To The Honorable Mayor and Board of Aldermen  
City of Oxford, Mississippi  
Oxford, Mississippi 38655

**Report on Compliance for Each Major Federal Program**

We have audited the City of Oxford, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of City of Oxford, Mississippi's major federal programs for the year ended September 30, 2013. The City of Oxford, Mississippi's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Oxford, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. 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 of Oxford, Mississippi'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Oxford, Mississippi's compliance.

***Unmodified Opinion on Each of the Major Federal Programs***

In our opinion, the City of Oxford, Mississippi, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City of Oxford, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Oxford, Mississippi's internal control over compliance with the types of requirements that could have a direct

and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Oxford, Mississippi's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Franks, Franks, Jarrell & Wilemon, P.A.*

FRANKS, FRANKS, JARRELL & WILEMON, P.A.  
June 30, 2014

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Honorable Mayor and Board of Aldermen  
City of Oxford, Mississippi  
Oxford, Mississippi 38655

We have audited the general purpose financial statements of City of Oxford as of and for the year ended September 30, 2013 and have issued our report dated June 30, 2014. We have 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 general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are included in the Schedule of Findings and Questioned Costs as findings 1, 2, 3, 4, 5, 8, 9, 10 and 12.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Franks, Franks, Jarrell & Wilemon, P.A.*

FRANKS, FRANKS, JARRELL & WILEMON, P.A.  
June 30, 2014

CITY OF OXFORD, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2013

**SECTION 1 – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Qualified  
Internal control over financial reporting:  
    Material weakness identified?   X   Yes        No  
    Significant deficiency identified  
        not considered to be a material weakness?        Yes   X   None reported  
Noncompliance material to financial statements  
    noted?   X   Yes        No

**Federal Awards**

Internal Control over major programs:  
    Material weakness identified?        Yes   X   No  
    Significant deficiency identified  
        not considered to be a material weakness?        Yes   X   None reported  
Type of auditors' report issued on compliance  
    for major programs: Unqualified  
Any audit findings disclosed that are required  
    to be reported in accordance with  
    Circular A-133, Section .510(a)?        Yes   X   No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.251</u>	<u>U.S. Dept. of Housing and Urban Development- Appalachia Economic Development Initiative</u>
<u>20.205</u>	<u>U.S. Dept. of Transportation – Highway Planning and Construction</u>
<u>20.509</u>	<u>ARRA- U.S. Dept. of Transportation- Formula Grants for Rural Areas</u>
<u>20.509</u>	<u>U.S. Dept. of Transportation- Formula Grants for Rural Areas</u>

Dollar threshold used to distinguish  
    between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?        Yes   X   No

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**SECTION 2 – FINANCIAL STATEMENT FINDINGS:**

**FINDING NO. 1**

**Criteria:** The City is to maintain adequate subsidiary records substantiating the existence, completeness, and valuation of fixed assets.

**Cause of Condition:** The City did not conduct an annual inventory observation of fixed assets pursuant to guidelines set forth by the Mississippi Office of the State Auditor. The City does not have an accurate listing of fixed assets. The City has not ensured that all fixed assets are properly tagged.

**Recommendation:** The City should conduct a year-end inventory of its fixed assets and ensure that all assets owned by the City are properly tagged and accounted for in accordance with state requirements.

**Response:** The City will establish an inventory policy that will require a complete annual inventory of all fixed assets. All assets will be properly tagged and numbered, and relevant information will be gathered on all assets and included on the master fixed asset listing. The City is currently working with all departments to conduct an annual inventory and accurately tag and account for all fixed assets.

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 2**

- Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. Mississippi Code Section 21-35-11, Miss. Code Ann. (1972) requires the City Clerk to open and keep the books and records of the accounting system. The City Clerk is responsible for the accounting records and at all times should assure that they are secure from loss, damage or alteration.
- Cause of Condition:** The City did not ensure that an accurate fixed asset depreciation schedule was maintained by the City. The fixed asset depreciation schedule provided from the previous year contained numerous material errors. The schedule had numerous formula errors and inconsistent application of depreciable lives to asset categories. Also, the City did not have an accurate listing of land or construction in progress. The City did not have a policy to ensure all land purchased or donated was added to the fixed asset listing. The City did not have a process to ensure all construction in progress each year was captured and properly accounted for in the financial statements of the City. The City's depreciation schedule has several assets without a description of the assets. These conditions caused significant prior period adjustments to the City's financial statements.
- Recommendation:** The City should develop a process to ensure fixed asset depreciation schedules are maintained, current year additions are added and current year disposals are removed. The City should further develop a process to ensure all construction in progress at year end is accounted for by project and properly capitalized and added to the depreciation schedule upon completion. The City should ensure that all assets declared surplus are identified on the depreciation schedule and properly removed.
- Response:** The City will establish a fixed asset policy to address the issues raised with fixed assets. The City will have worksheets showing construction in progress at year end for each project.



**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 3**

- Criteria:** The City is to participate in the centralized pledging program (State Collateral Pool) to satisfy pledging requirements for deposits at financial institutions where the City maintains public funds.
- Cause of Condition:** The City did not ensure that all bank accounts were covered under the State Treasurer pool for the year ended September 30, 2013. Therefore, the City was not adequately covered by pledged securities under the State Collateral Pool. Also, the City is required to file a report with the State Treasurer within thirty days of year end reporting all bank accounts. The City failed to file this report within the allowable time frame. The report did not include bank account information of the Electric Department.
- Recommendation:** The City should implement adequate controls to ensure that all relevant reports regarding the State Collateral Pool are maintained and should reconcile the reports with the financial records of the City.
- Response:** The City will ensure that it has all current State Collateral Pool reports from the State Treasurer so as to ensure that all City deposits are properly collateralized. The City will file an annual report with the State Treasurer in a timely manner. The City has filed a report with the State Treasurer and will file one within the required time frame, to include the Electric Department accounts going forward.

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 4**

- Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. Mississippi Code Section 21-35-11, Miss. Code Ann. (1972) requires the City Clerk to open and keep the books and records of the accounting system. The City Clerk is responsible for the accounting records and at all times should assure that they are secure from loss, damage or alteration.
- Cause of Condition:** The City did not maintain adequate internal controls over its general ledger accounting functions. The City did not ensure that revenues or expenses were properly recorded in the correct function of the government or the correct account classification for budget purposes. Several funds only included one income account for various income sources and transfers between funds. Several funds only included one disbursement account for various functions of government, account classifications and transfers. Numerous adjustments were necessary to correct various general ledger accounts to supporting documentation and subsidiary ledgers. Further, the general ledger of the City does not balance at year end by an immaterial difference. This difference has been outstanding for a number of years.
- Recommendation:** The City should implement adequate internal controls over all accounting functions sufficient to provide timely information to provide for management control and oversight. The City should ensure that the general ledger includes proper accounts for posting of revenue and expense items in accordance with the Office of the State Auditor prescribed chart of accounts. This will require a complete review of the current chart of accounts of the City. The City should correct the general ledger to ensure the general ledger balances each year prior to closing the year end.
- Response:** The City will review current methods for the posting of revenues and expenditures to correct revenue accounts and functional expense categories and ensure that all expenses are posted to accurate functional categories in the future. The City will set up correct account classifications within a budget format for all required funds.

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 5**

**Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

**Cause of Condition:** The City did not maintain adequate internal controls over its court collection procedures. The City did not ensure that the court clerk was making daily settlements with the City Clerk as required by state statutes. The City did not ensure that funds from court collections were being deposited on a daily basis. We noted collections being held for several days between deposits. The City did not ensure full accountability for ticket books during the fiscal year. We noted several tickets that could not be located and were not in the court clerk's system.

**Recommendation:** The City should implement adequate internal controls over all court collection and settlement functions. The City should ensure that the court clerk settles with the City Clerk on a daily basis. The City should ensure full accountability for all ticket books.

**Response:** The City will take steps to ensure that the proper settlements are made on a daily basis between the court clerk and City Clerk. The City will implement a system to ensure accountability for all ticket books of the City.

**FINDING NO. 6**

**Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

**Cause of Condition:** The City did not ensure all liabilities of the City were properly recorded on the general ledger of the City in the appropriate funds. The City accounts for all meter deposits of the City on the general ledger of the Electric Department. The meter deposits for the Water and Sewer fund cannot be identified and segregated from the deposits of the Electric Fund. Therefore, the general ledger and financial statements of the Water and Sewer Fund do not accurately report the liabilities associated with this fund.

**Recommendation:** The City should implement adequate internal controls to ensure proper presentation of liabilities of each fund of the City. The meter deposit listing should be segregated between amounts held for deposit by Electric Fund and Water and Sewer Fund.

**Response:** The City will take steps to develop a system to adequately segregate the meter deposits between the two funds and ensure the liability is recorded in the proper fund of the City.

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 7**

**Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

**Cause of Condition:** The City did not properly account for claims reported on the October claims docket. The City back dated checks in September for payments of claims actually made in October. This results in the City under reporting cash balances and under reporting liabilities for claims payable at year end.

**Recommendation:** The City should implement adequate internal controls to ensure all outstanding claims payable at year end are accurately reported as a liability at year end.

**Response:** The City will take steps to develop a system to adequately report claims payable as a liability. The City is in discussion with the programmer for the current software to correct the problem.

**FINDING NO. 8**

**Criteria:** The City is required, by state statutes, to prepare a municipal compliance questionnaire each year. The compliance questionnaire is to be prepared and approved by the Board at the first regular meeting after September 30 each year.

**Cause of Condition:** The City failed to prepare a municipal compliance questionnaire in a timely manner and failed to have Board approval for the questionnaire.

**Recommendation:** The City should ensure that a municipal compliance questionnaire is completed each year and that the questionnaire is Board approved at the first regular board meeting after year end.

**Response:** The City will take steps necessary to ensure that the municipal compliance questionnaire is prepared timely and approved in accordance with state statutes.

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 9**

- Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.
- Cause of Condition:** The City entered into an agreement for certain events at the park, whereby the contracted company collects admission fees that are retained by the City. The City has no formal agreement with the contracting company describing the duties, responsibilities or sharing of revenue collected. The City has entrusted the responsibility for collecting City revenues with a company with no formal agreement.
- Recommendation:** The City should ensure that a formal agreement is entered into with the company prior to the next scheduled event. The City should consult with legal counsel and the Office of the State Auditor to determine if admission fees can be contracted out to a company independent of the City.
- Response:** The City will take steps to formalize an agreement with the contracting company to specify duties, responsibilities and costs between the City and the company.

**CITY OF OXFORD, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**September 30, 2013**

**FINDING NO. 10**

- Criteria:** The City is required, by state statutes, to prepare a budget for all required governmental funds of the City and to monitor and modify the budget as necessary to ensure all expenses are within the budgeted amounts. Also, Section 21-35-13, Mississippi Code Ann. (1972), requires the City Clerk to prepare a budget to actual report to be presented to the governing authority at the regular meeting each month. The statutes require budgets to be adopted in a format prescribed by the Office of the State Auditor.
- Cause of Condition:** The City had budget overages in some expense categories for the year ended September 30, 2013. The City did not modify the budgeted amounts for various revenue sources when it was evident that the budgeted revenues would not be collected. The City did not prepare accurate revenue and expense budget to actual comparisons on a monthly basis for review by the Board of Aldermen for the purpose of monitoring the status of the budget. The City did not adopt required budgets for several governmental funds of the City. The adopted budgets of the City were not in the format prescribed by the Office of the State Auditor.
- Recommendation:** The City should ensure that all expenses are within the final amended budget amounts. The City Clerk should generate monthly budget to actual revenue and expense reports that should be used to ensure budgets are amended before expenses are disbursed in excess of budgeted amounts. The City should adopt budgets in the proper format for all governmental funds of the City that are required to be budgeted.
- Response:** The City will take steps necessary to provide the Board with accurate revenue and expense budget to actual comparisons on a monthly basis for all required accounts. The City will take steps necessary to ensure that budgets are amended prior to budget overages occurring. The City will ensure that formal budgets are adopted for all funds requiring budgets of the City.